The key role of dynamic talent allocation in shaping the future of work

“Flow to work” operating models match scarce skills to high-priority work, improve people development, and increase business responsiveness. While the approach isn’t new, the pandemic has demonstrated its value.

by Elizabeth Foote, Bryan Hancock, Barbara Jeffery, and Rob Malan
As companies emerge from the COVID-19 pandemic, they are realizing that talent management has become even more urgent. Given the disruptions to so many business models, organizations are grappling with how to make hybrid teams function better, which new skills are needed, and what the workforce of the future will look like more broadly. Then there is the perennial challenge of how to deploy talent to the highest-value opportunities within an organization.

The pandemic has also increased pressure on organizations to respond to three long-term talent trends that have been building for at least a decade: on-demand skills are scarce, made worse by digitization and automation; responding rapidly to changing and uncertain conditions is essential; and flexibility reigns supreme.

Reskilling is an important part of the response to all three challenges, especially as the scarcity of skills continues. But organizations also need to get better at utilizing employees’ existing skills and capabilities.

To make this pivot, forward-looking organizations are choosing flow-to-work operating models, which create pools of resources that can be deployed flexibly and on demand. These pools are formed based on similarity of skills, rather than similarity of business functions, making it easier for organizations to access the right skills when they need to. The leader of these resource pools matches and deploys workers to tasks or projects based on the highest-priority work areas for the organization and the combination of skills required to complete them.

A flow-to-work model is an effective organizational response to all three talent challenges highlighted above. By deploying scarce talent to the highest-priority work, companies can avoid the inefficiency of hoarding valuable skills in just a few parts of the organization. By creating mechanisms to reallocate and redeploy talent based on evolving priorities, organizations are well placed to respond rapidly to external changes, including shifts in customer or business demand. By forming flexible teams, roles can be tailored to best match the skills to the work to be undertaken, with individuals playing different roles on different teams as required.

Changing the operating model in this way isn’t an overnight task, and it requires significant process and mindset shifts. However, it can be a critical way of improving organizational speed and responsiveness, people leadership, and talent development. McKinsey research during the pandemic showed that responsive organizations outperformed their less agile peers by pivoting teams to solve new problems as they arose.

In this article, we will highlight the benefits of allocating talent more dynamically, pose four questions organizations can ask as they start their flexible-resourcing journey, and discuss the factors that organizations must get right as they move to this new talent model.

The benefits of flexibility

The flow-to-work model is not new. Companies such as Procter & Gamble have used this approach in corporate and business services for the past two decades to ensure that appropriate knowledge flows to projects. Until recently, however, the concept remained predominantly in the realm of corporate functions such as human resources and finance.

Today, organizations are looking beyond their corporate functions to reshaping their talent operating models much more broadly. The shift toward skill pools applies to job categories such as project management, economics, data and analytics, and engineering. McKinsey research backs up this approach: companies that rapidly allocate talent to opportunities have more than twice the likelihood of strong performance, and they also deliver better results per dollar spent (Exhibit 1).

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With this model, employees who were assigned full-time to a mission or client can now be part of a flexible pool that is deployed to activities that most need their skills.

For example, UK water regulator Ofwat organizes itself around a flow-to-work model to manage scarce critical resources and bring programs relevant expertise, such as policy and analytics experts, portfolio and project managers, lawyers, specialist operations experts, communications professionals, and case officers.2

Each of Ofwat’s resource pools is led by a “strategic-resource manager” who is responsible for ensuring that the pool has the skills and experience required by the organization. The role includes workforce planning, learning and development, and succession planning.

The strategic-resource manager deploys these skills to programs as needed, enabling the organization to share and act on information quickly in a rapidly changing environment. This allows individuals to use their skills on projects for which they don’t necessarily need to be assigned full-time.3

This is an important consequence of organizing talent by skill pools: by designing an operating model around groups of skills, it brings into sharp focus where gaps exist, as well as how and where to focus on building skills and knowledge. When talent is organized by professional expertise, it naturally creates the need for a new role—someone who can lead that pool and drive career development and learning across the group.

The flexible-deployment journey: Four questions to consider
Before moving toward a flexible-resourcing model, organizations should seek answers to four fundamental questions:

1. What types of work would benefit from flexible deployment?
Flexible deployment is not suitable for all types of work—a fixed team, for example, makes more sense for work that involves highly repeatable tasks. A flexible-deployment model is more appropriate for work needing scarce skills across multiple projects. For instance, one organization shifted to flexible deployment for analytical and project-based policy work but decided to keep fixed teams for compliance, assurance, finance, and operations.

2. How we work,” Ofwat, ofwat.gov.uk.
3 Five-year business plan, 2016–17 to 2020–21, Ofwat, April 2016, ofwat.gov.uk.
2. **What types of talent should be organized into pools?**

For many organizations, a shift to organizing around talent and skill types rather than functions, regions, or business areas is a big change. It requires thinking hard about existing job families, the skills they include, how they should be developed over time, and how they contribute to the work to be done.

3. **How should the talent within each pool be deployed?**

Once talent pools have been designed, the decision about how that talent should be deployed becomes critical. We typically see three deployment archetypes: project-based deployment, advisory/business partnering, and centers of excellence (Exhibit 2).

For project-based deployment, the employee is allocated for a specified period to a project team and is given a clearly defined role and a problem to solve. For the duration of that project, the day-to-day work is managed by the lead for that team, rather than by anyone in their pool.

Many different knowledge professionals can play a project-based role, including policy experts, economists, and technology specialists. HR, finance, and legal experts can also be deployed in project roles across the business when the project calls for this kind of expertise. For instance, HR compensation experts can be deployed to a job-design team as part of large reorganization efforts, or legal experts can be deployed to policy projects within a regulator.

By contrast, an adviser or business partner would work among multiple teams. Rather than being responsible for part of the project, their role would be to provide continuing trusted advice. These are typically senior leaders in corporate functions, such as the most senior finance and HR business partners and legal counsel. Ultimately, they would be managed on a day-to-day basis within their pool rather than by the project lead.

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**Exhibit 2**

**From pools to people: Three archetypes can govern how talent is deployed.**

**Talent-allocation models**

<table>
<thead>
<tr>
<th>Project-based deployment</th>
<th>Business partnering</th>
<th>Center of excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project-team lead sends request for resource; a “staffing function” manages the matching of supply and demand based on prioritized requests from other projects</td>
<td>Head of pool manages the allocation, in consultation with project-team leads where appropriate; business partner typically stays dedicated to a particular set of project teams and/or business areas for long duration once allocated</td>
<td>Head of pool decides how to prioritize and allocate resources based on demand from different projects and aligns on degree to which resources are dedicated to each</td>
</tr>
<tr>
<td><strong>Application</strong></td>
<td>Requirement for continuing trusted advice and partnership over length of project and potentially over successive projects</td>
<td>Requirement for deep content expertise (eg, research for a discrete period of time)</td>
</tr>
</tbody>
</table>
| **Example roles** | • Policy managers, advisers, officers, apprentices  
• Project-management officers/project officers  
• HR/finance/legal experts | • Finance and senior business partners  
• Legal counsel  
| | | • Analytics experts  
• Some roles in strategy and corporate affairs |
Knowledge professionals with deep content expertise in a center of excellence can work within multiple teams. Their primary role would be to provide targeted research and content expertise; a research analyst, analytics expert, or legal analyst can play this role. Similar to the business partner, they would be managed within their own pool.

All these archetypes would be appropriate in different situations. Deploying them with some flexibility within a pool would allow individuals to plug into work in a variety of ways, sometimes to a project team and at other times playing a business partner or center-of-excellence expert role within a team.

4. What is the mechanism for making staff deployment decisions?
It is important to design a mechanism for assigning individuals to the work or to a team. As in all models, there are trade-offs between professional development, skill-to-work matching, strategic priorities, and available capacity.

There are many ways to design the staffing function that manages these trade-offs. Some organizations stand up a specialist function dedicated to this task, while others take a more technologically driven, decentralized approach. Tata Communications, for instance, set up an internal matching platform that enables individuals to register their skills and team leaders to find talent who meet their needs.

Critical success factors
Making the flexible-deployment model work requires more than restructuring groups into skill pools. It also means changing some of the organization’s strategic and people processes. For instance, flow-to-work models fall down when there are no clear trade-offs to help the organization and individuals prioritize different pieces of work. That is especially true when there are competing demands on people’s time from multiple parts of the organization.

Additionally, without clear accountabilities and people-leadership training for managers, individuals who work across multiple teams may miss out on core line-management coaching and professional development.

Our experience has shown that three factors are crucial to avoid common pitfalls: understanding and prioritizing the work based on strategic priorities, crafting well-defined ways of working, and creating clear people-leadership roles and responsibilities.

Understanding and prioritizing the work
It’s important to start with clear agreement on the work to be done. Without this understanding, there is a risk that talent will be deployed inefficiently, either because it isn’t matched to the highest-priority work or because there isn’t a good fit between the work to be done and the skills required to do it.

A rigorous prioritization approach is required. It should run across the organization, be driven by strategic priorities set by the executive committee, and have buy-in from the relevant business areas. Many organizations review and update these priorities on a quarterly basis.

For instance, the global financial-services group BBVA has introduced an agile staffing model, initially focusing on the delivery of new digital products, to flexibly deploy business, technical, design, and data skills to multidisciplinary teams. Underpinning the success of this staffing model is what BBVA calls its “single development agenda”—the system it uses to prioritize projects and link the work to the company’s strategic goals. By assessing the work to be done in this way, BBVA generates a clearer view of the real skills required for each project, helping it map talent to work more effectively.

Crafting well-defined ways of working
Well-defined ways of working ensure that teams established on a temporary basis can perform

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Flexible deployment is not suitable for all types of work—a fixed team, for example, makes more sense for work that involves highly repeatable tasks.

effectively. Three elements are essential. First, these teams of flexibly deployed talent need to be clear on goal alignment, including the common priorities for the team to solve the issue they are working on. They must also share ownership of the metrics for success and have common incentives. A team charter can be created to support this goal alignment.

Second, teams need to have well-defined roles. The responsibilities of each team member should be well communicated to ensure transparency across the team and can even be included in the team charter, which should be updated as the work evolves.

Finally, there should be consistent expectations when it comes to ways of working. Ensuring this consistency enables team members to ramp up when moving across programs or projects and provides them with clear expectations for one another. Documenting team norms at the outset of a project can support this approach.

Creating clear people-leadership responsibilities

To make a flexible-deployment model work, organizations have to double down on people management. No longer is the line manager the single point of accountability for day-to-day work management, for allocating work to an individual, and for people development, including coaching and performance appraisals.

Overall, we see five distinct roles that are required to make flexible deployment a success, each of which has different responsibilities relating to work and people management.

First is the business integrator, a senior business lead with responsibility for linking work to strategy and managing which teams are deployed and when to deliver which projects. Second, within each of those projects, a project team manager will be responsible for overall day-to-day work management and priorities, including providing feedback and coaching to team members in the context of the work they are doing. Unlike traditional fixed teams, though, the work-management and professional-development responsibilities are often split.

For instance, in project-based deployment, if an individual works across ten projects in a year, they will likely have up to ten different managers with responsibility for guiding the day-to-day work within each of those projects and providing feedback and coaching to that individual. At review cycles, feedback will need to be gathered from all of those managers by a separate person. This gives rise to a third distinct role of development manager, who is tasked with managing the career-development and performance appraisal for that individual.

A fourth role, head of pool, is responsible for capability development of the professionals within
the pool. This role is equivalent to the strategic resource manager in the Ofwat example—the person who ensures that the pool has the skills available to support business needs. This role will most likely be filled by the person who has the overall responsibility for a particular capability—for example, a chief marketing office oversees the development of marketing expertise within the pool of marketing professionals.

The split between work management and people development is a similar concept to the split between the value-creation manager (who sets priorities and provides day-to-day oversight of the work to be done) and the capabilities manager (who oversees an employee’s long-term career path, capabilities, and performance) in an organizational model like the helix.

There is one more role that holds prominence in this model: the talent staffer. This person must have not only a deep understanding of who has what skills but also the ability to match those skills to the work to be done. To do so, the talent staffer must work closely with development managers to ensure that the match supports the individuals’ professional-development needs, while balancing such needs with the strategic priorities of the organization and ensuring that the supply of available skills is matched as efficiently as possible to the demand for work (Exhibit 3).

In a world in which people are used to all managerial responsibilities sitting in the same place, flexible deployment often requires a shift in the role of the manager and how that role is perceived across the organization. Traditionally, those looking to take on more managerial responsibility would have performed line-management roles with clear, fixed direct reports. This model needs to evolve to one in which day-to-day work-management responsibility, and the associated coaching, is viewed as an important managerial role, even if it doesn't include performance-appraisal responsibilities of direct reports.

Similarly, some managers who take on the role of development manager will need to gather feedback

Exhibit 3

Five essential roles can make flexible deployment a success.

Business integrator
Linking work to business strategy and prioritization of objectives

Project-team manager
Leading day-to-day work against specific priorities and objectives, including coaching of team members

Development manager
Professional development and career coaching, including performance appraisals

Head of pool
Capability development for professional groups

Talent staffer
Matching of work to be done to skills of employees (in project-based deployment) based on business priorities

Who can fill the role?
- Business-unit heads
- Senior public-sector officials
- Team leaders
- Project-management professionals
- Managers from wider organization
- Senior experts
- Executive-team sponsors
- HR professionals
- Project-management officers/strategy professionals
on individuals they may have never worked with before. This will require dedicated training on how to assess, debias, and synthesize advice to support such individuals’ career development.

These managers will likely play this role alongside others. For example, at one public-sector organization the policy director role was split—20 percent on development responsibilities for policy professionals in their pool (with whom they did not directly work), and 80 percent on day-to-day work-management responsibilities for teams they were leading. This often requires a redesign of management training and approaches.

BBVA did just this by designing new management and evaluation processes, including elevating the role of mentors, since they are more important in a world where talent moves from one team to another. As the different types of managerial responsibility come into sharper focus—particularly as they relate to developing and coaching talent that is moving around the organization—this will create an opportunity to double down on leadership skills and a consistent management approach.

Many organizations have found that traditional talent-resourcing models, established decades ago, no longer work in a fast-paced, complex business environment. They are looking to build flexibility into how they match their people’s skills with any external challenges that arise. The flow-to-work model delivers value to companies as they prepare for the future of work, when flexibility, skills scarcity, and role responsiveness will surely become even more important.

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