

WHAT IS THE RIGHT NUMBER OF PERMANENT STAFF?

By Robert Eames

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I was surprised to read in recent news reports that, despite the meteoric rise of the 'gig economy', in fact fewer people are self employed than a few years ago.¹

The word had been that self employed people were replacing permanent staff in everything from delivery drivers to strategic marketers.

This got me thinking. We need people to do things, right? But exactly how many do we need to have as permanents and how many can we engage as 'casuals'?

Established, traditional organisations have a complement of permanent staff, whether full or part time. More often than not, these are supplemented by casual staff, contractors, consultants and service providers of some kind or another.

The first group (who I will call 'long term') benefit from an ongoing commitment. Organisations say: "We will keep you on our books until we say we won't."

The second group ('short term') are hired when needed: when the workload justifies it. I appreciate that long term contracts, such as 3 year Executive positions, or direct engagements of staff doing ongoing work on fixed terms (as is common in the education sector) blur the distinction, but bear with me.

Short termers may be engaged for all sorts of time periods. The plumber fixing the staff kitchen sink may be engaged for the thirty minutes it takes to change the washer. The Information Architect may be on a two year contract. Both these, and all points in between, are hired to do a specific task against an estimate of how long it will take.

The fundamental nature of the two types of engagement is different. Long term people are invested in the organisation, as it is in them. They have an interest in the overall outcomes for the organisation. They may not have a sense of urgency about any given task - tomorrow may be as good as today - but they do have an interest in prioritising their tasks for the overall good of the organisation. The organisation has an interest in developing the individual, not least because they are going to be around indefinitely.

In contrast, the short term person needs to get their job done. Neither they nor the organisation has a real interest in developing them, unless there is a role beyond the current one. Nor does the individual have a long term interest in the organisation. Get the job done and move on.

This is such a fundamental difference in interest and approach that I am surprised so many organisations don't actively manage to get the best out of the distinction.

So what?

¹ <https://www.smh.com.au/business/the-economy/the-gig-economy-is-a-myth-survey-finds-20180730-p4zufo.html>
<http://www.abc.net.au/radio/sydney/programs/breakfast/gig-economy-hilda/10055200>

If the distinction is as important as I think it is, then the mix should be planned, and organisations should use a clear method to establish the ideal mix.

About the author: Robert has helped organisations design organisation models and right size teams for over twenty years following experience at senior levels of organisations managing ongoing and project based work.
