Professionals 4.0

SKOLKOVO
Moscow School of Management

FLASH TEAMS

Research Report
Executive Summary

STUDY OBJECTIVES

A growing number of conventional industrial enterprises are beginning to transform their structure towards networked forms in response to the need for increased adaptability. This process is accompanied and supported by the rapidly expanding gig economy and the emergence of an increasing number of human cloud platforms.

Human cloud platforms[1] (or open talent platforms) are online middlemen that engage a pool of freelancers that can be tapped on demand to provide a wide range of services to any interested buyer.

The phenomenon of human cloud platforms has been sufficiently well studied to date. Moreover, the existing literature pays great attention to the individual freelancers employed in the gig economy.

Our research aims to study in detail how do teams form and function in enterprise gig economy projects. We are analyzing the group dynamics that arise when company employees and hired freelancers work on projects that require collaboration between different contributors. Such groups are often referred to as flash teams.

We also discuss key drivers that lead companies to use human cloud platforms (also called open talent platforms), inspiring them to hire on-demand talent from such platforms.

RESEARCH METHODOLOGY

We used a combination of desk research and qualitative research.

In the course of the desk research, we carefully studied a wide range of literature with a focus on human cloud platforms, including articles, research reports, public reports from global open talent platforms.

For the qualitative research we used detailed data on 83 projects contracted on the Professionals 4.0 platform (P4.0), a freelance marketplace for experts, established in Russia. These projects where implemented between   1 January 2019 and 1 May 2020. We also conducted 34 semi-structured in-depth interviews with 6 different groups of respondents, involved in those projects. In the data analysis, we used grounded theory methods.

KEY FINDINGS

1. Why do conventional enterprises decide to adopt human cloud platforms?

We combined the interview data with our desk research results and identified 8 key drivers that companies cite as reasons for deciding to adopt and use open talent platforms.

We found the most important motivation for adopting platform sourcing is the **access to talent for hard-to-fill positions** (1)**.** Freelancers on open talent platforms offer skills that the company currently lacks; or they may engage with tasks that the company does not have the capacity to commit existing employees to perform.

Enterprises polled in the research stated that **speed** (2) is the second most important factor. Human cloud platforms allow companies to find professionals to complete urgent tasks, which means that they can rapidly launch important projects and significantly accelerate time to market.

These drivers are followed by **cost reduction** (3) and increasing **flexibility** (4). Platforms help to reduce costs in several ways: the cost of hiring, the actual cost of labor, the cost of arranging and funding a workplace, etc. Also working via a platform contributes to a more flexible approach to workforce load distribution. Freelancers plan their own schedules, are often more flexible in terms of timing and procedures, and, importantly, if there is no work available, the companies do not have to retain them on the payroll.

Using platforms also makes it possible **to quickly test hypotheses** (5), find original solutions, and abandon ineffective projects before major investments are made.

Another factor is the significant **reduction in bureaucracy** (6) when hiring talent. Setting up a worker to function on a platform can be organized in a simpler and more convenient way than managing a new starter inside a company, especially in the cases of large industrial businesses or governmental structures. The platform often removes restrictions on the performance of a non-standard task (for example, an innovative solution) in the corporate culture of the company.

1. Kaganer, E., Carmel, E., Hirscheim, R., and Olsen, T. (2013). Managing the human cloud. MIT Sloan Management Review, 54(2).

Transparency of freelancers' skills level and **track record** (7) was also mentioned as one of the key drivers. Open talent platforms provide user feedback on the work of freelancers and access to their portfolios, including accumulated data on their skills and experience. Reputation control mechanisms on platforms are also applicable to the company's own employees and provide an opportunity to identify and develop talented individuals through their involvement with platform projects. In the case of favorable market conditions, the work carried out on the platform by the freelancer can be used as a preliminary stage for **hiring professionals** to work in-house (8).

2. Working Groups and Teams in Human Cloud Context

As part of the research, we identified the set of attributes that allows to distinguish between two different configurations of group work: a working group and a team. Working group members and flash team members interact differently that affect the nature of the group dynamics (Figure 1).

FIGURE 1. Working Groups and Teams in Terms of the Attributes of the Group Dynamics

| Attributes of the group dynamics	Attribute more typical to working groups	Attribute more typical to flash teams
Goal setting	Goals are entirely determined by the project originator	Goals are set by the project originator but may evolve through team member contributions
Motivation of participants	Mainly extrinsic (financial, rating, portfolio, networking)	Extrinsic and intrinsic (personal interest, altruism, the sense and nature of the activity itself)
Distribution of responsibilities, functions and roles, including leadership roles	Roles and responsibilities are determined by project originator or project manager and remain stable throughout the project. Leadership is formal	Roles and responsibilities are negotiated by team members and may evolve throughout the project. Leadership is emergent
Communication	Fixed communication patterns prescribed by the team structure. Problems are dealt with in a reactive manner	Communication patterns evolve dynamically and aim at proactive problem prevention

We also found that teams and working groups evolve to work on different types of projects, which we have defined as obvious projects and complex projects.

Complex projects are characterized by a certain combination of key criteria:

▪ Project results are ambiguous and cannot be explicitly communicated to the team;

▪ Methods and tools are emergent or new to the team;

▪ Project completion requires diverse skill sets and involves interdependent tasks.

Unlike complex projects, the final outcomes of obvious projects are initially clear and can be described in detailed KPIs and communicated to the team. Methods and tools are well established and known to the team and project completion requires a single skill set , or if multiple skill sets are required, they aren't really interdependent.

We found that teams are created and work most effectively in complex projects that are characterised by a high degree of uncertainty (Figure 2).

FIGURE 2. **Analysis of projects by set of attributes**
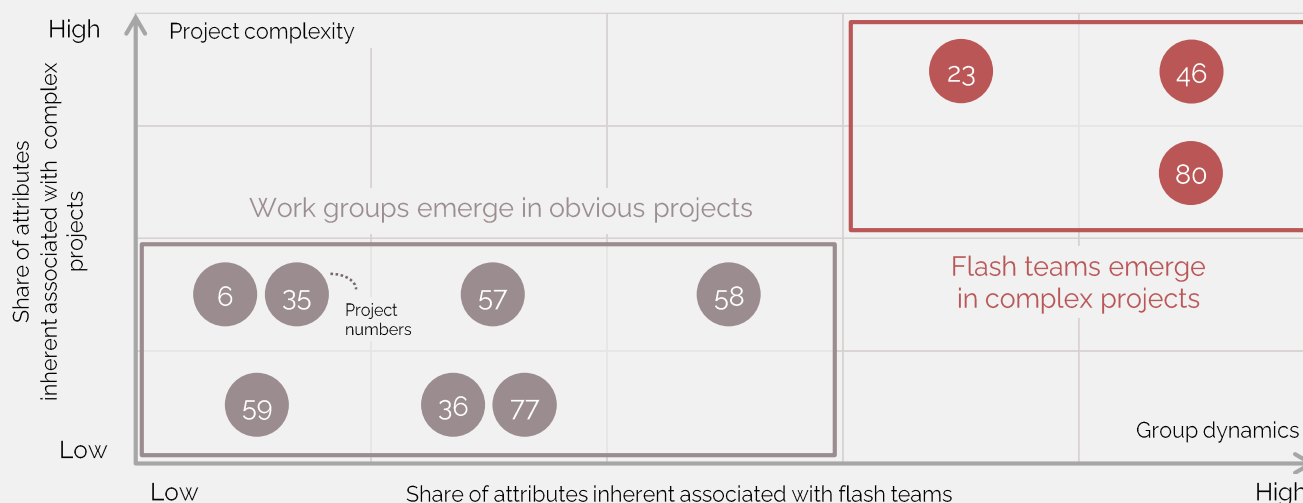
3. Enabling practices for flash teams

We identified 4 aspects of enabling efficient work in a flash team that must be taken into account by companies that have decided to adopt human cloud platforms.

1) Relax existing policies and procedures
Organizational policies and procedures can act as barriers to implementing projects in flash teams. At the start of a flash team's work, it is important to take into account the restrictions that external specialists may have in terms of accessing the necessary data and documents, or using common digital tools (for example, instant messaging) during their work on the project. This is where it makes sense for the company to be flexible in relation to existing rules and regulations.

2) Be prepared for discomfort
For enterprise employees accustomed to formal hierarchy, working in a flash team can be somewhat uncomfortable. The project originator will need to be closely and thoroughly involved in the project and be prepared to change the settings of the final task; even adjusting their own role and functions in the project as it proceeds. During our research, we found that employees who have experience in consultancy firms or who have already worked on internal cross-functional projects in the company felt the most comfortable with working in flash teams.

3) Be flexible when controlling resources
For complex projects where a flash team has been assembled, it is quite difficult to determine what resources will be required for its implementation (including the time needed to accomplish the goals). The project originator and the team need to be prepared for situations that require the reallocation of resources.

4) Be prepared for no "correct" answers
Complex projects do not offer only a "right" or "correct" final solution to a company's problem; the team seeks the best outcome through experimenting and testing hypotheses. For a flash team, the optimal mode of operation is through so-called "sprints" – time intervals of a predetermined length, where intense communication takes place between members with different functions and skill sets. Methods and tools to work on the task are modified and adapted at the end of each sprint.

PROJECT TEAM

This document was prepared as part of a joint research project by the Moscow School of Management SKOLKOVO aimed at studying Flash Teams and the Professionals 4.0 platform.

We would like to express our deep gratitude to the Professionals 4.0 experts for their assistance in organizing the research, providing data on projects and information about the platform's activities, as well as for informative comments on the research methodology.

The research team would like to express special thanks to all the respondents who agreed to participate in the research.

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