

BUILDING AN ON-DEMAND WORKFORCE

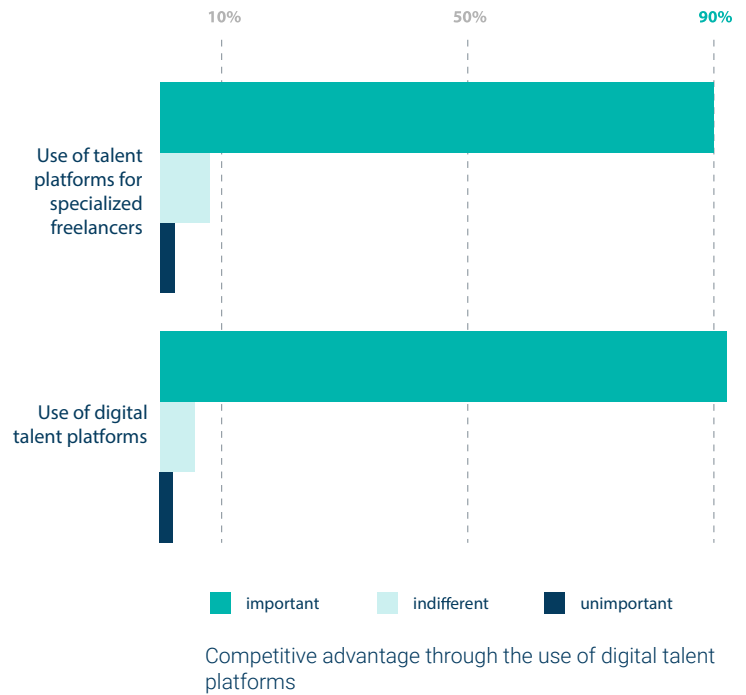
A summary of the study „Building the on-demand workforce“
by Harvard Business School & Boston Consulting Group,
published November 2020

Building an on-demand workforce

An on-demand workforce helps companies maintain competitiveness and drive innovation in times of demographic shifts, technological changes, and covid-19. Some companies are already cooperating with several freelancers on a regular basis to enjoy the benefits of an on-demand workforce. Harvard Business School, in cooperation with the Boston Consulting Group, interviewed approximately 700 experienced business leaders from U.S. companies with the goal of determining the status quo of integrating freelancers into company processes and examining the potential of building an on-demand workforce. An on-demand workforce refers to the on-demand inclusion of several freelancers in internal company processes and projects.

Market development in the past years

Companies such as Amazon, Royal Dutch Shell, and Unilever have discovered digital talent platforms for themselves in recent years, in order to find suitable freelancers and work with them, thereby covering the need for qualified workers. Due to the ever-increasing need for skilled workers, the number of talent platforms that bring freelancers and companies together has increased from 80 in 2009 to 330 in 2019. Talent platforms on the market can be divided into three categories: talent platforms for specialized freelancers, those for task-oriented projects, and talent platforms through which a large community with predominantly technical skills can be reached.



Reasons for building an on-demand workforce

During the last few years, companies, regardless of size and industry, have struggled to cope with rapid technological change, which has increased the need for skilled workers.

At the same time, this technological change has made it more difficult for companies to find suitable workers and retain them. The search for suitable employees is made even more difficult by demographic change and competitive pressure between employers. To meet the demand for qualified workers, companies must use new options in addition to the already familiar way of recruiting, i.e., the permanent employment of suitable workers, by integrating freelancers into their corporate processes according to time and specialist requirements. There are three main advantages for companies when cooperating with freelancers:

1. By cooperating with freelancers, the immediately available workforce increases while fixed costs remain the same.
2. By involving qualified freelancers, extensive projects can be implemented, even if the human resources required for this cannot be covered by in-house employees.
3. The efficiency of in-house employees increases by using freelancers. At the same time, the involvement of freelancers increases the company's ability to innovate.



Advantages of using digital talent platforms

Due to these positive effects, many companies now see the development of an on-demand workforce as a strategic issue, which is often taken up by executives and managing directors. The study reveals that over 30% of the business owners surveyed extensively incorporate digital talent platforms, while another 30% report occasional use. In this regard, freelancers are sought out and integrated into business processes regardless of industry or corporate function. The trend toward building an on-demand workforce will continue in the future, with over 70% of business leaders expecting greater use of digital talent platforms to acquire freelancers within the next three years. 60% of CEOs expect the number of permanent employees to decrease in the future and freelancers to collaborate with different companies as needed.

Freelancing from the perspective of employees

Millennials place a great deal of value on flexibility and autonomy with regard to their professional future, as well as a sense of purpose in the work they perform. Since it is difficult to meet these demands through a traditional full-time job with a company, millennials choose to work as freelancers. In addition to intrinsic motivation, external circumstances such as layoffs and short-time work during the Corona pandemic have led many people to become freelancers. In the U.S., 12% of the total workforce became freelancers for the first time in 2020. More than half of these freelancers see their work as a long-term career opportunity and do not want to return to their original jobs.

First steps to successfully build an on-demand workforce

While using digital talent platforms to recruit freelancers is strongly supported by 60% of business owners and moderately by another 30%, HR departments are often out of touch with this type of recruitment. The following five steps are essential to successfully build an on-demand workforce and will increase company-wide acceptance of this new way of recruiting:

1. The corporate culture must be changed so that permanent employees see cooperation with freelancers as an opportunity for the company and accept the different types of recruitment. Successful cooperation with freelancers can only be achieved by involving the employees. To do this, it is essential that employees do not see freelancers as a threat to their own function in the company, but rather as work colleagues on an equal footing who provide support with daily tasks or unusual projects.

2. To find suitable freelancers for projects, it is essential that the project is divided into small tasks with clear main and intermediate goals. This helps companies identify needs and freelancers complete their assignments. At an early stage, Unilever and Enel recognized that this task is difficult even for experienced managers, and thus provided them with adequate training.
3. Companies need to know their workers' skills to match them with the ones needed for upcoming projects. This is the only way to determine the exact need for freelancers.
4. Administrative aspects and company guidelines must not stand in the way of building an on-demand workforce. Technical risks and hurdles as well as legal risks, such as intellectual property protection, should be addressed at an early stage.
5. Managers with HR responsibility should be capable of leading a team separated at a local level. The team atmosphere and the interaction between employees and freelancers are decisive for the success of the collaboration.

Since many companies have allowed their employees to work from home during the Corona pandemic, the way has already been paved for the inclusion of freelancers. The need to work from home has adapted the technical infrastructure of many companies, making it easier to work with talent that is not onsite.

When building an on-demand workforce, it can be beneficial to run small pilots first to identify opportunities, risks, and what the company needs to do. Unilever, a multinational consumer goods company, conducted several pilot projects prior to engaging with freelancers on a company-wide basis, laying the groundwork for successfully building an on-demand workforce.

To be competitive in the long term and meet the demand for qualified professionals, companies need to look at building an on-demand workforce now and address this issue from a strategic standpoint.

Source:

Study "Building the On-Demand Workforce", conducted by the Harvard Business School & Boston Consulting Group, 2020.

You want to learn more about working with freelancers?

Reach out to us!

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