

# Gearing up for a changing workforce: *a total talent approach*



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If your organization is like most companies, you likely face significant challenges finding qualified talent with critical skills. An inability to secure talent can delay initiatives, hinder growth, reduce the quality of products and services and create a profound drag on profitability. One key issue is driving these challenges: the way people work is changing.

Younger workers have new needs and values. Older workers are retiring in large numbers, but they still want to continue to put their skills to use. As a result, more professionals, both young and old, are embracing flexible work as a matter of choice. They are choosing to work as contractors, contingent workers or freelancers. Meanwhile, companies are changing more quickly with the advance of digitization and new work models. Demand for certain skills is high, supply is limited and the resulting talent scarcity requires a new approach to securing and managing talent.

To stay competitive, many organizations will need to remove the boundaries that have traditionally separated the engagement of flexible workers and the hiring of employees. If you find yourself operating in distinct employee and flexible worker silos today, you are very likely missing out on talent. It's costing you money and putting your organization at a competitive disadvantage. Bottom line: the workforce is changing, and you need to take a broader view when building out your talent strategy.

That's the impetus behind the evolution of the total talent strategy. This approach breaks through the boundaries between flexible workers and traditional "permanent" employees to create a single, broad workforce management and planning function. Understanding total talent, and making the case for change to your stakeholders, requires a perspective on the trends, the challenges and the principles behind the strategy.

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## The problem with talent silos

The “total talent” conversation starts with a look at the challenges of today’s workforce. The rise of the “gig worker” has talent and procurement leaders in a difficult position. They are investing in process improvements, better technology and, particularly on the talent side, social and mobile recruiting. Despite these investments, many companies are not seeing their intended success because they have yet to begin optimizing the composition of the workforce itself.

Most companies are still managing full-time employees (FTEs) and flexible workers in separate silos. HR focuses on recruiting employees, often with support from a Recruitment Process Outsourcing (RPO) provider. On the other end of the spectrum, procurement focuses on contingent workers and contractors, often supported by agencies or a Managed Services Provider (MSP). Hiring managers typically fill talent needs by doing what has worked in the past. Little consideration is given to whether a role is best filled by a full-time employee, contingent worker, Independent Contractor (IC) or Statement of Work (SOW) employee. In the push to fill roles quickly,

decision makers often assume that “whatever type of worker addressed the need last time will also meet the same need this time.”

Unfortunately, with two distinct silos, companies lack a comprehensive view of their entire workforce (refer to sidebar, “Struggling to Manage the Total Workforce”). This was not a significant issue when flexible workers made up a small percentage of the workforce, but with non-employee labor at an all-time high of 34% of today’s workforce, according to a 2015 **Deloitte study**, the issues now demand attention.

A siloed strategy results in missed opportunities to improve talent quality and optimize costs. It also contributes to slower processes. Consider the time lost recruiting permanent employees when a contingent worker or contractor may be immediately available. Likewise, if you needed roles filled, but can’t access talent, could you have achieved better results by tapping contingent workers and contractors? These considerations all affect your organization’s agility to navigate today’s market demands. Often, non-employee labor provides that agility, particularly in light of the overhead associated with the traditional employee workforce.

### struggling to manage the total workforce

On any given month, to what extent do you believe that your organization has a good view of workforce activity?



According to recent **Staffing Industry Analysts survey** respondents, visibility of workforce activity for non-employees trailed that of employees in all management categories, from number of workers to labor cost to productivity.

## TALE OF THE NUMBERS: a case for total talent

**34%** of U.S. workers serve  
as contract workers

(Deloitte Global Human Capital Trends, 2015)

**74%** of companies are increasing  
use of contractors in the workforce

(Randstad Sourceright, 2016 Talent Trends Report)

**11%** of surveyed executives  
believe their companies have  
complete management processes for  
the contingent part of the workforce

(Deloitte Global Human Capital Trends, 2016)

## connecting the dots: a total talent approach

The integrated total talent approach represents a practical solution for engaging an evolving and complex workforce. By connecting strategies and processes for securing talent across all worker types, organizations can take control of their entire workforce and meet business needs utilizing all available talent.

By building a cohesive strategy that connects procurement and talent decision-makers, organizations avoid the common pitfalls associated with a disjointed model. A company that is more intentional about its workforce mix can more easily determine when contingent workers or ICs are the most effective resource, enabling the company to easily ramp up or down as markets change.

Today, the total talent vision has become a priority for competing in a changing talent landscape. Among respondents in Randstad Sourceright's 2016 Talent Trends Report survey, 85% say that integrating talent management processes, the foundation of a total talent strategy, will be critical for enhancing the resources available to their business.

Unfortunately, while 85% of respondents believe in the need for a total talent approach, only 53% are actually moving toward that model. Holding them back is the idea that a total talent strategy is a complex undertaking. It requires vision supported by multiple stakeholders and the ability to deliver results that are relevant to the business. In general, this is true, but there are ways to jumpstart a total talent initiative and deliver value.

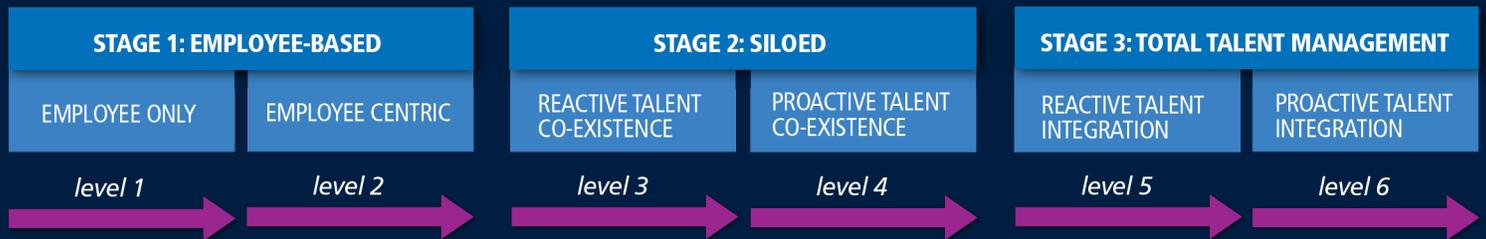
## getting total talent off the ground

Despite the complexities, most organizations can achieve a total talent strategy. The first step is to establish common expectations. It's easy to get lost in the details when it comes to achieving the end-goal of your total talent "project." Consider a change in thinking: an effective total talent strategy is not a project. It's a continuous journey.

The journey must deliver near-term gains in process improvement, talent visibility and competitive talent capability. The challenge is to get all stakeholders to understand and agree on why the organization is developing a total talent strategy and what success looks like.

The total talent journey can help align the stakeholders on where you are and where you should go. It provides a practical path forward with an eye toward helping you progress through a total talent maturity model. There are multiple ways to reflect that model, but a recent Staffing Industry Analysts presentation provides a practical six-level view (see next page).

## maturity levels in the total talent management continuum



Source: Staffing Industry Analysts CWS Council report, 2015

The journey begins with a clear assessment of your current state. A clear starting point helps resolve competing views and priorities among stakeholders. It also gives you a chance to look back a year or two later and document how far you have come. This is otherwise easily forgotten in a complex and evolving environment, but it is an important aspect for reinforcing commitment. This assessment often requires an outside perspective from someone who has seen this in other companies as well.

### WORKFORCE ISSUES WON'T FIX THEMSELVES

#### talent is scarce

Delayed initiatives; limitations in quality of products and services

#### the workforce is changing

Consistently long vacancies; low hiring manager satisfaction

#### stakeholder effectiveness

Persistent struggle to establish and maintain talent priorities

If your organization can assess its current state in the context of a talent maturity model, you can set realistic expectations and achieve early wins that help you move your vision forward. For instance, if your organization sits at Level Three (contingent and permanent hiring occurring reactively to talent needs), it is unrealistic to sell your stakeholders on a near-term vision of a proactive integrated talent function (Level Six). Focus instead on the next step, which is talent silos working together proactively, and then towards basic integration. This will lead to a credible roadmap.

The roadmap tackles the challenges of prioritization. In many cases, talent decision-makers may have dozens of different actions they know they should take. With no strategic guidance, many projects are executed based on immediate budgeting needs, "squeaky wheel" proponents or general internal politics. This can hurt overall value.

For example, a new technology may be implemented too early due to internal demand. As a result, it is designed to reinforce a legacy process and will require reconfiguration as that process is adjusted. A thoughtful roadmap can help you avoid this type of expensive pitfall. You can't achieve everything at once. Instead, focus on establishing the business case, mapping your talent strategy and determining what order to proceed with your activity. Planning and prioritization is no simple task.

## starting the total talent conversation

Start your planning effort by ensuring you have the right expertise and advice, whether from an internal or a third party source. You should seek an expert in all facets of talent acquisition, flexible workforce engagement, related technologies and solutions for both full-time and contingent talent. Despite emerging demand, this expertise is more rare than you may think.

That partner should also have an ability to stay up-to-date with the latest innovations in talent management (including solutions, practices and technologies), because this space is changing quickly and constantly. When talking with a solutions provider, beware of a salesperson that claims to be focused on your talent strategy, but in reality, has a particular silo of service to sell you regardless of your business or needs. In short, a relationship of trust is essential. What goes into the conversation? The answer centers around assessing your organization, understanding the issues and taking action.

### assessing current pain points in your organization

If talent or procurement decision-makers constantly face questions from the business about the cost of talent or timelines filling specific openings, the answers to the problems may extend beyond recruiting. These can be particularly impactful to the business due to the costs of open positions. A broad assessment of talent processes may reveal the need to connect areas, such as workforce planning, talent requirements and flexible workforce options. Likewise, negative hiring manager experiences and low quality of talent are recurring issues that a total talent strategy can address.

HR and procurement leaders may find themselves struggling to put the operational “parts” together to create a cohesive strategy. They may have trouble resolving conflicting visions among stakeholders, resulting in start-and-stop management of conflicting priorities.

While these issues are always present to some degree, a growing number of companies are dealing with the challenges on a more persistent basis than ever before. For these organizations, mapping out a total talent strategy provides the foundation for defining, containing and reducing the issues.

### understanding the big issues

Desired talent is growing increasingly difficult to find. The talent and business issues you experience today will not solve themselves, nor will they remain static. Several challenges and emerging trends can be addressed through a total talent approach.

- **Stop managing yesterday’s workforce.** Companies are evolving their workforce to include a larger portion of non-employees, but they are still managing those workers the same way they always have. A total talent approach marks a meaningful shift in strategy that can bring your organization into a new era.
- **Most large employers don’t have plans to change how they organize work.** Workforce interests are changing. Gen Y workers have very different thoughts on work and their relationship with employers. Retiring baby boomers are looking for non-permanent work options to put their expertise and experience to work. A total talent strategy can prepare you to more quickly and effectively engage workers, regardless of their preferred work style.
- **Talent leaders are overwhelmed.** More than half of the Fortune 500 from the year 2000 have been bought out or had a significant downturn. Long-existing industries, like taxi services, are being dominated by newly established companies such as Uber, which was started in 2009. Yesterday’s workforce strategy isn’t nimble enough to adjust to changing needs. For most talent leaders, business is evolving fast, the number of talent options and innovations is high, yet the budgets and time allowed to move the needle grow shorter. A total talent approach is specifically focused on improving agility for addressing the pace of change.

### taking action

What can you do to start bringing a total talent vision to life? The answer centers around three distinct areas.

- **Refocus on talent quality and tapping into new talent pools.** As non-employee populations grow, efficiency and cost cutting is no longer enough. The focus needs to shift to ensuring quality, best-match talent.
- **Rethink strategy across employees, contingent workers and SOW talent.** Not many companies are very intentional about their mix of employees, contingent workers, contractors and SOW workers, despite these arrangements collectively accounting for their greatest annual category of spend. The thinking must shift from “How can I have a body here quickly and with the least hassle?” to “What is the best way to accomplish this work?” A contingent or non-traditional method should be considered. For some companies, this is a major transformation.
- **Bring innovation, technology and continuous improvement into talent processes.** Identify who is responsible for driving talent innovation and continuous improvement. Some companies rely solely on their IT and HRIS function, but given the pace of change, most of these corporate functions cannot keep up. Look for external partners to bring innovation and advice.

## start now, start focused, start smart.

Consider the outcomes of the integrated talent management strategy. Better talent drives business success, and an effective talent strategy must be built on quality, best-match talent, as opposed to just efficiency and cost cutting. As the non-employee population grows, there will be a need to rethink the managing, onboarding and engagement of talent beyond the traditional employee base.

Even in complex, sophisticated companies, HR and procurement have owned the categories of flexible worker and traditional employee separately, with little communication or overarching strategy. The total talent approach may lead to a complete transformation that covers all worker categories. It may also be executed in small steps. This could include re-assessing your future workforce mix against future needs, or better sharing of talent pools to fill full-time and contingent opportunities. It could also focus on leveraging technology to deliver data and insight that spans the workforce. The options are numerous. The challenge is to prioritize, based on business need.

You may embrace the total talent vision today and feel that your organization is ready to start. Perhaps you are not ready to embrace the full vision, but realize that some change is needed to address the issues you face. In either case, now is the time to start asking questions, to assess where you are today and prepare for a future where the way people work will never be the same. In either case, waiting is no longer an option. Now is the time to start the total talent conversation.

## about Randstad Sourceright

Randstad Sourceright is a global talent solutions leader, driving the talent acquisition and human capital management strategies of some of the world's most successful employers. We help these companies discover and develop their "Human Intelligence Advantage" by quantifying the true impact of their talent strategies.

Our subject matter experts and thought leaders around the globe continuously build and evolve our approach and solutions across recruitment process outsourcing (RPO), managed services programs (MSP) and integrated talent solutions.

**Read more at [randstadsourceright.com](http://randstadsourceright.com)**

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