



IMP vs Third Party Programs

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SHOULD WE MANAGE OUR CONTINGENT WORKFORCE MANAGEMENT OPERATIONS ... OR SHOULD THEY?

There comes a point in every organization with contingent workforce management (CWM) requirements in which the enterprise leadership team finds itself examining the nature of the management of this workforce. A time at which it must be determined whether an internal or external approach to the daily operational management of the contingent workforce ensures the most strategic and fruitful nature of the program. A time at which the organization asks "Should we be responsible for our CWM operations ... or should they?"

As with all things in life, one finds a variety of positions in the market when determining whether an Internally Managed Program (IMP) or Managed Service Provider (MSP) is a better model for the organization. And to be clear, the answer to this question will be unique for every organization. All of this to say that an analysis of CWM model is an important exercise for every organization that should be completed and repeated. Now, let's take a closer look at both models and practical matters to consider when completing a CWM analysis.

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First and foremost, it is critical to ensure that organizational culture is aligned with the strategic goals of a program. Organizations that place a high value and focus on their culture and employment experience often cite a stronger alignment and control of employment experience through the use of an IMP model. These organizations report that when their internal teams are responsible for interacting directly with candidates (both those that become consultants and those that remain candidates for consideration at another time), there is a larger degree of control over candidate acknowledgement which ensures the desired culture is carried through to entry to the organization.

It is important to note that in the CWM space, employment experience is inclusive of the candidate and consultant employment phases as well as the FTE phase. It's also important to note that quite common feedback from candidates is that they enter candidate status with a lack of awareness of the organization's value and culture through the MSP model. MSP candidates (and the vendors representing them) also report a minimal amount of feedback on their resumes, post-interview, and often walk away from the experience turned off from the organization.

In terms of the hiring process, organizations who have chosen IMPs also cite an improved hiring manager experience and report a greater level of hiring manager willingness to actively engage with the program team. They argue that there is an inherent level of trust built into the IMP that takes months, if not years, to develop with the external partners of a MSP model.

Let's also consider the alignment of business strategy to CWM. The notion of trust is a theme that pops up again when completing an analysis on this alignment. Is it likely that Executive, Procurement, Human Resource, and Finance stakeholders are actively engaged with the external MSP partners to provide forecasts of CWM needs in the coming year, for example? Or are these stakeholders more likely to be aligned with internal program teams to ensure that the program's strategy is aligned to business strategy? MSP teams often report it challenging to obtain an active and regular involvement of program stakeholders and in terms of forecasting of contingent workforce needs, MSP program teams must solely rely on the program data of prior years to provide a framework of recruiting strategy to program vendors.

Another important consideration to CWM is that of Statement of Work (SOW) populations. Analysts estimate that managing SOW populations is the top priority for 80 percent of organizations using IMP and MSP

models. It is also argued that the IMP model offers a more holistic view of the organization and key business stakeholders are more easily identified and engaged by internal teams than external MSP partners.

In addition, organizations that have moved to the use of IMPs have begun to develop models for the funding of their internal teams. They have been able to leverage the vendor funded nature of the MSP model to offset the costs of FTE resources. In addition, they argue a higher level of vendor engagement given the direct relationships in an IMP model.

On the flipside of the coin, organizations who have selected MSP models have found they have been able to avoid the program being “silo-ed” within the business of the primary stakeholder, and able to avoid, for example, Human Resources losing visibility of the program when Procurement acts as the dominant stakeholder. These organizations have found that the MSP model encourages active and equal participation among the various enterprise stakeholders.

These organizations also argue that within a MSP model the team responsible for the CWM has exclusive dedication and focus on management of the

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program and brings a subject matter expertise and greater industry knowledge than is generally found to exist within the organization. MSP partners also offer the resources of a back office team responsible for contract management, negotiations, and analytics that IMP are not necessarily armed with.

And perhaps one of the most key factors in both CWM models is adherence to Service Level Agreements (SLAs). From an operational perspective, it is critical that SLAs are designed, performance measured against, and corrective action triggered when targets are being missed. Proponents of the MSP model argue that it is inherently easier to ensure SLAs are achieved when holding an external partner responsible for their delivery.

In summary, the following benefits are commonly reported when considering an IMP or MSP for the organization's CWM model. When completing an analysis, the organizational culture should be overlaid and there exist an understanding there is no "one size fits all" model for every organization. Given the incredible level of reliance and growth organizations are reporting for their contingent workforce, the operational management is critical to the success of the enterprise.

INTERNALLY MANAGED PROGRAM (IMP) BENEFITS

- Ability to directly manage candidate experience
- Improved hiring manager engagement and experience in the hiring process
- Alignment of business and CWM strategy
- More holistic view of program – SOW & Contingent
- Cost Savings/Program funded FTE teams
- Higher degree of vendor engagement due to direct client/vendor relationships

MANAGED SERVICE PROVIDER (MSP) BENEFITS

- Less "silo-ed" program visibility by stakeholders
- Exclusive program team focus on program
- Program team consists of trained subject matter experts
- Allows for support of back office/analytics team
- Easier to hold external program team accountable to the SLAs

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