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ROADMAP

THE EXTENDED WORKFORCE:
A MODEL TO ACCELERATE RESOURCING
AND GROW VALUE FOR YOUR BUSINESS

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Introduction

Talent shortages and quickly evolving skills needs are leading enterprises worldwide to rely on the extended workforce – from consultants under a statement of work (SOW) to contingent workers.

Yet, the current siloed approach many companies take to leveraging people and services resources outside of permanent hiring often hinders, instead of helps, progress. With the ever-increasing complexity of how enterprises get work done, companies should explore more innovative procurement strategies.

After all, traditional methods cannot pave the path to optimised workforce cost capabilities, faster talent access or data-informed decision-making.

For some, this is the moment to ask a series of key questions around the ways in which they source and deploy human capital:

- What business outcomes are we trying to achieve?
- How are we currently addressing workforce requirements?
- Why are we taking this approach?
- How can we do this better?
- What could be gained by taking a different approach?

Creating a more responsive, intuitive and outcomes-led extended workforce strategy may hold the key to unlocking real value and dynamism.

A fractured picture

Traditionally, most organisations deal with their contingent workforce through one stream and their professional services procurement through another. The first category might include contractors, freelancers and other temporary workers.

The second category, meanwhile, will typically encompass all work delivered under an SOW, from consultants advising a board on an acquisition, to the other end of the spectrum: a small service provider paid on a time and materials basis.

However, it's increasingly clear that identifying, assessing, sourcing and deploying human capital services has climbed the corporate agenda. CEO respondents to *Untethered World* – a 2022 research project by Procurement Leaders, World 50 and G100 – identified employees as their most important stakeholder and employee turnover as the greatest risk they face.

More recently, the *Economist* reported on a survey by research organisation The Conference Board, stating: "Chief executives cite worker shortages as the greatest threat to their business in 2022."

Businesses are facing critical challenges: skills shortages and the need for agility; evolving workforce technologies and the inability to implement innovations easily; the advancement of data and analytics and the demand for better workforce intelligence; and changing worker expectations and corporate goals (from diversity, equity and inclusion and sustainability to flexibility and the growing contingent workforce).



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**Graeme Robertson,
KatThree**

Failure to focus on what good looks like
Few organisations have answers to all of this. The causes are many and various, but Graeme Robertson, a partner at advisory firm KatThree, says most suboptimal business strategies can be traced back to failing to ask a simple question: What are we trying to achieve?

"Most managers are still focused on simply grabbing humans to fulfil a role. Businesses like to think they're focused on outcomes but, in reality, managers on the ground are in the business of simply hiring people to meet a need."

The problem with that, he suggests, is that this process largely ignores outcomes. "Managers simply say: 'I need five full-time people with these qualifications and experience' without fully understanding the business need they are trying to meet."

In Robertson's view, the behaviours driving that approach stem from both operational managers (those requiring the services) and procurement teams (that action the spend) failing to truly understand what good outcomes from a business perspective are.

"Managers typically find smart people and hope that the smarter they are, the less the manager will need to do," he says. "What's broken is the belief that outcomes are a product of a series of inputs; but because only some managers understand what goes into a successful outcome, many end up with over-hiring and waste."

As well as struggling to articulate the outcome of a recruitment round, managers' recruiting can also lack clear definition. "When you ask a manager what they want, they will often 'over-spec' the job," he explains.

"A classic example of that is asking for someone with an advanced mathematics degree when they will largely be engaged in bookkeeping. In such cases, perhaps just an accounting qualification... is needed to be successful in the role."

In addition, Robertson sees overqualified workers as attractive to managers. In the short-term, they overachieve, but these 'valued staff' require extra (or different) tasks and management to keep them →



satisfied. Overqualified contractors in this situation may create unnecessary jobs for themselves. But managers may prefer these sets of problems to having underqualified people and will be prepared to repeat their behaviour.

“And that happens over and over again,” he adds.

Lack of spend transparency

Achieving value from a human capital perspective requires a holistic view on spend levels.

“We often see clients with huge buckets of spend, but they don’t know exactly what’s in them,” says Jon Kesman, who has more than 20 years of procurement experience focused on contingent labour and professional services and now serves as a service excellence executive at Allegis Global Solutions (AGS).

“They feel comfortable that their strategic suppliers are well controlled, but often that is simply because they have been labelled as a strategic supplier and the presence of a large master service agreement suggests everything must be fine.”

Outside of that, Kesman says, organisations are in many cases unknowingly crippled by a lack of visibility. “It might be that the technology they’re using is not fit for purpose or that they cannot be sure they have the right team size or structure to effectively manage this spend.

“The question for businesses, therefore, is not only ‘what do you need?’, but also, ‘did you get what you contracted for?’ You’re paying for all these services, and it’s not until you can get down below surface-level spend data that you can start to understand whether these things all line up.”

Predetermined staffing decisions

There is clearly a widespread challenge to improve the underlying drivers of HR procurement decision-making. Many organisations would claim they have a good working understanding of what they need to procure and how, but a Gartner survey on HR trends in 2023 finds that 36% of HR leaders believe their sourcing strategies are ‘insufficient’ for finding the skills they need. Four in ten (43%) state they don’t have an explicit ‘future of work’ strategy – namely, identifying future talent needs.



Even for those more intuitive businesses, there remains a fundamental problem, suggests AGS procurement executive Jonathan Winters. “The issue we identified is that organisations tend to predetermine their recruitment decisions very early on in the process, focused on ‘filling gaps’ rather than aligning with business objectives and outcomes.”

This ‘norm’ has typically developed out of habit or custom. But, he argues, continuing with that approach can see businesses lock themselves out of large parts of the market. For many, the normal procurement triage process may be formal, perhaps involving a questionnaire or a vendor management system (VMS). Others may take a less formal approach, with managers simply deciding between a contractor or SOW.

For those deciding a particular need will be met by adopting an SOW approach, many will use a tiered system where spend within a certain band will fall to managers, with spend in bands above requiring the involvement of a centralised procurement team.

But, says Winters, if a hiring manager doesn’t know what they want to achieve, then they shouldn’t spend. “So, it quickly starts to appear very logical to put something into the process early on that questions what the aim is and what good looks like if you continue on your chosen staffing route. Once you’ve identified both, then you really ought to look at all routes to market.” ■



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AGS**

Improved access to talent: extended workforce

Getting a better understanding of how the organisation scopes, buys and deploys HR resources relies on achieving clearer visibility over both the aims and the process of procurement.

Articulating the desired outcome requires managers to adapt their approach to triage, accepting that simply choosing between hiring either temporary workers (through a managed service provider [MSP]) or project specialists through an SOW risks missing out on potential value.

In many cases, the solution seems obvious: the business might clearly require an MSP (it has a long-term absence and needs a contingency hire to fill the gap); in others, the size, scope and timescale suggests the right fit would be an SOW delivered by a specialist.

But there is an alternative. The idea behind the 'extended workforce model' is that in using traditional routes to market, businesses which have identified a piece of work that needs to be completed and don't currently have the resource to do it themselves, will generally either approach the staffing market (via an

MSP) or the services market to build out an SOW.

In most cases, a business will select one option and follow a circumscribed path. However, in doing so, managers and procurement professionals may be unaware that a lack visibility and control is almost inevitable, no matter which option is selected.

AGS' Winters explains that this approach has consequences: "If the business puts controls around the way it brings contractors into the business, it may appear to have saved a huge amount of cost but, more accurately, it has instead hugely increased spend on consultants. That is because, in practice, the same hiring manager is still trying to get a piece of work done, and they have simply moved the spend into a different category."

Policies, processes and tools exist to help business users decide between these two options; however, in doing so, the business user will generally see only one or the other. Alternatively, the extended workforce model enables users to approach both markets →



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simultaneously, allowing them to see two distinctly different ways of addressing the work that they need to complete (time and materials from the staffing market or outputs from the services market).

Ultimately the decision between the two still needs to happen, but the decision reached is more informed because the organisation saw the options available to it from both markets first.

To help companies navigate this journey, AGS has developed guided questions that a hiring manager might ask of a resource requirement. It begins with compliance. Is there a regulatory reason to make a particular choice about a resource type? Are there any tax reasons? Once those questions have been answered, hiring managers can then start to think about

delivery, as well as the impact of failure. At that point, hiring decisions become a conversation about value.

“Value should be the key driver,” says Winters. “HR and procurement can work together and constructively examine cost issues, what other options exist and how to justify the delta between them – in essence, what the business will gain by paying extra. Assuming there still isn’t a definitive answer, then the focus will inevitably fall on the extended workforce model.”

In summary, the extended workforce approach identifies two naturally aligned channels and looks to bring them under a unifying process. This way, users gain greater visibility over their options, without having to consciously seek out these options themselves. ■



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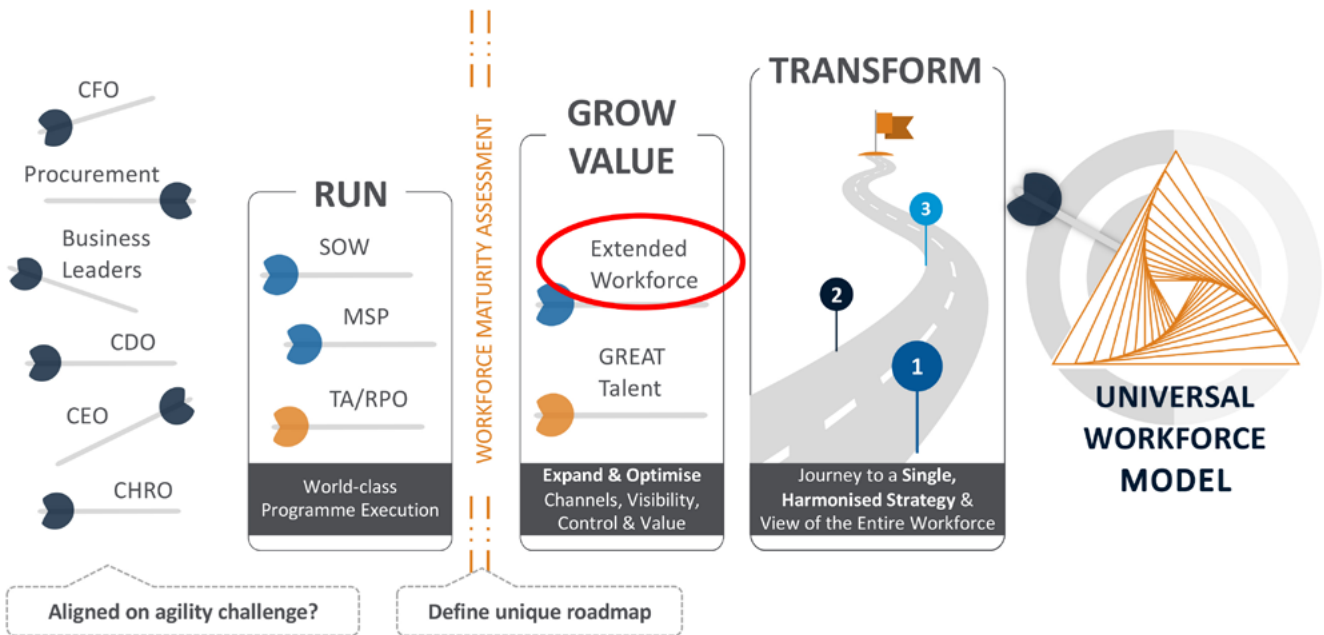


Workforce transformation

The extended workforce is one of the steppingstones to a much wider transformation approach when deciding how best to get work done. Looking beyond contingent and SOW, AGS developed the Universal Workforce Model, which takes you on an outcome-first journey to harmonise all your workforce channels – including permanent workers.

The framework is based on three components: task- over role-based planning; guidance from a Workforce Business Partner to help identify optimal path for using the best available resources; and support from an Intelligent Workforce Platform, a technology ecosystem built to empower workforce acquisition and management.

The Steppingstones to a Universal Workforce Model



AGS' Vice President of EMEA Simon Bradberry explains how the Universal Workforce Model offers a glimpse into the future of work.

There is a growing consensus that we are about to see a complete change in the way work is defined. In short, it will become about 'task, not job'. That means businesses must work on developing a better view of what work needs to be done. If they can do that, it's far more likely they will choose the right tools and approach that will help them reach their goals.

In our experience, organisations are starting in the wrong place by developing a job spec with desired skills; in fact, they should start with the outcome they want to achieve and work backwards by deconstructing the work into the tasks that bring it to life. The tasks can be split along new lines of work by current employees, new hires, contractors, outsourced services or automation.

As an example, we recently worked with a healthcare organisation that simply could not hire enough nurses, so they were ➔

engaging them and losing them; rinse and repeat. It wasn't working.

We undertook a deconstruction exercise with them and calculated that only 30% of the job spec being delivered by nurses actually required a qualified nurse.

The exercise proved that the fundamental problem wasn't that they couldn't hire enough nurses; rather, it was that they were trying to hire three times more nurses than they needed.

As a result of that analysis, they managed to automate some processes such as the scheduling of appointments; they assigned tasks such as temperature taking to other members of the team; they also were successful in consolidating the role of the nurse into the tasks and activities that actually required a qualified nurse to complete them.

Unsurprisingly, their retention has rocketed, and turnover has dropped; Nurses are performing roles that are much more valuable – the roles they were trained to do.

The previous example demonstrates that the emphasis must be on understanding the work that needs to be done. Instead of starting with a job spec and going out to the market to hire, now companies can start by defining the task required.

Harmonising talent management by introducing a Workforce Business Partner

Logically, it follows that you have to harmonise all workforce channels to achieve success. In practice, that means organisations must bring permanent workers, those engaged outside of full-time engagements and SOW consultancy together. If you don't have those three together as an integrated resource, then you are forever starting the conversation with the wrong question, which is: 'Tell us which channel you want to go down?'

Instead, the Universal Workforce Model offers a different approach – harmonising all three channels to allow managers and those buying in services to instead work with a single point of contact that covers all these areas. ➔



Organisations should start with the outcome they want to achieve and work backwards by deconstructing the tasks that bring it to life

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AGS



The crucial tactic is to create and develop a new role to manage this new way of working. We call that a Workforce Business Partner, a role akin to an HR business partner, to work as a single point of contact for accessing all workforce channels.

If you accept that role is a necessity, then you need to arm them with the right technology to ensure they are effective.

To do that, the Workforce Business Partner needs to be able to look at the workforce externally and internally; how have things been done in the past; how much would it cost to do it this way versus that way; what's the risk premium; where could we do it remotely? They must have a holistic view of workforce opportunities, which we provide through the Intelligent Workforce Platform.

The platform uses AI and machine learning to match jobs to people and people to jobs and skills; it can also predict the success of a given approach. Think of it as a gateway to other technology products

that can support workforces, bring the external data feeds and so on.

So those three things –

- 1) breaking roles in the tasks needed to achieve business outcomes
- 2) having a Workforce Business Partner to break down siloed resources and guide the journey to a more enterprising way to work
- 3) enlisting a technology platform that provides a consumer-like digital experience to enable objective, evidence-based workforce decisions – make up the Universal Workforce Model.

There's no better time than the present to challenge the fundamentals of workforce design. The Universal Workforce Model provides the path forward. ■



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GLOBALITY: Harnessing AI to speed up smart decisions

Globality vice president Doug Halka outlines how, as an AGS partner, the autonomous sourcing leader empowers operational and procurement professionals to make swifter, smarter decisions.

Globality's AI-based technology is designed for autonomous sourcing because it connects business stakeholders and end-users – in essence, the consumers of these services – to the most qualified suppliers, with the ultimate goal of improving decision-making.

And that is the problem to solve: a lot of times decisions for certain sourcing needs are made because it's faster and easier to pick someone you know, rather than thoughtfully defining requirements and selecting and evaluating qualified suppliers.

Typically, the reasons for that are many. It might be speed; you hire who you know quickly. It might be about ease; you don't have to define requirements. We frequently see a client call a big consultancy and tell them: 'This is roughly what I need done. Can you write a scope of work and send it to me, and I'll approve it.'

Globality makes it both fast and easy to run a thorough evaluation process. Our AI interacts with users by asking relevant questions and uses natural language processing (NLP) to fully understand your project's complex intent, creating precise scope requirements in as little as 20 minutes.

After the scoping process, the platform instantly presents businesses with merit-based supplier options, whereas a typical RFP process takes 10-14 days to deliver suppliers. After suppliers respond on the platform, our AI highlights solution likenesses and differences as well as areas of opportunity. We realise that process, without the use of technology, can be very laborious and time-consuming.

What's intriguing about what we're doing with Allegis Global Solutions is unlocking the potential value accrual through running a parallel path of work evaluation. We can now help organisations understand what the true differences between hiring a contingent workforce or an outcome SOW-based workforce are and evaluate those in real time side by side. That represents a wholly new way of evaluating how work gets done.

A view of ‘better’

Hiring managers and procurement professionals are, of course, the most obvious beneficiaries of adopting a holistic approach to the extended workforce because it prioritises flexibility and a focus on outcome-driven decision-making. There are several additional benefits worth considering.

ATTRACT THE VERY BEST TALENT

Organisations that can design projects and workflows that offer well-defined and more rewarding roles will inevitably start to attract better talent, simply through optimising what people are working on. Managers, HR professionals and procurement professionals can then speak with one voice to promote the idea of the organisation as the best destination for the highest-value talent.

ACCESS A WIDER POOL OF SUPPLIERS

Organisations will enjoy access to parts of the market that they wouldn't traditionally have been able to access. A broader range of suppliers that might previously have been siloed into one area, or deemed unsuitable for certain work under the old system, now come into play.

STRENGTHEN PARTNERSHIPS

Maintaining healthy relationships with key suppliers is made easier as core vendors will now have an opportunity to bid on work they previously wouldn't have seen and in a way that allows them to drive better outcomes.

DIVEST WORKERS OF ANCILLARY TASKS

Procurement functions, in particular, can suffer from high levels of churn as transactional roles that require repetitive tasks leave some team members burned out. Employing an extended workforce model reduces unwanted tasks through automation, while enabling closer supplier relationships and a greater focus on smart job design. From a supplier perspective, it also accommodates flexible working patterns and allows contractors and consultants to fully deliver on the promise of their skills.

DEVELOP ‘WORKFORCE BUSINESS PARTNERS’

As a single point of contact for accessing all workforce channels for a business unit, the Workforce Business Partner applies a task-based approach to planning resources and activity to achieve an outcome. The partner uses comprehensive, external market and internal data through an Intelligent Workforce Platform to advise the business on the best way to get work done and access the entire workforce.

DRIVE CONTINUOUS IMPROVEMENT

As projects develop, managers can begin to collate data within the business to help leaders better understand the probabilities of risk, including cost overruns or delivery failures. Tracking the success of projects provides a better view of how each one is delivering depending on the chosen avenue, which will, in turn, help make better decisions further down the line.

ELEVATE THROUGH AUTOMATION

Automation relieves procurement of some of the tedious tasks and empowers buyers to be much more relationship-driven and strategic in how they deal with their stakeholders. As a result, the function is no longer seen as one that is transactional and lacks a strategic role. Instead of simply delivering cost analyses, procurement professionals can now work side-by-side with the stakeholders to deliver swift, accurate and strategic input.

ADDRESS NON-COMPLIANCE

Non-wilful compliance is usually characterised by processes becoming so diffuse and complicated that managers have little chance of complying. An extended workforce model makes it easier for HR services buyers as they no longer need to make ill-informed decisions about market dynamics; instead, they can select one of several solutions.

MITIGATE RISK

Much of HR procurement relies on the experience of individuals to assess risk. Organisations now have the chance to move away from and pinpoint risks across all categories and scopes of works by leveraging automation and a smarter evaluative approach. Instead of simply weighing risk by the value of spend, looking at a wider set of metrics ensures that key risks are identified, and unnecessary controls are eliminated.



From fractured to coherent

Current models for accessing talent are flawed, meaning companies need to be more creative if they truly want to achieve desired outcomes. Before making a quick decision about what type of worker can fulfil a need, they instead should start with the outcome and reverse-engineer the process, considering the tasks that make up the work to be done. Only then, with a view of all possible options for getting the work done, whether with humans in any category of the workforce or through automation, can an engagement decision be made.

AGS' Universal Workforce Model provides a prescription for a future-ready strategy that can begin by breaking down the silos that exist today between

contingent worker and SOW programmes. In other words, it's time to acknowledge that they are two ends of the same spectrum.

As a stepping stone to the Universal Workforce Model, the extended workforce model allows managers and procurement professionals to view both the contingent and SOW markets simultaneously – enabling a more informed choice, cost control and greater compliance across business.

The fundamentals of work are already changing. Organisations that don't evolve along with the transformations already taking place and shift to a more fluid approach to workforce management could be left behind. Start the journey today.

ABOUT OUR PARTNER

As the global leader in workforce solutions, Allegis Global Solutions (AGS) helps companies transform their people into a competitive advantage. With services in 100+ countries, our teams design workforces built for impact by delivering award-winning capabilities in managed service provider (MSP), services procurement, direct sourcing, recruitment process outsourcing (RPO), consulting and The Universal Workforce Model framework. AGS is an Allegis Group company.

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