

Managing Your Independent Worker Program

Today's workforce is constantly changing, especially with the mass exit of the Baby Boomers and the younger generation's growing preference for contingent employment. In some ways, this can benefit your organization as you probably already use contingent workers, ranging from consultants and independent contractors to freelancers and temporary resources. However, this can also create challenges for your organization. Contingent labor can often be directed by multiple hiring managers who are likely spread out across various departments and locations and each with their own hiring processes. This separation can lead to inconsistency and variability in the quality of candidate hires as well as create compliance risk and unproductive hiring processes. In addition, managing and operating numerous vendors mitigates your organization's buying power and increases the chance of overpayment as billing and timesheet accuracy become disorganized.

So what can you do to better manage your independent worker program?



Standardize All Hiring Requirements

When your resources are spread across various staffing vendors, recruiting and selection can become a formidable and complicated task. To make it worse, each hiring manager can have different preferences and criteria, creating inconsistencies in hiring standards and potentially harming the quality and value of your hires. To fix this problem, the first thing your organization should do is streamline and consolidate all workforce requirements and criteria. By standardizing the requirements for all hiring managers, you can ensure that all your hires will meet your standards and expectations, and also allow you to maintain better control over the process.

Strengthen Your Talent Acquisition Team

In Bersin's latest High Impact Talent Acquisition Study, Bersin found that talent acquisition (TA) is an important contributor to an organization's success. Advancing your organization's Talent acquisition capabilities require significant effort, investment, resources and cultural change, but it also brings remarkable benefits from enhanced business performance. Organizations with strong, high maturity TA functions reap 19% more revenue than organizations with low maturity TA. In terms of profit per employee, high maturity organizations can enjoy 30% advantage over their low maturity counterparts.

Set Up A Straightforward Vendor Management System (VMS)

Next, setting up a straightforward vendor management system that oversees and manages the selection process will help your organization pick top applicants. At the same time, it will also allow you to apply downward pressure on vendor markups to increase your negotiating power by increasing competition between vendors. One way to do this is by maintaining vigilance for vendor partiality and encouraging fair opportunity and competition. Vendor favoritism encourages inefficiencies and increases costs. Being vigilant and installing tender process helps confirm that you will get fair market rates for all your workers. In turn, this will allow you to gain back some of that buying power by allowing you to have better control during renegotiations, and thus, better rates.

Both of these options will allow your organization to reduce the number of candidates and select top-quality vendors, thus enhancing worker quality. Furthermore, consolidating your requirements will grant HR access to important data that will allow them to help make better decisions. It will also help ensure that all compliance requirements are met and prevent misclassification of your contingent workers, which can result in monetary or non-monetary penalties by the government. Or worse, civil and criminal liabilities. The government can impose a variety of penalties on your organization, depending on whether you intentionally or unintentionally misclassified employees. Either way, automating your requirements and selection process can help you prevent any penalty.

All About Your VMS Solution

As companies become increasingly reliant on third-party labor to supplement their workforce, technology that can efficiently manage their contingent workforce becomes imperative. First introduced in the 1990s, VMS software has emerged as a vital tool for companies that rely heavily on outside sources of labor, including temporary employees, independent contractors and professional service firms. The primary role of VMS has been to automate the procure-to-pay aspect of outsourced work – that is, the ability to request talent, track hours, process invoices and pay suppliers. The emphasis on financial functionality stems in large part from the hard savings that companies can achieve by automating and more strictly manage these tasks. This same technology can also be used to manage other contingent labor concerns – from identity verification to tenure management that are no less important to an organization’s long term success.



Though it has a number of distinct benefits, contingent labor can bring its own risks as well. Your organization should ask itself questions such as:

1. Are we confident in our ability to properly identify outsourced workers, including persons who may be on a “do not rehire” list because of past performance issues?
2. What are the consequences of misclassifying a contingent worker? Is there a possibility that suppliers will try to recover overtime pay and benefits through the courts?
3. Are pay rates consistent across our organization for comparable positions? Can we properly assess whether it is worth paying contingent workers a premium versus hiring them to a permanent role?

A top-tier VMS or Talent Procurement solution can help mitigate these challenges, especially in identity and tenure management. One of the biggest challenges organizations face today is their reticence to collect a full Social Security number for contingent labor due to the decentralized nature of the hiring process. This makes it hard to cross-reference personal information. Proper VMS solutions act as a central repository that human resources personnel can use to sync data from across the organization. It also helps to standardize the data collection process, prompting users for information and helping mitigate duplicate records, while ensuring supplier adherence to company policy and establishing a basis for effective auditing.

In terms of tenure management, more companies are realizing the need for a consistent policy regarding length of time workers can retain their contingent worker status – renewed focus stems from a tighter regulatory environment where companies that misclassify workers may have to pay back wages as well as lost overtime pay and benefits. Without controls in place, managers and suppliers are biased toward extending tenure. VMS technology can help mitigate this risk by documenting the process and providing visibility across different departments. This way, you can successfully evaluate enterprise wide performance and verify that internal compliance goals are met.

Furthermore, a Talent Procurement tool also helps meet on/offboarding management challenges by:

- Allowing for the cross-referencing of temps, contractors and other suppliers to avoid those designated as “do not redeploy” for performance or legal reasons
- Accelerating onboarding by providing a clear record of which documents are required and their status – one that can be easily accessed over mobile devices, by on- or off-site personnel with proper clearance
- Providing customizable settings to properly retain or dispose of documents once a project ends
- Confirming that temporary employees who are converted to permanent status are hired at an appropriate rate of pay

Mobile Enablement

Mobile enabled VMS or Talent Procurement solutions provide a big advantage. Mobile enablement saves time, improves clarity, accelerates networking and interaction and inevitably worker retention.

“The biggest disruptor in talent acquisition today is experimentation with tech solutions and services. With over 70 percent of TA systems coming from third-party providers, vendors are actively seeking to capitalize on these new technologies. Many of these are evolving toward cognitive capabilities that build on mobile and cloud technologies, as well as social networks such as LinkedIn.”

Talent Acquisition: Enter the cognitive recruiter
Bersin, Deloitte Consulting LLP

Other Things to Consider for Your Talent Procurement Solution

There are other smaller focuses and tasks that your organization can do to help better manage its contingent workforce. For example, you could get a dashboard, which will allow you to display all your data in one place, making it easy to see the full cohesive picture of your workforce. This will help with better decision making and spotting inefficiencies within your operations. Additionally, it is also important to remember to utilize those same requirements and processes not only externally, but internally, and thoroughly vetting and screening possible internal contingent workers. It is also important to recognize existing employees as strategic resources and work with them to cultivate talent from within.



One thing that should definitely be considered is automating your VMS solution. Automating your vendor selection process helps you enhance communication to assure a smooth process, which will help you streamline relations with vendors. It will also help you save money by preventing double billing, data entry errors and incorrect time reporting, thus allowing you to get some control and organization back into your management processes. This will also reduce the amount of external spreadsheets and documents needed to oversee this process. Lastly, automating your VMS solution helps with compliance and audit management. With the Internal Revenue Service and other government agencies around the world stepping up their audit volume, companies with significant exposure to third-party labor need a reliable way to prove regulatory compliance. Having a single electronic repository for employment related documents can help ensure that files are complete and easily accessible in the event of an audit. This additionally enhances the ability to better gauge and measure business performance during reviews.





Summary

Overall, streamlining the standards of your Talent Procurement solution is imperative for better organizational success. This way, you can be sure that all of your vendors meet your organization's expectations, keep you and your vendors in full compliance, and give you more buying and negotiating power, resulting in reduced costs and better rates. A VMS solution can also help you mitigate challenges in other areas such as identity and tenure management and on/off-boarding. Lastly, automating your VMS solution is an important consideration as it will help reduce costs by reducing human error and give you a comprehensive, more complete picture of your organization's processes. Ultimately, a well thought out and streamlined VMS process can significantly benefit your organization and allow you to gain full control over the management of your independent worker program.


A modern office desk with a computer monitor, a chair, and a desk lamp. The desk is green, the chair is brown and white, and the lamp is a dark grey pendant light. The background is a dark blue wall with a white chair.

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