

Creative Management Strategies for the Contingent Workforce

North America

Speakers:

Kirk Reade, Senior Associate, Brightfield Strategies

Andrew Karpie, Research Analyst, Staffing Industry Analysts

Moderator:

Bryan Pena, CCWP

VP of CW Strategy & Research, Staffing Industry Analysts



February 21, 2013
10 am PT/ 1 pm ET

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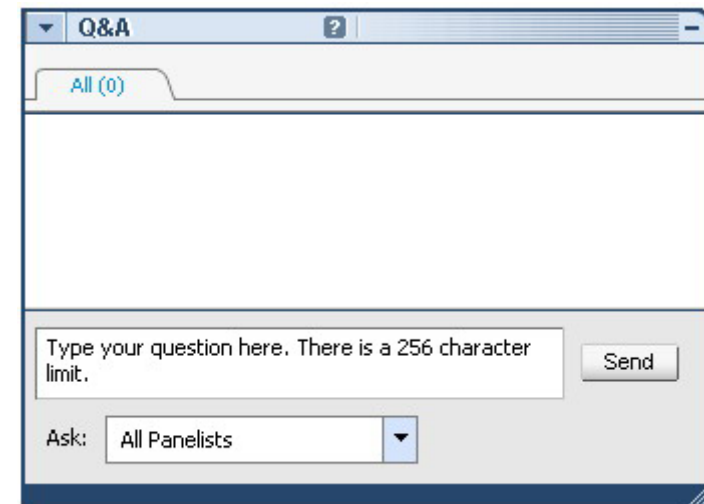
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Staffing Industry Analysts is the global advisor on contingent work

- Over 700 firms benefit from our international research services
 - 19 of the world's 25 largest staffing firms are members
 - More than 60 buyers of contingent labor are members of our CWS Council, representing over \$100 billion in annual contingent workforce spend
 - Customers in more than 25 countries
- Founded in 1989
 - Acquired by Crain Communications (\$200M media conglomerate) in 2008
 - Headquartered in Mountain View, California and London, England
 - 80+ years of industry and advisory service experience among executive team



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CCWP Workshop



- Where: Lincoln Centre Hilton, Dallas, TX
- When: March 19th-20th, 2013

Sold Out!



Just Added! June CCWP Workshop



- Where:
 - Hyatt Regency Washington on Capitol Hill, Washington DC
- When: June 6-7th, 2013





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North America

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Contingent Workforce Strategies Summit

May 15-16, 2013

Andel's Hotel | Berlin, Germany

www.cwssummitwe.eu



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Fairmont Millennium Park | Chicago, IL



September 10, 2013



September 11-12, 2013



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Our Speakers Today



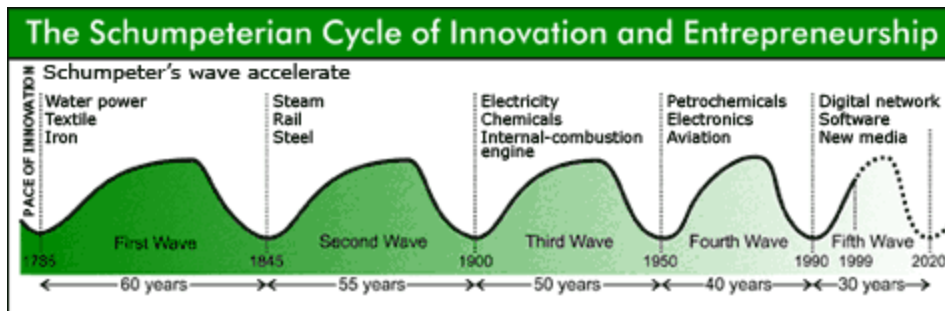
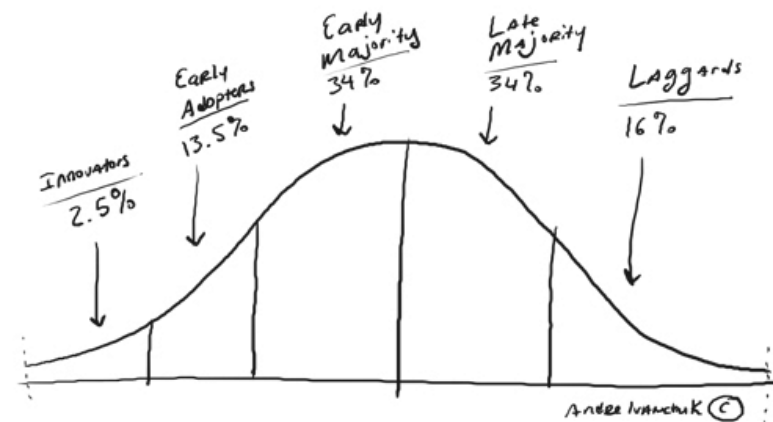
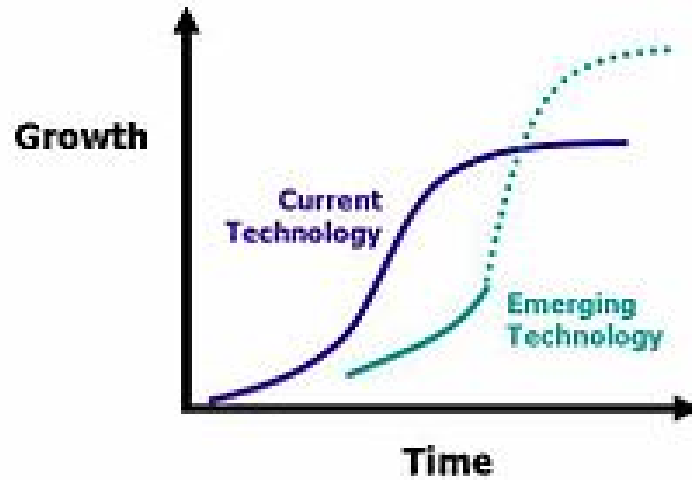
**Kirk Reade,
Senior Associate,
Brightfield Strategies**



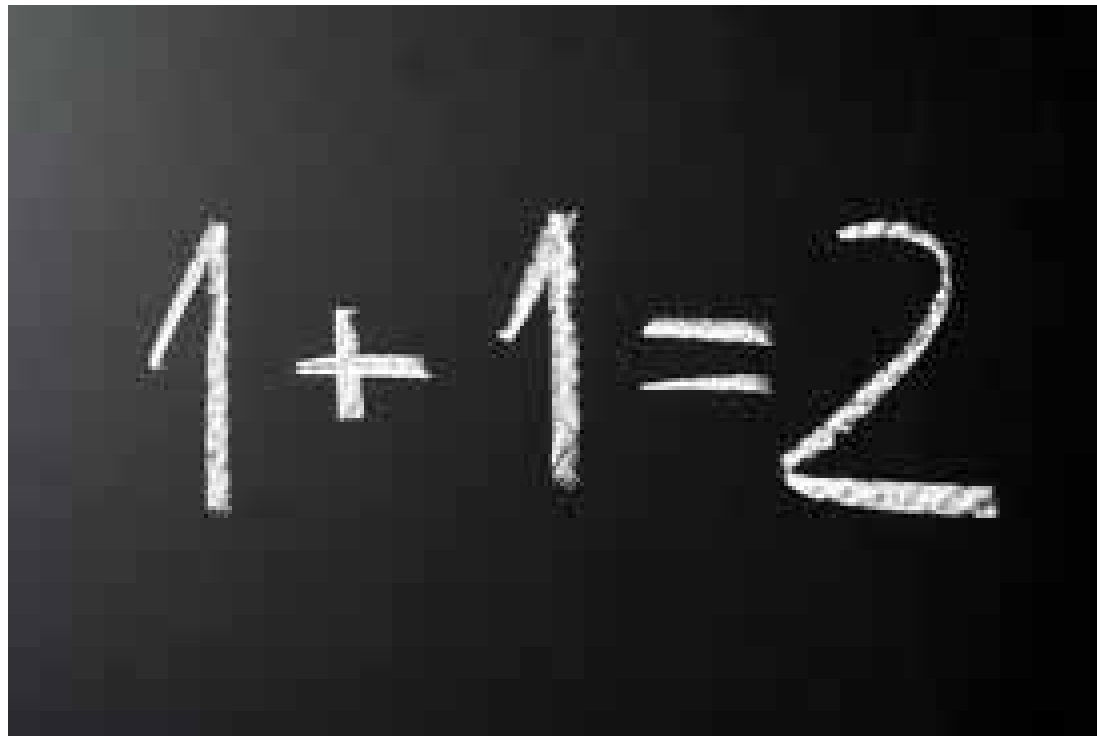
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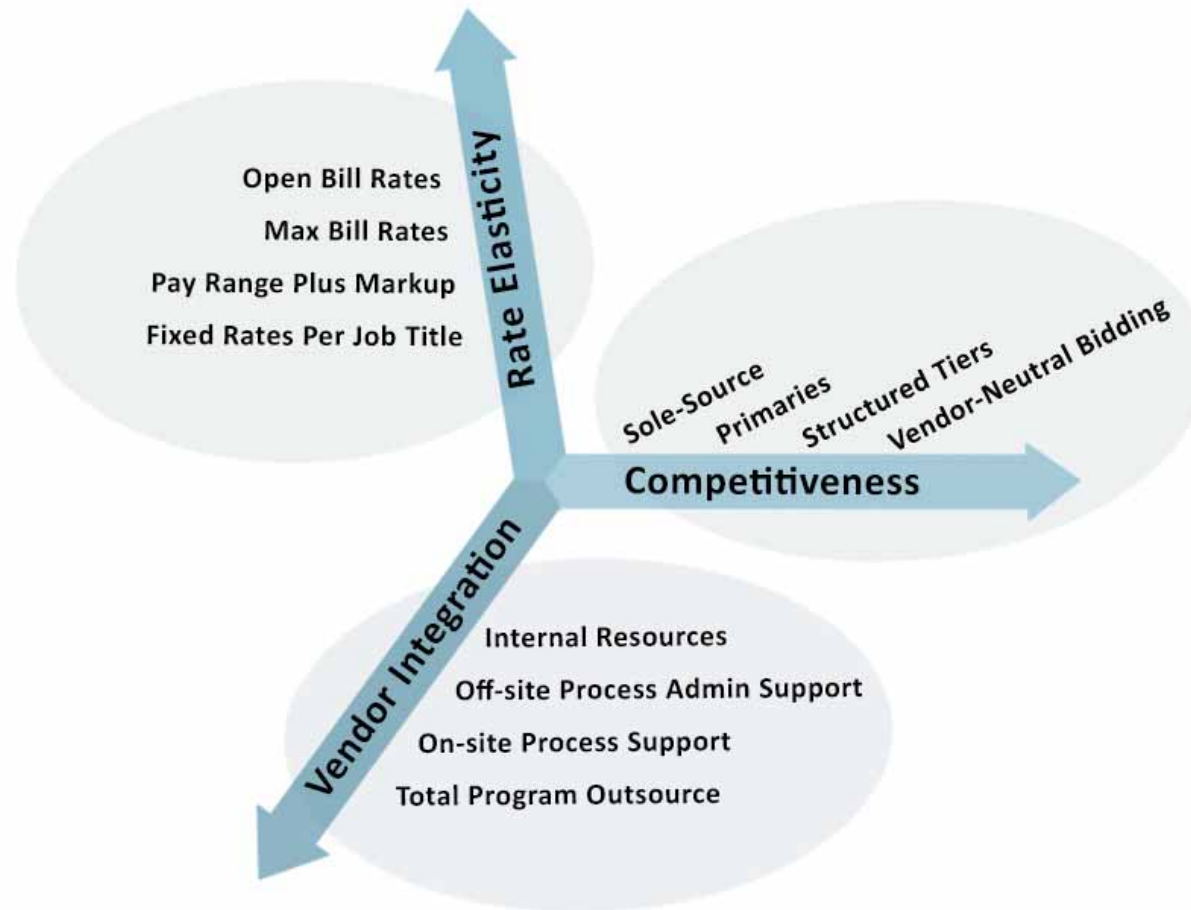


The basics.....

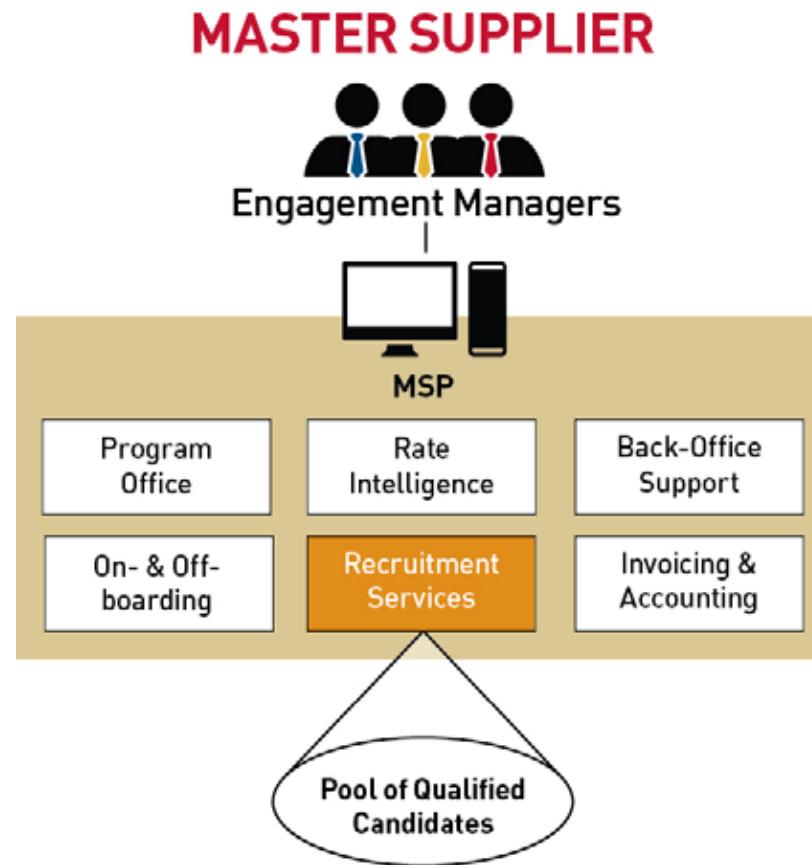




Sourcing Model Framework



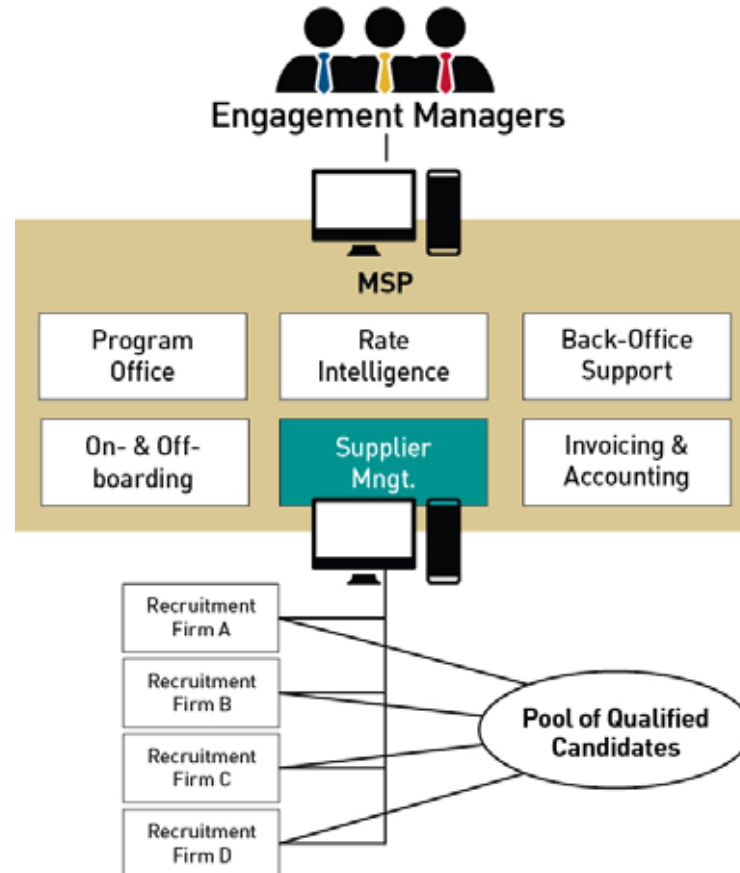
Master Supplier



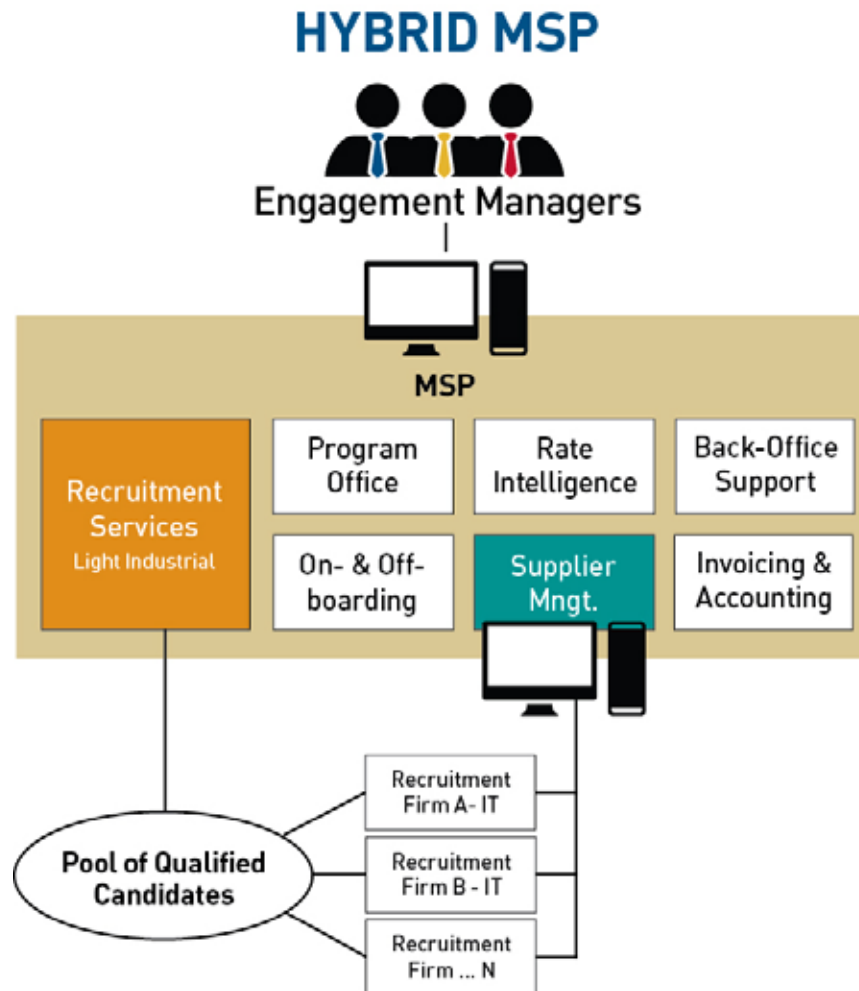
Vendor-neutral, Competitive Bidding Managed Service Program



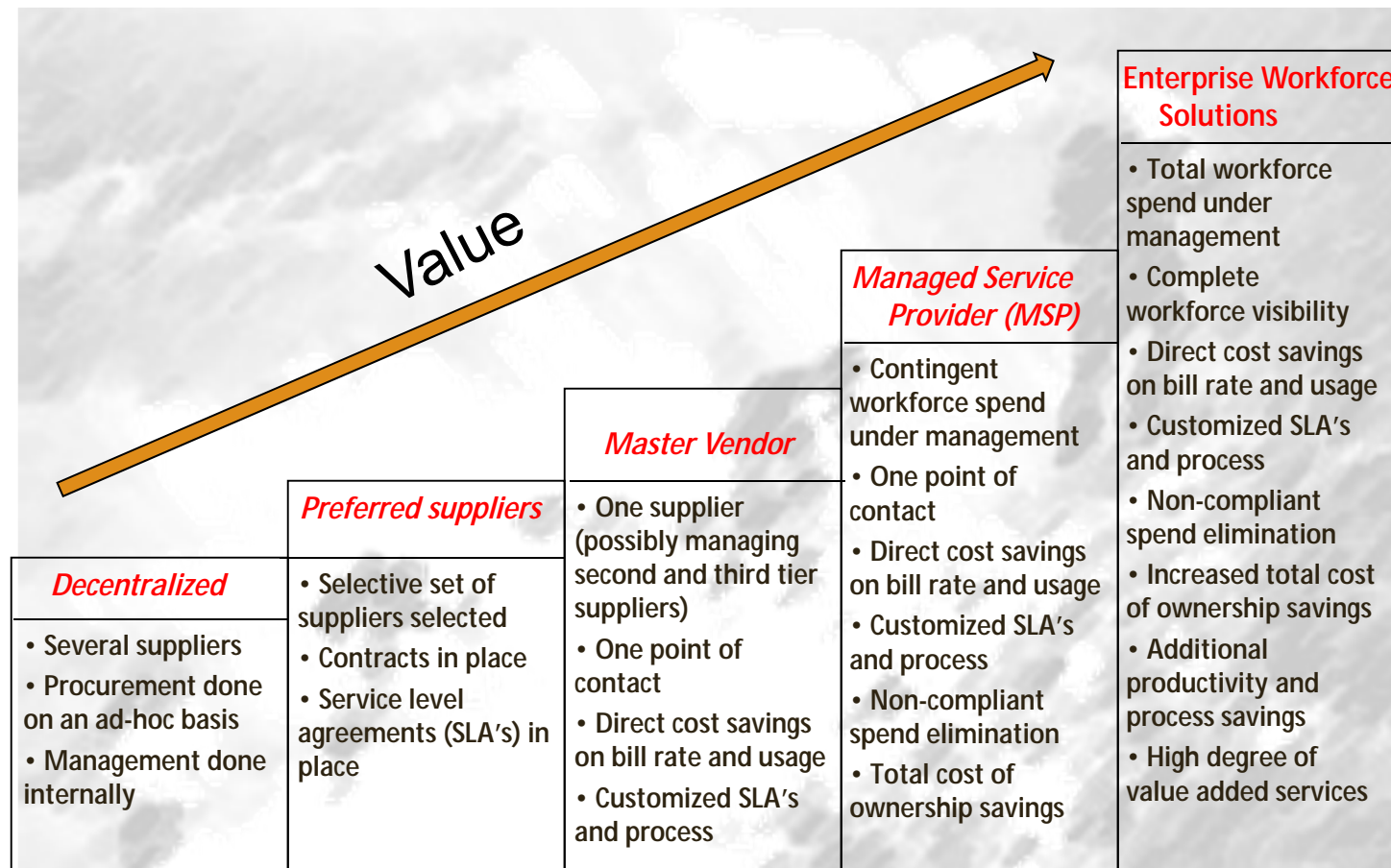
VENDOR-NEUTRAL MSP



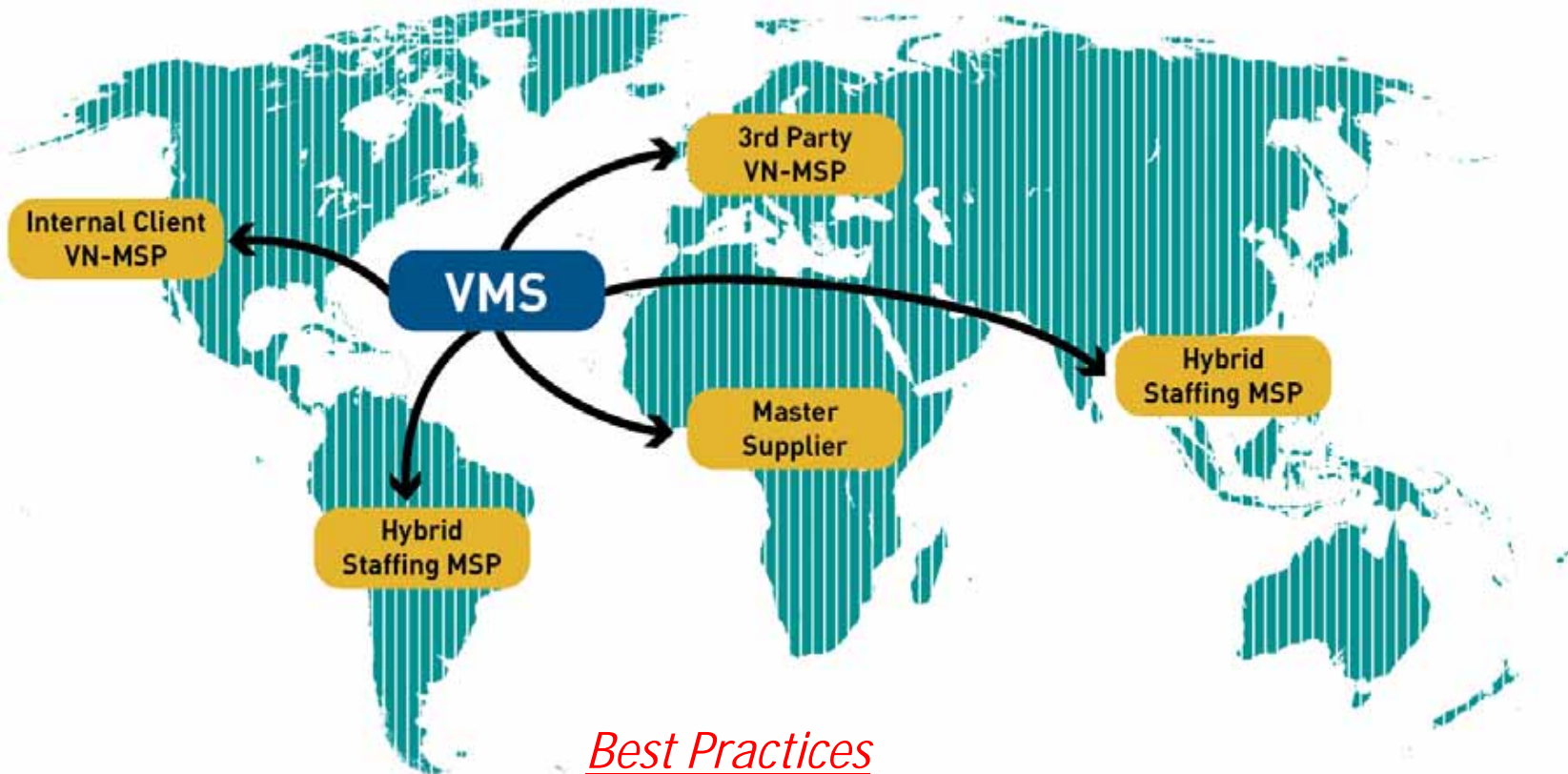
Hybrid Managed Service Program



Contingent Workforce Models



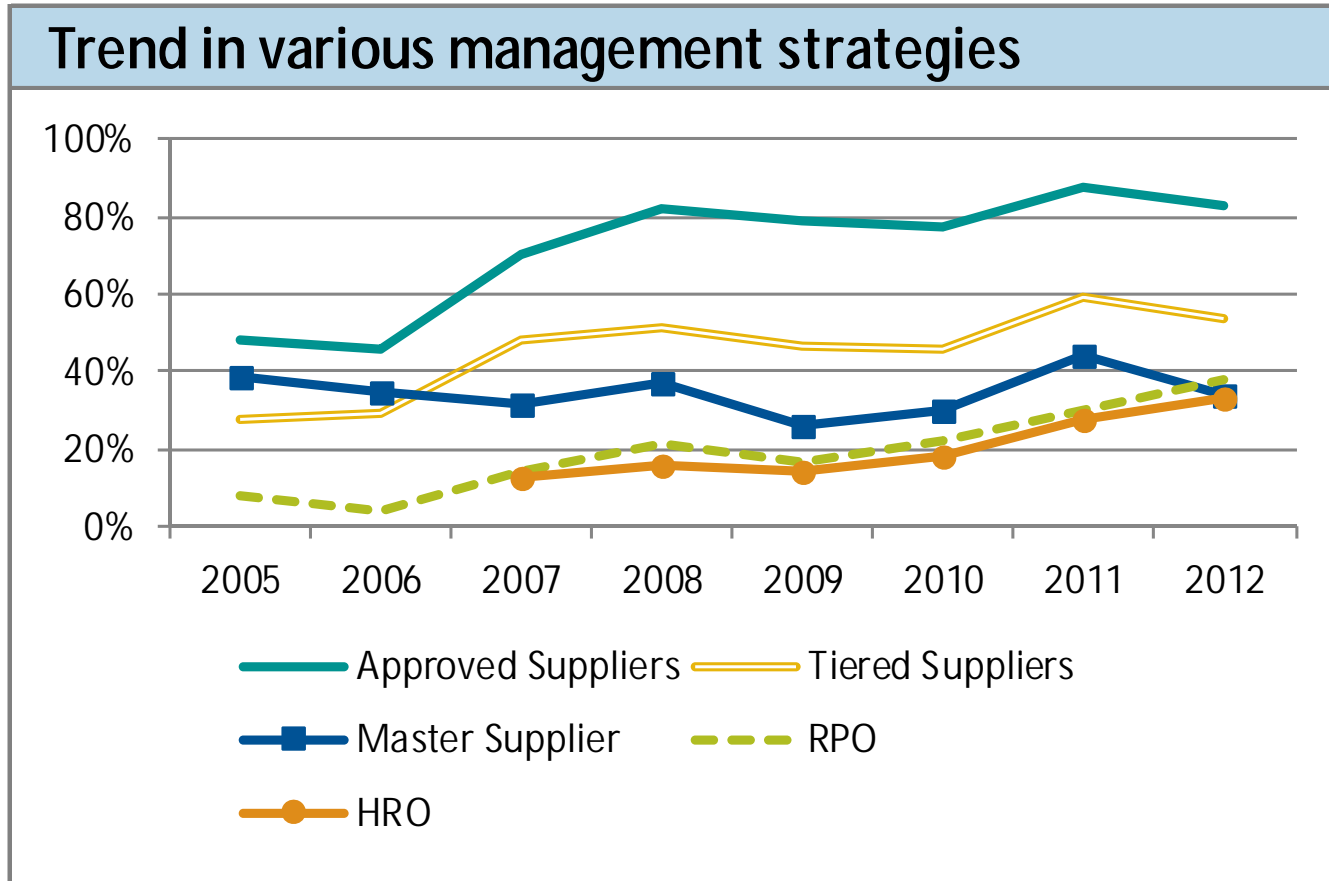
Global Program Management Models



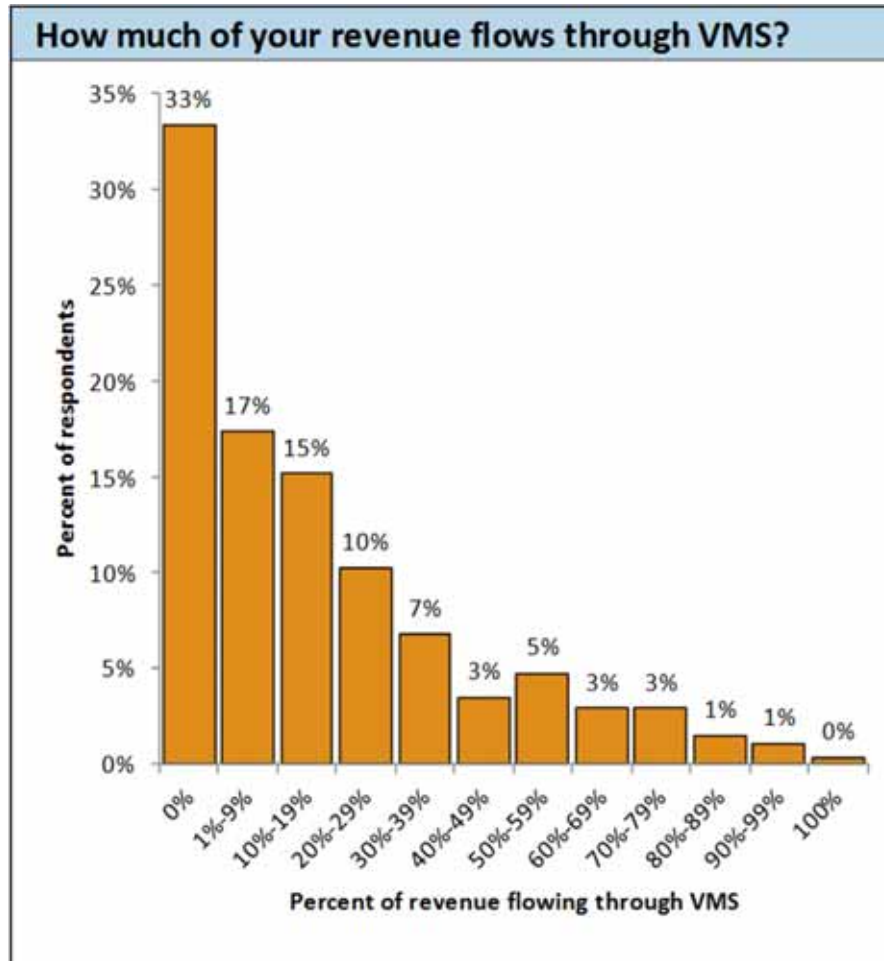
Best Practices

- Single VMS platform
- Centralized governance with regional independence related to sourcing and operational models

CW Management Sophistication



Source: Staffing Industry Analysts, © Crain Communications 2012



Source: Staffing Industry Analysts, © Crain Communications 2012



Use of internal recruiters to source contingents



Internal Recruiting of Contingents



Use of internal recruiters to source contingents

Advantages

- Cost of recruiter FTE quickly pays for itself through lower margins in payrolling
- No conversion fee
- Leverage company tools (ATS, job board membership) for sourcing
- Candidate experience and cohesive branding opportunity

Disadvantages

- Speed
- Understanding of niche skill sets
- Supplier reluctance
- Fluctuating demand

But what this really means is.....



Operational/Tactical

Strategic



All about focus.....

Operational Oversight

Ensure the solution delivers the expected benefits in compliance with defined business and legal requirements

- Compliance with SLAs and KPIs
- Compliance with savings targets
- Compliance with all legislation
- Compliance with all company policies
- Review of operational efficiency
- Review of issues, challenges, & risks
- Review of global supplier optimization

Most are stuck here

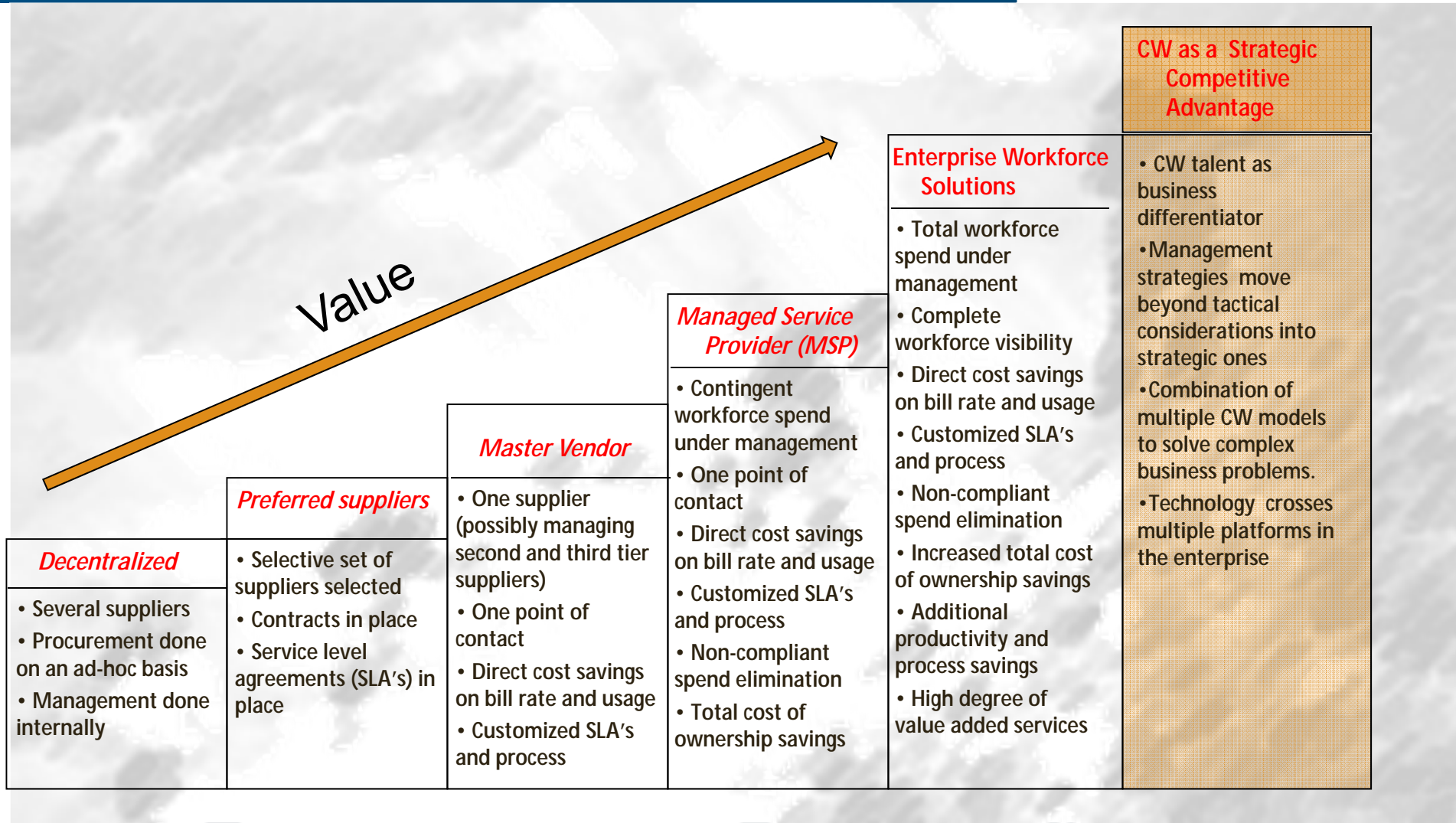
Strategy & Planning

Ensure the solution continues to evolve to meet the new and changing needs of the organization

- Establish program expansion strategy
- Define & prioritize program improvement needs
- Create and modify workforce & sourcing policies
- Assess impact of new legislation on program operations



Contingent Workforce Models - moving beyond value as we know it...





Contingent Workforce Program Maturity Model

Dimensions Attributes	Level I	Level II	Level III	Level IV	Level V
	Informal Decentralization	Limited Control	Manageable Process	Strategic Transformation	Competitive Optimization
Comprehensive Worker Classifications, Process Breadth, Geographic Coverage	Non-Existent, Individually- Managed	Defined Basic SOP, Classification in Limited Markets	Formal, Repeatable, CWM Executed	Widespread Global/Cross- Category Adoption	CW Program Component of Business Transformation
Strategic Aligned with Needs of Business, Forward-Looking	Limited, Unplanned, Reactive	Tactical Vision, Cost Savings & Compliance- Driven	Strategic Vision, Business Value- Driven	CW Program Aligned to Strategic Goals	CW Incorporated Organizational SWP
Governed Compliance Framework, Communications Plan	No Consistent Policies or Process	Basic Policy & Process w/ Internal Socialization	Automate Program Execution w/ Formal Training	Constituent- Driven Program Policy & Delivery	Executive Mandated Policy & Processes
Measurable Comprehensive & Representative, Integrity & Conformity, Available & Accessible	Limited to No Credible Data or Data Source	Formal Data Collection & Visibility w/Limited Data Source	VMS and/or CW Program Management & Metrics Implemented	Voice of the Customer Best Practices Tracked & Managed	Fully Integrated, Reliable CW Program Knowledge
Sustainable Consistent, Adaptable	Program Widely Inconsistent & Not Repeatable	Basic Elements of Control Implemented	CW Continuity & Long-Term Planning Established	Responsive to Organization Requirements While Maintaining Core Program Values	Globally Consistent & Scalable, Repeatable Success Across Regions & Categories

In practice.....

Item	Operational	Strategic
<i><u>Need</u></i>	Accurately forecast hiring and/or training needs	Develop the best talent strategies for longer-term success
<i><u>Timeline/ Planning Horizon</u></i>	Usually 12 months with a quarterly focus – matches the yearly business plan	Usually 3 years or longer – matches the organizational strategic plan
<i><u>Integrated with</u></i>	Annual or quarterly financial/ budgeting process	Strategic planning process
<i><u>Inputs</u></i>	Mostly internal data, some management decisions	Wide range of internal and external information including demographics, business strategies, global trends, etc.
<i><u>Outputs</u></i>	Staffing plans, skill gaps	Human Resource/People Strategies
<i><u>Scenario Planning Approach</u></i>	Uses variables to explore different models of staffing	Uses futuring techniques to question current paradigms and explore alternative futures not necessarily based on today's approach
<i><u>Forecasting</u></i>	Key focus	Only part of the process – forecasting is too limited in terms of timeline and scope to be the core of the process
<i><u>Segmentation Focus</u></i>	Internal demand	Internal and external, demand and supply are all segmented
<i><u>Skills</u></i>	Competencies may be audited or gathered at an individual level	Strategic Capabilities analyzed and gathered at the group level
<i><u>Performed by</u></i>	HR or staffing organization with input from the business	Business, facilitated by HR
<i><u>Focus</u></i>	Operational Management – Line and BU Managers	Strategic Management – Executive and Board
<i><u>Aligns to</u></i>	Business Plan	Strategic Plan
<i><u>Terms used</u></i>	“Predict”, “Calculate”	“Explore”, “Design”

Source: Aruspex



The future of Contingent Workforce Management is simply for the organization to have nothing less than a transformation of how talent decisions are made







Where is Contingent Workforce Management Is Headed

From Talent Supply Chains to Talent Networks/Human Clouds

Andrew Karpie

Research Analyst, Staffing Industry Analysts
Talent Acquisition/Talent Management Platforms

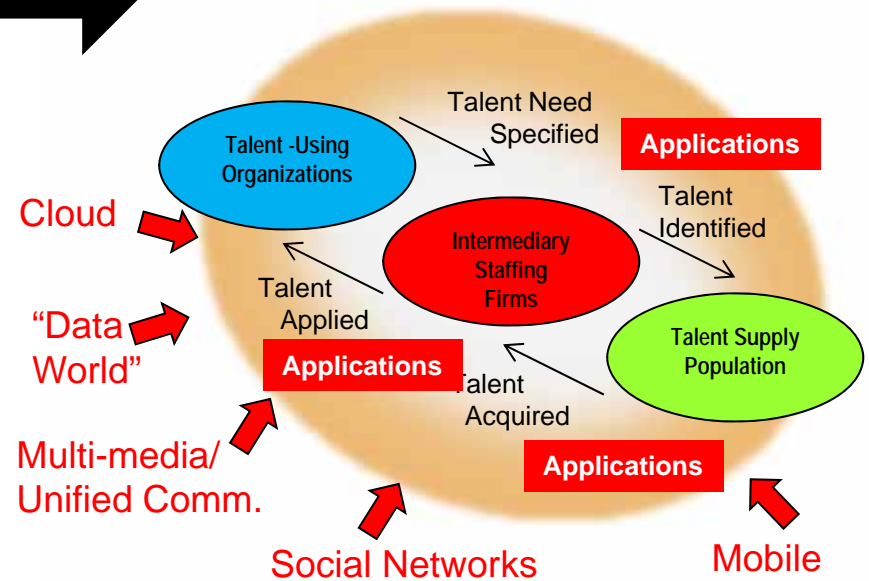
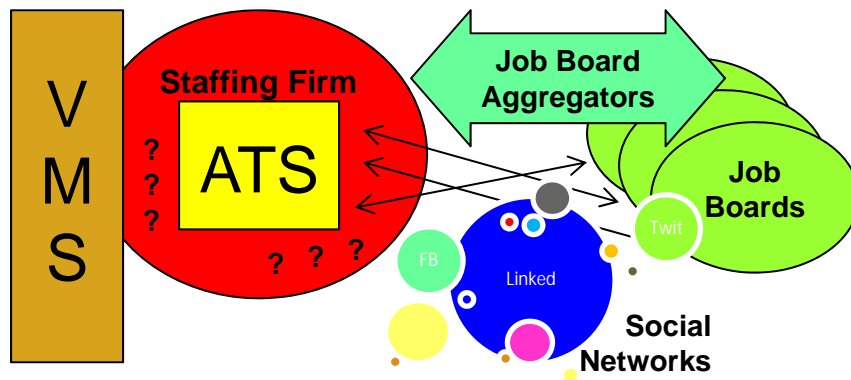
February 21, 2013

Digitization is changing everything—most visible today in Talent Acquisition Technology

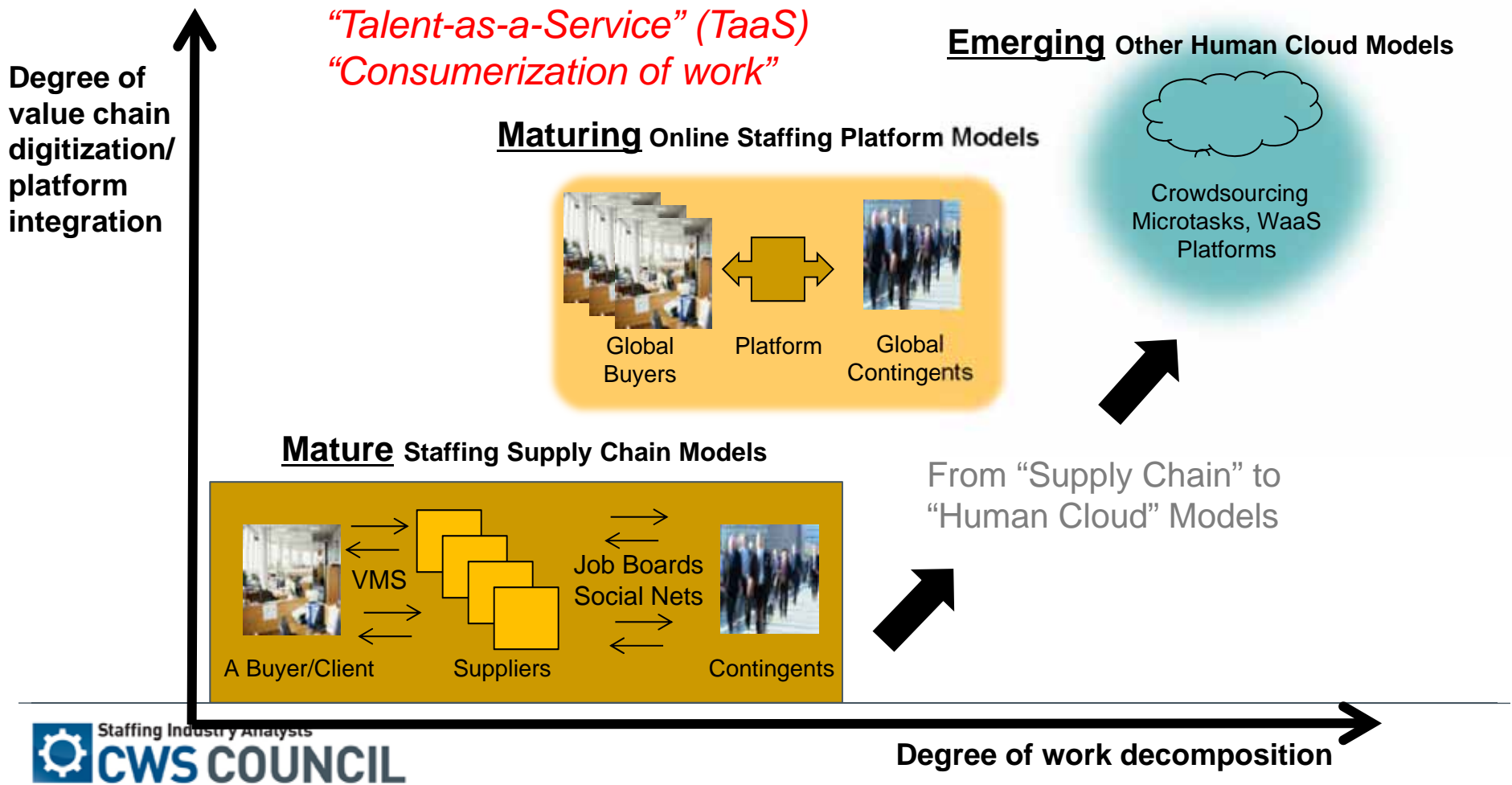
Current Fragmented TAT Ecosystem



Future, Integrated TAT Ecosystem



Work Shifting from "Supply Chain" to "Human Cloud" Models



The growth of “Human Cloud” platform businesses has been accelerating

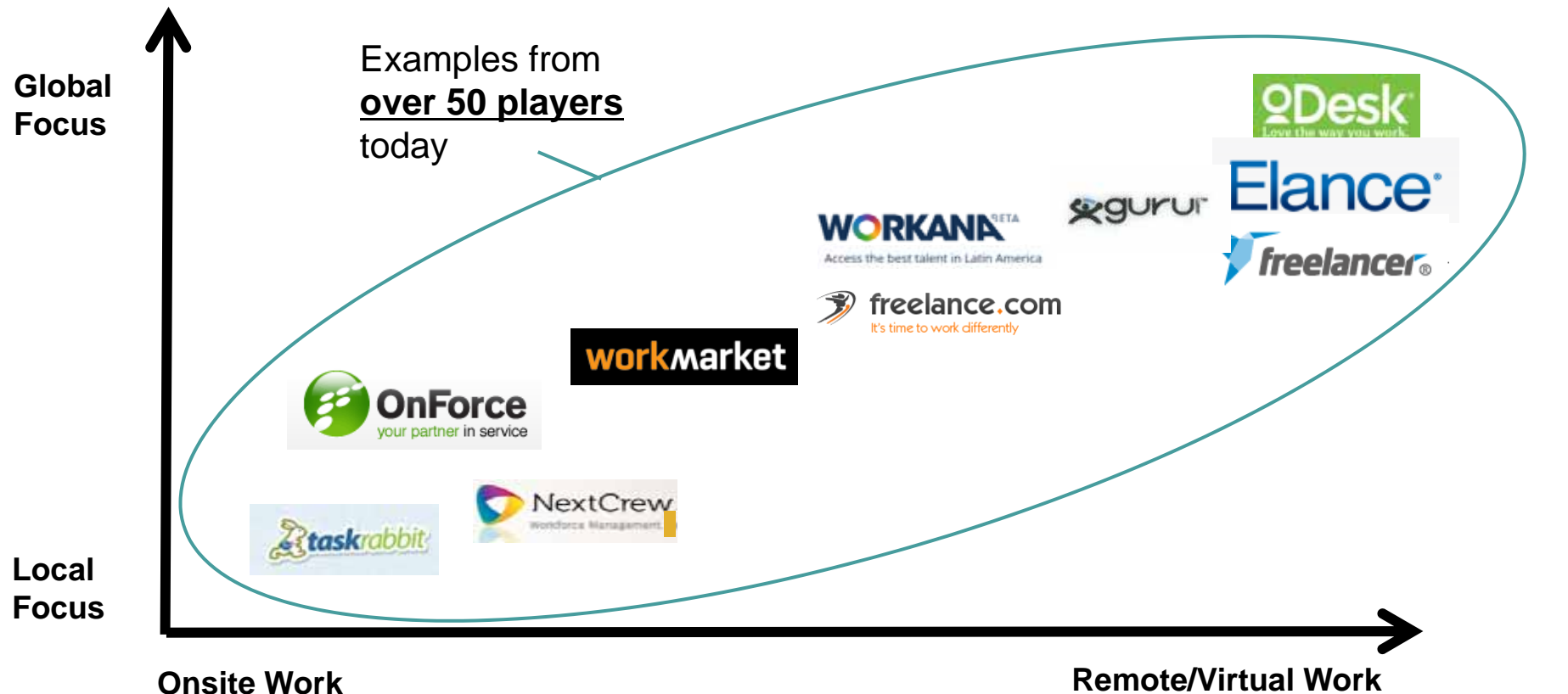
- Y/Y growth in the global revenue of human cloud platforms: 53% for 2010 and 74% for 2011.
- More than 100 active platforms in 2012, up from perhaps 40 in 2011.

About 50
“Online
Staffing”
platforms



About 50
“Other
Cloud Work”
platforms

A Range of "Online Staffing" Players and Services Already Exist Today

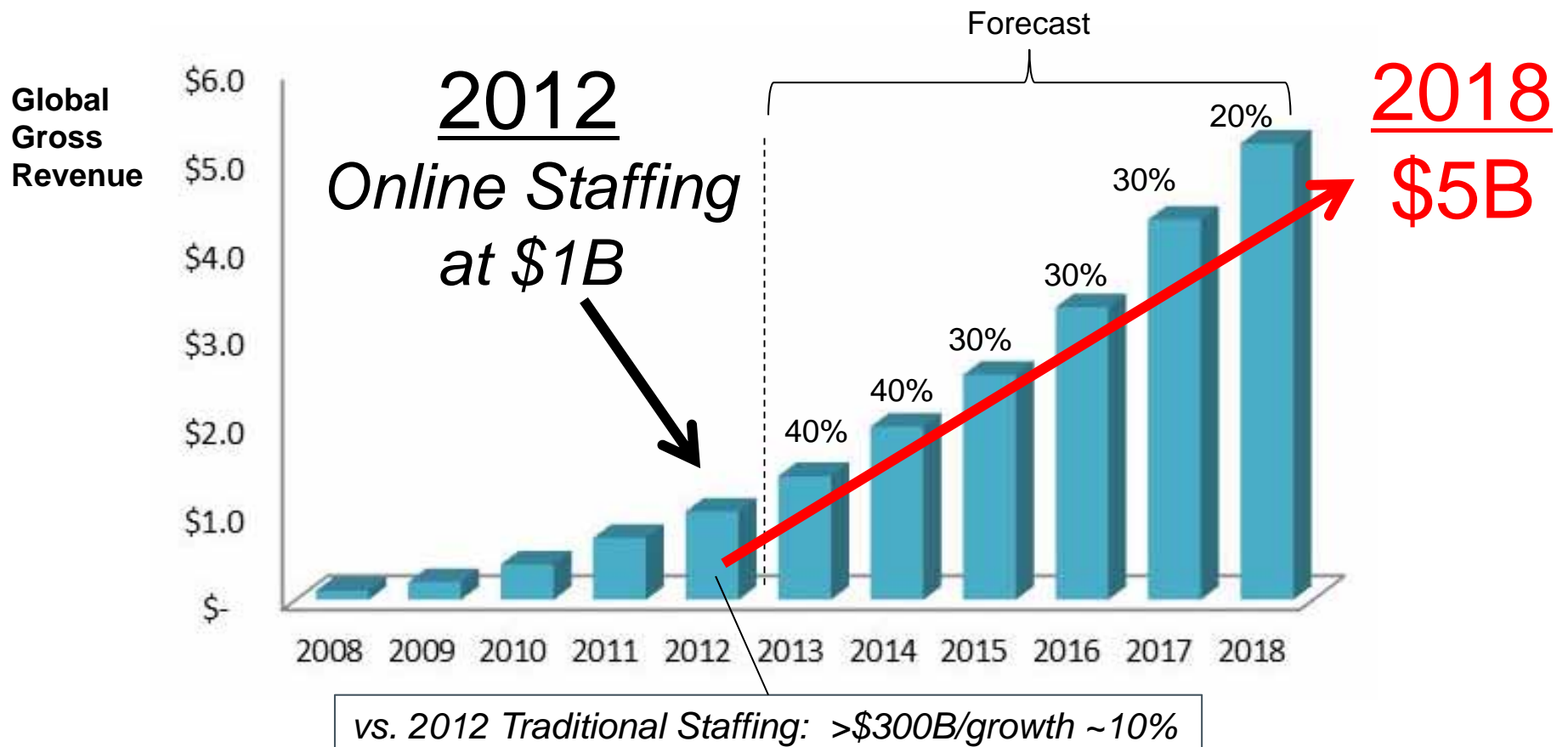


Restaurant Workers, Field Service
Techs, Day Laborers....

Software Developers, Creative Designers,
Writers/Editors/Translators/Voices...



"Online Staffing" – Looks Like a Clear Path to \$5B by 2018



Technology + Innovation = Other Emerging Forms of the “Human Cloud”

- “Crowdsourcing”
 - Design (contests): 99 Design
 - Innovation (competition): Innocentive
 - Data Research (piece work): CrowdFlower
 - Translation/localization (piece work): GetLocalization
- “WaaS or TaaS”
 - Customer Call Center (piece work) LiveOps
- Other Models...

2012: \$375M segment, over 50 firms, over 70% annual growth





Creative Use of CW Management Strategies

Overview of Market Trends in the Staffing Industry with a focus new breakout strategies

Kirk Reade

Senior Associate, Brightfield Strategies
Strategy, Technology & Analytics

February 21, 2013

Crowdsourcing

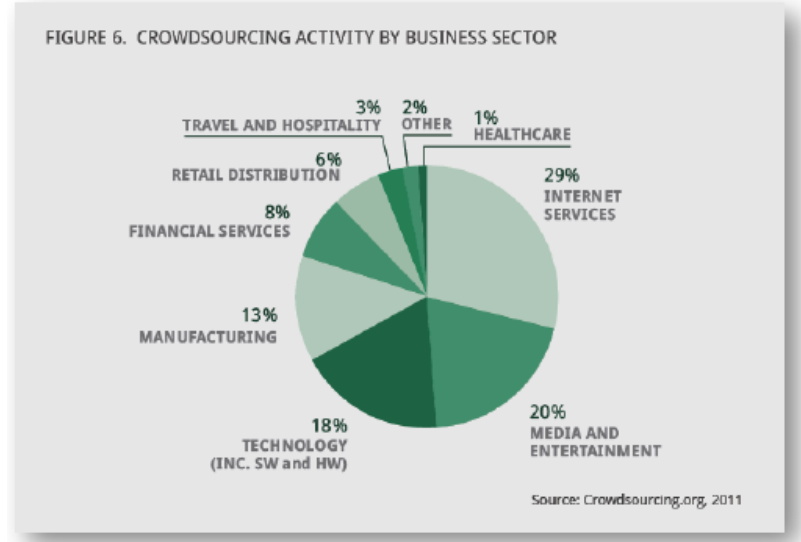
What is it?

The practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people and especially from the online community rather than from traditional employees or suppliers.” Other definitions are more restrictive in the following requirements: (1) online work, (2) publicly sourced

Crowdsourcing



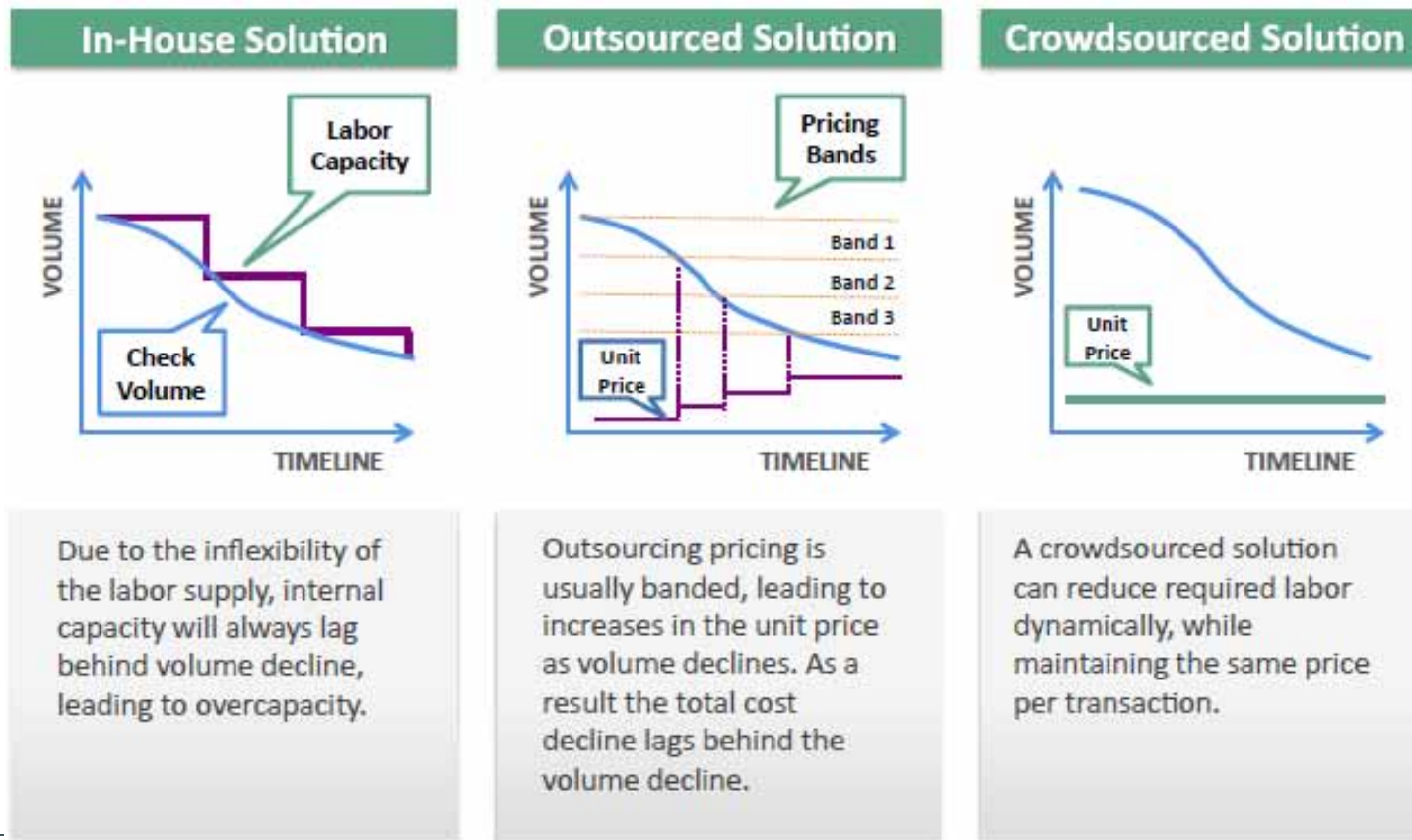
- Is there space for crowdsourcing in the CW space?
 - Software Coding
 - Testing
 - Technical & Non-technical Writing
 - Translation
- What is the Value
 - Client pays a fixed pricing for an outcome
 - Costs are more predictable
 - Only pay when completed
 - Scales quickly





Crowdsourcing

Provides flexibility for declining business volume, aligning workforce and service needs to needs



Workforce Mix Optimization

- Workforce Mix: *the relative proportion of various worker types*
 - Some organizations define mix across all types of human capital, including employees
 - Some organizations define mix only across some or all contingent classifications
- Model scope includes small enough organizational unit to be relevant, but large enough to be impactful
 - Department or business unit level, rarely enterprise wide
- Workforce Mix analysis can be prescriptive
 - Left to its own devices, where is my workforce mix going?
 - Customer is projecting increased use of X workers, what is supply chain impact?
 - What should my workforce mix be?



Reverse Auctions

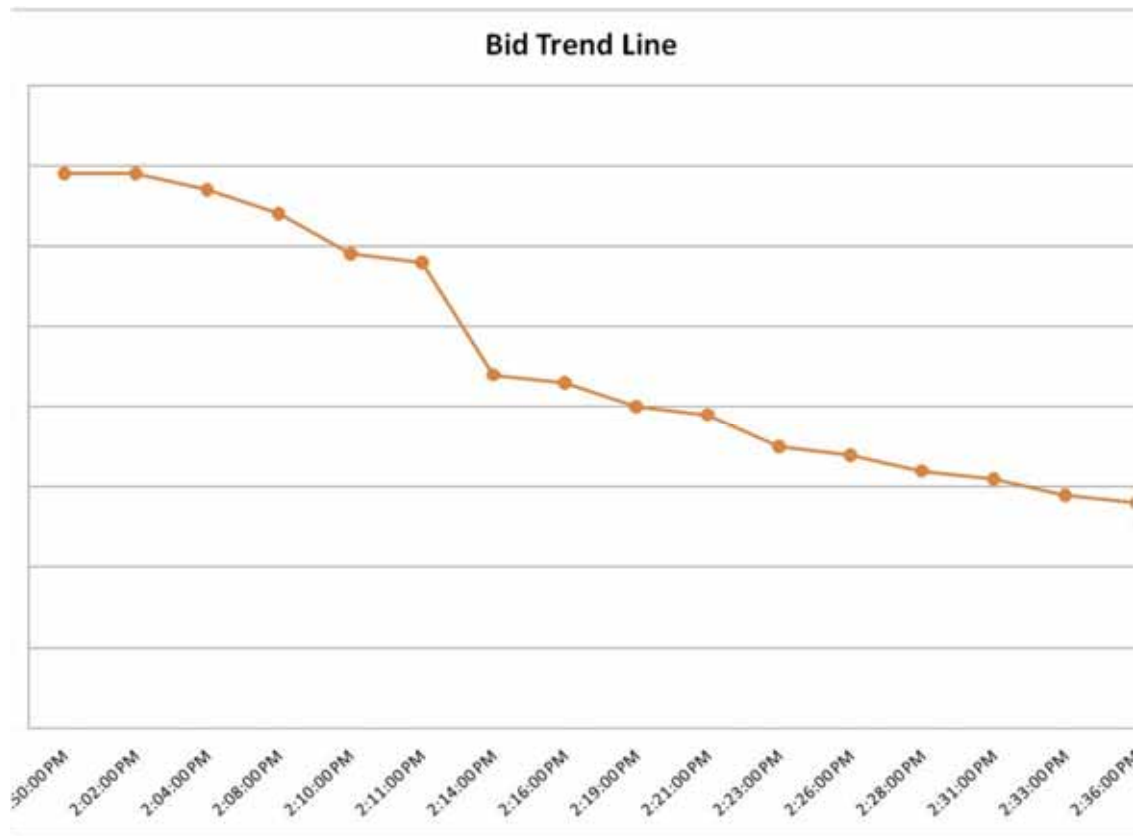


- During the RFP Process
 - Use of RA during the bidding process, often as a BAFO tool
 - Typically will be a time sensitive model with all suppliers participating in a live auction setting
- Transactional Reverse Auctions
 - Used for the acquisition of talent on a person by person basis
 - Via a VMS tool with ability to provide pricing feedback to suppliers in real-time
 - Best for high level skills such as IT and Engineering





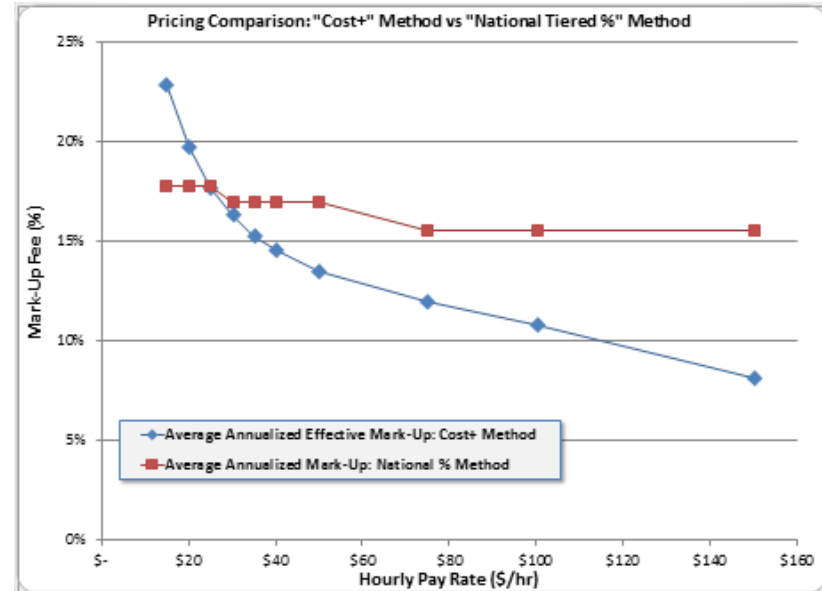
Auction Results are sometimes illuminating



Pricing Concepts



- Dynamic Payrolling Program
 - Designed Program that integrates all direct costs (FICA, FUTA, SUTA, Workers Comp, etc) into the model on a state by state basis
 - A “Gear Box” where the underlying analytics are built in and under the covers.
 - Requester indicates Wage, Skill, State, and Duration and a rate is generated.
 - Markup may be in the form of a \$ or % markup

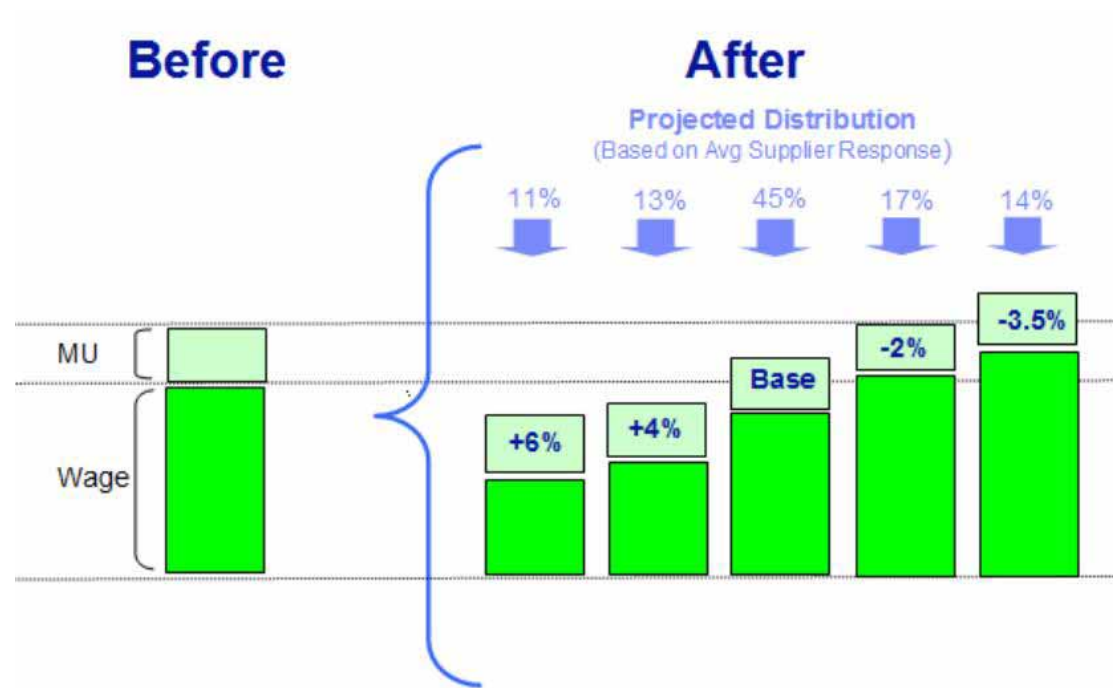


Pricing Concepts



- **Incentive Pricing Models**

- Use increasing markups for decreasing bill rates to incent the suppliers to deliver lower cost resources
- Size and scale may allow you to rethink your pricing strategy, beyond the just the rate matrix vs markup model





Private Label Models

- **Use of internal recruiting resources to source for the contingent labor**
 - MSP supported recruiting team
 - Internal recruiting team
 - Once contactor is selected, use a payroll supplier to gain bill rate cost savings
- **Provides a controlled expense environment**
 - Fixed Recruiting Costs
 - Meet ramp up and ramp downs more efficiently
- **Integrating the use of Social Media to engage the talent marketplace directly**
 - Direct access to virtual bench of contingent labor
 - Integrate retiree and extended workforce models to reuse contingent workers



Time for Your Questions





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Just Added! June CCWP Workshop



- Where:
 - Hyatt Regency Washington on Capitol Hill, Washington DC
- When: June 6-7th, 2013



2013 Buyer Webinar Series



January	<i>Thursday, January 17, 2013 ARCHIVED</i>	The Future is Now- Where is Contingent Workforce Management Headed?
	<i>Wednesday, January 23, 2013 ARCHIVED</i>	Introduction to the Contingent Workforce in Asia
February	<i>Wednesday, February 20, 2013</i>	SOW - a global trend?
	<i>Thursday, February 21, 2013</i>	Creative Management Strategies for the Contingent Workforce
March	<i>Thursday, March 07, 2013</i>	Exempt and Non-exempt Contingent Workers and Why You Should Care
	<i>Wednesday, March 20, 2013</i>	Understanding Contingent Workforce Risk and Developing a Global Risk Assessment Framework
	<i>Thursday, March 21, 2013</i>	Making it work, succeeding with HR and your contingent workforce.
April	<i>Wednesday, April 17, 2013</i>	Introduction to the Contingent Workforce in the Middle East
	<i>Thursday, April 18, 2013</i>	Best Practices for Expanding Your CW Program Internationally
June	<i>Thursday, June 06, 2013</i>	Establishing Program Metrics and KPI's to Drive Program Performance
	<i>Wednesday, June 19, 2013</i>	International Legislative Review
July	<i>Thursday, July 18, 2013</i>	The PPACA and How It Will Affect Your CW Program
	<i>Wednesday, July 24, 2013</i>	Introduction to the Contingent Workforce in South America
August	<i>Thursday, August 15, 2013</i>	The Unique Risks of Statement of Work (SOW) Consultants or Incorporating Statement of Work (SOW) Consultants Into Your Program
October	<i>Thursday, October 17, 2013</i>	Term Limits and Other Contingent Workforce Risks
	<i>Wednesday, October 23, 2013</i>	Sponsor Content: French Contingent Programme Showcase
November	<i>Wednesday, November 13, 2013</i>	Forecasts for 2014
December	<i>Thursday, December 05, 2013</i>	VMS/MSP Landscape - A Comprehensive Review of 2013
	<i>Wednesday, December 11, 2013</i>	Introduction to the Contingent Workforce in Africa

Slides and Audio



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THANK YOU!