



The Future of Teams: **MANAGING THE BLENDED WORKFORCE**



Managing the Blended Workforce

By Jon Younger and Michael Kearns

Introduction

There is little doubt that scarcity of talent is a critical issue in many organizations. In a recent study by [PwC](#), 77% of CEOs described talent gaps as a significant impediment to company growth and performance. Whether it is the ability to find the right skills, the need to scale teams quickly, or a desire to have a more flexible workforce as needs ebb and flow, managing the talent needs of an organization is harder and more important than ever. For many organizations, talent gaps are not just a problem; they are a true competitive crisis.

But, assistance is on the way. As freelance platforms grow in prominence and scale, and more highly-skilled talent seeks variety and growth rather than a long-term commitment to a single employer, leveraging talent from the outside is becoming a central focus for forward-thinking organizations. A recent [Forbes](#) article highlights this trend, pointing out the growth and importance of what many are now calling the blended workforce, creating an environment where “... full-time permanent employees work side-by-side with freelancers.”

The blended workforce is such a strategic advantage in the war for talent because it enables companies to resolve both pressing and chronic skill or experience gaps; for example, the blended workforce enables a project leader to very quickly add difficult-to-find resources where hiring full-time staff with the required technical skill and experience might take several months. In our recent book *Agile Talent*, and in subsequent articles, we describe the primary advantages that business leaders see from a blending of permanent and temporary expertise. The top five, in order, are:



Top Five Reasons Why Executives Increasingly Rely on Agile Talent



- 1** Leverage the increased availability of external expertise
- 2** Reduce cost
- 3** Avoid adding permanent headcount
- 4** Increase the speed of getting things done
- 5** Challenge internal thinking and assumptions with new ideas from outside



The blended workforce will be an essential tool for organizations to reach the very best talent in the future. [McKinsey](#) research suggests that 25% of professionals would prefer the flexibility and independence of agile talent. Deloitte and Accenture both estimate a greater percentage. A majority of HR executives we've interviewed over the last two years believe that 50% of the corporate workforce will be made up of talent that are not full-time, regular employees.



The combination of easy discovery through freelance platforms, technological advances that allow team members to collaborate from around the world, and a cultural shift towards self-reliance and independent work means that a growing number of the world's most highly-skilled and sought after professionals are choosing freelance careers. As a result, this is a trend that must be understood and addressed if an organization wants to leverage the skills of the best talent in the world.

Despite the level of interest in the blended workforce, there is limited research on the subject. Our surveys and hundreds of interviews with business executives, HR partners, freelancers and agile talent platform startups indicate that a sustainably blended workforce relies on effort and accomplishment in eight key areas.

The 8 Areas of Focus Required to Build a Sustainably Blended Workforce

1. Communicate a Clear Vision of the Blended Workforce You Are Creating

The blended workforce strategy your organization adopts should be the result of careful consideration by the company's leadership team. We see three different levels of participation in the blended workforce:

Incremental

The incremental strategy relies on a strong preference for a full-time, permanent workforce, but will add expert external assistance when necessary, based on long standing relationships with "trusted" colleagues. In this model, organizations engage with outside talent only when necessary, and that engagement is viewed as a temporary solution, not a deliberate, ongoing model of engaging outside talent. Incrementalists generally make very little investment in scaling their engagement of agile talent, and they tend to engage on an ad-hoc basis.





Strategic

We think of this category as strategic augmentation. Where incrementalists apply external expertise reluctantly, the strategic approach regularly and structurally depends on agile talent to augment its ability to do strategic work; for example, Udacity found agile talent an effective way to scale up its activities and its customer offering. Uber worked extensively with robotics experts at Carnegie Mellon to develop their strategy for self-driving cars before deciding that internal expertise was essential. And Apple's collaborations with partners like IDEO and Frog Design are iconic. Organizations that are strategically more dependent on agile talent need to install work systems and operational practices to support their agile talent.



Transformational

In this third level of the blended workforce vision, the organization is the network. In industries such as entertainment – but also pharma, oil and gas exploration, and investment management - the transformational vision of the blended workforce is already in force. In one version of the transformational organization, individual and firm based external talents come together to create an outcome, then disband when the work of the temporary organization is done. In another version, individuals and firms collaborate on an ongoing basis; for example, an investment firm like Goldman Sachs or ADIA will work closely with partners on a wide variety of tasks, from investment advice to administration. In both versions of the transformational workforce, a collaborative relationship among partners is the foundation of shared success.

As important as it is to articulate the vision of your organization's blended workforce, it is useless unless regularly communicated and discussed across the organization. There will be many questions and areas of confusion that need to be worked out. Full-time employees may be uncomfortable and resist, worried that their jobs are threatened.

2. Enact the Blended Workforce as a Core Competitive Advantage, Not a One-Off Tactic

To be successful, the blended workforce must be understood as a strategic capability, and not simply as a tactic. By strategic capability, we mean that it is a critical strength of the organization, a key element of the overall strategic plan, and relies on a combination of well-designed and well-executed people and business systems. Therefore, it should reflect and align with the organization's blended workforce vision.

How does an organization establish the blended workforce as a core competitive advantage? It starts with developing an understanding of what you want to achieve by leveraging a blended workforce, identifying key current and future resource gaps, and identifying which of the three options listed above best aligns with the business strategy of the organization. Organizations that view the blended workforce as a strategic capability will establish deep partnerships with trusted talent platforms and outside firms, have strong organizational processes to support the discovery, onboarding, management, and measurement of agile talent, and develop an overall organizational culture is naturally collaborative and welcomes external expertise.

3. Establish a Compelling Employer Brand

The best freelancers want five things: interesting work, fair pay, appropriate working conditions (location, hours, technology) that fit their needs, the chance to work with talented and welcoming colleagues, and the opportunity to grow and develop professionally through the work and maintain their professional edge. As we mentioned earlier, more people are moving to freelance careers, and we expect this trend to continue.

We aren't talking about people between jobs, or people with lower-end skills - more and more of the very best finance professionals, scientists, software developers, creatives, and even operational leaders are choosing freelance work. If you want the very best talent in your organization, you will need to provide a value proposition that is attractive to freelance talent. The offer of a contract alone won't be enough, especially as the discovery of talent becomes easier and the best talent has more and more choice in front of them.



Employer branding typically markets the organization to prospective full-time employees. But, as the importance of agile talent in a blended workforce grows, employer branding for agile talent will be just as important in attracting top external experts, and establishing a mutually satisfactory long-term relationship with the agile talent you wish to remain in your organization's orbit. As with full-time employees, there is a tremendous difference between finding an average candidate vs. a top-level candidate in terms of output. Similarly, just as the best full-time candidates have plenty of choice when it comes to selecting their next job, the very best agile talent have a wide range of choices - making sure that you have a compelling employer brand for agile talent will ensure that you attract the best agile talent (and therefore drive the best outcomes).

4. Focus on Outcomes and Performance Management

When embarking on any endeavor, whether it is a strategic program or a simple project, the most important thing an organization must do is define and align on the desired outcomes. The capability that drives an organization's ability to leverage the blended workforce is no different - you must define what you are trying to accomplish, align it to your overall business goals, and define measurements to gauge success. Measurement should not just be reserved for measuring individual performance - organizations should measure teams and partners as well.

What kind of metrics should be tracked for a blended workforce? It is important to look at tracking outcomes and managing performance at four levels:

- ***At the organizational level*** - how well are you leveraging blended teams and agile talent?
- ***At the project level*** - how well are outcomes being delivered?
- ***At the partner level*** - how well are different talent providers doing?
- ***At the individual level*** - how well are individual agile talents performing?

As organizations increase their reliance on agile talent, it's necessary to keep score on how individual external talents or teams have fared working for the organization. Who are the best, who are just ok, and who have had trouble meeting



the performance expectations of the project? Organizations should also look at their blended workforce engagement as a whole, and measure where it's working and not working, while also understanding the performance of different engagement models (outsourcing, consulting, freelance, etc.).

It is standard practice today to make buying decisions, especially for contingent or freelance labor, based on cost, and to measure vendor performance based on cost. To build a truly effective blended workforce, you must measure performance and select talent based on value (output / cost), not cost.

5. Develop a Strong Network of Partnerships

Building a strong network of key partnerships with agile talent sources is also tremendously important. This is true whether you are working with outsourcing providers, consulting partners, or agile talent providers. Each has their place in an organization, and each have a unique value proposition. How you choose to use each, how effectively you manage these partnerships, and the specific partners you choose all will have a significant impact on your success. Establishing a strong network of partners has several benefits:

Higher Quality

You can draw on a history of documented results to find the best providers of talent, best suited to the task at hand.

Lower Friction

Deep partnerships allow for easy onboarding, since agreements are in place, communication norms are established, and processes are fine-tuned.

Increased Speed

With clear performance metrics and an established list of partners, people from across an organization can quickly identify the right partners to work with, and those partners can use past experience and organizational context to quickly find the right talent.



**Increased
Breadth &
Depth Options**

With thousands of options to choose from, most of the time expedience (and what is directly in front of you) wins. With a diverse set of partners, you can unlock the potential of a global workforce and have a greater breadth of options to choose from.

**More
Competition**

Having a strong network of partners that are measured based on value and performance over time, rather than cost, ensures that each partner is working every day to provide the organization with better and more consistent outcomes.

**Fewer
Distractions**

If you are diligent about measuring the performance of each of your partners, and you have organization-wide visibility into that performance, teams can spend less time selecting partners, and more time making sure they have the outcomes well-defined and that they are leading their teams effectively, from onboarding through to project close. Finding new partners is time-consuming and expensive, and correcting for mistakes is even more costly.

Agile talent platforms make it possible to identify expert resources on a truly global basis, and remote work technologies make it feasible and economically beneficial for a data scientist to live in Brazil, but contribute to a team in Silicon Valley. The depth, breadth, and global accessibility of outstanding external talent makes it important for organizations to build strong relationships with the partners that enable them to build an effective, diverse blended workforce. Individual managers shouldn't have to guess what partners will perform best - this should be insight that is measured, kept, and shared.



6. Architect Organizational Readiness and Alignment

It's not enough that organizations want to establish a blended workforce. Nor is it sufficient to define and communicate a strong vision of blending, or build relationships with sources of top external talent. Leaders must convert their vision into a clear and practical plan of execution; they must tune their work systems and operational practices to establish a high level of organizational readiness for agile talent. Based on the research presented in *Agile Talent*, we believe there are five critical areas of organizational alignment as indicated in the figure below:



Critical Areas of Organizational Alignment

▶ **Strategy Alignment**

Is your agile talent strategy aligned with the requirements of your business strategy and competition?

▶ **Performance Alignment**

Has the organization put in place the performance disciplines – goal setting, metrics, feedback – necessary to ensure strong performance for blended teams, agile talent, and talent providers?

▶ **Operational Alignment**

Are processes in place to reduce friction and maximize the value of agile talent and the blended workforce (onboarding, acquisition, measurement, etc.)?

▶ **Relationship Alignment**

Does the culture reinforce teamwork, engagement, good communication, and mutual respect between internal staff and agile talents?

▶ **Managerial Alignment**

Do managers have the ability to assemble and lead blended teams? Do they have the skill, experience and rewards to work effectively with agile talents who expect a more collegial than subordinate relationship?



Think of organizational alignment as lubrication, the conditions that make it possible for both internal and external talent to be committed to the goals of the organization and to each other, to embrace the work and its challenges, and to ensure strong collegueship between full-time and temporary staff. Organizations who wish to build a successful blended workforce benefit from a regular examination of how well the organization is aligned with the five drivers of agile talent readiness.

7. Invest in Strong and Aligned Leadership Skills

Building and managing a blended team is different. So is building and leading an organization of blended teams.

There is no current training curriculum for managers working closely with agile talents. But, it needs to be invented. While many of the skills are the same, the context is different and it matters. Agile talents are often independent workers, and expect to be treated as colleagues rather than subordinates. At the same time, we know that external as well as internal people want to be valued and treated with respect, are eager to be engaged in planning the work, want to feel like part of the team, seek regular feedback on their performance, and want to continue to develop and improve their skills. Too often, managers treat agile talents (usually unintentionally) as second class citizens and don't recognize the importance of engagement, feedback, and developmental support.

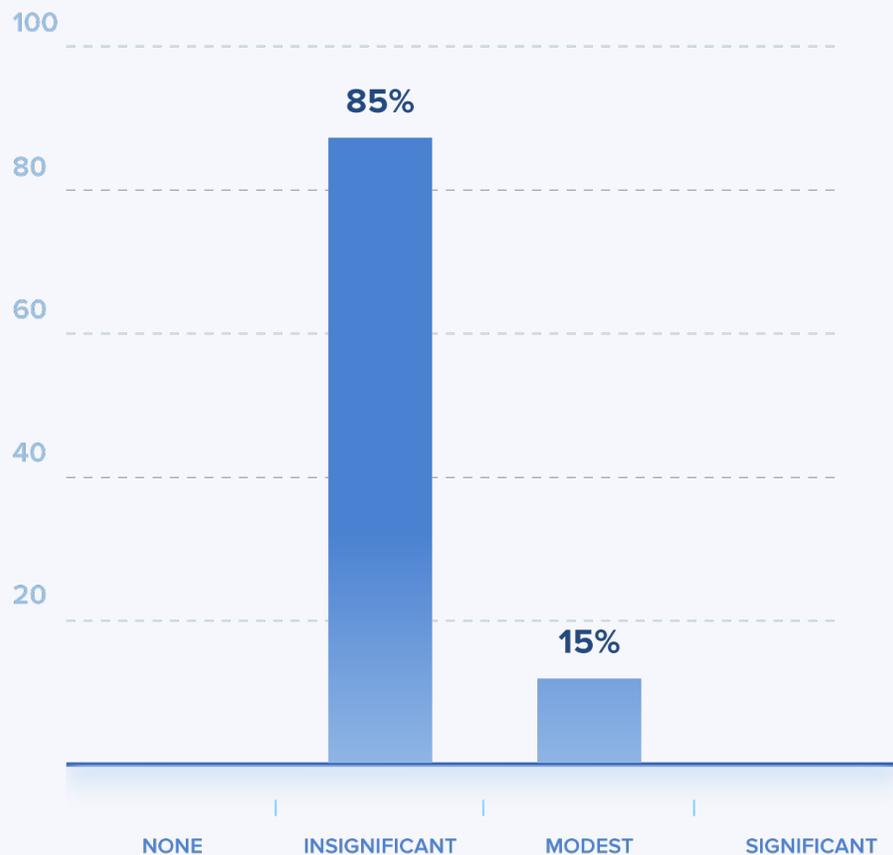
Many of the core capabilities required to successfully lead a blended workforce are the same as those required to successfully lead a traditional organization. Empathy, aligning on measurable goals, setting clear individual expectations, regular communication, and ongoing measurement are all central to successfully managing a blended workforce.



8. HR Must Be in the Game and Play a Strong Leadership Role

At the SHRM 2016 Annual Conference in Washington DC, Henry Jackson, the President of SHRM, noted the “rise of freelance workers” as a top employment trend. Clearly, this is indicative of priority, and an area where the talent management chops of HR would presumably contribute importantly. Nevertheless, HR leaders and professionals appear only marginally invested in the blended workforce; instead, they remain primarily focused on the planning, recruitment, and management of full-time employees. For example, as the chart below points out, only 15% of the HR leaders in our agile talent workshops reported paying more than minor attention to how well their organization was utilizing agile talent.

HR Leaders' Investment of Time in Agile Talent



From an HR perspective, agile talent and a blended workforce shouldn't be viewed as a competitor to HR and to employees, but as a compliment that will allow HR leaders to truly meet the strategic needs of the business, while also helping core employees be more successful. HR teams can leverage agile talent and a blended workforce to help their organizations meet objectives more quickly and successfully, by leveraging a broader range of talent. For employees, the injection of outside expertise can provide a way to learn new skills, push innovative new thinking, and introduce new technology and methods into their organization.

Closing

The momentum towards agile talent and a blended workforce is undeniable. The emergence of a wide range of freelance and independent talent discovery platforms, and supporting collaborative technology advances, has made the blended workforce both possible and potentially powerful as a core competitive advantage. It is clear that the use of agile talent will continue to grow as a core discipline in the years to come.

Organizations and their leaders are under more pressure than ever before. They are required to innovate and embrace new technologies more rapidly, and scale up to take advantage of opportunities in weeks rather than months or years. To do this, they must have access to deep expertise and experience, ensure that teams are operating effectively, and flexibly adjust their workforce as skill demands change. This new reality, combined with the growing numbers of top talent choosing to work independently rather than as employees, means that organizations must view the management of a blended workforce as a strategic imperative.

This is a time of great creativity in talent management. New technology has given executives unparalleled tools to identify and reach outstanding talent, and engage them - directly or virtually - in the work of our organizations. Together these innovations make it possible for organizations around the planet to think, act and invest very differently in building a strong workforce. As the workforce blends – combining full time and temporary talent, making it possible for individuals to collaborate in real time across time zones and geography – it is important that leaders understand what it takes to effectively build and manage the blended workforce. Without doubt, companies that turn that understanding into action will win the new and vastly more interesting war for talent.



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