Project Title	Technology Employer of Choice Initiative
Nomination Category	State CIO Office Special Recognition
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Agency	Office of the Chief Information Officer (OCIO)
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I. EXECUTIVE SUMMARY

Finding and retaining a cutting-edge technology workforce is the single most important and impactful challenge for the public sector. Moreover, in Washington State, nearly half of the government workforce is eligible to retire within the next five years[1].

For Washington, this challenge is compounded by the fact that state government competes for talent in a region that has some of the biggest technology brand names in the world, including Microsoft, Amazon, Disney, Expedia, Valve, Apple, and more. The state must be able to position itself as a viable competitor of talent in the region so that agencies can hire and retain the technology workforce necessary to do business.

Percent of Washington State Workers by Age

Talent competitors have been adapting their workforce strategies to be more competitive. They have aligned their strategies to the needs of the millennial and digital native generations, and state government must do the same. Finding strategies that will work in the public sector means taking risks and piloting new ideas. The state's consolidated technology agency, Washington Technology Solutions (WaTech), is addressing IT talent management challenges by implementing a diverse set of strategies, including:

- ❖ Experimenting with self-management (Holacracy)
- ❖ Piloting physical space changes
- ❖ Reclassifying state government technology jobs
- ❖ Hiring for value alignment instead of skills
- ❖ Finding top talent in innovative ways
- ❖ Transforming practices in government

Each of these strategies is at a different phase of implementation, but WaTech is already seeing results. By embracing emergent and innovative organizational and recruitment methodologies, WaTech is helping position Washington state government as a technology employer of choice.

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[1] 2014 Washington State Workforce Data & Trends Report

II. CONCEPT

The state of Washington is addressing technology workforce challenges in various ways to attract a diverse group of new professionals to state government, while retaining top talent.

Experimenting with Self-Management: Holacracy

In February 2015, the e-government (e-gov) division of WaTech began experimenting with an organizational governance model that replaces traditional hierarchical governance. Holacracy organizes work instead of people. Employees don't fill exactly one position. Instead, employees fill multiple roles depending on skills, interests, and the needs of the organization. Holacracy identifies critical work, grouping work into both discrete and collected roles (called "circles"). Employees are identified to lead in various roles and often are assigned to a dozen or more. In Holacracy, employees are closer to the customer and empowered to improve and test the design of the organization.

After a one-year Holaracy pilot, WaTech employees reported feeling more empowered, and the organization made decisions and took action ten times faster. This significantly increased organizational capacity and employee satisfaction. Acting on the e-gov success, WaTech launched a larger experiment in partnership with Harvard Business School, Washington Federation of State Employees, and the State HR office. Nearly 300 employees are involved, half running Holacracy and the other half as the comparison group. This one-year experiment allows the state to scientifically measure the differences between Holacracy and traditional hierarchy, using multiple dimensions of employee, team, and organizational outcomes.

Piloting physical space changes

WaTech is also piloting physical space changes, creating innovative and varied workspaces that appeal to both the current and next generation of workers. The result is a variety of space configurations that match the various "modes of work." Employees are empowered to configure their space to adapt to their needs, not the other way around. For example, a space that once held just eight cubes now holds ten desks and two collaboration areas. This has increased the space utilization by 25 percent and reduced the demand on conference rooms by 90 percent. This same space has been reconfigured by staff for various needs, including supporting a thirty-person training and an open-house event for over 80 people.

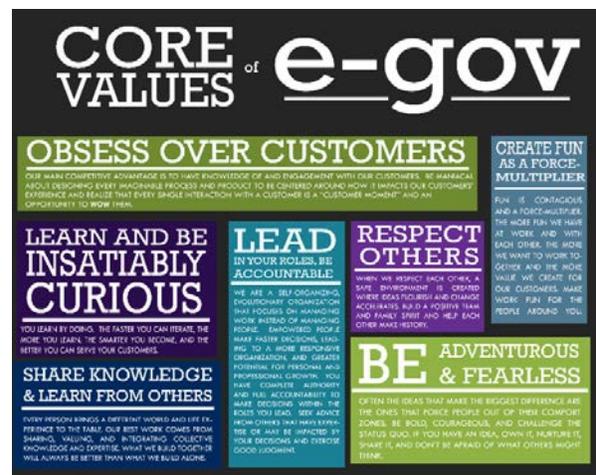### Reclassifying state government technology jobs

In partnership with the State HR Office, WaTech is completely restructuring the IT classification system to better align with the technology job functions in the industry and provide managers more flexibility for compensating on hot skills. The traditional system of classifying staff in

levels and steps is being replaced with a hybrid system that is predominately banded. The banded system includes fourteen job families like Software Development and Database Administration that better align with the industry to perform salary comparisons.

The work of reclassifying the IT series began late 2013 however, the rubber hit the road in fall of 2015 after the job families were identified and agencies began filling out new position descriptions based on the new job family. Once those are fully in place, the state will be able to perform job analysis and get valid comparisons of compensation in the technology sector. In addition to better salary comparisons, hiring managers will have greater flexibility to set compensation within the banding system. The IT reclassification efforts represent some of the biggest and most complex changes to classification in state history.

Hiring for value alignment as well as skills

WaTech is now running experiments in a practice commonly referred to as "hiring for culture." In this model, an organization identifies and articulates its core values, goals, and practices and incorporates them into the hiring process. Job candidates are evaluated not only on their skills, but also how well they reflect the culture of the organization. By applying the Lou Adler method of interviewing and hiring—asking candidates their most significant accomplishment and drilling into those accomplishments that are the source of their passion—managers can better assess the candidate's fit. When an employee's core values correspond with the organization's, the result is greater job satisfaction, a reduction in turnovers, and an increase in productivity.

Finding top talent in innovative ways

To attract talent, WaTech is improving the pipeline for bringing candidates into state service. The agency is actively participating in local college and university curriculum boards to ensure students are learning contemporary skills and practices. WaTech also is recruiting through an active work internship program it created that successfully enables students and veterans to intern in meaningful, skill-developing jobs with a path to employment.

The program currently draws from 17 different organizations. Twenty-six percent of the interns are veterans. The typical initial internship is 12 weeks with over 75 percent extending, most completing 9-15 months. Fifty-six interns have completed the program, with 64 percent becoming state technology employees. All program graduates have earned a job in the technology field as their first post-program completion job.

WaTech also recently added a satellite office in a major metropolitan area about an hour from its headquarters to test the theory that interest in working in Washington state service is high, but prospective hires aren't willing to commute each day to the main office. The location played a major role in securing at least one highly skilled team member who would not have otherwise been a candidate due to geographical considerations.
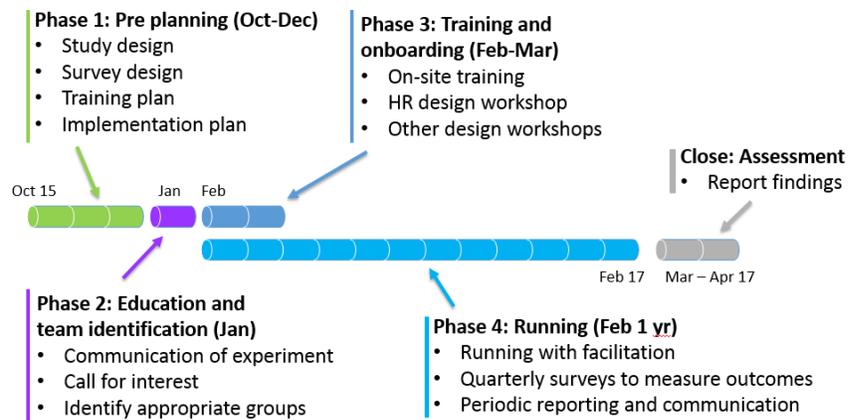
Transforming the practices of state government

WaTech is taking a lead from organizations like 18F, under the federal General Services Administration and the US Digital Service, to build state government's relationship with the private sector and introduce contemporary practices in software development. This inspiration of new ideas already is helping change the organizational culture, including how we market and hire for technology positions.

By applying practices of Lean Startup, Agile, and Scrum the agency is transforming how it delivers web hosting services for customers. For example, the e-gov division of WaTech has a monthly "FedEx day" in which the division swarms on a new product to achieve "same day shipping" of finished products for customers. The division organized a day with three, two-hour sprints to rapidly develop a brand new site that is mobile responsive, accessible, and full featured. Now the team is able to produce a complete website faster than customers can create content. Processes like this that rapidly deliver products transform the customer experience, improve the culture of an organization, and build a reputation of government that challenges the perceptions of new job candidates.

III. SIGNIFICANCE

State government may never be able to compete on salary, but WaTech believes it can create a value proposition for prospective hires that is compelling and competitive. The initiatives WaTech is putting in place to become a technology employer of choice often challenge long-standing public-sector norms.

Phase 1: Pre planning (Oct-Dec)
- Study design
- Survey design
- Training plan
- Implementation plan

Phase 3: Training and onboarding (Feb-Mar)
- On-site training
- HR design workshop
- Other design workshops

Close: Assessment
- Report findings

Oct 15   Jan   Feb   Feb 17   Mar – Apr 17

Phase 2: Education and team identification (Jan)
- Communication of experiment
- Call for interest
- Identify appropriate groups

Phase 4: Running (Feb 1 yr)
- Running with facilitation
- Quarterly surveys to measure outcomes
- Periodic reporting and communication

The first Holacracy experience provided a chance to learn about self-management systems. The one-year pilot began a conversation and helped identify impediments to a large-scale self-management system in government. Does self-management result in better employee and organizational outcomes than hierarchy? The state is answering that question. The experience

and evidence from the first pilot enabled WaTech to launch the first scientific experiment on the topic in the world. Holacracy has the potential to systemically empower and enable employees.

Many still struggle with a work space that doesn't fit the autocratic prototypical configuration. WaTech's physical space changes have pushed leaders to consider the untapped value of space. The physical space changes even inspired other agencies to create their own space changes to improve the utility and desirability of space. High adaptability and palpable positive energy is hard to ignore—tours of WaTech space occur several times a week.

The new hybrid IT job classification allows for much easier and credible job salary comparisons with the industry. The new structure is expected to become the model for other professions in state government. State government may never compete on salary but having the ability to accurately represent the gap between it and our competitors will allow legislators to make better, data-driven decisions.

Hiring skilled employees whose values fundamentally conflict with the agency's core values creates an antagonistic environment that undermines collective productivity. In addition, these situations can drive away skilled people. Hiring employees who align with and can adapt to the organization's core values helps drive culture and improve employee collaboration.

WaTech put in place a robust internship program to jumpstart the pipeline of talent into state government. The active internship and recruitment programs also help market the state as an employer of choice. Interns who build their IT skills and experience in state government become positive messengers for government technology jobs.

These progressive practices are changing the perceptions of state government as a technology employer. Outside candidates, interns, and visitors are excited to hear Washington practices Lean Startup and holds "FedEx days." Candidates interviewed after the hiring process as part of the ongoing data collection effort consistently report that government started as plan C, but when they learned about the practices and emerging culture, state government became plan A.

IV. IMPACT

Holacracy increased organizational capacity by reducing decision-making time by more than ninety percent. The experiment revealed no legal or structural impediments to self-management in government. Participating employees reported feeling more empowered and engaged, and didn't want to return to a hierarchical form of management. Working with the Harvard Business School and employee unions, WaTech now is participating in a formalized one-year Holacracy experiment. This is the first public-sector self-management experiment of this magnitude and the first scientific experiment on the topic anywhere in the world.

From the physical space experiments, early outcomes include: more collaboration and "hang-out" space, happier and more engaged employees, 30 percent reduction in team member email, 25 percent increase in space efficiency, $15,000 annual cost avoidance, and 90 percent reduction in conference room use.

Although still in the early stages of the reclassification effort, the state is making progress toward creating a professional technology job series. Clarity already has increased between professional technology jobs and those that require competence in technology to perform business functions but are not technology jobs.

Having core organizational values and using them as the basis for hiring has created clarity, structure, and discipline in the hiring process. The articulation of core values has had the unexpected outcome of becoming the basis for how current employees measure and gauge themselves, providing a litmus test for existing behaviors.

WaTech's internship program has been highly successful, converting more than sixty percent of the interns to active state employment. The program draws from local colleges with active computer science programs. In addition, there is a significant military presence in the area with highly skilled veterans looking to update their job skills. WaTech is now growing the program to support other agencies' recruitment.

No one strategy will completely transform the brand of public service. However, collectively, the strategies appear to be working. Job candidates interviewed after the hiring process say that when initially considering state employment they had a perception that government was bureaucratic, slow, and behind the times. After interviewing in the areas where the experiments are occurring, they are blown away. One candidate said, *"When I learned that WaTech was using Amazon Web Services, a modern programing stack, modern practices like Lean Startup and Scrum, practices Holacracy, and has a flexible, engaging space, I literally almost fell out of my chair. That job immediately became first on my list."*

Candidates are also asked "How much of a pay cut would you be willing to take to work in an environment like this?" Responses have been consistently in the $15-$20,000 range. In one case, after reclassifying a position and coming within $28,000, a candidate left their employer to work at WaTech. Holacracy, modern technology, energizing space, good location, and modern practices appear to have an annual value proposition of $15-$28,000 per employee. This equates to approximately a $10 million annual value proposition for WaTech and $100 million for the state as a whole.