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How talent can power the 'telco to techco' transformation

Telcos hope to reignite growth by becoming more like today's tech players. To achieve that evolution, they can close their skills gap by acting across all four dimensions of the talent challenge.

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Telcos worldwide want to evolve from traditional connectivity providers into customer-centric, platform-oriented innovators akin to today's top tech players. Industry leaders and experts view this shift toward broader services and partner ecosystems as the most promising path to reignited and sustainable growth after many years of declining performance (especially in the European market). As the CEO of one global telco recently noted, "We finally have a shared industry mantra: from traditional telco to techco."

Talent is a crucial enabler of the "telco to techco" transformation. Without the right capabilities and skills,[1] deployed to maximize their value, even the most impressive tech stack or the richest repository of customer data will be unable to unleash the growth that telcos seek. When asked to identify the key enablers of their value creation plans, more than 80 percent of telco C-suite leaders cited talent—with commercial relationships/organizational setup and culture lagging behind as the other top three priorities (Exhibit 1).

Getting talent right is complicated. It involves identifying the skills and capabilities most pivotal to driving growth and finding new ways to attract sought-after workers in a competitive market. It requires an operating model and leadership approach that unleashes productivity, creativity, and collaboration in service of customer-centricity. Talent is also inextricably linked to organizational culture, which can impact candidates' decisions and, subsequently, their effectiveness and satisfaction on the job.

Telcos have traditionally struggled in all of these areas. Previous McKinsey research, for example, revealed that telcos' key challenges when building new businesses are related to culture—including having too much bureaucracy, a short-term orientation, and lack of management buy-in.[2] Yet executives have often lacked effective tools for benchmarking each component of the talent equation and determining which areas require the most improvement.

To understand where telcos stand on talent and how they compare with consumer tech companies (which represent the desired end state of the telco-to-techco shift), McKinsey and Russell Reynolds Associates conducted a comprehensive assessment of more

Exhibit 1

An overwhelming majority of telco leaders cite talent and skills as critical to their value creation plans, far more than any other factor.

Share of telco C-suite executives citing enablers as essential for value creation,[1] %

| Talent and skills 82 | Commercial relationships 57 | Organizational setup and culture 52 | Resolving challenges with legacy tech stack 52 | Migrating to a fit-for-purpose tech stack 50 | Regulatory support 45 |

[1]Question: What enablers do you believe your company will need to pursue value creation?
Source: McKinsey Global Telco Executive Survey, Feb 2024, (n = 60)

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[1] For more on the specific skills and capabilities that telcos need to cultivate, see Tomás Lajous, Stephanie Madner, Carlo Palermo, and Rens van den Broek, "Tech talent in transition: Seven technology trends reshaping telcos," McKinsey, October 13, 2023.
[2] "How telcos can succeed in launching new businesses beyond connectivity," McKinsey, February 25, 2022.

than 90 major telcos across the globe and 30 consumer tech companies[3] that have distinguished themselves by pioneering the ecosystem approach, setting new standards for customer management, or excelling in the domain of talent. Our assessment is rooted in quantitative and qualitative research, including analyses of roughly three million LinkedIn profiles, half a million Glassdoor reviews, and 7.5 million job posts, as well as a survey and one-on-one interviews with 40-plus global telco leaders.

We found that despite telcos' best efforts and intentions, they continue to lag behind tech companies from a talent perspective—and that, in some cases, the gap is widening. While important, we also found that talent management alone will not drive the necessary changes and that a more comprehensive approach is in order. Cultivating the talent needed to power the telco-to-techco shift will require telcos to act across four dimensions: talent management, culture, operating model, and leadership.

Telcos' persistent skills gaps

The shortage of highly coveted tech skills is not new: previous McKinsey research found that demand for certain tech roles is expected to increase 20 to 30 percent across US industries over the next decade, potentially outpacing the supply of recent STEM graduates.
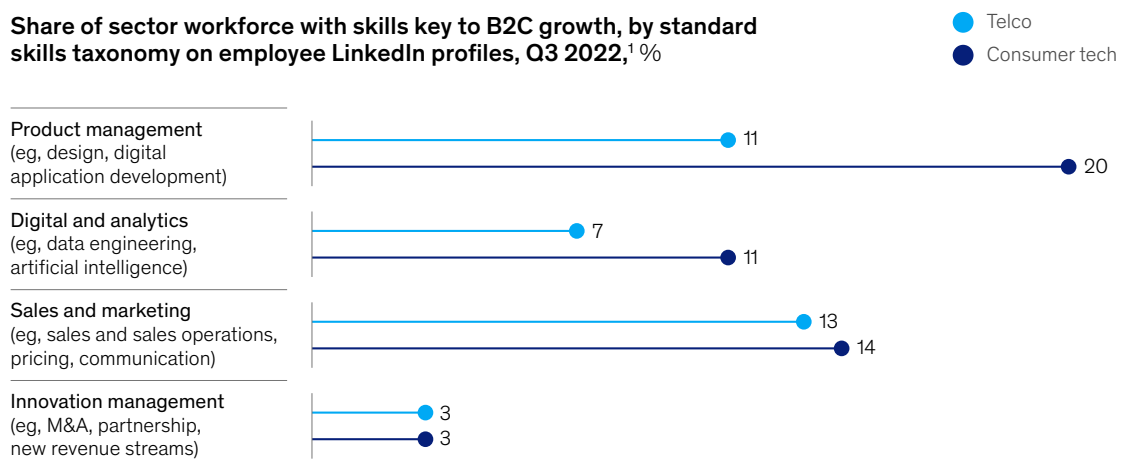
Our latest research found that techcos are significantly outpacing telcos in two of the four skill groups most pivotal to growth.[4] These two critical skill groups are product management and digital and analytics, which are rounded out by sales and marketing and innovation management. In consumer tech companies, the share of employees who claim to have product management skills is almost twice that of telcos (Exhibit 2).

The gap is widening even further for employees in certain technology positions. In 2018, the share of telco workers serving formally in digital and analytics roles was nine percentage points below

Exhibit 2

Telcos lag behind consumer tech companies on the skills and capabilities that are most pivotal to growth.

Share of sector workforce with skills key to B2C growth, by standard skills taxonomy on employee LinkedIn profiles, Q3 2022,[1] %

● Telco
● Consumer tech

	Telco	Consumer tech
Product management (eg, design, digital application development)	11	20
Digital and analytics (eg, data engineering, artificial intelligence)	7	11
Sales and marketing (eg, sales and sales operations, pricing, communication)	13	14
Innovation management (eg, M&A, partnership, new revenue streams)	3	3

[1]Analysis included 3 million profiles on LinkedIn. Skills were identified as key to growth through expert interviews and confirmation of a positive correlation between companies' skills availability and revenue growth.
Source: Russell Reynolds Associates; McKinsey analysis

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[3] Our analysis included consumer tech companies across industries, including Zalando, Netflix, Spotify, Airbnb, Rakuten, Microsoft, Google, and Meta.
[4] Skills were identified as key to growth through expert interviews and confirmation of a positive correlation between companies' skills availability and revenue growth.

the share of workers in such roles in consumer tech, but that deficit grew to 11 percentage points in 2022.

With automation and AI poised to cause economic disruption, companies across industries are doubling down on talent capable of unlocking value from these technologies. Consumer tech companies, we found, have recently increased job postings requiring automation, AI, and data science skills to a much greater extent than telcos have. For instance, consumer tech companies increased postings requiring automation skills by 56 percent annually between 2018 and 2022, while telcos grew such postings by just 15 percent. Telcos that fail to strengthen their AI and automation capabilities, or that take a "wait and see" approach, could put their techco ambitions at risk as these technologies develop and mature.

Even though employees with automation, AI, and data science skills constitute a small portion of the workforce in both telco and consumer tech, telcos may have even more to gain by doubling down on the talent needed to enable automation at scale, as their industry is among those with the greatest automation potential. Previous McKinsey research found that generative AI (gen AI) could boost the productivity of the telco workforce by 35 percent to 70 percent.

Four dimensions of the talent equation

To close the skills gap and maximize teams' effectiveness in navigating the telco-to-techco transformation, telcos will likely need to make changes across all four dimensions of the talent challenge.
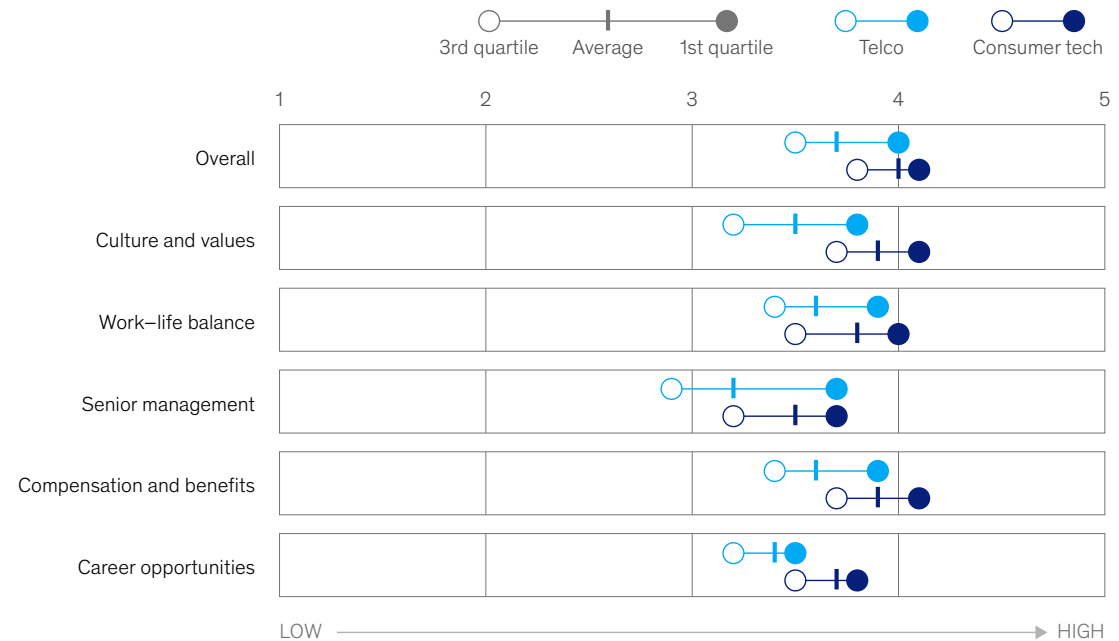
Talent management
Even the most aggressive recruitment strategies won't solve what has become a fundamental problem for telcos: their poor employee value proposition. Our analysis of Glassdoor reviews shows that telcos are perceived as less attractive than consumer tech players across all dimensions of the employee value proposition. On average, telcos' scores are 8 percent lower than those for consumer tech companies. Within the telco sector, there is a more significant disparity between top-quartile and bottom-quartile scores, indicating that the employee value proposition for some telcos is a matter of particular urgency (Exhibit 3).

Telcos that fail to strengthen their AI and automation capabilities, or that take a "wait and see" approach, could put their techco ambitions at risk as these technologies develop and mature.

Exhibit 3

Every aspect of telcos' employee value proposition is considered less attractive than consumer tech players', especially in culture and values.

Employee value proposition score by driver,[1] scale of 1 to 5

Legend: 3rd quartile · Average · 1st quartile · Telco · Consumer tech

Categories (top to bottom): Overall, Culture and values, Work–life balance, Senior management, Compensation and benefits, Career opportunities

Scale: 1 – 2 – 3 – 4 – 5

LOW ⟶ HIGH

[1]Based on Glassdoor reviews of employees from 2016 to Q1 2023.

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While telco leaders have historically attributed their talent troubles to an inability to compete with tech's generous compensation packages, the gap in the compensation and benefits category was among the smallest, on par with the career opportunities and senior management categories. Many consumer tech companies have reputations for demanding, fast-paced work environments, but the industry also rates slightly above telco for work–life balance. Finally, the largest gap is shown in the category of culture and values.

To create a compelling employee value proposition, telcos can consider each step of the end-to-end employee journey, from discovery to recruiting to offboarding (table), starting with tailoring each step to the specific needs and desires of talent with the most critical skills.

Telcos can also make deliberate choices about which of these steps they want to focus on to differentiate themselves from other organizations competing for the same talent. Put simply, leaders might ask, "As an employer, what do we want to be known for?" Their answers and strategies could vary widely.

One major global telco recently intensified its efforts on university partnerships to cultivate relationships with emerging tech talent. First, the telco developed an analytical model to identify universities that were a good fit based on the telco's talent needs and ability to compete. It then selected a senior sponsor from the business to own the top-to-top relationship with each target university and be the business's face to students.

Table

Each stage of the end-to-end employee journey presents telcos with opportunities for improving their employee value proposition

Employee experience stage	Assessment dimension
1. Discovery	Brand awareness and image
	Communication of technical value proposition, purpose, and vision
	Diversity and inclusion
2. Recruitment	Targeted talent-sourcing strategy
3. Onboarding	Tailored onboarding programs
4. Learn and develop	Cutting-edge learning curriculum
	Coaching and mentorship
	Project staffing (eg, best projects for best performers)
5. Rewards	Compensation level vs market
	Fair, transparent, and rewarding employee performance system
6. Transition	Fast-track career progression for best performers vs average
	"Achievable" top layers for best technical talents
	Mobility and rotational programs across functions/organizations/geographies
7. Engagement	Inspiring leadership
	Internal and external exposure
	Sense of belonging and community
	Trust-based relationships with managers/peers and ways of working
	Work–life balance
8. Work flexibility	Work flexibility
9. Offboarding	Offboarding with knowledge transfer and exit interview

A global semiconductor player took a different approach, building a value proposition around purpose, cutting-edge learning, and a sense of belonging. The company explicitly highlighted purpose alongside its advanced technology, with job postings noting projects, partnerships, and products with social impact. It promoted learning by offering tuition reimbursement for higher education, training sessions with internal experts, paid subscriptions to third-party hardware and software training platforms, and funding for development opportunities of employees' choosing, like workshops, conferences, or boot camps. Finally, the company created internal clubs for young talent to connect, fostering a greater sense of community.

While efforts like these can take time to bear fruit, a smart security spin-off of a global advanced machinery group didn't have that luxury. With an

urgent need to find more than 100 tech engineers in six months, the company deployed a set of easy-to-adopt yet high-visibility levers. It recruited a handful of respected leaders from tech giants, leveraging them to attract additional talent. It aligned remuneration to the top 95th percentile of tech salaries, offering annual bonuses as high as 30 percent of base salaries and the potential for additional "super bonuses." It also created career progression frameworks based on skills grids and requirements by domain area, distinguishing itself as a place where talent can progress and flourish.

Our interviews with telco leaders and work with telcos and consumer tech players around the world point to several promising strategies, as outlined below, for improving the employee value proposition and overhauling talent management more broadly.

Collaborate to reframe the industry's narrative. While telcos created the infrastructure that made it possible for many tech companies to thrive, leaders are well aware that the industry hasn't been able to shed its reputation as stodgy, bureaucratic, and conservative. In interviews, many executives suggested that telcos collaborate to create "a new [telco] operator narrative." As one leader noted, "People want to know what we stand for." This narrative could frame telecommunications as a high-potential industry and a hotbed of innovation, highlighting the opportunity to work with talented colleagues in a meritocratic environment. It could go on to illustrate how today's telcos are driving innovations that are poised to transform industries and society at large.

Telcos could also work independently to craft company-specific narratives based on insights from HR and business functions. For example, an AI company created a permanent, cross-functional team with representation from marketing, HR, and technology to develop a compelling narrative for the company's mission, technology, and work environment. The team highlighted elements that would resonate with targeted candidate pools

and communicated the narrative consistently across all channels, including the company's website, social media, conference presentations, and recruiting efforts.

Revamp the hiring process. The hiring cycle at most telcos typically lasts three to six months. But tech players have set new expectations. At companies with best practices for hiring, it can take just two to three weeks to get from the initial contact with a prospective employee to an accepted offer. And many tech companies treat candidates like customers, optimizing their experience at every stage. As one tech executive pointed out: "We try to leverage AI to automate most of the basic tasks—talent pool identification based on past hiring success rates, resume screening, etcetera— to shift our recruiters' focus and time to listening to candidates' experiences, assessing their potential 'fit' with our organization, and providing them the best and most exciting view of what we do." Our interviews revealed frustration that telcos haven't adapted to meet these new standards. One telco leader cited the need to "build a candidate-centric hiring process with fast cycles, tailored by capability and including specific assessment [techniques], such as coding tests for tech talent."

Broaden the talent pool. Telcos should strongly consider making greater efforts to hire and genuinely welcome non-industry talent. So-called organ rejection is a notorious problem for telcos; one leader we interviewed expressed pride that their company's hires from outside the industry tend to leave within a year. While this executive interpreted the high turnover as a sign that the industry is too complex for outsiders to understand, our analysis suggests that telcos may benefit from an influx of outsider talent. Non-telco hires "ask good questions and challenge previous practices," one telco leader noted. "They have no vested interest in the status quo." Outside talent may also be more accustomed to moving quickly despite resource constraints and navigating challenges like macroeconomic volatility.

One strategy for broadening the talent pool is to start by luring a handful of well-known or up-and-coming executives who have built their careers in other industries but possess the relevant functional skills. This can open the door to underexplored talent pools by presenting an opportunity to work with and learn from leading experts. Another strategy is to change the criteria for evaluating candidates. One leader we interviewed suggested that telcos "hire for values and intrinsics, rather than experience." They "find good people and teach them." To reach candidates who may never have considered working at a telco, telcos could adopt a practice common to Big Tech players: creating tailored social media ads that target specific talent profiles. For example, a telco might specifically target entrepreneurs and founders when staffing a start-up unit.

Lean into career development. Prior McKinsey research has found that although compensation was long considered the key to attracting top digital talent, this sought-after pool now assigns equal weight to career development. Too few telcos, however, are investing in creating portfolios of innovative career development opportunities. One industry leader we interviewed suggested that this reluctance is rooted in telcos' culture: "[Telco] operators come from the perspective that their top asset is their network; techcos think it's their people." Across industries, leading companies have developed multiple career paths tailored to employees' strengths and ambitions. Expert tracks allow tech leaders to grow and progress without having to manage teams directly.

Embrace mobility, flexibility, and short-term missions. Similarly, telco leaders expressed the importance of increasing internal mobility so tech talent can easily switch roles and departments. To generate the excitement and accountability of a start-up environment, one interviewee advocated for "assigning people on short-term missions to enable quicker results." Every six months, each employee is reassessed and reassigned to a different project—broadening employees' skills

while increasing their value to the company. Flexibility can also be a powerful lever for retention. One tech giant reduced attrition by 30 percent within certain talent pools that tend to work on stressful projects by creating a dynamic people staffing model to identify and bolster overworked teams. Each project is measured using KPIs, such as an urgency rating (on a scale of 1 to 10), complexity rating, and number of staffed employees, then compared with others to ensure proper talent allocation.

Culture
As telcos reinvent themselves as techcos, the pace at which they build new businesses is bound to accelerate. And, as stated above, culture is one of the challenges that telcos face when developing new ventures.

Changing the culture of an organization requires engaging with the entire talent pool. Veteran employees and newcomers alike need to understand what the expectations are, what behaviors and practices are rewarded, and what their aspirations should be. One executive reflected: "Can you change the mindset of these old telco people? Only if you have the critical mass. Encourage change, promise opportunities, but also be tough with those who do not change."

Here are some of the mindsets that telcos may want to embed in their cultures to enable growth:

Embracing change and risk-taking. The culture of the telco industry is not conducive to risk-taking. "People are terrified by mistakes, and it results in limited innovation," said one executive, lamenting that telcos today lack the "pioneer attitude we used to have." This risk-averse posture has serious business ramifications. For one, it leads to painfully slow decision-making processes. Intentional efforts to encourage risk-taking can shift this mindset over time. For example, a digital bank in Asia has a dedicated "failure budget": each year, money is allocated toward radical projects that will probably fail. The crazier the idea, the better the candidate.

The telco-to-techco transformation requires a new operating model centered around telcos' core asset (their deep understanding of customers) and core objective (providing value to customers).

Today's customers and employees are "OK with start-ups not being perfect," one executive noted. While large, long-standing enterprises are often held to a different standard, the executive said, "We need to be OK with not being perfect." Telcos could begin by instituting regular postmortem reports and meetings, where colleagues are encouraged to share what went wrong and what lessons they learned. Once this becomes a more widespread practice, the shame traditionally associated with missteps will likely dissipate.

Breaking silos and fostering trust. One executive posited that telcos' biggest cultural challenge is conveying to people that the "days of the functional organization are over" and that cross-functional power struggles are a thing of the past. Cross-functional teams are reassembled at some tech companies every year or quarter. This approach allows workers in all roles to learn from and collaborate with a broad swath of colleagues throughout the organization. It also replaces the turf mentality prevalent at many telcos (and the wars it often sparks) with true cross-functional collaboration. Flexible, cross-functional team structures are often coupled with robust performance management systems so that low performers don't slip through the cracks as they move from team to team. For example, a tech unicorn in Southeast Asia that rotates employees frequently also collects 360 feedback from all stakeholders an employee has worked with.

Operating model

The telco-to-techco transformation requires a new operating model centered around telcos' core asset (their deep understanding of customers) and core objective (providing value to customers). While telcos have an arguably unparalleled wealth of customer data, organizational silos limit their visibility into customer needs and preferences. And without a 360-degree view of what customers want, it will be increasingly difficult for telcos to provide it.

An agile operating model designed to continually optimize for customer experience and personalization across every function and channel can allow telcos to serve—and delight—customers as their demands evolve. But while 90 percent of the C-suite leaders we interviewed believe their organizations already have a cross-functional approach, most telcos' core processes and economic incentives indicate that the industry remains heavily siloed. For example, our research shows that 45 percent of executives' management-by-objectives incentives (MBOs) are still related to functional or business unit targets, while only 15 to 20 percent are tied to cross-functional targets. Resource allocation decisions, including capital expenditures and budgeting processes, are still based on the needs of specific business units and divisions rather than customer segments.

As telcos reorient their operating models around customer-centricity, rather than products or volume, they may want to use the following levers.

Streamline and clarify decision making. Several C-suite leaders we interviewed lamented cumbersome decision-making processes. "Every decision requires a massive analytical business case," one leader complained. This can be a particular challenge when organizations shift to a cross-functional approach: When it comes time to finalize a decision, who holds the pen? A European telco undergoing an agile transformation, with a "move fast" mantra and a series of intense sprints, realized it was being slowed down by a lack of clarity on who had the final say on new launches and products. The issue was resolved when the team agreed that the chief customer officer should hold veto power in this realm and take on the central decision-making role.

Orient teams around customers, not products. Because telcos still tend to organize (and fund) their teams by product rather than customer-oriented dimensions like segments, personas, or life cycle stages, they often struggle to provide the authentic customer-centric experience that today's consumers prize. "We are still product-centric: we need courage to push a truly customer-centric approach," one executive acknowledged. By organizing marketing teams around customer segments, personas, or life cycle stages instead of individual products, telcos can transcend internal competition and prioritize the customer experience. Rather than bombarding customers with multiple product-specific offers simultaneously, for example, telcos with a customer-oriented approach can offer each consumer or business a single bundle tailored to their needs.

Redesign KPIs and incentives. If customer-centricity is the organization's North Star, employees' performance incentives should be tied to customers' experience. However, our research shows that telcos' MBOs continue to prioritize traditional targets that pertain to specific functions, business unit objectives, and products. Many executives mentioned the need to shift commercial incentive schemes "from volume to value" so that marketing efforts and employees are judged on the actual impact achieved. Modern performance management systems should be able to measure the "what" (for example, target fulfillment) as well as the "how" (for example, the actions and activities it took to reach the targets). Rather than have direct supervisors manage performance reviews, one Internet of Things scale-up had subject matter experts and chapter leaders conduct a skills-based assessment of employees based on day-by-day observations and 360 feedback (from peers, leaders, and collaborators). The company made career progression decisions by mapping performance reviews into a framework detailing the "whats" and "hows" required in each domain, at each level. It shared this framework with employees up front, clarifying the company's expectations and criteria.

Create agile teams to foster business/tech collaboration. Strong collaboration between technology and business teams is pivotal to accelerating the rollout of customer-centric capabilities. And our research suggests that pacing remains a sticking point for telcos. As one executive noted, "We need six months to deploy new products, with customers' needs evolving much faster." Cross-functional, multiskilled agile teams, co-led by business and tech, can be particularly valuable in areas where the pace of change and speed of delivery are key to providing excellent customer experiences and generating value. Examples include product development and channel platforms, where technical solutions and improvements directly impact customers' experience using the telco's app, website, or point-of-sale platform.

Leadership
If talent is a key enabler of the telco-to-techco transformation, telco leaders are the ones charged with enabling the enabler—by creating the conditions for talent to flourish. Leaders can attract top talent by, as one telco executive suggested, developing an active presence on platforms like LinkedIn "to give candidates a feeling of what it'll be like working

at that company/with this leader." Yet remarkably, fewer than 15 percent of telco leaders' MBO incentives are tied to their adeptness at managing people.

As telcos reorient their focus and ways of working, the leadership qualities most pivotal to success also change. To better understand how telco leaders measure up against leaders at companies with best-in-class cultures, we worked with Russell Reynolds Associates to analyze the output of more than 1,000 leaders in its database. Among the many attributes in the assessment, we found that four are the biggest differentiators between telco leaders and leaders at companies recognized for having the best cultures. In each of these criteria, telcos lag behind their best-in-class culture peers by significant amounts: visionary creativeness (19 percentage points); assured decision making (13); dynamic implementation (17.5); and resilient risk taking (8.5).

Visionary creativeness. The ability to challenge the status quo and innovate within and beyond the core will be critical to unlocking new opportunities for telcos. Expanding a telco's value proposition in adjacent services (for example, security, utilities, insurance, and content) is just one example of the bold strategic moves that will require leaders to craft a compelling vision of the future.

Leaders will have to mobilize people around their vision. The monumental changes that telcos attempt as part of the shift toward customer-centricity and platform ecosystems will only be possible with employee buy-in. As one executive pointed out, "Creativity and vision will be nothing without first winning the hearts and minds of our people. This is essential when supporting transitions."

Our interviews indicate that telco leaders view "visionary creativeness" as a critical trait to be embraced by all employees rather than one reserved for top executives. Empowering the vast ranks of the organization to adopt this mindset will likely require leaders to alter their own. One executive described the significant shift they had to make in

their attitude and approach to leadership: "As an industry leader, I have traditionally handed people a clear road map to follow. As technology, competition, and customer behaviors shift, I now have to empower my managers to use their own compasses."

Assured decision making. Telcos will need to make tough decisions as they transform into techcos, from selecting ecosystem partners to reallocating funding toward the investments that provide the most value to customers. While leaders need to consult widely when making these choices, it will also be essential for them to execute them confidently and decisively.

In the past, telco leaders have often hedged their bets, moving slowly to minimize the losses if their plans fail. But today, the pace of change is so quick that this familiar approach could leave telcos behind. Gen AI, with its potential to become the victim of paralysis by analysis, is a prime example.

Roughly half of the telco leaders we interviewed are excited by the opportunity to be at the forefront of innovation. "We need to overinvest in [gen AI] now and understand what it means for our business, customers, and society in the long term," one leader said. "We really can't miss this opportunity," another opined. However, the other half of telco leaders are cautious and concerned, saying they're hesitant to invest significant resources in gen AI capabilities without fully understanding the implications. As one put it, "We have to wait until the benefits outweigh the risks."

According to previous McKinsey research, gen AI has the potential to unlock nearly $100 billion in incremental value and an additional $140 billion to $180 billion in productivity gains throughout the telecom industry. Leaders who hesitate in this area could squander their opportunity to capture value.

Dynamic implementation. Leaders' plans for executing the telco-to-techno transformation should be exhaustive and ambitious, but flexibility will be paramount. As technologies evolve, market conditions change, unanticipated problems arise, and new data-driven insights emerge, the ability

of leaders to become comfortable with and capable of dynamic implementation could be a deciding factor in their organizations' success.

Not all leaders excel at this. In one of our interviews, an executive at a European tech scale-up described how some leaders struggled when the company's transformation plans didn't play out as expected. "We faced significant challenges in the execution of our plan, and we had to constantly re-plan and re-forecast," the executive recounted. "Accountability over these plans was often extremely scary for our leaders. It implied and required the ability to elevate yourself, shifting from map to compass. It also implied the ability to empower others more, therefore losing control." The executive observed that "courage in undertaking these challenges was what made a difference," adding, "It's been a long journey to shift mindsets, and not all our leaders succeeded at the end."

Resilient risk taking. Just as embracing change and risk-taking is a core element of the organizational culture required to fuel telcos' techco ambitions, it is also a crucial leadership attribute. In the years ahead, telco executives will likely need to take more and bigger risks than their predecessors. Leaders who embody a "fail fast to innovate" mentality can position their organizations to achieve success more quickly. When risks don't pay off, or circumstances abruptly change, it will be important for them to respond with calm, composure, and resilience— signaling that failure is an inevitable part of innovation.

An executive at a tech titan reflected that "Failing fast and often is the best training for risk taking. In our company, nine out of ten projects fail. What do we do about it? First, we want each of us to admit

to the failure, with no justification. Second, we want to learn in a structured way, with codification and sharing of what did work, what did not, and why that was the case. Third, we give new opportunities to people who have failed so they can share their hands-on experience with colleagues working on other challenging and complex projects."

An honest look in the mirror

The telco-to-techco transformation is exciting, ambitious, and high stakes. However, taking a dramatically new approach to talent, culture, and leadership can be a sensitive topic for leaders who have risen in existing structures and conditions. Calcified assumptions and preconceived notions can limit leaders' visibility into the changes needed to unlock growth. With this in mind, we suggest that telcos begin with a thorough, objective assessment covering all four dimensions of the talent landscape.

Such an analysis can identify where the company stands with respect to each dimension: What are the largest, most glaring gaps? Which improvements are the most urgent? What problems are most easily addressable? Once telcos have examined the analysis, they can pilot a variety of efforts to drive change.

Leading by example will be critical. As telco executives embark on this challenge, they would be well advised to apply the same principles and behaviors that have fueled consumer tech companies' growth: making bold, clear-cut decisions; failing fast to innovate; and acknowledging and learning from each failure. By modeling these approaches, telco leaders can smooth and hasten the journey to becoming technologists.

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