

How the gig economy is transforming the enterprise

10

*workforce imperatives
corporate leaders can use
to become “flexiprises”*



How the gig economy is transforming the enterprise into a flexiprise

10 workforce imperatives every corporate leader must embrace

Nobody thought a mobile app could disrupt the sleepy, entrenched taxi industry. Nobody thought short-term home rentals could do the same to hotels. And who thought they'd use an app to order lunch or supplies—delivered immediately? Nobody.

But now doubters are believers, and folks everywhere are using—and talking about—the rise of the gig economy. Everywhere, it seems, but the enterprise.

Although 80% of Fortune 500 companies report that they are using contingent workforces in some way, most enterprises aren't yet capitalizing on the opportunity to rethink their workforce and become more scalable, agile and flexible.

The workforce has changed, and the enterprises that adapt to this new reality will win. This whitepaper defines the rise of the flexiprise, digging into how enterprises are capitalizing on its advantages. From this, you'll take away 10 business imperatives we believe every corporate leader must embrace in this new business era.

A BUSINESS EVOLUTION

In the 1990s, Just-in-Time manufacturing revolutionized the way companies manage inventory by enabling volume to match demand. The result? Less risk and wasted product.

In the 2000s, the digital revolution connected people to information and each other instantly. Result? Less wasted time. (Can you imagine posting a letter or sending a fax for business today?)

In this decade, the gig economy has forever changed the services industry. From Lyft to TaskRabbit to Postmates, we can now request services and receive commodities when and how we want them, at the drop of a hat.

Taxis were the tip of the spear, but this model has also revolutionized the delivery of objects, such as products and meals.

WHAT IS A FLEXIPRISE?

A flexible enterprise, marked by agility from flexible workforces.

Flexiprises match customer demand to skilled contingent services.



The gig economy enabled on-demand delivery of people and products.

While most of us are quick to associate the gig economy with these popular services, the real opportunity lies in the *enterprise*.

Just as consumers look to the gig economy for convenience and expediency, companies are increasingly looking at flexible workforces that grow in number to meet spikes in demand, then fall back to a baseline service when demand wanes.

These workforces perform critical business functions such as IT work, sales, operations and customer service. By making their workforces nimble, enterprises are able to be more efficient and respond to rapid market changes.

Research shows a rise in large enterprise and mid-market companies adopting flex workforces. According to research from Ernst and Young, 18% of the workforce at mid-market companies is contingent, and that's expected to reach 20% by 2020. At large corporations, those numbers are 16% and 19%, respectively.

While the adoption numbers are similar, the rationale for adoption is quite different. For big companies, the No. 1 driver is to control labor costs. For mid-market companies, it's to fuel growth, gaining on-demand labor with minimal commitment.

THE 10 BUSINESS IMPERATIVES

1. Activity is the new unit of measurement
2. Control costs and fuel growth
3. Make flex labor skilled labor
4. Expand your talent pool
5. Onshore critical roles
6. Redefine quality
7. Change hiring expectations
8. Embrace short-term workers for the long haul
9. Activate flexible, ongoing skill development
10. Create flexibility in all areas of your business

We'll wrap up this whitepaper with a quick set of questions to help you begin thinking of your enterprise through the lens of a flexiprise.

BUSINESS DRIVERS

Why are companies using flexible workforces? It depends on their size.

Control labor costs



Complete projects when expertise/capability is beyond existing workforce



Respond to seasonal workforce requirements



SOURCE: ERNST & YOUNG

BUSINESS IMPERATIVE #1: ACTIVITY IS THE NEW UNIT OF MEASUREMENT

How long should a meeting be? We are conditioned to think it's an hour, yet the ideal length of a meeting is as long as it takes to get business done.

Similarly, most managers are conditioned to think in terms of FTEs: full-time employees. That's the default unit of measurement for workers, and it produces a business rife with inefficiencies. If you need 2.4 recruiters to bring in the correct number of employees, you must either stretch two recruiters too thinly, or hire three recruiters with too much time on their hands.

Work activity no longer needs to fit into an FTE box of eight hours per day, five days per week. In fact, FTE should no longer stand for Full Time Employee.

When enterprises stop thinking in 8-hour increments, FTE can now stand for Flexibility, Time, and Experience.

- **FLEXIBILITY:** People work the amount of hours needed to get the job done, increasing or decreasing based on demand.
- **TIME:** Workforces are no longer based on set employee schedules, but adapt to seasonal or daily fluctuations.
- **EXPERIENCE:** Workers aren't sourced for a broad role, but instead sourced based on skill as needs arise, enabling micro-specialization that best serves customers.

Managers of unit economics, take note: the unit is not the employee, it's the activity. When enterprise business leaders change their thinking to "activity units," they'll be well on their way to building a flexiprise.

The enterprise business will be like the black car driver idly waiting for a call. The flexiprise business will be dramatically more nimble, as in, "Someone wants a ride, who's the closest and best person to pick them up?"

This massive change is possible because the internet matches demand with supply, seamlessly, with minimal waste.

BUSINESS IMPERATIVE #2: CONTROL COSTS AND FUEL GROWTH

Startups and SMBs have been employing flex workers for years, according to the Ernst & Young study. It's proven to be a great solution for cost-conscious entrepreneurs and those growing cautiously with flex staff when the business isn't ready for a full-time employee commitment.

Cost overhead can come in many forms. After personnel, real estate is typical the largest expense for a business, and as employee hiring increases, so does the cost of housing these people.

Add to this the hardware, software and telecom needed for workers to be productive—plus the cost of hiring and training them—and each employee triggers a hefty bill before they ramp up to their potential.

The cost of permanent workers can cripple a business poised for growth by draining critical funds and resources needed for other growth efforts. But a flexiprise has the on-demand economics to embrace growth at any level.

Flexiprises control costs by shifting traditional brick-and-mortar expenses back to the flexible workforce, who maintain their own offices and equipment to best suit their productivity. Ownership of these assets incentivizes flex workers to be excellent stewards of resources, while employees rarely pause to consider who's paying for the extra office supplies or wasted space.

The flexiprise aligns business and worker priorities in several ways. Because flex workers tend to be self-motivated and independent, they require less management and supervision, saving companies on administrative costs. And because flex workers are paid only when customer demand triggers it, they want to help companies generate as much business as possible so the work continues to flow in.

BUSINESS IMPERATIVE #3: MAKE FLEX LABOR SKILLED LABOR

While not immediately obvious, leveraging flex workers can help offset the skilled labor deficit. By nature, flex workers specialize in certain industries and trades. They are increasingly becoming subject matter experts in key areas including technology, retail customer service, sales, lead generation, insurance, telecom and even medical fields.

Leveraging flex workers widens the talent pool dramatically. Thanks to technology, many jobs can be performed remotely, giving companies broader access to untapped talent globally.

The enterprise orientation is to look for employees who handle a wide enough set of duties to justify a full-time job. The flexiprise orientation seeks a higher skill set of on-demand specialists, ready to work when the need arises.

Recruiting in an enterprise is typically triggered by a situational reason. But what about daily demands? What about the long tail of specific, specialized needs?

For example, if an IT inquiry comes in from a customer on iOS 6.2 in Germany, the best person to help speaks German and is proficient in iOS 6.2 and above. Because flex workers aren't bound by geography or regularly scheduled hours, a specialized call can be routed to the most highly skilled worker, rather than the person available to answer the next call in the queue.

ENTERPRISE VS. FLEXIPRISE

ENTERPRISE MANAGER THINKING:

*Real estate is No. 2 cost
after personnel*

*Training is a cost center
and takes time to ramp
up productive workers*

*Hiring for employees
who fit a fixed job
description*

FLEXIPRISE WORKER THINKING:

*Office is wherever I
want to work*

*I invest time in training
to qualify for more
work*

*I get jobs with specific
skills and availability*

BUSINESS IMPERATIVE #4: EXPAND YOUR TALENT POOL

Enterprises have long bemoaned the lack of talent in their geographic location. When talent within a reasonable radius is exhausted, many call centers are forced to hire less-qualified staff.

But the flexiprise is unbound by geography. Internet connectivity and a fluid approach to scheduling allow workers to hop zip codes and time zones, serving customers wherever and whenever there is demand.

This radically expanded talent pool has created a competitive advantage for flexiprises, enabling them to hire people who would never set foot in a traditional office or call center, or who are unable to work a conventional schedule.

Flexiprises value skills over availability. A former nurse who stays home with her children, a former insurance agent who cares for an elderly relative, or military personnel and spouses who move frequently, all have skills to offer if companies think differently about the structure of their workforces.

Flexiprises have embraced the fact that a worker's ability to sit in a cubicle for eight hours per day, five days a week, isn't adding value to a customer's experience.

BUSINESS IMPERATIVE #5: ONSHORE CRITICAL ROLES

The lure of cheap, offshore labor enticed many enterprises to outsource and offshore some of their most important functions: customer service and sales. But they encountered some of the same problems they face in onshore brick-and-mortar call centers, such as employee attrition, the cost to hire and train new agents, and the difficulty in managing call spikes and lulls.

Worse, their customer service experience got worse with offshoring. One of the most frequent customer complaints on social media today is a cultural or language barrier that prevents great service.

That could be as simple as a non-native English speaker's accent impeding understanding. But it can also be more nuanced, such as when a customer wanted to install wifi in his barn, and the customer service rep—based in the Philippines—simply couldn't wrap his head around what a barn is, or why it would need wifi.

The flexiprise understands the value of cultural context. It aids understanding,

helps the service worker convey empathy, and speeds the process of resolving the customer's issue.

One measure of customer satisfaction tests the degree of difficulty in getting a problem resolved—the time it takes, the number of call transfers required, and the ability of the first call-taker to handle the inquiry. The flexiprise looks beyond the base cost to the long-term benefits of connecting customers with workers who can help them best.

BUSINESS IMPERATIVE #6: REDEFINE QUALITY

"Please stay on the line to answer our customer satisfaction survey," the hold message says. But after a painfully long interaction, dissatisfied customers rarely do. In fact, only 4% of customers take the time to report a negative experience, and 91% simply take their business elsewhere, according to Ruby Newell-Legner in *Understanding Customers*.

Think it's not a problem for your business? Lee Resources research found that while 80% of enterprises think they deliver excellent customer service, only 8% of their customers agree.

How does your business define quality? Is it a raw satisfaction score? A net promoter score to reveal the portion of customers who actively recommend your company? A customer ease score to reveal how quickly a customer's issue is resolved?

Whatever the metric, the key differentiator in the flexiprise era is taking action on these evaluations, to match the greatest volume of customer demand with the workers who achieve the best customer results.

An enterprise is stuck—lower-performing employees must keep taking customer service calls because idle time is wasted. But a flexiprise rewards top-performing workers with more work, incentivizing them to do their best in every interaction.

BUSINESS IMPERATIVE #7: CHANGE HIRING EXPECTATIONS

Speed and agility are of paramount importance, but traditional sourcing and hiring practices are slow and costly. According research by Glassdoor, the interview process for a software engineer can take up to 35 days, and the ramp-up time will take longer still.

This is common across many industries, as the demand to fill roles far outpaces



Flexiprises value skills over availability—whoever can solve the problem best.

the cost and time it takes to get an employee from recruitment to productivity.

The gig economy shortcuts this process. Hiring and training are accomplished in a fraction of the time because the focus is on a skilled, specific activity, rather than a broad employee role.

Retailers and e-commerce companies benefit massively from the flex workforce's ability to ramp up quickly and respond to spikes in demand.

The flexiprise sees hiring as a fluid and efficient process, offering flex workers the opportunity to gain certification or demonstrate skills in discrete areas, proving their readiness to work—now. Additionally, the flexiprise offers a path for workers to rapidly increase their earnings through demonstrated performance, making these workers a safer bet than an employee who must be evaluated on a resume and interview alone.

BUSINESS IMPERATIVE #8: EMBRACE SHORT-TERM WORKERS FOR THE LONG HAUL

Imagine you could cut your hiring and training budget in half. No—cut it to just one quarter of its current size. How much would the cost savings impact your business?

The new generation of workers are the most mobile job-hoppers we've seen, so each investment in a new employee's hiring and training racks up more expenses. But the flexiprise has found that these workers value flexibility highly, and are more willing to work with a company long-term if it affords them a way to pursue other passions as well.

Case in point: Call center attrition. According to the US Contact Center Decision Makers' Guide, attrition is 53% annually and workers average less than two years of tenure. Call centers are among the worst at retaining workers due to inflexibility, lack of personalization, and policies that emphasize productivity at the expense of morale.

By contrast, flex workers in the same role—such as customer service—report longevity that is often five times greater than a call center worker, with average annual attrition under 10%. By enabling people to work around their lives, the flexiprise has introduced a game-changing, zero-cost benefit that keeps their workforces happy and on the job.

BUSINESS IMPERATIVE #9: ACTIVATE FLEXIBLE, ONGOING SKILL DEVELOPMENT

Before workers can be productive, they must first develop the essential skills required to do the job. Traditional training is typically costly, with a rigid approach to learning, and is constrained by the slowest learners.

New eLearning models are breaking down many of these barriers, with self-paced online training that adapts to the individual's learning style. But when training isn't an enterprise's core business purpose, there is often little incen-

THE FLEXIPRISE APPROACH TO HIRING

A fluid and efficient process, matching skills to demand in real time

Flex workers can gain certification or demonstrate skills in discrete areas, proving their readiness to work

The flexiprise offers a path for workers to increase their earnings through demonstrated performance

tive to modernize traditional training models.

Enter Learning-as-a-Service, a new approach to delivering content to workforces that can speed time-to-readiness at a lesser cost than the classroom paradigm. And in the flexiprise, skill development is accessible from anywhere, at any time.

The flexiprise not only embraces Learning-as-a-Service, but also considers it part of the workforce's responsibility. Just as tech workers might earn certifications in specific IT systems to gain future work, customer service and sales reps can be certified on a company's products, processes, and build valuable soft skills, to prove their readiness and gain access to work.

This model once again aligns business and worker objectives, because workers are investing their own time in training and certification. This encourages them to be as efficient as possible in the learning process to become certified and gain access to available work.

BUSINESS IMPERATIVE #10: CREATE FLEXIBILITY IN ALL AREAS OF YOUR BUSINESS

The flexiprise model has fundamentally changed enterprise business economics. The outside-in trends—in which major economic shifts compel a business to change—are escalating consumer demand, competition, and internet-enabled on-demand workforce delivery.

There are also inside-out trends driving change—business triggers such as razor-thin margins, high overhead costs and unpredictable demand cycles.

Companies that have adopted a flexiprise model are reaping the benefits of agile and higher-skilled workforces with lower overhead costs.



By enabling people to work around their lives, the flexiprise has introduced a game-changing, zero-cost benefit that keeps their workforces on the job.

HOW SHOULD YOU GET STARTED?

On your journey to reinventing your enterprise as a flexiprise, first evaluate your company's needs. You might find it helpful to get input from other division leaders on these questions, which can reveal the areas where your enterprise needs greater flexibility to support growth and change.

- Do you have a **seasonal business** with spikes in customer demand?
- Do events such as a media buy or event promotion trigger **demand fluctuations**?
- Do you have substantial **overhead costs** associated with customer service and sales?
- Are your customer service or sales teams **sometimes idle** due to lower demand?
- Do you have a difficult time **sourcing qualified talent**?
- Are you actively trying to **reduce attrition**, or are hiring and **training costs** on the rise?
- Are you anticipating a **product launch** or other service-intensive event, and are your customers service teams trained and ready for it?

Nobody thought taxis would revolutionize the delivery of people and products. In the same way, nobody imagined call centers would change the way enterprises deploy workforces. But the trend of shifting fixed-cost employees in call centers into flexible, skilled virtual agents has redefined the modern workforce.

Nobody would have thought the gig economy would transform the enterprise, but the flexiprise revolution is happening now.

Liveops offers an on-demand skilled workforce of onshore virtual agents for customer service and sales. With no call center overhead or wasted idle time, our pay-per-use model scales to meet seasonal or time of day spikes in demand.

More than 400 organizations across service industries including retail, health care, insurance and telecom trust Liveops to deliver an enterprise-grade workforce, with faster program readiness, increased revenue, and greater customer satisfaction scores than traditional call centers.