



How to Staff Flexibly (and Therefore Strategically) for Success in Any Economy—Boom or Bust

The overwhelming numbers of layoffs and realignments is tremendously challenging for HR professionals. But, statistics and experts agree that even greater challenges lie ahead for businesses that choose not to prepare for future employment realities. Creating a resilient IT workforce today that can endure the success and challenges of tomorrow is monumental.

Flex-i-ble, *adj.*: yielding to influence or characterized by a ready capability to adapt to new, different, or changing requirements.

Many decades from now, historians and writers may just label this time as the “era of flexibility.” And for good reason too. As its definition directly implies, to be flexible is to be ready to adapt to new, different, or changing requirements. And today, many technology companies are adapting to fluctuating economic cycles by utilizing a flexible workforce. At the same time, employees are adapting to their new, self-imposed work requirement - greater flexibility and balance in their lives and on the job. One way they’re adapting is through the pursuit of flexible employment arrangements.

Flexibility has become an increasingly important concept for both IT employers and employees. On the employee side of the equation, an increasing number of workers are looking for the flexibility and work/life balance that temporary or flexible work arrangements provide.

According to a series of groundbreaking studies conducted by Spherion Corporation and Harris Interactive, workers are less focused on traditional employment arrangements defined by job security, stability and tenure. A recent Spherion poll of more than 3,100 American workers found that 62 percent feel comfortable making a stable income as a flexible worker or free agent and in fact would prefer a flexible work arrangement. Workers also cited their desire to maintain balance between their work and personal life as a top career priority.

With the worst talent shortage in U.S. history on the horizon, employers who don’t embrace these new worker attitudes and expectations will find themselves fighting a losing battle for quality IT talent.

For employers, flexibility has become a vital means of meeting financial goals and ensuring shareholder value in a world of fluctuating economic booms and busts. Given the state of economic troubles today, and the inherent nature of the economy to be cyclical, HR executives can use temporary or flexible workers to help cut costs, which include compensation and benefits expenditures that can make up more than 60% of corporate spending. These vast expenses, as well as recruitment and employee development costs, should get the same careful examination as other business investments and ventures.

Rather than shrugging shoulders and surrendering to the cyclical nature of the economy, businesses need to take this important moment to plan how they will approach talent requirements in the months, the years and even the decades ahead.

The workforce development and structure that businesses put in place today can determine how it thrives and survives during the various economic highs and lows ahead. HR can become a key to business stability, flexibility and cost management if the right talent strategy is put in place.

Now or Never: Why It's Crucial to Examine Hiring Practices Today

The vicious talent struggles of the late 1990s and earlier this decade followed immediately by the overwhelming numbers of recession layoffs and realignments generated a tremendously challenging time for HR professionals. But statistics and experts agree that even greater challenges lie ahead for businesses that choose not to prepare for future employment realities.

The Saratoga Institute reports that of all office and clerical employees that voluntarily depart their company, over 36% leave within less than a year and nearly 30% leave within one to three years. That means businesses nationwide can expect higher turnover rates among their newer hires. With the cost to exit and replace a departing employee averaging between one and two times the individual's salary, most companies can expect increased talent spending in the near future, unless they find a way to deter turnover and hire strategically to avoid mass employee departures.

Another critical employment reality facing business today is the impending talent shortage. According to the Bureau of Labor Statistics (BLS), by 2016, workers age 65 and over are expected to account for 6.1 percent of the total labor force, nearly double than what was previously estimated. Economic pressures have forced many workers to either delay retirement, or forced retired workers back into the workforce. Although this demographic may help fill the talent shortage in the mean time, this group of workers will eventually exit the workforce, leaving a significant knowledge and worker gap for many companies. Furthermore, by the end of the decade, it is expected that 10 million more jobs will be available than workers to fill them.

The talent struggles of the 1990s will seem miniscule compared to the battles that businesses will fight for qualified workers in this emerging recruitment landscape. Businesses lacking smart talent management programs that provide work/life balance and flexibility, will struggle and invest heavily in order to put the right leaders in place as middle management layers shrink with the gradual baby boomer migration.

How can technology employers better manage employment costs and hiring practices to avoid high-cost turnover and maintain valuable employees in the years ahead? For a business looking to create a resilient workforce today that can endure the success and challenges of tomorrow, there is one key to success: *create a variable workforce structure*.

Leading-edge IT organizations realize their future workforce will be a mix of part-time workers, contractors, flextime employees and free agents. Most importantly, these successful organizations understand the power of a variable workforce structure. Companies with workforces that are comprised of a combination of flexible and core workers realize *better financial and share price growth*, according to a study by Lehigh University and the University of Oklahoma.

Creating A Variable Workforce

As many businesses learned during the previous recession, it is important to examine how the recession climate affects their permanent workforce. Will full-time workers bear the brunt of recession-related cutbacks—from salary freezes and cuts to downsizing and realignment?

As the American workforce shrinks and skilled and qualified employees grow scarce, employers must build employment foundations that protect the full-time workforce from enduring the hardships of downturn actions. Otherwise, employers will lose the loyalty of their workforce and see retention plummet and turnover costs soar.

To safeguard a workforce and its employee loyalty in a highly competitive employment market, businesses can incorporate flexible staffing options into the fundamental workforce structure. When flexible workers, managed staff or outsourcing accounts for a higher percentage of an overall workforce, the business itself has greater overall flexibility. And flexibility to grow, slow down, ramp up or cutback is crucial in successfully navigating the internal and external forces that affect business operations. In addition to increased nimbleness as an employer and a business, a higher percentage of flexible workers help companies to:

- Decrease overall employment costs - minimizing overtime when demand increases or reducing the impact of a seasonal slowdown.
- Incorporate work performance evaluations of flexible staff prior to making greater employment commitments.
- Protect the core workforce from the consequences of productivity slowdowns by creating flexible staff buffer zones.

In a recent study conducted by The American Staffing Association, more than 81% of companies surveyed cite labor force flexibility as the overriding reason for employing contingent and temporary workers through staffing firms.

By bringing on fewer workers full-time and more as flexible, managed or outsourced support, businesses share the employment costs and risks with the staffing provider and save time and resources within the HR and payroll departments. Benefits costs for the entire organization are less and flexible staffing solutions allow for easy, cost-effective workforce reductions when times require. When a business reduces and eliminates flexible workers, unemployment and outplacement costs are not incurred as they are with most full-time staff reductions.

And as the IT employment market grows more and more competitive and fewer eligible workers are available, businesses can leverage flexible staffing to maintain and even increase workforce performance. HR, no longer simply the hiring, recruitment and benefits hub, is transformed into a strategic business department that increases efficiency and adds to bottom-line performance through expert workforce management.

Staffing for Today and Tomorrow

Throughout this decade and the previous one, businesses focused on supply chain management. By fine-tuning every step in how products and services are developed and delivered, supply chain management drives tremendous efficiency and cost savings throughout an organization. Strategic and flexible workforce management offers businesses the very same benefits and bottom-line impact of supply chain management.

By integrating flexibility throughout the employment structure, today's technology businesses can build a workforce that can readily adjust to economic and industry fluctuations—saving costs in difficult times and driving growth in prosperous times. What's the secret to driving nimbleness throughout businesses today? Integrating flexible workforce management strategies that can endure any economic phase and employment environment that tomorrow brings.