Are automotive companies considering freelance talent strategies to win the war for talent?
INTRODUCTION

The war for talent in the automotive industry is entering a new phase as companies navigate a number of complex challenges that may ultimately affect their ability to compete in the market. Consider the following:

• Automakers and suppliers face a skills gap in emerging areas of innovation that are scaling connected, autonomous, shared and electrified (CASE) technologies. Simply put, traditional automotive companies are having a hard time attracting software engineers, data scientists and others with highly advanced skills and capabilities they need to compete as the future of mobility unfolds.

• While the technology has existed for decades, COVID-19 has accelerated companies’ efforts to create digital working environments that allow employees to do their jobs, collaborate and network virtually. Where people physically sit may no longer matter as much in the future as a result of how companies created virtual work environments in response to the pandemic and the lessons and best practices learned that could be permanent changes to organizations’ talent and HR strategies.

• The economic impact of the coronavirus pandemic has been catastrophic, often manifesting itself in the form of layoffs and workforce reductions as companies try to balance their businesses’ needs with efforts to cut costs. Uncertainty still looms as the industry continues to manage against absenteeism while also navigating the speed, scale and timing of rebounding production and sales.

These complex trends create the business case for on-demand talent strategies in areas that require highly advanced skills. Moreover, because where people sit may no longer be as important of a hiring criterion, companies considering on-demand strategies are increasingly able to find the best talent for the job at hand regardless of where an individual may live.

Still, perceptions of on-demand talent strategies in the automotive industry need to be overcome. To better understand those perceptions and the interest, willingness and plans of companies to consider on-demand talent strategies, Toptal and the Automotive News Research & Data Center surveyed Automotive News subscribers and readers representing automakers, suppliers, dealers and others working on the future of mobility.

In the following pages, we share the findings our survey of executives throughout the industry and offer recommendations for how automotive companies should approach on-demand talent strategies to support their most important business goals.

TASO DU VAL
Chief Executive Officer
Toptal

STEVE SCHMITH
Executive Director,
Custom Research & Data Strategy
Automotive News
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**Who participated in the survey?**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Supplier</td>
<td>31%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>30%</td>
</tr>
<tr>
<td>Automaker</td>
<td>25%</td>
</tr>
<tr>
<td>Dealer</td>
<td>4%</td>
</tr>
<tr>
<td>Other*</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Other includes mobility providers, financial institutions, policymakers and aftermarket retailers.

**Similar experience among respondents working as a freelance employee**

Have you ever worked as a freelance or contract employee?

- 52% Yes
- 48% No

**Significant work experience among respondents**

- 32 years of work experience
- 15 years at current employer
- 10 years in current position

*Average years among respondents.
KEY INSIGHTS AND TAKEAWAYS

1. The business case for adopting freelance talent strategies is strong and despite some mixed perceptions, most have trust and confidence in working with freelance employees on strategic efforts.

2. Regardless of trust and confidence in freelancers, views vary regarding the ability of freelancers to integrate with an organization’s culture and build rapport with others. Most say working remotely makes integration more difficult.

3. Looking ahead, most believe their organizations have access to the highly skilled talent they need today but lack confidence and focus to attract talent with the skills needed to fill the CASE-related jobs of tomorrow.
“Automakers can’t continue to rely on traditional methods of finding talent. Today’s top talent craves autonomy and flexibility and is more likely to be pursuing work as a remote freelancer or a consultant than in years past. Organizations have to reassess their approach to talent to ensure they are able to access the advanced skills and capabilities they need.”

SEAN MIDDLETON
Chief Revenue Officer
Toptal
Most respondents say using freelance talent in their organizations today is somewhat limited but also believe the impact of the coronavirus may change that.

55% Say less than 10% of their organization’s workforce today comprises freelancers.
40% Believe use of freelancers within their organizations will increase because of COVID-19.
78% Say their organizations are expecting to enable remote work into 2021.
53% Feel their organizations are more willing to consider remote freelance talent.

What’s driving interest in freelance talent?

65% Report hiring freezes as a result of the coronavirus and economic uncertainty.
75% Find the ability to use freelancers to quickly scale to the needs and objectives of the business appealing.

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Opinions regarding the quality of talent available in the freelance workforce are mixed, but most have trust and confidence in freelance employees working on strategic projects.

Mixed views on the quality of talent available in the freelance workforce, yet...  

The quality, skills and capabilities of talent available in the freelance workforce are lagging compared to direct-hire employees.*

41% Disagree or Strongly disagree

28% Agree or Strongly agree

...the majority have trust and confidence working with freelancers.*

Trust and Confidence

I would have confidence in the ability of a freelance employee to succeed while working on one of my organization’s most strategic projects.  

66%

We would hire a freelance employee to help lead one of my organization’s most strategic projects.  

56%

I would trust a freelance employee to work on one of my organization’s most strategic projects.  

58%

The level of comfort hiring a freelance employee to help lead one of my organization’s most strategic projects will increase as we become more experienced and comfortable working remotely.  

52%

* Does not total 100% because remaining respondents selected Neither agree nor disagree.

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* Respondents who selected Strongly agree and Agree for each statement.
“There’s a whole world of untapped talent out there. If there’s any silver lining to the COVID-19 pandemic, it’s that it has shown us digital working environments can succeed and that we no longer need to limit ourselves geographically when looking for the best fit.”

SEAN MIDDLETON
Chief Revenue Officer
Toptal
Nearly all respondents say they would hire a freelancer if the individual had the best skills for the job and have little concern about managing performance.

I would consider a freelance candidate if the individual delivered the best advanced skills, capabilities and experience needed to achieve the objectives of the business.

It would not be difficult to manage the performance of a freelance employee.
However, despite respondents’ willingness to hire freelance talent, views consistently vary regarding remote freelance employees’ ability to integrate with an organization’s culture and build rapport with teammates.

Cultural integration and rapport-building would be difficult for a freelance employee.*

43% vs. 33%

Agree or strongly agree

Disagree or strongly disagree

Working remotely as a result of the coronavirus pandemic would make cultural integration and rapport-building difficult for a freelance employee.*

62% vs. 21%

Agree or strongly agree

Disagree or strongly disagree

A senior executive (e.g., SVP, EVP, AVP) hired using a freelance talent model would be able to effectively lead a team of direct-hire employees.*

42% vs. 35%

Agree or strongly agree

Disagree or strongly disagree

A senior executive (e.g., SVP, EVP, AVP) hired using a freelance talent model would be able to effectively help lead the business alongside other senior executives.*

46% vs. 28%

Agree or strongly agree

Disagree or strongly disagree

*Does not total 100% because remaining respondents selected neither agree nor disagree.
“Dynamic, on-demand talent strategies can give automakers the flexibility they need to explore new ideas and drive innovation without overextending themselves. The ability to scale up or down quickly in response to changing circumstances is a major benefit in these uncertain times.”

SEAN MIDDLETON
Chief Revenue Officer
Toptal

Interesting insight:
More than half (52%) of respondents felt the brand strength of a freelance candidate’s previous employer would strongly influence the decision to hire that individual.
Most respondents agree their companies have access to critical talent needed to meet today’s business objectives.

My organization has access to the strategic talent with advanced skills and capabilities necessary to achieve its business objectives.

Yet, more than half are not confident their organizations have access to talent needed to fill the jobs of tomorrow.

My organization has the strategic talent with the skills we need to succeed in advanced areas like CASE technologies.

Most say the auto industry is challenged to attract the talent needed to fill those jobs.

Believe the automotive industry is challenged to attract strategic talent with advanced skills and capabilities needed to succeed in advanced areas like CASE technologies.
The good news is that most agree the skills they need to succeed are available in the freelance workforce and that their organizations would or already do consider freelance talent to help meet their critical talent needs.

The strategic talent with the skills we need is available in the freelance workforce.

How likely would you consider freelance talent to gain access to the skills you need?

We would consider freelance talent to succeed in CASE-related areas.
Interestingly, when asked which advanced skills and capabilities are most important to achieving strategic business objectives, CASE-related jobs ranked toward the bottom.

What departments, positions or advanced skills and capabilities do you feel are most important to helping your organization achieve its strategic business objectives?

### Jobs for today vs. Jobs of tomorrow

<table>
<thead>
<tr>
<th>Top Five</th>
<th>Bottom Five</th>
</tr>
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<tbody>
<tr>
<td>Business management and strategic planning</td>
<td>Artificial intelligence specialist*</td>
</tr>
<tr>
<td>Engineering and product development</td>
<td>Cybersecurity specialist*</td>
</tr>
<tr>
<td>Manufacturing and plant operations*</td>
<td>Battery/electric vehicles specialist</td>
</tr>
<tr>
<td>Marketing, communications and sales*</td>
<td>Data engineer/scientist</td>
</tr>
<tr>
<td>Project and program management*</td>
<td>Finance and business operations</td>
</tr>
<tr>
<td>Augmented/virtual reality specialist</td>
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</tbody>
</table>

35% 18% 28% 18% 25% 14% 25% 13% 25% 12% 7%

* CASE-related jobs

* Tied among survey respondents

Interesting insight: Almost two-thirds (65%) of respondents felt it would help ease their concerns with freelance talent if a third party rigorously vetted candidates to assess whether their skills, experience and personality match the need of the organization and position.
Recommendations on how automotive companies should think about, leverage and integrate freelance talent into their workforce strategies.

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A NEW FRONT IN THE WAR FOR AUTOMOTIVE TALENT

The 2020s are expected to be a period of significant, disruptive change in the automotive industry. While much has been written about the potential impact of connected, autonomous, shared and electrified (CASE) mobility in recent years, we are now beginning to see national governments moving quickly to pass legislation to encourage and accelerate the adoption of these new technologies. Societal changes — in how and where people work and live and in their attitudes toward travel, transportation, and the environment — are also fueling the need to radically rethink how the automotive industry positions itself. By the end of the decade, CASE could very well go from an acronym to the very essence of transportation. The future of mobility may be closer than previously imagined.

According to a survey by Deloitte, global electric vehicle sales will grow at a compound annual rate of 29% over the next 10 years as the automotive industry ramps up production to meet both the projected consumer demand and the demands of regulators seeking to phase out the internal combustion engine.* General Motors alone has committed $27 billion to the development of all-electric and autonomous vehicles through 2025 and announced in January 2021 its plan to sell only electric vehicles by 2035. Volkswagen Group intends to spend $34 billion during the same period, aiming to launch as many as 70 new electric models by 2028. This is sure to have a ripple effect across the industry, impacting suppliers and retailers that must also shift their business models to address the changing dynamics.

While these investments are indicative of established automakers’ commitment to addressing these important trends, the situation is complicated by an influx of new entrants that are unburdened by capital-intensive cost structures and existing distribution channels. While GM and VW were making their plans, several startup electric vehicle companies went public, signaling to the market that the automotive space is potentially ripe for disruption. Consumers may soon have a bevy of options to choose from, presenting a threat to legacy brands.

Creating an Adaptable Approach to Talent

Before there can be a war for market share, however, there must first be a war for talent. Engineers, software developers, project managers and designers — those with the skills required to tackle the challenges involved in scaling CASE technologies — are sure to be in high demand. Talent will also have a bevy of options to choose from, and it’s not clear that established brands will have the upper hand. In our survey, more than 70% of respondents said they believe the automotive industry is challenged when it comes to attracting strategic talent with the experience and capabilities needed to succeed in developing CASE technologies.


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To drive innovation and avoid falling behind as the industry evolves, automakers and their suppliers need to take bold steps to attract, evaluate and integrate the best talent, people who possess the skills that will give them the necessary edge in this increasingly competitive environment. According to a recent report by Harvard Business School and the BCG Henderson Institute, companies that create an adaptable approach to talent can benefit from “a dynamic force that improves their competitive strategy.”

To accomplish this, automakers must adopt new methods of finding, hiring and managing talent, methods every bit as revolutionary as the technologies they are seeking to develop.

Here are three ways automakers and their suppliers can build a more robust talent strategy aimed at attracting the best and brightest to their organizations:

1. Develop a Total Talent Strategy

In order to access the right skills, automakers will need to cast a wide net and embrace a total talent strategy. By utilizing multiple talent sourcing channels in concert with one another — permanent, contingent, SOW, on-demand and freelance — organizations will be better positioned to obtain the talent they need when needed. Talent, particularly those with specialized, in-demand skills (AI specialists, data scientists and cybersecurity experts, for example), recognize that they have significant leverage in this competitive job market. Increasingly, they are less inclined to pursue traditional, permanent roles, opting instead to chart their own course as a freelancer or consultant. Without a strategy for sourcing the expert talent who have chosen this less-traditional path, organizations won’t have a complete view of the talent landscape.

2. Be Open to Flexible Work Arrangements

Today’s top talent isn’t looking for an employer; they’re seeking a partner who understands their needs and respects them enough to provide them with the autonomy and flexibility they crave. According to our survey, a significant number of respondents — 55% — work for an organization in which less than 10% of the workforce is made up of freelancers or contract workers, indicating that there’s room to grow in this regard.

Organizations need to offer more flexible work arrangements to their talent and create the infrastructure to support a blended or hybrid workforce, in which permanent, freelance, in-office, and remote workers collaborate seamlessly. By prioritizing the needs of talent, organizations can unlock greater productivity and spur innovation. Furthermore, embracing remote work as an essential and regular part of an organization’s talent strategy opens up a world of possibilities — literally. By removing the geographical barriers to work, an organization is no longer limited to local talent and can access a wider pool of expert talent from all over the world.

3. Seek Out Knowledgeable Partners

According to our survey, more than half of the respondents said that they believe the advanced skills they need can be found in the freelance talent market; yet, almost the same amount said that their organization predominantly uses this channel to staff for administrative needs. Why are automakers not utilizing this channel to source strategic talent? Perhaps because there’s a lack of confidence when it comes to properly evaluating and
vetting expertise in these advanced skill sets; 65% of survey respondents indicated that they would find it helpful if a third party assisted in the vetting of candidates to properly assess their skills and experience.

As new technologies and more advanced skills become critical to success, it can be difficult for organizations to keep up with trends and best practices. A poor understanding of what expertise looks like in these fields could result in bad hires, which could hamper progress and undermine morale. A knowledgeable partner, one that understands these technologies, can evaluate talent in a systematic way and provide a stamp of approval that gives hiring managers the confidence to take action. Organizations that forge such partnerships will realize a substantial advantage over their competitors.

Building a Culture of Trust

To successfully implement this more adaptable approach to talent, automakers need to seriously assess their organizational cultures to determine whether they are equipped to handle the demands of a more flexible total talent strategy, particularly when it comes to managing blended or hybrid teams.

Our survey revealed that while 78% of respondents expect their organizations to continue enabling remote work in 2021, there is still some degree of anxiety around how best to integrate such workers into the corporate culture; 62% of respondents said they felt that it would be difficult to build the necessary rapport with remote or freelance employees.

This attitude is not surprising. Historically, large organizations have struggled to implement and sustain remote work programs. However, a closer look at those past initiatives indicates that it wasn’t remote work itself that was the problem — it was a culture that failed to support the needs and interests of its remote employees.

When transitioning to remote work, companies need to do more than just grant their employees permission to work remotely. To be successful, they must build a culture of trust, accountability and transparency that empowers their workers and encourages them to develop the habits necessary to be productive in this new environment. Strong organizational cultures aren’t built through micromanagement or surveillance. They are built on a foundation of trust that’s fostered through direct communication, specific goals and objectives, clarity of ownership and accountability of outcomes.

These values should be at the core of everything companies do. They should inform the choices we make: whom we hire, what software we use and the way we interact with one another on a daily basis. Companies need to take every opportunity to reinforce these values and demonstrate their commitment to them so their employees have a clear sense of what matters to the organization.

Real, long-term trust isn’t established by brief interactions in the hallway or sitting next to someone at a conference table. What builds trust is showing workers that you respect their knowledge, decision-making abilities and work ethic, and by being transparent about the expectations they must meet. People are the most important element of any company, and the companies that invest in making sure their people understand that they are valued will be best equipped for success.

“To be successful, [companies] must build a culture of trust, accountability and transparency that empowers their workers...”
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