Total Talent Management (TTM) Procurement Guide

Budget Planning for 2023

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1. Context and Transition

Context and Transition

The external workforce market and the emergence of TTM?

The way that companies manage their workforce is changing with a growing proportion of roles being fulfilled by contractors, gig workers and the so-called external workforce.

It has caused leaders to rethink how they control this change. With an increasing number of stakeholders being involved in the workforce management process, many leaders are turning towards a Total Talent Management (TTM) strategy.

Contingent and external workers have been used by businesses for decades. The need to supplement the internal workforce of an organization with workers on a flexible basis is a long-established practice. However, since the pandemic, the external workforce market, and the way that it is managed by businesses, has changed.

In the past, most of an organization's workforce was employed. However, in the last 30 years, companies have increasingly adopted external workers within their workforce. These include contractors, flexible workers and other forms of contingent labor. For many modern companies, their total workforce is divided into two distinct groups: internal workers and external workers.

The external workforce has enjoyed steady growth since the 1990s as people, process, data and technology has developed to support their inclusion. Traditionally the technology and process would be owned by a Managed Service Provider (MSP) and staffing agencies that supply (and potentially employ) indirect workers.

However, this talent mix has become increasingly strained by the latest developments in the talent market.

Only 5% of businesses feel they have fully optimized their mix of talent between internal and external workers needed to achieve their business objectives.

Indeed, the external workforce has grown far beyond anyone's preconception of what it might become. The resourcing needs of business have changed, the landscape of talent has grown, business models transition much faster, and bi-annual re-orgs have made permanent employment uneconomic, unviable.

> As a result, most organizations are actively evaluating their recruitment processes and their workforce management strategies. They are looking at how they can best source skilled talent to ensure that productivity keeps up with demand.

The growing strategic importance of external workforce resourcing has resulted in a shift of the ownership of the external workforce topic in the boardroom.

Indirect service procurement and staffing has previously been the domain of procurement teams and the Chief Procurement Officer. Now, with more concerns over workforce wellbeing, data privacy, dual employment and retention, the external workforce agenda is shifting ever closer to a Human Resources interest.

WHY IS THIS TRANSITION HAPPENING?

As the scale of the external workforce has grown both in size and in strategic importance as a resourcing option, Human Resources (and more recently, the Chief People Officer role) has broadened its interest in on-demand staffing as a solution to talent shortages.

This has demanded company-wide interest in the external workforce. Alongside the increasing importance and contribution of the external workforce to an organizations' overall output, it has meant that a new approach to the management of the modern workforce is needed. The solution to this is Total Talent Management.

2. What is Total Talent Management?

What is Total Talent Management?

How does TTM differ from other workforce management strategies?

In previous workforce management strategies, the hiring process for internal candidates was coordinated by an organizations HR team. In contrast, the hiring of flexible and contingent workers has traditionally been the responsibility of Procurement. The total talent management strategy changes this.

Total talent management represents a cohesive and singular approach to hiring all workers, including both internal and external. This approach sees the hiring process for both different types of candidates as one and delivered by a single workforce partner. This means that the hiring process can be shared by all stakeholders and results in the creation of a single uniform approach to resourcing, onboarding and managing the subsequent employee life-cycle.

Consequently, all new hires into the business have the same onboarding experience and point of contact. This has become increasingly important not only due to the changes in the talent market since the pandemic, but also through the greater involvement of the external workforce. As the external workforce becomes an increasingly important part of the workforce, so the hiring and management of all workers becomes an important strategic decision.

Should my business adopt it? What are the dos and don’ts?

However, before rushing to implement a total talent management strategy in your own business you first need to ensure that you are at the right stage to do so. This includes assessing the current state of talent management within your business as well as ensuring that all stakeholders are involved in the process. For companies that have an established external recruitment process this may be harder than it first seems.

The first step of assessment before implementing a total talent management strategy is to understand your current workforce structure and requirements are. This includes an understanding of the proportion of internal and external workers within your business, alongside the current processes used to recruit them. This can become a problem for those businesses that lack data on their current workforce or cohesiveness between different departments.

> In fact, in a 2021 survey by Deloitte, the siloing of departments was seen by 75% of respondents as the biggest barrier to the implementation of a total talent management strategy. The remedy to this is to ensure that all stakeholders, including HR and Procurement, are involved in the process of designing your total talent management strategy from the start.

The next step in this assessment is gathering all current data you have on your workforce management. For those businesses that have separate operational processes for the hiring of internal and external candidates, this can be a significant hurdle.

A report by Staffing Industry Analysts found that 46% of organizations found they had a lack of data available to them before designing their total talent management strategy.

This makes it harder for businesses to get a true picture of the current state of their workforce. It means that extracting the resources of your current onboarding processes becomes harder. However, this should not derail the implementation process entirely.

Instead, it offers organizations the chance to rethink and revaluate what processes are necessary and important in the hiring process. While starting from scratch is far from ideal for many, the chance to build your total talent strategy from the ground up is attractive to those businesses that have a large gap in communication between their HR and Procurement teams.

The why now? Why technology has made now the best time for TTM

There's never been a better time for total talent management. While the idea behind the creation of a single workforce management strategy has existed for several years, technology needed to support it has been missing.

In 2019 annual version of the SIA survey, there were numerous businesses that were already looking to transition their workforce management to a total talent solution. However, the biggest barrier to its implementation at the time was the technology platforms, or rather the lack of them.

Whilst separate vendor management and HR systems existed for the management of both the internal and external workforce, these were entirely separate platforms. As a result, this only furthered the departmental divide between different stakeholders within the business.

> Yet, external service providers have caught up with the times. Now the technology platforms exist to source, recruit, onboard and manage the complete worker lifecycle for both internal and external workers.

These platforms can be used by multiple stakeholders within the business and are designed to manage any organizations workforce in its entirety. This allows business leaders to see a true picture of their entire workforce at any given time, making strategic decisions about future workforce planning easier. **By seeing a complete picture and being presented with all the data possible, organizations will be able to find their unique talent mix of internal and external workers that will optimize their productivity potential.**

3. The stakeholders of TTM

The stakeholders of TTM

Who are the stakeholders of TTM?

While the development of any workforce management strategy should include all corporate-level stakeholders within the business, the two biggest stakeholders for the development of a total talent management strategy are HR and Procurement.

This is because of these departments have previously managed the workforce management strategies for both internal and external candidates.

As a result, HR and Procurement are the stakeholders that feel the biggest pains and gains from their organizations workforce management strategy. Here then, it is useful to consider the different needs and requirements from the workforce management strategy for both departments.

What are the current pains for workforce management for HR?

HR is the stakeholder that deals with the worker lifecycle for both internal and external candidates. This includes on boarding, training and the necessary personal support throughout the duration of the workers relationship with the company. Therefore, their current pains center around the lack of ability to effectively manage the development of candidates throughout their tenure.

Specifically, HR have traditionally excluded from the technology systems and therefore the data tracking and analysis of the external workforce. This brings negatives for both candidates and the company.

For candidates, it means that they have often been ignored compared to their internal counterparts. This means that they have missed out on training opportunities and ways for them to develop their career and skillset. As an increasing amount of talent is turning to the external workforce to develop their career rather than just look for a job, this is an increasingly important pain for HR to overcome.

For the company, it reduces the overall efficiency of their external workforce and therefore their total talent output. It means that HR are not able to track the progression of external candidates as they complete their tasks.

This then increases the time-to-hire for the next time talent is needed for that specific role.

It has meant that the organization has been unable to develop long-term working relationships with their external workforce. Without an existing talent pool to source candidates from, any contingent workforce hired by the company is done on an ad hoc basis and therefore cannot be called a true external workforce.

What are the current pains for workforce management for

Procurement?

In contrast to HR, Procurement has traditionally dealt with the management and resourcing of the external workforce. Indeed, hiring contingent workers through indirect staffing agencies has been the state-of-the-art for over two decades. While this has been a successful strategy for some, it has not come without its pains. For Procurement, the key pains center around the availability of talent to fill any gaps in demand within the business while also remaining cost efficient.

As the talent market has changed since 2020, so the pains for procurement have grown. As the pandemic has caused many skilled workers to rethink their work-life balance, alongside the 'Great Resignation', the demand for skilled talent has skyrocketed. This is not only made it harder for procurement teams to fill their available positions, but it has also squeezed talent budgets as businesses have needed to dig deeper in their pockets to pay for the decreasing supply of skilled talent.

> In this sense, the data procurement and analysis of the external workforce has not been the main problem for procurement teams. Instead, it is the ability to reach skilled talent through their existing technology and tools that has hampered their ability to manage the workforce.

Yet, pains for the Procurement team have not only been confined to the management of the external workforce. They have also had to deal with the financial and operational consequences of reorganizations within the internal workforce. As the talent market and labor demand of businesses has changed, many leaders have felt their existing management structure was not the adequate mix of talent to meet their productivity goals.

The only solution to this has been reorganizations. However, as internal employees have more worker rights than external workers, this has been an expensive and laborsome process for Procurement.

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TTM as a business-wide strategy – what other stakeholders/departments need to be involved?

As the name suggests, a total talent management strategy will encompass all strategic areas of your business. Therefore, HR and Procurement are not the only stakeholders that need to be involved in this process.

Corporate level guidance should qualify what the optimal talent mix for your business should be. This **mix** is not going to be the same for different companies working in different industries. Instead, the right blend will be unique depending on the overall vision and offering of each individual company.

As a result, strategically knowing the full details of your entire talent ecosystem allows you to conduct more accurate workforce planning, build more agile operations and proactively remain compliant with any and all legal barriers.

In fact, the potential positives for both HR and Procurement highlighted here, can only be achieved with a mutual understanding and approach towards talent management. In other words, the pains that both HR and Procurement are currently feeling are due to a lack of communication between departments. This means it is crucial to make talent management a strategic decision for all areas within your business.

4. Adopting TTM

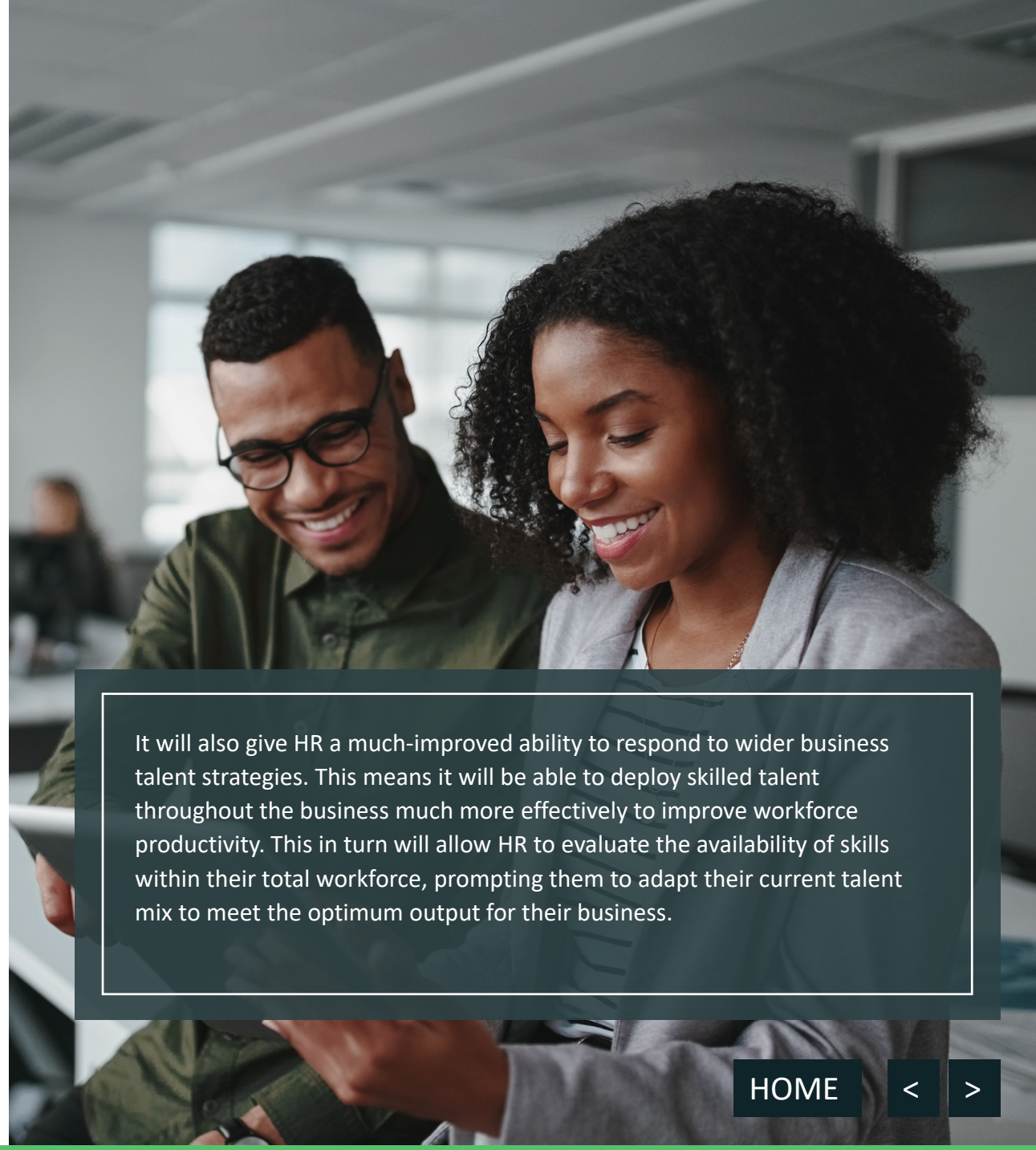
Adoption

What are the potential positives of adopting a TTM approach for HR?

Adopting a total talent management approach to workforce management will help relieve the pains for HR in several ways. As a total talent management approach incorporates multiple stakeholders from across the business, it provides a complete and holistic analysis of the entire workforce. This will mean that HR will have a ready access to the data insights and analytics for both the internal and external workers within their company.

With this data, HR will be able to develop a much clearer picture on the overall development and status of their workers. This itself will improve the management of the worker lifecycle. External candidates will no longer be confined to singular job opportunities within a business but will be able to develop a long-term relationship and career with the organization.

Through the creation of an internal talent pool for external candidates, HR will be able to train, onboard and manage external workers in a way they haven't before. This includes being able to nurture and develop brand guidelines and company visions to external workers, as well as internal employees.



It will also give HR a much-improved ability to respond to wider business talent strategies. This means it will be able to deploy skilled talent throughout the business much more effectively to improve workforce productivity. This in turn will allow HR to evaluate the availability of skills within their total workforce, prompting them to adapt their current talent mix to meet the optimum output for their business.

What are the potential positives of adopting a TTM approach for Procurement?

With Procurement traditionally being the main stakeholder in external workforce management, they have often missed out on the ability to control spend and improve efficiency for both internal candidates and the workforce as a whole. Adopting a total talent management strategy will therefore help Procurement improve productivity and cost effectiveness across the board and not only from an external perspective.

This will be furthered by the ability of Procurement to obtain and analyze data from across the workforce on a single technology platform. With one place to see data for the entire workforce, both Procurement and other stakeholders are able to make much more informed and data-driven strategic decisions around their talent management and total spend.

This is crucial to finding the most efficient and therefore cost effective talent mix for their business. Rather than hiring external candidates on an ad hoc basis and trying to fill the gap in demand after it has already been created, Procurement will be able to make predictive decisions based upon the likely need and talent shortage for their business. Instead of being stuck with multiple reorganizations of internal employees, it will mean that Procurement are able to see a complete and true picture of their organizations talent structure.

What are the consequences for my business if this doesn’t happen?

Organizations who implement a total talent management strategy are able to recruit a full spectrum of talent from internal employees, temporary workers, freelancers and independent contractors. This means that those organizations will be able to choose workers from each individual talent pool for the sourcing of their roles and their workload demand. This offers a blended and holistic approach to talent management within their business, offering increased workforce flexibility and agility.

Those businesses that fail to adopt this strategy, or who poorly implement a total talent management strategy, will not be able to access this agility. Instead of having an on-demand talent resource that can be turned on at will, they will have to compete within the already hotly contested external workforce market. This will increase their time-to-hire and also the overall costs associated with talent sourcing.

As a result, adopting a total talent management strategy becomes a competitive advantage for those businesses that can commit to its implementation. This is especially true for those businesses able to find their optimal talent mix through a corporate level collaboration across all departments. By making talent management a strategic decision, organizations can ensure that they are best equipped to handle both future internal workforce demand and any disruption to the overall talent market.

5. How can technology and outsourced service providers help?

Technology

What is the current state of the art?

Adopting a total talent management approach is more than just changing the way you manage your workforce.

It requires a complete overhaul of the technology systems and management structures you currently have in place. A crucial part of this change is adopting a technology platform that can support the acquisition of both internal and external candidates, alongside data tracking, analytics and workforce reporting.

For most businesses, the best way to acquire a technology platform that can achieve all these objectives is to partner with an external outsourced service provider.

Once your business has partnered with an external service provider, you should be able to convey your knowledge of how your business operates, your brand values and culture as well as your strategic growth plans for the future of your workforce.

Once this onboarding process has been completed, the external service provider will be able to tailor a technology platform to meet the needs of your individual business. In most cases, this external service provider will also be able to provide a talent pool of existing candidates that can be integrated and managed by your organization.

Structural changes—moving towards one portfolio holder for people—how do you get from an overstretched HR leader today to a new position?

HR and Procurement leaders are currently overstretched in their responsibilities to individually manage different aspects of the workforce.

Current management structures within HR, Procurement and other departments are not fit for purpose for a total talent management approach. Instead, a new portfolio holder with single responsibility for the deployment and development of the management strategy should be created.

Organizations who have already made this management change have grouped the new responsibilities for a total talent management leader under a **Chief People Officer** role. It's the role of the CPO to give much greater scope to HR leaders to be able to control the entire workforce, whether they be external or internal workers. It also has the effect of placing the responsibility of the success of the strategy on one person and one team.

This will help aid the communication between different departments, as this new role manages the responsibility of implementing this strategy across all departments at a corporate level.

Implementing TTM is a lot easier if you partner with an outsourced service provider.

In previous surveys of total talent management, technology was seen as one of the biggest barriers to the deployment of the strategy. Whilst many trendsetting businesses were able to devise a total talent management strategy that best suited them, the platform required to deploy this was missing. However, over the last 12 months this has changed.

Instead of technology being the biggest barrier to the implementation of a total talent management strategy, it is become the commitment of organizations to develop and implement the strategy.

> This is partly because the trendsetter businesses were strongly committed to implementing the strategy and therefore faced less internal resistance to this internal overhaul than those who follow behind. However, the technology has also caught up with the demand.

The technology platforms needed to manage both internal and external candidates for your business now exist. Indeed, there are various external service providers that your business can partner with to access a tailor-made technology platform to meet your needs.

In this sense, it is through an external outsourced service provider that any internal resistance to committing to a total talent management strategy can be overcome.

This is because they have the experience and resources to support your business as it transitions from separately managed workforce strategies to a total talent management strategy.

This is particularly true of external providers who can provide good analytics, thorough business credentials and a ready access to an existing external talent pool. While it may seem daunting at first to overhaul your entire workforce management strategy, you don’t have to go it alone.

Managing the technology overheads and minimizing the time needed to manage the business – otherwise completing tasks that can be easily outsourced.

In the end, the overall goal of a total talent management strategy is to reduce the inefficiencies and pains of the existing separate management strategies and minimize the overall time and resource that is put into their deployment.

When operating two different strategies for internal and external candidates, through both HR and Procurement, businesses often find complete resourcing activities twice. There is no cohesion towards a distinct brand of onboarding, and therefore candidates from internal and external sources will have differing worker lifecycle experiences.

Businesses can avoid these pains by adopting a holistic approach to workforce management through a total talent management strategy. It will allow onboarding materials and decisions to be made at a corporate level across all departments.

This will ensure that the total time and spend needed to manage the entire workforce will be entirely optimized. For example, by pursuing the optimal talent mix of internal and external candidates, an organization will be able to ensure that workers are not completing tasks that can be easily outsourced.

This applies in two ways.

1. It ensures that the management of the workforce does not overstretch HR and Procurement departments. Instead, the management of the technology platform and the reporting of the data analysis can be easily done by experienced external service providers. This removes a significant pain for internal departments that have, up till now, had to do their own reporting.

2. Reaching an optimal talent mix will result in tasks being completed by the most efficient candidates. While creative and business-critical tasks can be completed by internal employees, skilled and repetitive tasks can be entrusted to external candidates. Only by gaining this optimal talent mix will businesses be able to reach their full productivity potential and thus remain competitive in the market.

Final thoughts

What we think.

To remain competitive, companies need to pursue and achieve **the optimal talent mix** between internal and external workers in their business. **This agenda needs to be supported at a corporate level and across all departments.**

The driving force behind the transition to total talent management strategies is the increasing demand for skilled talent in a market rife with shortages.

Over the last few years organizations have struggled to remain competitive in the talent market, whilst also optimizing their own productivity potential. This has led many to look to the external workforce market to meet the talent shortages within their business. However, sourcing an increasing number of candidates using higher sums of money is not a cost-effective or efficient solution.

As a result, adopting a total talent management strategy will be less of an option for businesses and more of a necessity. Those trendsetters and early adopters of this strategy will have a distinct competitive advantage in the future labor market.

About Us

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Innovation and a white-glove service approach are key to our ability to consistently achieve excellent results for our customers.

We mitigate risk—always ensuring compliance on behalf of our clients—bring visibility to spend, manage suppliers and supplier performance.

Diversity is a key component of our corporate culture. We pride ourselves in our ability to attract and retain a diverse workforce; a reflection of the needs of our clients and of the marketplace at large.

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