

TALENT MANAGEMENT

Aligning Your Organization with an Agile Workforce

by Jon Younger and Norm Smallwood

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Leaders recognize that lean and agile business strategies require new ways of accessing talent to fill critical gaps – without necessarily bringing on more full-time employees. But most organizations aren't set up for getting the most out of non-traditional employment

relationships. In this excerpt from their book, Agile Talent, Younger and Smallwood explain how to align your organization with the needs and expectations of a workforce that is increasingly external, project-based, and flexible.

Nearly all contemporary organizations are increasing their use of talent from the outside—by engaging individuals, teams, and even firms in non-traditional work relationships and alternate forms of employment. Google and Intel rely on experts in social science and biomechanics to develop transformative products by better understanding how people think about and use technology. McKesson, the US-based pharmaceutical and health-care giant, benefits from external expertise as a strategic extension of its resources in areas such as business strategy and logistics support. Managers in these companies understand that agile, fast, and lean strategies require that they think in new ways about accessing and leveraging key strategic talent and filling critical gaps in strategic capabilities.

Studies of the global agile-talent community vary in their estimates of the size of the population. In 2013, Accenture suggested that 20 to 30 percent of the total workforce falls outside the organization’s traditional full-time, permanent employment relationship. More recently, Deloitte estimated that 30 to 40 percent of corporate FTEs are supplied by external resources. And in a particularly interesting study, Freelancers Union, a US-based organization, reported that a quarter of the US workforce were project-based independents working for more than one organization.

Although executives want to get the most value possible from external strategic talent, their organizations are not set up for it. As more and more of them look to “the cloud” to access and leverage agile talent, they are increasingly bumping up against several big issues:

Relationship management. One of the main problems is decision making. Too often, purchasing departments manage the selection while operating managers—not involved in selection by fiat—are expected to make the relationship work. This arrangement is often complicated by inconsistent decision criteria: purchasing wants the lowest price and a fixed cost, whereas the business or operation wants the best resource, a good cultural fit, and enough flexibility in the contract to allow for changes in scope or strategy. But there are also extrinsic factors that complicate the relationship. For example, tax rules in the United States and other countries are biased toward full-time employment relationships. As a result, many organizations keep external resources at arm's length to avoid potential legal problems and fines.

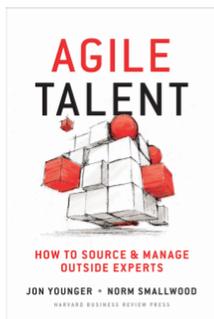
Internal-external competition. External talent can be a tremendous benefit to organizations, but may also be threatening to internal managers and internal technical professionals, especially agile talent that offers strategic benefits, is highly trained, and possess capability that internals don't.

Clash of expectations. Externals may believe that the organizations for which they work are too slow, too bureaucratic, and too complex. Similarly, organizations view externals as clueless about the business and unwilling or unable to have a deep understanding of the organization's issues.

Failure to deliver results. A fourth challenge is the failure to deliver expected results. A recent McKinsey global survey found that just 26 percent of surveyed executives say that key change initiatives were successful at sustainably improving the organization. Given that virtually all such projects deeply involve external resources, one aspect of the failure to meet expectations is no doubt rooted in how the organization selects, engages, and manages the performance of external resources and the quality of the internal-external partnership.

Organizations are having these problems because, historically, organizations have treated externals as “separate, and not equal.” Most managers would never dream of treating externals like internals. External agile talent is hired for expediency, for the short term, to fill a specific need. But as companies depend more on this agile talent for fulfilling strategic capabilities, that mind-set won’t cut it anymore. “Separate, and not equal” is precisely what is causing the problems just outlined.

Managers need to fundamentally change how they think about this population of talent and they should treat externals like internals: separate and equal. We have found that the organizations that get the most from agile talent—and conquer the four big problems described above—use the most effective managerial techniques in engaging, motivating, and building teams with internal staff. Like full-time employees, external resources want to do meaningful work; grow in competence and opportunity; be respected, trusted, and engaged; be treated as a part of the team; receive ongoing communication about the issues that bear on their work; and feel rewarded fairly and recognized for their contribution and effort. Too often, they feel, instead, merely tolerated or treated as suspect by organization employees with whom they work. They feel unappreciated by management and powerless in dealing with the administrative bureaucracy of partner organizations.

ADAPTED FROM**Agile Talent**

ORGANIZATIONAL DEVELOPMENT
BOOK by Jon Younger and Norm
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In interviews with corporate leaders, we’ve noticed that many executives initially don’t see the need to address how external resources are treated and managed. These business leaders are often ignorant about the details of how well their organizations are tuned—organizationally, administratively, and culturally—to create a positive and productive experience for agile talent. And in

these discussions, most executives acknowledge the tendency to send mixed signals and the impact on the productivity and commitment of external resources. As one logistics company executive told us when we interviewed him:

“We know how to manage people in our company. And while we intellectually seek the benefits of a real partnership with external resources, the fact is that we generally treat them as a pair of hands and treat the relationship as essentially transactional—service for money. So we pay them a little late, tend not to think of involving them, et cetera. Interestingly, when we are working with our customers, it’s just the reverse. We want to be treated as partners, while they treat us as the pairs of hands. We ought to learn from this. Our customers certainly get more from us when we feel that the relationship is a partnership. The same ought to go for our use of our external resources!”

The good news is that the answer to capturing greater value from your investment in external expertise is right in front of you: as the aforementioned logistics executive implies, all the management best practices that we already know to be effective for managing a traditional internal workforce need to be applied to this new and growing group of agile talent. But doing so involves some important twists, reflected in the questions below, for aligning talent with your organization. Use these questions as a guide for getting better at building and managing your agile talent workforce:

Strategic alignment. Is the organization disciplined and rigorous in its identification of areas where agile talent and cloud resourcing are required or potentially beneficial? Has the organization identified the critical capabilities it needs to establish? Are relationships well thought-through? Is the organization effective at defining the role, relationship, and scope of initiatives addressed by consultants, advisers, or temporary technical experts? Does the work have the right level of sponsorship? Are timing, budget, and resourcing consistent with what is required for a successful outcome?

Performance alignment. How well does the organization convert a plan or an initiative into well-defined, S.M.A.R.T. objectives and timelines? Are performance expectations clearly defined, established, and communicated? How often is performance assessed and feedback provided? What metrics are used, and are they reasonable? When performance problems arise, how promptly and effectively does the organization take the required action?

Relationship alignment. How much is cultural fit as well as technical expertise considered in the choice of external talent? Are externals thrown into the task or given a solid orientation to the organization and the people with whom they will work? How are issues between internal staff and external resources resolved? Are externals engaged and treated with the consideration and respect that any individual would expect?

Administrative alignment. Is the organization set up to work well with externals, or are they treated badly? Is the organization excessively bureaucratic in dealing with agile talent? Are the rules and procedures communicated appropriately? Are externals paid promptly? Is the orientation of the organization one that views external talent as a necessary evil or as welcome colleagues?

Agile talent is transforming and revolutionizing the traditional relationship between an organization and its workforce and is making new demands on managers and leaders. Innovative companies are leading the way, applying a broader palette of talent options and relying on more varied types of relationships. Leaders who embrace these changes and respond effectively to these challenges build more competitive organizations.

Adapted from the Harvard Business Review Press Book Agile Talent: How to Source and Manage Outside Experts.

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