



Statement of Work Program Absorption Procurement

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Challenges aside, the absorption of a Statement of Work (SOW) population into a Managed Service Provider (MSP) or Internally Managed Program (IMP) allows for a broader and more sophisticated view of the contingent workforce. This non-traditional category of the contingent workforce has historically been argued as “different” from hourly and daily contingent workers and therefore carved out of the program by internal stakeholders. How so? In theory, SOW projects are tied to a completed project/ deliverable and invoiced to the vendor on lump sum payments. In addition, SOW consultants are not interviewed and selected by the SOW Manager for the project; they also work independently of the SOW Manager’s direction. Hourly and Daily contingent workers are generally brought into the workforce to fill gaps in skill, bandwidth, or in consideration for a full time hire.

In theory, each SOW is farmed out to a vendor community (often a small subset of the broader vendor community) through a competitive bidding process. The SOW Manager reviews and selects the most competitively presented SOW and work commences. However what often ends up actually occurring and ultimately negates the intent of the competitive bidding process (cost savings), is that SOW Managers work directly with a vendor of choice rather than with a vendor community competing with itself to secure the project. This creates a situation in which obtaining program buy in and adherence to competitive bidding by the business units utilizing SOWs becomes a significant challenge for programs.

Given the ability of the Vendor Management System (VMS) tools to support a competitive bidding process, it should be used! Another component to realizing cost savings is ensuring that there are review and approval processes built into SOW extensions. It can be challenging for even the SOW Manager to ensure the project is completed as originally budgeted.

Historically and even in today’s sophisticated times, the SOW bidding process is often handled “manually” through email. One can imagine the administrative burden on the SOW Manager of managing complex SOWs through multiple rounds of editing by multiple vendors – all at the same time! So, the market has responded to the absorption of the SOW population by programs and now most off the shelf VMS offer SOW management modules. Some of these modules even include editing and change tracking features to assist in the bidding process.

Another major benefit gained with the absorption of the SOW population into a program is the reduction of organizational risk

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surrounding access to facilities and proprietary systems. Since HR/ Talent, Procurement, and Finance are utilizing unique tools for headcount and budget tracking, there are regular variances in data regarding headcount and cost within the program. How best can organizations accurately identify which workers should be granted facilities and systems access when unsure of who is working when, where, and for whom? Through the use of a centralized VMS.

At the heart of a successful program is ensuring program buy in by managers and vendors. A program, specifically a SOW program, can simply not succeed without it. How can buy in be accomplished? It is critical that the strategy is reviewed, agreed upon and socialized internally from the senior leadership level. SOW Managers must understand

the enterprise strategy and support the processes designed to achieve the strategy. Process exceptions should not be allowed by the program and there should be stakeholder support for these decisions.

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It's often not known by the program and its' stakeholders the true volume, proprietary access rights, and spend associated with this SOW population. Despite the chosen operational approach, there are immediate and real benefits towards program evolution in this direction. It's clear that contingent workforce strategy has enterprise wide impact and therefore there is an inherent risk to the business when the SOW population is isolated from the program with minimal stakeholder participation.

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