the MSP staffing playbook.

Your guide to effective and powerful contingent workforce management.

randstad sourceright

human forward.

overcome the unexpected.

be ready for any contingency with flexible talent.

Being prepared for any contingency is a competency every organization must have to survive in today's exceptionally challenging times. Never before have businesses experienced such headwinds churning across the global economy, and human capital leaders are being called on to provide leadership that will empower their workforce to respond accordingly.

And for all the contingencies that may come their way, forward-thinking talent leaders will consider more flexible talent in their recovery efforts in 2021, according to Staffing Industry Analysts. Facing a global economic crisis sure to linger for some time, many executives are adopting this approach as a way to accelerate recovery and growth. Has your business considered how contingent staffing strategies can help you pivot in the months ahead?

If so, you are also aware of the challenges associated with contingent talent — from compliance requirements to workforce visibility to spend management. There is no question that with more contingent talent utilization, complexity rises, and more of your time is needed to effectively manage temporary staffing, statement of work (SOW) engagements, payrolled talent, independent workers and freelancers.

Are you prepared, then, to make significant investments in time, expertise and spend to accommodate the growth of your contingent workforce?

There is a better alternative to making significant internal investments: an externally provided managed services program (MSP). A customized MSP can help you gather all of the resources needed to operate effectively and efficiently, freeing you to focus on developing the right talent strategies aligned with your business. More importantly, having an external managed services provider delivers the agility and flexibility your company must have to achieve growth and greater market share.

Want to learn how an MSP can prepare your organization for the business challenges ahead? This MSP playbook will show you how you can benefit from managed staffing services, how to build your business case, and what steps can help you implement a successful talent model. Read on to learn more.

5 questions.
Does your contingent workforce management strategy need improvement?

01 Does our company often face delays in acquiring important temporary skills needed to drive business deliverables?

02 Are we able to determine the number of flex workers in our organization at any given time?

03 Is there visibility of contingent staffing spend throughout the entire workforce?

04 Are there mitigation measures in place to ensure independent contractor compliance?

05 Are our management systems capable of delivering robust analytical insights?

table

of contents.

MSP definitions.

contingent workforce

The non-permanent portion of an organization's workforce, including temporary employees, contractors/consultants and SOW workers.

direct fulfillment

An approach to acquiring contingent talent in which the MSP and/or its client directly sources and places temporary workers without the use of third-party talent suppliers.

independent contractor (IC)

An independent contractor is a self-employed individual performing services for a company under contract rather than as an employee, either on- or off-site.

integrated talent solution

A holistic approach that enables an employer to manage both contingent and permanent hires through one program, achieving greater efficiencies and control.

managed services program (MSP)

A managed services program (also referred to as a managed services provider) is the outsourcing of the management and administration of a company's contingent workforce.

master vendor

A master vendor may manage a company's contingent workforce program and is given first preference to fill requisitions; it may also distribute the requisition to other suppliers.

payrolling

An arrangement where a contingent worker is recruited by and works for an organization, but whose employer of record is the payrolling service provider.

recruitment process outsourcing (RPO)

An outsourced solution designed to supplement or fulfill an employer's permanent recruitment function.

statement of work (SOW) talent

A statement of work consultant is contracted to deliver services specified in a contract. Often they provide specialty skills and are contracted to meet agreed-upon milestones.

spend under management (SUM)

The invoiced total from all contingent suppliers in a defined period of time (typically a year).

vendor-neutral programs

An MSP program where all suppliers or predefined groups of suppliers are given equal opportunity to fill requisitions.

vendor management systems (VMS)

A cloud-based technology platform for the procurement and tracking of contingent labor services.

chapter one

how MSP works.

When the global pandemic crisis initially forced employers everywhere to scale down their headcount, many of the reductions were contingent workers. According to [Staffing Industry Analysts](#) (SIA), 64% of surveyed companies said they had decreased the use of non-employed talent, and 24% reported a significant decrease. The average reduction in contingent workforce utilization was 11%.

It's not surprising that contingent workers were among the first to feel the pinch of the COVID-19 crisis. Because they are a flexible resource, many companies were able to reduce the size of their contingent workforce without the costs or headaches associated with reducing their permanent workers. They also realized that as recovery occurred, they could turn to temporary workers to address growing needs.

In fact, [SIA predicts](#) that, globally, the staffing industry may see a huge demand spike in 2021 for contingent resources, growing by as much as 16%. This doesn't include other segments of the contingent workforce, which include those directly hired by companies, independent contractors, SOW providers, freelancers and the human cloud. When all are factored in, contingent labor utilization in the recovery could experience the biggest spike since record-keeping for this population began.

How is the pandemic expected to impact organizations around the world going forward? Regardless of whether they are companies that have seen extraordinary growth during the global lockdown or those experiencing double-digit declines in revenues, every company will need more agility and flexibility in the months — and possibly years — ahead.

With business digitalization accelerating as a result of the pandemic, companies must be able to pivot quickly as they are forced to adapt to new business models and shifting customer demands. That requires the ability to identify and deploy the skills that will boost emerging revenue sources.

This may be the reason why your organization may want to take a closer look at its flexible talent utilization. Does your company have a well-developed contingent workforce management strategy in place for the bumpy road ahead? Even if you do, are there sufficient resources in place to manage its growth?

According to [Everest Group](#), since 2015 the global MSP market has been growing by double digits. In 2019, the total contingent talent spend managed by external service providers totalled $165 billion globally. While this total may have seen a decline in 2020 due to the global crisis, interest in managed services stem from companies' desire to permanently transform contingent workforce practices.

In its 2020 annual MSP report, Everest Group notes that organizations around the world see an opportunity to achieve better outcomes through MSPs. In particular, growing interest among mid-market companies in North America is driving growth, while enterprises in EMEA and APAC are entering the market.

Look beyond fundamental benefits

At its very basic service delivery level, an MSP helps employers improve process efficiency, boost talent supply chain effectiveness, control costs and achieve better access to talent. Through a technology stack, MSP solutions also provide visibility of most contingent talent and predictive insights about utilization.

Increasingly, however, MSP buyers want their programs to deliver more advanced benefits — beyond cost, compliance and workforce clarity. They are seeking providers to serve as advisors and consultants, helping contingent workforce managers gain efficiencies and improve talent quality. Companies are also interested in developing talent pools that enhance direct access to talent as well as MSP support around services procurement.

Access to advanced analytics and market insights is drawing more companies to MSPs because they are able to gain even greater spend efficiencies and make business decisions based on current data. And with more regulatory authorities considering legislation that governs the use of freelancers, temporary workers and other contingent types of labor, the compliance expertise an MSP can offer is appealing to many companies.

How it works

An MSP may cover the entire life cycle of all or a portion of an organization's contingent workforce program, including supply chain management, contingent talent attraction, onboarding, timekeeping and invoicing, and contract termination and offboarding. This comprehensive approach enables the service provider and client to monitor all aspects of engaging flexible labor. Under an MSP, the service provider may provide some or all of the following:

- review and make recommendations on contingent workforce strategy
- enhance quality of flexible talent acquired
- leverage technology to drive automation and efficiency
- deliver analytics tools and services for greater business insights
- develop and enhance workflows
- develop and nurture talent pools
- support talent marketing across all worker types
- direct sourcing and fulfillment of requisitions
- review and optimize the supply chain
- negotiate discounted rates with suppliers
- provide day-to-day administration and operational management
- drive continuous process and business improvements
- manage statement of work contractors and services procurement workflow

By leveraging a better process, innovative technology and subject matter expertise of the service provider experience, MSP buyers readily ensure a consistent and transparent contingent talent acquisition process. Companies can better focus on attracting the best talent rather than on tactical tasks, with the MSP helping to directly fulfill requisitions, create analytics insights and manage the supply chain, among other important functions.

Employers also can turn to MSPs to mitigate risks and assure compliance with all applicable regulations. For instance, an MSP can help ensure flexible workers are not misclassified as contractors if they actually qualify as employees. Inaccurately determining employment status can lead to regulatory fines, back taxes and brand issues.

The MSP models

MSP programs typically fall into one of three categories: master vendor, vendor neutral and hybrid. Over the past few years, however, unique models have emerged as part of an integrated talent solution. One key driver of the trend is direct fulfillment, which allows employers to engage talent through a human cloud, its own contingent talent pool or a recruitment function within the MSP.

In a vendor-neutral MSP, all suppliers are given an equal opportunity to fill a role. In a master vendor program, the master vendor is given preference to first fill a position and must release it to the other suppliers if it can't do so within a specified time limit. A hybrid model contains elements of both.

What does an MSP cost?

A significant benefit of managed services is the cost advantage. Typically, MSP and vendor management system (VMS) providers charge a management fee, but some programs are paid by the suppliers in the form of a transaction fee. Managed service providers typically establish rate cards at the time of implementation to ensure suppliers don't pass their fees back to the client. The transaction fees alone may more than offset the management fees, but the client may also choose to pay for part or all of the fees.

5 questions.
Is your contingent workforce program optimized?
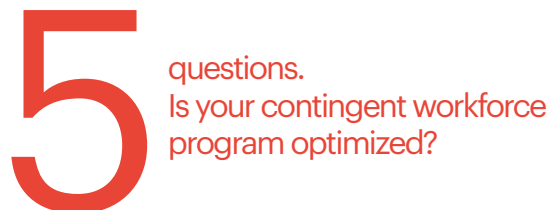
01 Are we able to accurately determine how much spend our company makes on contingent talent annually?

02 Are most contingent requisitions fulfilled through our contingent workforce program?

03 Are hiring managers able to acquire resources in a timely and cost effective way?

04 Are we able to determine whether all contingent talent is working in a compliant and safe manner within our business?

05 Do we have a well-managed supply chain that is regularly assessed for effectiveness?

case study.

Efficient processes and robust data speed contingent talent engagement during COVID-19

For this top 10 global biopharmaceutical company, timely clinical trials are key to driving its products to market and staying ahead of the competition. Contract talent who can be brought in quickly are instrumental in supporting this crucial work and helping the organization meet tight deadlines.

Although the company was pleased with the talent delivered by its suppliers, talent wasn't always engaged in a timely manner. A lengthy time-to-fill rate for such roles could put clinical trials at risk for delay. The company also had a high number of aging jobs, with 50% being open for more than 30 days. Adding complexity, hiring managers often had to review many resumes, which created delays and prevented operational efficiency.

Since the company is working on a COVID-19 treatment, and given growing competition for top talent within the industry, the organization faced greater pressure to engage the right talent quickly.

Its MSP helped to identify inefficiencies in the current process using talent analytics. The data and advanced MSP analytics revealed that the company had an efficiency rate of 18 to 1, meaning each hiring manager had to go through an average of 18 resumes to make one hire.

Based on this data, all requisition management procedures were revamped to foster a more streamlined and efficient process. Read on to find out how the company filled more than 40 critical roles in just one week.

read more

chapter two

flexible resources accelerate business recovery.

Facing unprecedented levels of uncertainty, companies competing in the post-outbreak economy must learn to operate in the most flexible and agile way possible. In addition, with many organizations leery of adding headcount, the resources they will need should be scalable, flexible and readily accessible to enable rapid execution of business plans. That's why contingent talent will be critical to the recovery and growth accommodation plans of so many businesses around the world.

How can flexible talent help your company prepare for any request from business leaders? With an agile contingent workforce, you can mobilize quickly, effectively and economically. Your organization may have been managing contingent talent on its own for years, but with greater uncertainty ahead, you'll need to supercharge your human capital strategy to stay competitive. To do this, let's examine how an MSP can help you reach your goals.

Cost effectiveness

One of the most compelling reasons for adopting an MSP is the potential to reduce hard costs and capture soft savings. A common perception is that managed staffing programs deliver the biggest economic benefits early only, but the reality is that even mature programs achieve savings over time. More mature MSPs tend to turn their attention to creating other types of value.

With any new program, the first step is to begin with the supply chain: establishing savings baselines and ensuring program compliance. By conducting spend analysis and negotiating with suppliers for consistent and lower rates — rationalizing the supply chain where possible — your managed services program achieves significant savings quickly.

Additional economic benefits are realized through tenure discounts, overtime management, and reduction and rogue spend capture. As you engage in alternative work arrangements, such as SOW services, an MSP can help you find more cost-effective ways of staffing projects with skilled talent.

By deploying talent advisors, your managed service provider helps hiring managers determine the most effective and available talent to meet their needs. For example, you may be able to directly engage professionals rather than employ consultancies, whose rates can be several times higher.

Access to quality talent

There's no question that early on during the pandemic crisis companies significantly slashed their use of contingent workers, so why should they care about access to quality talent now? The return to prosperity won't hinge on rationalization; rather your organization must be ready for market opportunities. That's why the winners will be the ones with access to quality talent rather than just filled requisitions.

Early generation MSPs focused mostly on process improvements and savings, but more mature programs seek ways to better engage, acquire and redeploy top talent and niche skills. With many companies forced to accelerate their digitalization and business transformation models during the global lockdown, the need for skill sets has become even more pressing to these businesses.

Managed services help employers through a number of initiatives, including developing direct-sourced talent pools, enhancing contingent talent brand and identifying alternative resources, such as automation, robotics and other avenues.

Because MSPs work with a larger supplier base than most individual companies can on their own, the contingent workforce programs they manage typically deliver a higher caliber of candidates in a shorter amount of time.

How can you ensure access to high-quality talent? Randstad Sourceright works with thousands of suppliers around the world each day to deliver qualified talent, so our clients are assured they have the best suppliers delivering into their programs. In addition to excellent supply chain management, some directly fulfilled requisitions provide a higher level of engagement and faster time to productivity. This can further increase savings, reduce time to fill, ensure a higher quality of talent and raise retention.

Program visibility

One of the most challenging aspects of managing your contingent workforce is achieving visibility of spend. Hiring managers often engage talent on their own. Both costly and risky, a decentralized approach also presents difficulties when it comes to measuring performance.

How much are your hiring managers spending? What are they paying? What is the turnover in their departments, and who are they bringing onsite? How do they track SOW milestones? These are some important questions you should be able to answer easily but can't when you lack comprehensive visibility.

Compliance and risk mitigation

A clear benefit of spend visibility is having the insight to improve regulatory and program compliance. MSP buyers rely on providers to safeguard compliance on many fronts. Often, they look for expertise to help with expanding programs to new businesses and markets, insights on local regulations around the world and training to ensure workers conduct themselves in accordance with business policies.

One of the most important requirements to effectively manage the contingent workforce is correctly classifying their employment status; failure to do so could lead to fines and back taxes. Recent regulations around the world, specifically in the Netherlands, the U.K. and the U.S., have highlighted the risks around misclassification and tax avoidance.

Managed service providers can also support your compliance efforts through taxation management, ensuring worker privacy and data security protection are in place, and vetting suppliers and workers to make sure they are not on restricted lists or using slave or child labor. Your MSP also helps address local regulatory mandates, which can be complex and varied.

Supply chain efficiency

Is your supply chain failing to keep up with your talent needs? Today, MSPs are involved in nearly every aspect of managing a client's contingent talent supply chain — from sourcing and vetting suppliers, to negotiating terms and rates, to ensuring program and regulatory compliance, and tracking payment, auditing and reporting.

World-class supply chain management techniques can help employers gain incremental savings and cost avoidance in future years. Through rationalization and ongoing optimization, MSPs also help build stronger relationships with suppliers while achieving better cost efficiencies. They can also reduce program complexity for more consistent and predictable talent delivery.

As programs mature, MSPs take on an even more extensive role in supply chain management. Beyond cost savings, these next-generation benefits focus on quality and other factors that impact business outcomes.

A growing and optimized technology stack

Ever since the world was forced to operate virtually, technology has been critical to business continuity. To help contingent workforce leaders facilitate this way of operating — whether through video interviewing or automated candidate engagement to enhance time to hire — companies must ensure they have the most innovative tools to stay ahead of competitors.

For internally managed contingent workforce programs, having the right technologies requires extensive investments in both solution spend and time dedicated to assessing, implementing and managing these tools. Your organization might have the budget and manpower, but is this the most efficient use of resources?

An MSP offers a cost-effective approach to building a robust technology stack. With the program partner shouldering the heavy lifting around technology, you are assured of having the right innovation for your contingent workforce. From implementing a vendor management system (VMS) as the system of record to compiling insights through an analytics platform, or gathering market intelligence, the MSP applies its broad technology experience and knowledge to optimize workforce performance.

And, an added benefit: access to new technologies typically comes at a reduced cost due to economies of scale and the MSP's negotiated rates with technology vendors.

Talent marketing expertise

Acquiring high-quality contingent talent requires proactive marketing efforts to attract and engage. Does your organization have such capabilities?

One area of value-added services gaining traction in the market is talent marketing. In the past, companies relied only on suppliers to deliver contingent talent, but ensuring your company ends up with the best quality workers requires more than this. You need to build a compelling talent value proposition, develop an efficient acquisition process involving suppliers and internal talent pools, and regularly survey constituents about their views.

World-class employer branding activation, programmatic advertising and talent pooling involve expertise few organizations possess, but you can access these competencies through a managed program. An MSP with in-depth talent marketing expertise can help you accelerate your ability to reach and secure the highest-quality candidates for your contingent workforce.

Predictive analytics

Does managing and utilizing the data generated from your talent technologies require extensive resources? Even with those resources, are you able to continually maintain and upgrade talent analytics functions?

If your company is like most, there are many disparate tools in your toolbox, resulting in complexity to your reporting and diminishing the value of the information. MSPs today can provide deep insights into a company's contingent workforce process, identifying gaps that often obscure contingent workforce spend and practices.

More importantly, an MSP drives consistency in the collection and management of business intelligence to enable informed and better decision-making on a day-to-day and strategic basis. Advanced predictive capabilities also alert program managers about potential opportunities or issues with resourcing. Paired with the expertise of data scientists, an MSP technology stack built on an analytics platform can deliver powerful insights with huge business benefits.

Program flexibility and scalability

When market conditions change unexpectedly, are you able to quickly respond with your flexible workforce? As the hiring volume or complexity of your workforce program increases, you might not have the right internal resources to react quickly and effectively. The domain expertise to manage all classes of workers requires process, market and legal insights. If you lack these resources, you must either ask for more, take on greater risk or look to an outsourced talent solution.

MSP buyers, especially those with a multi-country or global footprint, often initiate a program in one market with the aspiration of expanding it to others if successful. MSPs with global presence can duplicate the same process rigor, supply chain management and innovations from a client's program in one country and apply them in another. Program flexibility is an absolute must for ensuring an appropriate fit.

MSPs can easily scale to clients' needs. The ability to respond to seasonal demand, organic growth or new acquisitions is also a key benefit buyers realize through an outsourced program. MSPs typically have deep bench strength and can rapidly react to unexpected client needs under a variety of conditions.

5 questions.
Can your contingent workforce management strategy benefit from an MSP?

01 Do our procurement or HR leaders have sufficient bandwidth to administer to the needs of our contingent workforce on a daily basis?

02 Do we have the right tools to acquire, deploy and track flexible talent efficiently?

03 Are we able to ensure talent is acquired at a fair market rate in all of the regions in which our company utilizes temporary workers?

04 Are we tracking SOW spend throughout the organization and ensuring milestones are met on schedule?

05 Are we using talent analytics to provide greater insights into internal and external talent utilization?

five myths about building your brand

to attract the best contingent workers.

Employer brand strategies for permanent employees cannot be universally applied to contingent workers. Avoid these general assumptions in your strategy:

01 Employees love us, so contractors and contingent workers will too.

02 Cleverly crafted messaging is more effective than genuine communication.

03 The business value of the employer brand doesn't apply to contractors and contingent workers.

04 Attracting talent is solely the job of our contingent workforce suppliers.

05 We have too much on our plates, so we can wait to work on it next year.

trends in supplier management.

What's driving best practices in supplier management? A collaborative approach where suppliers can serve as true partners is key to driving performance.

Some critical considerations are:

01 Collaborative customer review sessions. Suppliers work closely with the client and the MSP service provider to ensure access to the best talent.

02 Performance management.
Contingent labor buyers increasingly want data to help them understand how well suppliers perform to their needs.

03 Management portals.
By facilitating the communication and process among all parties, these portals enhance outcomes for employers.

watch to learn more

MSP evolution:
what you can expect.

	1.0+ years 1–2	2.0+ years 3–4	3.0+ years 4+
savings	Supplier panel with agreed terms	Supplier panel with agreed terms	Supplier panel with agreed terms
	(Basic) spend analysis	Spend analysis	Detailed spend analysis with forecasting
	Savings baseline creation	Savings baseline creation	Savings baseline market review
	Panel compliance ~80%	Panel compliance ~85–95%	Panel compliance ~95%
	Supplier markup savings to baseline	Access to accounts payable (AP) data to address leakage	Access to AP data for all spend categories
	Supplier on-cost savings to baseline	Supplier markup savings to baseline	Supplier markup savings to baseline
		Supplier on-cost savings to baseline	Supplier on-cost savings to baseline
		Tenure discounts	Tenure discounts
		Overtime management/reduction	Overtime management/reduction
		Savings forecasting	Savings forecasting
			Target rate creation by role
			Pay rate savings to target rate by role
operational	(Basic) order demand management based on role family	(Basic) order demand management based on role family	Order demand management based on role family
	Supplier management to KPIs	Supplier management to KPIs	Supplier management to KPIs
	Candidate shortlist/selection	Candidate shortlist/selection	Candidate shortlist/selection
	Candidate onboarding/offboarding	Candidate onboarding/offboarding	Candidate onboarding/offboarding
	Regular communications program	Regular communications program	Regular communications program
		Direct sourcing	Direct sourcing
		Demand rationalization	Demand rationalization
		SOW management (time and materials)	SOW management (time, materials and deliverables)
			Influence permanent hire policy
technology	Procure-to-payment management	Procure-to-payment management	Procure-to-payment management
	Billings and payments	Billings and payments	Billings and payments
	(Basic) dashboards	(Basic) dashboards	Real-time dashboards with forecasts
	Supplier performance reporting	Supplier performance reporting	Supplier performance reporting
	(Basic) demand management	Demand management by performance	Demand management by performance
			Talent pooling to support permanent hires
			Worker performance management

chapter three

is an MSP right for
your organization?

Whether an organization turns to an external model or internally manages its contingent labor, examining current practices to establish the desired future state and to build a business case is critical. If you are considering a managed staffing solution, the following steps should be taken:

- define the goals of the contingent workforce management program
- determine the spend
- review the acquisition process
- conduct a SWOT analysis
- gain executive buy-in

This exercise helps develop objectives and performance metrics for achieving your program goals. Without it, there can be no roadmap and no determination of success, so making the business case is absolutely critical.

Each of the four steps requires internal resources and participation by all of those involved in the contingent workforce management process. This includes members of the C-suite, business leaders, hiring managers, procurement, HR, legal and IT. At the conclusion of the exercise, internal stakeholders should be able to define their goals, the resources needed, and identify barriers and obstacles that could impact the tasks at hand.

The next step is to consider your main options for managing the contingent workforce program:

- insourcing
- employing a broker
- a comprehensive MSP implementation

Which one is right for your organization depends on your goals, the volume of hiring, the availability of resources, the technology investment and the extent of internal expertise.

Resource-intensive insourcing

Some large organizations work with in-house staffing agencies that provide customized solutions for blue-collar temp resourcing. This solution may be appropriate for all external hiring, including white-collar talent. In situations where the volume is large enough and there is continuous demand for a limited number of job profiles, an in-house solution can be a good fit.

An insourced solution, however, requires extensive resources and expertise. Companies need to commit the requisite staff to effectively manage all aspects of the program, ensure a process to drive continuous improvement and thoroughly support the business. Building an insourced team can take time and may end up being less cost effective than an outsourced service. An internally managed program requires continuous assessment of performance and upskilling the staff that is administering it.

Broker service: a halfway solution

With this approach, all contracts are placed with an intermediary. This party oversees contract termination and invoicing and ensures that the applicable laws and regulations are met. Hiring managers continue to use their own supplier network, but contracting is administered by the broker.

Relying on a broker can be a good solution when a decentralized process is preferred. Because a broker plays a very limited role in managing the contingent workforce — it is now more commonly used for primarily managing freelancers — none of the benefits from a true outsourced talent solution are achieved.

Optimized value in MSP staffing services

An MSP service provider is responsible for the end-to-end solution. The MSP model can be a good solution for organizations whose hiring processes are complex and whose need for transparency and compliance is critical. The main advantage is that the entire hiring process is in the hands of a provider that specializes in managing contingent talent.

The provider knows the market, has an excellent understanding of labor rates and regulations, and has the tools and resources to make the process completely transparent. Choosing an MSP is a strategic decision leading to a significant business partnership that can span several years or more. Selecting the most suitable provider is, therefore, a decision that requires diligence.

When deciding which outsourced service is best for your organization, consider not only your current program goals but also your future needs because failing to account for growth may cause difficulty down the road.

For instance, an insourced solution may be effective at your current volume of contingent hiring, but what happens when the volume rises or falls? Will you be able to scale accordingly? Will you be able to invest in processes and technology such as analytical tools to keep current with market best practices? With the human cloud market evolving rapidly, does your organization have the resources and expertise to stay current with technologies and regulations?

Also, improving spend visibility or process efficiency of your contingent workforce program requires a holistic management approach. A broker service won't deliver the benefits you seek. And finally, without rationalizing your supply chain — choosing only those that consistently deliver high-quality, cost-effective talent — means cost optimization can't be achieved.

Securing sponsorship

When advocating for an external managed services model, executive commitment is essential. To gain buy-in, start with building the business case. The value proposition of an MSP should be clearly communicated to all stakeholders. Top decision-makers should be involved in the selection and implementation process, or at least be informed of critical considerations.

They must play a role at critical milestones, whether that's providing input for assembling the internal project team, being involved in choosing the service provider, approving the contract, supporting change management efforts or signing off on technology investments.

The key to ensuring unwavering executive support is engagement. Program owners should continually communicate and seek feedback from sponsors so they are always informed of successes and failures. Their involvement provides business critical guidance for the rollout and operation of MSPs.

Technology advisory

An experienced MSP will always have in-depth knowledge and experience with any of the major VMS platforms. Some programs operate with the MSP collaborating with customers on choosing new technologies (i.e., a VMS), while others operate on an employer's heritage platforms. Technology enables automation of many services and captures critical data about the contingent workforce, so continuous assessments of current and new tools should be part of the program goals.

As programs and markets continue to mature, technology vendors are developing more robust offerings, integrated platforms and tooling. MSPs can play an important role in helping employers assess the impact of innovation on their workforce and drive continuous enhancements.

Technology alone can't address all the analytical needs of an organization. MSPs are adept at adapting technology to real-world problems by piloting new offerings, determining how technology fits within a client's infrastructure, its potential value and leveraging opportunities to capture business value.

Selecting a managed service provider

The right MSP must have the culture, infrastructure and footprint to align with your needs, and the ability to deliver a customized solution is a must. These elements are all present in successful programs. Also critical is the MSP's ability to grow with the organization as programs often span many years and lead to scope expansion — both in geography and type of work arrangements.

Questions you ask prospective providers must address the challenges your company faces:

- Does the provider understand the nature and scope of your particular challenges?
- How has the provider resolved similar problems experienced by its other clients?
- How will it go beyond problem-solving to bring innovation to your organization?
- Does it have an extensive portfolio of global clients to demonstrate a breadth of service?

Addressing these questions upfront will help avoid painful discoveries later on after a program has gone live. Selecting an MSP is no easy task, but ensuring organizations are aligned initially will prevent bigger problems as the program is rolled out.

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how much are you wasting on contingent workforce management?
Answer a few questions in Randstad Sourceright's MSP calculator to help determine the potential cost savings your business could gain from a managed services program.

start calculating

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5 questions.
Can your internal contingent workforce management program meet your flexible talent needs?

01 Are we able to manage most of our spend through the internal program or are we missing out on large portions of expenditures?

02 Do our internal customers (hiring managers) often fail to acquire the right talent within the time frame needed?

03 Is our internal team capable of mapping out and executing continuous improvement efforts, and do they have the capacity to do so while fulfilling requisitions?

04 Do we have the tools to provide deep analysis on spend and success of assignments?

05 Are we measuring the quality of talent and our ability to attract the best people?

tips.

selecting the right MSP.

Determining the best MSP requires a deep examination of their capabilities and demonstrated track record. Some key factors to consider include:

01 Domain expertise.
Does the MSP fully understand your business?

02 Industry-specific experience.
Is the MSP familiar with your specific industry?

03 Client portfolio.
Can the MSP provide a robust and referenceable portfolio of clients?

04 Deep resources.
Does the MSP possess access to the best people, practices and technologies for the job?

05 Global footprint.
Can the MSP offer global governance, but with local support and market knowledge?

06 Compliance rigor.
Does the MSP possess a deep understanding of regulatory requirements in the relevant markets?

07 Technology expertise.
Can the MSP advise on technology selection and implementation to leverage the latest tools?

chapter four

how to secure buy-in for and implement an MSP.

Once the decision to outsource to an MSP has been made, the hard work begins. It's a challenging time because influencing the entire organization to change behaviors, beginning with the C-suite, is a critical task. Ensuring buy-in requires a good understanding of how best to convey the MSP's benefits to hiring managers, who may not be mandated to participate in the program. The managed service provider and internal stakeholders need to develop a strategy and tactics to support the change required. Important decisions include:

- how to develop the right message
- how to optimize relevancy
- which channels work best
- who are the best change agents
- how to ensure adequate support
- how to rectify gaps and make course corrections

Addressing these considerations is important for winning buy-in throughout the organization. This requires a consistent and positive message that aligns with the interests of all stakeholders.

Aside from influencing line managers, change management must also involve the supply chain. Failing to do so could create dissatisfaction among suppliers, which in turn could disrupt access to talent in the short term. Suppliers should be educated about new processes and the value proposition of working with an MSP. Some will resist change, so facilitating their transition will help lower one of the barriers to program adoption.

The MSP launch may also be a good time to embrace critical innovations such as the direct sourcing of talent through a talent pool or freelancer management system (FMS), and engaging familiar talent that the organization has either passed over as part of its permanent recruitment efforts or who have served in other contingent roles previously. Apprenticeship, graduate and internal training programs can also be incorporated into the MSP.

Selecting the implementation team

Key to any change management effort is having the right team members in place to influence and guide the rest of the organization. They play a critical role in communicating the MSP's value, developing the program's policies, helping aggregate and validate data and managing the technology implementation. The importance of the team can't be overstated; without a balanced blend of functional and executive leaders, program rollout will most likely be hindered and delayed.

Each member of the internal team serves an important role. Executives will help champion the MSP throughout the organization, while the project sponsor leads the development of policy and internal communications. Together they drive adoption by demonstrating buy-in at the highest levels. Other important members are functional stakeholders in accounting, procurement, HR, the hiring managers and the project lead, who provides practical guidance for implementation.

The support of functional managers in procurement, HR, legal, finance, IT, corporate communications and marketing will be important to ensuring the MSP delivers to expectations.

Process assessment

During implementation, unforeseen discoveries in the client's policies, processes, supply chain and technology usually occur, and they may affect the go-live date. Working closely with the client, an MSP must quickly uncover issues that even the project leader may not be aware of within their organization.

Quite often, the issue is around data aggregation and validation. Workforce data, especially for contingent talent, can be highly fragmented with various departments owning discrete portions of information. The data could reside in various systems and requires the client to dedicate internal resources to make it available to the MSP.

Another potential issue is lack of consistency in the data, which further requires validation and updating. Also, process requirements in back offices such as HR or IT may not be apparent until the MSP has gone live.

Communications strategy and training

As the program is rolled out, managing expectations and communicating with hiring managers are essential. An effective strategy must be developed quickly to help the organization understand the benefits of the MSP program, the process changes involved and the impact on individual users. Developing the right messaging is extremely important, but so is the communication method. Some questions to consider are:

- Is it best to communicate top down or corporate out?
- When should the messaging go out and how often should we share updates?
- What are the most effective channels (intranet, emails, an internal newsletter, team meetings or all of the above)?

A critical part of change management is user training. The MSP can lead the effort of the client's project team, providing a variety of training options (web-based, onsite) to encourage faster adoption and increased user satisfaction. An effective and regular training approach becomes even more important to encourage user buy-in where the MSP program is not mandated in the organization.

Program operations

As the program is rolled out, some key improvements in the contingent workforce program can be achieved almost immediately. These include cost savings, process efficiency, transparency and automation.

1. cost savings

Initial efforts to achieve savings include establishing:
- supplier panel with agreed terms
- basic spend analysis
- savings baseline
- panel compliance
- supplier markup savings to baseline
- supplier on-cost savings to baseline

2. process efficiency and transparency

Key operational enhancements include:
- basic order demand management based on role family
- supplier management to KPIs
- candidate shortlist/selection
- candidate onboarding/offboarding
- regular communication program

3. technology and automation

Tasks are automated by:
- procure-to-payment management
- billings and payments
- basic dashboards
- supplier performance reporting
- demand management
- monitoring and analytics

To ensure an MSP delivers to expectations, robust monitoring and measurement of performance are essential. How to monitor and which metrics are measured are decided in advance. Comparing the results against the service level agreements will provide insights to make clear what is working and what isn't.

Initial reports may be focused on fundamental metrics that give only a cursory view of program progress, but as the program matures, buyers may look to the MSP for more in-depth information and business/market intelligence on a variety of issues. Additional investments in technology along the way add to reporting capabilities. Enhanced dashboard functionality and the ability to acquire insights through predictive analytics will lead to better contingent workforce outcomes.

Governance and escalation

Innovation and improvements aren't possible without the proper governance and escalation process. Client stakeholders work directly with the MSP's program office and should play a part in a variety of activities, including:

- training and communication
- reviewing and processing invoices
- reviewing dashboards and reporting metrics
- participating in quarterly business reviews
- establishing the process for business improvements

The governance model must clarify the role of everyone involved in the program — internally and externally. By defining reporting lines, identifying the decision-makers and establishing escalation mechanisms, the model establishes a clear process for oversight and mitigation steps. It also provides the necessary feedback to program stakeholders so they can determine whether actual practices conform with the governance framework and where changes are needed.

A holistic approach to managing contingent talent is the most effective way to optimize your spend, reduce risk, enhance compliance and assure access to quality talent. A comprehensive MSP program enables employers to gain full program visibility into everyone entering and leaving the organization, maintain control over the entire worker life cycle, and gauge the effectiveness of processes and suppliers.

By addressing all work arrangements, an MSP ensures the same best practices are leveraged across the organization. Whether it's monitoring milestones for a statement of work, ensuring independent contractors comply with legal mandates, tracking the utilization of freelance and gig talent, or addressing a spike in payrolled workers, an MSP solution brings rigor to sourcing, engagement, management and analytics. As a result, contingent workforce programs benefit from access to better talent more quickly.

5 questions.
set your MSP up for success.

01 Have we set clear program goals aligned to our business leaders?

02 Have we designated key members of our internal functional teams to serve on the implementation team and ensure buy-in at all levels?

03 Do we have an executive sponsor who has fully embraced the program?

04 Have we established clear channels of communication with the MSP, talent suppliers and other third-party stakeholders?

05 Do we have an internal comms leader who will be in charge of evangelizing the rank and file members of our organization?

the roles & responsibilities of client stakeholders.

executive sponsor	Provide buy-in and overall support of the program
	Participate in quarterly business reviews
	Participate in change management activities (if applicable)
program stakeholder	Work directly with the MSP program office
	Train and communicate with the MSP program office
	Review program dashboards and reporting metrics
	Participate in quarterly business reviews
	Review and process invoices
information systems	Participate in VMS upgrades (typically quarterly)
procurement	Review program dashboards and reporting metrics
	Participate in quarterly business reviews
	Manage contracts
corporate communications	Assist in communicating program changes (if applicable)
HR and talent acquisition	Support an integrated approach in which permanent and contingent job candidates may be included as part of the company's overall talent pool

MSP service delivery:
a total talent approach.

An MSP supports an organization's contingent workforce holistically. From engaging the supply chain, to tracking statement of work milestones, to managing independent contractors, interns and payrollees, the solution offers a complete view of the temporary workforce spend. At the same time, the end-to-end services provide hiring managers with the tools needed to best find, engage, manage and measure the resource.

Adopting such a comprehensive approach means program participants realize the full benefits of an MSP implementation, including:

- visibility of spend
- enhanced cost control
- increased responsiveness to business needs
- improved quality of talent

- visibility
- cost control
- responsiveness
- quality of talent
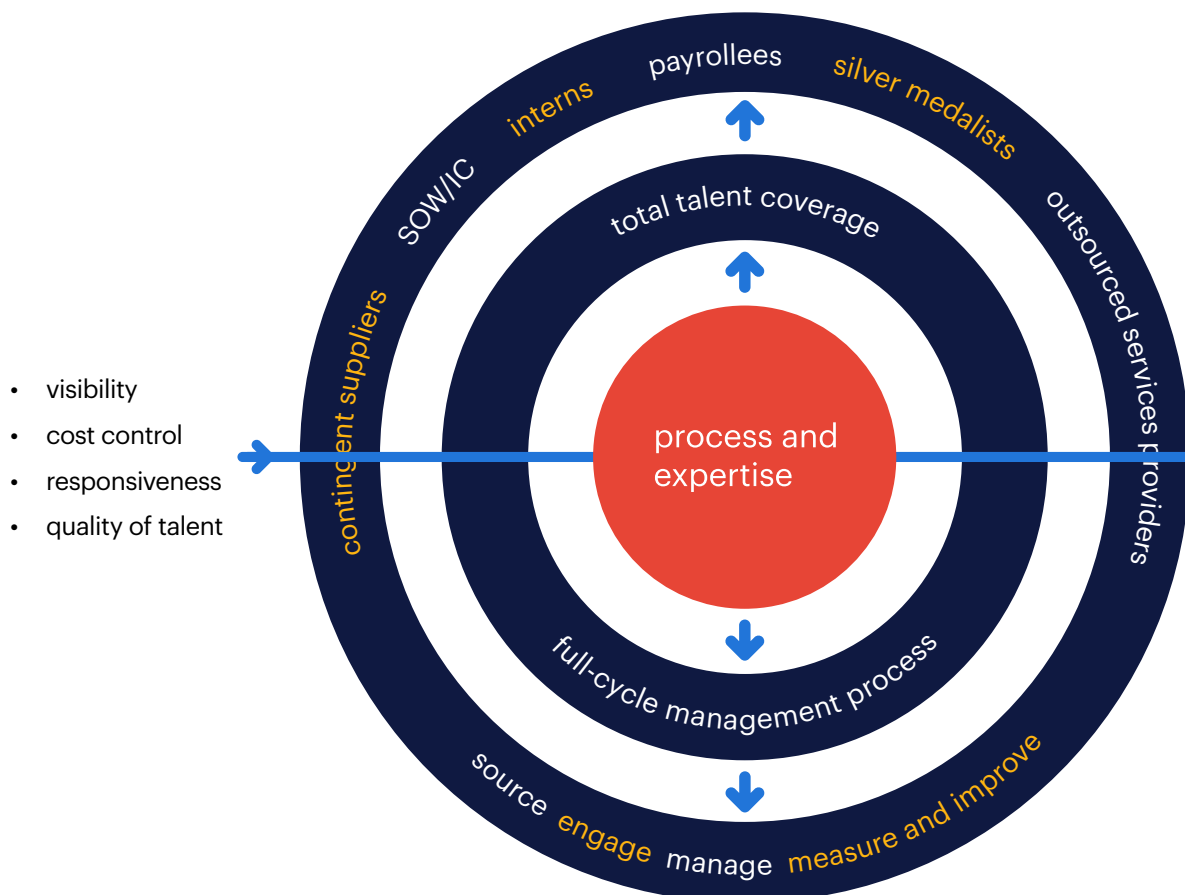
aligning internal & external
MSP program stakeholders.

A proper alignment of key stakeholders will help ensure a program has effective communication and support from both sides of the partnership.

provider role

executive sponsor
legal
implementation project manager
professional services VP implementation project manager tech analyst supplier relations ops analyst back office VMS project manager

client role

executive sponsor
legal
project manager
information technology accounting procurement human resources lines of business SME (hiring managers) communications

chapter five

get greater value out of your MSP.

Successful MSP programs are almost always expanded in some way: scope of services, geographical footprint, work arrangements or business lines. Beyond its initial benefits, the engagement moves from proof of concept to becoming an effective business tool.

In Randstad Sourceright's experience, successful programs launched in one market or business often lead to corporate champions who seek to replicate the same success across the entire organization. This enables the company to operate in a more cost-effective, consistent and transparent way. When expansion involves a different set of stakeholders, however, gaining their buy-in will sometimes be challenging, but always required.

Program expansion in a few instances may not be possible. Limitations may include the service provider's competencies, legal restrictions in certain markets or economic feasibility (low volume of hire). If none of these barriers exist, however, it's only logical that a buyer will implement the same process rigor and expertise throughout the entire organization.

Increasingly, MSP buyers are looking to expand their programs to include the recruitment of permanent employees either as part of a blended or integrated talent model. The former may involve the same MSP provider to deliver recruitment in a separate recruitment process outsourcing engagement with separate internal owners.

Widening service scope

In first-generation MSPs, buyers often look to address only certain pain points but then realize a program can improve processes throughout the organization. For instance, payrolling may be onboarded after a successful launch or independent contractor compliance services may be added.

Greater geographical reach

MSP buyers increasingly look to grow their programs into new markets. Often they seek to create a more consistent contingent workforce program across all geographies. This requires support around compliance and risk reduction. Cost savings, while an important factor, can vary from market to market.

This uptick in geographic expansion is one reason MSP programs are growing most quickly outside the U.S., according to the Everest Group. It estimated that while the U.S. accounted for more than 50% of all spend managed globally, the EMEA region grew at the fastest rate in 2019 at 16% to 18%, while APAC rose 10% to 12%. Many of the programs are often an extension of a more mature one established elsewhere around the world.

New work arrangements

Growing interest in including SOW services procurement as part of the MSP program indicates that employers are taking a more holistic approach to managing talent. In the past, SOW services were mostly acquired and managed by hiring managers, creating disparate practices throughout the organization. Today, MSPs are involved in some of the SOW life cycle but usually not the entire process.

Other types of labor helping to push the growth of MSP programs include the rise of independent workers. Although only a very small percentage are managed through FMS technology, their numbers are growing as both workers and employers increasingly prefer flexible work arrangements for business agility and job satisfaction.

Total talent management

At their most mature level, MSP programs are evolving to be incorporated as part of an integrated talent management strategy. This holistic approach drives exceptional value to the organization by aligning all talent needs across both the contingent and permanent workforce. Business leaders have access to the most appropriate talent resources needed to drive growth.

A total talent solution means a single provider manages your entire talent acquisition activities: resource planning, supply chain management, employer branding, sourcing, talent assessment and identification, hiring processes, reporting and onboarding. This results in a consistent, high-touch program customized to your culture, industry and geographical footprint. It also allows employers to acquire talent more quickly while reducing costs and improving quality of workers.

5 questions.
Advance your MSP to prepare your organization for the future.

01 Have we consulted with other internal human capital and business leaders to understand the near- and long-term goals of our business?

02 Do we plan to expand our MSP to include other work arrangements as well as our businesses outside the current contingent workforce scope?

03 Do we plan to share these outlooks with our managed service provider, give them details about our growth plans and seek input on how to activate these plans with contingent talent?

04 Working with our managed staffing partner, what milestones will we target to advance service delivery?

05 Are we targeting a journey toward a total talent program?

how much can you save with an MSP?

MSP business case calculator.

Understanding the potential impact of an MSP on your business can be complex. That's why we've developed the MSP business case calculator. All you need is five minutes to find out just how much a new contingent talent model could save your company. You can even model different options to support decision-making about your MSP. And if you don't know an answer, it's no problem — we'll use industry standards to help you build your business case. So, what are you waiting for?

start calculating

the MSP business case calculator.

Do you know the potential savings an MSP could deliver to your business? Take just five minutes with our business calculator to find out!

start calculating

This calculator is based on average contingent workforce savings and is indicative only. Upon request, one of Randstad Sourceright's MSP experts can provide you with a full business case based on your company's specific contingent workforce needs.

the time to act
is now.

The economic uncertainty caused by the global COVID-19 pandemic is profound. At work, corporate culture and worker expectations may be impacted for some time, and companies are likely to place greater value on organizational agility as a result. How will human capital leaders drive the innovation needed to innovate and respond to economic peaks and valleys ahead?

Without doubt, contingent talent will be pivotal to helping companies get the skills they need to move forward in the months ahead. Since flexible talent can be deployed at speed — and without the overhead that accompanies permanent hiring — both business and human capital procurement leaders are likely to engage these professionals more often. But with the growing use of contingent talent, organizations must be prepared to carefully manage flexible talent.

Using an MSP to administer an increasingly complex contingent workforce is one of the best ways to implement world-class practices while maintaining cost effectiveness. Today's world-class service providers deliver process excellence, supply chain management, risk mitigation and compliance, technology, and local market knowledge, enabling employers to achieve greater transparency and access to talent. Increasingly, they are also helping employers to acquire the best contingent talent to help achieve a competitive advantage.

With contingent talent playing a bigger role today in fulfilling business goals, organizations can no longer depend on ad hoc approaches to managing their contingent workforce. The inclusion of SOW talent, the rise of independent workers, the desire of talent acquisition leaders to achieve a holistic view and business leaders' desire to reduce risk and assure compliance are all reasons why the MSP market is growing rapidly. Beyond these fundamental drivers, innovations such as talent marketing, direct sourcing and talent pooling, and predictive analytics are leading to the best workforce results.

By ensuring business leaders get the talent when they need it in a risk-minimized and cost-effective way, MSPs deliver the resources required to generate growth and positively affect the bottom line.

need more answers?

3 reasons to schedule a consultation with an MSP provider.

01 If your contingent workforce program is increasingly more complex, and your internal management team is struggling to keep up with current best practices, it may be time to consider an external solution. Providers offer the up-to-date services in supplier management, analytics, compliance and more.

02 The rapidly changing technology landscape means your organization needs deep internal expertise to keep up with innovation. If you find you lack the resources to assess and implement today's newest contingent workforce tools, consider consulting an MSP.

03 As contingent talent grows ever more important to your workforce strategy, is your company prepared to adopt a holistic model that manages all forms of labor, including permanent? MSP programs are evolving to include an integrated talent approach that provides employers a more effective way of deploying their human capital.

Request a consultation with a Randstad Sourceright advisor today to at randstadsourceright.com.

click to request your personal consultation

about Randstad Sourceright.

Randstad Sourceright is a global talent solutions leader, driving the talent acquisition and human capital management strategies for the world's most successful employers. We empower these companies by leveraging a Human Forward strategy that balances the use of innovative technologies with expert insights, supporting both organizations and people in realizing their true potential.

As an operating company of Randstad N.V. – the world's leading global provider of HR services with revenue of € 23.7 billion – Randstad Sourceright's subject matter experts and thought leaders around the world continuously build and evolve our solutions across recruitment process outsourcing (RPO), managed services programs (MSP) and total talent solutions. In 2019, Randstad helped more than 2 million candidates find a meaningful job with one of our 280,000 clients in 38 markets around the world and trained and reskilled more than 350,000 people.

Read more at randstadsourceright.com.