



FROM WORKFORCE TO WORKFIT

THE GIG ECONOMY IS HERE. IS YOUR WORKFORCE
STRATEGY FIT TO CAPITALIZE AND COMPETE?

KELLY[®]

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THE GIG ECONOMY IS THRIVING...

But what does that mean for organizations?

Simply put, it means there's an opportunity for organizations to thrive as well. The global workforce is undergoing dramatic transformations influenced by globalization, technology, and skill shifts, as well as societal and demographic changes. As workers, and work itself, demand more flexibility to drive innovation and work-life design, the entire concept of work is becoming more fluid. Organizations can keep up with this quickly shifting landscape by embracing a "workfit" approach to workforce management—one that adapts to the rising gig economy.

For many, that's easier said than done. More and more of our enterprise clients are asking for talent strategies and solutions that will give their organizations an edge. Initially, our conversations with them are educational more than anything. That's because there's a mindset shift that needs to take place.

The shift begins with understanding that the talent supply chain is more than full-time workers. It includes free agents—temporary employees, independent contractors, consultants, freelancers—all of the talent that makes up the gig economy. The most progressive companies bring HR, procurement, and operations stakeholders together to understand each other's perspectives and use both full-time and gig workers across the entirety of the talent supply chain. They shape their talent strategy and operational foundation around acquiring workers to advance their company's business strategy. And, as a result, they secure competitive advantage while also establishing a foothold with the best available talent.

Getting there may seem like a daunting task, and it doesn't happen overnight. It requires looking at the trends impacting the workplace and thinking strategically about your workforce planning. It's a journey that's worth the effort to create a competitive advantage.

To the end of supporting our clients, we conducted research to get at the heart of what a company needs to focus on—mindset, strategy, and operational processes—in order to unleash this largely untapped value in the talent supply chain and get ahead of the trend to maximize impact. I am confident that this latest research will impart critical insights, enabling you and your organization to thrive in the new gig economy. I wish you an enjoyable read and look forward to your comments.

Amy Anger

Vice President & Global Lead,
CoE & Chief Culture Officer
Kelly Services





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The knowledge transfer
that occurs as a natural
outcome of outside
experts working
alongside internal
resources benefits the
project, the employee,
and the organization.

*VP, Multinational
Technology Company*

Kelly Services, a long-time advocate for the gig economy, has focused on the free agent* marketplace for more than a decade, taking an early lead on tracking the rise of free agents as a pivotal force in the talent mix. Most recently, we've tapped into the mindsets of talent managers across the globe—gathering their perspectives on where the gig economy stands today, how they're leveraging free agents within their organizations, and how they see the usage of gig talent shifting in the future.

Through this research, we've found that as organizations mature in their usage of gig talent, the advantages become more apparent. Forward-thinking companies yield greater cost savings, stronger competitive advantage, better access to niche skill sets, and so much more. By optimizing their workforces and leveraging gig talent, these "Innovators," as we call them, realize concrete benefits that drive better business results.

To help your organization achieve similar outcomes, we have developed a proprietary Workforce Optimization Maturity Index, which evaluates how companies today are utilizing the gig workforce to drive positive business results. In this paper, we will uncover the ins and outs of the gig economy, help you determine where you fall on the Workforce Optimization Maturity Index, and demonstrate how the Workforce Optimization Maturity Index can help you better leverage this progressive workforce management approach to achieve greater organizational success.

*The terms "free agents" and "gig workers/talent" are used interchangeably in this paper.

Innovators—companies further along their workforce optimization journey—are 3x more likely to drive labor cost savings in excess of 30%, and 11x more likely to achieve a significantly higher competitive advantage.





RISE

OF THE GIG ECONOMY

What is the gig economy, and what are the driving forces, challenges, and opportunities associated with it?

As the world of work changes, the employer-employee relationship is shifting right along with it. Long-term commitments to employers are waning. The best talent is seeking greater control and ownership over how they integrate work with their personal lives and passions. With this shift in the way that the world wants to work, careers built on flexibility continue to gain ground.

As a result, the gig economy is thriving, and the majority of global talent managers are leveraging gig workers (also known as free agents) in their teams and departments to drive cost savings, innovation, and competitive advantage. By leveraging the skills and expertise of as-needed freelance talent, without the restraints and bureaucracy of traditional employment, organizations are more nimble, innovative, and competitive within a lightning-fast economy. While there are usage variances across geographies, industries, and skill sets, all signs point to the gig economy being a compelling force with which to be reckoned.

DEFINING THE GIG ECONOMY

The gig economy (also known as free agent economy) encompasses any type of work in which talent is paid for a discrete task, project, or period of time. Workers may fluidly move in and out of different categories, including direct employment. Largely powered by digital labor platforms, the gig economy has evolved along with the increasing need for on-demand hiring and innovative approaches to talent and skill shortages.



FREE AGENT/GIG ECONOMY

To acquire work “gigs,” gig workers may move across multiple work categories (including human cloud or digital platforms), as well as use them simultaneously. According to recent Kelly U.S. Free Agent research, only 26% of free agents used online work platforms to secure their latest work gig. And of those using human cloud or digital platforms, 56% used online staffing platforms, 41% used online work services and 30% used crowdsourcing platforms.¹

HUMAN CLOUD LABOR PLATFORM USERS

Platforms that mediate the exchange of labor are often collectively referred to as the “Human Cloud,” and cross the boundaries of the sharing and gig economy. This array of online/digital platforms enables both employers and talent to post, transact, and process payment of discrete work arrangements. In some cases, the platforms also allow for the management/oversight of the work itself.¹ Most, but not all, of these platforms are enabled via apps.

SHARING ECONOMY

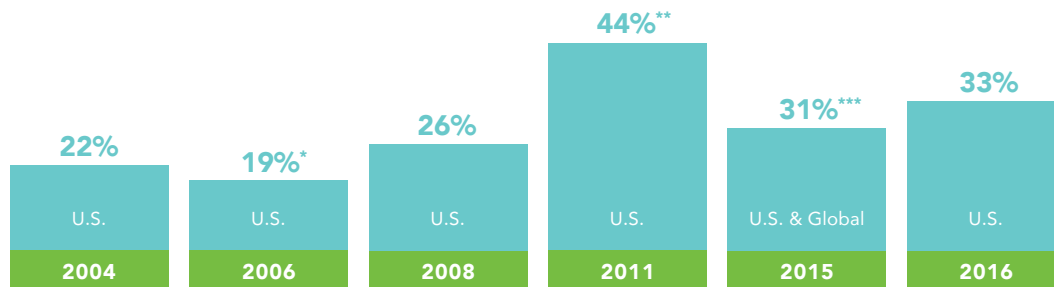
The sharing economy connects workers or sellers of goods directly to customers, enabling people to work or sell when and where they want. Earned income from capital platforms, such as eBay®, Etsy®, or Airbnb®, is only part of the sharing economy and not included in the gig economy because it is not labor-related.*¹

*Workers engaged in capital platform activities have been included in some research efforts including JP Morgan Chase’s study of its payment data, and McKinsey’s latest study of “independent work,” which can increase the final estimation of free agent/gig workers relative to other estimates.

**Workers with multiple sources of income, derived from a mix of traditional and freelance work. For these workers, freelance work accounts for a majority (>50%) of their income.

Gig Economy Growth Over Time

Close to **one-third of the global workforce is forgoing traditional employment** for the flexibility and freedom offered by free agency. Increasingly, workers see free agency as a way to make their work lives work for them, seeing it as an opportunity to organize their work around life, rather than their life around work.



Free Agents as a % of Total Workforce

Kelly Free Agent Research, 2004, 2006, 2008, 2011, 2015, 2016

Economic Impact of Free Agency



Micro-businesses alone (freelance business owners with fewer than five employees) constitute 17% of the U.S. GDP, generating \$2.4 trillion in sales.²



The explosive growth of the **Human Cloud** is bolstering the gig economy movement, generating between \$25.6 billion and \$28.6 billion globally in 2016, according to a report by Staffing Industry Analysts (SIA).³

Note: There is considerable variation in other published market size estimates, due to differences in definition, methodology, and/or timing of the survey relative to the economic cycle.

*Not a statistically significant decline from 2004.

**Economic conditions drive free agent levels up.

***With a return to economic stability, free agent workforce levels off to 31%.

THE STATE OF THE GIG ECONOMY

Free agent ranks have grown over the years from a small minority to a sizeable crowd. Today, gig workers make up 31% of the global workforce. In the U.S. alone, there are 50 million free agents, comprising 33% of the country's workforce.

In fact, according to 62% of global talent managers who use free agents in their departments, free agents are the workers of the future. Nearly two-thirds (65%) of talent managers think the gig economy

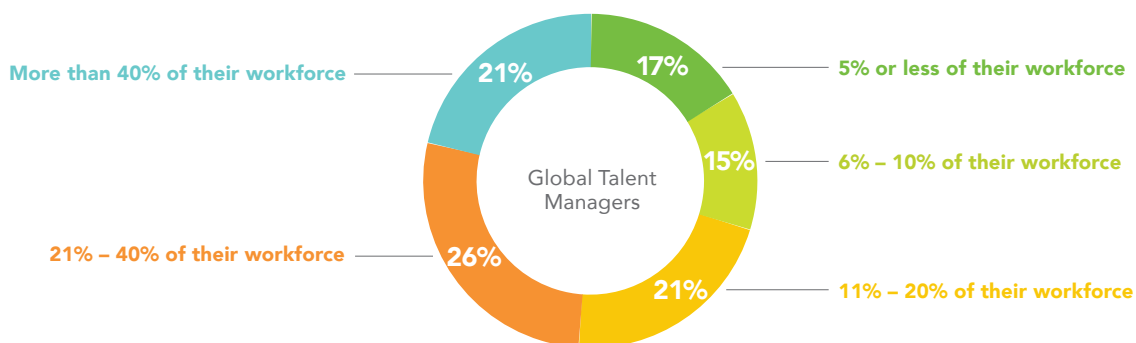
is becoming the new normal for how businesses organize work and almost three quarters (73%) believe a much more flexible and fluid workforce will emerge as a way to navigate an increasingly dynamic, global business climate. Seven out of 10 talent managers using free agents see the employer-worker relationship shifting, with talent asserting more leverage, as well as a desire to be treated the way they are treated as consumers in their personal lives.

Overall, talent managers who utilize gig workers say that (on average) 27% of their workforce is made up of gig workers.

21% say that gig workers make up more than 40% of their workforce.

PERCENTAGE OF TALENT MANAGERS' DEPARTMENT WORKFORCE COMPRISED OF FREE AGENT/GIG TALENT

When asked what percentage of their overall department's workforce was comprised of free agents, talent managers who were utilizing gig workers responded:



USAGE BREAKDOWN

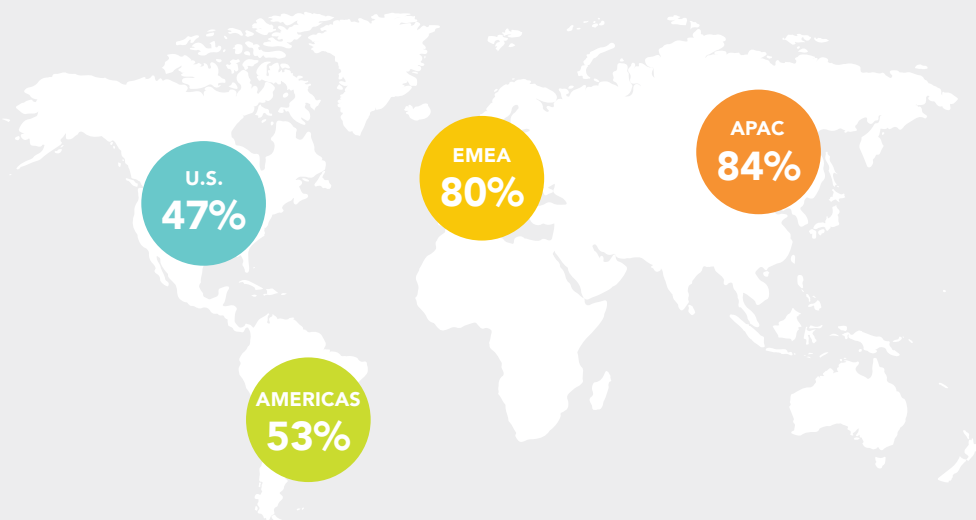
When looking at usage of gig talent globally, light is shed on which regions, skill sets, and industries are leveraging the gig economy as part of their workforce strategies. The U.S., where employment law is less regulated, falls behind in the usage of gig talent, with significantly fewer talent managers using free agents

than other regions. When it comes to skill sets, talent managers are primarily hiring free agents with highly professional/technical skills. An industry breakdown reveals that the oil & gas sector is a leader in the usage of gig talent, whereas the automotive industry lags behind.



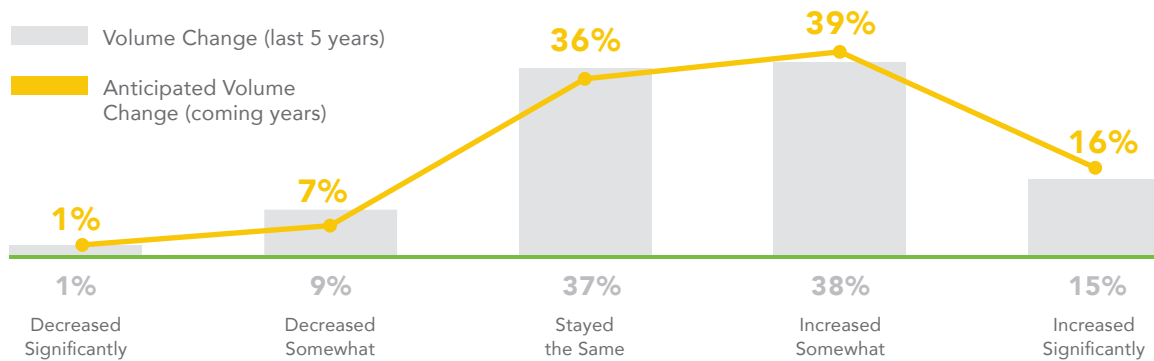
Globally, 65% of talent managers hire/use gig workers.

PERCENT OF GLOBAL TALENT MANAGERS BY REGION WHO HIRE/USE GIG WORKERS



USAGE TRENDS

When asked to report the change in volume of free agents in their department over time, talent managers who utilize gig workers reported:

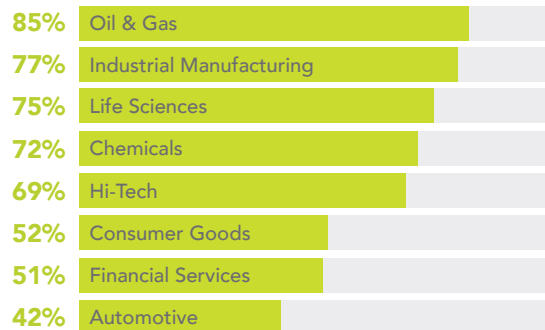


Nine out of ten talent managers expect their usage of gig workers to stay the same or increase (somewhat or significantly) in the coming years.

PERCENT OF GLOBAL TALENT MANAGERS WHO HIRE/USE GIG WORKERS BY SKILL SET



PERCENT OF GLOBAL TALENT MANAGERS WHO HIRE/USE GIG WORKERS BY INDUSTRY



PROFILE OF A GIG WORKER

The vast majority of gig workers are highly skilled and educated. They value developing their careers, creative expression, and are highly committed to their work and their earning power. In fact, more than eight out of 10 free agents in the U.S. play a key role in their households' financial well-being.

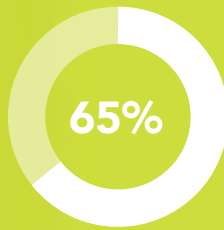
Additionally, the vast majority of free agents work and live this way by choice. Demographic shifts, rapid technological advancement, and "the rise of the employee" in an increasingly "yelpified" workplace are driving a reimagined relationship between work and the rest of life. Three-quarters (75%) of global free agents choose free agency for positive reasons, with personal empowerment and career opportunities topping the list.

"Yelpification"

The process by which a business is reviewed by an online community. May also refer to the phenomenon of utilizing online reviews as a way of becoming more aware of a business.



Nearly one-third of global workers are free agents/gig workers, and 75% are working this way by choice for positive reasons.



Globally, 65% of talent managers use gig workers, and almost three quarters (73%) believe a much more flexible and fluid workforce will emerge as a way to navigate an increasingly dynamic, global business climate.



DYNAMICS

OF THE GIG ECONOMY TREND

How are global tailwinds and headwinds working together to shape the gig economy?

The gig economy is a trend well in effect, and forward-thinking organizations are finding that capturing the tailwinds—those forces that propel a trend into existence—created by industry, demographic, and technological trends is a pivotal contributor to business results. A company benefiting from such tailwinds is four to eight times more likely to rise to the top of the economic-profit performance charts than one that is facing headwinds, according to McKinsey research.⁴

However, even headwinds, or challenges relative to the gig economy can yield opportunities. Embracing (or confronting) these dynamics can help leading organizations craft a pathway to the benefits that go along with a highly agile workforce strategy.

USHERING IN A NEW WORLD OF WORK: TAILWINDS TO THE GIG ECONOMY



Economic Pressures

Volatile market conditions have made many employers wary of adding to their permanent payrolls, and more receptive to the concept of a scalable, variable workforce in order to be competitive. At the same time, business models are changing to more nimbly react to market demands. Nearly three-quarters of global talent managers who use free agents say a more flexible, fluid workforce is rising as a way to navigate an increasingly dynamic, global business climate. The majority of talent managers (57%) are using free agent talent for cost savings reasons. Of those engaging gig economy workers, 43% experience at least a 20% labor cost savings.



Skills Gap

Companies today need a ready supply of knowledge workers in emerging areas of expertise to stay competitive. This increasing variety of expertise is costly to have on staff, especially in an environment where almost 40% of U.S. companies say they can't find the skills they need,⁵ costing companies close to \$1 million each per year on average.⁶ Free agents are constantly re-skilling for their next gig. This population of workers continually invests in their personal skill development via self-funded training and on-the-job learning.



Technological Advancement

Providing both disruption and opportunity, mobile technologies and virtual collaboration tools are transforming how business gets done and how companies connect with talent inside and outside their organization. Human cloud platforms are the backbone of the gig economy, and even automation is seen to have increased the use of gig workers, according to 58% of talent managers already using free agent talent.



Demographic Shifts

More than 28% of millennials are managers now.⁷ This younger demographic is seeing the value that free agents bring and therefore, hiring more of them. In fact, 81% of talent managers hiring gig workers are millennials, much more than the 49% of boomers who are. Beyond age, the rising influence of women and minorities in the workforce is helping shake the status quo and usher in a new world of work.



Work-Life Design

64% of global free agents choose free agency because it affords them the ability to organize work around life. Competition for skilled talent is fierce, and this higher-skilled talent is increasingly considering flexibility as a key factor in their employment decisions. This includes boomers, who are now looking for a "soft" retirement—capturing the value of knowledge workers near retirement is critical in the current skills vacuum.

POTENTIAL BARRIERS AND UNDERLYING OPPORTUNITIES

	HEADWINDS	OPPORTUNITIES
RISE OF TALENT	<p>Workers today have increasing demands for transparency and heightened responsiveness in the workplace. With job candidates and employees becoming more empowered to provide instant feedback, the workplace is becoming “yelpified” as power shifts from the employer to the employee. For companies lacking a talent-focused approach, this will present some challenges.</p> <p>70% of talent managers think that the employer-worker relationship is shifting, with talent asserting more leverage and wanting to be treated the way they are as consumers in their personal lives.</p>	<p>Already, 61% of organizations are becoming more talent-centric, but there is room for improvement.</p> <p>Because free agency is so much about personal empowerment and work-life balance, talent managers are best to encourage all their workers to take advantage of flexible work arrangements and stretch assignments. This helps to elevate the employer brand and improve conditions for cultural fit with free agents.</p> <p>Beyond that, utilizing free agents hits the bottom line, with 43% of organizations engaging gig economy workers experiencing at least a 20% labor cost savings and 72% a competitive advantage.</p>
SLOW ADOPTION	<p>In the U.S. particularly, where employment law is less regulated than in other regions, companies are lagging in the use of free agency. And although, globally, gig workers are being hired by 65% of surveyed talent managers, they are generally being used in limited or less strategic ways.</p> <p>60% of talent managers using free agents do so to help them bridge a talent gap, and 72% believe free agents make them more competitive. Only 17%, however, are currently using gig workers to elevate intrapreneurship and innovation in the organization.</p>	<p>There are markers that the global mindset is shifting towards a more fluid, differentiated workforce:</p> <p>Among those using free agents/gig workers, 65% of hiring managers think the gig economy is becoming the new normal for how businesses organize work, 62% think that free agents are the workers of the future, and 59% feel the fixed nine-to-five workday is becoming obsolete at their company.</p> <p>Free agents’ expertise and project portfolios can bring in much needed experience and knowledge from outside the organization, and, at the same time, supporting the free agent, flexible workstyle is an attraction factor.</p> <p>More than traditional workers, global free agents are likely to possess a professional/technical skill set, 69% vs 59%; 75% of global free agents choose free agency for positive reasons, entering the work arrangement to improve their personal and professional lives.</p>
TACTICAL BARRIERS	<p>If an organization is not accustomed to engaging with the gig economy, day-to-day challenges can feel like significant barriers. Whether a global talent manager had direct experience using free agents or not, when asked about the challenges they face, administrative hassles (34%) and inconsistent quality (28%) topped their list.</p> <p>For talent managers who do not use free agents, compliance concerns (32%), inconsistent quality (30%), and administrative hassles (29%) are the top barriers.</p>	<p>Innovators—those organizations with the most mature approach to free agents/gig workers—are 44 times more than Laggards—organizations with the least mature approach—to have established business practices and processes in place to make it easy to engage and manage free agents.</p> <p>More so, Innovators have more strategic concerns, such as legal blocking due to lack of adequate visibility into the free agent category and compliance concerns.</p> <p>Engaging a Managed Service Provider (MSP) saves talent managers both administrative hassles (everyone’s top concern) while supporting greater visibility. Hiring managers bringing on Professional and Technical (PT) talent are more likely to use a MSP to source gig talent than managers that leverage non-PT talent.</p>

DEMAND DRIVERS OF GIG TALENT: STRATEGIC VS. TACTICAL

Why a talent manager, specifically, looks to hire free agents varies. The majority of companies have common tactical needs, such as achieving cost savings or bridging a skills or capacity gap, that drive their use of gig talent. Today, talent managers rarely seek out free agent talent for the most strategic reasons, such as elevating entrepreneurship/innovation or utilizing them as part of their overall workforce strategy—however, those that do are more likely to be hiring for Professional and Technical talent. Although it may seem risky to some talent managers, the more strategic the reason to engage free agent talent, the stronger the business impact. And, because so few organizations are being strategic with the gig economy, it represents a great opportunity.

REASONS FOR USING FREE AGENTS

The majority of companies have common tactical needs that drive their use of gig talent.

Many companies use free agents to elevate their game with external talent.

Just a few firms on the cutting edge use gig talent more strategically.



TACTICAL

STRATEGIC

"If you're not going to be using your critical skills on a particular project it can be more cost effective to hire a freelancer/subcontractor."

*Procurement & Strategic Sourcing,
Global Technology Company*

"The key advantage of using freelancers in the R&D realm is in better managing entrepreneurial risk and also the quality of innovation."

*Specialist Applications Systems Manager,
Global Glass Manufacturer*

SHIFTING MINDSETS

Talent managers who already use free agent/gig workers see their value and contributions.

67% of global talent managers think that free agency is a viable choice rather than a detour or “bump in the road” on the way to traditional employment.



72% of global talent managers believe free agents are committed to their work.



Talent managers also see the advantages for the free agents they engage.

75% of those who engage gig economy workers believe that free agency affords individuals the opportunity to build a skill repertoire through various gigs, skills that they can infuse into their own teams and projects.



Overall, businesses have positive experiences working with gig talent, with 97% of organizations utilizing free agents reporting satisfaction.⁸



The business objectives in using consultants is gaining access to quick short-term specialized talent, as well as ring-fencing the cost and risk of a transformation project.

Head of Transformation, Telecommunications Company

“We have cases where key leadership roles are filled by contractors with specific skill sets. We might pair them up with a (company) employee to co-lead an operation at a specific location.”

*Leadership Development and Training Lead,
Oil & Gas Company*

“Freelancers can be deployed quickly and can hit the ground running, which enables us to win business by being able to offer swift and effective delivery.”

*Talent Acquisition Manager,
PR & Communications Firm*

TACTICAL CHALLENGES FACED BY TALENT MANAGERS

But even tactical concerns can get in the way of leveraging the benefits of using gig workers, although reasons vary depending on whether a talent manager has actually used free agents or not. Compliance concerns top the list for those talent managers who aren't using free agent talent yet, possibly reflecting their lack of experience in testing best practice processes to operationalize free agency in their departments.

RANK OF CONCERNS	THOSE THAT CURRENTLY USE GIG WORKERS	THOSE THAT DON'T CURRENTLY USE GIG WORKERS
1	Administrative hassles	Compliance concerns are too risky
2	Inconsistent quality	Inconsistent quality
3	Legal continually blocks due to lack of visibility	Administrative hassles
4	Difficult to integrate/employee resistance	Difficult to integrate/employee resistance
5	Lack of continuity in executing business objectives	We don't see the value

Bolded concerns are significantly higher for that group compared to the other.

More than talent managers who do use gig workers, those who don't are much more concerned about compliance issues being risky, the difficulty of integrating free agents onto teams, and dealing with resistant employees—and don't see the value of using free agents in general.

Talent managers who do use gig workers find the administrative hassles and legal teams' blocks as bigger barriers to using free agents than peers who don't use them at all.

Across industries, challenges are largely similar, with some unique areas standing out.



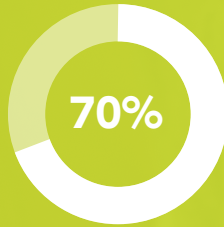
Oil & gas talent managers are concerned about the challenge of integrating free agents and a lack of technology to support a flexible workforce.



Life sciences talent managers face challenges related to legal obstacles (due to a lack of visibility) and compliance concerns.



Chemicals talent managers are concerned about a lack of continuity in executing business objectives when using free agents and that managers do not have the skills to integrate free agents onto their teams.



**70% of talent management
Innovators have a significantly
higher competitive advantage.
As a company moves along
the optimization continuum,
organizations are using gig
talent more effectively
and strategically, with more
tangible and impactful
business results.**

A background image showing a group of people in a meeting. A woman in a dark blue sweater is in the foreground, holding a small white cup. To her right, a person in a dark blue long-sleeved shirt is leaning over a table. Further right, a person with long blonde hair wearing a red and black plaid shirt is visible. The scene is dimly lit, suggesting an indoor office or meeting space.

WORKFORCE

OPTIMIZATION MATURITY INDEX

Where does your company fall on the Workforce Optimization Maturity Index?

As dynamic market forces sweep the talent landscape, forward-thinking companies are focused on capturing the benefits created by the gig economy and its pivotal contribution to business results.

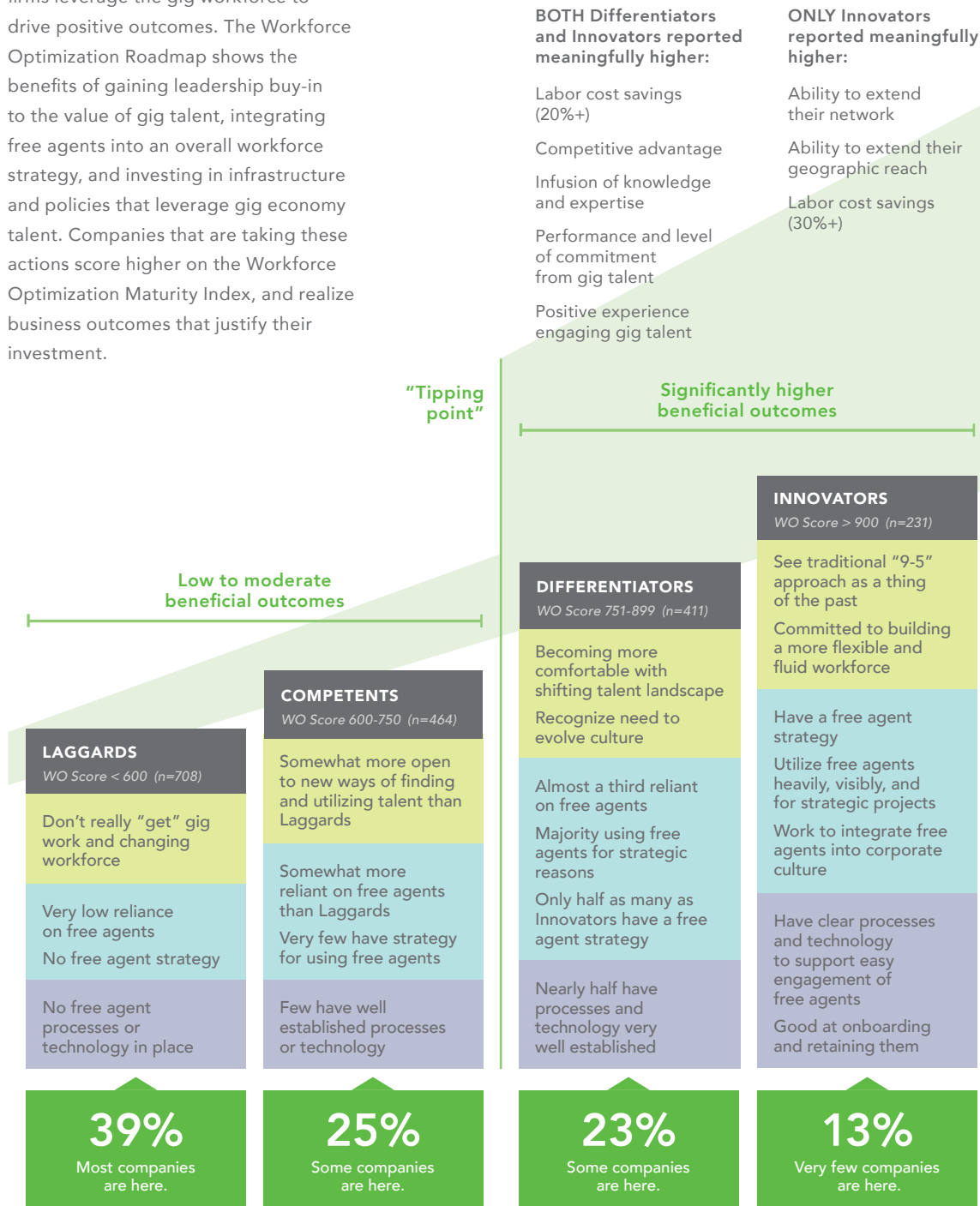
In order to help organizations harness the power of the gig economy, we developed the **Workforce Optimization Maturity Index**. Based on a proprietary methodology, this one-of-a-kind model evaluates the maturity and innovation with which organizations leverage the gig workforce to drive positive outcomes. At the highest level, the Workforce Optimization Maturity Index demonstrates that companies with the right leadership mindset, a holistic workforce strategy, and an operational foundation are better able to realize business outcomes that justify their investment.

The Workforce Optimization Maturity Index, which is based on a 1,000-point scale, allows organizations to benchmark their workforce optimization by measuring their maturity and deftness at tapping into an elastic, on-demand workforce to infuse talent, drive innovation, and competitive advantage.

WORKFORCE OPTIMIZATION AND ROADMAP

The Kelly Services proprietary Workforce Optimization Maturity Index evaluates the maturity and innovation with which firms leverage the gig workforce to drive positive outcomes. The Workforce Optimization Roadmap shows the benefits of gaining leadership buy-in to the value of gig talent, integrating free agents into an overall workforce strategy, and investing in infrastructure and policies that leverage gig economy talent. Companies that are taking these actions score higher on the Workforce Optimization Maturity Index, and realize business outcomes that justify their investment.

Firms that invest beyond competency reap significantly higher beneficial outcomes.

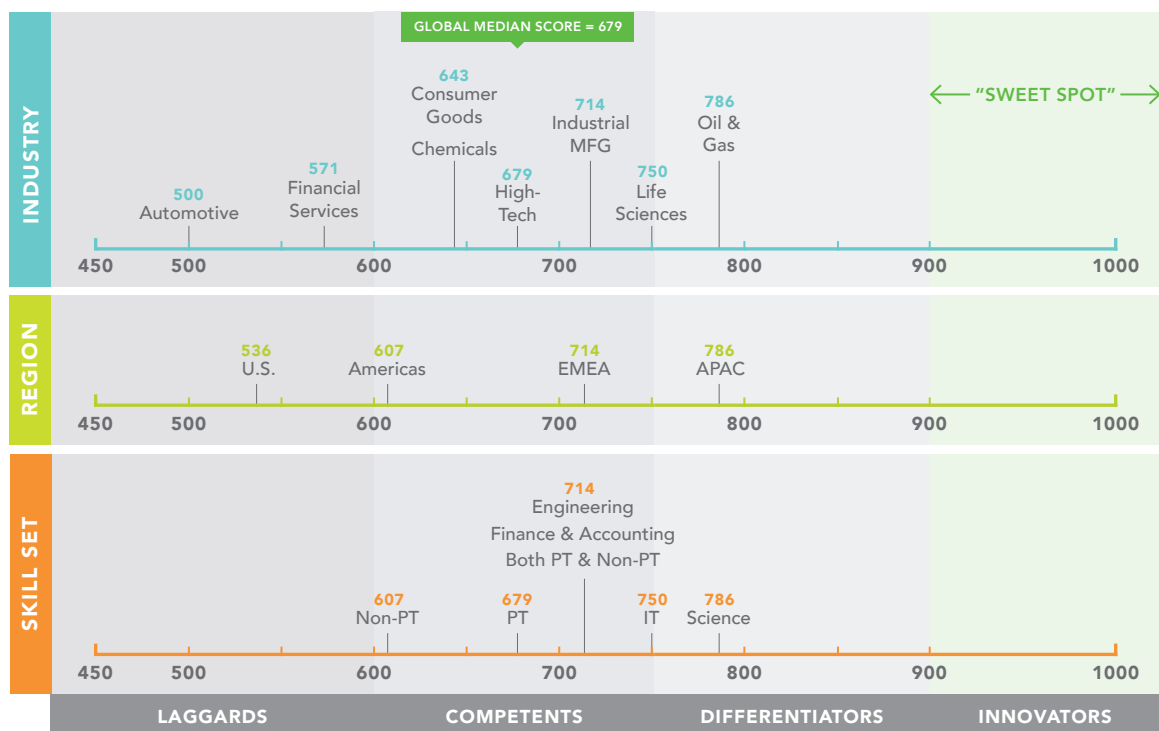


Workforce Optimization (WO) Scores are out of a possible 1,000.
Due to rounding, numbers presented throughout may not sum to total.

LEADERS AND LAGGARDS AMONG REGIONS, INDUSTRIES & SKILL SETS

With highly-skilled and educated talent preferring free agency to traditional 9-5 work, and significantly higher beneficial outcomes accruing to those firms who are on the leading edge of maturity and innovation of gig talent usage, individual firms must ensure that their approach to gig talent is at least on par, if not ahead of, their peers.

When talent managers' responses are categorized by select market characteristics, the majority of regions, industries, and skill sets fell into the range of Competent on the Workforce Optimization Maturity Index. Across industries, skills sets, and regions, being an Innovator remains an untapped opportunity.



LAGGARDS

Automotive and financial services firms (globally) need to be especially vigilant about building gig talent strategies and capabilities related to those skill sets where firms in other industries are in the Competent category or higher (e.g. engineering and IT). The U.S. lags behind—largely due to an unregulated employment environment without the conditions necessary to experiment with free agents as readily.

COMPETENTS

Most professional/technical dominant skill sets and industries fall into this category. Organizations competing here are already off to a great start, but can't become complacent, as competitors aren't standing still. While Differentiators and Innovators (across industries, skill sets, and regions) anticipate larger overall increases

in their volumes of free agents in the coming years, there are still plenty (just over half) of Competent organizations looking to up their use of gig talent.

DIFFERENTIATORS

Organizations competing for talent at this level need to fully commit to a gig talent strategy, mindset, and tactical support structure, or risk losing out in the war for talent. If you're already a Differentiator, upping your game to become an Innovator could provide an edge.

INNOVATORS

While no region, industry, or skill set stands out collectively as an Innovator on the Kelly Services Workforce Optimization Maturity Index, there are individual firms, though few, in every region, industry, and skill set who are already here.

A man with dark skin, a beard, and glasses is smiling while talking on a white corded phone. He is wearing a light-colored blazer and is seated at a desk. In front of him is a laptop, and his hands are visible typing on the keyboard. The background is a blurred office environment with other people and desks.

“

The benefit of freelancers extends beyond their expertise. They can bring fresh ideas from other industries... for business projects; particularly those involving change management and innovation.

*Director of Logistics,
Leading Electronics Company*



LEVERAGING

THE GIG ECONOMY FOR ORGANIZATIONAL SUCCESS

How can your organization shift in order to elevate your maturity on the Workforce Optimization Maturity Index?

Innovators' advantage is clear: The larger the investment, the greater the return. And it starts at the top. Business outcomes justify the efforts leadership puts in to make free agent talent part of their organization's overall business and workforce strategies. Cultural norms, technology, and established business processes follow, and must be in place to accrue the advantages, which grow exponentially as an organization moves up the maturity scale. But how exactly can organizations advance their position on the Workforce Optimization Maturity Index to reap those benefits?

There are specific levers to pull, starting with organizational mindsets that drive workforce strategies and the operational processes that support those strategies.



MINDSET

Leadership clearly supports leveraging gig workers in overall strategy.



STRATEGIC APPROACH

There's a strategy for the independent workforce, and workforce plans include them as part of the company's overall talent strategy.



OPERATIONAL TACTICS

Established business practices and processes are in place to make it easy to engage and manage free agent/gig workers.

SHIFT YOUR MINDSET

Any significant organizational shift starts with leadership buy-in. In order to effectively and efficiently leverage gig talent as a key part of your workforce, and push your organization towards greater innovation, leadership and organizational support is crucial. It's these mindsets that drive workforce strategies and the operational processes that support those strategies.

Across maturity categories, by embracing these mindsets, talent managers believe that:

		LAGGARDS	COMPETENTS	DIFFERENTIATORS	INNOVATORS
ABOUT WORK IN GENERAL	The gig economy is rapidly becoming the new normal for how businesses conduct work.	10%	15%	39%	66%
	Managers, business owners, and leaders need to be open to working with free agents and gig workers—it's simply the way the job market is moving.	8%	15%	46%	72%
	Work is becoming more of a mindset than a fixed amount of time, time of day, or location.	10%	18%	39%	62%
	A more flexible and fluid workforce will rise up as a way to navigate an increasingly dynamic, global business climate.	12%	19%	40%	63%
	The employer-worker relationship is shifting, with talent asserting more leverage, as well as a desire to be treated the way they are treated as consumers in their personal lives.	13%	19%	39%	60%
	Companies will eventually shift the bulk of their talent to free agents in the future.	5%	16%	34%	61%
	A new breed of firms will emerge with a core leadership team and team members with specialized skills, and the rest composed of free agent.	11%	14%	41%	63%
ABOUT THEIR OWN COMPANY	The fixed nine-to-five workday is becoming obsolete at my company.	14%	20%	43%	79%
	Leadership clearly supports leveraging gig workers as a key part of our overall talent strategy.	3%	17%	58%	91%
	The culture supports leveraging and integrating independent workers into our overall workforce, viewing jobs and careers beyond the traditional "9-5" sense; thinking differently and being open to new definitions of "workers" or "careers."	2%	10%	50%	94%
ABOUT FREE AGENTS	Free agents who choose to have a working life outside or independent of an organization can thrive.	11%	20%	43%	63%
	Free agents are committed to their careers/work.	14%	23%	39%	65%
	Free agent/gig work affords individuals the opportunity to build their skill repertoire through diverse project work across multiple industries/companies/organizations.	15%	23%	39%	63%
	More workers are seeking the flexibility, control, and autonomy that free agency offers.	17%	23%	41%	64%
	Working as a gig worker allows individuals to have more opportunities and choices of work.	16%	19%	43%	72%

30X

Innovators are 30x as likely as Laggards to have leadership who clearly supports leveraging gig workers as part of overall talent strategy.

47X

Innovators are 47x as likely to have a culture that supports leveraging and integrating independent workers into their overall workforce.

TAKE A MORE STRATEGIC APPROACH

Strategy is the structure that brings the gig economy mindset together with day-to-day processes. In order to shift towards becoming more of an Innovator and achieve your desired business results, free agent talent must be included in the early stages of workforce planning.

Across maturity categories, by driving these workforce strategies at their organizations, talent managers:

	LAGGARDS	COMPETENTS	DIFFERENTIATORS	INNOVATORS
Say their organizations have a strategy for the independent workforce in place, defining how free agents/gig workers will engage and integrate into the company culture.	1%	10%	44%	92%
Say their organizations' workforce plans include more free agent/gig talent as part of the company's overall talent strategy.	2%	12%	41%	87%
Have more than 40% of their overall workforce as gig economy talent.	16%	11%	24%	37%
Have more than 20% of their overall workforce as gig economy talent.	30%	40%	57%	67%
Utilize gig economy talent for highly visible and strategically significant challenges.	26%	38%	52%	71%
Believe, specifically, Independent Contractor/Statement of Work/Freelancer gig economy talent has a high level of strategic importance.	7%	15%	39%	69%
Heavily utilize gig workers in their department's talent strategy.	3%	13%	29%	65%
Integrate gig economy talent into its culture very well.	6%	9%	25%	61%
Are extremely likely to use crowdsourcing in the future.	4%	9%	23%	50%

92X

Innovators are 92x as likely as Laggards **to have a strategy** for the independent workforce in place.

44X

Innovators are 44x as likely **to have workforce plans** that include more free agent talent as part of their overall talent strategy.

ESTABLISH OPERATIONAL TACTICS

To set talent managers and their free agent hires up for success, clear operational processes must be in place. Those tactics are born from a forward-thinking mindset and strategic planning, creating pathways for seamless integration into a company's culture and team, and ultimately resulting in a high return on their free agent investment.

Across maturity categories, by employing these operational tactics at their organizations, talent managers:

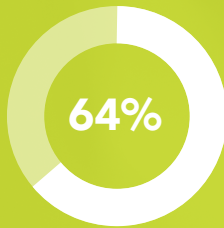
	LAGGARDS	COMPETENTS	DIFFERENTIATORS	INNOVATORS
Have established business practices and processes in place to make it easy to engage and manage free agent/gig workers.	2%	11%	44%	88%
Have the needed technology in place to easily access and manage gig workers.	2%	17%	50%	90%
Who onboard free agents find it extremely effective.	8%	12%	31%	65%
Fully encourage gig economy talent to take advantage of its flexibility program.	9%	20%	40%	70%
Feel very confident that their flexibility program positively impacts their recruitment efforts.	16%	18%	35%	61%
Feel very confident that their flexibility program positively impacts their retention efforts.	18%	17%	39%	62%
Who review the rating of free agents' past performance find it extremely important.	15%	21%	43%	65%
Who evaluate free agents' references find it extremely important.	21%	26%	45%	67%

44X

Innovators are 44x as likely as Laggards **to have established business practices and processes** in place to make it easy to engage and manage free agents.

45X

Innovators are 45x as likely **to have the needed technology** in place to easily access and manage gig workers.



**64% of talent
management
Innovators infuse
expertise and knowledge
into their teams
and departments.**



IT ALL COMES DOWN TO BUSINESS RESULTS

How can a shift towards a more innovative and agile workforce approach benefit your organization?

Leading organizations are leading for a reason: they're taking a "workfit" approach to workforce management. They focus on fitting their strategies to the outcomes they want to achieve, as well as the way that today's workers want to engage. They make the investment in shifting their mindset, taking a more strategic approach, and establishing an operational foundation that will support the gig economy—and they do it all because they know their investment will yield a significant return.

Across the board, organizations that fall within the Innovators category on the Workforce Optimization Maturity Index achieve significantly better business results than companies that are less advanced at capitalizing on this trend.

GIG TALENT DRIVES REAL BUSINESS RESULTS

Across maturity categories, by using
gig economy talent, organizations:

	LAGGARDS	COMPETENTS	DIFFERENTIATORS	INNOVATORS
Save over 30% on labor cost.	10%	10%	11%	29%
Save over 20% on labor cost.	27%	36%	48%	68%
Have a significantly higher competitive advantage.	6%	14%	38%	70%
Extend their network and geographic reach.	20%	30%	33%	47%
Infuse expertise and knowledge into their teams and departments.	36%	45%	54%	64%
Experience a significantly higher performance of gig economy talent compared to traditional employees.	2%	9%	25%	50%
Experience a significantly higher level of commitment of gig economy talent compared to traditional employees.	6%	10%	27%	47%
Have a very positive experience engaging gig talent.	13%	18%	40%	74%

There's no question about it: the world of work is changing. The demand for greater work flexibility is increasing, demographics are shifting, technology is advancing, and your competitors' workforce strategies are evolving. Without embracing the gig economy and all of the impactful business results it offers, your organization will be left behind. And in this era of rapid change, behind is not somewhere you want to be.

3X

Innovators are nearly 3x more likely to **save over 30%** on labor cost.

11X

Innovators are 11x more likely to achieve a significantly **higher competitive advantage**.

25X

Innovators are 25x more likely to experience a significantly **higher performance** of gig economy talent compared to traditional employees.

8X

Innovators are nearly 8x as more likely to experience a significantly **higher level of commitment** from gig economy talent compared to traditional employees.

120-DAY LEADERSHIP PLAN

As a leader, understanding the new realities of how today's talent wants to work is imperative to the success of your organization. It's up to you to be a leading voice for talent, to keep pace with, and be in advance of, the transformations occurring within the realm of work. To help you move forward, we have constructed a simple and actionable 120-Day Leadership Plan. By taking the following steps, you'll be well on your way to taking advantage of the many benefits of the new gig economy.

1. Using the Workforce Optimization Maturity Index, conduct an assessment to understand where your organization currently operates. Are you a Laggard or a Competent?
2. Discuss with your senior leaders how you can work collectively toward a new talent mindset for your organization.
3. Ensure you and your leaders have visibility into all gig workers and free agents working on your behalf.
4. Request an audit of your operational policies and processes as they relate to acquiring, managing, and engaging with free agent talent.
5. Challenge your leaders to think broadly by adopting a holistic approach to talent. Ensure gig talent is included in your overall workforce strategy, and focus your leaders on aligning talent strategy to your business strategy.
6. Create a team focused on developing flexible options for current employees.
7. Partner with experts. Evaluate your workforce solutions partner to ensure that they are experts in the gig economy.

The good news is, you don't have to make the shift towards developing a more innovative and agile workforce approach alone. Having the right workforce solutions partner—one who understands the dynamics, the challenges, and the advantages surrounding the gig economy—can be your key to developing a workforce optimization path that will lead to powerful results.

Talk to your workforce solutions partner today to discover how your company can better leverage gig talent to drive organizational success.

A man with dark hair and a beard, wearing a dark brown button-down shirt, is sitting at a wooden desk and working on a silver laptop. He is smiling and looking down at the screen. The desk is cluttered with a small glass jar, a red ceramic cup, and a smartphone. In the background, there is a large window with a view of a city, a potted plant, and a whiteboard on an easel.

Are you able to drive
more than 30% in
labor cost savings?

Are you achieving
significant competitive
advantage?

**Leaders on the
cutting edge of talent
management are.**

SURVEY METHODOLOGY

The 2017 Gig Economy Talent Manager Research was conducted by Inavero on behalf of Kelly Services. Globally, over 2,100 talent managers were surveyed to understand their perspectives regarding the gig economy and gig economy/free agent workers. Survey participants have direct hiring responsibility for talent and represent a cross section of industries and career disciplines.

This report includes findings from the above proprietary research, as well as from the Kelly Free Agent research. Data/findings from other sources are footnoted throughout.

FOOTNOTES

1. Kelly 2016 Free Agent Research; framework based on SIA.
2. Association for Enterprise Opportunity, as read in "Micro-Business Is the Backbone of the U.S.," http://www.huffingtonpost.com/claudia-viek/microbusiness-is-the-back_b_4215562.html
3. Crowdstaffing, "The Human Cloud in 2017: Tech Trends That Will Define the Next Year," <http://www.crowdstaffing.com/blog/human-cloud-2017-tech-trends>
4. McKinsey Special Collections Trends and global forces; McKinsey Quarterly, April 2017, "The global forces inspiring a new narrative of progress"
5. McKinsey, "Closing the skills gap: Creating workforce-development programs that work for everyone," <http://www.mckinsey.com/industries/social-sector/our-insights/closing-the-skills-gap-creating-workforce-development-programs-that-work-for-everyone>
6. CareerBuilder, "The Skills Gap is Costing Companies Nearly \$1 Million Annually, According to new CareerBuilder Survey," <http://www.worldbridgepartners.com/2017/04/13/skills-gap-costing-companies-nearly-1-million-annually-according-new-careerbuilder-survey/>
7. Upwork, "Hiring Managers Say Millennials Surpass Prior Generations In Several Key Business Skills, New Study Reveals," <https://www.upwork.com/press/2014/10/29/hiring-managers-say-millennials-surpass-prior-generations-in-several-key-business-skills-new-study-reveals-2/>
8. Burson-Marsteller, Markle Foundation, The Aspen Institute, and TIME, "Workforce of the Future Survey," <http://www.burson-marsteller.com/the-workforce-of-the-future-survey/#sthash.kb9nhDJ7.dpuf>

A woman with long brown hair is sitting on a light-colored sofa. She is wearing a white t-shirt and grey trousers. She is holding a black mobile phone to her ear with her right hand and a clipboard with papers in her left hand. The background shows a wooden bookshelf with various items on it, including books and decorative objects. The lighting is warm and indoor.

“

**Outsourcing
[talent] allows us to
ring-fence the risk
of the innovation.**

*Director of New Ventures,
Oil & Gas Company*

About the Author



Amy Anger is Vice President and Global Lead, CoE and Chief Culture Officer of Kelly Services. Her role in the CoE is to design and deploy solutions and provide thought leadership on the topic of the emerging gig economy including three key areas 1) advocacy for individuals who are freelancers or self-employed; 2) methods of engagement by companies of this more mobile talent and 3) the impact of automation on the existing workforce.

Prior to her role in the CoE, Amy was Vice President Law and Contract Administration and Chief Culture Officer. In her legal role at Kelly, Amy's focus areas were Kelly's revenue/sales related commercial transactions for Kelly's multi-national operations and legal support for various corporate functions including International Corporate Governance, Intellectual Property and Strategic Business Initiatives functions.

In her role as Chief Culture Officer, Amy is a member of a culture team that is focused on Kelly's corporate purpose and several related initiatives.

About Kelly Services

As a global leader in providing workforce solutions, Kelly Services, Inc. (Nasdaq: KELYA, KELYB) and its subsidiaries, offer a comprehensive array of outsourcing and consulting services as well as world-class staffing on a temporary, temporary-to-hire, and direct-hire basis. Kelly® directly employs nearly 500,000 people around the world in addition to having a role in connecting thousands more with work through its global network of talent suppliers and partners. Revenue in 2017 was \$5.4 billion. Visit kellyservices.com and connect with us on [Facebook](#), [LinkedIn](#), & [Twitter](#).

About Inavero

Inavero is a leading provider of thought leadership research and Net Promoter®-based satisfaction survey tools for the staffing industry and other B2B service industries. Inavero is passionate about working with firms to enhance their industry knowledge and leverage their clients' satisfaction to grow and retain business.