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Reconfigure and Build Resilience in Your Workforce Model of the Future

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Initiatives: Executive Leadership: Talent; CIO Leadership, Culture and People

The COVID-19 pandemic has accelerated digital transformation. As businesses stabilize, recover and renew for growth, executive leaders should seize the opportunity to reshape the future of work and reconfigure their workforce model to improve resilience and achieve optimal performance.

Overview

Key Findings

- Boards of directors are driving digital acceleration as a response to the pandemic. Executive leaders face immense pressure to quickly pivot their organizations toward new ways of working to increase the speed and effectiveness of deploying their digital initiatives amid continual social, economic uncertainties and disruptions.

- Many organizations’ current workforce models and talent practices are too static, rigid and slow to effectively keep pace with the needs for digital acceleration.

- Technology has made it easier to utilize alternative resources including contingent labor (contractors and gig workers), automation and artificial intelligence (AI) augmentation to fill skills gaps, improve productivity and optimize costs. However, most organizations don't have effective organizational mechanisms to plan, source, develop and optimize capabilities required for a resilient workforce model.

Recommendations

Executive leaders seeking to improve their organization's ability to meet future workforce needs should:

- Learn different options to reconfigure the workforce with more flexible and composable resources (e.g., gig workers, robots and AI) to improve agility, efficiency and effectiveness.

- Compose the best-fit workforce model for your business needs by balancing flexibility and scalability with cost-effectiveness.
Build organizational systems to accelerate the shift to the new workforce model and develop an adaptive and future-ready workforce.

Strategic Planning Assumption

By 2024, organizations will lower operational costs by 30% by combining hyperautomation technologies with redesigned operational processes.

Introduction

As the impact of the global pandemic and economic crisis continue to unfold, businesses must navigate new disruptions and uncertainties in their geographies, industries and market environments to sustain and thrive. These trends can significantly change the ways businesses operate and shape the future of work (see Executive Summary Video: How to Succeed in a World Disrupted by COVID-19). The 2021 Gartner View From Boards of Directors Survey clearly indicates that boards are driving digital acceleration as a response to the pandemic. ¹

Executive leaders must execute faster by resetting business assumptions and pivoting their organizations toward more flexible, agile ways of sourcing, acquiring and developing capabilities needed to increase the effective deployment of their digital initiatives. However, many organizations’ current workforce models and talent practices are too static, rigid and slow to effectively keep pace with the demands for digital acceleration.

Therefore, one key element of the strategic reset that executive leaders should focus on is to reconfigure the workforce model with greater resilience so that talent and work can be effectively aligned in response to future business scenarios. The new workforce model must balance the immediate need of recovery through digital acceleration with the longer-term goal of building an adaptable, cost-efficient and high-performing workforce.

A resilient workforce model builds on a wide range of human- and technology-centric resources with a varying degree of interchangeability that can be reskilled, upgraded or reconfigured dynamically to support evolving business needs.

Before the pandemic, digital business transformation, along with AI, automation and other technological advances, had already had a profound impact on who does what work, how work is done and the nature of the work that human beings do. The 2019 Gartner Research Circle Leadership and Talent Management Survey shows that enterprises are shifting toward a blended workforce model that includes more nontraditional workers (gig workers, self-serve customers), robots and AI-augmented resources. Among participating organizations, the average percentage of work performed by these resources is predicted to increase from 5% in 2019 to 28% by 2029. ² The pandemic has further accelerated this shift. We see organizations replacing some percentage of their permanent staffing with freelancers and gig
workers for agility in the short term. Al initiatives have accelerated in the healthcare, bioscience, manufacturing, financial services and supply chain sectors.

This research provides executive leaders with guidance for evaluating different options available to compose a blended workforce model and establishing necessary organizational systems to accelerate the shift to the new model (see Figure 1).

Figure 1: Build Resilience Through a Blended Workforce

Build Resilience Through a Blended Workforce

<table>
<thead>
<tr>
<th>Agility</th>
<th>Scalability</th>
<th>Cost</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

Humans + Automation and AI-Enabled Resources

Augment | Enable | Replace

Analysis

Learn Options to Reconfigure Your Workforce Model

Executive leaders need to first understand the spectrum of human- and technology-centric resource options, evaluate their benefits and risks, then determine how current and future work should be distributed across that spectrum to support short- and long-term business goals. Here are the brief descriptions of different options.

Employees (Full- and Part-Time)

This is the most traditional way to build a workforce owned by the enterprise. The work performed by employees is usually stable and job-based. Historically, employee movements were limited and their skill sets were slow to change and became outdated over time. This has been a perennial problem causing the workforce of many organizations unable to meet changing business needs.

Talent Sharing With Partner Organizations

This began as a development vehicle for high-potential talent and rising senior leaders by intentionally rotating this talent with companies in their value chain or location. It has expanded to include rotation of
early career talent through local startups. This approach can also be combined with contract-based work, where contractors can be rotated through other organizations during off-contract times. This builds a pipeline of talent with unique skill sets and experience, valuable to the organization, who want the variety of development experience and the flexibility of being contractors.

The pandemic has accelerated the adoption of this approach. A growing number of organizations are leveraging it to flex staffing with uncertainties in demand, broaden talent pools to gain access to displaced workers with transferable skills and maintain their commitment and support to employees through crisis (see Sharing Talent to Meet Workforce Needs During the COVID-19 Pandemic).

**Consultants**

These are resources hired through a consulting firm for specific project-based work. It is expensive and often for more complex work requiring specialized skills and high industry expertise not available internally and difficult to source from other external channels. At the beginning of the pandemic, consultants were the first place many organizations cut staffing when they needed to reduce or eliminate discretionary spending in projects.

**Outsourced/Temporary Labor**

This refers to resources sourced from a staffing agency (or managed service providers) for fixed-term, project-based or time and materials (T&M) based work. It is good for low- to medium-skilled work, such as commodity-type IT operation services, where the risk of knowledge loss is low. With the increased use of platforms for gig work, we see the use of outsourced, T&M-based labor decreasing.

**Independent Contractors/Freelancers**

This is a type of contingent worker who is self-employed and not necessarily committed to a particular employer in the long term. They may work exclusively with one organization on a project or with different companies across a period of time.

**Gig Workers**

This type of contingent worker is sourced from external platforms such as Fiverr, Flexing It or Upwork, for on-demand task- or project-based work. The length of the assignment may range from short (hours or weeks) or long (six months or more) and may require varying levels of time commitment (25% to 100% of a worker's time), depending on the nature of the assignment. Organizations can use gig workers for a variety of tasks, including legal support, marketing, accounting, software development, content moderation and administrative work. Gig workers are increasingly tapped as a source to fill temporary, urgent needs for critical talent and scarce expertise versus simply a lower-cost alternative (see 10 Types Roles You Didn't Know Could Be Gig).

**Customers Through Self-Service**

This refers to shifting some product-support tasks from employees to customers, utilizing knowledge and information provided through automated systems and web-based tools. This approach is now often
combined with AI capabilities for improved customer experience while reducing cost (see Digital, Self-Service and Assisted Customer Service Channels Primer for 2020).

Automation and AI-Enabled Resources

This refers to the use of automation and AI technologies to automate work performed by humans, enabling and augmenting humans to take on more work, take on different tasks and engage in new work opportunities. Gartner refers to the human and AI combination as “augmented intelligence” (see Future of Work Scenarios 2035: How Will Leaders Manage in a Majority-Bot Workforce World?).

See Figure 2 for a summary of benefits and risks of these options for human and technology centricity.

**Figure 2: The Range of Human- and Technology-Centric Options**

**The Range of Human- and Technology-Centric Options**

<table>
<thead>
<tr>
<th>Type of Work</th>
<th>Employees (Full-Time/Part-Time)</th>
<th>Talent Sharing With Partner Organizations</th>
<th>Consultants</th>
<th>Outsourced/Temp Labor</th>
<th>Independent Contractors/Freelancers</th>
<th>Gig Workers</th>
<th>Customers Through Self-Service</th>
<th>Automation and AI-Enabled Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job-based, including projects and tasks</td>
<td>Project-based</td>
<td>Project-based</td>
<td>Mix of projects and tasks by contract</td>
<td>Project-based</td>
<td>Task-based</td>
<td>Task-based</td>
<td>Task-based</td>
<td>Task-based</td>
</tr>
<tr>
<td>Skill Level</td>
<td>Low to high</td>
<td>Medium to high</td>
<td>Medium to high</td>
<td>Low to medium</td>
<td>Medium to high</td>
<td>Low to high</td>
<td>Low to medium</td>
<td></td>
</tr>
<tr>
<td>Benefits to the Organization</td>
<td>Stability</td>
<td>Predictability of cost (salaries and benefits) and performance</td>
<td>Access talent where supply is limited</td>
<td>Develop and retain talent</td>
<td>Ecosystem partnerships</td>
<td>Access to high-level expertise</td>
<td>Fill critical skills gaps quickly in short term</td>
<td>Variable cost; cheaper than consultants</td>
</tr>
<tr>
<td>Risks to the Organization</td>
<td>Slow response to changing skills needs</td>
<td>Knowledge loss due to turnover</td>
<td>Loss of key talent to partner organizations</td>
<td>High cost</td>
<td>Builds dependency</td>
<td>Some potential for knowledge loss</td>
<td>Quality of work and performance</td>
<td>Cost</td>
</tr>
</tbody>
</table>

Source: Gartner 734024_C

**Compose the Best-Fit Model for Your Business Needs**

*By 2024, organizations will lower operational costs by 30% by combining hyperautomation technologies with redesigned operational processes.*
Because of accelerated digital efforts, executive leaders must execute fast while keeping cost optimization goals in mind. To compose a resilient workforce model fit for your business needs, executive leaders must evaluate the degree of interchangeability of talent and work within their industry, and balance that with their enterprise's specific needs for flexibility, cost-efficiency and scalability.

Assess Interchangeability of Talent and Work in Your Industry
Prior to COVID-19, our research showed signs that anticipated progression toward a more blended workforce model over the next 10 years would likely vary by industry (see Figure 3). Now, with demands for digital acceleration combined with pressures for agility and cost-efficiency post-COVID-19, this presents executive leaders a great opportunity to exploit technologies for maximum automation to increase resilience, enable scale and cut costs. Gartner defines this trend as business-driven hyperautomation in which organizations rapidly identify, vet and automate as many approved business and IT processes as possible through the orchestrated use of multiple technologies, tools or platforms for efficiency, efficacy and agility.
Gartner views hyperautomation as inevitable and “everything that can and should be automated will be automated.” Different industries and specific enterprises will approach it in different ways, depending on the nature of their business, culture and risk-reward appetite (see Three Steps to Hyperautomation).

Accordingly, executive leaders should evaluate how their organization can leverage hyperautomation to reconfigure the workforce model for resilience, by answering these questions:

- How interchangeable is the talent and work in our organization? How will it change in future?
- Where can standardization and automation remove complexity in processes and improve productivity of human workers?
- Are technologies (e.g., robotics, AI, Internet of Things [IoT], data and analytics) for our industry mature enough to adopt?
Balance Cost-Efficiency With Agility and Scalability

In the wake of the COVID-19 disruption, a key focus of boards of directors is to drive higher levels of cost optimization through digital initiatives. Salaries alone can account for 29% to 55% of an organization’s operating expense, according to the Society for Human Resource Management. When evaluating different options to shift the workforce mix, executive leaders need to ensure cost structures are reset at a competitive level, aligning with business needs to scale up and down in the new normal. For example, Huatai Securities — a Chinese diversified securities services firm — set up intelligent business operations with “digital employees” for cost-efficiency and to free up human employees to take on new work in scaling digital initiatives.

Case in Point: Deploying “Digital Employees” for Cost-Efficiency and Scalability (Huatai Securities)

To support the fast-growing demand for resources in scaling digital initiatives, Huatai realized that they must find ways to streamline business processes and free up resources from labor-intensive work in midoffice and back-office operations. In 2019, the company launched the prototype of digital employees — AI-based bots — as part of their intelligent service platforms. There are now more than 30 bots employed in multiple business lines operations. Some of these bots are designed to perform specific tasks, some are oriented toward fulfilling most responsibilities within a position. The goal is to gradually evolve and develop these digital employees into resources that are fully capable of handling most routine jobs independently just like human workers do. The concept was first implemented at a small scale to demonstrate how AI solutions help humans (e.g., reduce/eliminate overtime, support career growth) versus simply displacing them. This made it easier for employees to accept, rather than resist the change.

The role of human employees in the new model is to develop rules, train the bots, correct errors and create measures to mitigate risks. Moving routine tasks and workloads to digital employees allowed human employees to take on new roles and work opportunities in digital transformation initiatives. These new roles require employees to be customer-centric, and develop strong business acumen and business process knowledge. They also need to apply design thinking to identifying new opportunities for process automation and augmentation of human capabilities for efficiency and value.

Line managers’ responsibilities now include platform development and management. This requires them to develop higher levels of digital dexterity and platform-thinking skills, knowing when and how to use AI versus humans in delivering the work efficiently and effectively. Leaders at the top must
trust, empower and delegate to their teams of professionals to determine where and how AI solutions can deliver cost savings and improve productivity. Leaders across all levels need to develop and strengthen risk management skills, and realign their accountabilities to effectively manage the new blended workforce model.

Results

Under the new model, the company shifted at least 50% of its human resources from business operations areas to new roles supporting digital initiatives. Through process automation and intelligent service platforms, the IT organization enables the business to improve internal operating efficiency and customer experience. The digital employee concept has gained good traction in Huatai’s institutional client base. It not only showcases IT’s financial technology (fintech) development capabilities, but also presents the business with an opportunity to commercialize digital employees as a new intelligent service offering.

One of the key issues executive leaders must consider in composing a blended workforce model is how flexible and agile the model is to adapt to shifting business priorities and needs for talent and capabilities in the short and long term. Before the pandemic, leading organizations had started to expand beyond traditional human resource options (mainly employees, supplemented with consultants and resources from outsourcing partners) and leverage nontraditional resources (e.g., gig workers) to increase workforce flexibility and address critical talent gaps. In the 2019 Gartner Talent Management for Tech CEOs Survey:

- 52% of organizations sought out contingent/gig workers to quickly and efficiently scale staffing up and down to meet shifts in demand and changing business circumstances.
- 47% of organizations turned to highly-skilled contingent/gig workers to help bridge skills gaps and 46% temporarily filled key roles due to difficulties attracting and retaining employees.  

Executive leaders should reconfigure the model, balancing agility and scalability with cost-efficiency, to effectively align with organization priorities and growth patterns. For example, organizations looking to make multiple transformative bets with aggressive revenue growth targets can consider leveraging more contingent workers in their product teams to ramp up and down more rapidly and contain growth in fixed personnel costs. Organizations expecting a more steady, traditional growth pattern, for example, in call center operations, can continue with an employee-based model while exploring opportunities to automate repeatable tasks with AI capabilities for improved scalability and cost-efficiency (see Figure 4).
While leveraging more agile resources, such as gig workers, can improve workforce model resilience in the short term, executive leaders should break away from siloed behaviors and work together to achieve the best-fit workforce model through increasing talent mobility. To achieve that, executive leaders must invest in building effective organizational systems that enable their current workforce to be more adaptable and composable to enable a resilient workforce model for the long term. Here we outline three organizational systems that are proven to be successful and can be deployed rapidly.

Build Organizational Systems to Accelerate the Shift to the New Model

Build an Agile Learning Workforce Through Dynamic Skilling

One of the interesting consequences of a shift to a more blended workforce is an increase in the need from existing employees to develop new skills. Our research shows that, since 2017, the total number of skills required for a single job is increasing by 10% year over year, and over half of the total skills needed in the average job are new. In addition, over 30% of the skills needed to do a job in 2017 will be obsolete by 2021. To build resilience in the workforce, executive leaders need to embrace an agile learning mindset and develop a dynamic skills capability that quickly aligns the workforce with shifting skills.
needs where they arise. These practices ensure staff effectiveness in both the learning and application of new skills (see Realize Agile Learning Outcomes Through Dynamic Skilling).

A dynamic skills strategy is defined as “a flexible strategic plan that brings together cross-organizational perspectives to identify, address and monitor skills throughout the organization.”

Executive leaders should partner with HR to adopt the following best practices:

1. **Build a culture of learning on the values and principles of agile learning** (see Agile Learning Manifesto). Agile learning is a mindset and method of skills development, via iterative short bursts, applied in the flow of achieving outcomes that can dynamically adjust with changing needs. This approach addresses the key challenge of traditional training programs lacking adaptability and being too slow in response to a skills shift.

2. **Create a skills-sensing network** that flexibly incorporates cross-organizational stakeholders’ perspectives and establishes shared responsibility in addressing skills shifts in real time and course-correcting the skills strategy dynamically (see Case Study: Skills-Based Action Planning (Lloyds Banking Group)).

3. **Identify and implement accelerators to develop skills at the time of need.** Look beyond traditional learning and development (L&D) to include solutions such as skills adjacencies — a common way to meet skills demands in recruiting. Or upskill fast by seeding “skills disseminators” trained to teach skills to line colleagues as the need arises (see Case Study: Skills-Adjacent Data Science Team Development (Eastman)).

4. **Empower employees to make informed skills decisions dynamically** through two-way, transparent skills information sharing between employees and the organization. Organizational skills information includes which skills are needed, which are no longer needed and where skills needs are unknown when organizations shift work to customer self-service and introduce hyperautomation (robots and digital [AI] employees). Employee skills information may include their current skills, experiences and aspirations. Employees and managers can connect the dots between what the organization needs and how they should develop themselves and their teams to succeed in the new work model (see Survey Analysis: CIOs Must Prepare for Impact of Blended Workforce on Talent Management Strategy and Case Study: Adaptive Career Logic (Schlumberger)).

**Compose the Workforce Into Fusion Teams to Enhance Agility and Adaptability**

To realize the full promise of digitalization, companies must embrace flexible, cross-cutting, highly collaborative ways of working. Our research shows that 80% of IT employees now work on teams with counterparts from other parts of the business. Gartner refers to these multidisciplinary digital business teams as “fusion teams.” Executive leaders can not only leverage fusion teams to orchestrate talent and skills across domains to deliver digital solutions with speed and agility, they can also develop employees
to be more adaptable, digitally dexterous and likely to stay! The key behaviors to foster through fusion teams include:

1. **Encourage a coaching commitment** — Staff in fusion teams feel duty-bound to coach each other as they develop new areas of expertise.

2. **Foster a learning mindset** — Staff in fusion teams collaborate to build expertise in new domains. A learning mindset both contributes to, and results from, participation in fusion teams.

3. **Open disposition** — Staff in fusion teams are open to risk, uncertainty and new ways of working. This open mindset is crucial for employees to thrive in fusion teams.

4. **Digital acumen** — Staff in fusion teams understand how digitalization affects the wider business context and requires new ways of working.

> “Moving to a work model that blends humans and AI capabilities requires leaders to entrust professionals to identify and develop the right solutions that will deliver the optimal performance. Let the experts do what they do the best.”

— Wang Ling, IT general manager, Huatai Securities

### Establish an Internal Talent Marketplace to Enable Agile Talent Management

An internal talent marketplace is a platform-based system that supports gig-like work inside an organization. Leading organizations are adopting this approach to source and develop a dynamic, agile and future-ready workforce.

- Google has been using AI to help power an internal talent deployment platform. The marketplace-based approach allows employees and managers to bid for various assignments. To aid adoption of the platform, both employees and managers were asked to rank their personal preferences, which allowed the team to pair them using a Gale-Shapley deferred acceptance algorithm, which matches employees to roles based upon these preferences.  

- GE has developed their own labor market platform to drive product innovation. The company’s GENIUSLINK serves as a crowdsourcing mechanism for highly skilled workers, including data scientists and engineers.  

- Unilever introduced the Open Talent Economy (OTE) approach to support agile ways of work, and help managers source and deploy the most relevant talent for key projects by tapping into nontraditional resources in addition to their employees. They provide strong training and support mechanisms for
Executive leaders can use internal talent marketplaces to enable fusion teams to track, source and map talent to roles with required skills and experience to complete a project or task. To do so, traditional jobs or projects need to be broken down into the discrete tasks or project roles necessary to carry them out. Then, the platform can match each task or project role to an employee based on an AI-enhanced profile that details the employee’s capabilities and preferences. Some organizations have adopted this type of platform to assist employees in finding discretionary or exploratory projects to further their development. In times of market turmoil or sudden business change, organizations can use this type of platform to create or expand internal gig work as an alternative to layoffs or unpaid furloughs. After all, an internal talent marketplace provides organizations with greater staffing flexibility and, eventually, changes how work gets done in organizations (see What Is an Internal Talent Marketplace?).

**Evidence**

1. Survey Analysis: Board Directors Say Pandemic Drives Increased Investments in IT

2. The 2019 Gartner Research Circle Leadership and Talent Management Survey was conducted via an online survey from 8 April through 23 April 2019 with 123 Gartner Research Circle Members. The survey is designed to test the changes expected in workforce management practices as the makeup of the workforce changes.

3. How the Coronavirus Is Impacting Freelancers and Gig Workers, Forbes.

4. Hype Cycle for Artificial Intelligence, 2020

5. The Benefits and Challenges of Contingent Labor for Startups

6. Gartner TalentNeuron


**Recommended by the Authors**

Toolkit: Gartner Global Scenarios 2020: How to Accelerate Business Success in a Time of Worldwide Disruption

7 Key Considerations for a Post-COVID-19 Workforce Strategy

How to Select the Right Employment Models
A Framework for Applying AI in the Enterprise
AI and the Workforce of the Future 2.0
Fusion Teams: Cross-Functional Collaboration for the Digital Era
Building a Dynamic Skills Organization
Top 10 Strategic Technology Trends for 2020: Hyperautomation
Improve Customer Self-Service Adoption by Automating Knowledge Capture and Curation
Maverick*Research: Building a Fluid, Configurable Workforce? You Need a Talent Loyalty Program

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