Total Talent Management

Towards an Integrated Strategy for the Employed and Non-Employed Workforce

May 7, 2015

STAFFING INDUSTRY ANALYSTS

ERE MEDIA

About ERE Media

ERE Media is the preeminent source for information about talent acquisition and talent management. Its conferences, content and publications provide insights and decision-making tools for HR leaders, recruiters, sourcers and others who make decisions about managing talent. ERE Media maintains four outstanding brands: ERE.net (for corporate talent acquisition professionals), SourceCon (for sourcers and recruiters who source), TLNT (for business-driven HR professionals) and The Fordyce Letter (for search firm owners and executives). ERE Media, Inc. was founded in 1998.

For more information: www.ere.net; www.sourcecon.com; www.tlnt.com; www.fordyceletter.com

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About Staffing Industry Analysts

Staffing Industry Analysts is the global advisor on contingent work. Known for its independent and objective insights, the company's proprietary research, award-winning content, data, support tools, publications, and executive conferences provide a competitive edge to decision-makers who supply and buy temporary staffing. In addition to temporary staffing, Staffing Industry Analysts also covers related staffing sectors. The company provides accreditation with its Certified Contingent Workforce Professional (CCWP) program. Founded in 1989 and acquired by Crain Communications Inc. in 2008, the company is headquartered in Mountain View, California, with offices in London, England.

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Introduction

When ERE Media and Staffing Industry Analysts began this research initiative, we hoped to find evidence of a growing interest in the concept of Total Talent Management. We were also keen to understand the likely progression towards a more holistic and proactive approach to acquiring and retaining a skilled workforce, and set out to identify a few pioneering organizations that might be leading the charge.

The surprising conclusion, however, is that, while there is plenty of evidence that Total Talent Management could help organizations deal with their most pressing workforce challenges, many are failing to recognize that a better view and better engagement of their ***whole*** workforce of employed and non-employed talent is a solution to their problems. This failure may simply be due to the daunting obstacles that currently prevent organizations from having a whole workforce view which we identify and discuss in this report.

It is clear that today, the concept of Total Talent Management is in its infancy and hopefully, the insights in this report will help to provide some catalyst for change. In a future where better access to, and retention of, talent increasingly defines business success, there are clear competitive advantages available to far-sighted organisations that are prepared to develop Total Talent Management competences. As well as identifying obstacles to change, we have also developed a Talent Management Continuum which charts a path for those adventurous practitioners who are prepared to take a step forward.

As part of this research initiative, we were very fortunate to identify a number of thought leaders who were prepared to share their experience and insights with us and we thank them for their valuable contribution to this report.

Ron Mester
Chief Executive Officer
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Executive Summary

- **Talent is about Employees, and Much More.** To get work done, organizations use employed workers, many different types of non-employed workers, and robots. The median usage of non-employed workers is 16%. For the heaviest users, nearly half their talent comes from non-employed workers.
- **The Time is Right for a "Total Talent Management" (TTM) Approach**. ERE and SIA believe this holistic and proactive approach to talent acquisition and talent management will help organizations better address their most pressing workforce challenges, especially in today's more complex workforce/ business environment.
- **But Widespread TTM Adoption is Not in the Near Future.** In our research we found that, surprisingly, many aren't yet interested in taking a "Total Talent Management" approach. And even if they are interested, overwhelmingly they are not prepared to do so. (See below for why.)
- **Organizations Don't Understand their Employees.** Less than half understand employees' motivation, skills, and productivity. And remarkably, 20% to 30% of organizations don't know how many workers they have, the number of open positions, tenure, or total labor costs.
- **And They Really Don't Understand their Non-Employed Workers**. The overall "visibility" into motivation, skills, productivity, costs, etc. of non-employed workers is about two-thirds as for employees.
- **Apparently Unmotivated Talent is OK**. Only 10% to 20% make significant efforts to motivate their non-employed workers. For that matter, only about half try hard to motivate employees. And while organizations generally believe they should be trying harder to motivate employees, they're more indifferent about motivating non-employed workers.
- **Decision-Making about the Type of Talent to Use is Decentralized**. Most organizations let managers make this decision with either little guidance or based on broad policies. We think this is likely to reinforce the status quo rather than result in a strategic resourcing decision.
- **Organizations Face Many Barriers to Seeing the Big Talent Picture**. Organizations are challenged to being able to see, in one view, what's happening with ALL their talent (employees and non-employed workers). Barriers include conflicting department priorities, inconsistent operating processes, inadequate systems, and more.
- **And Senior Management is Split on the Importance of Seeing the Big Talent Picture**. While slightly over half of organizations (54%) want to see a 'combined view' of talent (employees and non-employed workers) in nearly half of organizations (46%), the perception is that HR and Executive leadership are indifferent or not interested.
- **Suppliers seem more TTM-oriented than their Clients.** A number of suppliers are actively preparing their products/services to support a TTM approach, and yet they are even more concerned about the barriers their clients face to implement such an approach.
- **HR Leaders Should Drive the Evolution to a TTM Approach.** This is about talent, so HR should take the lead. But it will likely take a different type of HR function – with a different DNA – to really make this happen. For those that can develop that DNA, there are attractive competitive advantages to be gained in the ongoing war for talent. To support organizations develop the capability to execute TTM, we offer a Talent Management Continuum defining six levels for organizations to measure their progress.

Background to the research; a collaborative approach

In the summer of 2014, Staffing Industry Analysts ('SIA') and ERE Media ('ERE') determined that they had a joint interest in understanding the current state of Total Talent Management ('TTM') among organizations globally, identifying obstacles to growth and the likely future development of TTM. Accordingly, a joint research project was commissioned between September 2014 and March 2015. Key elements of the research program included:

- A comprehensive review of third-party literature to determine the extent to which this concept had been historically explored and/or evidenced as gaining traction.
- Detailed interviews with a dozen experts and practitioners.
- A global survey conducted between January 8, 2015 and January 18, 2015, distributed to a database of 47,000 people which elicited full responses from 339 company executives from a wide range of industry sectors *(Figure 1*) and 289 suppliers of HR/recruitment related products and services *(Figure 5 on next page)*.
  - The geographical spread of respondents to the survey was quite broad: 25% of the hiring organizations and 36% of the suppliers were headquartered outside North America.
  - Large organizations (1,000+ employees) represented more than half of all respondents *(Figure 2)* and, by role, almost three-quarters of respondents were at an Executive/Senior Management or Middle Management level *(Figure 3)*.
  - The survey drew from a wide representation of job functions, though 64% had either an HR, contingent labor management or recruiting role (*Figure 4*).

Figure 1. **Organizational respondents by sector**

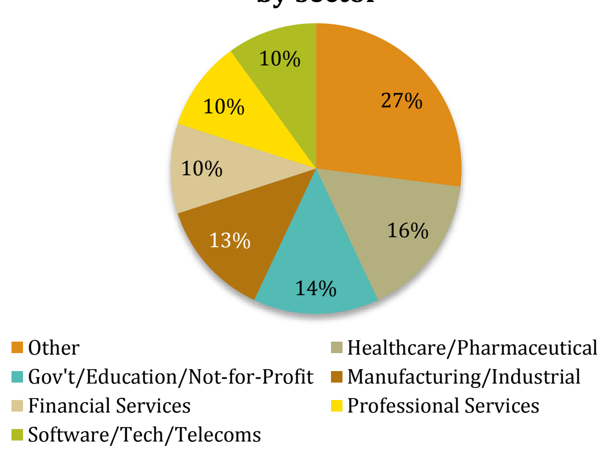


Figure 2. **Organizational respondents by number of employees**

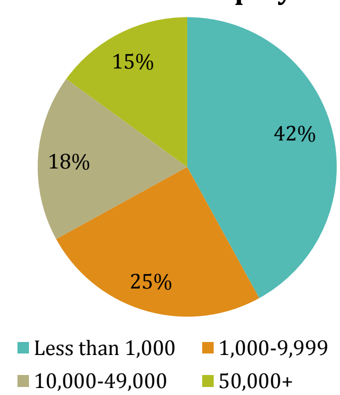


Figure 3. **Organizational respondents by role**

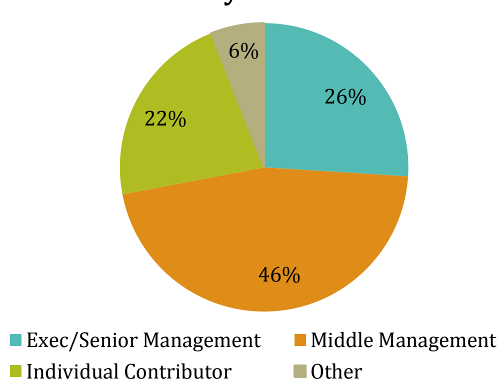
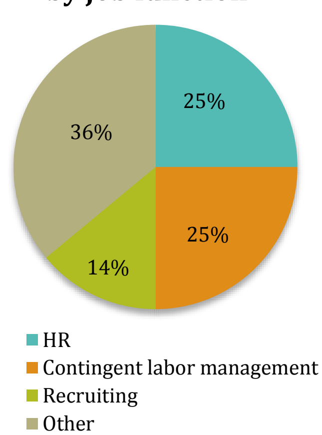


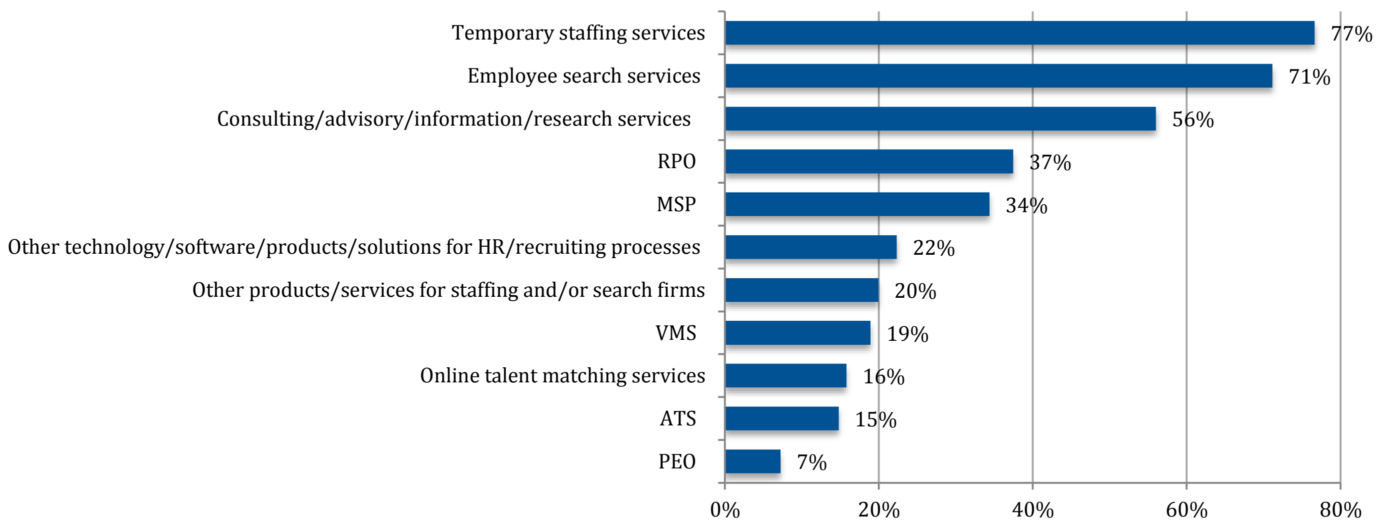
Figure 4. **Organizational respondents by job function**



Background to the research; a collaborative approach

Of the suppliers that participated in the survey, the majority (77%) were providers of temporary staffing and a high number also provided some form of employee search service *(Figure 5)*. Nevertheless, a wide range of providers contributed including consultancies, HR technology firms, online talent platforms and Professional Employer Organizations (PEO's).

Figure 5. **Suppliers expressed a range of capabilities (multiple response)**



Worker types – employed and non-employed

For the purposes of the research undertaken as part of this project, a 'worker' was defined as any person (or robot) doing work on behalf of an organization. In the early stages of the research, we determined many 'types' of workers that organizations were using as part of their extended enterprise. While some are employees, we have termed all others as non-employees. This includes workers who do not get paid for the work that they do for the organization, those who are employed by other organizations (and deliver services on their behalf) and those, in the case of robots, that are not human.

Once the research reached the survey stage, our worker types were defined as follows:

EMPLOYEES

- Full-time or part-time
- Apprentices, trainees, and/or paid interns

NON-EMPLOYEES

- Temporary workers
- Independent contractors or consultants/freelancers
- Online workers (sourced from online staffing platforms performing remote freelance projects, or micro-tasks, or crowdsourced work)
- Professional services - people in firms other than the organization, such as management consultants, lawyers, engineering services, etc. (mostly retained for specified projects or periods of time or hired under a statement of work)
- Outsourced services - people in firms other than the organization, such as security guards, maintenance, etc. (mostly retained for ongoing operational work)
- Partners (e.g. people working within the supply chain, partnerships, joint ventures, etc.)
- Formal volunteers
- Informal volunteers (e.g. customers via self-service, users contributing content/code, etc.)
- Franchisees/affiliates/associates (e.g. people performing marketing, sales activities, etc.)
- Robots/drones/cognitive computing applications (e.g. IBM Watson)

The inclusion of non-human workers in the survey is in recognition of the increasing automation of work that is beginning to affect all parts of the workforce including professional white-collar roles hitherto unaffected by automation.

In September 2013, Frey and Osborne[1], two Oxford University academics, predicted that 47% of the US workforce was under threat of replacement due to computerization within the next 10 to 20 years. Whether or not this prediction proves true, clearly organizations will have increasingly wider options available to them in choosing how work gets done in the most cost-effective fashion and those choices will include non-human options.

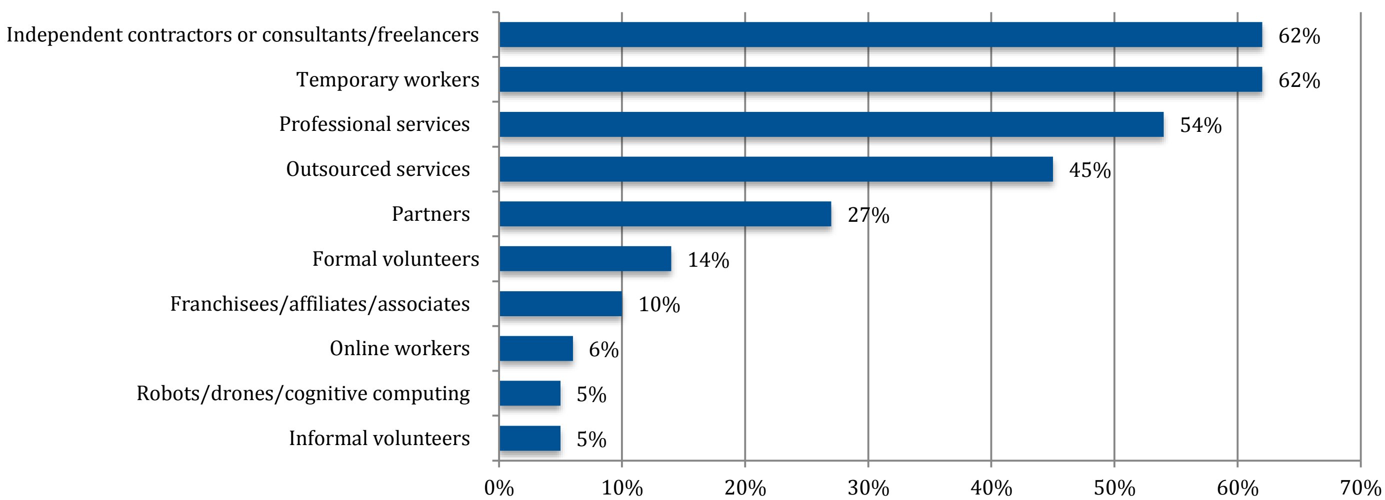
The most forward-thinking organizations will already be weighing the potential of automated solutions compared to the availability, cost and efficiency of human resources.

[1]*Source: The Future of Employment: How susceptible are jobs to computerization? (Frey & Osborne)*

Worker types – employed and non-employed

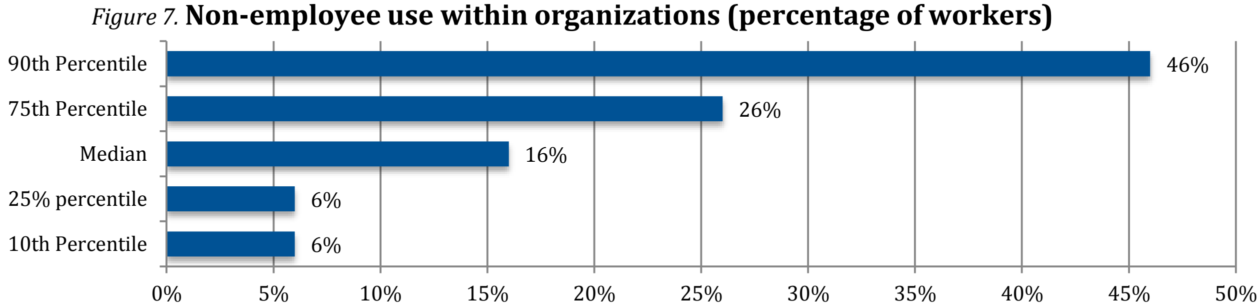
The prevalence of non-employee workers varied quite considerably among our defined categories *(Figure 6)*. The most common categories of non-employed workers according to the respondents in our survey were temporary workers and independent contractors or consultants/freelancers (62% for both categories). Professional services (54%) and outsourced services (45%) were also quite common. The least prevalent examples of non-employed workers in the workforce were 'robots/drones/cognitive computing' and informal volunteers (both 5%).

Figure 6. **Percentage of all company respondents that believe the organization uses...**



The perceived average proportion of non-employees used by organizations in our survey was 19% so, as a group, these workers represent a fairly significant minority of today's workforce. The median figure (mid-point in the data from low to high) estimated by organizations indicates a perception that 16% of the total workforce is comprised of non-employees, however, this rises significantly within higher percentiles *(Figure 7)*. At the 75th percentile, organizations were using 26% of non-employees while the number is as high as 46% at the 90th percentile. For these very high users of non-employed workers, we would suggest that Total Talent Management should be an executive imperative.

Figure 7. **Non-employee use within organizations (percentage of workers)**



Total Talent Management – What is it and What's Driving it?

For the purpose of framing this report, SIA and ERE Media offer the following background to, and definition of, the concept that guided the research program:

> *If 'Talent' refers to the expertise, skill, experience, knowledge, hard work, capability, etc. that can be applied to do a certain task, project, or job, then 'Total Talent' refers to the idea of including the FULL RANGE for sources of 'talent', both human and automated/robotic. On the human side that includes employees, independent contractors, temporaries, part-time workers, seasonal workers, offshore workers, SOW workers, professional services, outsourced services, or freelancers you find online and pay 'per task completed'. On the 'automated/robotic' side it includes robots, bots, software, automation in manufacturing plants, etc.*
>
> *Total Talent Management refers to an employer's practice of routinely considering TOTAL TALENT when it comes to talent acquisition or management. For example, when there is a job to 'fill', an employer that practices TTM will consider various options such as hiring an employee, using a contingent worker, acquiring a robot, etc. And when thinking about 'engaging' talent, an employer that practices TTM will design programs/approaches that engage ALL Talent, not just employee talent.*

Therefore, Total Talent Management describes an approach whereby organizations think about talent in the broadest sense incorporating both employed and non-employed labor. In terms of how prevalent organizational use is of non-employee labor, it is both broad in the categories of labor used and, collectively, substantive.

What is Driving Total Talent Management?

There are a number of compelling reasons why forward-thinking organizations are interested in Total Talent Management. HR challenges are expected to become more complex in the future given a number of key drivers:

- Continuing economic uncertainty
- Shortfalls in productivity levels
- Skills shortages exacerbated by compelling demographic trends
- Globalization
- Technological innovation
- Supply chain cost pressures, impacting on wage bill
- Constantly changing employment legislation

For many, having a broader, more holistic and proactive approach to getting work done is the best way for organizations to meet these challenges and gain a competitive advantage.

Properly engaging all forms of workers will also enable organizations to ensure that non-employed workers are effectively motivated to represent their organization alongside the employed workforce. For example, a Total Talent Management approach would enable organizations to address the following questions:

- Who is doing work on behalf of my organization and to what reputational and legal risks does that expose me?
- What is the real cost of these various workers and what are the optimal pay and benefits?
- Which types of workers do I need and in what ratio in order to maximize productivity/cost-effectiveness?
- How can I best integrate contingent and other non-employed workers with my employed workforce?
- What training and career paths do I need to develop for workers of all types?
- How can I motivate and engage all those doing work on behalf of my organization (employed and non-employed)?
- How can I best address skills shortages?

Current state – organizations' perspective

The potential 'pull' factor

In the first section of this chapter we look at the 'demand-led' potential for a move towards Total Talent Management, driven by a 'pull' from organizations themselves.

Visibility restricts ability to react to workforce challenges

In examining areas of organizational need, it is evident that organizations are facing a wide range of workforce challenges. However, when looking at the level of visibility that organizations have into the key metrics associated with their existing use of employees and non-employees, it becomes clear that these predicaments are being exacerbated by a shortfall in worker-related information.

How decision making takes place around which type of worker to engage (which, in the majority of instances, is by way of independent or policy-led decisions made by individuals with resource needs) raises concerns about the potential damage being caused by this information shortfall.

Worker-related issues neither visible nor appreciated across the whole workforce

And what we identify in terms of the current levels of effort to engage and/or motivate workers, and the levels of effort that organizations perceive that they should be making across the employed and non-employed workforce, raises serious questions about how joined-up the strategy is that organizations use to address their worker-related issues.

A small majority of organizations do acknowledge that obtaining a combined understanding/view of their whole workforce is an important and useful insight, therefore, the barriers to achieving this may be more readily addressed. It should also be acknowledged, however, that a significant minority of organizations remain ambivalent about this so we do not currently see universal acknowledgement of the merits of Total Talent Management.

SIA and ERE believe that the survey results presented within this chapter evidence the need for Total Talent Management – but they also demonstrate limited understanding by organizations of the concept as a potential solution. The limited signs of organizational-driven progression towards TTM do provide opportunities for those practitioners who are prepared to make the effort to progress.

"I hear a lot of organizations talking about wanting to do this (Total Talent Management), but very little evidence that they are anywhere near achieving it. As such, I believe that there are no current exemplars of an advanced stage of maturity."

Greg Muccio
Senior Manager – People Department
Southwest Airlines

Current state – organizations' perspective

The worker-related challenges facing organizations globally

Organizations vary greatly when it comes to picking their top talent priority, although the most common 'top priority' is accessing/retaining key skills *(Figure 8)*.

Figure 8. **Percentage of organizations stating worker-related challenges as the top priority for their HR function**

The top three worker-related priorities vary by geography and industry sector:

Improving access to/retention of key skills (the priority for 26% of respondents):

- This is highlighted as the greatest priority for companies of all sizes, with the exception of very large companies of 50,000+ employees.
- For those working outside of North America or Europe, just 12% state this as their key challenge.
- By sector, the need is most acute within professional services with 52% stating this as their top priority.

Improving workforce flexibility/agility (the priority for 16% of respondents):

- A higher proportion of respondents (29%) who work outside of North America and Europe, picked this as their top priority. It is also a top priority for 25% of those who work in Europe and 29% of those who are headquartered in the region.
- By sector, this issue is a top priority for those working in healthcare (22%).

Improving workforce productivity (the priority for 13% of respondents):

- There are two sectors where improving productivity is <u>not</u> seen as a worker-related challenge. Just 3% of software/technology/telecom companies and 7% of professional services organizations registered this as their primary concern.

Reducing labor costs/labor cost percentage (the priority for 13% of respondents):

- This is the top priority for 23% of very large organizations.
- It is a top priority for 19% of software/technology/telecom companies, but a top priority for only 3% of professional services companies and 7% of manufacturers/industrial enterprises.

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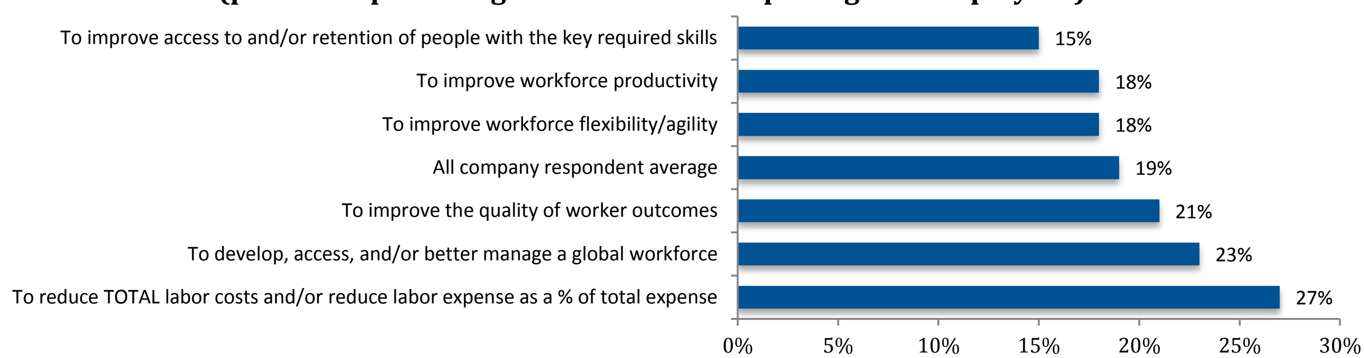
Current state – organizations' perspective

Workforce composition of organizations facing each worker-related challenge

Depending on what they perceived as their most significant worker-related challenge, our survey respondents had very different perceptions about how many non-employees were working within their organization – ranging from 15% to 27% of their total workforce *(Figure 9)*. Interestingly, organizations whose worker-related priority is either accessing and retaining skills, improving workforce productivity or improving flexibility/agility are operating with below average levels of non-employee workers (i.e. below 19%).

Conversely, those that have the reduction of total labor cost and/or reduction of labor expense as a percentage of total revenue as their top priority believe that 27% of their workforce comprises non-employees. Whether the relatively high level of non-employee labor is perceived as a key contributing factor to total labor costs being undesirably high is uncertain.

Figure 9. **Non-employed workers by most important worker-related challenge specified (perceived percentage of workforce comprising non-employees)**



While these relatively high or low levels of perceived non-employee labor usage are interesting in isolation, there are three other important insights that should be considered alongside this data (which we explore on the following pages):

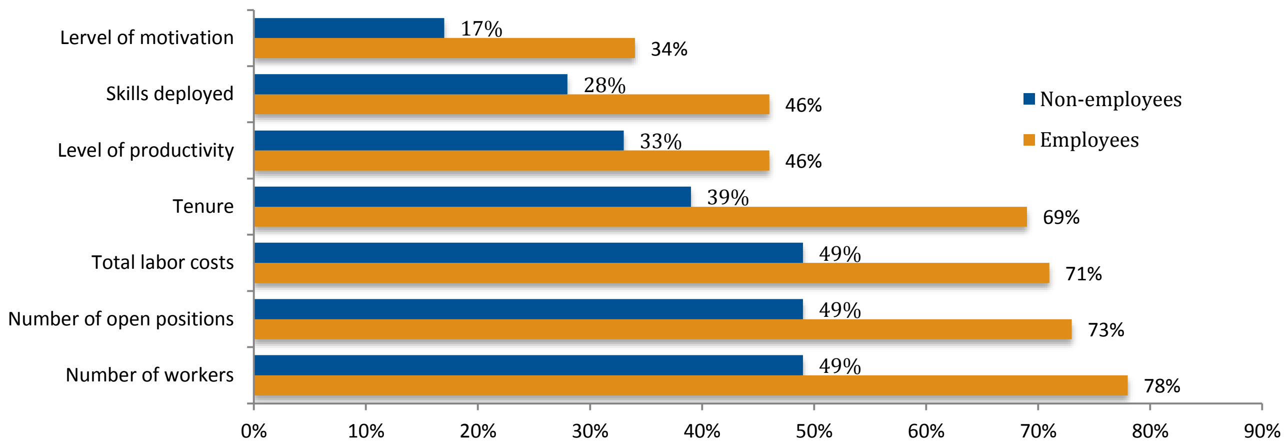
- the level of visibility that organizations have around their use of various worker types;
- how decisions are being made around what type of resource to engage to fill each need, and;
- the level of effort being given to actively motivate/engage workers to perform at their best.

Current state – organizations' perspective

Organizational view/understanding of the employed and non-employed workforce

Underpinning all of these worker-related challenges is the stark reality that many organizations have a limited level of understanding about their existing workforce, especially the non-employed part of it *(Figure 10)*.

Figure 10. **Percentage of companies with a good/very good view of....**



Three quarters (78%) of organizations currently have a good or very good view of employee worker numbers, while just half (49%) have a clear view of the metrics associated with their non-employed counterparts.

These levels of visibility could be impacting key worker-related challenges in the following ways:

Accessing/retention of key required skills

This challenge is undoubtedly being heightened by the fact that the majority of organizations lack an understanding of the skills within their existing workforce. Just 46% have a clear view/understanding of employee skills deployed while little over a quarter (28%) understand the skills they have within the non-employee workforce. Given concerns over skills shortages, this lack of visibility is surprising.

- The professional services industry is a notable positive exception in terms of employee visibility, with 67% of organizations reporting a good/very good view of employee skills deployed and 39% with a clear understanding of non-employee skills.
- Of those that are significantly challenged in this area, there are more software/technology/telecoms companies with a good/very good view of non-employee skills deployed (30%) than those with a similar view of their employee skills (23%).

Improving workforce flexibility/agility

Underpinning the ability to react to organizational need is the ability to fill open workforce requirements. While 73% of organizations have good/very good visibility of the number of open employee positions to be filled, less than half (49%) state that they have the same level of visibility about non-employee requirements.

Current state – organizations' perspective

Improving workforce productivity

The prerequisite to improving productivity levels is an understanding of what is currently being achieved. Globally, just 46% of organizations have a good/very good view of the productivity levels of employees and 33% have a good/very good understanding of the productivity of non-employees.

As worker engagement/motivation is regularly linked to productivity levels, an understanding of the current status is clearly important. That said, only a third of organizations (34%) have a good/very good understanding of the levels of motivation among their employed workforce and just 17% have the same level of understanding as it relates to the non-employed workforce.

- With 63% of organizations in the professional services industry indicating that they have good/very good visibility of productivity levels of employees, there may be some notable practices to observe from these employers.
- Conversely, software/technology/telecom companies appear particularly challenged in both their visibility of employee and non-employee productivity levels – with just 23% stating this is good/very good for both worker cohorts.
- In terms of visibility of the level of motivation of workers, those that work in Europe (across all sectors) have the best visibility of both employees (52%) and non-employees (24%).

Reducing labor costs/labor expense as a percentage of total expenses

Once again, the starting point for reducing labor expenditure is an understanding of the existing cost base. While around seven out of 10 (71%) organizations have a good/very good understanding of their employee costs, less than half (49%) state the same about their non-employee expenses. Those organizations that have a good/very good understanding of their employee costs but a poor/very poor understanding of non-employee costs will clearly be in a weak position to determine the most cost-effective worker choice for any given requirement.

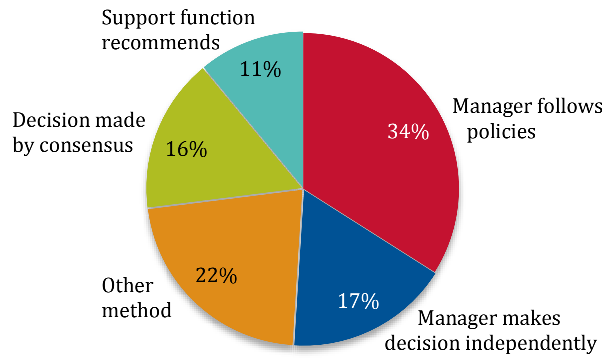
- Standouts in terms of visibility of employee labor costs include very large companies (89% have good/very good visibility), and those respondents who work in Europe (84%).
- By sector, professional services (85%) appears to have the best insight into labor cost. In a sector where many work on a 'billable hours' basis, this is unsurprising.
- An exemplar for good/very good visibility of non-employee costs is the financial services sector, where 71% have a good/very good view. As this sector was one of the earliest to adopt contingent labor management solutions, some aspects of this best practice may be attributable to visibility around certain categories of labor that these solutions have historically delivered.

Current state – organizations' perspective

Individual managers are making decisions on worker type

In the majority of organizations surveyed, the manager with the resource need is allowed to make a decision on worker type *(Figure 11)*. This decision is being made either independently (17% of companies) or by following company-mandated policies (34% of companies). As the previous section evidenced, with relatively low levels of awareness around key operational metrics associated with worker type to either inform these policies or support independent decision-making, there is every potential that whatever level of consideration is being given is largely unsupported by relevant data.

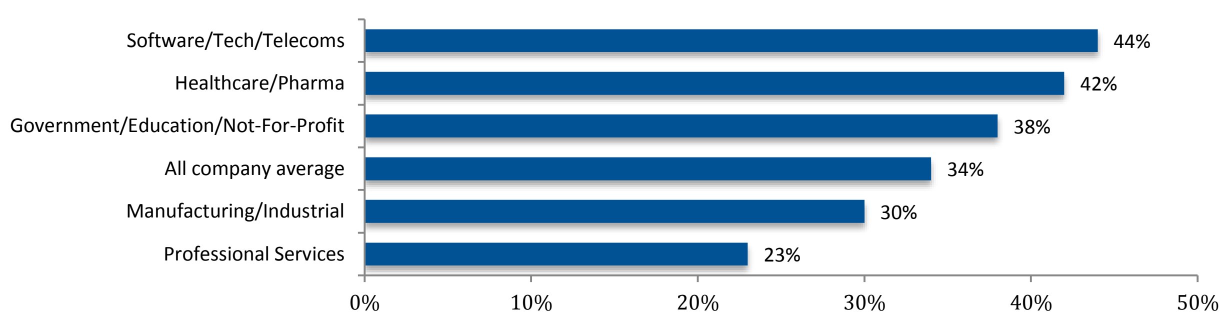
Figure 11. **How companies/organizations make decisions on worker type**



Returning to organizations' worker-related challenges, policy-led hiring is the dominant practice for 45% of those who identified the need to improve worker outcomes as their main challenge.

The extent to which this policy-led decision-making is taking place varies significantly across industry sectors *(Figure 12)*. With the exception of the professional services industry where 39% of organizations allow managers to make decisions independently, policy-led decision-making is the dominant process for all industries covered in this industry (23% within professional services).

Figure 12. **The percentage of organizations, by sector, that make decisions on worker type through managers following policies**

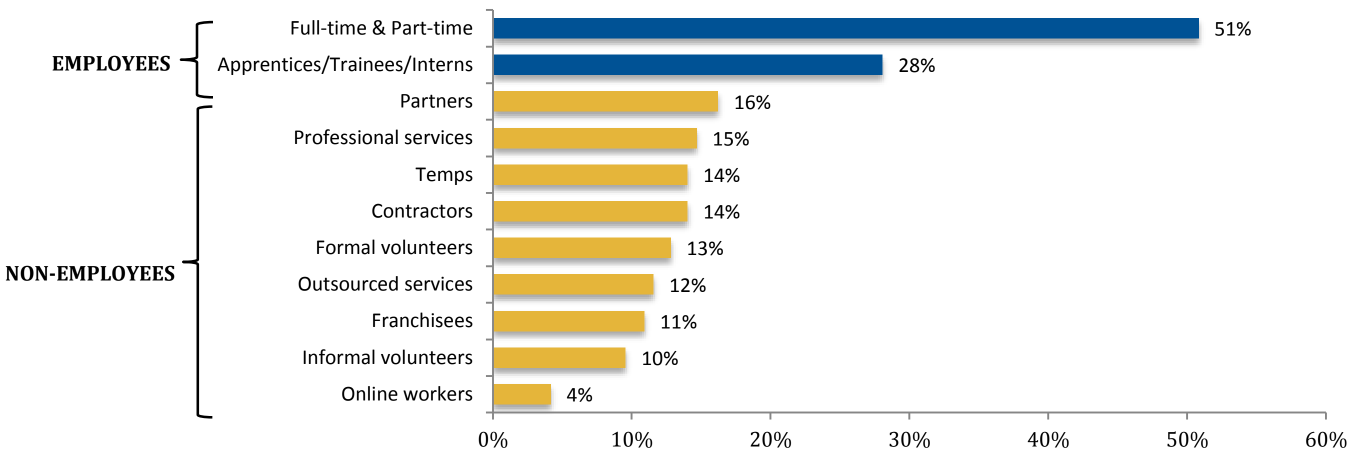


Current state – organizations' perspective

Organizations do not make strenuous efforts to motivate or engage non-employed workers

While it is not surprising that organizations make more of an effort to motivate and engage their core employees, it is perhaps surprising to see the relative lack of effort put into motivating and engaging their non-employed workforce *(Figure 13)*. From an external customer perspective, people will have little, if any, perception of whether a worker representing an organization has an employed or non-employed status. Those interested in brand perception and company reputation should be concerned that a sizeable proportion of their workforce (a median of 16% according to our survey) may be represented by unmotivated and unengaged non-employees.

Figure 13. **Percentage of organizations making very big or big effort to motivate and/or engage workers, by type**



While 51% of organizations make a very big or big effort to motivate and/or engage workers, levels of engagement for non-employees are much lower, varying from 16% for business partners to 4% for online freelancers. Notable examples of organizations pursuing a higher than average engagement/ motivational effort include:

- Very large companies (50,000+ employees) are making the strongest efforts to engage apprentices and interns with 42% making a big/very big effort.
- Organizations with challenges in raising productivity or trying to gain better access to, or manage, a global workforce are giving the greatest effort in motivating/engaging temps – 20% of these organizations are making a good/very good effort.
- Organizations with a priority of raising workforce productivity show high levels of effort around contractor engagement (26% making a big/very big effort)

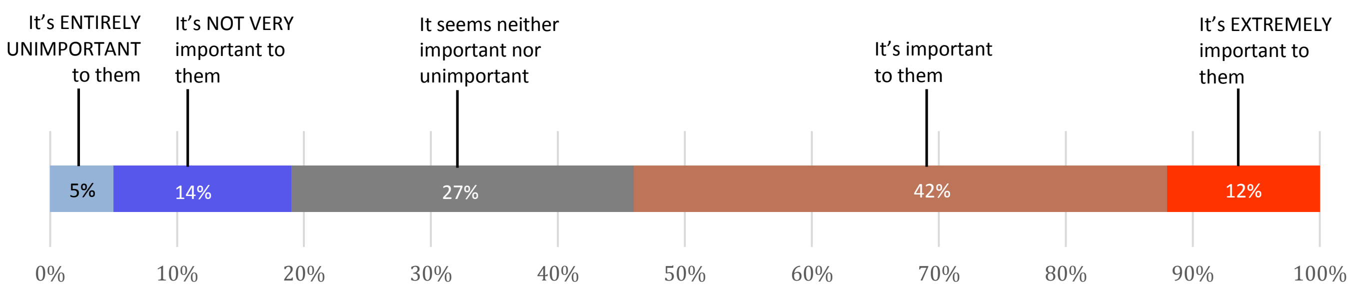
Conversely, with the exception of temps and formal volunteers, large organizations registered below average big/very big effort towards motivating/engaging all other forms of non-employees.

Current state – organizations' perspective

A combined view/understanding of employed and non-employed workers is deemed important/very important to a small majority of employers

For 54% of employers, globally, there is a belief that a combined understanding/view of the whole workforce is important to the organization's HR function and executive leadership *(Figure 14)*. Such a combined view will enable organizations to make better resourcing decisions taking into account the availability, cost and efficiency of a wide range of employee and non-employee options. While it is a positive sign that most organizations understand the potential value of obtaining this broader workforce view, it is disappointing that a large minority (46%) do not.

Figure 14. **Perceived level of importance organizations give to obtaining a combined workforce understanding/view (by percentage)**



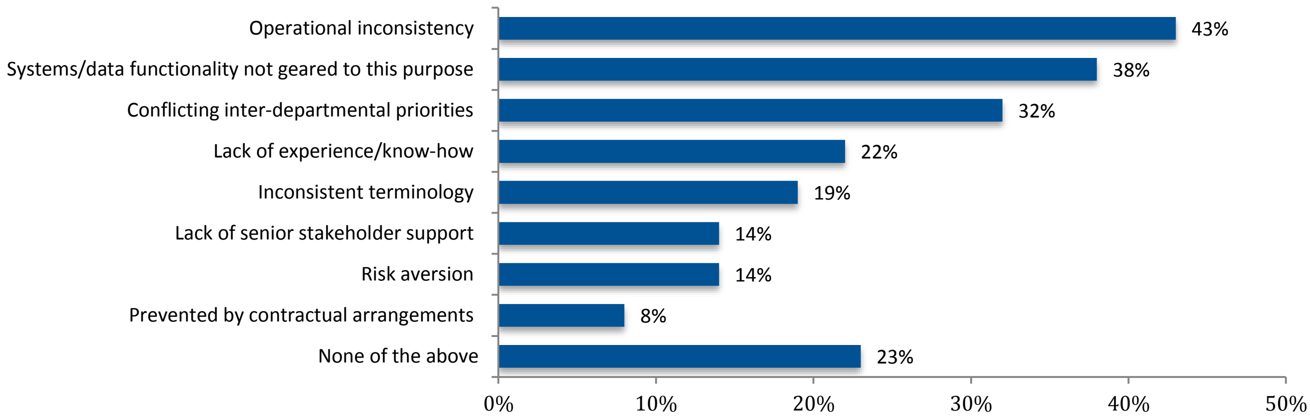
Leading the organizations that believe having a combined view is important or extremely important are, encouragingly, those that have as a priority the need to improve workforce flexibility/agility and productivity. By sector, 68% of professional services firms recognize its importance. While 65% of executive and senior management across all companies believe that obtaining a combined workforce view is important or very important for their HR/executive leadership, only 49% of respondents working within HR perceive that this is important for their HR/executive leadership.

Current state – organizations' perspective

The barriers to obtaining a combined workforce view are varied

Respondents who believe that obtaining a combined workforce view/understanding is important or extremely important to their HR/Executive leadership do not perceive there is one dominant barrier to achieving a whole workforce view. Survey respondents who expressed an opinion cited a wide range of factors that could inhibit a broader understanding of the workforce, with operational inconsistency, systems/data functionality and conflicting inter-departmental priorities cited as the most prominent *(Figure 15)*.

Figure 15. **Perceived barriers to obtaining a combined workforce view/understanding among organization respondents who believe that obtaining such a view/understanding is important/extremely important to their HR/Ex**



When considering the top three perceived barriers, there were some notable variances among respondents who perceive that having a combined workforce view/understanding is important:

Operational inconsistency

- Higher levels of concern were registered by those working in 56% of very large organizations (50,000+ employees). The issue is also more prominent for those working in Europe, perhaps in recognition of the differing cultures and legislative environments in the region (a barrier for 49%).

Systems/data functionality not geared to this purpose

- Again, this was a particular concern registered by 53% of those working for very large organizations (50,000+ employees). Just 25% of respondents in Financial Services, 22% in Government/Education/Not-For-Profit, and 25% in Health/Pharma saw this as an issue.

Conflicting inter-departmental priorities

- Unsurprisingly, this was an issue for 44% of the largest companies. Other respondents more troubled by this issue are those working in the financial services industry, globally, and those whose primary place of work across all sectors was Europe (both 38%).

In a subject that we turn our attention to when we consider the suppliers' view (see page 21), lack of experience and/or the know-how to achieve the combined understanding/view was flagged by just 22% of respondents, generally, but was higher among those working outside of North America and Europe (28%).

Current state – suppliers' perspective

The potential 'push' factor

In this section of the report, we look at the 'supply-led' potential for a move towards Total Talent Management, driven by a 'push' from suppliers.

Suppliers have a stronger belief in the need to motivate and engage all workers than their clients

External HR and recruitment product/service vendors are largely in tune with the mechanics of company resourcing and the dynamics associated with the array of choices around worker type. They are also highly perceptive to the barriers that organizations are facing in their endeavors to obtain a combined workforce view and understanding.

Their much stronger belief in the need to motivate and engage all types of workers than that expressed by their clients suggests that they also recognize this as both a challenge and an opportunity. Armed with insights from a broad range of client engagements, they have been developing their capability to better support companies across a broader range of workforce categories.

Suppliers need to be careful not to move too quickly to offer TTM before their clients understand and appreciate these solutions

In essence, suppliers appear to have a more forward thinking view about Total Talent Management than their clients, so may face short-term difficulty in gaining acceptance of the need for this solution and/or their support in delivering it.

It is clear that a period of education and evangelizing needs to be undertaken before organizations feel compelled to embark upon the path towards TTM and before suppliers make too many investments in delivering TTM capability.

"Counterintuitively, as certain staffing products and services have become commoditized and, as a consequence, rewards have been diminishing, total workforce flexibility and agility is becoming a major organizational differentiator. As such, the vendor marketplace is ripe for disruption – and newer players are preparing to reap the rewards of disproportionate value."

Jason Ezratty
President,
Brightfield Strategies

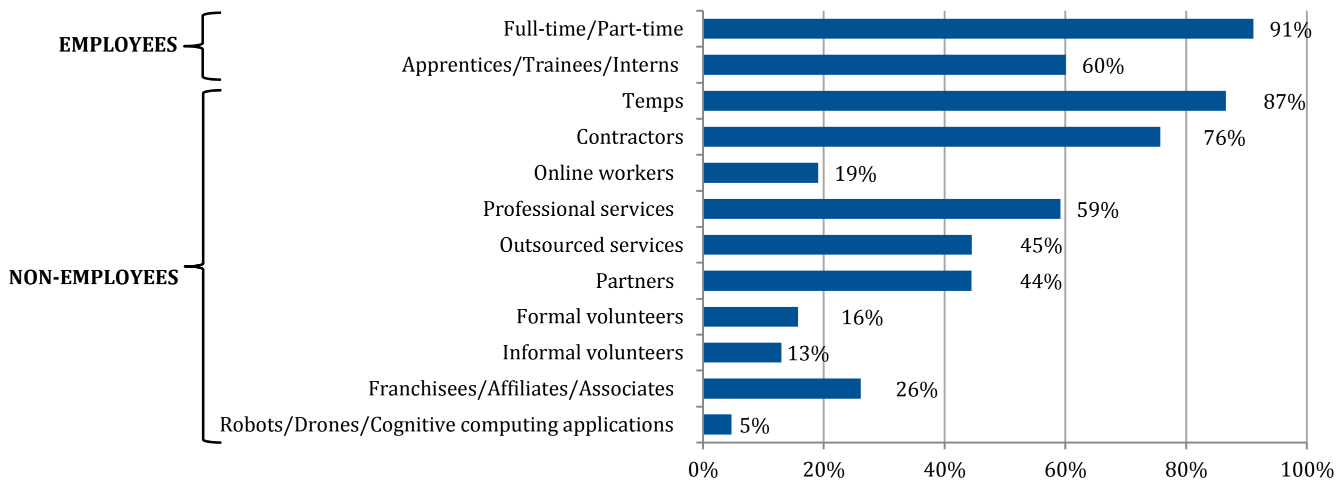
Current state – suppliers' perspective

Suppliers are largely in tune with the mechanics of company resourcing and the array of choice around worker type – and have been developing their product/service lines accordingly

Suppliers' perceptions of the decision-making process around worker type within client organizations largely mirrors what companies outline themselves, with the exception of a few groups who believe that support functions are more influential than they clearly are. Just 4% of companies allow a support function to decide the type of worker engagement, whereas MSPs, online platforms, VMS and ATS providers believe that this is the decision making process within 13% of hiring organizations (See Appendix on page 35 for definitions).

Being so generally in tune with how organizations make resourcing decisions and what outcomes they choose has undoubtedly given suppliers insights that can help steer product and service developments. When considering the products and services that our supplier respondents are already addressing, it would appear that many are following that steer already and are providing products and attempting to provide services across a number of worker categories *(Figure 16)*.

Figure 16. **Percentage of supplier respondents claiming their products/services already support the following worker types**



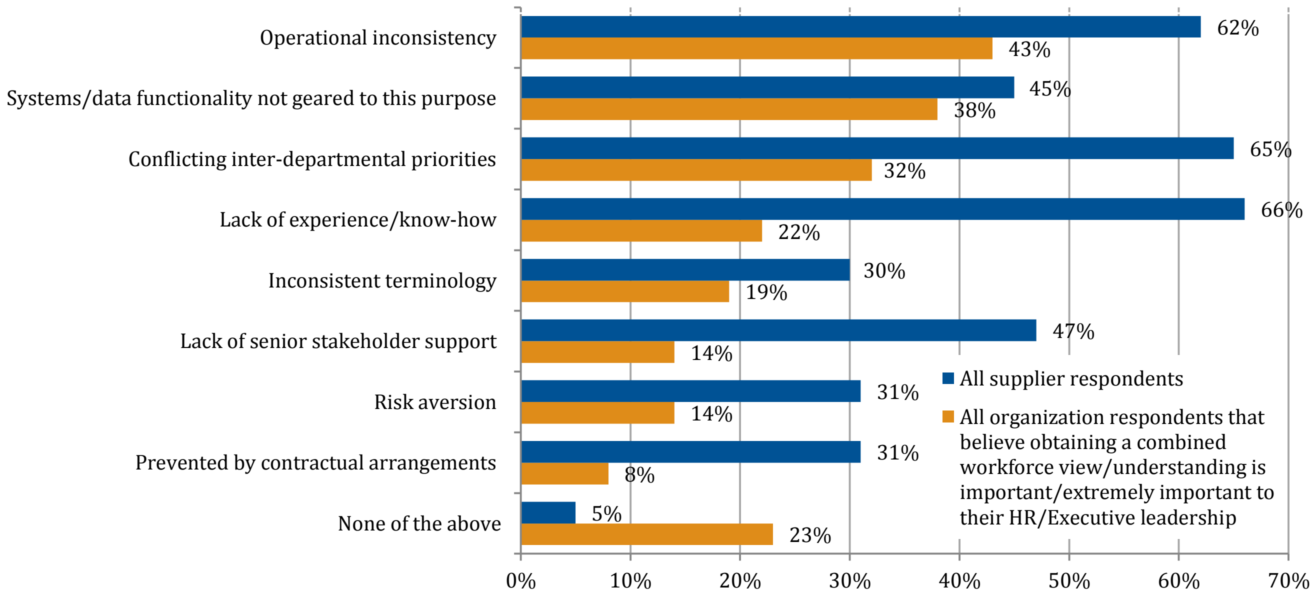
It should be recognized that there may be a difference between what categories of workers suppliers claim to support and those that they actually do. It was not part of this project to verify these claims.

Current state – suppliers' perspective

Suppliers see more barriers than their clients to obtaining a whole workforce view

When picking the barriers they perceive to obtaining a whole workforce view, organization respondents suggest that operational inconsistency is the most prominent. Suppliers highlighted three issues as being much more significant than others; lack of experience/know-how, conflicting inter-departmental priorities and operational inconsistency *(Figure 17)*. Suppliers also identify barriers more readily than their clients - organization respondents who had an opinion highlighted an average of two key barriers to obtaining a whole workforce view while suppliers highlighted an average of four.

Figure 17. **Percentage of organizations and suppliers that perceive the following as barriers to obtaining a whole workforce view/understanding (multiple response options)**



When considering the top three perceived barriers, there is one notable difference of opinion between organizations and suppliers: the latter see lack of experience/know-how as being the dominant reason behind the lack of progress towards a whole workforce view. Of additional note:

Lack of experience/know-how (66% of supplier respondents)

- From a regional perspective, this barrier is more prevalent with companies headquartered in Europe (72%). This is a notable concern for 79% of VMS providers, which have a particularly good insight into their clients' technical expertise.

Conflicting inter-departmental priorities (65% of supplier respondents)

- Again, this issue in more acute for those headquartered in Europe (70% of respondents).

Operational inconsistencies (62% of supplier respondents)

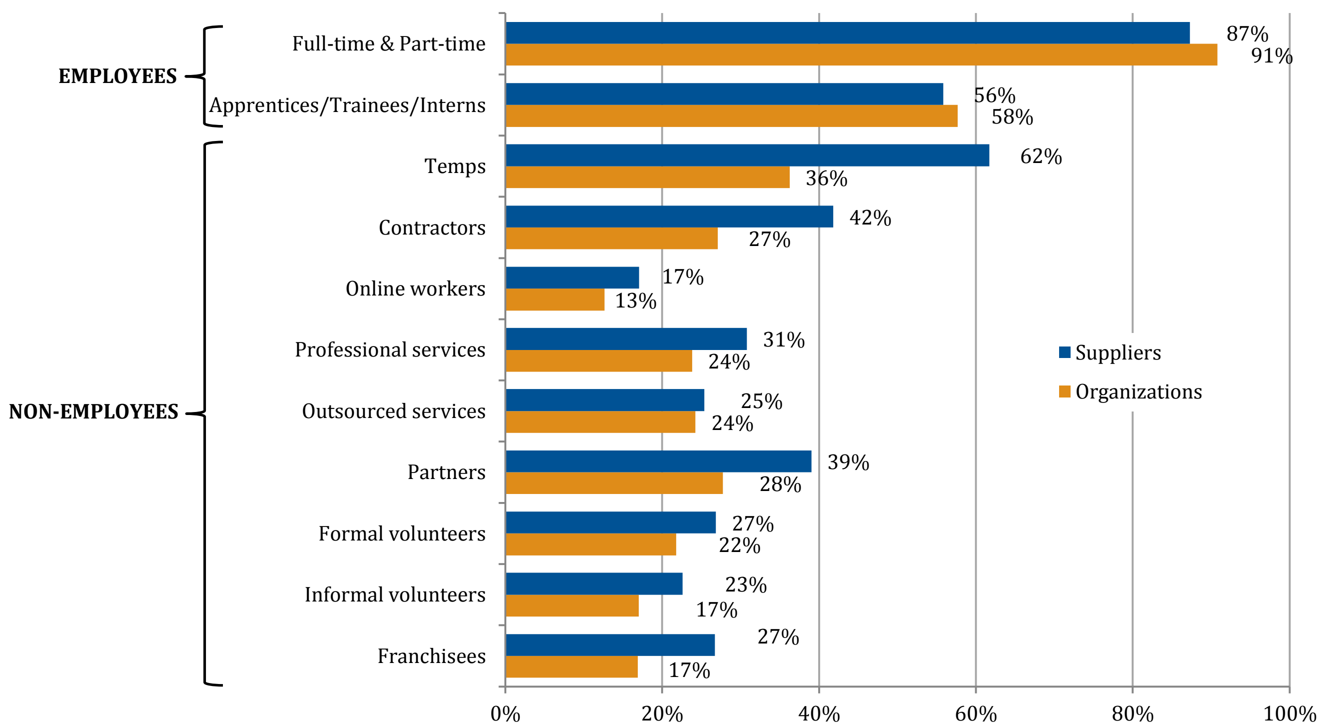
- 66% of MSPs and 69% of RPOs globally flag this as an inhibitor.

Current state – suppliers' perspective

Suppliers believe that organizations should be making more effort to engage/motivate workers than organizations themselves

Suppliers' perceptions of the current levels of effort that organizations state that they are making to engage their employed and non-employed workers are broadly consistent. Where they differ, however, is their opinion about the level of effort that organizations should be making to engage and motivate their workforce *(Figure 18)*. Suppliers believe that organizations should be making more strenuous efforts across nearly all categories of workers.

Figure 18. **Percentage of respondents who believe that organizations should be making a big/very big effort to engage/motivate workers by type of worker**



In particular, suppliers believe that organizations should seek to more actively engage their temporary workers and contractors/freelancers. Temporary workers come second, in their minds, to full and part-time employees which is not surprising given that many of the supplier respondents are focused on the provision of temporary staffing services.

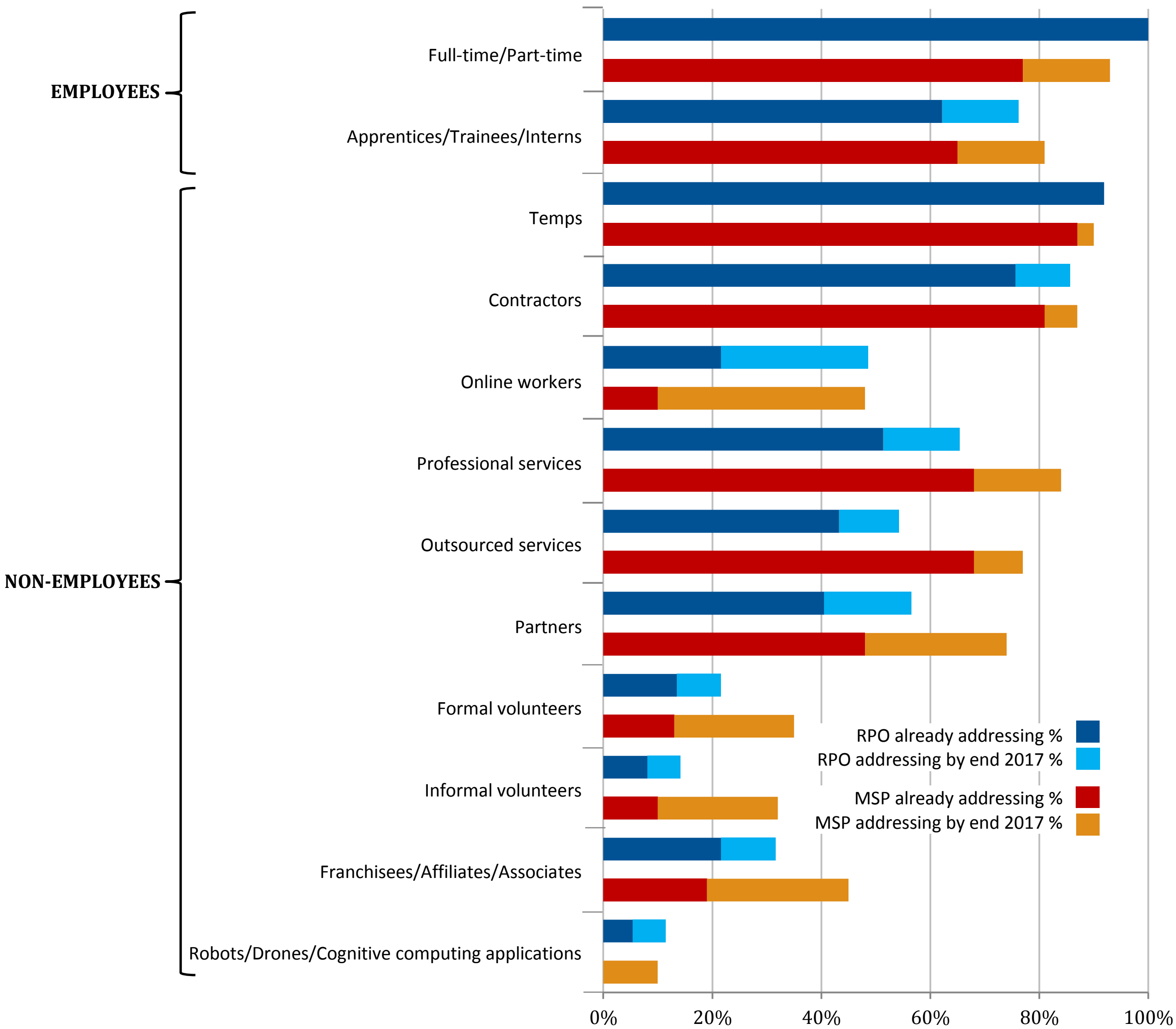
Suppliers also believe that more effort should be invested in motivating and engaging the workforce of their partners than the organizations themselves believe it warrants - among which some will undoubtedly count themselves.

Current state – suppliers' perspective

Planned product and service developments highlight who is driving the 'push' factor

RPO has been the primary method for organizations to outsource their direct hiring needs while MSP has been the primary method to outsource contingent labor, such as temporary workers and independent contractors. However, both groups of suppliers are keen to extend their capability across all categories of the workforce leading to less differentiation between each group *(Figure 19)*. Today, in some countries, such as the UK for example, RPO is often sold as a service addressing both employed and non-employed workers and our survey data indicates that in other parts of the world the barriers between these two procurement methodologies will likely become less and less discernible as well. Such convergence could motivate organizations to address their workforce acquisition needs using a TTM approach.

Figure 19. **Percentage of RPO and MSP providers whose services currently address each worker type – or plan to do so by the end of 2017**

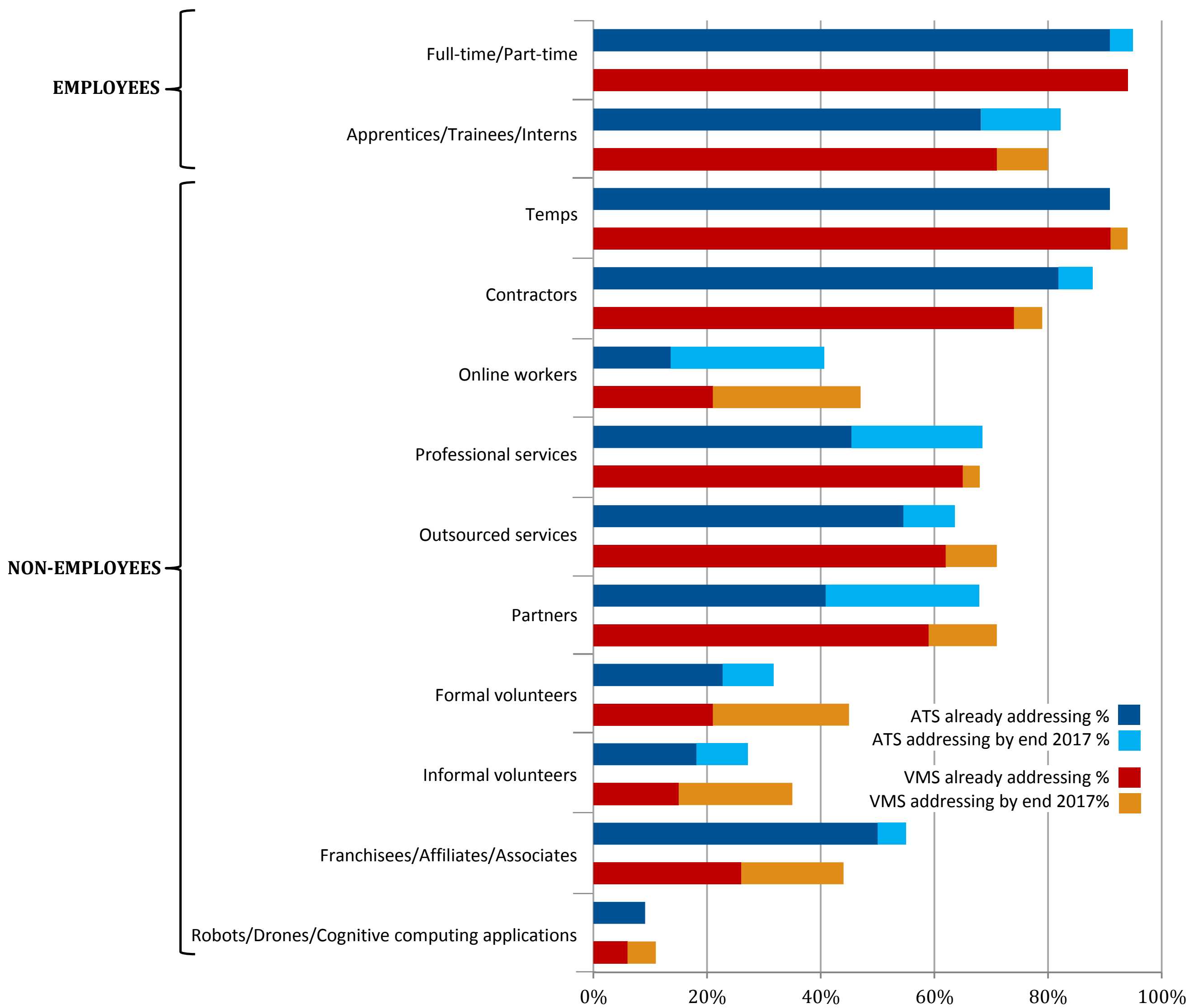


Current state – suppliers' perspective

In looking at the likely future development of TTM, an important area of consideration is how aligned, capability-wise, ATS and VMS will become. Better integration or the wholesale convergence of these technologies will improve the capability of organizations dealing with the talent acquisition portion of TTM across a wider workforce. While the data below *(Figure 20)* indicates that a level of convergence has already occurred, we believe that the level of capability in dealing with different parts of the workforce still varies significantly with VMS being the core technology dealing with temporary staffing requirements and ATS with direct hire requirements. Integration, if it has occurred, is currently at a superficial level rather than a meaningful technical one.

The plans of pure-play VMS, ATS, MSP and RPO providers to develop their capability to incorporate online workers are notable with all of them highlighting it as the greatest area of worker category development over the next three years.

Figure 20. **Percentage of ATS and VMS providers whose products currently address each worker type – or plan to do so by the end of 2017**



Into the future - towards Total Talent Management

Within this section of the report, we summarize observations on market activities around the advancement towards TTM and the sentiments of a number of thought leaders who we approached for their perspective on how and from where further progression will evolve.

Total Talent Acquisition can be a precursor to Total Talent Management

When we examined the early stage supplier-led products and services, they appeared more akin to Total Talent Acquisition (TTA) initiatives than the broader concept of TTM. As such, TTA may well become the next natural extension for the more sophisticated contingent labor management programs.

TTA is simply the sourcing and hiring component of TTM where organizations will consider the cost and suitability of a broad range of employed and non-employed workers when they need to get work completed. Practitioners of TTA will take a more proactive approach to addressing their organization's work requirements and make sourcing decisions based on a 'whole' workforce view.

Among those organizations that are intent on 'pulling' themselves towards TTM, there are encouraging signs that they are aware of how they will break through the notable barriers that currently stand in their way. These include the identification of an organizational imperative to do so, appointing someone (or a function) with the vision and influence to break through barriers, and the understanding that the legacy stigma associated with non-employed working must be eradicated.

HR should take the lead, but a different kind of HR

While debate continues around who has the necessary vision and influence to drive TTM, consensus suggests that HR should take the lead – albeit one with markedly different DNA than currently exists. Those with the greatest passion for this to succeed – and, notably, the ones who are showing signs of gaining the earliest traction – are the staffing/recruiting teams. This mirrors the apparent determination among the MSP and RPO communities to ready themselves to offer support for those organizations that seek to work with external support.

"I think most people would be hard pressed to give you a reason why NOT to do it. With technology, the world is getting smaller. This means that if I need skills, I can take them from other regions. That makes my legacy regional resourcing problem a world problem. This is why TTM will become critical."

Greg Muccio
Senior Manager - People Department
Southwest Airlines

Into the future – towards Total Talent Management

Early examples of Total Talent Management are more akin to Total Talent Acquisition

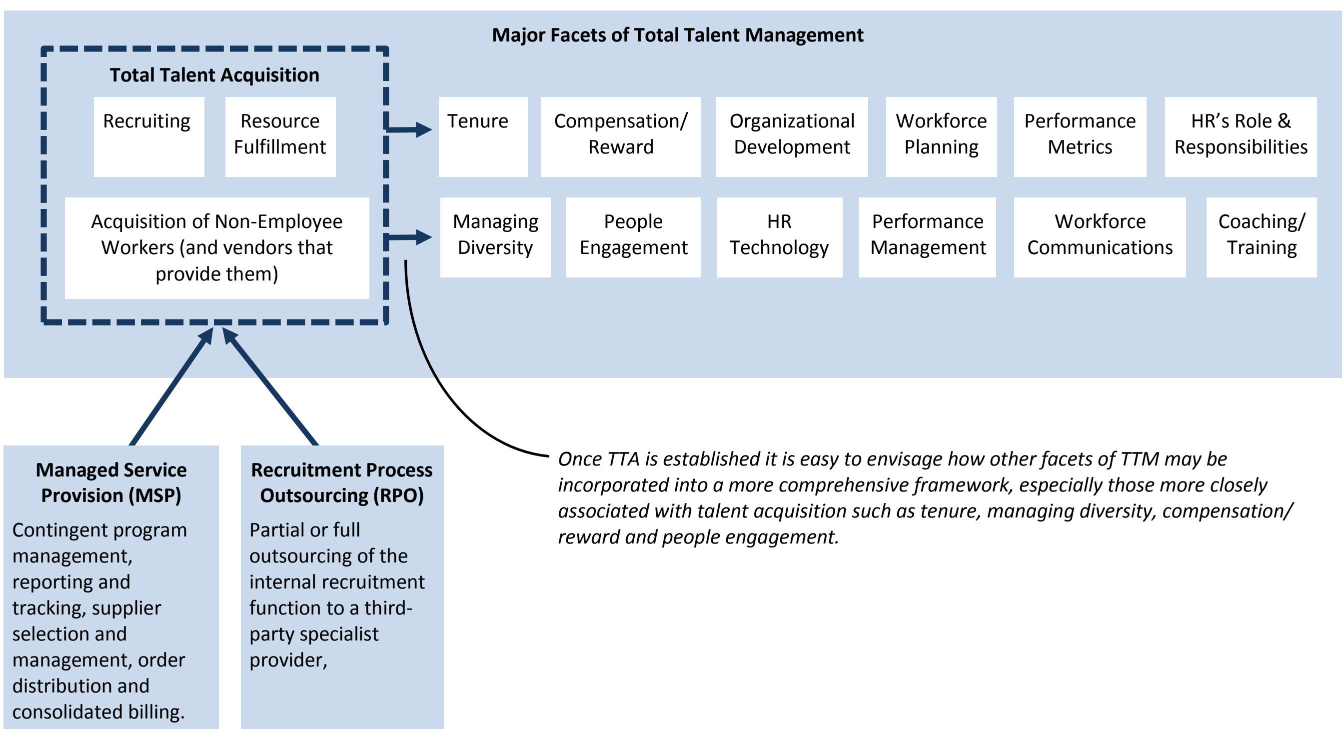
Among a small number of programs being marketed as TTM-related are new initiatives from Kelly OCG, Randstad and Volt Consulting Group. Others have developed similar services using different definitions such as Tapfin's Integrated Resource Fulfillment (IRF).

When considering the underpinning principles of these solutions, however, the driver of these early initiatives appears to be to join up and/or broaden the range of talent acquisition being delivered. As such, we would regard these initiatives as being focused on Total Talent Acquisition rather than Total Talent Management.

For these companies, blending their contingent-focused MSP programs with their direct-hire focused RPO programs to provide a more joined-up service delivery is compelling and a natural evolutionary next-step *(Figure 21)*. At the same time, the technology platforms that underpin these programs, VMS and ATS, are also likely to converge or, at least, be better integrated.

The initial push towards Total Talent Management could feasibly come from these outsourced supplier-led initiatives. However, for SIA and ERE Media, TTM is a much broader concept as it incorporates both the acquisition of talent and the on-going motivation and engagement of all people who work for, or on behalf of, an organization whether they be employed or not. Despite their pioneering work, there is no evidence at the moment that those offering Total Talent Acquisition solutions will necessarily have the broader range of expertise or experience necessary to deliver Total Talent Management solutions.

Figure 21. **The blending of MSP and RPO is the likely initial step toward Total Talent Management with a focus on Total Talent Acquisition (which is a subset of TTM)**



Into the future – towards Total Talent Management

Few exemplars exist of organizational progression towards TTM, but there are notable areas to observe

When all of the survey responses from both hiring organizations and suppliers were considered, there was no clear consensus of opinion around any particular sectors or geographies that were clearly more advanced in their move towards TTM than others.

The word cloud below *(Figure 22)* was derived from survey responses to the open question: 'Do you believe that organizations in any particular areas (geography, industry, etc.) are notably more **ADVANCED** in their workforce related views or actions – especially those that relate to the **WHOLE WORKFORCE** (EMPLOYEES AND NON-EMPLOYED)?' While the word 'Technology' stands out slightly more prominently than others in this word cloud, what is more remarkable is that no particular sector or geography is really considered to be an exemplar.

Figure 22. **Word cloud of perceived areas of advanced whole workforce views/actions**

Beyond what organizations do and/or where they operate, however, some interviewees offered a perspective on where, due to their organizational construct, they may be more advanced – or the circumstances that may have been a catalyst for others to progress towards TTM.

Who's doing it?

For HR Manager **Logan McCune**, his experience of working within a financial services organization where the public face of the organization were self-employed Independent Financial Advisers (IFAs) was untypical of what he witnesses elsewhere: *"The operating model was one of employees supporting micro-franchises – supporting them to sell products and then delivering on what they had sold. As such, the people construct – regardless of their engagement status - had to work in sync."* Rather than evolving into an effective whole workforce model, McCune was conscious that the organization was already designed to work in this way.

Into the future – towards Total Talent Management

In a similar vein, contributors noted other instances where non-employees were working in critical frontline service roles as being potentially more advanced – notably oil & gas, technology and pharmaceutical companies. **Jason Ezratty**, President of Brightfield Strategies, highlighted these sectors as interesting to observe for signs of progression for an additional reason – notably that, with the cost of the employed and non-employed talent within the organization and their collective outputs being so high, it would make sense that they may have greater visibility and control of their people, both employed and non-employed.

Returning to the indicators from our survey respondents, there is another cohort that had high levels of visibility and control (most notably of their employed workforce) that is worthy of consideration. Fundamental to the commercial model of the professional services industry are the principles of 'payment upon outcomes' and 'billable hours'. As such, there is a culture of accounting for (billable) outputs. In order to do so, these organizations have to have an understanding of the inputs of their client-facing workers – regardless of the engagement status of these workers.

With the principle of engaging contractors on client engagements being standard practice, it is likely that there are notable examples of 'one team' resourcing and management activity within organizations that work in such an outcomes-based commercial manner.

Never let a good crisis go to waste

Of final note is the suggestion by a number of respondents that those that are likely to be the most advanced in TTM are those that have encountered a crisis. **Arie Ball** at Sodexo agrees with the premise that it is often through adversity that the greatest advancements are made: *"Businesses make change when there is a compelling reason to do so – whether it is a crisis that might emerge or a significant change in the economy or their industry."*

"At Sodexo, as a result of a crisis created by a failed outsourced model, we were able to centralize Talent Management functions across all business segments. In our case, a crisis triggered our ability to centralize and make considerable advancement in our approaches – ones that had demonstrable outcomes with large scale impact that would have been very difficult otherwise."

"There are organizations that just engage the most appropriate talent to perform the task in hand, without bias around engagement type. This facilitates speed, which is becoming increasingly important – the speed to design, build and take products to market, to grasp an opportunity or to respond to necessary change. This speed in organizational ability to morph its resources will become a major differentiator and enable organizations to gain competitive advantage."

Jason Ezratty
President,
Brightfield Strategies

Into the future – towards Total Talent Management

Exponents of Total Talent Management can see how they can make headway towards it

Those on their journey towards TTM – or those who believe that it is the right course of action for them – are clear on the obstacles they need to overcome to progress. That said, all acknowledged that, as the challenges are so significant, it takes a step-by-step approach towards any form of notable achievement.

An organizational imperative is needed

Key to any form of advancement towards TTM is the identification of an organizational imperative for doing so. **Sarah Vardey**, Global Head of Organizational Effectiveness at Thomson Reuters, agrees that the current organizational imperative is one of creating appropriate, strategy-led business constructs for a new business climate. *"TTM activities without a business strategy are sub optimal and/or get a hell of a lot easier if the strategy is present. With a strategy, you are figuring out the likelihood of the workforce being able to deliver, which has real commercial value."*

Beyond this, **Vardey** observes that *"there are many different types of organizations ranging from those that are process driven and largely centralized (enterprises) to those, at the other end of the spectrum, that are decentralized federations. The maturity of the company dictates the sophistication of the workforce planning activity, and you have to go with what is possible and build internal capability to ramp up."*

As a notable case in point, the contracting and decentralized nature of business services organizations presents interesting challenges. **Arie Ball** cites the importance of putting together an enterprise-wide approach or strategy that makes use of more sophisticated predictive data from the businesses to support and help its frontline operations. *"It is also totally feasible that, with a cross-functional focus, we could extend our capabilities to include providing more predictive analytics such as productivity measures for all employees."*

"Identifying the shared and vested interest for the organization to move towards Total Talent Management – and appointing someone or a team that has the vision to achieve it – will create the momentum that will drive it."

Greg Muccio
Senior Manager – People Department
Southwest Airlines

"Ask business leaders capability questions to encourage the link between organizational and workforce requirements. What are we really good at as a company, what are we not good at that we will need to be, etc.?"

Sarah Vardey
Global Head of Organizational Effectiveness
Thomson Reuters

Another method by which Vardey can see organizations make progress is through studying where best to locate workers: "*Location is a helpful lens by which to get TTM stuff off the ground if you are struggling. Its physical/tangible nature helps you figure out what you want and where you want it."*

Into the future – towards Total Talent Management

> *"What proportion of the workforce must the non-employed population reach for it to matter to you – or for the stigma (on both sides) to go away?"*
>
> Jason Ezratty
> *President*
> ***Brightfield Strategies***

Removing the non-employee stigma a key trigger

Of all of the triggers for enabling progression towards TTM that were identified as critical, the one that evoked most passion was the need to remove the legacy stigma associated with non-employed working **–** both within organizations and among workers themselves.

During the course of his work, **Ezratty** at Brightfield Strategies observes that "*many organizations are still battling with the misconceptions that people have internally about key characteristics of different worker types – i.e. temps perform lesser tasks and are of a lesser quality whereas consultants are of a higher quality than either temps or employees. In reality, they are all of the same caliber – it's just that you or they have determined that they are engaged on a contingent basis."*

From an organizational perspective, **Logan McCune** at Buildingi, agrees that *"the removal of the notion that non-employees are, in some way, inferior to employees enables progression."* That said, he is more concerned about what he terms *"the burden of entrepreneurship"* that he witnesses among the reluctant self-employed population: *"Too many people are currently striving for employment rather than being focused on delivering long-term outcomes as a non-employee."* For **McCune**, and many others, an education process in work entrepreneurialism – how to plan to remain of value to organizations, and the range of engagement statuses you may need to fulfill over a working lifetime – is required to impact change in this area.

Ezratty believes that trailblazer organizations, such as Apple and Microsoft, are helping with this education and starting to dissolve the stigma from the worker's perspective: *"Most people would prefer to take a temp job at Apple than a permanent job at a third-rate company."* And indicators on sentiment towards contingent working in key geographies suggest increasing numbers working in this way by choice.

Manny Medina, CEO of SaaS provider, Outreach observes numerous scenarios where this is the case: *"Some maternity leave returnees opt not to come back on the payroll but as a contractor. People quit and are then being hired back, often out of project necessity, as a freelancer while others just want to work on short-term, interesting projects as a team. These are all examples of people choosing, positively, to work in a non-permanent manner."*

Into the future – towards Total Talent Management

Who will lead progress towards TTM?

During the course of the research we noted the importance of identifying the figurehead – or team – with the vision, competence and strength to drive TTM forward. In the belief that the siloed nature of most organizations, and the protectionism that creeps in when you try to drive something that cuts across those silos is the greatest inhibitor of change, **Greg Muccio** at Southwest Airlines asserts that the function or person that leads the initiative must have the aforementioned qualifications and character.

A new type of HR in charge?

Though not a consensus, there was a strong sense from our interviewees that the lead should sit with HR. This opinion was, however, heavily caveated.

For **Vardey** at Thomson Reuters there has been a change, over recent years that needs to be addressed: *"HR has lost its strategists in favor of operators - good ones, but not those who will drive change or are able to get leaders to work with HR to define the future direction the workforce needs to take."*

Greg Muccio at Southwest Airlines agrees that *"for TTM to be successful, we may be looking for the DNA of HR to fundamentally change. Is it better to have someone with five years' HR experience that you try and teach an understanding of business or to take someone out of the business and teach him/her HR practices?"*

The introduction of legacy operators into senior HR posts - *"those that had experienced true P&L consequences"* - is something that **Manny Medina**, MD of Outreach, witnessed to significant effect within his former corporate employers.

Beyond the belief that TTM should be driven by 'new HR', there is opinion that it is feasible that ownership could reside elsewhere.

The Board, Finance or Operations?

For **Logan McCune** at Buildingi, the need for organizational redesign that he perceives to be a requirement for TTM to succeed means that it can only be driven by the Board. Others, including **Jason Ezratty** at Brightfield Strategies, have found compelling arguments, on occasion, for it residing within another – or a composite – function: *"Finance has a good view of what makes sense to organizations in terms of productivity and effectiveness. Equally, operations – particularly where they run centers of excellence and are driven by Six Sigma or a Lean group – are more entrepreneurially minded. Conversations with these two groups are quickly grasped."*

> *"The 'home' that will drive TTM is one that both naturally grasps the potential and has the influence to enable the initiative to surge forward with momentum."*
>
> Jason Ezratty
> *President*
> ***Brightfield Strategies***

> *"The Board should be driving Total Talent Management as the organization needs to be designed to harness the whole workforce."*
>
> Logan McCune
> *HR Manager*
> ***Buildingi***

Staffing/Recruiting poised to lead?

One notable cohort of practitioners that holds strong opinions and has evidence of making traction towards TTM is the leaders of staffing/ recruiting functions. They foresee that they could influence the progress towards TTM in two ways. Firstly, in their realization that recruiting/talent acquisition across employed and non-employed workers is becoming more community and relationship-led (alumni initiatives and referrals, etc.), and secondly that the application of more coordinated metrics relating to the retention, engagement and productivity of a broader range of worker types can demonstrate measurable enhancements

Talent Management Continuum

A roadmap of progression towards Total Talent Management

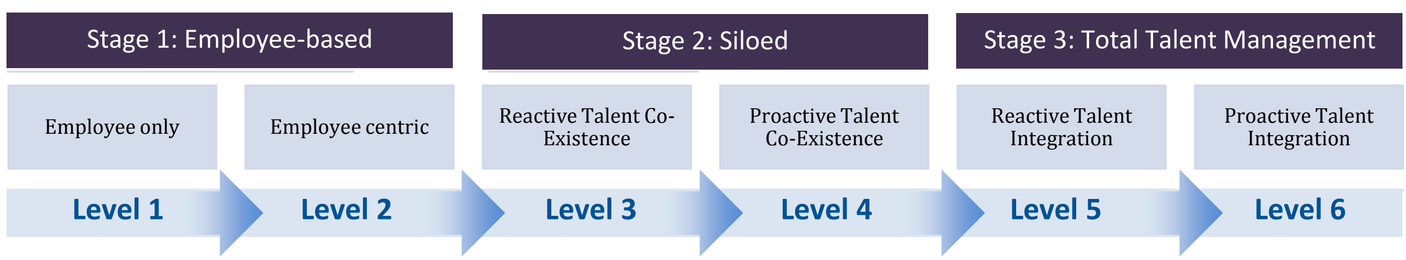
SIA and ERE Media believe there is a continuum of maturity levels through which organizations will progress as they evolve towards Total Talent Management *(Figure 23)*.

In the diagram below are three suggested key stages of development in the management of organizational talent – defined as 'employee-based', 'siloed' and 'integrated'. Beneath each stage are two sub-categories depending on whether the organization is adopting mostly a reactive or a proactive stance.

When asking interviewees where they believe that most organizations currently are along the spectrum, the consensus was somewhere between levels 1 and 2. Some may have progressed within key categories of workforce management or integration, but when considering the entire extended enterprise (all those who work for or on behalf of an organization, in all their guises), there were no suggested exemplars of significant maturity.

There are, however, some 'signposts' worthy of note – examples of best practice within elements of the concept – which we have sought to highlight throughout this report.

Figure 23. **Talent Management Continuum**



While, on average, the organizations that participated in this research believed that 19% of their total workforce was comprised of non-employees, 8% of respondents reported operating with an employee only headcount. As such, they will be at **Level 1** on the Continuum, unless engagement circumstances change. At **Level 2**, organizations are using other types of non-employed workers, largely on an ad hoc basis, but their processes and priorities still focus on the employee base.

Once at **Level 3**, an organization freely uses multiple types of workers including non-employees for important tasks, but each 'talent type' is handled entirely separately (by HR, procurement, line operations, etc.). The co-existence has evolved rather than has been planned, however, and managing constructs (internal and/or external) are there largely by way of a reaction to workload and/or cost drivers rather than through any strategic pre-planning.

At **Level 4**, the co-existence is based more on strategic intent with elements of forward planning. Additionally, managing constructs (internal and/or external) are working to drive organizational performance enhancement.

It is only at the next two stages that organizations could really claim to be using Total Talent Management methodology.

Level 5 organizations use multiple types of talent and integrate all types in their talent acquisition and talent management approaches. However, the integrated thinking is largely reactive and designed to drive cost efficiencies.

Talent Management Continuum

The differentiator at **Level 6** relates to the fact that the integrated thinking is largely proactive and fully aligned with the organization's strategic planning and designed to drive performance (organizational level performance, not individual).

This Continuum should not be taken to imply that organizations must move in a step-by-step fashion through each level. It is entirely possible, in fact quite likely, that an organization could jump from Level 2 to Level 4, bypassing Level 3 altogether.

It is also highly likely that an organization could be at a more advanced stage in one or more aspects of human resources activities than others. Therefore, the Continuum needs to be properly considered across many different facets *(see 'Major Facets of Total Talent Management': Figure 21)*.

The Talent Management Continuum presents a holistic view of the various states of maturity that organizations will reach as they increasingly adopt a blended workforce composition. However, the different permutations that an organization could progress through across various HR facets helps to illustrate the complexity of bringing a comprehensive Total Talent Management approach to fruition.

Appendix - Lexicon of terminology used in this report

Applicant Tracking System (ATS) — A software application that enables the electronic handling of corporate recruitment needs. Most incorporate a company website, enabling companies to post jobs onto their own website, as a way to attract candidates. The ATS solutions store this candidate data inside a database to enable effective searching, filtering and routing of applications.

Applicant tracking systems developed with recruiting and staffing firms in mind differ somewhat from those with a corporate HR orientation. The former typically include more reporting features, and more comprehensive tools for managing contacts, clients and candidates.

Certain vendors use a different description for ATS software, such as talent management software (TMS), candidate management system (CMS) or recruitment management system (RMS).

Managed Service Provider (MSP) — A company that takes on primary responsibility for managing an organization's contingent workforce program. Typical responsibilities of an MSP include overall program management, reporting and tracking, supplier selection and management, order distribution and often consolidated billing.

The vast majority of MSPs also provide their clients with a vendor management system (VMS) and may have a physical presence on the client's site. An MSP may or may not be independent of a staffing supplier.

Recruitment Process Outsourcing (RPO) — Partial or full outsourcing of the internal recruitment function to a third-party specialist provider, which serves to provide the necessary skills, activities, tools, technologies, related recruitment supply chain partners and process methodologies to assume the role of the client's recruiting department by owning and managing its recruitment process and related recruitment supply chain partner relationships. RPO is more commonly used as a method for employers to recruit direct-hire personnel, particularly in the US. In Europe, contingent workers will also be included within that scope in some instances.

Statement of Work (SOW) — A document that captures the work products and services, including, but not limited to: the work activities and deliverables to be supplied under a contract or as part of a project timeline. In contrast to a typical temp or contingent work arrangement which is billed based on time worked, SOW agreements are usually billed based on a fixed price deliverable or for hitting specific milestones. Like typical contingent arrangements, they may also be billed based on time, including arrangements where there is a time-based billing that is capped at some "not to exceed" level for time and materials.

Total Talent Acquisition (TTA) — The sourcing and hiring of a broad range of employed and non-employed workers considering the cost and suitability of various options to get work completed as part of a Total Talent Management approach (see below). Practitioners of TTA take a more proactive approach to addressing their organization's work requirements and make sourcing decisions based on a 'whole' workforce view.

Total Talent Management (TTM) — If 'Talent' refers to the expertise, skill, experience, knowledge, hard work, capability, etc. that can be applied to do a certain task, project, or job, then 'Total Talent' refers to the idea of including the full range for sources of 'talent', both human and automated/robotic. On the human side that includes employees, independent contractors, temporaries, part-time workers, seasonal workers, offshore workers, SOW workers, professional services, outsourced services, or freelancers you find online and pay 'per task completed'. On the 'automated/robotic' side it includes robots, bots, software, automation in manufacturing plants, etc.

Total Talent Management (TTM) refers to an employer's practice of routinely considering total talent when it comes to talent acquisition or management. For example, when there is a job to 'fill', an employer that practices TTM will consider various options such as hiring an employee, using a contingent worker, acquiring a robot, etc. And when thinking about 'engaging' talent, an employer that practices TTM will design programs/approaches that engage all talent, not just employee talent.

Lexicon of terminology used in this report

Vendor Management System (VMS) — An Internet-enabled, often Web-based application that acts as a mechanism for business to manage and procure staffing services (temporary help as well as, in some cases, permanent placement services) as well as outside contract or contingent labor. Typical features of a VMS include order distribution, consolidated billing and significant enhancements in reporting capability over manual systems and processes.

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