



The Transformational Impact of a Dynamic Workforce

Forward-Looking C-Suites Are Driving a Revolution in Workforce Strategy

An unprecedented reconceptualization of the workforce is underway, according to leaders at more than 1,000 large global companies that we surveyed in June 2023. Driven by the C-suite, the most successful companies at transformation are creating a very intentional ecosystem that includes an almost 50-50 split between full-time employees and outside talent. We call this the “Dynamic Workforce.”

This change is a direct strategic response to the ever-increasing speed of corporate transformation. The companies we surveyed had an average of 20 transformation efforts in play this year alone. (Transformation efforts were defined as strategic initiatives costing at least \$1 million, with many reaching into the multi-millions or billions). Most of these companies predict an even greater number of transformation efforts by 2026.

This is where a Dynamic Workforce creates an enormous competitive advantage. The market capitalization of the best companies at executing transformation efforts rose an average of 54% over the last five years. (In contrast, the worst companies at executing transformation had an average market cap decline of 21% over that period.)

The leadership of these companies leans directly into what they learned during the pandemic: People can collaborate effectively regardless of where they are located or who employs them as long as they are experts in their field. They make extensive use of skilled outsiders and are able to artfully blend them with internal talent to create collaborative tiger teams for their transformation efforts. These companies can pivot quickly without sacrificing project vision, mission and strategy. In other words, creating a Dynamic Workforce allows them to build constant transformation into the core DNA of their businesses.

One of the most visible and successful examples of a Dynamic Workforce comes from the pandemic, which coincidentally helped to accelerate adoption of this transformative workforce model. Rather than rely solely on internal resources to develop and distribute its COVID-19 vaccine, a global pharmaceutical giant collaborated with partners as it has done for many years. It obtained advanced mRNA technology from a partner to jointly develop the vaccine, then used contract manufacturers to ramp up production capacity quickly. The result: The company significantly reduced the time required to bring its vaccine to market, saving millions of lives.

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Outside consultants are expected to comprise 48% of the average project execution team by 2024.



The Decision-Making Triumvirate: CEO, CFO and CHRO

Creating a Dynamic Workforce requires strategic orchestration from the top of the organization, which then cascades throughout the company. In today's highest-performing companies, this strategic decision-making effort is increasingly led by a triumvirate of the chief executive officer, financial officer and human resources officer.

In the past, the potential for synergy within this group was not as well recognized. CFOs were regarded as senior number crunchers, quarterly report generators, and financial risk managers – but less commonly as indispensable business leaders. Today's CFOs are seen as co-pilots to the CEO: providing insights and counsel, addressing questions from the board, analyzing technology investments, and continuously evaluating and optimizing the company's operations and strategic priorities.

Similarly, today's CHROs are expected to go far beyond recruiting, managing employee benefits, and designing performance reviews. They are now partnering with CFOs to build an intensely complex ecosystem of talent to further the success of large strategic initiatives by creating flexibility, scale, speed to market, and cost reductions.

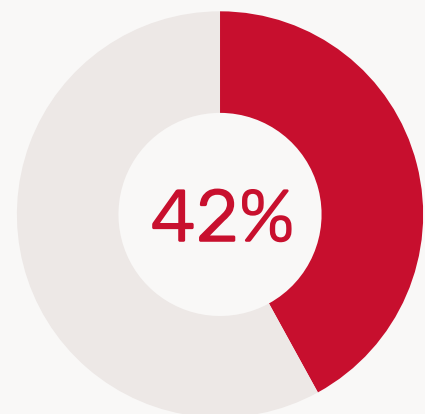
Whether a company is pursuing an acquisition or another business transformation effort, the CEO must determine the priorities for the company, supported by the CFO's assessment of the resources required. The CHRO must determine the ever-fluid human ecosystem needed to support the effort. Together, they must assess current issues and future state needs for multiple, often extremely complex, strategic initiatives.

Ongoing Transformation Creates the Need for New Skills

Large companies have been under enormous pressure to transform for decades, and the urgency has intensified since the pandemic.

Even if COVID-19 had yet to emerge in early 2020, companies would have had to continually reinvent their businesses to capitalize on digital technologies such as artificial intelligence, big data and analytics, and cloud computing.

Amid this whirlwind of transformation, about four in 10 companies in our survey indicated they lacked the internal skills needed to make big operational changes.



Forty-two percent said they did not have enough internal talent to staff their transformation initiatives in 2022.

“We are constantly evaluating where we need injections of outside talent and orchestrating that on an enormous scale across all aspects of the business to drive revenue growth,” said the CFO of a global Fortune 100 organization. “This is an entirely different way of doing business, and it requires rethinking everything we do from both a talent and a technology perspective. It is a huge undertaking, but nailing it is one of the greatest sources of competitive advantage that we have.”

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– CFO of a Global Fortune 500 Company

To fully leverage technological transformation, the CFO and CHRO must work together to anticipate ongoing and future needs. Solutions often involve bringing in small armies of outside talent as well as launching rotational programs internally.

They also include reskilling programs both inside and outside the organization that anticipate the skills needed to power growth in the future.

“This is about changing the very essence of who we are as a corporation and allowing for a type of transparency and fluidity to exist that was not a part of the corporate culture even three years ago,” said the CEO of a leading financial company.

What did the skills shortage cost them?

Sixty percent of respondents said they suffered delays in the start of transformation initiatives, and 53% said it pushed out the completion dates. What’s more, 41% missed critical goals, while 37% said it increased the difficulty of making important operational changes.

“We realized we needed greater scalability and flexibility to quickly respond to evolving customer demands and market dynamics,” said a CFO at a UK-based healthcare organization.

Impacts of Insufficient Internal Skills for Strategic Initiatives

% of 423 Surveys Lacking Internal Talent



The Considerable Benefits of Successful Transformation

About one in six of the corporate leaders we surveyed (16%) said they had achieved their key goals on every transformation initiative in 2022, despite having more transformation initiatives in play. We call these companies “Transformation Leaders.”

Transformation Leaders are nearly twice as likely to gain competitive advantages as “Transformation Laggards,” those whose leaders told us they had achieved their key goals in less than half their transformation initiatives. Some 60% of Transformation Leaders said they generated “strong” or “exceptional” competitive advantages versus only 37% of the Laggards. A larger percentage of Transformation Leaders than Laggards created innovative products, services and business processes.

What is the ultimate impact of being better at process improvement, product innovation, quality, revenue generation – and transformation overall? Although our research does not establish a causal relationship between transformation success and financial performance, we can correlate the financial performance (measured in market capitalization change) of Transformation Leaders and Laggards.

The comparison is stunning. We tracked the changes in market capitalization of survey respondents whose companies are publicly held, and thus whose stock market performance can be determined. We looked at the average market capitalization changes of both Leaders and Laggards between January 2018 and when we completed the study (June 2023). Leaders’ market capitalization rose an average of 54%. In contrast, Laggards’ market cap declined an average of 21%. (Figure 2)

A Growing Reservoir of Talent

Conditions have arguably never been more favorable for companies seeking to supplement their employees with outside talent to support strategic initiatives.

In the U.S., 36% of the workforce is composed of independent workers – including contract, freelance, temporary, or gig workers – up from 27% in 2016, according to McKinsey.

Only 26% of these individuals work independently because of necessity, with three-quarters working independently by choice. McKinsey found these independent workers to be “far more optimistic, both about their own futures and the outlook for the economy, than the average American worker.”¹

Additionally, more than a quarter of U.S. workers now work from home, a five-fold increase from before the pandemic, according to Stanford University research. This increases the pool of eligible candidates for companies willing to use them as needed.²

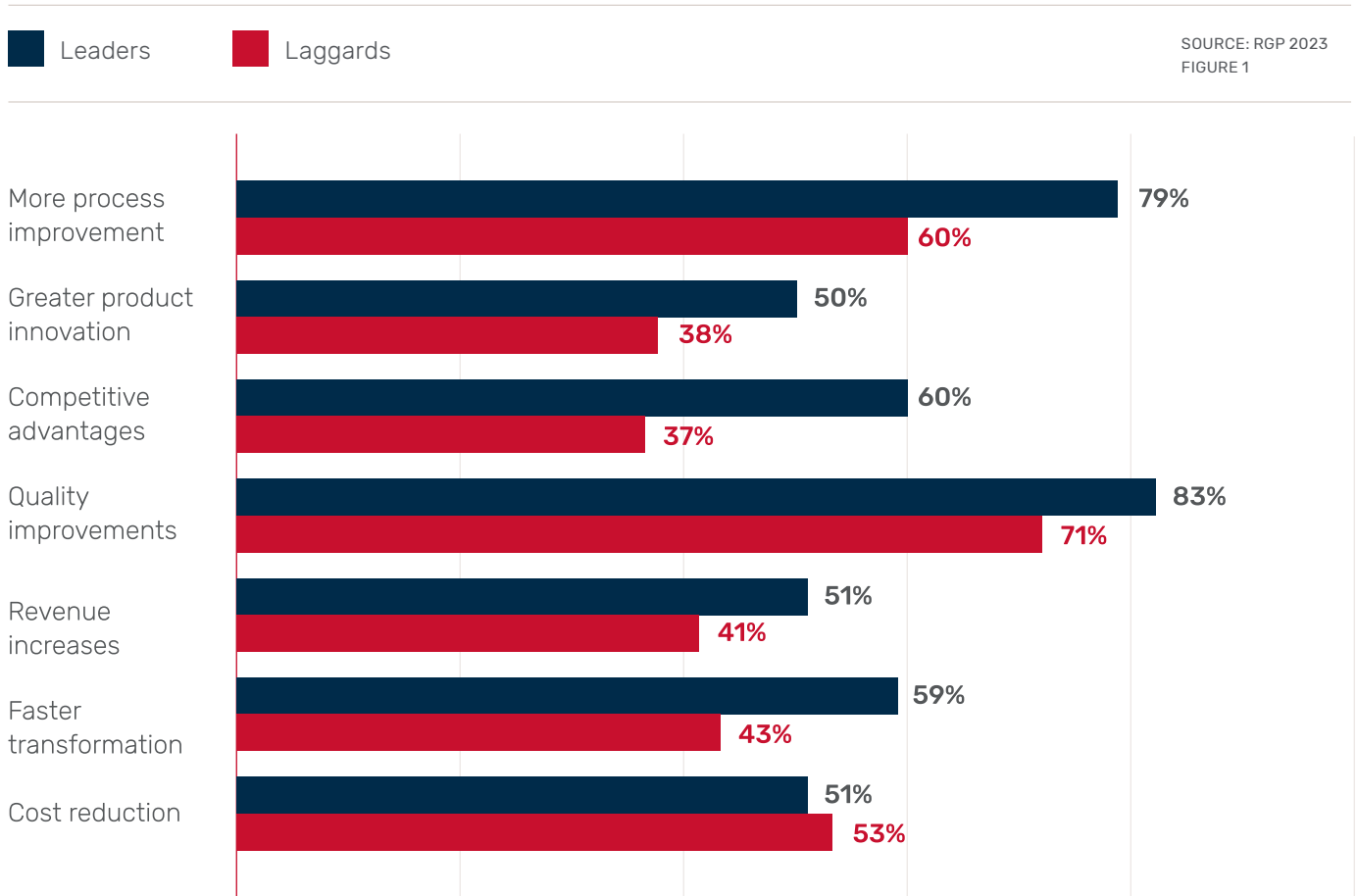
Meanwhile, the pandemic demonstrated that many professionals are just as productive at home as in the office. Companies can now tap talent from Bangalore or Brussels just as easily as they can from Boston or Baltimore.

1. McKinsey.com, “[Freelance, side hustles, and gigs: Many more Americans have become independent workers.](#)” August 23, 2022

2. [Stanford University WFH Research](#), Economist Nick Bloom

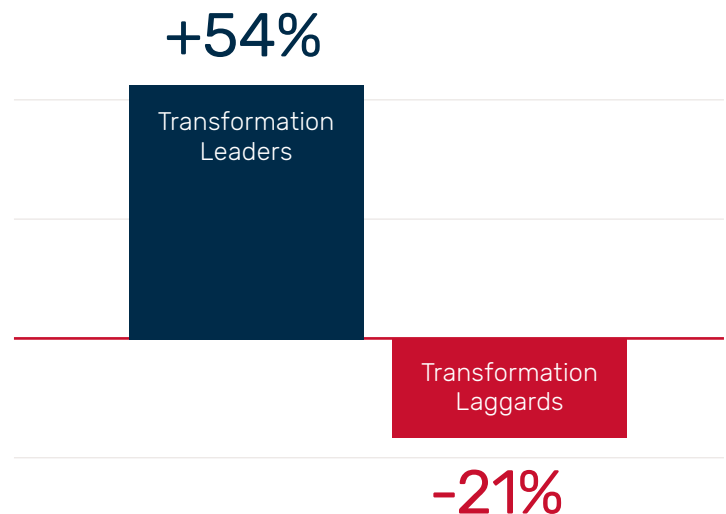
Leaders vs. Laggards Initiative Scorecard

% reporting strong or exceptional results in each category



5-Year Market Capitalization Change of Leaders and Laggards at Business Transformation

January 1, 2018 – June 9, 2023



SOURCE: RGP 2023
FIGURE 2

Shifting from Roles to Skills

Rather than laying out a transformation initiative in terms of necessary roles, companies that create a Dynamic Workforce start by determining the requisite skills.

In our survey, the Transformation Leaders said scoping out the right skills was the top factor in the success of their initiatives. Transformation Leaders also considered the need to find skills and knowledge outside their firms to be very important. If their organization does not have top-notch skills for certain critical efforts, they tap those skills externally.

Senior leaders are unconcerned about whether they find the skills within their company or from the outside. Leading companies ranked finding skills and knowledge externally much higher than they did finding those capabilities internally.

Senior leaders turn to advanced analytics to determine when a transformative initiative calls for employees who are steeped in proprietary or idiosyncratic knowledge and when it calls for an infusion of outside skills. A Dynamic Workforce works best when there is a strong mix of core employees and external talent on these initiatives – not mostly employees or, conversely, a team largely consisting of external talent.

In our survey, companies that excelled at finding capable outsiders for their initiatives achieved their goals more often. Fifty-three percent of the Transformation Leaders said they were strong or extremely strong at this, compared to only about a third (32%) of the weakest executors.

Top 10 Key Success Factors for Leaders in Executing Strategic Initiatives

1. Scoping out the right skills for the project
2. Maintaining strong and continual communications among team members
3. Finding skills and knowledge outside of the company
4. Using the right project management process
5. Getting a real-time understanding of project status
6. Establishing and maintaining a strong team culture, camaraderie and positivity
7. Evaluating team candidates effectively
8. Having competent talent in project roles (other than the project manager)
9. Having competent project managers
10. Finding skills and knowledge inside of the company

SOURCE: RGP 2023

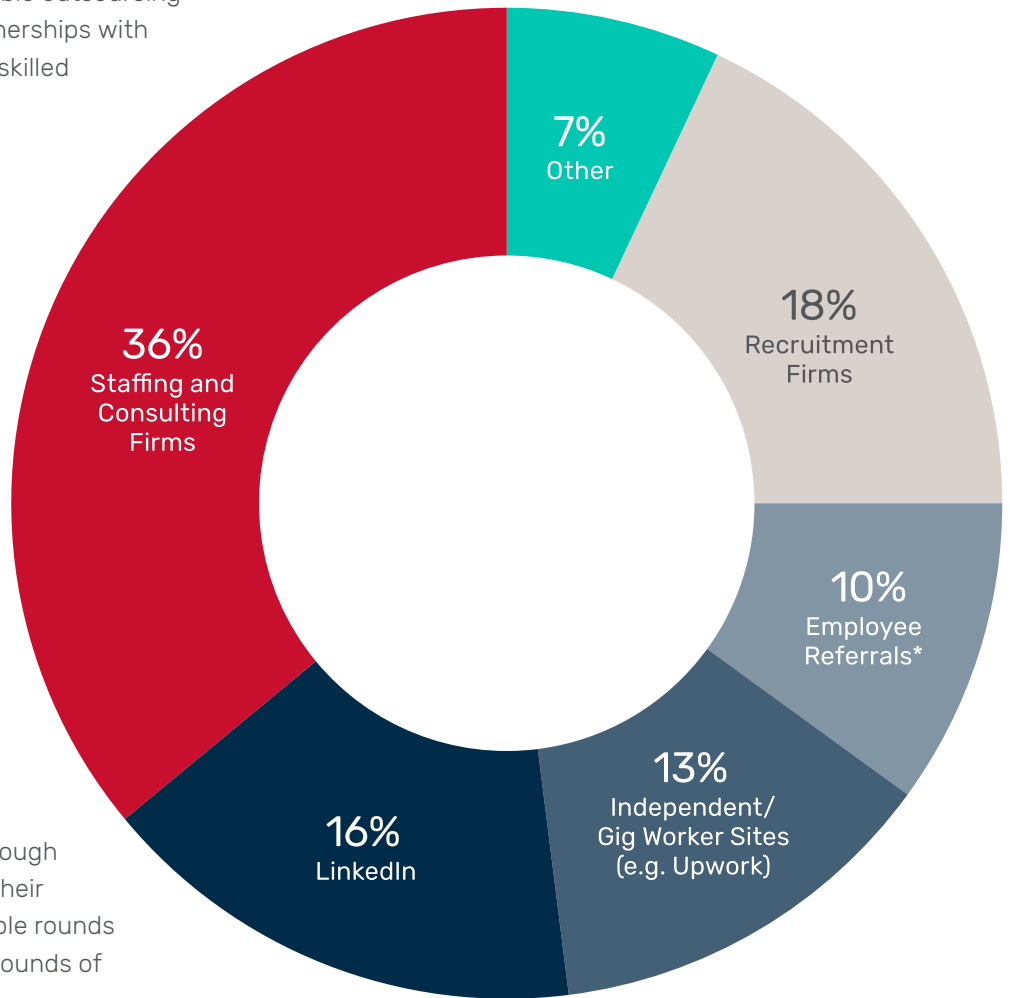
How do they do it at scale across an ever-increasing array of transformation initiatives? These companies are willing to cast a wide net, going long distances to obtain skills that are hard to find in their area. For instance, one Transformation Leader said they “tapped into talent pools beyond geographical limitations.” Another engaged “reputable outsourcing providers and established direct partnerships with offshore companies that can provide skilled resources at a lower cost.”

However, succeeding requires much more than simply finding people with impressive skills. Leading companies create processes to diligently screen candidates. Two-thirds of Transformation Leaders said they were strong or extremely strong at evaluating how well non-employees could contribute to transformation projects compared to 52% of Laggards.

How do the best companies increase the odds that outsiders have the skills they claim and the personality to work well with their teams? The CFO of a large financial services firm said, “When assessing external candidates, we conduct thorough interviews and skill tests to evaluate their skills and experience. There are multiple rounds of discussions. Not fewer than three rounds of interviews happen in every skill.”

A chief information officer at a large life insurance company said, “We are relying on a tie-up with a staffing company to provide resources for our new Asia-Pacific locations. In these newer IT projects, 70% to 75% of staff will come from staffing agencies.”

Key Sources of External Talent for Transformation Leaders Surveyed



*Includes recommendations from current and former employees.

SOURCE: RGP 2023

Corporate Culture Is Central to Success

In simple words that belie the complexity of the undertaking, C-suite leaders in our study underscored the need for creating a highly positive corporate culture with a clear mandate to consider inside and outside talent as equals. A company must articulate the organization's values, norms and expectations, and clearly communicate its high-level strategy to both inside and outside talent.

When asked what factor was most important to their corporation's success in working with a Dynamic Workforce, one CFO stressed that the company consistently reinforced the values of equality, respect and collaboration among team members in their actions and communications.

"It is a lot about empathy and understanding what good looks like and how we operate every day. It is really easy to articulate the milestones we're trying to hit. What we really need to understand is what's going to work for multiple teams as they progress through those milestones," said one CHRO.

She believes a thorough onboarding of external talent can create transformation tiger teams whose members understand the company's values, beliefs and behaviors, not just the project steps, roles, deliverables and tools that typical project onboarding sessions focus on.

A 360-degree project onboarding informs all team members of both project mechanics and the culture of the company in which they must operate over several months or more. "These are our most important strategic initiatives and require our greatest attention," she added.

As a case in point, one multi-billion-dollar U.S.-based multinational medical device and pharmaceuticals company uses a master plan for creating a one-team culture: multidisciplinary training.

Once the company assembles a transformation tiger team, it trains external talent on pharmacovigilance issues so they understand how the firm produces its molecules and devices and then monitors them to reduce health risks and increase health benefits.

They also learn the firm's code of conduct, which includes extensive ethics and compliance training

Lastly, external team members are taught the ways and means of the company's sales operations.

"A big 'aha' moment is the simpler your combined vision is and the more you articulate it, the easier it is to not differentiate between internal and external people."

– CFO of a Major Life Sciences Company

Case Study: AskBio

A Bayer Company

At Bayer's AskBio, the pressure to deliver results efficiently is high as the company evolves into a medium-sized startup with novel therapies that hold the potential to change lives. This is why the company relies on a Dynamic Workforce.

Founded in 2001 and based in Research Triangle Park, North Carolina, AskBio is a clinical-stage gene therapy company. Dedicated to improving the lives of people with genetic disorders, the company holds more than 500 patents and has six drugs with investigational new drug status as well as a clinical pipeline that includes therapeutics for Parkinson's disease and congestive heart failure. Bayer acquired the company in 2020.

"For many of our [mission-critical] projects, the workforce composition is a mix of employees and outsiders whom we choose carefully depending on the nature of the project, the capabilities we need, and the length of the activity," said Guru Ramamurthy, CFO of Bayer in the United States.

Project teams at AskBio range from five to more than 20 people. Typically, between 15% and 30% of them are external. "It does not matter to us if it's 50% of a total team," Ramamurthy said. "We have found ways to work collaboratively and creatively to achieve the goal."

The firm engages external resources for one-and-done projects of vital importance or out of a reluctance to hire people while "not knowing whether they have the ability to make an impact." Hiring full-time employees is often costly and inefficient, Ramamurthy said.

It generally takes six to nine months, and the company invests heavily in them before they get up to speed. Even with careful hiring "you may not end up with the skill sets that you need."

The pandemic limited AskBio's ability to hire full-time employees, forcing it to increase the number of outsiders on strategic initiatives. Before the pandemic, Ramamurthy said, "a company in New Jersey believed they needed experts in New Jersey. In the post-pandemic world, the company can get a person from Boston, Texas or California. It's a win-win. It provides a staffing firm with a greater degree of flexibility in presenting the right candidates and helps us maintain our growth momentum."

How does AskBio ensure that its dynamic workforce teams collaborate effectively?

"You need to manage without differentiating between people who are employees versus outsiders. The first step is to call them a team."

Everyone must be treated as a resource with the same understanding of roles and responsibilities.

"You integrate everyone in team meetings and discuss shared goals and objectives. You should never say 'I have 15 people from the outside and 30 from the inside.' If you treat them differently, the team won't succeed."

Paradigm Shift

To transform effectively, companies must drive a recomposition of their workforces from the very top of the organization. Companies that strategically mix internal and external talent in their transformation initiatives achieve cost savings, faster time to market, and higher employee satisfaction. Investors reward them with greater market capitalization.

The Dynamic Workforce represents an unprecedented reconceptualization of human resources and a paradigm shift in workforce strategy.

Survey Methodology

In June 2023 we surveyed 1,005 respondents from companies with at least \$1 billion in revenue (\$8.3 billion on average) based in North America, Asia-Pacific, the UK, and the European Union. The sample was evenly divided between technology, financial services, life sciences, and healthcare companies.

The survey was designed to explore the biggest challenges of executing **strategic transformation initiatives**. We defined a transformation initiative as a “discrete project costing at least \$1 million and intending to significantly improve revenue, profits, costs, cycle-time, quality or other metrics, across finance and accounting, risk and compliance, supply chain, and other areas.”

We asked 27 in-depth questions that covered strategic initiatives, success rates, usage of outsiders, the drivers that led to tapping outsiders, the impact of internal talent shortages, and key factors in managing initiatives with numerous outsiders, such as finding, evaluating, motivating and integrating them into collaborative teams.

We also conducted in-depth interviews with senior executives who are involved in their companies’ transformation initiatives.

About RGP

Founded in 1996, RGP is a management consulting and professional services staffing firm. Our experts help clients execute transformational initiatives across the enterprise. Today’s project economy reflects our founding strategy – quickly align specialized resources for the work at hand with a premium placed on value, efficiency, and ease of collaboration.

The RGP difference

Based in Irvine, CA, with offices worldwide, our model enables top consulting talent to work differently, with radical flexibility and purpose – features unavailable in traditional consulting firms. This winning value proposition has enabled us to become the leading provider of agile consulting services. With 5,000 professionals on staff, we annually engage 2,500 clients globally, including 85% of the Fortune 100. (NASDAQ: RGP)