

# CHANGING THE WAY WORK WORKS

A new approach to the deployment of Human Capital

## Introduction

Exchanging competencies for income or 'working' has traditionally been facilitated through 'employment'. An employment contract, is structurally based on the assumption of a long-term, if not open ended commitment. Employment, as we still know it today, finds its roots in the industrial revolution; the contractual arrangement between the employer and employee were assumed to be for life, provided 'security' to the employee and included a retirement benefit at the end. The economic factor 'labor' was framed by long term enterprise strategies based on the accumulation of assets and in which the cost of the Human Resource was deemed to be fixed.

Current workforce strategies of companies, small and large, aim to achieve quite the opposite: synchronicity between revenues and expenses. Corporate outlooks are short-term and enterprises strive to be asset poor and variable cost driven. Flexibility is key.

In the past, the workforce, on the other hand, behaved accordingly. Assuming life time careers with one employer crowned by a pension relationship provided a sense of security and built strong dependencies. However, in response to shorter corporate outlooks and an increasing degree of specialization in work in general, careers shortened. Today, in particular among younger generations, the thought of a long term commitment to one employer has become foreign.

All combined, there is no better time to prepare for a new way for enterprises to deploy human capital and for individuals to design how they wish to exchange their competencies for income.

## Mega-trends

*Information Technology* is developing at an ever accelerating speed and is projected to have further fundamental impacts on how we all work. Virtualization - including the place of work - offers tangible alternatives for costly and time consuming commutes and physical get-togethers.

## Demographics

An aging population, a new workforce with a different approach to income generation is emerging.

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Job security no longer exists and has, in general, been replaced by income security.

*International labor and migration regulations* allow companies to source skills globally and workers to find opportunities outside their home countries.

*Workforce specialization* fosters and promotes mobility, keeping skills sharp, retraining and constant reorientation require ongoing exposure to new work environments, new applications and new deployment of skills. *What* a professional does has become more important than *where* he or she does it.

*Economic cycles* The current economic recession has immersed employers in a greater battle to reduce labor costs than during previous downtrends. Current predictions estimate that 'contingent' or contract worker will comprise 50% of the US workforce added after the current recession!

## The evolution of work

The above described mega-trends and economic/societal influences will stimulate further trends away from employment toward deployment. Increasingly, employment contracts will be replaced by service contracts. A heightened sense of independence among skilled workers will further emerge in an environment where job mobility and alternative work arrangements are common. Control over destiny is the driving force behind the evolution of work.

## New approach

Structural societal changes and the mega-trends cause more than 30% of the professional workforce to work independently. Another estimated 20% of the workforce with an employment contract aspire a larger degree of independence. In addition, many people without a job today are re-emerging in the workforce as freelancers. However, in spite of these staggering numbers, society is slow to adapt to the new realities.

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