

Breakfast Briefing

Is your Total Talent Strategy Contingent-
Workforce Ready?

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Is Your 'Total Talent Strategy' Contingent-Workforce Ready?

CXC Global, together with PwC, have recently conducted breakfast briefings with some of Australia's HR and procurement leaders. The topic looked at the preparedness of corporate Australia for a 'Total Talent Management' approach, in light of the increasing prevalence of corporates utilising contingent workers, and the risks and strategies associated with engaging contingent workers.

In summary....

An increasing number of organisations in Australia are becoming adept at establishing effective Talent Management strategies for permanent workers: think of this as the Total Talent Management Wheel (attached). But organisations struggle when they seek to apply this principle to non-permanent talent. This dilemma is increasingly problematic as the non-permanent workforce continues to grow rapidly. In Australia, it represents approximately 28% of the total labour market and in the US, it's approximately 40%.





What are some of the reasons for adopting a contingent workforce program?

- Minimal visibility into contingent workforce, vague estimates are common
- No visibility into contractor spend, or geographic locations
- Better insights needed to reduce corporate risk of engaging contingent workers
- Market pressure: the ongoing and rapid rise of the use of contingent workers. And the expectation that this will continue, whilst permanent numbers decline
- Tenure issues: contractors working beyond expected tenure, placing the business at risk

What are the success measures of a contingent workforce management program?

- Reduction in contractor spend
- Centralised process management, including invoicing
- Implementation of robust performance measures of the contingent workforce
- Minimal noise and disruption to the business
- Keeping tenure within accepted business rules, to minimise risk (financial, co-employment)
- Know your tipping point: how big will you allow your contingent workforce to grow? What's your ideal capacity?
- Implementing a technology platform that requires ALL channels of sourcing to come through a single entry point. This can control (and in some cases eliminate) slippage and non-compliance to the program



Who 'owns' Contingent Workers?

- It's become increasingly hard to identify a functional area that is responsible for non-permanent workers, especially in the instance of decoupling what is true Statement of Work versus time & materials
- Considerations include:
 - Who is looking at driving policies, focusing on efficiency and managing costs?
 - Who is driving policies for the engagement & management of them?
 - Who is considering the risk factors?

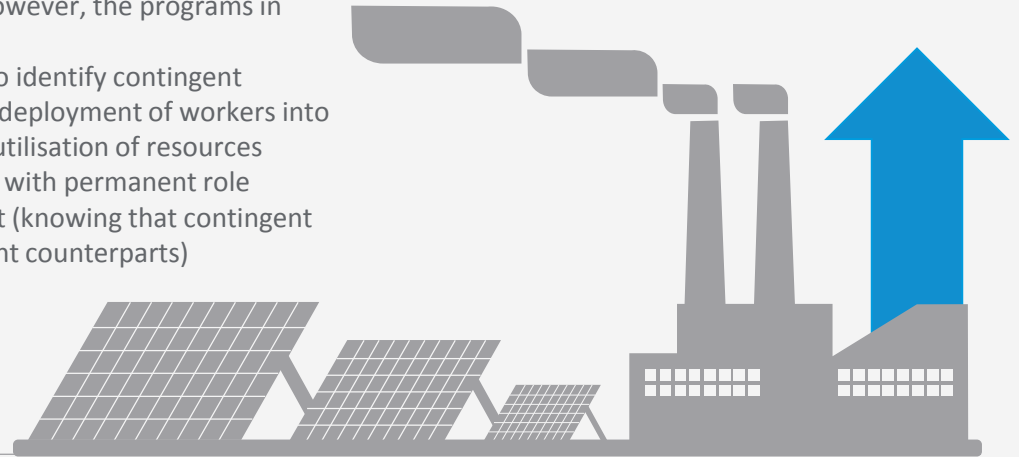


C-Suite Buy-In: Building the Business Case

- Understand the business drivers and that of all the relevant stakeholders
- Be very considered in determining how these drivers are to be met, and how the solution will translate into cost savings
- From there, you have the foundation of the business case
- Utilise a successful perm model as an example to get buy-in

What are the developing approaches for Contingent Workforce management?

- The recruitment program is often a starting point. From there, the model can evolve into an onsite RPO for permanent talent, and a CMO for contingent talent
- The other proven starting point are the four pillars of contingent workforce success: Risk, Quality, Cost, and Efficiency. Treated as a 'health check' to get the contingent worker house in order, this approach underpins a successful contingent workforce management program
- The utilisation of outcome based workers is on the rise, models that include SOW where very specific time and deliverables are in place. However, the programs in place to manage this type of work are immature
- Improved workforce planning provides the opportunity to identify contingent worker skill-sets required for future-state. The result? Redeployment of workers into different, increasingly relevant roles, and more efficient utilisation of resources
- Introduction of a rate-card for contingent labour, aligned with permanent role equivalent, provides increased clarity of the business cost (knowing that contingent sit at an average of 20% higher rates than their permanent counterparts)



Other issues at play...

How to manage contingent workers whilst maintaining speed & efficiency of engagement and process management? Some ATS systems provide agility. Driven by Hiring Managers, they can serve as a quick solution, providing transparency, whilst feeding into the on-boarding process and into Procurement's knowledge

The consideration of talent on a broader scale (total talent management): a single-source approach to talent acquisition. The traditional resourcing model is becoming less relevant to the way the worker is engaged and more focused on a total talent management solution



As organisations move towards increasingly 'agile' ways of working, the sourcing channel mix will also need to flex to cater to these demands i.e. utilisation of online platforms such as expert360 & Freelancer. As a consequence, suppliers and clients need to move quickly to build rigour around these engagements and identify & manage associated risk

Traditionally organisations would turn to recruitment partners to deliver a total outsourced solution, split by provider across perm & perm. Or, they may engage an RPO for perm & MSP for non-perm. Today, the resourcing partner is being more often called upon to provide Total Talent Solutions

Other issues at play...

- Legislators are focussed on three key areas: revenue, workers' rights and vicarious liability
- Local responses to the shift in workforce patterns have included the setting up of the a superannuation taskforce commission and Fair work Audit Committee, as well as an increase in litigation activity around Payroll Tax liability
- Worker management has been placed on the back burner, resulting in risk exposure, inconsistent processes, less rigour around on-boarding and engagement of contingent workers resulting is risk, cost, efficiency, and quality challenges
- In Australia, contingent workforce management programs are not yet as organised and mature as the US and the EMEA, with focus and investment to date predominantly focused on the front end of the process – talent attraction and acquisition, both from a technology and margin reduction point of view (reduction of agency margins)



Workforce Dynamics

Up to 50% of the workforce will be 'non-permanent' by 2025!

What is your workforce composition today?



Ownership Conundrum

Who owns your extended workforce – HR, Procurement, the Business?



Risk Reality

Fines from ATO, (other statutory bodies), legal costs, reputation damage

Engaging contractors can be risky! Are you exposed?



Technology Maze

Are your systems Total Talent Management ready?





Contact Us:

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