



Cracking the SOW Code

Speakers:

- **Brock Dutton**, Strategic Sourcing Manager, CCWP, Lincoln Financial Group
- **Mick Feild**, VP, Services Procurement, Bartech Group
- **Bryan Peña**, SVP, Contingent Workforce Strategies, CCWP, SOW Mgmt. Expert, SIA

Moderator:

- **Adrienne Nelson**, Sr. Director, Global Membership Products, CCWP, SIA

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September 13, 2018

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SOW Management Expert

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—September 5-6—
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November 7-8
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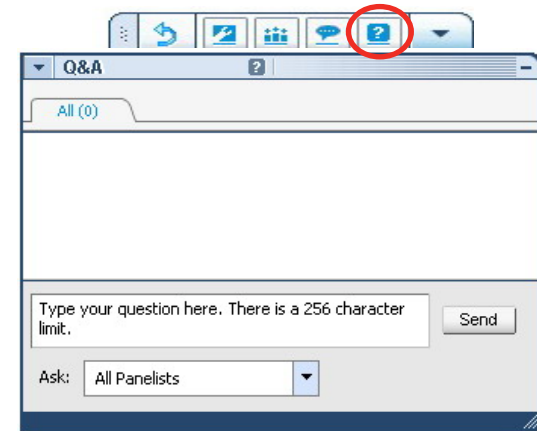
December 3-4
Transport for London
London

SOW ONLINE CLASS (Ongoing)

North America

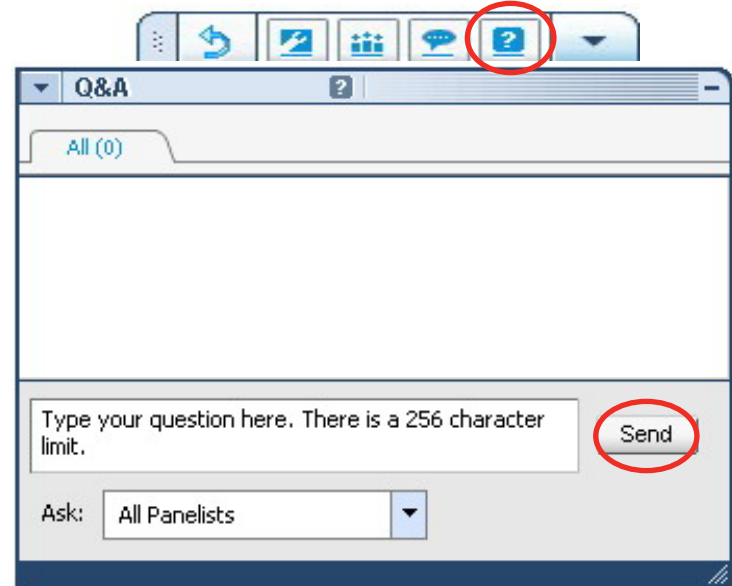
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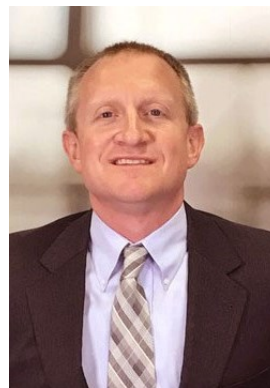
Our speakers today...



Mick Feild
VP, Services
Procurement,
Bartech Group



Bryan Peña
SVP Contingent
Workforce Strategies,
SIA



Brock Dutton
Strategic Sourcing
Manager, CCWP,
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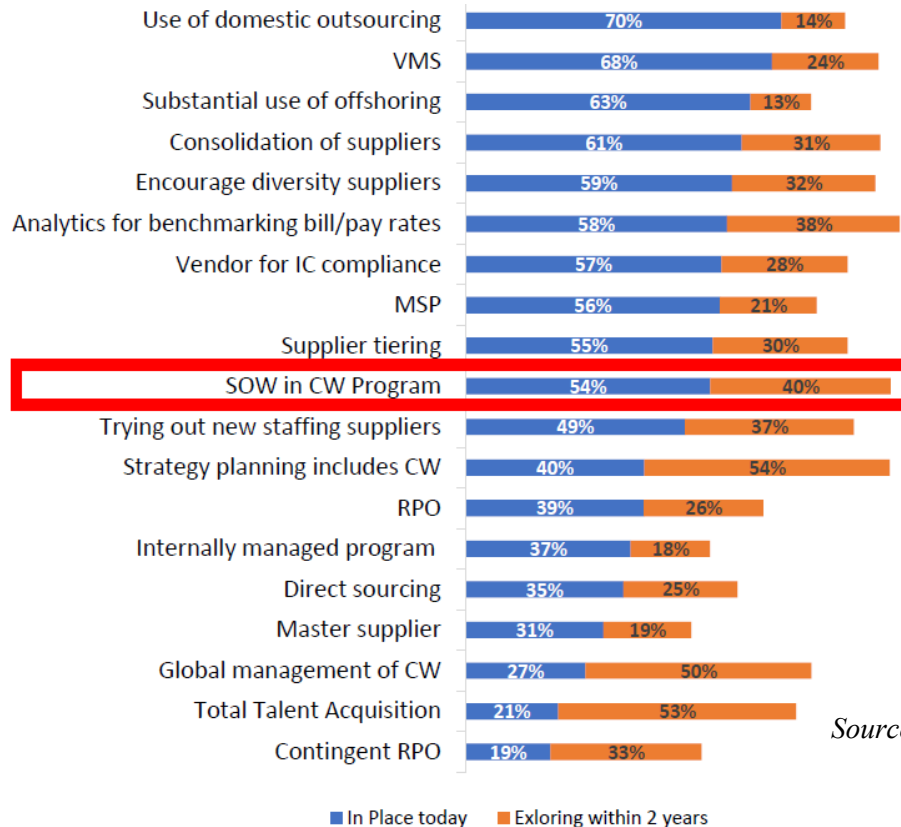


Adrienne Nelson
Senior Director, SIA
Moderator

What is SOW... to You?

What is not SOW...to You?

Trends in Supplier Management Strategies



Source: SIA, SOW Maturity by Geography, 2017

SIA Definitions



Statement of Work (SOW)

A document that captures the work products and services, including, but not limited to: the work activities and deliverables to be supplied under a contract or as part of a project timeline. In contrast to a typical temp or contingent work arrangement which is billed based on time worked, SOW agreements are usually billed based on a fixed price deliverable or for hitting specific milestones. Like typical contingent arrangements, they may also be billed based on time, including arrangements where there is a time-based billing that is capped at some “not to exceed” level for time and materials (See also: [Statement of Work \(SOW\) Consultant](#).)

Statement of Work (SOW) Consultant

Any consultant performing work on a project under a Statement of Work (SOW) arrangement. In contrast to agency consultants, SOW consultants are typically, but not always given a regular, consistent salary by their employer and continue to receive this salary when off project assignments (i.e., “benched resource”). While SOW consultants are typically employed by consulting firms, a host of technology and other staffing firms have also entered the solutions space for its greater premium margins (the theory being that you are paying for the firm’s proven methodology and chemistry of the team). At times “rogue” managers have used an SOW arrangement in order to avoid restrictions on the use of temporary workers or agency consultants (See also: [Statement of Work](#).)

Independent Contractor (IC — not SOW)

A self-employed individual performing services for a company under contract. Services are often provided through a single-person corporate entity (in the UK known as a personal service company or ‘PSC’ contractor.) Unlike employees, independent contractors are free to perform their work as they see fit, with limited or no control over the manner in which the work is performed. Tax authorities in many countries use the concept of ‘control’ in respect of behavior, together with financial autonomy and a range of other tests to determine the true nature of the relationship between the parties for tax liability purposes. These tests vary by country but follow broadly similar principles.

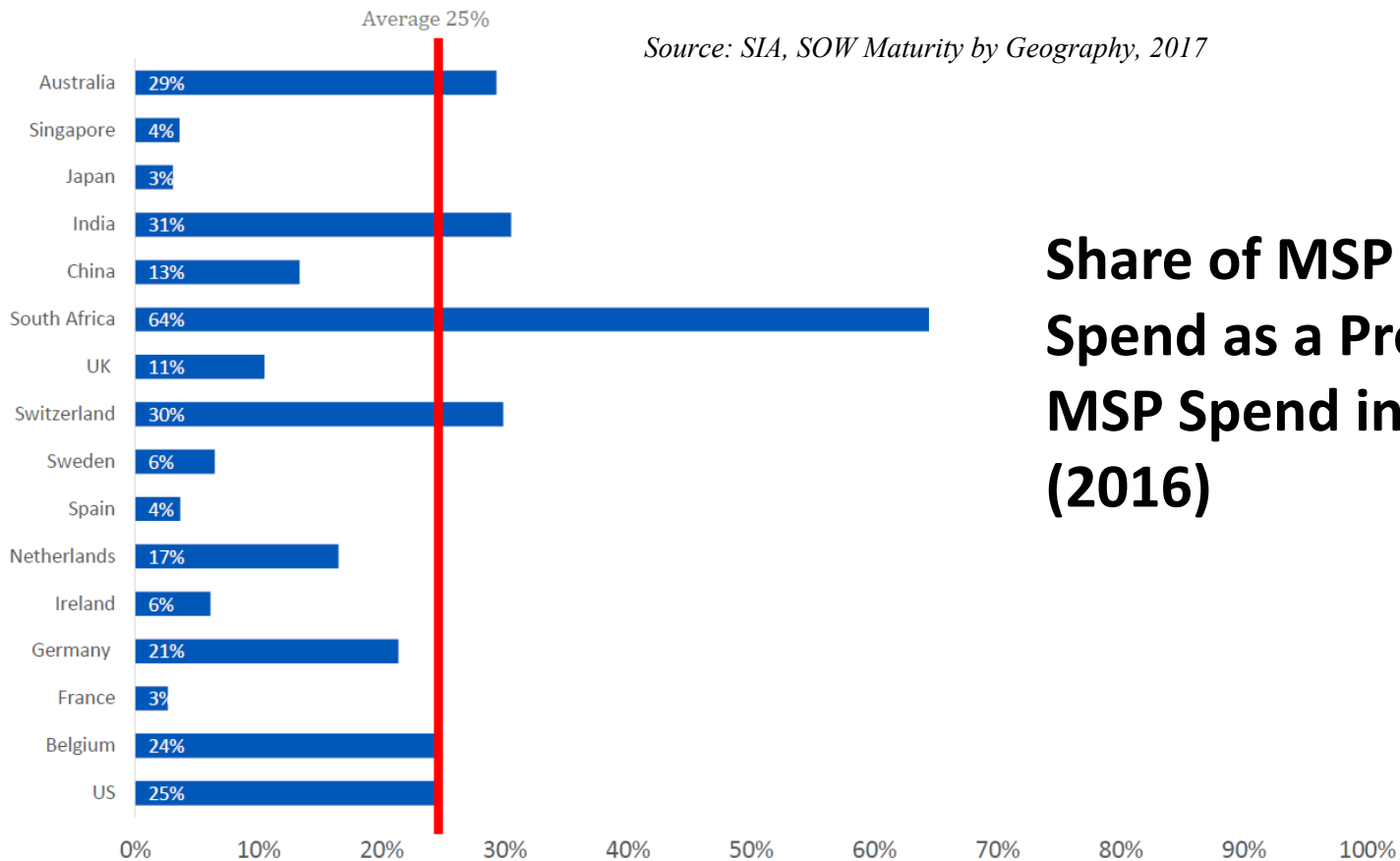
MSP SOW Maturity by Geography



Major MSP Geography	Number of MSP Providers with Active SOW Clients	Share of SOW Workers by Major Geography (across countries)	No of MSP Contracts Reported
Australia	2	7.37%	70
Belgium	3	0.86%	48
Canada	9	5.57%	168
China	2	0.73%	48
France	3	3.80%	74
Germany	4	2.89%	91
India	5	7.61%	98
Ireland	2	3.15%	50
Japan	2	1.06%	40
Netherlands	3	2.50%	54
Singapore	2	0.11%	20
South Africa	2	0.84%	68
Spain	1	0.69%	26
Sweden	3	0.32%	49
Switzerland	2	1.59%	35
UK	8	3.09%	193
US	12	57.83%	786

Source: SIA: SOW Maturity by Geography, 2017

Source: SIA, SOW Maturity by Geography, 2017



Share of MSP SOW Spend as a Proportion of MSP Spend in Country (2016)

Polling Question:

What is your primary reason for considering a centralized SOW management solution?

- A. Gain visibility of your overall spend?
- B. Reduce costs?
- C. Mitigate compliance risks?
- D. Improve physical or data security?
- E. Increase operational efficiency?
- F. All of the above

CRACKING THE SOW CODE

September 2018



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Cracking the SOW Code

It's a natural part of program evolution to consider statement of work (SOW) management as the next workforce challenge. Many contingent workforce program owners struggle mightily to identify exactly how to implement a realistic solution in order to ensure success in these high dollar politically charged projects.

In this webinar we will explore the theory behind SOW management and the application of those core concepts using a combination of research case studies and best practice insight from industry experts. Come away with a new outlook on how to tackle this challenge and category.



Introductions

- Lincoln Financial Group provides advice and solutions that help empower people to take charge of their financial lives with confidence and optimism. Today, more than 17 million customers trust our retirement, insurance and wealth protection expertise to help address their lifestyle, savings and income goals, as well as to guard against long-term care expenses.
- Bartech/Guidant Group, Everything we do is about doing everything better. We listen, understand and advise. We partner. Our belief in a collaborative, people-centric approach builds relationships based on trust. Our workforce strategies enable you to source, assess and implement complex talent solutions that truly fit your business. We aim to create a global workforce culture that we can all be proud of.

Before we get to the technology...



Marketplace

Why are we doing this?



MSP101 & SOW101

Why are we doing this?



System Scope and Activity

Scale & sponsorship



Best Practices

Procurement policy development & enforcement using standardized processes & systems.



Collaborative design

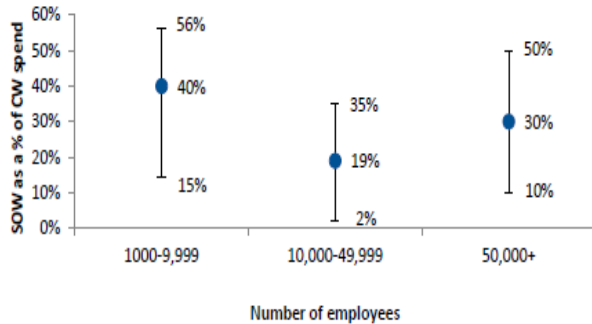
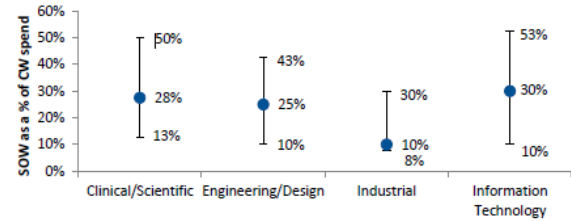
Collaborative design

Marketplace – What is the market doing?



Utilization distribution by industry based on primary skillset

More common in higher value professional assignments with deliverables, such as: IT, engineering, legal/audit services, etc.



Spend profile across organizational size.

SOW process provides mechanisms to support large scale and complex initiatives beyond scope of internal capabilities.

20% of Contingent Worker spend is SOW



50% buyers plan to include SOW spend into CW program

SIA Workforce Solutions Buyers Survey 2017

Marketplace – Adoption



If your organization has a managed service provider (MSP), which of the following features does your MSP provide with regard to statement-of-work (SOW) projects?

	Response %
Providing invoicing and bill-pay services (e.g. paying SOW suppliers)	31%
Tracking milestones and deliverables	18%
On/offboarding SOW workers	22%
Managing contracts for SOW services	16%
Negotiating contact & SOW services & pricing for services	7%
Short-listing suppliers for SOW services	9%
SOW supplier performance is visualized on a dashboard	12%
Reviewing & scoring RFP response bids for SOW services	7%
Drafting contracts & SOWs for services	7%
Creates RFPs/SOWs on behalf of client	10%
Identify/source qualified SOW suppliers	7%

Source: SIA Buyer Survey 2018



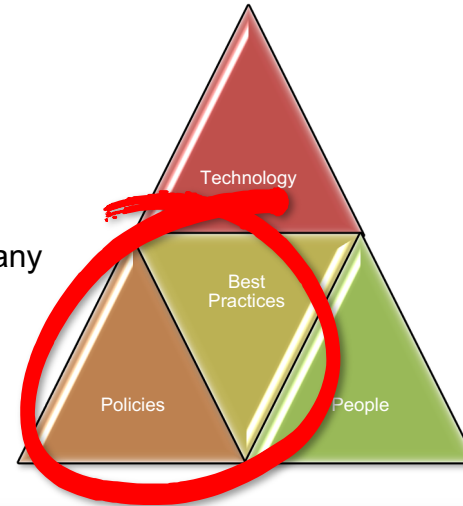
What is a SOW? In its most simplest form, it is a specified engagement of services to produce a product or result

Classification	Temporary/Agency Worker, Staff Augmentation	Independent Contractor, "IC", 1099, Freelancer	Outsourced Services, "BPO", "RPO"	Statement of Work, "SOW", Consultant, SME, "Creatives", "LLC", "Inc."
Characteristics	<ul style="list-style-type: none"> An individual who is employed & compensated by a third-party temporary agency to perform work for a fixed duration 	<ul style="list-style-type: none"> A self-employed individual performing services for a company under contract Client has right to control or direct only the result of the work (the ends) & not what & how it will be done (the means) 	<ul style="list-style-type: none"> An individual who is employed & compensated by a third-party outsourced service provider who assumes responsibility for a client function (e.g. janitorial, cafeteria, security, call center) 	<ul style="list-style-type: none"> 3rd professional services firm (e.g. consulting, tax, or legal services) to perform work for client, typically for a predefined price & timeframe Agreements are usually billed based on a fixed price deliverable or for hitting specific milestones
Complexity	Low	High	Low	Medium
Risk	Low	High	Low	High
Trending MSP Support Model	End-to-end MSP sourcing & procurement	MSP 3 rd party IC management firm; client self-sourced	Client direct access/supplier self-serve with MSP monitor & report	End-to-end MSP sourcing & procurement
Trending VMS Support Model	Standard VMS temporary working model	SOW module within VMS, includes automated decision support tool	Profile Worker functionality for visibility, reporting & risk control	SOW module within VMS, includes automated decision support tool
Standard Fee Model	Transaction of spend; supplier funded	Transaction of spend; supplier funded	Per worker; no well-defined trend on funding model	Transaction of spend; mixed funding model



A robust SOW program can deliver significant value through a tight alignment with the vision of the organization that it is supporting.

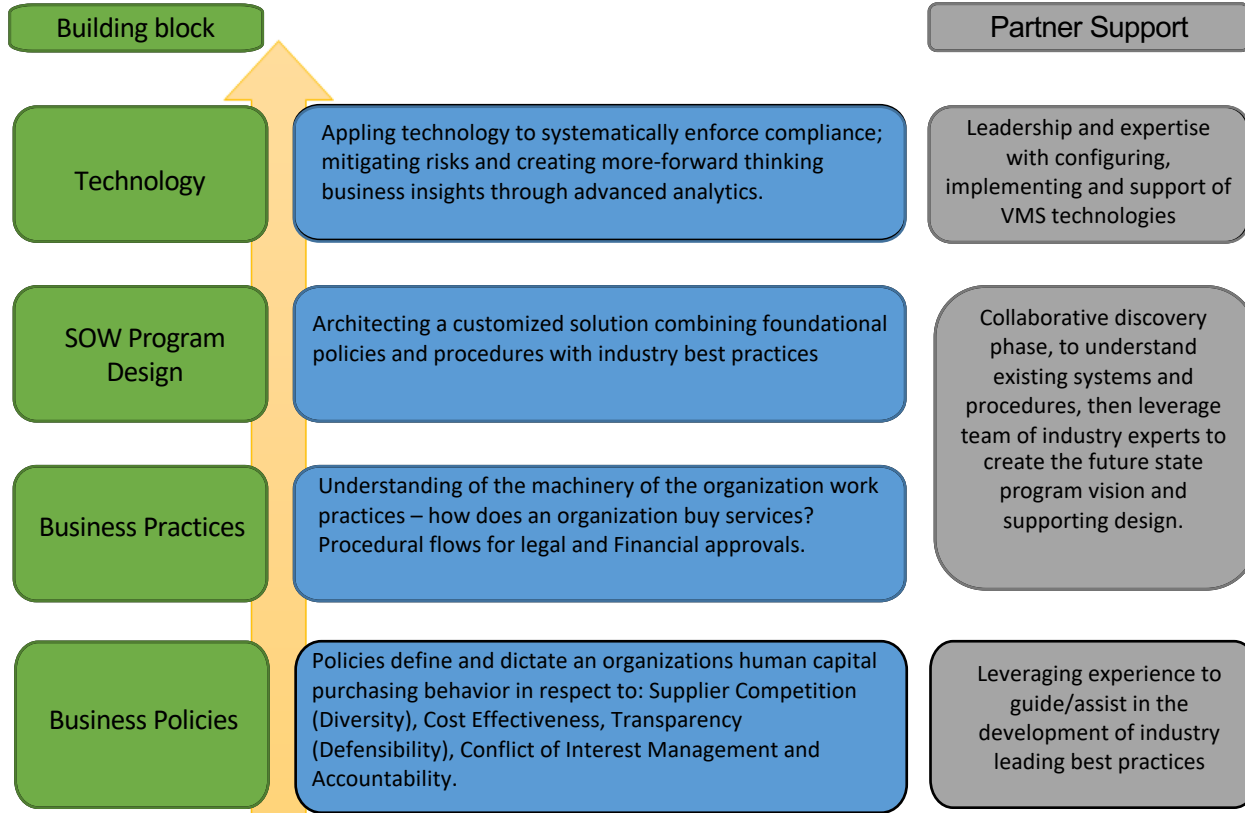
- Success is dependent on the system components:
 - Technology
 - People
 - Corporate Policies
 - Best Practices
- Ignoring any one will severely limit the successful operations of any SOW program.



So what drops to the floor when deadline looms?

Significant value through tight alignment with organization

Building Blocks



Scope of Activity



What is the objective?

- Cost reduction
- Greater visibility and control of spend
- Improved efficiencies
- Quality improvement
- Enhanced decision making

Know what problem we are solving

Functional Activity



In partnership establish a clear understanding of the activities performed, role expectation and benefit realization.

Operational Functions

- Ensure Service Contract quality, completeness & consistency
- Review payment requests comply with specified fees and milestones
- Providing budgetary and approval controls on all payment requests
- Consolidating and aggregating spend
- Centralizing supplier payment queries and support
- Transactional reporting

“Tablestakes”

Program Analytics

- Standardized templates for SOW formats and forms
- Service Contract creation with defined deliverables and payment terms
- Contract execution and on-boarding compliance
- Enterprise wide supplier relationship and performance management
- Full reporting and analytics across the entire program
- Supplier and Financial optimization

“Directive/Leading”

Decision and Sourcing Support

- Integrated Talent Management Model, providing a scalable, single interface and Program Management Office (PMO) for procuring and managing all non-employee labor in alignment with corporate guidelines, price appropriateness and ideal labor type.
- Strategic sourcing and competitive bid process oversight

“Partnership”

What do we want?

Best Practices



The risk: Every SOW is viewed as it is being unique.

Hallmark of a robust program:



Organization Procurement policy and process

- Standardized templates and procedures
- Outcome/deliverable management behavior



MSP partner expertise and efficiencies

- Leverage scale opportunities
- Access to broader industry knowledge in focused areas.



Technology expertise

- Leverage technology to automate
- Understand how to apply technology to business needs



Supplier participation

- Healthy supplier communication and engagement
- Shared risk/reward opportunities

Be actively engaged with partners

Collaborative Design



In partnership, create the solution that meets the identified requirements

Client

- Organizational expertise
- Policies and Procedures
- Strategic direction

MSP provider

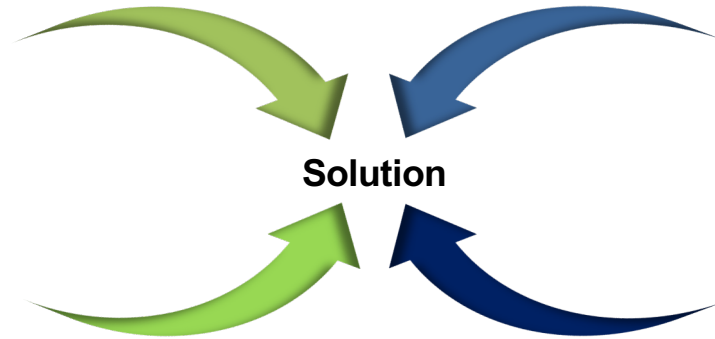
- Procurement industry insights and best practices
- Execution excellence
- Strategic insights

Industry Associations

- Industry best practices
 - SIA
 - MSNDC
- Market research

Technology support

- VMS system expertise
- Industry best practices



Now what...



Resist the urge to use any technology as the main impetus to drive a decision.



Successful SOW programs do not happen through chance. Rather, they are an outcome of a deliberate and methodical processes that are bolstered through technology.



Once established, programs should continue to evolve to support an organizations changing objectives. It is not a set and forget venture.

Use technology to support the decision

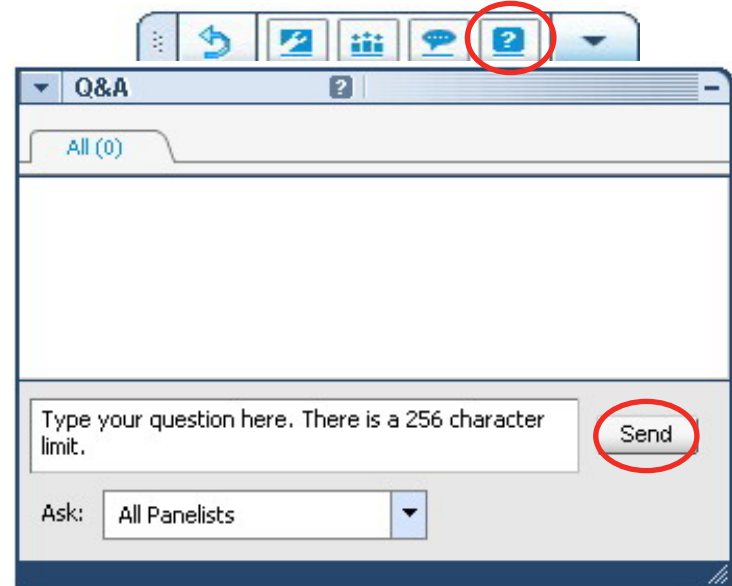
THANK YOU FOR MORE INFORMATION

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Manager, CCWP,
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Adrienne Nelson
Senior Director, SIA
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SIA Resources for CWS Council Members



- [Managing SOW Successfully](#)
- [Harnessing SOW Spend: Critical First Steps and Lessons Learned](#)
- [Incorporating Statement of Work \(SOW\) Consultants Into Your Program](#)
- [SOW Maturity by Geography](#)
- [Pricing Statement-of-Work Engagements: Models, Strategies & Tactics](#)
- [Higher Risk, Higher Reward: IT Staffing Companies and Statement-of-Work Engagements](#)

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October 11	Workforce Solutions Webinar (Global)
October 25	Workforce Solutions Webinar – Latest Trends in Talent Acquisition Services Across MSP, RPO and TTA
November 14	Workforce Solutions Webinar (Global)
December 6	The Year in Review, Lessons Learned in 2018
December 13	Workforce Solutions Webinar – Legal and Legislative APAC (Global)

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- Copies of the slides and a link to the audio recording will be distributed to all attendees within 48 hours following the webinar.
- A replay of the webinar will be available for CWS Council Members at www.staffingindustry.com.








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Founded in 1989, SIA is the global advisor on staffing and workforce solutions. Our proprietary research covers all categories of employed and non-employed work including temporary staffing, independent contracting and other types of contingent labor. SIA's independent and objective analysis provides insights into the services and suppliers operating in the workforce solutions ecosystem including staffing firms, managed service providers, recruitment process outsourcers, payrolling/compliance firms and talent acquisition technology specialists such as vendor management systems, online staffing platforms, crowdsourcing and online work services. We also provide training and accreditation with our unique Certified Contingent Workforce Professional (CCWP) program.

Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk.

As a division of the international business media company, Crain Communications Inc., SIA is headquartered in Mountain View, California, with offices in London, England.

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