Competences as a Service

Talent Leasing Solves Recruitment Issues

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It is estimated that by 2020, the UK will need an additional 180,000 IT developers, which means that the problems associated with finding the right IT specialists will continue to grow.

Data from the latest Tech Nation 2017 report indicates that the IT industry in the UK is growing very rapidly – up to 50% faster than the rest of the economy, generating £170 billion worth of turnover in 2015 alone. In recent years, levels of employment in the industry have grown up to two times faster than in other industries, reaching 1.64m employees. Such a pace brings with it the risk that the labor market may not be able to cope with that kind of pressure. The first signs of overheating are clearly visible even now – although **the average wages of IT professionals are on average 44% higher than in other areas of the economy, more and more companies are having difficulty finding workers**.

Recent years have seen an explosion not only in the wages of IT specialists, but also in the range and value of perks offered by desperate employers. Cars, gym memberships, healthcare, pension schemes, nurseries, attractive training courses – these are just some of the extra benefits offered to tempt specialists to join. Major corporations compete directly with one another in inventing ever more extravagant incentives, from health insurance for cats and dogs, to massages, and everything in between.

Recruitment is becoming a nightmare

Even if a company provides its employees with all of these benefits, as well as a fully-furnished office with a climbing wall and space for afternoon naps, the troubles don't stop there. The recruitment process is getting longer and requires ever more creative activities. Regardless of whether you hire an outside recruitment firm or whether recruiting stays in-house, the cost of actually getting the employee will be many times his or her monthly salary. At the same time, there is no way to be sure that the employee will not leave after a mere few months, tempted by a seemingly better proposition.

Of course, the largest single expense in the context of employment remains the salary itself. The exact amount naturally depends on the location, but salaries in the IT industry are much higher than average, irrespective of whereabouts. In the largest cities in the UK, the average annual salaries as cited in job offers range from £47,000 in Cambridge to nearly £62,000 in London. It is also worth remembering that the final figure, as negotiated by the employee, may be even higher. But that's not all – because the full cost of an employee should be calculated after adding the cost of taxes, equipment, training, licensing, and leave of absence, and so on.

Not all programmers are created equal

With such high demand for IT specialists nowadays, **companies are often forced to compromise, resulting in the hiring of workers who subsequently fail to meet expectations**. This situation unfortunately also spoils the labor market, as large numbers of employees have low skill levels and minimal motivation to do anything about it because work will come to them. One such programmer working in the UK, who has extensive experience working on international IT projects, honestly lays out for us the cons of hiring this kind of worker:

- lack of basic programming skills,
- superficial knowledge of programming languages,
- lack of independence and problem-solving skills,
- low productivity, and the creation of low-quality software,
- lack experience as documented in that worker's CV,
- excessively high expectations in relation to skill level.

Unfortunately, employers often assume that they simply have no alternative, due to the difficult situation on the labor market. So they agree

Over 50% members of the UK's digital tech community, as polled in the Tech Nation Survey, **highlighted a shortage of highly skilled employees.** In fact, nearly 25% described sourcing talent as a 'major challenge'.

to the lesser of two evils, which unfortunately affects the quality of the services they offer, or the applied IT infrastructure. Instead of investing in new technologies and moving with the times, they waste ever more money on old solutions, which consequently leads to technological debt.

IT services provide the alternative

In the current heyday of cloud services which allow businesses to customize resources to suit the needs and capabilities of the company, IT services and leasing employees from external providers are truly a sign of the times. **For business, borders are disappearing; gaps in the local labor market can be filled by specialists available in other parts of the world.** For professionals it's much the same – huge demand for specialist knowledge and skills opens up broad possibilities for cooperation with employers from all over the world.

It allows companies to choose the best specialists in the field, without compromising, and provides great opportunities in terms of scalability as well: highly qualified staff with experience in various projects in many countries are available within a short period of time, for a reasonable price. For example, in terms of Polish IT specialists (acclaimed by HackerRank as some of the best in the world), if we take into account the actual costs of employment and the hourly rate, **the wage of a programmer may be only half as much as in London.** Moreover, all obligations in terms of hiring workers, which may ordinarily be borne by the employer, are now the responsibility of the **IT service provider**, and workers are hired for a predetermined period equivalent to the duration of the project. After completion, their employment may be extended for additional maintenance services, or they are simply transferred to another project, or to another customer.

Talent leasing helps companies solve their recruitment issues

Besides the obvious benefits and advantages resulting from this state of affairs, there are also areas of risk, and consequently, more or less justified fears. Does hiring specialists from outside the company, even working remotely from a completely different country, lead to a loss of control over the teams and processes within the company?

During the process of preparing to use an IT service provider, managers should consider the risks that may arise during such cooperation. Below is a list of some of the most commonly encountered threats along with possible ways to mitigate them, on both the provider and customer side.

Risk	Risk materialization harmfulness	Method of limiting risk
Barriers to organization	Medium	■ detailed description of project roles on each side ■ scheduled and structured transfer of knowledge to the members of the provider's team ■ agreement on the rules of communication ■ introducing the provider to the goals of the project ■ identifying knowledge gaps and analyzing the progress of eliminating them
Loss of resources	High	**On the provider side:** ■ the appropriate selection of specialists for project tasks ■ additional incentive / bonus system ■ reporting to the supervisor ■ cyclical conversations between the specialist and the supervisor ■ provider maintenance of an up-to-date database of specialists ■ provider monitoring of so-called „flight risks" as it pertains to a given specialist **On the client side:** ■ ensuring the open approach of the client's permanent employees towards the external specialist ■ a cyclical review of outsourced tasks ■ reporting any signs of conflict or doubts about cooperation with specialists to the provider ■ a thorough assessment of the level of required competences in the project to exclude the over- or underestimation of competences
Time of availability, timely delivery of resources	High	■ planning potential projects and peak periods ■ scheduled and structured onboarding of the specialist / team and transfer of project knowledge ■ establishing and maintaining the project knowledge base throughout the duration of the project ■ keeping a register of best practices

Risk	Risk materialization harmfulness	Method of limiting risk
Limited availability of resources	Medium	**On the provider side:** ■ management of holiday plans ■ maintaining the database of candidates and recruitment activities for the duration of the project ■ ensuring the proper promotion of job offers within the scope of the project ■ permanent work in the field of Employer Branding activities for the provider **On the client side:** ■ taking seasonality and peak periods into account ■ providing an appropriate budget for the project, including future pay rises for the team
Improper selection of people for the transfer of knowledge	High	■ careful selection of people with reliability and professionalism in mind ■ involving specialists with vast project experience
Low quality transfer of knowledge	High	■ structuring the process of knowledge transfer according to planning stages: pre-planning, audit, transfer planning, implementation, measurement of results ■ on the client side, taking care of appropriate documentation and business analysis for the project
Language barrier	High	**On the provider side:** ■ the careful selection of people with a high level of English proficiency ■ English tests at the recruitment stage **On the client side:** ■ conversation with the specialists, to make sure that their English skills are sufficient and that you can easily communicate with them

Get the company ready for IT services

External IT services on a certain scale, such as when the entire external development team is involved, can become a strategic process which deeply rebuilds the structure of the company and influences the functioning of its processes. For this reason, the decision to delegate certain tasks to the service provider's team must be preceded by sufficient preparation, which consists of the following steps:

- **an analysis of the needs** and situations requiring the involvement of an external specialist;

- **planning cooperation** with the provider, requiring the designation of decision-makers who will be responsible for operational contact with the provider, as well as the preparation of appropriate internal communication which will prevent any conflict or misunderstanding of the role of the external specialist;

- planning the process of **selecting the right provider**;

- planning the **introduction process** for an external employee or team;

- **monitoring the effectiveness** of the service and accomplishing the entrusted tasks.

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- **just-in-time competencies** – exactly when they are needed rather than as and when an organization manages to create a team with the proper qualifications; the team does not become a financial burden in the intervals between projects or when the project ends

- **scalability** – meaning the ability to adjust the number of specialists and their work to the needs of the company

- **diversification** – depends on the possibilities of one internal team or specific people, the possibility of acquiring competencies from different sources, suppliers, or even different regions and countries, which reduces the exposure of the firm to political and economic risk

Benefits

So if the service provider is able to guarantee from their side that the risks are minimized and the potential consequences are mitigated, and the client plans the process of introducing external services adequately, the enterprise will begin to benefit relatively quickly from the involvement of an external specialist or team. A carefully considered and structured process of partnering with the provider and the subsequent deployment of an IT service provider to the project can free up internal resources or allow employees to move to other jobs. In addition, this model allows companies to experience the following benefits in the short term:

- **no recruitment costs** – the provider bears the cost of acquiring an employee in exchange for a later opportunity to make a consistent profit from the service;

- **swift access to the required specialists**, due to the outsourcing company's resources and established candidate database;

- **contract flexibility** – immediate response to the increasing or decreasing need for employees;

- **matching the competences to the needs** of the project and the possibility of substantive support in the project from the service provider's side in case of unforeseen situations;

- **scalability** – the service does not increase the fixed costs of your business;

- **cost flexibility** – the invoice received from the service provider can be counted as a project cost;

- **no absence costs** associated with vacation and medical leave;

- **the possibility of exchanging an employee** whose work is unsatisfactory with a notice period agreed with the provider;

- **savings** in terms of the **cost and time** spent on searching for and selecting candidates;

- **reduction** in the **risk** of selecting an unsuitable candidate;

- **no HR and payroll costs**.

How to recognize a trustworthy IT service provider?

- Such a partner wants to get to know your business, your goals and the business environment, in order to determine whether cooperation will be effective and how best to help you. Let the partner get to know you.

- Knowledge, business experience, the people who work at the company, and also customers create a good business and are something to be proud of. Trustworthy firms are open and transparent, and don't try to hide anything. Ask as many questions as possible and pay attention to the answers.

- Such a partner has the requisite experience to ask the right questions, which will also help you to formulate expectations and goals. Before using their services, speak with company representatives and specialists. Together you can check how, if at all, you are able to help each other.

- The growth of your business is also a means of growth for the **outsourcing partner**. If a company operates with this rule in mind, their employees will work for you with the same commitment as if you employed them directly.

- The **outsourcing partner** will help you set goals and priorities. On that basis you can create an <u>agreement for cooperation</u>, to ensure that the interests of both sides are protected.

When to start looking for other options?

At this point, it is worth considering when to use leased IT staff. Here is a list of these situations:

- a large number of applications are sent to the company, but the effectiveness of the recruitment process is low;

- candidates withdraw from the interview process at an early stage of recruitment;

- we do not have an appropriately recognizable brand as an employer hiring IT specialists;

- we observe constant staff turnover and people frequently leaving during the course of the project;

- we need to complete the project in a timely manner and / or to start work on the project within a short timeframe (e.g. up to a week);

- we do not have a sufficient number of tasks to entrust to IT professionals to ensure effective working hours, or our projects are somewhat seasonal in character;

- we would like to build a new team or department in a relatively short space of time.

For more
information
on IT services,
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website**.

The IT service provider will be better than an internal HR department in terms of carrying out certain recruitment tasks, due to – among other things – consistent and intensive presence on the candidate market, and the brand recognition of the employer. A specialized service company also provides timely and flexible access to professional resources whenever it is deemed necessary, not only when suitable professionals can be provided. External IT services are primarily a choice of operational strategy that enables the company to quickly adapt to the business environment, internal requirements and customer expectations.

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