

TALENT MANAGEMENT

The Big Disconnect in Your Talent Strategy and How to Fix It

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Today's leaders must [lead the work, not just the employees](#). Talent can move into and out of an organization, through a [growing array of options](#) such as freelance [platforms](#), crowdsourcing efforts, and temporary, contract, or part-time work. [The ManpowerGroup Contingent Workforce Index of 2013](#) showed 40% of all ManpowerGroup consulting engagements blended permanent and contingent workers.

As the talent ecosystem evolves to offer more options, [talent systems have not kept pace](#). Typical systems are fragmented between disciplines like HR (which focuses on the internal, “permanent” workforce) and Procurement (which focuses on the external, “contingent” workforce), each with different and competing goals. That leaves most organizations lacking a clear total workforce perspective and no integrated strategy to engage workers at the right time, cost, and contractual arrangement. ManpowerGroup found that [80% of companies lack a reliable picture](#) of their total workforce.

This is increasingly risky, as contingent and other non-full-time workers possess more of your vital strategic skills and deal with sensitive intellectual property. Rapidly-changing work demands can preclude retraining the regular workforce, so organizations meet critical and fast-changing capabilities by tapping into alternative work arrangements, often blending work arrangements. Contingent workers often work beside employees, yet wear a badge signifying their different work arrangements, essentially shouting “[I am valued differently](#).” Contingent workers are more engaged when they [perceive a social connection and sense of continuity](#), but uncoordinated work systems can alienate them.

Why are typical work systems uncoordinated? HR typically owns the “employment system” for full-time and part-time employees. Their goal is to attract, engage, develop and retain employees – moving talent into, through and out of the organization. HR systems emphasize long-term relationships and high performance, with big investments in selection and development, amortized over a long career. Procurement typically owns your “resource planning system” for contract workers. Their goal is to meet time-bound work requirements at minimal cost and risk, relying on suppliers for selection and development. This leaves operating managers, the ultimate “consumers” of talent, to choose between two talent acquisitions methods (or “sourcing channels”): Either engage HR to acquire employees or engage Procurement to acquire contingent workers. The disconnect between HR and Procurement often means either choice is suboptimal on its own, so operating managers circumvent both HR and Procurement. For example, they may open their own talent sourcing channel to employ contractors, by writing a unique statement of work (SOW) to engage workers with known performance or reputation. Other talent sourcing channels might include temporary worker agencies, freelance platforms, etc. The result can be a chaotic system of ad hoc talent sources and work arrangements that is invisible to most leaders.

Organizations can realize untapped value, and reduce risk, when HR and Procurement share knowledge and work together to create an integrated talent strategy. Consider the case of a fast-growing biopharmaceutical company.

Powered by early blockbuster drug therapies, the company met its initial hyper-growth by hiring talent, not optimizing its total workforce. In 2014, the company set a strategic goal to double revenue by 2020, which required disciplined focus on specific strategic growth trajectories. Greater strategic focus required a new workforce approach. They could no longer simply hire new employees to meet every new demand, but needed a more comprehensive and integrated approach that would optimize

workforce speed, quality, cost and flexibility, and balance value and risk across the total talent investment.

Here are five lessons they learned for driving a new, integrated approach to talent:

Understand your current workforce reality. This company needed a clear picture of its entire workforce, including employees and non-employees. Supported by TAPFIN, a division of ManpowerGroup, they gathered data from HR and Finance systems including the HRIS, VMS, ATS, GL/Finance and A/P. The analysis of this data provided resource visibility across their entire organization. The organization initially believed its workforce was 90% employees and 10% contract workers, but the data revealed an actual mix of 73% and 27%. Once the analysis was complete, they built a workforce planning system that provided dashboards and integrated data previously stored in multiple systems. The company better aligned the workforce mix to its strategy, by optimizing different talent acquisition channels, manager spans of control (number of workers reporting to them), and worker mobility.

Educate leaders on how and why to optimize a blended workforce. The data revealed that workforce planning focused exclusively on regular full-time employees could not optimize a workforce of 27% non-employees. This was a true threat to strategic growth due to an unsustainable workforce strategy with unacceptable costs, workforce churn and disruption. Yet HR leaders and operating managers were not aware of the reality revealed by the data. Top management and the executive HR team met with key HR leaders, and with every member of their Management Committee, presenting workforce analyses showing each unit-level leadership team their particular workforce reality. The workshops encouraged and equipped the operating managers and HR teams to take a fresh look at their workforce goals and options.

Create one integrated workforce strategy. The transition from hyper-growth to managed growth meant tapping into new work options, beyond hiring regular employees. The opportunity to demonstrate the value of this new approach came from an unexpected source. The company's finance organization was developing a new three-year Operating Expense (OPEX) plan, at the same time that HR rolled out their new plan. Initial insights from HR's plan led to the unprecedented step of placing HR leaders on the team to develop the OPEX plan. HR and Finance now partnered to transform a traditional "numbers exercise" of matching employee headcount to accounting budgets into an integrated system to optimize workforce planning and operating expense. The new Workforce Forecasting tool supported Business, Finance, and HR leaders worldwide as they developed their OPEX plans, allowing managers to include the complete array of workforce options in their forecasts, and to see the power of work optimization to achieve OPEX goals.

Break the silos between HR and Procurement. These early successes demonstrated the potential value in HR and Procurement collaboration, but breaking silos required structural changes as well. Again, a confluence of events offered a unique opportunity. In 2015, the company consolidated several unit-level procurement functions into one global strategic sourcing organization.

Concurrently, HR introduced analyses of the [pivotal work roles](#), such as strategic roles, core roles and support roles. Combining these allowed workforce analytics to go beyond traditional employee turnover rates, employee requisitions, and employment forecasts, to examine each position's impact on growth, worker availability, cost and quality, comparing talent acquired through different sources, enabling more informed and purposeful decisions about talent.

Extend the insights beyond talent acquisition decisions. The demonstrated success encouraged leaders to look beyond talent acquisition channel decisions. One example comes from the R&D division. To increase agility and diversity, the R&D organization migrated from a regional structure to a center-of-excellence model, creating small work teams combining senior scientists and junior scientists. Traditional work analytics focused on regular full-time employees, and seemed to show that this change reduced senior scientist spans of control. Fewer junior scientists reported to each senior scientist. This was traditionally seen as wasteful – a symptom of under-used managers. The new system could see all worker types, and revealed that many of the highest-performing junior scientists were actually contract workers. Senior scientists overseeing these pivotal contract workers appeared under-leveraged in the old system, which reflected only junior scientists that were regular employees, but the new analytics captured the strategic value of contract workers, and thus the value of the senior scientists overseeing them.

The evolving work ecosystem demands strategically optimizing all work arrangements, including but not limited to regular employees. That requires better integrating your HR and Procurement systems. Indeed, the best future HR and Procurement leaders may resemble a hybrid, like a “[Workforce Engineer](#),” adept at both Operations Engineering and Strategic HR. It's time to convene your [best and brightest](#) Procurement and HR leaders to work together to meet your future strategic workforce challenges.

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