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COLLABORATING WITH COMPETITORS

Sharing Talent Pools
to Meet Workforce Challenges

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The key to finding talent in the future may very well require competitors in the same industry to share talent pools. It is admittedly a radical idea that may initially necessitate awkward conversations among companies otherwise competing for both market share and for the same talent.

Four significant trends suggest it may well be time for unprecedented solutions:

Work models are shifting.

There is a blurring of lines between full-time, part-time, contingent and freelance workers, and the continued evolution of workforce models is inevitable.



Today's workforce has different expectations.

From working structure and geography to development opportunities and career goals, millennials are dramatically changing what companies must provide to hire successfully.



The talent shortage remains a significant problem.

The share of employers who report difficulty in filling jobs is at an eight-year high.¹ The data suggests that these issues are not going to ease in the near future.



Employers are in growth mode.

Business leaders say growth is their top priority despite nearly a decade of stagnant growth. Employers also know that having the right talent is essential for growth to occur.



¹ http://www.manpowergroup.com/wps/wcm/connect/db23c560-08b6-485f-9bf6-f5f38a43c76a/2015_Talent_Shortage_Survey_US-lo_res.pdf?MOD=AJPERES

These trends suggest that a new approach to hiring is needed, one in which talent has the opportunity to develop and thrive in agile environments while enabling growth-oriented companies to maximise available talent. **An approach like this also means that employers will need to find ways to share the limited pools of talent available.**

This is not as radical as it might first sound. Most employers already contribute to shared talent pools. However, they may not realise it because they are looking at talent through the lens of a requisition. Every time an employee takes his or her talents from one company to another, the pool has been shared. Every time an employee is recruited by a competitor or enters into a bidding war, employers collaborate (albeit unwittingly) within the same pool.

In some respects, freelancer management system (FMS) platforms can be seen as a precursor to shared talent pools in that they are project-based talent cultivated by third parties. However, many of these systems do not bring in industry expertise, market knowledge, or compliance

experience, nor are they designed to promote the engagement and development of talent.

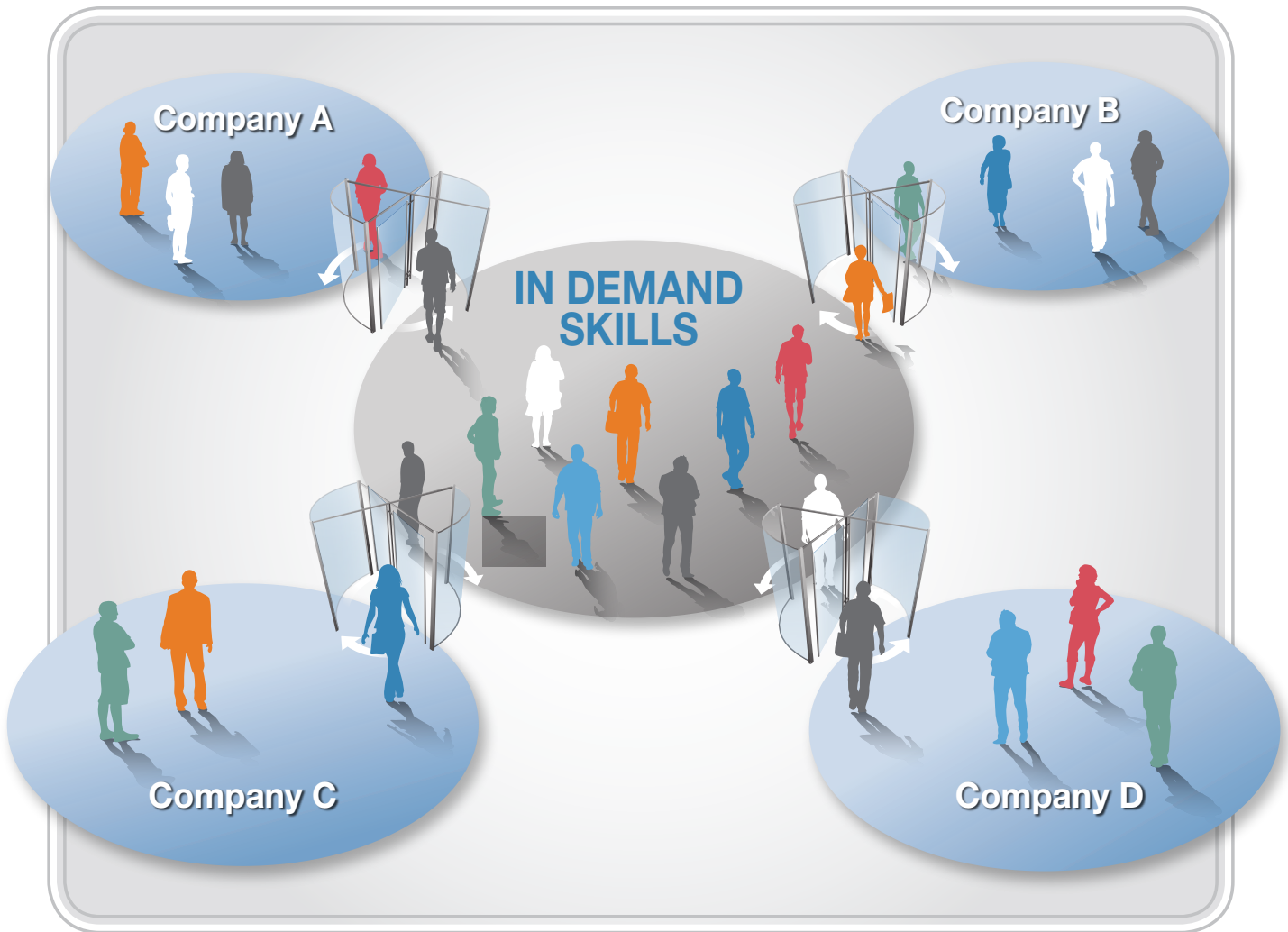
This paper explores the potential benefits of creating talent pools designed to be shared amongst competitors and also foster long-term relationships with talent.

Achieving this in a way that is legally compliant and beneficial to all parties will require major shifts in both thinking and action. However, by formalising what is already happening, employers won't just share talent. They will also be able to share costs and resources related to sourcing, recruiting and administration, lowering overall costs and providing access to an established pool of talent on an as-needed basis.



The Shared Talent Pool

Companies within the same industry requiring similar skills will collaborate and hire from one shared pool. At the same time, talent within the pool has the flexibility and opportunity to move from one company to another.



ⁱⁱ <http://www.forbes.com/sites/cameronkeng/2014/06/22/employees-that-stay-in-companies-longer-than-2-years-get-paid-50-less/>

ⁱⁱⁱ Hoffman and his colleagues have written about this concept in several places. An interesting introduction appears in the Harvard Business Review: <https://hbr.org/2013/06/tours-of-duty-the-new-employer-employee-compact>

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^v <http://www.gao.gov/new.items/d06656.pdf>

^v <http://www.gao.gov/assets/670/669899.pdf>

^{vi} <http://www2.deloitte.com/content/dam/Deloitte/at/Documents/human-capital/hc-trends-2015.pdf>

^{vii} http://http-download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/intuit_2020_report.pdf



Work models are shifting.

From the employer perspective, rapidly changing technology and skill needs have changed the nature of the employer-employee relationship. What used to be a long-term relationship between employer and employee is probably going to be a much shorter affiliation. Employees cite many reasons for changing jobs — from seeking development and advancement opportunities to improved culture. Money is also a key motivator, particularly since employees who change jobs every few years are likely to earn far more over a lifetime than those who do not.ⁱⁱ

In response to changing market context, companies are starting to shift how they think about job roles. For example, LinkedIn CEO, Reid Hoffman, has written about “tours of duty” that expect employees to be in a role for a fixed period (usually a few years). Hoffman advocates it as a way for employees to get the experience and development they need and for employers to structure their organisations around current and future realities.ⁱⁱⁱ

Companies are also rethinking the composition of their workforces. The U.S. Government Accountability Office reports that in 2005 17.4% of the U.S. workforce was categorised as contingent^{iv} excluding standard part-time workers. By 2010,^v this figure was 24.2% — a 39.1% increase in just five years.

Significant growth in contingent workforces is also expected. In one global survey, 51% of employers said they expect their contingent workforce needs to grow over the next three to five years.^{vi} By 2020, it is projected that 40% of the U.S. workforce will be contingent labour.^{vii}

Digital platforms are also changing expectations and opportunities. In the past, if an individual wanted to work outside of the traditional corporate structure, few employers were willing to entertain non-traditional arrangements. Technology has now changed that. Companies like Upwork and Toptal provide a platform for freelancers to showcase skills and connect to clients. So-called “gig economy” companies — from Amazon Mechanical Turk to Uber — are reshaping worker expectations and opportunities.



Today's workforce has different expectations.

Millennials^{viii} make up significant percentages of working populations around the world: more than 41% of the U.S. working-age population; 42% in Australia and 34% in Japan.^{ix} Global studies already suggest that current employer-employee relationships are not likely to work for this generation:

- **They want flexibility.** The typical 9-to-5 workday is a thing of the past. Seven out of ten millennials expect flexibility in work hours, with nearly one-third expecting mostly flexible hours.^x
- **They feel underutilised.** Globally, only 28% of millennials say their skills are fully utilised at their current organisation.^{xi}

^{viii} Defined as ages 15-34 for these purposes, although some of the third-party data referenced here defines the generation differently

^{ix} International Labour Organisation. Key Indicators of the Labour Market, 8th Edition.

^x <https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf>

^{xi} <http://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html>

- **They do not expect to have the same job for life, or even for very long.** A 2014 Bureau of Labour Statistics study reveals that workers born in the 1980s held an average of 6.2 jobs by age 26.^{xii} Globally, only 4% of millennials expect to work for just one employer, while 25% expect to work for six or more throughout their career.^{xiii}
- **They want to broaden their horizons.** More than seven in ten would like to work abroad at some point. Additionally, Deloitte's 2014 Millennial Survey found some 70% of millennials around the world expect to work independently sometime at some point in the future.^{xiv}

Simply put, a large and growing share of the global workforce expects flexibility, mobility, engagement and independence. And they will go wherever they have to in order to obtain it.



The talent shortage remains a significant problem.

According to ManpowerGroup's tenth annual Talent Shortage Survey, 38% of global employers report difficulty filling jobs due to the lack of available talent.^{xv} This is the highest rate since 2007, and trends suggest more of the same can be expected for the foreseeable future. Zero net growth of the U.S. working age population between now and 2030^{xvi} will exacerbate the problem. Brazil and Greece will experience a similar situation, while China and Germany are projected to see significant declines – by 7.1% and 10.8% respectively.



Employers are in growth mode.

One of the great ironies of the talent shortage is that the vast majority of employers are looking to grow – or attempting to do so. In fact, nearly nine in 10 global CEOs say growth is their top priority, while almost eight in 10 say they expect to be in a hiring mode over the next several years.^{xvii}

However, these goals come in the wake of stagnating labour force productivity growth. This is true in the United States,^{xviii} the United Kingdom, Germany, Norway^{xix} and, by some accounts, also in China.^{xx}

^{xii} <http://www.bls.gov/news.release/nlsyth.nr0.htm>

^{xiii} <https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf>

^{xiv} <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-dttl-2014-millennial-survey-report.pdf> (Worth noting that Deloitte's 2015 survey has been released, but similar question about independent work was not reported)

^{xv} http://www.manpowergroup.com/wps/wcm/connect/db23c560-08b6-485f-9bf6-f5f38a43c76a/2015_Talent_Shortage_Survey_US-lo_res.pdf?MOD=AJPERES

^{xvi} <https://www.conference-board.org/press/pressdetail.cfm?pressid=5553>

^{xvii} <https://assets.kpmg.com/content/dam/kpmg/pdf/2015/08/global-ceo-outlook-2015.pdf>

A new model: Give great people more ways to work with you.

Finding the right talent will only get more difficult if current workforce models continue to be utilised. The real conundrum is how to develop a talent pool that can be shared, and drawn upon as needed, by multiple companies. And additionally, retain the best talent for the amount of time they are needed.

There is an opportunity to move from ad hoc approaches (temporary staffing in nursing, for example) to formalised, strategic models that competitors would literally co-design and influence. On the supply side, talent would be able to access career development and guidance while moving seamlessly from one company to another and back again as needed.

While this model does not yet exist in a strategic, formalised way, market conditions suggest the time is ripe for proof of concept. This model would allow both employers and talent to capitalise on shared labour pools before the aforementioned challenges worsen.

Critical factors to consider when developing shared talent pools:



Involve the right type of talent.

Proof of concept would likely involve contingent labour, in part because the cycle is fast and the perceived stakes are lower. There is likely to be a sense of lower risk with non-FTE talent (even though FTEs are not locked into lifetime contracts). The result should be more contingent workers available than ever before.



Focus on highly targeted initiatives requiring in-demand skills.

Initial models would likely involve targeted pilot initiatives focused on a particular skill or group of skills. For example, coding is a skill-set in extremely short supply but often project-based and cyclical.



Design with talent in mind.

A shared talent pool will generate long-term relationships between employers and talent, ensuring talent is continuously nurtured as part of a community that includes networking, mentoring and development opportunities.



Establish ground rules.

Collaborating with competitors for talent is new territory, and ground rules will be needed. This could include deciding roles that are not likely to be included (strategic leadership, those with critical IP access, sales roles that typically require a non-compete), what happens when a full-time offer is made, how and when talent can be accessed, and more. And, to ensure legal compliance and avoid even the perception of antitrust or collusion, compliance and monitoring could be driven by a neutral third party funded by participants.

^{xviii} <http://www.wsj.com/articles/the-mystery-of-declining-productivity-growth-1431645038> and <http://www.wsj.com/articles/u-s-productivity-falls-1-9-in-first-quarter-1430915528>

^{xix} <http://www.bankofengland.co.uk/publications/Documents/speeches/2014/speech785.pdf>

^{xx} <http://blogs.wsj.com/economics/2014/09/01/chinas-productivity-problem-drags-on-growth/>

8 reasons shared talent pools will be great news for employers



Teachable fit

In a skills-starved world, candidate values and mindset become even more important. A shared talent pool provides a place to draw on talent with the aptitude to learn the skills required to perform at a high level.



Cross-industry mobility

Certain industries need highly skilled blue- and white-collar talent on a cyclical, seasonal or project basis. Shared talent pools could provide a more secure option for talent.



Cost sharing

The new model moves talent acquisition costs outside of one company; competitors share costs and fortify each other's talent pools.



Risk mitigation

By engaging a neutral party as the employer of record, shared talent pools can be structured to ensure that talent is properly classified and documented, and all regulatory considerations are accounted for.



Retain “silver medalists”

A shared talent pool means having access to great people now and in the future. When hiring managers must choose between two top candidates, they will not have to give up the ‘silver medalist’ forever.



Cyclical production solutions

When competitors are able to organise production schedules, talent will always be available.



Strategic labour pools

Whether a role is full-time, part-time, contingent or otherwise is sometimes a matter of chance. A shared talent pool creates role definitions that are intentional because they are driven by business need.



Greater business agility

A shared pool improves ability to respond to changing work models and market conditions through access to a constant supply of ready talent wherever and whenever needed.

8 reasons shared talent pools will be great news for talent



Defined career trajectory

A well-defined talent pool will establish career trajectories for participants and cultivate appropriate advancement opportunities to accelerate development. Talent pools will feature highly strategic and intentional career management.



Stretch assignments

While employers may wish to grow worker skills and experience, opportunities to do so do not always exist. In the shared pool, people can take on stretch projects with other companies.



Elite pools

Certain pools will engage only top-tier talent and the prestige of being associated with them will raise a candidate's profile.



Networking opportunities

Workers value sharing knowledge with and learning from peers. The shared pool creates an efficient mechanism to facilitate those interactions either in-person or through online communities.



Flexibility

Several shared-pool models already envisioned giving candidates the opportunity to be selective about the nature and structure of their work.



Search process efficiency

The shared pool streamlines a currently fragmented process, providing talent with a more centralised source for new opportunities.



Visibility to opportunities

A strategic approach to career development means candidates can see what is available and on the horizon in order to create their own development plans.



Increased transparency

Candidates want to know where they stand and what the next step is in the process. The shared talent pool inherently creates a higher level of transparency for candidates.

There are many potential ways to accomplish this depending on the needs of the industry, region, role and employment marketplace.

Employers Who Would Benefit

- Companies in adjacent industries. Telecom and energy utilities or residential/commercial.
- Role-specific solutions. A shared pool for some of the hardest-to-fill roles — from drivers and craftworkers to engineers — that dilutes the cost of sourcing, assessment, acquisition, and more.
- Industry-specific solutions. For industries with hard-to-fill roles, a shared talent pool offers many advantages, including a sharper focus on transferable skills, teachable fit and development.

Ideal Conditions

- Cyclical and seasonal production cycles
- Highly competitive markets
- High-level contingent roles
- Companies seeking greater agility
- Industries with high training costs

Management Model

- Third-party manager as employer of record. Talent is drawn upon as needed for short-term, long-term or stretch assignments. MSP and RPO providers could play a critical role.
- Staffing company model. Fully contingent workforces already exist in industries such as health care and IT. The future vision adds career development, cross training for multiple employers, transparency and more for contingent workers.
- Self-managed. Third-party management initially would evolve into self-managed pools with member-defined rules.

Better prepared and better organised candidate pools can work.

Companies may be in hiring mode, but the harsh reality is there is not enough talent to meet demand. And, with the shortage showing no signs of easing, meeting growth objectives will require new ways of thinking, behaving and hiring. Critical to that will be an evolution in the way collaboration occurs.

Companies willing to explore new workforce models, to collaborate in new ways with talent and with competitors may find that long-term success lies in sharing the right talent.



About ManpowerGroup Solutions

ManpowerGroup Solutions prides itself on the ability to analyse and forecast trends impacting the world of work and the marketplace. As skills and available talent change and marketplace priorities shift, it is critical for organisations to have timely, relevant, and accurate insights into the global workforce. With this in mind, we make significant investments to understand and share observations around macro-trends (e.g., demographics, employment, economics) and their likely impact on talent sustainability.

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