Managed Service Providers
Take Contract Worker Burden off Managers

BY REBECCA CENNI-LEVENTHAL

Studies of the American workforce continue to point in the contingent direction, and whether you call them freelancers, contractors, or temporary workers, all signals suggest they are here to stay.

Having more contingent workers means more of everything that comes with them—staffing suppliers, contracts, invoices, and reports—and more time and energy on the part of managers to keep track of it all.

Managing this process involves a tremendous investment of time that can detract from the more urgent and productive priorities that managers need to concentrate on. A managed service provider (MSP), using a vendor management system (VMS), can substantially reduce the complexity of contractor

workforce management. As a result, your executive managers can focus on higher-level tasks and strengthen their leadership qualities.

A well-established MSP that is responsible for managing the end-to-end process of temporary assignment fulfillment, including supplier performance management, invoicing, analytics, and program performance, can create business intelligence and efficiencies that enable organizations to make better decisions about contingent labor sourcing

and performance. Here are some details on MSPs, how they operate, and the specific process efficiencies and cost benefits they can bring to an organization.

THE ABCs OF MSPs

The world of contingent labor can seem like alphabet soup—VMS, MSP, IC (independent contractor), PST (paid sick time), PPACA (Patient Protection and Affordable Care Act or ACA, for short). And that's just the beginning.

Briefly defined, an MSP is a company that manages the performance of a group of staffing suppliers for the fulfillment of temporary assignments. MSP staff can either be located onsite at a company's offices or operate remotely. In either case, they are a dedicated team that provides subject matter expertise and management on the strategy of a client's contingent labor workforce.

The MSP will operate a VMS technology to manage the contingent labor program—the VMS provides an online solution to be used to manage temporary assignment requests, timesheets approval, reporting, and staffing supplier performance, such as how quickly they are able to fill positions. In effect, the MSP serves as a liaison for all of the company's temporary talent needs, with simplified billing and consolidated reporting.

There are many benefits to implementing an MSP. For example, they introduce cost savings in a number of ways. First, they help managers understand appropriate rates through benchmarking to ensure fair market value is being paid. An MSP can monitor, negotiate, and control rates across the company's preferred staffing suppliers. Further, an MSP can deliver contingent workforce reporting for spend visibility, overtime monitoring, and PO/budget tracking. Additional cost savings come through offering hybrid rates via private-label recruiting and redeploying proven performers from talent pools to increase speed to market.

Although the fundamental concept behind MSPs is not new, it has become especially relevant in the era of the "gig worker" and surveys that indicate contingent labor usage is growing. While Fortune 1000 companies that use contingent labor as a substantial part of their overall workforce have historically used MSPs, our own experience and recent trends point toward MSPs gaining in popularity among smaller and midsize companies that are attracted to the advantages MSPs bring in terms of transparency, analytics, consistency, and risk management. In addition, managers at these companies, who often oversee many different functions, can also increase their productivity because the MSP is working on their behalf to support the contingent labor needs.

MAKING AN MSP PROGRAM HAPPEN

There are generally four phases in the evaluation of an MSP program: development, implementation, execution, and enhancement.

Development entails the initial phase of corporate discovery to understand the company's needs and objectives, confirming policies and practices, establishing a project plan, implementing a timeline, and designing an appropriate program. Implementation involves the engagement of internal and external associates, the drafting of internal and external communications, the creation of training materials for managers, and the introduction of the MSP team to the company. The program execution phase involves managing electronic program screening and enrollment; providing qualified candidates; and processing weekly timesheets, payroll, and invoicing. Finally, the enhancement phase is marked by support for ongoing program adoption, providing reporting to support business intelligence, implementing proactive ways to improve the program and foresee upcoming business needs, and conducting quarterly business reviews.

During development, the MSP team will optimize three resources: people, process, and technology. Collaborative discovery sessions with client stakeholders will explore all areas of the contingent labor process. From financial approval practices to space and asset provisioning to invoice processing, the MSP team will gather information to design a comprehensive workflow for temporary assignment management. Solutions engineers will define what the company's existing processes consist of, conduct a gap analysis to identify inefficiencies or weaknesses, and then provide recommendations for an improved future state.

When the optimal workflow has been defined, the MSP will implement the appropriate technical solutions. To do this, it will determine what internal/external systems the company currently uses throughout its process of sourcing, matching, engaging, onboarding, and paying temporary resources. A deep understanding of applicant tracking systems, human resource information systems, IT/asset provisioning technology, and accounting/finance systems will play a critical role in ensuring that temporary workers are able to start assignments quickly and be productive contributors from the time they arrive.

Following the implementation phase, managers can work with MSPs in a very straightforward yet productive way. When a manager wants to hire a temporary worker, the MSP will begin by hosting an intake call to gather key assignment information and benchmarking the role. The MSP then posts the position in the VMS to approved staffing vendors, which submit candidates who are then screened by the MSP. The top candidates selected through this process are subsequently submitted to the hiring managers for their consideration.

After the managers review the candidates' qualifications, the MSP schedules interviews and the managers select the candidate they believe is the best fit for the position. The staffing supplier who originally submitted the candidate will make the offer and conduct pre-employment screening

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and onboarding, while the MSP supports the manager in preparing for the candidate's first day. Once the staffing supplier confirms that the candidate has completed the onboarding process and provides the candidate with details regarding the first day of work, the assignment will start and the MSP activates the VMS work order to enable the worker to submit his or her weekly timesheet.

Although the traditional "MSP+VMS" model typically encompasses workforce requisitions and temporary worker selection, onboarding/offboarding, timekeeping and reporting, these programs can be enhanced far beyond the typical functions. Specifically, certain MSPs may also be able to facilitate talent life cycle technology and services, payrolling services, independent contractor compliance, and intern program design. Infusing modern recruitment strategies and cutting-edge technology can enhance the traditional MSP strategy to create further opportunities for cost containment and total talent management.

WHAT DOES IT ALL MEAN FOR MANAGERS?

Given all these services, managers can reap many benefits from MSPs, as they provide critical tools they need to become more productive, more focused on their core responsibilities, and more valuable to their organization.

An MSP enables the company to centralize all its needs into a simple workflow, allowing the manager to reach out to a single team for consultation, service, and system management. Managers are empowered with a greater understanding of where they are spending their money and how they are allocating their budget; they also gain predictability in hiring cycles, access to 24/7 reporting models, and independent contractor compliance. The MSP is performing essential—and time-consuming—tasks while

the managers are empowered to focus on the actual day-to-day work that needs to be done to meet their goals. An MSP fosters streamlined efficiencies with regard to billing, reporting, analytics, and measurements.

Another key value the MSP can provide is vendor management and optimization. To begin, a vendor program orientation can ensure consistency of process education and expectations, reducing the need to involve managers in routine program questions and improving overall program efficiency and effectiveness. Regular status calls with vendors, hosted by the MSP, can ensure timely communication of program updates and objectives, consistency of vendor and program messaging, and communication of program success and strategic goals. Vendor audits ensure adherence to contractual obligations, mitigate risk, and help identify areas of inconsistency. In terms of vendor program support, an MSP can also shoulder the program operational support burden, provide first-level support for program questions or challenges, and address staffing vendor payment inquiries. Finally, the MSP can facilitate vendor performance reviews to evaluate key performance indicators to drive continuous program optimization and identify supplier performance improvement opportunities.

Another hallmark benefit that MSPs offer is cost savings. By using an MSP, a company can leverage its collective buying power to obtain competitive rates that benefit the company holistically. The MSP can benchmark and control rates across the company's preferred staffing suppliers and monitor overtime to ensure cost containment. Separately, the MSP can deliver contingent workforce reporting for spend visibility and budget tracking. Managers also benefit from the redeployment of proven performers from the talent pool to increase speed-to-market, minimize training time, and boost productivity levels.

By leveraging a prepared and engaged group of staffing suppliers to identify new temporary resources, an MSP also reduces the time burden faced by manager executives and their staff who would be involved in performing these tasks themselves. Suppliers know they are competing against one another, which encourages faster response time and better-quality candidates. All temporary resource charges are submitted by the MSP via consolidated invoices, easing the payment processing burden for the client's accounts payable department.

EXPANDING KNOWLEDGE, SAVING COSTS, IMPROVING REPORTING

This list of responsibilities just scratches the surface of what MSP programs entail and how they can benefit companies and the managers who use them. The MSP can also ensure consistency across a variety of areas, including rates, compliance, and processes. Overall, it reduces risk and injects a greater level of visibility into the process of attracting and retaining quality talent.

According to Staffing Industry Analysts, a global advisor on staffing and workforce solutions, the utilization of an MSP and VMS can save a company a total of up to 12% to 15% in operations costs over the course of the first few years, spanning a wide range of areas, including automated onboarding, consolidated invoice and payments, and more.

all policies regarding onboarding, pre-employment and city and state guidelines, ACA compliance, and company-specific mandates such as tenure policies. In addition to ensuring that competitive rates are paid for talent, the MSP can ensure that temporary workers are being paid as W-2 employees. Beyond this, when necessary, it provides enhanced visibility and worker compliance and ensures that certifications are in place.

The MSP's compliance monitoring activities will include key legal areas, including pre-employment screening, paid sick leave, and ACA compliance. With regard to the first of these areas, the MSP will ensure that staffing suppliers process pre-employment screening according to the FCRA (Fair Credit Reporting Act) and specific client guidelines, including areas such as employment verification, education verification, criminal background checks, credit checks, and pre-employment drug testing. As for the second area, staffing suppliers must administer a sick leave policy that complies with applicable statutes, regulations, and ordinances as required by state and local mandates. Finally, the MSP will audit for supplier compliance with ACA regulations; temporary workers who meet medical insurance eligibility criteria and elect to participate in medical plans must be offered coverage of a certain quality and may qualify for an employer contribution made by the supplier to comply with ACA cost-sharing guidelines.

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And because MSPs are capable of national reach, they can identify your enterprise-wide talent requirements and seek to fulfill these in a strategic way that accommodates geographic and department nuances by engaging local and national staffing suppliers that are experienced in recommending candidates for niche staffing areas.

The ability of the MSP to assist with reporting allows visibility into a number of areas. By serving as an innovative partner, the MSP can additionally bring ideas to managers, speeding up the overall process, facilitating the training process, and enhancing productivity. These advantages are especially important in light of the tight U.S. job market, in which many companies are vying for a relatively short supply of qualified workers.

Another major advantage of working with an MSP is that it ensures a company will remain in compliance with employment laws regarding its temporary workforce. The MSP will require staffing suppliers to be compliant with

For all these reasons, engaging the services of an MSP can be a smart way for companies to not only handle the complexities of the contingent workforce but also empower their managers with important quantitative and qualitative information to help them perform their jobs more efficiently. And perhaps the most important part is providing managers with the quality time they need to help improve themselves and their companies. An MSP enhances the visibility of the company's contingent workforce operations—after all, you can't fix what you can't see, and an MSP functions like a microscope—finding visible (and invisible) challenges and identifying ways to turn them into successes. AQ

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