Creating a Just–in–Time Workforce

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To keep up with today's fast-paced, constantly changing business environment, organizations need to ensure they have the skills when and where they need them. New solutions can help ensure organizations don't skip a beat by enabling them to immediately locate skills based on demand.

Even in a post-downturn world, organizations are still struggling to find people with the skills and experience they need. While demand for lesser-experienced, educated, and skilled candidates has slackened, it remains stronger than ever for highly skilled workers. By some estimates, one in three (34 percent) employers worldwide are now experiencing critical difficulties filling positions due to lack of available talent.[1] Yet a near record estimated 203 million people are unemployed globally.[2]

A lack of skilled people can lead to serious business consequences. For many companies, this "skills gap" has resulted in delays in product releases, reduced customer satisfaction, and loss of revenue. According to one recent survey, more than half of employers report that when positions are not filled in a timely way there is a high (20%) or medium (37%) impact on key constituents (customers, investors, etc.).[3] And the gaps aren't found only in areas of chronic shortage like engineering – they're in occupations as varied as production workers, purchasing staff, and line men repairing electricity lines.

Complicating the problem is the fact that today's rapidly changing world often demands that organizations find the skills they need quickly. As business models change, as

companies push into new markets, and as customer demand ebbs and flows, companies that can quickly and fluidly tap into the skills they need – where and when they need them – can develop a formidable strategic advantage.

All too often, however, standard solutions to solving the skills gap – like retraining existing workers or taking the time to find, recruit, hire, and onboard new workers with the requisite skills – just aren't fast enough. Companies need to think creatively about new solutions to tapping skills on demand.

Figure 1: Instead of assigning everyone a single job, assign some people no job, enabling them to flexibly be deployed as needed.
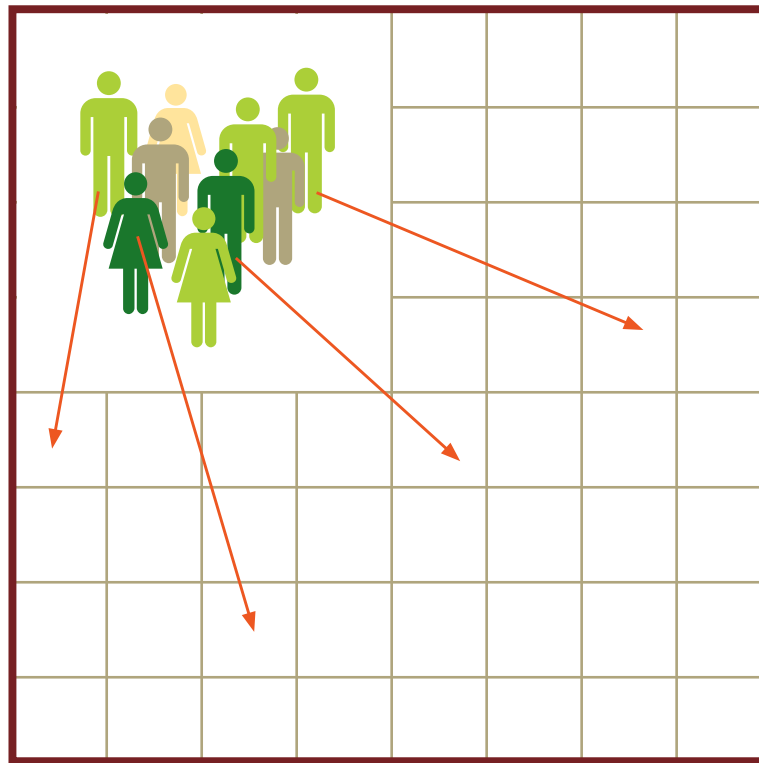
Just as "just-in-time" processes helped manufacturing companies reduce costs and improve flexibility by enabling materials to be delivered just before they are needed for manufacturing, companies hoping to nimbly adapt to changing business conditions must likewise develop a "just-in-time" workforce – or the ability to quickly locate skills based on demand.

Some companies are already experimenting with how to create a just-in-time workforce. They are employing a variety of approaches, either fluidly deploying their own employees based on demand, or obtaining skills beyond those of their existing employees exactly when they need them.

Tapping internal skills just-in-time

When the need for new skills arises, or when higher-skilled people are needed quickly, most executives will immediately think of retraining existing workers. But this can be a slow process. Fast alternatives to tapping internal talent quickly may include:

Creating a dedicated pool of flexible, just-in-time talent (See Figure 1). Some companies have dedicated employees who can roam the company, dropping in to work in roles or on projects as needed on a moment's notice. At one global bank, for example, 450 of the company's top-performing employees joined

an internally mobile, fully flexible workforce where they may be assigned to work anywhere in the world in any capacity on a moment's notice. For example, one woman worked in Australia as a bank branch manager for a few months when the bank experienced a surge in customer demand, and then moved to the UK to run diversity initiatives for the global business, a position they were having difficulties filling. The group is run as its own internal department with its own HR department and separate compensation, rewards, and career path structures. However, moving employees around globally can be an expensive model -- paying for visas and relocation costs can add up.

Figure 2: One workforce is trained
on the skills of another workforce
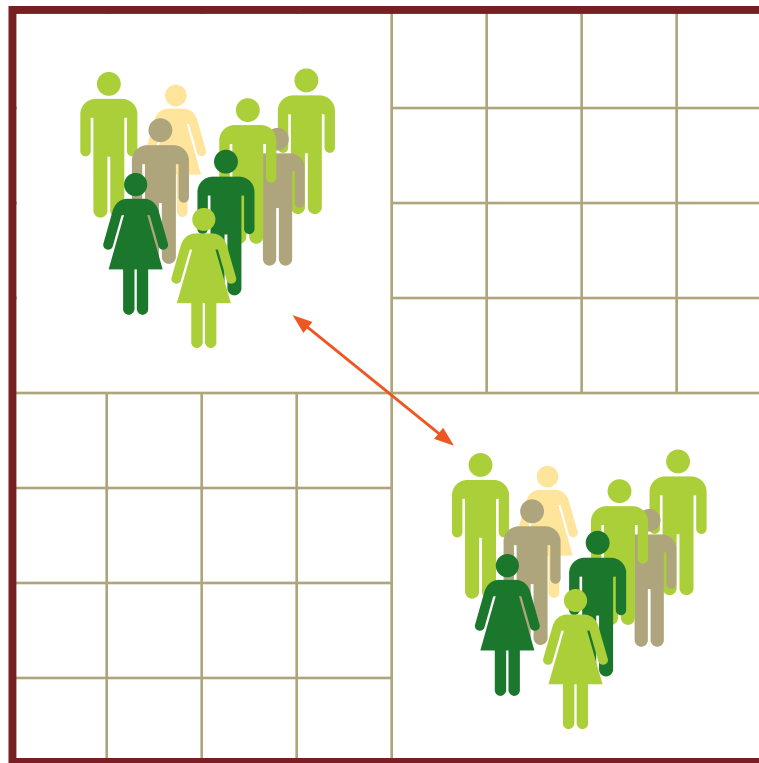
Alternatively, a few companies have set up less expensive internal temporary staffing agencies that either make use of local people or turn to workers who can do their jobs remotely. Such internal agencies can draw on skills databases that send only relevant assignments to employees.

"Cross-skilling" people so they can use different skills based on demand (See Figure 2). When customer demand fluctuates in different parts of the business, it can be useful to have certain core workforces prepared to work in different functions based on

changing demand levels. For example, one financial services institution has trained its administrative assistants to take customer service calls when call-center volumes spike. And a consulting company put strategy consultants through a one-week boot camp designed to give them the core skills necessary to help with high-demand talent management projects.

These strategies work when changes in demand recur on a regular basis and when the two workforces already have adjacent or overlapping skills so that with a small amount of training, they can swap roles on a moment's notice. But this may also require significant adjustments to an organization's talent model; if a person is doing one job for three months, and another for a fourth month, how do you reward him or her when rewards are tied to performance

in one job? A more flexible model will be needed that is calibrated to the individual, not just the job.

Creating a demand-driven talent marketplace (See Figure 3). Another approach is to create an open talent market inside a company where workers change jobs altogether based on changes in demand. With a skills database that lists skills of all employees, companies can easily funnel potential jobs to employees. Dedicated networkers or matchmakers can help facilitate the match. In some radical alternatives that are truly

Figure 3: Workers in many parts of the organization can move into jobs in other parts of the organization based on demand
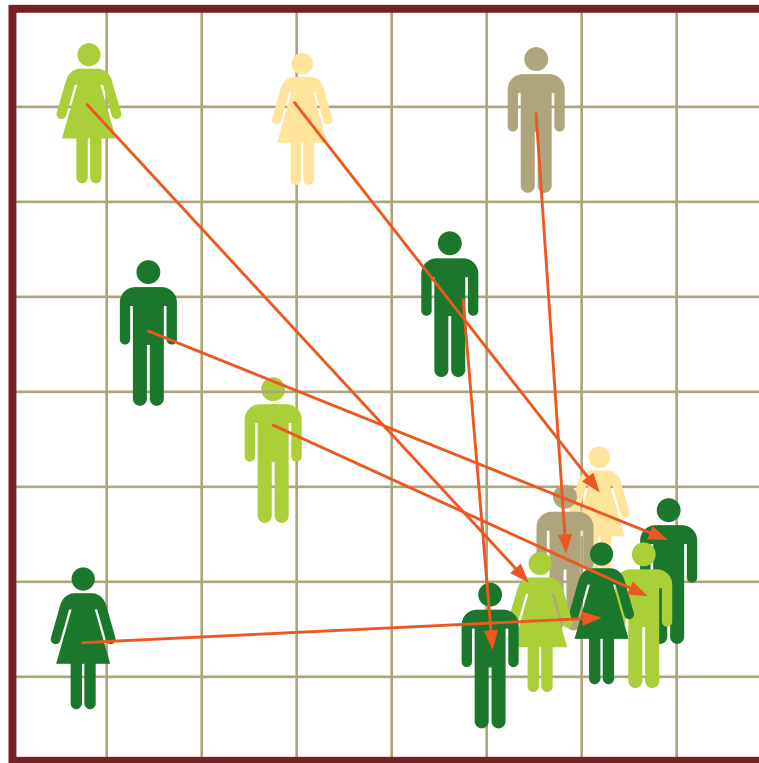

market-based, like at the U.S. Navy, employees can even bid on positions in an auction format; whoever offers to work for the lowest salary and meets the qualifications gets the job.[4]

Innovations in technology can help improve matching and transparency to make an even more fluid, frictionless market. For example, employees can use technology developed by UpMo to define not only their skills, but also their long-term career aspirations, how they define mobility, roles they'd love, desired work locations, and the pace at which they'd like to advance. The technology then dynamically matches employees with internal job and skill-building opportunities. It also provides executives with important

talent supply information, such as how many people are looking for new roles, which ones, and who should be considered for hot new openings.[5]

Of course, creating a truly open talent market is difficult in practice. As one HR executive at a large consumer-packaged-goods company explains, "Creating an open talent market requires that you have transparency regarding the skills each individual has and the skills required by the organization in hot areas. What we've found to be most difficult, however, is facilitating the culture change needed where people embrace letting go of talent so that they can move to other opportunities."

Figure 4: Standard, inflexible jobs are made more flexible by breaking them up into smaller, discrete project work
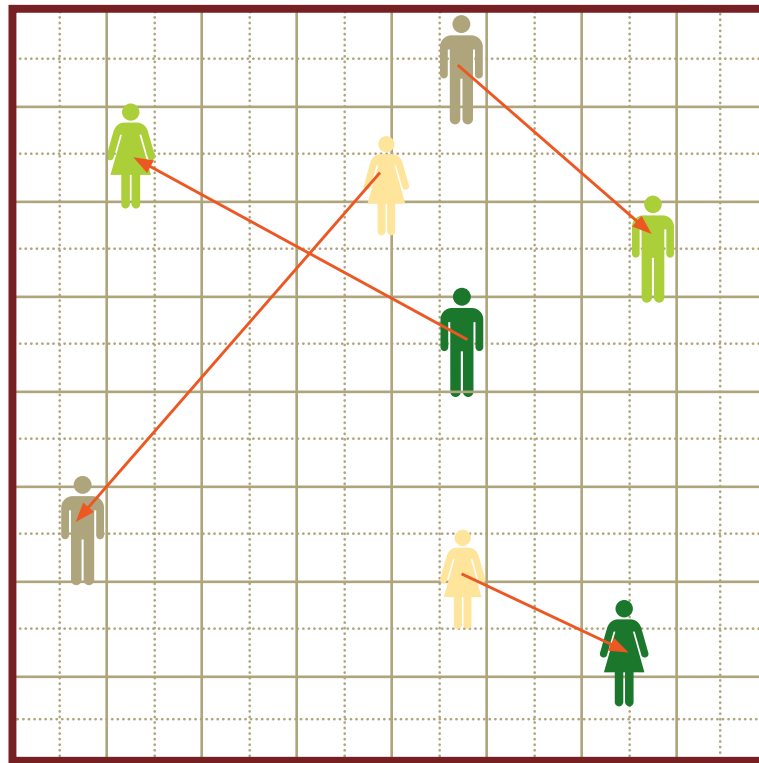
Restructuring work in terms of smaller, discrete skill-based projects (See Figure 4). Instead of having people switch jobs entirely based on demand, companies can instead break down jobs so that they are structured in terms of smaller projects that can vary with the business environment. For example, consider how:

1. One large high-technology company allowed its core engineers to moonlight on special projects inside the company. Previously unheard of in the industry, the company is using the approach to identify seasoned, skilled workers they already know and trust quickly on demand, while providing a variety of interesting assignments and opportunities and giving employees the chance to pick up extra income.

2. Google's engineers must spend 80 percent of their time working on their core jobs, but 20 percent can be spent on strategic new product projects.[6]

3. Some consulting and other project-based companies are now hiring permanent employees for projects, not for jobs.

When work becomes project-based rather than job-based, however, it becomes more difficult to use standard reward, compensation, learning, and development processes based on job title. For example, when one individual performs very different work from another due to different projects yet has the same job title and level, how can an organization justify giving each individual the same compensation, development, and rewards? We expect that organizations of the future will define work less in terms of jobs, and more in terms of skills. Organizations using this model must learn how to craft new talent management processes that flexibly adjust to the changing nature of work.

Figure 5: Standard, inflexible jobs are made more flexible by more broadly defining them so that an individual can flexibly apply a skill based on demand
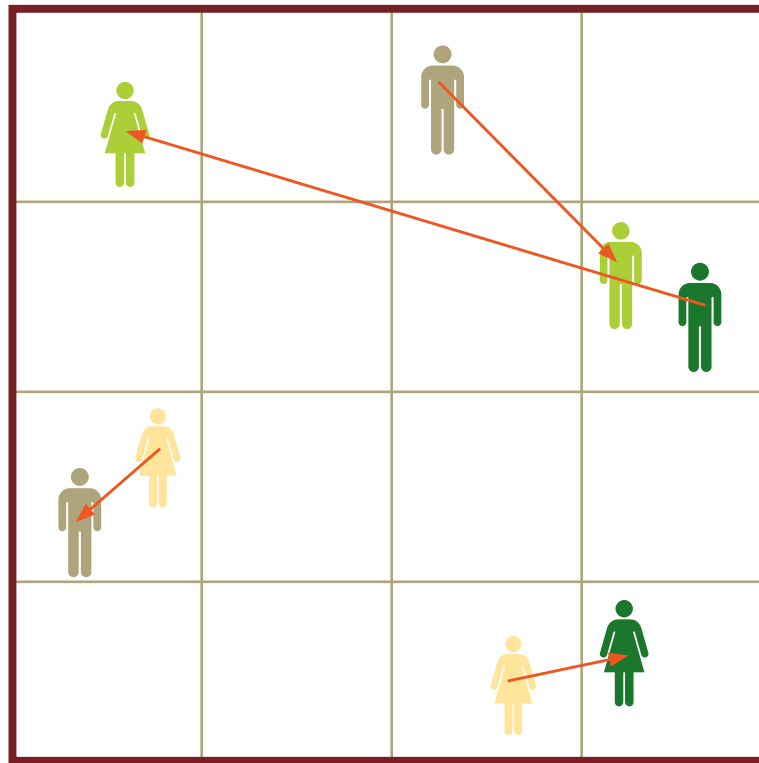

Defining jobs more broadly (See Figure 5). Instead of disaggregating work into smaller, defined projects, some companies are going in the opposite direction and defining jobs so broadly that individuals or their managers are free to flexibly apply their skills according to demand. For example, the U.S. Navy was able to deploy skills more fluidly by reducing and consolidating the number of jobs in favor of broader, more generic job descriptions. A sailor with a job of submarine electronics specialist might now be deemed an "electronics technician" who could work on an aircraft carrier, a submarine, or an on-shore location as needed.[7]

Of course, achieving this means that organizations must make sure employees have a broad portfolio of skills, which itself can be a costly endeavor in terms of training or development.

Figure 6: The organization taps into skilled individuals over the internet "in the cloud" who perform work on a transactional basis
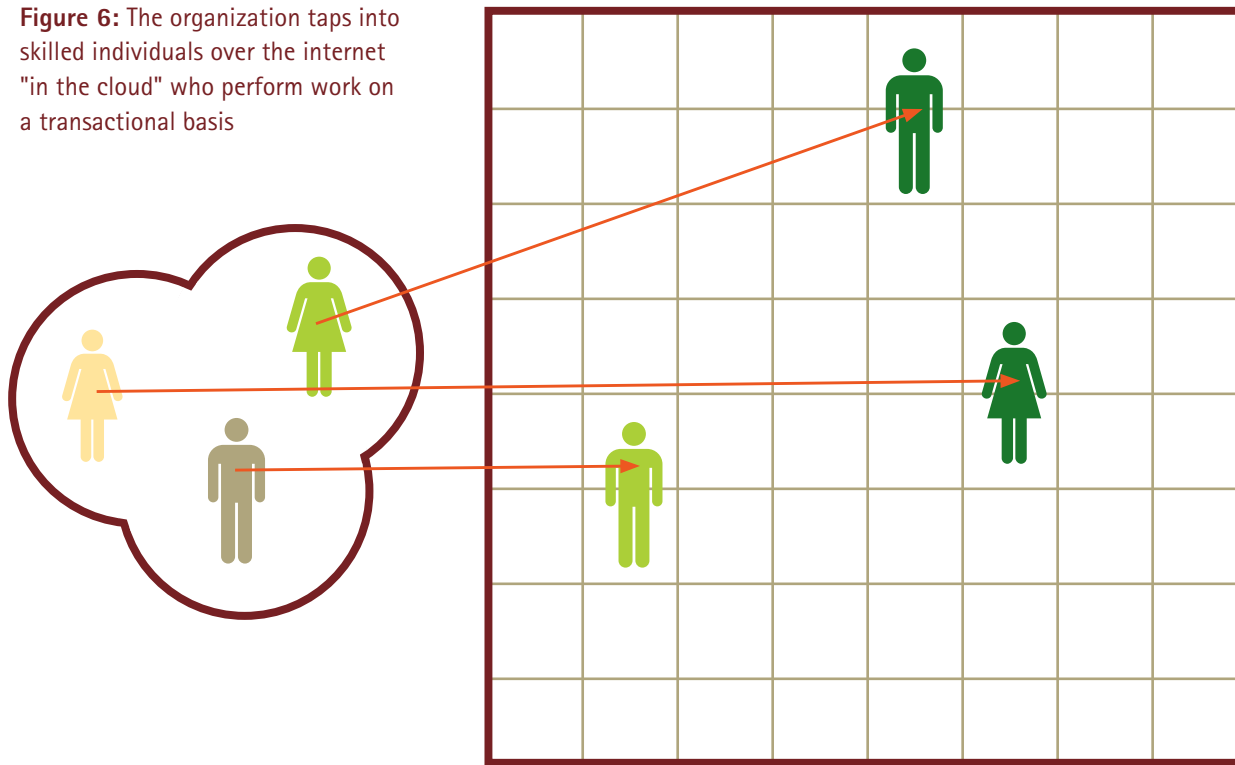
Tapping external skills just-in-time

Organizations may also look outside the organization to develop a just-in-time skill capability. Traditional alternatives to accessing external talent include outsourcing, hiring skilled individuals for specific roles, or using a temporary agency to gain access to temporary or contingent laborers. Innovative alternatives that can allow greater flexibility and speed include:

Using "talent in the cloud" or crowdsourcing (See Figure 6). Companies can use the Internet to get instant access to a vast number of flexible, skilled, and cost-effective individuals who can perform work on a transactional basis – without the expensive middleman of a third-party staffing agency. Types of work can range from tiny micro tasks, such as getting paid pennies at a time for copying texts from a business card on Amazon's Mechanical Turk talent market place, to tasks such as selling products for a fee using LeadVine's talent market place, to more complex project work like software design and programming using Topcoder's talent competitions, in which companies pay the winners for using the work that wins the competition.

Although this model enables managers to expand the size of their talent pool on demand in a highly cost-effective way, crowds are not employees. Quality of work may vary, and it is difficult to control such individuals. For traditional top-down organizations, this shift in management culture may prove difficult.

**Figure 7:** Organizations tap into a pool of pre-screened, skilled labor who work on a contract basis
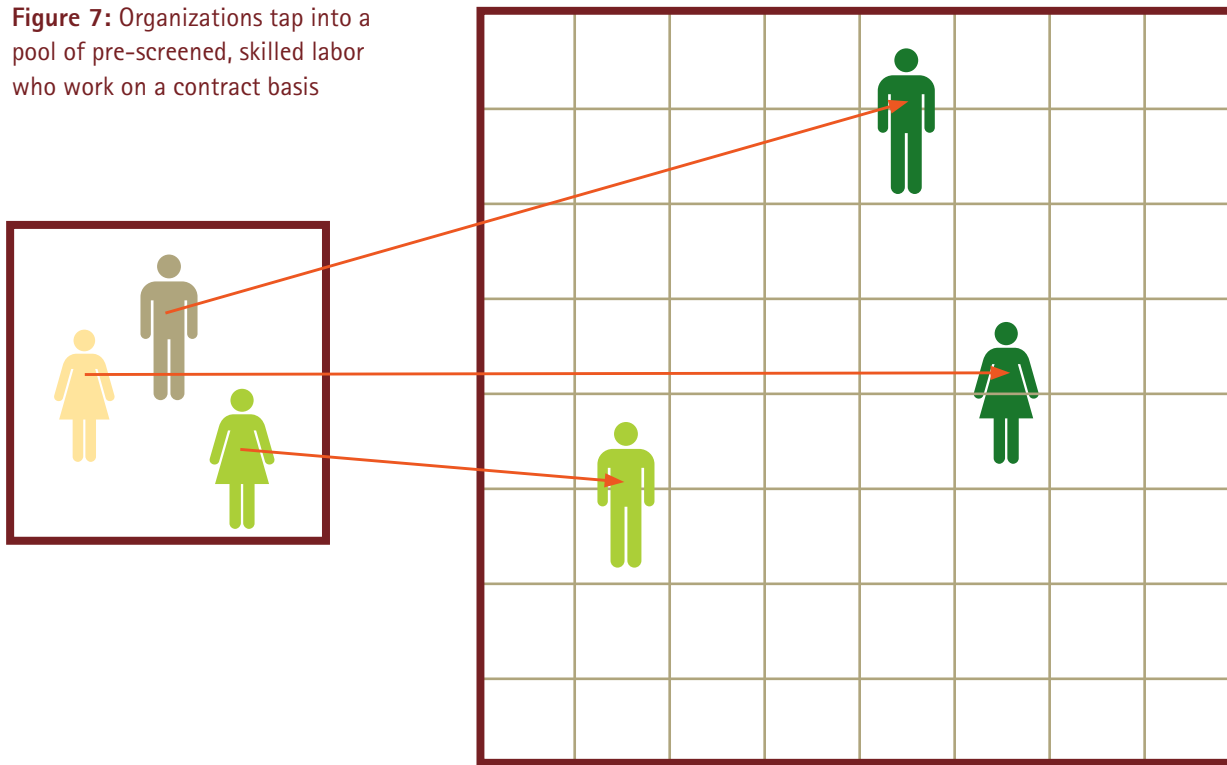
Using a pool of prescreened, reliable talent (See Figure 7). Instead of turning to a staffing agency when unexpected needs arise, many companies are creating their own pool of known and proven talent they can tap immediately on a contract basis.

Often, people in this pool are composed of former employees who now seek greater flexibility as they enter their child-rearing or retirement years, but who can hit the ground running because they already have up-to-date skills as well as existing networks in the company. For example, Aerospace Corporation (a US defense contractor) and Principal Financial have designed talent programs where retirees can work on a project-consulting basis.[8]

The model of using former employees as contractors works well when the organization has a need for the skill sets that former employees have. However, if a company is changing its business model and therefore needs an altogether new set of skills, an organization may need to turn elsewhere.

Figure 8: People in a workforce in one organization can be temporarily loaned to another organization
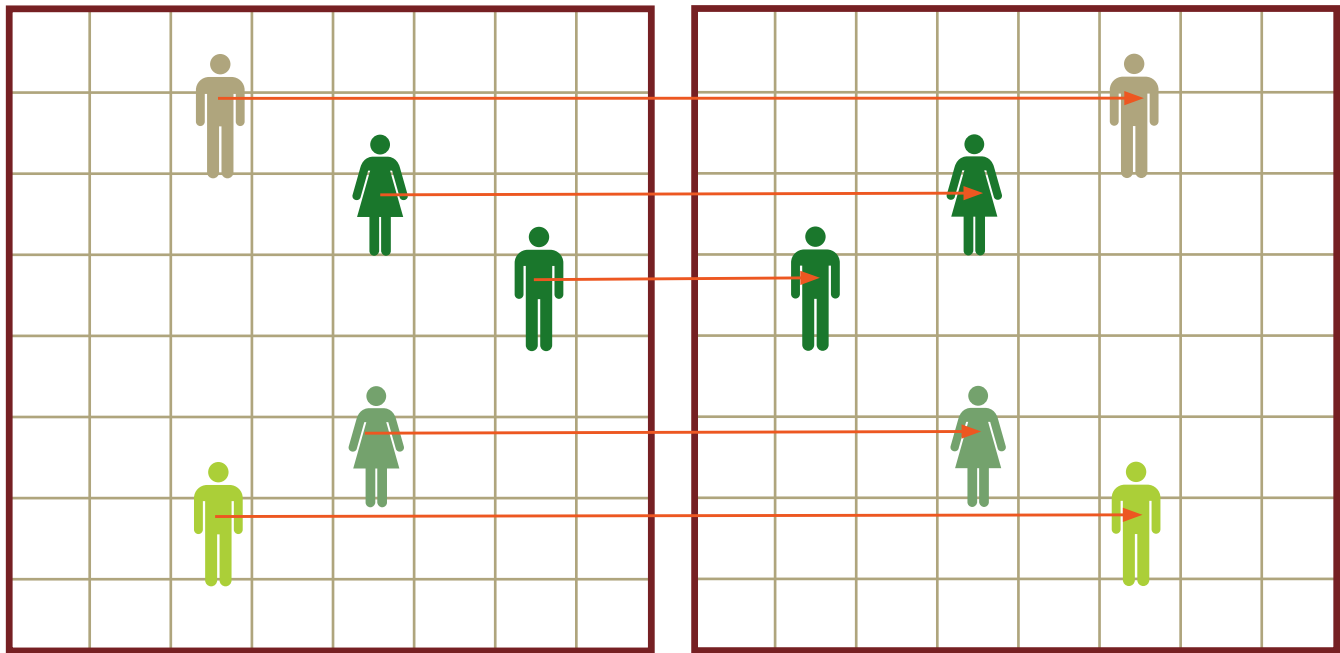
Employee loan initiatives (See Figure 8). If one company suddenly experiences a spike in demand for a particular workforce, and another company suddenly experiences a corresponding ebb in demand for such workers, why not temporarily loan the employees from one non-competitive company to the other? Although we haven't seen this model in practice, we are seeing signs that such a model may be possible. For example, Google and Procter & Gamble have initiated an employee-swapping program – albeit one that is designed to spur innovation and knowledge transfer rather than to cope with changes of supply and demand of skilled talent.[9]

A logical place for this type of transfer to take place may be through a staffing agency. An executive in one staffing agency revealed this scenario to us: "We had one client who was under temporary pressure to reduce costs and who had more people than they needed, and another client who desperately needed more people temporarily. It would have been great for client A to directly loan client B these people, but for now it is difficult due to barriers like pension plan contributions and other people processes. So to get around this, we hired workers from client A and deployed them at client B; they could then be redeployed to client A at a later point in time if needed." In addition, the executive is looking into building a pool of new college graduates that can be deployed to multiple employers in a consortia model all over the world as needed.

Although such models are just beginning to be developed, we believe that they represent a trend of the future, and a way for companies to access skills quickly in a highly innovative way.

Conclusion

The ability to develop a "just-in-time" workforce capability can create a significant advantage, enabling organizations to pursue market opportunities and respond to changing customer needs faster than competitors. Those who build a variety of ways to creatively tap the skills they need when and where they need them will create a hard to replicate flexibility that can help them outperform the competition.

1. "Talent Shortage 2011 Survey Results," a Manpower report, 2011. http://us.manpower.com/us/en/multimedia/2011-Talent-Shortage-Survey.pdf

2. "Global Unemployment Trends 2011," International Labor Office, 2011. http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_150440.pdf

3. "Talent Shortage 2011 Survey Results," a Manpower report, 2011. http://us.manpower.com/us/en/multimedia/2011-Talent-Shortage-Survey.pdf

4. All information on the U.S. Navy in these two paragraphs is from George Cahlink, "Fewer Hands on Deck," Government Executive, June 1, 2004, 68. Reprinted with permission from Government Executive, June 1, 2004. Copyright 2009 by National Journal Group, Inc. All rights reserved.

5. http://www.Upmo.com

6. 3M and Google were profiled by Virginia Matthews, "Thinking Space," Personnel Today, January 16, 2007, 22; and Google was profiled by Bala Iyer and Thomas H. Davenport, "Reverse Engineering Google's Innovation Machine," Harvard Business Review, April 2008, 58.

7. George Cahlink, "Fewer Hands on Deck," Government Executive, June 1, 2004, 68. Reprinted with permission from Government Executive, June 1, 2004. Copyright 2009 by National Journal Group, Inc. All rights reserved.

8. Respectively, Ken Dychtwald, Tamara Erickson and Bob Morison, "It's Time to Retire Retirement," Harvard Business Review, March 2004, Vol. 82, No. 3; Pg. 48-57and Erin White, "Theory & Practice: The New Recruits: Older Workers," Wall Street Journal, January 14, 2008.

9. Ellen Byron, "A New Odd Couple: Google, P&G Swap Workers to Spur Innovation ," Wall Street Journal, November 19, 2008.

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