



Millennials Leading the Charge

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Leading the charge of the flexible workplace

The workforce today is comprised of more than 40 million millennials, and it is expected that millennials will account for three out of every four workers by 2025. Although every generation to enter the workforce has brought about significant change in how works get done, the emergence of the millennial worker has created a much more radical shift. Like no other generation before them, millennials are leading the charge for a more flexible workplace and greater control over how, when and where they work. If organizations are unable to meet those expectations, they will be unlikely to attract, engage or retain the millennial workforce.

According a recent study, millennials expect more flexibility in the workplace, whether that is working from home or being able to shift their working hours.¹ They also increasingly want to be in a work environment in which they can thrive professionally and personally. While millennials happen to be driving this change in workplace structure, it is important to note that employees of all generations can benefit from – and increasingly demand – these things as well. It is clear that individuals at all levels want to have more flexible work schedules, and many are willing to give up higher salaries or delay promotions in order to achieve that.

For organizations to remain competitive and attract top talent, they need to reevaluate their work environments to ensure they can provide what the newest generation of workers expects. To meet these needs, organizations are increasing their use of the blended workforce model, where they hire a mix of permanent and contingent workers. Doing so enables them to develop a more agile, high-performing workforce able to meet changing business demands.

Shifting Dynamics and Demographics

With millennials soon to be the largest workplace demographic, and now outnumbering baby boomers in the workplace, organizations must adapt their strategies in order to recruit and retain the best millennial workers – and anyone of value, for that matter, who wants a more flexible work arrangement. As many millennials entered the workforce during one of the most volatile economic periods, there is greater need for more of an entrepreneurial spirit and a consumer-driven, configurable workplace experience to keep them engaged.

Having been practically born with technology in their hands, millennials are used to always-on connectivity, instant access to whatever they need and working collaboratively to accomplish tasks. As such, flexibility in the workplace is no longer considered a reward but an expectation, and it is something that the older generations of workers have come to expect as well.

In fact, research by the Families and Work Institute has found that when employees have effective and flexible workplaces, they are more likely to be emotionally connected and engaged, go the extra mile to help their organizations succeed, stay with their employer longer and be in better physical and mental health.² Therefore, building a culture of flexibility can be a strong retention tool, helping to create an environment where your employees want to work and stay.

Meeting the Needs of Today's Workers

Given the demand among employees for increased flexibility, many companies are embracing the idea of changing how work gets done. More organizations have increased the amount of project-based work they offer as well as the number of contingent workers they hire. Nearly one-third of the workforce is now considered independent or contingent, whether working as freelancers, consultants, temporary staff or self-employed.³

By utilizing a blended talent acquisition approach, that includes a mix of permanent hires and contingent workers, organizations stand to benefit on multiple levels. Companies incorporating contingent talent can broaden their talent pool, gain access to individuals with specialized skills and control and reduce costs. They also benefit from being able to scale up their staff to meet increased business demands and even "road test" talent prior to hiring full time, as long as they transition those employees to full time in compliance with all federal and local regulations.

Despite the benefits, shifting from a full-time employee model to more flexible arrangements and contingent work requires a progressive mindset and culture shift. In the past, flexible workers used to be mainly for high-volume, lower-skill or seasonal work. Yet, today, highly skilled trades and professional workers increasingly look for project-based assignments. High-profile companies like Yahoo! and HP both caused great stirs after announcing changes to their flexible work policies, requiring most of their employees to work in their respective offices. Yet, a research survey by Catalyst of 726 high-potential employees shows that 81 percent work for a firm that offers flexible arrangements, underscoring the widespread acceptance and positive results of such programs.⁴

While organizations continue to offer more flexibility, whether in the form of telecommuting or shifting hours, there is still a stigma attached to employees who take advantage of such employers. And it is important to note that there is no one-size-fits-all approach to workplace flexibility, as some positions, such as retail, cannot be offered telecommuting capability. Still, the world of work is changing. Social and collaborative technologies, generational shifts, more project-based work and 24/7 demands require employers to incorporate more flexibility in their workplace procedures.

The Benefits of a Blended Workforce

Taking a blended workforce approach, where the organization leverages a mix of full-time, part-time and contingent workers, can bring several benefits and make the company more agile. Consider some of the most important advantages of this strategy:

- The company can create an on-demand workforce, allowing them to scale up employment when business demands increase.
- With greater visibility into talent pools across the organization, HR is able to source individuals from the contingent workforce to step in and fill full-time open positions.
- The company gains access to a variety of specialized skills and competencies without the need to increase headcount or the costs associated with adding additional full-time workers.
- By hiring different types of employees, the company can build a workforce of the most qualified individuals available, while giving them the freedom to work when and where it is most convenient.

A New Workforce Model

The demand for more flexibility spearheaded by millennials has led employers to reconsider the traditional “9-to-5” model and offer alternate working arrangements. With a survey of 2,000 millennials showing that 89 percent prefer to choose when and where they work, it is clear that offering greater flexibility can be a boon to employee satisfaction and, in turn, lead to greater engagement and productivity.⁵ But it’s not just the employees themselves who benefit. As business demands continue to change, and many companies are forced to operate with fewer employees across the board, organizations often lack the ability to scale up when a big project or initiative arises. As such, the growing number of individuals who choose to work in a contingent capacity enable organizations access to workers they can turn to on a temporary or project basis, providing a cost-effective solution for staffing up when appropriate. Developing capacity planning, workforce systems and policies that address the needs of both parties – increasing demand among employees for flexibility and the rising use of contingent worker to account for business trends – can lead to greater productivity and satisfaction all around.

It is important to note that the increasing demand for flexibility isn’t just about telecommuting or reducing the number of hours worked. As more individuals place a higher priority on work-life integration, employees want to be able to dial up or dial down their work schedule to address personal needs. This is something increasingly important among workers of all ages, whether they care for young children or aging parents, or have other concerns outside of work. Organizations that are in touch with employee needs and their desire for stronger work-life balance, and deliver programs that reflect their attitudes and interests, can build a more engaged workforce.

Benefits of Providing More Flexibility

Meeting employee demands for flexible work arrangements does more than just make employees happy, it can lead to significant improvements across the board. For instance, it can have a substantial impact on productivity. By allowing for flexible work assignments, millennial workers or those at any age can further develop and expand their skills. In addition, such arrangements can strengthen employee engagement by providing meaningful and challenging work. Moreover, individuals with flexible work schedules tend to sleep better and exercise more and are generally healthier, resulting in safe, more productive work environments.

Increased worker flexibility can also have a positive financial impact. With lowered full-time headcount in the workplace, the company can reduce its operating expenses in a number of ways, from less spending on real estate, employee benefits and other costs associated with having employees on site. Organizations also benefit from improved business continuity; in the event of inclement weather or other disasters, their telecommuting staff can still work their schedules.

Moreover, by creating and maintaining a pool of contingent workers, the company can access those with specialized skills on demand as business needs dictate, rather than having to pay full-time salaries to those individuals. In addition, the company can save additional time and resources on hiring. Instead of starting the recruiting process from scratch when a full-time position becomes available, the company can source from its contingent worker pool, ensuring they find the right individuals already experienced with the company.

Engaging the Millennial Workforce

As millennials continue to enter the workforce, they bring the crucial skills, technological know-how and entrepreneurial spirit organizations need to succeed. They also come with high expectations about what their employer should offer in terms of a work environment. If they do not feel that their expectations are met, most millennials won't hesitate to look for employment elsewhere. Following are several tips to ensure organizations attract, hire and retain the next generation of great employees:

- Offer flexible working arrangements and schedules that give millennials the work-life balance they demand and enable them to work when, where and how they want.
- As millennials value the opportunity to improve their own personal development, adopting job sharing or job rotation strategies can help expand their skills and keep them engaged.
- Millennials have essentially grown up with the internet and are accustomed to instant access to information and continuous communication. Embracing digital technology and social media will help them feel connected to the organization and their colleagues.

Strategies to Create a More Flexible Workplace

The role of increased flexibility in attracting, engaging and retaining millennials and workers of all generations is apparent. By giving employees the ability to have more of a say in how, when and where they work, the organization can leverage the diverse skills of its team, when they are needed most. To create this type of environment, there are five steps an organization should follow:

- 1. Recognize what they want** —Whether shorter work weeks, flexible hours or telecommuting, the first step is to identify the types of work arrangements employees expect. The organization must then determine how it can adapt its current structure and policies to account for these arrangements.
- 2. Break resistance** —Some managers may hang on to the old rules and not want people working remotely. The organization can get detractors on board by showing how flexible work models can be more effective and by emphasizing how the priority should be on getting work done rather than face time in the office.
- 3. Create rewarding experiences** —Most individuals want to build a more diverse set of skills, and employers benefit from developing and enhancing the strengths of their employees. Techniques such as job sharing, job rotation and other experience-based learning can ensure employees are exposed to more meaningful work while expanding their skillsets.
- 4. Be flexible in both directions** —While some millennial workers may pursue project-based work, others may look to play a greater role in business success. The organization must be open to transitioning full-time employees to a contingent capacity or helping individuals move from contingent worker to permanent employee.
- 5. Incorporate social and collaborative tools** —Leveraging technologies millennials already use in their personal lives can help to strengthen connections and expand employee skillsets. Social media can be used to facilitate mentoring programs, idea sharing and other collaborative activities.

Ensuring Regulatory Compliance

While contingent work has numerous benefits for employees and employers alike, it also raises significant compliance concerns. All too often, organizations are subjected to hefty fines if their workers aren't classified appropriately or don't receive the necessary compensation for their job type. For instance, hiring contractors to work full-time, but without providing them full-time compensation or benefits, can lead to significant penalties.

- Offer flexible working arrangements and schedules that give millennials the work-life balance they demand and enable them to work when, where and how they want.
- Despite the increased regulatory environment, employers shouldn't be discouraged from creating a more flexible work environment or leveraging the contingent workforce. Instead, they just need to be extra vigilant in how they classify their employees. Some tips for meeting compliance include:
- Ensure all employees are classified accurately by their employment type, whether contingent, full-time, temp-to-perm, independent contractors, 1099s or direct hires.

Gaining Greater Visibility

As contingent work increases, and more organizations adopt strategies to improve their flexibility, it is important for organizations to maintain full visibility into their total workforce. By understanding all of their employees, whether permanent or contingent, they can ensure they make better-informed and cost-efficient hiring decisions.

Despite the many benefits of utilizing a blended workforce, all too often, key workforce data remains siloed by the departments responsible for managing the different types of talent: HR for permanent hires and Procurement for contingent workers. What results is a lack of visibility as Procurement focuses independently on executing work according to contract, and HR loses sight into the enterprise-wide workforce. Without this insight into the skills already in the organization, it becomes more difficult to make the best hiring decisions.

The use of an integrated talent management system can provide clear visibility into the total talent across the enterprise, enabling organizations to understand the skills and competencies of its staff, whether permanent or contingent. As a result, HR teams can search internally for individuals with the needed capabilities, reducing the time to hire and costs of recruiting significantly. For greatest benefit, the use of social and collaborative tools and comprehensive talent profiles for each employee can help HR identify talent and ensure they find the best people for the organization's positions.

- Gain a full understanding of the local, state and federal regulations of each location in which employees are hired. For organizations that hire globally, understanding the rules regarding contingent workers in international locations is essential as well.
- Understand the differences between exempt, non-exempt and part-time workers, whether hiring someone already inside the organization or bringing in someone new, and how that impacts how they are compensated.
- Communicate to all vendors who supply contingent talent that compliance is not optional and ensure they understand the company's compliance program.
- Implement an end-to-end automated solution to better control contingent workforce management tasks and ensure standardized processes throughout the organization.

Meeting the Needs of Today's Workforce

Changing organizational needs and the growing “do more with less” attitude have driven companies to seek contingent work. At the same time, the millennial generation has led the charge for demanding more flexibility in how all employees choose to work. These two factors have converged to create a unique synergy that can provide more options for workers and deliver greater results for the organization. To ensure success, however, the organization must be able to deliver on the needs of the millennial generation.

Although the newest entrants to the workforce demand more flexibility in how, when and where they work, the best approach will involve much more than just implementing a telecommuting policy. Instead, employers must completely rethink their workforce models, from how they attract job seekers to how they retain their best employees, whether full-time or contingent. By offering flexible work schedules, ongoing development opportunities and the ability to transfer from contingent to permanent employee, and vice versa, the employer will be better prepared to attract and engage the millennial workforce. At the same time, the employer will benefit from a flexible talent pool that they can scale up and down as business needs dictate.

The demand for greater flexibility has been driven by millennials, but this approach is increasingly favored by workers at any age. A flexible approach to work has become essential to attract and retain workers at all levels and to sustain competitiveness. Organizations that embrace this new model for how work gets done can address the most critical challenges – performance, generational requirements and financial controls – and meet the changing needs of today's workers.

¹ PwC, the University of Southern California, and the London Business School. "PwC's NextGen: A Global Generational Study." 2013. Accessed from http://www.pwc.com/en_GX/gx/hr-management-services/pdf/pwcnextgen-study-2013.pdf

² The Families and Work Institute (FWI) and the Society for Human Resource Management (SHRM). "Workflex: A Win-Win for Everyone." 2013. Accessed from <http://www.whenworkworks.org/be-effective/articles-ideas/workflex-a-win-win-for-everyone>

³ Levit, Alexandra. "The Rise of the Independent Work Force." The New York Times. April 14, 2012. Accessed from http://www.nytimes.com/2012/04/15/jobs/independent-workers-are-here-to-stay.html?_r=0

⁴ Beninger, Anna and Carter, Nancy M. "The Great Debate: Flexibility vs. Face Time – Busting the Myths Behind Flexible Work Arrangements." Catalyst. July 8, 2013. Accessed from <http://www.catalyst.org/knowledge/great-debate-flexibility-vs-face-time-busting-myths-behind-flexible-work-arrangements>

⁵ Millennial Branding and oDesk. "Millennials and the Future of Work." February, 2013. Accessed from <http://www.slideshare.net/oDesk/millennials-and-the-future-of-work-survey-results>

About VectorVMS

VectorVMS, a former division of PeopleFluent, delivers software and services to help businesses optimize their contingent workforce programs. Drawing on 20 years of experience, we help clients and MSP partners control costs, maintain compliance, and drive quality and efficiency—throughout the contingent labor lifecycle.

VectorVMS offers flexible delivery models, enabling clients to manage strategic sourcing in-house, through an MSP, or with support from our experienced program managers.

A part of Learning Technologies Group plc (LTG), VectorVMS also powers a total talent ecosystem that gives clients a holistic view of their workforce.

For more, visit vectorvms.com.

Contact Us

Find out how VectorVMS solutions can help you control costs, maintain compliance, and drive quality and efficiency throughout your contingent workforce program.

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