

# Overcoming Complex Challenges in Procuring and Managing Contingent Labor

**Categories :** [EMPLOYER HOT TOPICS](#)

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The process of requesting a single temporary worker used to be fairly straightforward. You picked up the phone, explained your requirements to a [Snelling](#) staffing representative, and received a qualified worker who was ready to perform.

Today, neither staffing requirements nor the staffing process are simple. Globalization and the economic downturn in the U.S. have increased many organizations' reliance on contingent labor. However, the make-up of this workforce has changed also; it now encompasses a full range of non-permanent, external staff – from temporary workers to independent contractors to freelancers – across different labor types, covering many different job functions. As a result, HR and other procurement professionals face immense pressure to efficiently manage staffing functions and make the process cost-effective.

The stakes are high. According to a recent [Workforce.com article](#), by Seth Wolins, securing those contingent workers can account anywhere from 30-60% of a Fortune 1000 company's expenditures. Therefore, securing a qualified, reliable contingent workforce is (obviously) a substantial business expense, in both percentages and hard dollars. However, as with all large expenditures, comes considerable opportunity for savings. With the right strategies in place, it is possible for companies (of all sizes) to decrease the total cost of their contingent workforce while maintaining (or increasing) the quality of that same workforce.

A streamlined approach to procuring and managing contingent labor is the answer to effectively and efficiently manage an ever-growing group of contingent workers. Organizations that successfully standardize and automate staffing processes save significant time and money (10% on average, according to the same [Workforce.com](#) article), while reducing liability. Consider these best-practice ideas:

1. **Define a comprehensive labor strategy.** This should identify the mission-critical roles within your organization, the intended outcome for your talent management process, the parameters set around different labor types utilized, and the projected financial impact of various scenarios (such as bad hires, decreased demand, expense increases, etc.)

- Focus efforts on prioritizing contingent staffing spending areas. Where do you spend the most (e.g., production, administration, IT)? Identify the departments within your company that use it most. Focus our improvement efforts on these areas first in order to receive the

largest initial return on investment.

- Identify and establish key contingent labor management roles. In many companies there is confusion in who owns the contingent labor strategy. Is it procurement, which is usually concerned with price and volume, or HR, which usually focuses on quality of hire. Establish working relations with the various departments that will be involved in the overall process and be sure everyone has a full understanding of each other's roles and responsibilities.

2. **Obtain senior executive buy-in.** Before starting any streamlining or automation initiative, present your ideas to senior management and quantify the potential savings. Securing management's buy-in will help ensure changes are properly implemented at all levels within your company.

3. **Enforce your staffing policies.** Once you have your staffing policy in place, do not manage by exception. A good staffing policy will have most (if not all) eventualities taken into account, so dispensations need not occur.

- Enforce preferred staffing provider selections to reduce unwanted spending with unapproved suppliers. Sometimes, individual hiring managers try to manage their own contingent workforce needs. Because of this, ad hoc pricing and redundant vendor relationships exist within the same organization, leading to huge losses in time and money
- Capture discounts and early payment rebates and continually look for additional savings opportunities.
- Minimize your noncompliance risks by automating controls for operational and safety policies and HR laws. Controls include tenure rules, on- and off-boarding requirements, certifications, safety prerequisites and diversity standards.
- Make sure temporary workers are categorized correctly. Both the IRS and state agencies are redoubling efforts to uncover miscategorized temporary/contingent workers, all in order to ensure appropriate employment taxes are paid. Head-off potential problems by critically reviewing the ways you categorize employees, and, if you need assistance, Snelling is available to help.

4. **Work with a [staffing partner you can trust](#).** Given the opportunity, [Snelling](#) can help you develop a more efficient approach to procuring and managing your contingent workforce. With offices from coast to coast, and a full range of [workforce solutions](#), we can help you use staffing strategically to control costs, reduce risks, increase flexibility and streamline your staffing function. What can Snelling do for your business? I invite you to [contact your local Snelling office today](#).