

**12th Annual ISM Services Conference
December 1, 2011**

Roundtable Notes

Contingent/Temporary Labor

Challenges

1. Balancing cost vs. effectiveness of U.S. vs. offshore contingent labor.
2. Managing Remote Workers: generally low skill, low pay, with lots of turnover, and difficult to manage, especially with fluctuations in demand. For example, cross-dock warehouse workers.
3. Achieving visibility: how many, where they are, what they're doing, understanding co-employment and other compliance challenges. For example, IT/Professional workers and nursing (HIPAA regulations).
4. Accepting standard agreement terms and bill rates with existing vendors and when onboarding new vendors, in order to get right talent within desired price. Also managing rate inflation from workers comparing rates.
5. Managing ramp-up and ramp-downs:
 - Danger is to not be selective enough (speed vs. quality).
 - Co-employment when people want to work for the enterprise
 - Contracting services or people for the “flow of work”
6. Enterprise-wide issues when looking across the enterprise
 - Opportunities and challenges when looking across all sites
 - Working with HR, change management for suppliers and hiring managers
 - Different types – independent contractors, service providers, and/or “butts in seats”
7. Getting metrics from current process, is the value there, how to improve?
 - How do we know they're doing a good job?
 - 2,000 of 3,000 workers are non-employees across 5 manufacturing locations
8. I-9 violations by vendors, and monitoring other supplier compliance challenges
 - One audit showed 75 illegal workers of 142 non-employee workers.
9. Process performance: Long fill times, no reporting, complaints from end-users, no onsite help from suppliers/MSP/HR, no SLA tracking.
10. No owner: Should this spend category be managed by HR or Procurement?
11. Conflicts of interest in the industry. Example was given where an HR director sent all bids to a staffing firm that he owned.

Successes

1. Centralizing buying, rationalizing supply base
 - 43 suppliers down to 3
 - Streamlined management
 - Put in place common metrics
 - Negotiated rates
2. Acknowledging there's a problem
 - Strategic sourcing or HR owner?

- Couldn't get data – too many suppliers, many unknown to HQ
 - Gathering data, categorizing suppliers.
3. Standard contracts, standard terms
 - Some fallout of suppliers, have to balance speed and demand.
 - After a rush-effort to get thousands of workers in a cleanup effort, had to go back and revamp all 15 supplier contracts (took six months).
 - Standardized expenses and per-diems (some double paying was going on).
 4. Spend consolidation, especially better service and prices
 - Lower markups at higher rate tiers
 - Got onsite support from supplier (vendor on-premise), very responsive, especially compared to prior HR support levels.
 5. Renegotiating for service levels
 - Master supplier 60-70%, other 30-40% went to 28 suppliers.
 - Addressed issues of long fill times, no reporting, complaints from users, and no SLA tracking.
 - Benchmark rates with other suppliers (little market information out there)
 - Pull in “solid second provider” to improve performance, provide comparisons on rates and responsiveness.
 6. Match model to needs on skill set/quantity: Master vendor, MSP, VMS, and/or VOP?
 7. Leadership support – to impose change in process and vendor make-up.
 8. Both HR and Procurement run the program.
 - Also who performs support for end-users day-to-day?
 9. Rate negotiation – discussion about which approach worked best: negotiating markups (standard or range), bill rate, or both bill and pay rates?
 10. Visibility of pay rates: Now needed in UK (and soon EU) for Agency Worker Regulation/Directives.