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2023

State of External Workforce Management

How to navigate the biggest challenges of today
and create a successful program for the future

💡 Industry Expert Report

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Introduction

Running a contingent workforce program is a challenge, and because every organization is so different it's not quite an exact science. To run contingent workforces successfully most organizations need quite a bit of organizational change, and you need to get a large number of internal workers onboard to make a program successful.

We decided to interview four contingent workforce leaders and learn more about common mistakes they see in program management, the strategies that have helped them find success with their programs, and where they see the future of the industry heading. Here are our top 5 takeaways for program managers to keep in mind, to ensure you've set up your contingent workforce program to be as successful as it possibly can be.

Expert Speakers



Bryan Peña 

CCWP, Workforce Solutions Strategist

Bryan is a globally recognized thought leader in the world of extended work and open talent. With a unique perspective on the ever-growing demand for comprehensive workforce solutions, he is a widely sought-after keynote speaker, passionate evangelist for the open talent industry, and an expert on emerging talent platforms, workforce management programs, labor models, HR technology, variable, and future workforce trends. Through his boutique consulting firm, Defiant Solutions LLC, he works directly with HR tech companies of all sizes, service providers, private equity, and enterprise clients to navigate the everchanging global talent landscape. His firm leverages a vast global network of industry experts and specializes in solving complex challenges.



Mark McCollam 

BA, CPM, CCWP, Assoc Director Professional Services, KPMG International

Mark is a senior procurement and workforce strategy executive with significant experience driving efficiency and profitability in strategic sourcing, category management, and talent acquisition in global organizations. Mark spent the last 12 years in various roles leading BP's extended workforce program. Mark is a passionate advocate for innovation in workforce management to optimize the way work gets done among both employee and non-employee populations.



Cheryl McDonald 

Global Contingent Workforce Management, Verizon

Cheryl is a Procurement Professional specializing in Contingent Workforce for Verizon. She thoroughly enjoys solving complex problems and creating win-win solutions with both internal and external stakeholders. Cheryl creates and implements procurement strategies designed to meet the goals of Verizon. She believes in sharing her knowledge and expertise with her teams and seamlessly integrating across multiple cultures and languages, building teams from individuals. She encourages new thinking while focusing on what's important to the business and maintaining high standards and adherence to the company's governance.



Allen Chilson 

SPHR, CCWP, Talent Acquisition Leader, Danaher Corporation

Allen has over 20 years of experience in Talent Acquisition and Human Resource leadership roles where his responsibilities have included managing both internal and external teams involved in securing new talent for the organization. His vendor management experience includes RPO (Recruitment Process Outsourcing) and contingent workforce programs, as well as relocation, immigration, pre-employment screening and outplacement service providers. Allen has extensive experience in the Life Sciences industry (Pharmaceutical, Biotechnology, Diagnostics, Medical Devices) and has also worked in the Chemical, Financial Regulation and Technology R&D industries.

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#1

Successful implementation comes down to meeting people where they're at and doing it with them, not to them

I think every large organization has struggled with implementation. When hiring managers need resources, they just see you as a bottleneck and don't see how you mitigate risk and help them find a combination of quality and price. They're just likely to bypass you if they can. And people are smart and they find ways to do that. So, I think that teaching is very very helpful. If you try to do something to somebody they will resist it. If you do it with somebody and explain it and work with them they are much more open. So it's not about the program as much as it's about teaching users and business leaders the purpose of it, how it can help them in their daily lives, and why it brings the organization value. When you see that light bulb go on and folks are like "Oh now I get it, now I see why this is so valuable" they understand why they need to respect the parameters around it.

**Cheryl McDonald**

Global Contingent Workforce Management, Verizon

I think there are two things that are essential to a program implementation. One – Get to know the needs of the customer by doing discovery & due diligence before you even build your solution & implementation program (otherwise you are trying to push a "one size fits all" solution without ever confirming you are solving for the right needs). Two – Drive to pilot your program with a few early adopters to document early successes, as it's all "theory" until you can show the efficiency and effectiveness of the program in real life situations at your company.

**Allen Chilson**SPHR, CCWP, Talent Acquisition
Leader, Danaher Corporation

The best way is to never stop selling, recognize that the sale process doesn't end the day the contract is signed, your organization needs to sell those solutions internally until you get target level or full adoption and your workers are bought in because they see how it makes their lives easier as well

**Bryan Peña**

CCWP, Workforce Solutions Strategist

#2

Companies need a more holistic view of talent to successfully manage their workforces

I'd expect to see further changes in the way companies think strategically about how they are going to get work done. As part of that, we'll see more of a convergence between different sorts of work formats or worker types. Previously, there has been a solid segregation between contingent workforce programs and HR Talent Acquisition (TA) focused on permanent employees. I'd expect to see these lines of segregation become diminished as companies take a more holistic view of talent. A catalyst for this change and closing the gap between these functional groups is likely to be Direct Sourcing. Although Direct Sourcing is a hot topic at conferences/webinars, there's a more important and compelling value proposition for Procurement and TA to listen to one another to achieve their end goals of right talent to optimally get work done. Procurement can access TA's data on candidates that have shown interest in permanent roles in a company, continue to leverage their brand, and build their talent pools for temporary needs. TA can also mine the data in Procurement's contingent talent pools and continue to benefit from temp to perm conversions. A natural result here is to share common talent pools for the entire organization, irrespective of engagement type (temporary or permanent employee).

**Mark McCollam**

BA, CPM, CCWP, Assoc Director Professional Services, KPMG International

It is hard to predict the future in this space, as legislation can have a big impact on contingent workforce management (whether that be with IC regulations, pay transparency or changes in the requirements for offering benefits, etc. Obamacare is a good example of this happening). That said, I believe companies are going to seek a clearer picture of their overall "workforce" (that definition will likely vary from company to company) – so HRIS systems, VMS systems, provisioning systems (those systems that give people laptops,

intranet access, email addresses, etc) and procurement/payment systems are going to need to "work together" to give a more comprehensive picture of the workforce

**Allen Chilson**

SPHR, CCWP, Talent Acquisition Leader, Danaher Corporation



I think that there will be a greater focus on non-traditional talent pipelines and a more comprehensive look at talent as a whole. Traditional contingent workforce programs limit their focus to temps and the occasional independent contractor. In the future, they'll include everything from outsourced services, contractor solutions, direct sourcing, talent platforms, and marketplaces all aligned under one talent strategy.

**Bryan Peña**

CCWP, Workforce Solutions Strategist



#3

Cutting costs is important, but it shouldn't be the top priority

In my experience, it is very difficult to talk about driving down costs and improving quality when it comes to labor. You get what you pay for. I think that's an oxymoron... to both drive down costs and improve quality. You can't have both. Once, when I was at Huawei, IT said we want these Microsoft people with five years of experience and we'll pay \$35 an hour. I knew that was an unrealistic expectation on behalf of the business. So teaching internal teams the difference between quality, experience, and cost and helping them understand how to prioritize those things is an extremely critical part of our job in external workforce management.

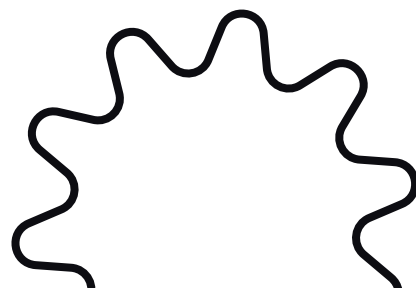
**Cheryl McDonald**

Global Contingent Workforce Management, Verizon

I think "Voice of Customer" needs to be the driving force here. It is not a good idea for TA/Procurement to dig in their heels and insist that the CW program MUST save the company money. At the end of the day, the Hiring Manager has budget available and it isn't our role to tell her/him that they cannot spend that money to hire the best available resource to get the work done in the shortest amount of time.

**Allen Chilson**

SPHR, CCWP, Talent Acquisition Leader, Danaher Corporation



#4

Plan your tech stack carefully

A VMS is critical. You can try to build your own in-house, but it never works. Do what you're good at, and let somebody else do the rest. But use the SaaS as a tool. I've done it both ways and without a SaaS it's just about impossible if you're a large company. That way you can focus on building the policies in your program and ensuring it's managed and adopted correctly.

**Cheryl McDonald**

Global Contingent Workforce Management, Verizon

When I'm evaluating a new solution I have to ask myself if they solve a legitimate business need. Or if they're simply a solution in search of a problem. I'm keen to understand their product roadmap and customer service strategy. It's important to have a solution that incorporates the realities of what it takes to run an enterprise-wide solution, which is the right balance of services and technology.

**Bryan Peña**

CCWP, Workforce Solutions Strategist



#5

Flexibility and remote work are here to stay and will require an evolved approach to attracting and managing your workforce

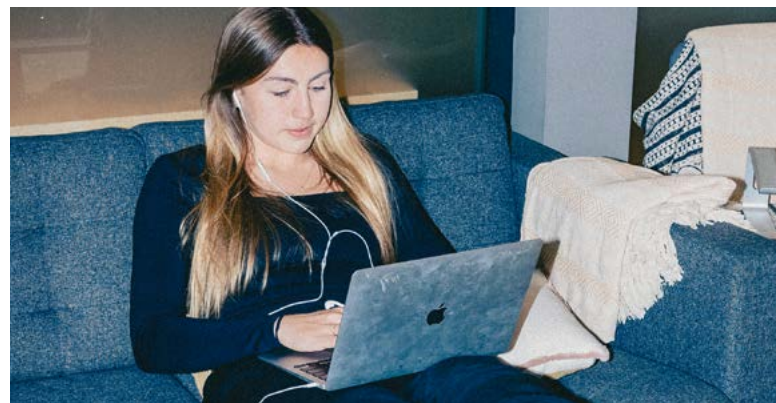
The future of contingent workforce management is both remote and global. As the pandemic has taught companies to operate successfully in a more virtual environment, end users will no longer require only resources that can come into an office in a specific geography. As end users get further accustomed to contingent workers that do not come regularly into the office nor reside in the same city, there will be considerations for resources that are outside their country borders- considerations from both best talent availability, cost, and an organization's capability to effectively manage external talent all will come into play. Companies and their program managers will need to get more sophisticated in their processes, technology, and considerations for optimizing this external talent, regardless of its form or geography. They will also need to evolve an integrated and holistic approach to attracting and managing a workforce in which external workers increasingly play a more significant role. However, this is easier said than done, particularly in large, established companies where the workforce strategy only focuses on the permanent employee. In preparation for this, companies will have to recognize and map out the new adjustments

in the context of various (and sometimes unaligned) perspectives- commercial, human resources, legal, and risk.



Mark McCollam

MBA, CPM, CCWP, Assoc Director
Professional Services, KPMG
International



To me, one of the biggest changes is the work-from-home movement. We're not just doing that with full-time employees, we're doing that with contingent workers too. From a temp perspective, we have folks working from home and that is not going to change. The current generation will not go to an office every day. If a worker wants to go live in France for 6

months and do their job from there, they want to be able to do that. Companies are going to have to come up with policies to support that, not just from their full-time employees but from their temp workers as well. We're all going to have to be more flexible. More and more flexibility will be demanded because the new generations have tasted it, and they want that. We're not going back.



Cheryl McDonald

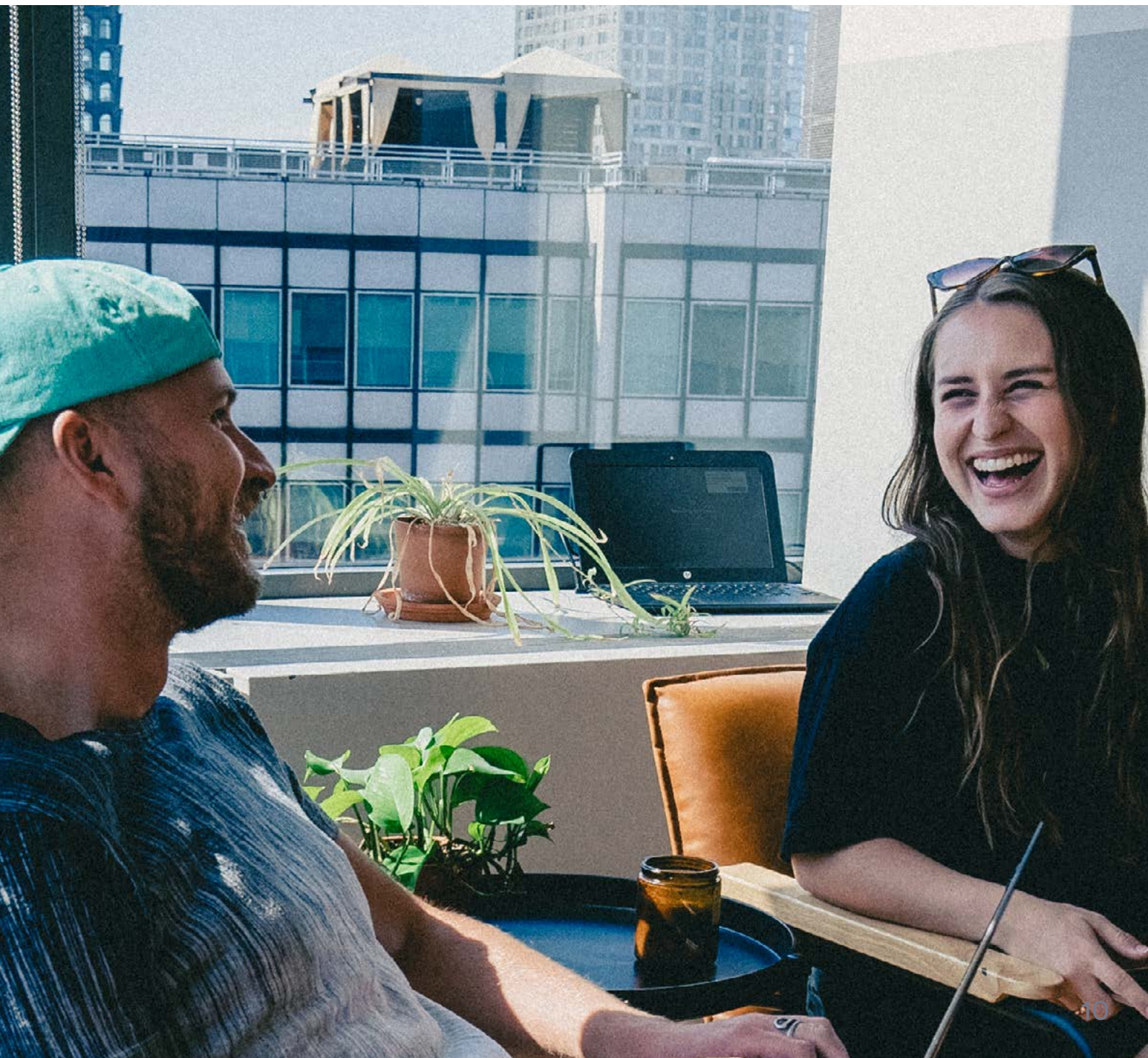
Global Contingent Workforce
Management, Verizon

Companies are getting more comfortable with the “risks” of co-employment when it comes to contingent workers, which I think is due to a better understanding of what co-employment or joint employment really means. A great example is the growing number of companies doing direct sourcing for temporary workers and those companies that have extended their tenure limits



Allen Chilson

SPHR, CCWP, Talent Acquisition
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