

TALENT DEVELOPMENT AND MANAGEMENT AT KELLY OUTSOURCING AND CONSULTING GROUP

This case study focuses on talent management from the unique perspective of Kelly Outsourcing and Consulting Group (Kelly OCG), a subsidiary of the talent sourcing agency Kelly Services. Kelly OCG is an intermediary that collaborates with firms supplying talent and those demanding talent, and in effect, operates similarly to a 4PL or a logistics integrator. In this case study, Kelly OCG shares insights on a variety of talent-related topics that all firms requiring supply chain talent can benefit from.

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ABOUT THIS REPORT

As part of the Supply Chain Management: Beyond the Horizon research initiative, faculty and staff from the Eli Broad College of Business at Michigan State University conducted in-depth interviews with a number of organizations to obtain insights into the development and implementation of various supply chain strategies, practices, and processes. The focus was intentionally on the future and on identifying what challenges are driving supply chain decisions in the current environment. The following report summarizes key findings from our investigation of supply chain talent management obtained during our visit to Kelly Outsourcing and Consulting Group.

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TALENT OVERVIEW

One of the major challenges facing senior supply chain executives today concerns talent development and management—including developing and managing supply chain executives and leaders, as well as operational-level managers, supervisors, and employees. This case study focuses on talent management from the unique perspective of Kelly Outsourcing and Consulting Group (Kelly OCG). Kelly Services, the parent company, is known primarily as a sourcing agency for talent with clerical and technical skills. Kelly OCG is a talent intermediary that collaborates with firms supplying talent and those demanding talent. In effect, Kelly OCG operates similarly to a 4PL or a logistics integrator, except that Kelly focuses exclusively on talent.

While other talent management cases take the perspective of the customer of the talent management supply chain (firms looking for employees), this case benefits from the perspective of a talent sourcing agency (Kelly OCG) that works with thousands of firms trying to find and secure executive and operating talent. The subject of our case study, Kelly OCG, shares its perspectives on a variety of talent-related topics that all firms requiring supply chain talent can benefit from.

KELLY OCG—OVERVIEW

Kelly Services is a talent agency with more than 50 years of experience in the human resources/manpower supply business. Kelly started as a temporary workforce agency and rapidly grew to become an industry leader in workforce placement and management. Although Kelly is involved in the supply chain management (SCM) talent acquisition business, the majority of its employee placements extend beyond SCM, affording it a broad perspective on talent acquisition, management, development, and retention. Kelly strives to address three primary client key performance indicators (KPIs) in talent acquisition: speed of placement, employee quality, and cost.

Kelly OCG's goal in talent acquisition is to help its clients find suitable talent for both temporary (contingent) and permanent (full-time) employee needs. Kelly OCG provides this talent through either insourced arrangements, where it finds individuals to fill jobs and places them within the client's firm, or through outsourced arrangements, where it works with other talent acquisition agencies to find required talent for a client. Workers can be placed on-site or virtually, depending upon the client requirements. Kelly OCG places employees with clients in virtually every type of job in the economy, from information technology specialists to laboratory technicians, engineers, administrative staff, factory workers, and service employees. In addition to placing employees (insourced or outsourced) with its clients, Kelly OCG is also engaged in both short-term and long-term talent planning activities for firms, even when it is not the source of that talent. Many firms are capable of attracting sufficient talent when they need it but still employ Kelly OCG to review their talent supply chains to facilitate the best possible match between needs, supply, and demand in the talent space. Its talent planning component gives Kelly OCG greater visibility into the talent management business.

This case study examines current market conditions and trends in talent management from Kelly OCG's perspective as a way of uncovering conditions, trends, and situations that firms can apply to their supply chain management (SCM) talent initiatives. Kelly OCG views talent management increasingly as a supply

chain of individuals with varied experiences and familiarization with integrated supply chain processes. Just as in the case of a production process, if an individual is not provided with a broad range of experiences, a silo perspective regarding business operations is created. Another challenge is the need to obtain talent with the required characteristics (e.g., citizenship, working papers, expertise, certifications, training, language skills, and cultural skills) to meet the requirements of the desired placement.

TALENT MANAGEMENT PERSPECTIVES

The case study is organized into four sections. The first reviews observations from Kelly OCG regarding talent acquisition, including how firms pursuing SCM talent should understand the talent acquisition marketplace, along with the strategies and tactics Kelly OCG uses to manage these markets. The second concerns expectation management, specifically regarding the issues Kelly OCG finds as its clients pursue supply chain talent. The third focuses on talent development and discusses the approaches Kelly OCG suggests for its clients, in addition to the activities Kelly OCG engages in to help generate talent pools for the overall workforce. The fourth section captures a variety of observations regarding the current talent marketplace, particularly how the workforce is changing and how firms hiring talent may need to reconsider their approach to managing their own talent.

TALENT ACQUISITION

As mentioned in the introduction, Kelly OCG assists its clients to achieve three primary results when accessing SCM talent: 1) speed of placement, 2) quality of employee, and 3) cost—including both the cost to obtain and on-board the employee and the long-term salary. The relative importance of each differs by client and over time for any specific client. The challenge is to provide the most effective combined solution for a particular client at any given point in time. During periods of high seasonality, when clients require that work needs and available labor hours be closely synchronized, speed is often the most important consideration in order to avoid losing production capacity. At other times, when clients are able to focus on longer-term needs through talent planning, the focus may be more on quality and cost than on speed.

One of the things Kelly OCG recognizes in working with its clients is that, as with other service supply chains, it will “live or die” depending on the cultural fit between the clients and the employees it places. In particular, managing the client’s talent expectations (the focus of a later section of this case) is instrumental to a long-term relationship between a talent provider like Kelly OCG and its client firms. Some of the cultural issues revolve around how long clients expect placed employees to remain employed at their firms, and whether or not employees will be comfortable with a client’s organizational structure. Employees who expect free rein to self-pace their work to meet deadlines but are placed in a client firm that monitors contractors closely might quickly become dissatisfied and leave. The cost to Kelly OCG and the client increases when a replacement needs to be sourced sooner than expected. Similarly, expectations of a variety of other factors—such as availability of overtime, need to work evenings or weekends, and the freedom to work from home—can easily derail an otherwise potentially beneficial relationship.

Kelly OCG finds that many of the talent it places through insourcing arrangements are either near the beginning or closer to the end of their overall work careers. This demographic is sometimes referred to as a “bookend” workforce. Employees who are early in their careers typically haven’t figured out exactly what function or industry they prefer to work in, and are often using contingent employment opportunities to test the environment prior to securing permanent employment. Many of these younger workers leave the contingent workforce as they age and seek more secure, long-term, full-time employment. The other group who populate much of the Kelly OCG talent pool are late-career workers who have decades of experience and often choose to work part-time or in short-term capacities after wrapping up their full-time careers. These employees are not ready for full-scale retirement, possess vital skills and experiences, and are able to supplement the talent pools of client firms needing SCM talent.

Today, a growing percentage of the SCM workforce is contingent labor, which tends to minimize risks for the client firm. First, many contingent workers remain longer-term employees of Kelly OCG, giving Kelly OCG a better understanding of the employees’ quality and helping it provide the right employee the first time. However, if the match is not strong, the client can easily “return” an employee who is not performing to expectations because the contract is for performance, not for the individual. If this occurs, Kelly OCG sources a new employee to achieve the contracted-for performance level. In addition to providing tighter quality control, the client firm is protected from any requirement to directly accommodate workers’ compensation, unemployment costs, and healthcare for the placed individual.

This contingent arrangement views the placed employee as a factor of production, like any other. While it might seem impersonal on the surface, particularly to new firms, it allows the client firm to focus on its core business rather than on human resource management/acquisition. This simplification of the talent acquisition process has the potential to facilitate a sharper business focus for clients. Kelly OCG can focus on finding the labor force for the functional niches and locations where the client requires SCM talent, freeing client resources for other tasks.

On the issue of attracting the best talent to specific clients, Kelly OCG notes that a client’s brand often has a role—observing particularly that it is much easier to source talent for Fortune 100 firms with reputations for high quality of life than for less well-known (to the talent) client organizations or organizations with reputations for more challenging work environments. It appears that the “halo effect” of recognition, as with products, also extends to the talent supply chain.

Kelly OCG has also found it useful to ask its successfully placed talent, regardless of client brand, for referrals for other individuals seeking work. Often it finds that pockets of quality talent know each other—either through past employment, education affiliation, or other civic connections—and can make referrals of potential individuals to place in similar roles.

EXPECTATIONS MANAGEMENT

The next focus concerns how Kelly OCG understands and manages clients' expectations regarding the quality, cost, and speed of obtaining talent. This is especially important with small or new firms that hire less frequently and are less aware of current labor market conditions. These issues are not exclusive to the small or young firm, though. Sometimes firms expanding their geographic coverage can be surprised by local talent conditions (supply). Without careful consideration, such firms can either pay more than they should or, conversely, find that their positions are less desirable to the labor market in the new region.

As an example, a firm expanding into the Midwest US from its traditional markets on the East and West Coasts assumed, based on cost-of-living decreases, that it could hire managers in the soon-to-be-opened locations for \$30,000 per year. In addition, the client believed it could fill these positions with newly graduated MBAs from Midwestern schools. It became incumbent upon Kelly OCG to explain to this client that despite the lower cost of living, graduates of regional MBA programs had significantly better prospects than the client perceived. Consequently, the firm needed either to raise the pay scale or adjust its expectations downward, commensurate with the qualifications that labor seeking \$30,000 per year would have.

Conversely, there are opportunities to save costs when clients are flexible in terms of the geographic region where the employee will actually perform on the contract. Talent acquisition firms like Kelly OCG can help a client consider whether the on-site component of employment is critical. In cases where it is not, quality talent can be sourced from lower-cost areas. In an example, engineers of equal quality can be acquired in either Grand Rapids, Michigan or Trenton, New Jersey. The New Jersey engineer demands \$58/hour to perform the work in New Jersey, but the Michigan engineer with similar skills and quality can be hired for only \$36/hour. Talent management firms like Kelly OCG engage in this brokering process on a daily basis, and their familiarity with both geographic and functional specialties makes them valuable to talent-seeking clients.

Further, hiring arrangements are also changing. Historically, talent has been placed in hourly units, typically in near full-time equivalents such as a 40-hour workweek. A variety of technology-based tools has become available in the past few years; these tools allow micro-utilization of resources in the so-called "shared economy." Advances such as Uber and Lyft have applied these ideas to passenger transportation and, subsequently, to small package delivery. This trend has also recently taken off in labor markets as well, with services like Task Rabbit. Task Rabbit allows individuals (and conceivably firms) to outsource minor tasks (fold laundry, rake leaves, file documents) to a workforce willing to work in even smaller time units than they previously engaged in.

Recent technological forces, including Big Data, have enabled firms to stockpile more and more data regarding their operations and talent management. This information availability has changed clients' expectations as well, because they assume more precise hiring decisions can now be made. Whether regarding talent selection or retention, client firms assume that past data can be used to make better talent sourcing and hiring decisions. For example, data analytics can provide insight regarding the candidate profile that is the best long-term fit, or the candidate experience that will likely provide the best overall performance.

The last expectations issue Kelly OCG has uncovered—one on which it believes it needs to work more closely with clients—relates to aligning the speed and form of communications to the “needs” of the current workforce. Although they may have outsourced a substantial percentage of their talent acquisition, many of Kelly OCG’s clients are relatively unfamiliar with the changing nature of the workforce and are sometimes caught flatfooted.

As an example, a large multi-national client with an open engineering position expected that the search would take six weeks and require a global review of résumés and candidates flown back and forth to Europe for face-to-face interviews involving detailed, skills-based questions. The client felt this level of interview was necessary before it could select the top candidate for the job. Unfortunately, the demand for the target workforce in this particular functional specialty is so strong that top candidates are snapped up within days. Candidates wish to make decisions quickly due to the large availability of job options, and sometimes are even able to move from job to job as a means to negotiate salary increases.

Eventually, after numerous “top picks” were found to have already taken positions elsewhere, Kelly OCG had to explain that its slow, prolonged process was preventing this client from getting the best, most in-demand talent.

TALENT DEVELOPMENT

Kelly OCG focuses less on how talent, once hired, is developed within a client firm and more on the development of the overall marketplace for talent. A critical part of this development strategy is Kelly OCG’s involvement with individual clients on manpower planning activities. As Kelly OCG helps client firms develop their future talent needs (e.g., specialties, timing), it develops insight regarding emerging trends in talent. Awareness of these trends allows Kelly OCG to start working with other organizations (trade schools, community colleges, and even universities) to help develop the type of talent needed for a particular specialty or region.

When working with client firms, Kelly OCG stresses its desire that clients not view contingent labor as a commodity. This perspective is critical for a couple of reasons. First, Kelly OCG promotes the idea that contingent employees represent a strong talent pool for the client when full-time employment opportunities arise. Contingent employees should thus be viewed holistically, rather than as mere commodities to fill a short-term role. Second, Kelly OCG encourages client firms to develop mentoring programs for contingent labor who are hired for extended periods of time. Kelly OCG has found—particularly in high-technology areas like engineering—that contingent hires improve their performance and more readily adapt to the culture of the client firm when they work closely with a seasoned professional familiar with the intricacies of the job.

Kelly OCG also recognizes the importance of mentoring in talent development and has begun encouraging its workforce, particularly the millennial generation, to understand that they should be viewing contingent placements with client firms as opportunities to grow their individual skill bases. While in the past contingent labor tended to view each placement as a way merely to maintain employment, the new, more mobile

generation has begun to use the added skills and capabilities resulting from their contingent placements as a way of moving up through organizations. The mobility and diverse experiences of contingent labor can help develop leadership candidates for permanent employment.

One issue that Kelly OCG has seen impact some of its clients, particularly major retailers, is an increasing commonality among the skill sets of their contingent labor. As workforce requirements and qualifications among major retailers become more similar, the portability of these employees grows and retention becomes a more significant issue. When the majority of talent in a geographic area or an industry sector has equal skills, making the talent “commoditized,” it becomes more difficult for clients to hold onto the better employees because competitors can poach them by offering a larger salary. Kelly OCG’s advice to clients in these situations is to create “engagement” opportunities—deeper feelings of connection to the employer and its goals—so that when the competing offers begin to arrive, the employees feel a stronger attachment to the client firm.

REALITIES OF THE TALENT MARKET

One of the most interesting insights from the Kelly OCG discussions concerns the shifting nature of the 21st century supply chain talent market. The workforce currently entering the marketplace has watched its parents downsized, rightsized, off-shored, and sometimes even replaced by automation. These employees do not have the expectation that their employers truly care for them beyond the point of economic feasibility, so the “40 years and a gold watch” mentality of their grandparents has long left the scene. This entering workforce has a much more “me first” attitude than past generations. While it is possible to view this as selfishness on the part of the talent, it is not entirely unjustified given what they’ve grown up hearing around the dinner table. As a result, the newest wave of talent entering the labor pool—millennials—has different goals, expectations, and ways of working than the generations who came before them.

The talent pool Kelly OCG worked with in the past was primarily unemployed and, for the most part, looking for full-time employment. Often, Kelly OCG would place these individuals in a contingent work environment with the hope and expectation (on all sides) that it would turn into full-time employment. While this practice continues, a growing number of the contingent labor talent pool have no desire for full-time employment and instead are using the contingent labor market to increase their experience base and position themselves for better opportunities.

Additionally, some members of the talent pool—after watching their parents “on the treadmill” for years, unable to enjoy life after retirement—seek temporary employment opportunities where they can build up a “bucket list” fund. In these cases, the employees work long enough to save enough money to hold them over financially for some extended period of time, and then go off to enjoy the fruits of their labor by acquiring different life experiences. When the money runs out, these employees return again to the contingent labor force for another cycle.

Given the decline in the marketplace of the “apprenticeship” mindset, the one area where a lack of bilateral

commitment is most problematic is in the trades. Historically, firms hiring tradespeople were able to rely upon any number of sources of trade education. Thirty years ago, there were shop classes for wood, metal, and automotive that familiarized young people with the basic skills to consider pursuing any number of trade fields (plumbing, electrical, machine work, HVAC, etc.). Additionally, strong labor unions participated in skill development through a variety of training programs. As the education system has changed and the strength and security of unions has declined, many trade skills have become rare. As a result, employees in the workforce with these skills are in greater demand, allowing them the luxury of being more selective with respect to the employers they want to work for.

Finally, the ways in which the millennial workforce communicates are very different. Many of today's senior management grew up at the dawn of the electronic age and view email as the primary form of business communication. Unfortunately, the new workforce views email as the domain of "old people," and instead prefers to communicate through a variety of ever-changing social media applications from Facebook to Snapchat to GroupMe. Although the media channels themselves are irrelevant since they are ever evolving, the idea of filling out a long application for a job and waiting weeks to hear back from the potential employer is difficult to articulate to a talent pool who have the mindset of, "Text me the details, I'll be there tomorrow." Kelly OCG found that avoiding this reduced bandwidth of communications among older generations of employees is not an uncommon request from millennial contingent employees. While not all millennials follow this mindset, the mere fact that some view social media's superficial level of "involvement" as acceptable in a professional setting suggests a growing wave of change in the way millennial talent is accessed.

When asked about statistics for their youngest employees' perspectives on contingent versus permanent employment, Kelly OCG reports that over 30 percent of the placed workforce has no desire for permanent employment, and intends to remain contingent labor. Over 50 percent of the workforce is largely driven by a "desire for freedom and flexibility." This is markedly different from their parents, who viewed security and stability as a driving factor in employment. The good news is that 90 percent of the firms Kelly OCG works with report that they scale the size of their workforces through "free agent" contingent employees.

Kelly OCG highlights that, "Talent wants to work the way talent wants to work." Many of the younger employees "like the flexibility of controlling their own destiny and going from project to project, or job to job, from a personal fulfillment standpoint, or a standpoint of making more money. Their motivation is different than it was in past generations."

In summary, the SCM talent pool and the talent landscape overall are ever changing. Long-held views on what talent is available, how much is necessary, and how the workforce itself desires to engage with hiring firms have changed, and should be expected to continue to change. Firms like Kelly OCG—as providers of this talent—are probably the most in tune with both the supply and demand for SCM talent, and should be considered excellent resources for companies seeking to fill talent needs.

ABOUT APICS

APICS is the association for supply chain management and the leading provider of research, education and certification programs that elevate supply chain excellence, innovation and resilience. The APICS Certified in Production and Inventory Management (CPIM); APICS Certified Supply Chain Professional (CSCP); APICS Certified in Logistics, Transportation and Distribution (CLTD); and APICS Supply Chain Operations Reference-Professional (SCOR-P) designations set the industry standard. With more than 45,000 members and approximately 300 channel partners, APICS is transforming the way people do business, drive growth and reach global customers.

ABOUT ELI BROAD COLLEGE OF BUSINESS

Michigan State University's Eli Broad College of Business prepares students to make business happen through an innovative curriculum and collaborative culture, guided by a distinguished faculty. The hardworking, team-oriented students of Eli Broad College acquire deep knowledge of their chosen disciplines and a broad understanding of how global businesses work, enhanced by study abroad and real-world projects in research centers and experiential labs. The college, consistently ranked among the top business schools, offers undergraduate, graduate, and executive development programs. Broad graduates are ready to tackle business challenges around the world, part of an unparalleled peer and alumni network.



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