Contingent Workforce Solution – Achieving Total Talent Management

by Ian Menard 5 min read

Imagine a world where you have an immediate need on a project or assignment and you could fill that need with confidence within 24-48 hours.

While this is entirely within the realm of possibility right now, there are broader implications to consider. In a recent global [study](#) involving mid-sized to large companies, it was revealed that 44% of total spending is on the external workforce, while only 16% of organizations have a workforce management process in place for contingent workers. Further, between 65-68% say the external workforce is important or very important to operating at full capacity, meeting market demands and developing or improving products and services.

These results reinforce that a big portion of total contingent worker spend is to support both core operations and strategic initiatives. We can expect this trend to continue, resulting in an increased level of risk for those organizations who do not address this reality. So to turn this growing risk into an opportunity for competitive advantage, how do you design a contingent workforce solution that achieves "total talent management"? For purposes of this paper, total talent management integrates and engages the full range of talent sources, from traditional employees to non-traditional including temporary workers, independent contractors/consultants/freelancers, volunteers, outsourced and even non-human options such as robots/drones.

To answer this question, we conducted a best practices literature review and incorporated our practical experience in designing solutions. The result is the following outline (fig. 1) that we hope you find useful in shaping your contingent workforce solution.

Fig. 1: Four phases to contingent workforce solution

Validate contingent workforce requirements against strategy

Refine organization structure; build governance and end-to-end process

Integrate with existing talent management programs

Add technology and artificial intelligence enablers to enhance performance

Validate contingent workforce requirements against the strategy

Validating your contingent workforce requirements starts with understanding the basics of this segment. How many/what roles exist? What you are paying them? How are you measuring performance? What process metrics do you have in place for this segment?

Note: You may need to establish common language and definition that can be used for classification if different ones exist between Finance, Procurement, HR, etc.

Once the current contingent workforce situation is understood, it is time to determine the strategic design framework. The first step is clarifying the capabilities that should be sourced through the contingent workforce channel. Then define the desired outcomes to shape the structure & process design such as user experience, performance/efficiency expectations, compliance & risk mitigation. This will provide the sandbox to determine the optimal organization structure, process & technology requirements.

The final part of this phase is to conduct a gap analysis by comparing the strategic design framework to the current state. This will inform the scope of work that can be incorporated with requirements to build the business case and subsequent work plan.

Refine organization structure; build governance and end-to-end process

Assuming the business case was approved, the next step involves designing the optimal structure/governance model. Two important questions to shape your design criteria will be:

- Deciding which decisions/activities need to be centralized vs decentralized and;
- Who will be the key stakeholder(s) in process management?

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The bigger the organization, the more likely the resulting solution will be cross-functional in nature involving HR and Procurement from a process management side. Striving for a single process owner will be advantageous to ensure end-to-end performance and integration with "total talent management". The governance model is a temporary structure to ensure the strategic design is upheld and decisions consistently align. Members should include key stakeholders in process management as well as customers of the process.

Decisions on structure and governance will inform the process design phase. Utilizing process design methodology (e.g., customer journey mapping, lean management), the outcomes from your strategic design can be further broken into process measures that address efficiency, effectiveness and adaptability. Whatever method is chosen, take care to keep the contingent worker and the hiring manager front and center as customers of this process.

Integrate with existing talent management programs

This phase is the key to achieving "total talent management". To simplify, I've broken it down to answering three questions:

1. How will you engage with this segment differently than the traditional worker?

I suggest using an employee life cycle framework to shape the overall experience picture for the contingent worker. A lot of this will have been defined in the process mapping phase that can be incorporated here. Once you have the overall experience defined, you can compare it to the traditional worker segment for differences that can inform the next 2 questions.

2. What people programs currently in practice will be impacted and need to be adjusted?

By reviewing existing talent management programs (e.g., talent acquisition, onboarding, performance management, etc.) against the engagement activities outlined in the process, you will determine what programs are impacted and the level of change that is required to ensure they support contingent workforce needs.

3. *What new people programs are required that do not exist today?*

For those engagement activities outlined in the process that require a supporting program or tool where none exists today, the requirements will need to be defined and action plan built. One example could be a redeployment program that is initiated towards the end of contract term to determine mutual interest in redeploying the contingent worker to a new assignment.

Working through these questions will address the necessary people programs and supporting tools to ensure your process achieves the intended goals. The final piece of this phase will be incorporating the contingent workforce into your overall talent management measurement framework.

Add technology and artificial intelligence enablers to enhance performance

While the technology requirements and resulting development work would have been incorporated in the overall work plan, we want to call special attention to applications in the vendor management space as well as the use of artificial intelligence. For those looking for a new solution in the vendor management space to enable workflow management and payment processing, there are several out there to choose from with more and more surfacing every day. Within industry or role categories, we are seeing more specific applications being developed (e.g., hospitality, event workers, and home services).

On the artificial intelligence side, the possibilities to improve the quality and efficiency of contingent workforce solutions through complimenting human interaction are emerging. With ongoing breakthroughs in candidate assessment, matching, engagement, performance, along

with blockchain potential to provide open source and decentralized platforms, we can expect new breakthroughs and solutions to be ongoing.

CONCLUSION

In summary, we hope this outline sheds some insight on how to approach contingent workforce solutions. We believe this approach will ensure the creation of a sustainable "total talent management" solution. Delaying proper attention to an integrated contingent workforce solution will result in increased risk to core operations and strategy execution as the shifting workforce demands and expectations continue.

SHARE YOUR IDEAS ON THIS TOPIC

We welcome any feedback or suggestions and encourage you to leave a comment to keep the dialogue and knowledge exchange on this topic moving.

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