The State of Contingent Workforce Management 2015-2016: The Future of Work Is Here

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The Fieldglass Vendor Management System (VMS) is used by organizations across all industries and geographies to achieve total workforce visibility and ultimately maximize cost savings, worker quality, compliance and program efficiencies. Fieldglass gives its customers a competitive advantage by seamlessly integrating to many back-office solutions, leading the industry in total integrations. Procurement and HR professionals from companies including GlaxoSmithKline, Johnson & Johnson, Monsanto and Rio Tinto partner with Fieldglass to develop sophisticated talent and spend management strategies necessary to create best-in-class workforce programs.
REPORT OVERVIEW

This independent research report seeks to present a comprehensive, industry-wide view into what is happening in the world of today’s contingent workforce by drawing on the experience, performance, and perspective of nearly 210 procurement, HR, finance, and other professionals. The report is organized into the following chapters:

Chapter One – The State of Contingent Workforce Management: This chapter looks at the continuing evolution of the contingent workforce and its level of engagement and alignment within the enterprise today as well as the motivations and internal and external drivers that are shaping the “future of work.”

Chapter Two – The Evolution of CWM Programs: This chapter offers an assessment of current contingent workforce management programs and how they have evolved in recent years. This chapter also provides an updated version of Ardent’s landmark CWM Framework and highlights the advancements in total talent management, SOW management, and the corresponding solutions in use today.

Chapter Three – Best-in-Class CWM Performance: This chapter provides CWM performance and operational benchmark statistics and a profile of Best-in-Class performers and their distinguishing characteristics and strategies.

Chapter Four – Strategies for Success: This chapter presents a series of recommended strategies and approaches for contingent workforce management leaders and their programs who are seeking to improve their overall CWM operations and results.
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The State of Contingent Workforce Management … and the Future of Work

The business world is changing. Seemingly by the day, new technologies and strategies redefine how work is done, pushing today’s enterprises into exciting territory as they continually seek competitive advantages and fresh sources of business. Within this scenario, the very notion of “talent” actively shapes how far enterprises can go in terms of innovation, growth, and ultimate business expansion. Talent is today’s most valuable commodity, and as globalization takes its hold on businesses across the world, the dynamics around talent have been revolutionized.

Noted business strategist, author, and speaker Seth Godin once stated that “talents are labeled gifts.” As such, talent is a pure differentiator for professionals across the globe, and is what sets successful enterprises apart from those who consistently falter. Today’s global businesses rely on specialized skillsets, deep expertise, and exceptional talent to drive critical corporate endeavors, manage and support crucial projects, and support ongoing strategies for revenue growth and business expansion. The concept of “talent as differentiator” is not a new one; however, the composition of talent today dramatically differs from its previous makeup. The business world of 2015 is being actively shaped by the “future of work,” which is contoured by the growing reliance on freelance, independent, and non-employee talent.

Ardent Partners research shows that 95% of organizations today perceive their contingent workforce as important and vital not only to day-to-day operations, but also to ultimate enterprise success and growth. This figure should be a revelation for businesses, as the very idea of “talent” becomes a conduit for leveraging top-tier skillsets and finding triumph in a globalized economic marketplace … regardless of its source. This finding supports a “future” where non-employee talent can become just as critical as traditional, full-time labor.
The “Future of Work” is Here

“Strategy is about shaping the future.”
– Max McKeown, behavioral strategist, author, and scientist

Just a few years ago, the majority of a business’s “work” was completed in-house by traditional full-time equivalents (FTEs) and professionals, with non-employee workers managing or supporting only a fraction of enterprise projects. Today, however, that line is shifting farther away, with non-employee talent supporting or completing more and more critical initiatives; Ardent’s “future of work” concept dictates that nearly every business function can benefit from non-employee labor. In fact, this State of Contingent Workforce Management research study finds that nearly 35% of today’s total workforce is comprised of non-employee workers, including temps, freelancers, statement-of-work (SOW)-based labor, independent contractors, etc. The impact of the contingent workforce can be felt across businesses of all sizes, in all regions, and across all industries. Organizations across the world can now find, source, and engage independent talent in real-time via on-demand methods … which is, by far, the strongest indicator that the “future of work” is finally here. Today’s non-employee workforce is expanding its capabilities in a broad, sweeping fashion to meet the requirements of a wide range of work and project types.

As shown in Figure 1, several sources of talent are altering the scope of contingent workforce management in varied and significant ways; these sources were chosen by survey respondents as the most “impactful” areas of non-employee talent that will actively alter the CWM programs as they continue to evolve in the months and years ahead. The sources of talent detailed in Figure 1 are the ones that are providing enhanced access to expertise and skillsets, as well as helping to support the concept of “on-demand” contingent labor.
Hiring management and executives must have better awareness of the new sources of non-employee talent that can transform the way business is done. By understanding where this talent exists, how it can be engaged, and the general parameters of how it should be managed, they will be able to drive additional value from the wealth of skillsets available in the on-demand talent marketplace. Online labor marketplaces (“OLMs”) have been a “hot” source of independent talent in recent years, as both skilled workers (who create profiles and provide relative experience and work) and businesses (who can post job requests and current demands, including the financial scope and length of a project requiring skilled work) can interact in a cloud-based environment. The on-demand nature of this setup, as well as the ease-of-access to these talent sources, has helped fuel the rise in usage of contingent workers over the past 18-to-24 months.

Similar in scope, freelancer networks offer businesses the opportunity to plug in project specifications and requirements to effectively be “matched” with the best-aligned freelance talent. Most of these networks also offer capabilities for project management and safe-and-secure payment after work is completed, eliminating some of the apprehension around a virtual work environment. (More discussion regarding freelancer management and

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**Figure 1: Top “Impactful” Sources of Non-Employee Talent**

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online labor marketplaces</td>
<td>66%</td>
</tr>
<tr>
<td>Freelancer networks</td>
<td>62%</td>
</tr>
<tr>
<td>Job boards</td>
<td>61%</td>
</tr>
<tr>
<td>“In-network” talent</td>
<td>57%</td>
</tr>
<tr>
<td>Social networks/social media</td>
<td>49%</td>
</tr>
</tbody>
</table>
associated solutions, such as Freelancer Management Systems (FMS), can be found in the next chapter). “In-network” talent, which includes candidates and referrals from internal solutions (i.e., talent already contained in VMS data) and employees (personal networks), as well as social media, also play a critical role in the “future of work,” as these sources of talent represent additional options for businesses as they seek top-tier skillsets. In the case of social media, businesses today can tap into their social network followers to find independent workers and/or service providers that can support their initiatives.

**The Contingent Workforce Hits Its Tipping Point**

The “flex economy.” The “gig economy.” Non-traditional talent. Contingent labor. The “external” or “extended” workforce. The names associated with today’s contingent workforce may vary, but, one thing is certain: in 2015, the non-employee workforce has reached its true tipping point. No longer does the contingent workforce remain a mere spend category or arena of human capital; there are social, economic, political, and labor-oriented impact areas associated with today’s non-employee workforce that are changing the modern business environment in such a way that its influence will be irreversible. This “flexible workforce” powers much more than simple projects, professional endeavors, or corporate and strategic initiatives: it actively shapes how business is conducted across the world.

The realm of social media is a veritable buffet of talent. Professional services are found and managed (and scheduled) via mobile applications. National governments regularly update the judgments and ramifications on how non-employee workers should be accounted for in tax- and business-related aspects. The lines between non-employee and FTE workers continually blur. Some talented workers eschew traditional employment for the flexibility of freelancing. The business world is evolving based on the progression of how talent is found, engaged, and sourced; today’s contingent workforce is a mere category of talent no longer … it has become a seismic shift in business history.

**Where is Talent Concentrated Today?**

Much of the focus on the current scope of non-employee talent is the “blurring” of lines between independent and traditional workers. In years past, there was a clear demarcation
between what was considered “external” talent versus in-house FTEs. As the non-employee workforce began to grow, a true blending of skillsets and expertise was occurring across the globe. The “concentration” of talent in today’s organizations may primarily lay with traditional workers in the business world, however, as shown in Figure 2 below, this will slowly change over the next two years.

**Figure 2: Where is the “Talent” in Today’s Businesses?**

<table>
<thead>
<tr>
<th>Year</th>
<th>Primarily concentrated in the contingent workforce</th>
<th>Even concentration of talent</th>
<th>Primarily concentrated in traditional workers/FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20%</td>
<td>26%</td>
<td>54%</td>
</tr>
<tr>
<td>2017</td>
<td>25%</td>
<td>34%</td>
<td>41%</td>
</tr>
</tbody>
</table>

As Figure 2 highlights, the majority of today’s talent is concentrated in traditional workers and FTEs, a “classic” notion that has been the case for decades. And, although this will primarily be the case in the next two years, the underlying impact of non-employee workers will continue to chip away at this old-fashioned concentration of talent. Organizations across the world will place more emphasis on sharing expertise and finding the best-fit skillsets for critical initiatives; this line of thinking, combined with the prevalence of true independent expertise that’s become more widely available due to on-demand talent sources, represents an ultimate shift in how enterprises address their hiring strategies. Top-tier skillsets and expertise is a differentiator for success, and in the coming years, an increasing amount of that will be found from an external workforce.
The “Worker Footprint:” True Talent Visibility

Visibility, as evidenced later in this chapter, was and is a historic challenge for businesses as they continue to rely on non-employee labor. It is simple logic: as any area of an enterprise grows and expands, visibility will be more and more difficult to attain without the proper systems and processes in place. Over the past few years, the concept of total talent management (“TTM”), an ideal that constitutes the centralized management of all enterprise talent under a banner of standardized processes and integrated systems/solutions, has taken hold as a future objective. As organizations find their talent becoming more blended in FTEs and traditional workers, the concept of TTM will become more appealing, considering that benefits such as enhanced decision-making (which type of worker is best fit for a project?) and better quality of talent-related data (performance, quality, etc.).

However, the optimization of a total workforce cannot occur without the proper visibility. In today’s market, only 18% of organizations cite “strong” visibility into their worker footprint, which is defined as visibility into all talent across the entire enterprise, including both traditional full-time employees and non-employee workers, freelancers, and independent talent. Worse yet, nearly 50% of companies today possess either poor or partial visibility into their worker footprint, a factor that inhibits alignment of talent-based resources with the projects that require specific skillsets and expertise. This lack of visibility also destroys the ability to accurately forecast, budget, and plan for the future talent-based needs of the greater organization.

The “Balancing Act” in Today’s CWM Programs

Evolution, growth, and progression may pave the way for exciting times in the contingent workforce industry, but the fast pace and new intricacies of the non-employee workforce compel professionals to effectively juggle a series of key priorities. Today’s CWM programs are a veritable “balancing act,” forced to steady their approach nearly equally on driving visibility and intelligence, maintaining compliance, and improving cost reductions and CWM cost savings.
Unlike other key enterprise operations, contingent workforce management has progressed to a point where it is incredibly difficult to sustain success due to fast growth and the emergence of complexities that threaten to erase much of the value that non-employee workers bring to the typical organization. The following challenges actively shape how executives structure their CWM programs:

- **A general lack of visibility and intelligence.** Contingent workforce management has an interesting case in regards to visibility, as today’s programs include aspects related to spend and supplier management, workforce management, compliance management, and talent management. Thus, intelligence is critical in understanding the quality of non-employee labor, the cost ramifications of that labor, current risk levels (such as compliance with local labor laws), and the impact of talent on ongoing enterprise projects and initiatives. A general lack of CWM visibility is a detriment to the multiple stakeholders involved in this world (such as procurement, HR, finance, etc.).

- **The constant specter of non-compliance.** Compliance is becoming more of a threat and less of an ignored CWM area, mainly due to the fact that federal audits, reclassification of independent workers, and the cost and legal ramifications of these instances can cripple a business and generate negative buzz around the world. As
enterprises continue to leverage “self-sourced” independent talent (such as contractors and freelancers), compliance to contractor classification requirements and adherence to federal, state, and regulatory labor guidelines will become a bigger focus for businesses in the near-future.

• **Pressure to reduce costs and/or improve savings.** “Talent” may be the new focus for enterprises today as it relates to contingent workforce management, but the spend management approach to this industry (or categories of spend) will never be forgotten. Growing usage of non-employee labor and the emergence of new talent sources will drive more spending, necessitating a traditional blend of spend and supplier management capabilities and competencies designed to ensure cost control and improve overall savings across the entirety of non-employee talent.

• **Enhancement of talent engagement processes and strategies.** The “future of work” is founded on the notion that talent can be engaged in real-time from on-demand sources with alignment of project requirements and the necessary skillsets as a core focus. This shift in the industry will, of course, force today’s CWM programs to enhance their greater talent engagement and management processes to account for this evolution.

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**Contingent Workforce Insight #1: Growth without Control**

No matter the size of a business or its core industry, non-employee talent shapes how work is done. Ardent Partners has discovered that nearly 70% of enterprises today expect their contingent workforce to grow steadily in the 12 months ahead; as on-demand sources of labor revolutionize the way talent is found, engaged, and sourced, it is no surprise that the average contingent workforce will rise in the years to come. However, on average, only roughly half (51%) of all non-employee labor is formally accounted for in corporate planning, budgeting, and forecasting, proving that although the vast majority of businesses expect this industry to grow in the future, the bulk of this workforce (49%) will be absent from critical executive development and oversight.
The Evolution of CWM Programs

The “future of work” actively shapes the structure of today’s contingent workforce management programs as the industry progresses into the world of “on-demand talent.” CWM professionals and executives must develop programs that can effectively drive intelligence while maintaining a delicate balance of costs, quality, visibility, and compliance.

Just a few years ago, there were some organizations that had failed to recognize the strategic impact of non-employee labor and, subsequently, had not standardized the management of their contingent workforce via a formal contingent workforce management program. The sharp expansion and quick growth of this industry in today’s business world has forced enterprises to develop both tactical and strategic capabilities for improving visibility and control. Those organizations that have made waves in recent years to improve the overall management of contingent labor now find that CWM programs are not static; to keep up with emerging talent sources and ongoing, complex challenges, these programs must blend an array of fluid competencies for ultimate success.

The Contingent Workforce Management Framework

In 2013, Ardent Partners developed the landmark Contingent Workforce Management Framework, a first-of-its-kind framework designed to assist organizations in developing the necessary capabilities for managing the complexities of today’s contingent workforce. The Framework organizes the different contingent workforce types into three main categories:

- **Staffing**, which entails a more “traditional” form of contingent labor, including staffing suppliers and agencies.
- **Complex**, which includes SOW-based labor, services, and projects, and;
- **Independent and freelance**, which include independent contractors and freelance talent.
# Figure 4: The Contingent Workforce Management Framework 2015

## Ardent Partners Contingent Workforce Management Framework 2015

<table>
<thead>
<tr>
<th>Traditional / Staffing</th>
<th>Complex</th>
<th>Independent / Freelance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Talent Source</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agencies</td>
<td>SOW</td>
<td>Freelancers</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Services</td>
<td>Consultants</td>
</tr>
<tr>
<td>Vendors</td>
<td>Contract basis</td>
<td>Most based on SOW</td>
</tr>
<tr>
<td><strong>Goals and Objectives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-to-high-level</td>
<td>Drive and support projects</td>
<td>High-level talent</td>
</tr>
<tr>
<td>talent</td>
<td>Recurring / non-recurring activity</td>
<td>Address specific project needs</td>
</tr>
<tr>
<td>Fill short-term roles</td>
<td>Frequent utilization due to expertise</td>
<td>Trusted talent and expertise</td>
</tr>
<tr>
<td>Manage costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tactical Capabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standardized processes for managing traditional temporary labor</td>
<td>Supplier onboarding</td>
<td>Assessment management</td>
</tr>
<tr>
<td>Temp-to-perm worker options</td>
<td>Supplier offboarding</td>
<td>Regular risk and compliance reviews</td>
</tr>
<tr>
<td>Full onboarding and communication of key goals and objectives</td>
<td>Identity management processes</td>
<td>Freelancer-based talent pool</td>
</tr>
<tr>
<td></td>
<td>Holistic invoice-to-client payment structure</td>
<td>Ongoing enterprise education on compliance and classification</td>
</tr>
<tr>
<td><strong>Strategic Capabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier performance management</td>
<td>Real-time measurement of performance against milestones / delivery dates</td>
<td>IC-specific analytics and reporting</td>
</tr>
<tr>
<td>Supplier consolidation and optimization</td>
<td>Talent forecasting</td>
<td>Centralized warehouse of IC intelligence</td>
</tr>
<tr>
<td>Centralized project requirement methodology</td>
<td>Collaboration between Procurement and Human Resources</td>
<td>Cross-functional governance group</td>
</tr>
<tr>
<td>Formalized program expansion plans</td>
<td></td>
<td>Defensible compliance file</td>
</tr>
<tr>
<td><strong>Key Performance Metrics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of workers that achieve goals</td>
<td>Percentage of projects that meet milestones</td>
<td>Percentage of ICs that meet objectives</td>
</tr>
<tr>
<td>Cost savings</td>
<td>Percentage of SOW / services-based projects accounted for in budgeting</td>
<td>Regulatory / state / federal compliance</td>
</tr>
<tr>
<td>Onboarding length</td>
<td>Quality Index Score</td>
<td>Contractor classification compliance</td>
</tr>
<tr>
<td>Quality Index Score</td>
<td></td>
<td>Quality Index Score</td>
</tr>
<tr>
<td><strong>Solutions and Enablers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managed Service Provider (MSP)</td>
<td>MSP</td>
<td>Independent Contractor Engagement Specialist (ICES)</td>
</tr>
<tr>
<td>Vendor Management System (VMS)</td>
<td>VMS</td>
<td>Online labor marketplace</td>
</tr>
<tr>
<td>E-procurement</td>
<td>Services procurement platform</td>
<td>Contractor compliance automation</td>
</tr>
<tr>
<td>Recruitment Process Outsourcing (RPO)</td>
<td>RPO blend (w/ MSP or VMS)</td>
<td>Some VMS providers</td>
</tr>
<tr>
<td>Integrated MSP / VMS</td>
<td>Integrated MSP / VMS</td>
<td>Freelancer Management System (FMS)</td>
</tr>
<tr>
<td>Automated analytics</td>
<td>Automated analytics</td>
<td>Automated assessment management</td>
</tr>
<tr>
<td>Mobile application / portal</td>
<td>Mobile application / portal</td>
<td></td>
</tr>
<tr>
<td><strong>Recommended Functional Responsibility</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement (primary)</td>
<td>Procurement (primary)</td>
<td>HR (primary)</td>
</tr>
<tr>
<td>HR (support)</td>
<td>Finance (support)</td>
<td>Procurement (support)</td>
</tr>
<tr>
<td>Finance (support)</td>
<td>Operations (support)</td>
<td>Operations (support)</td>
</tr>
<tr>
<td></td>
<td>HR (support)</td>
<td>Legal (support)</td>
</tr>
</tbody>
</table>

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The Contingent Workforce Management Framework is a “blueprint” for those organizations seeking to develop the initial capabilities for contingent workforce management standardization, enhance existing competencies for managing non-employee talent, understanding the impact of independent labor on internal operations, and providing guidance on the solutions and technologies for linking key capabilities and driving standardization of core CWM processes. The 2015 iteration of the CWM Framework has been designed to spark functional collaboration across all three categories of non-employee labor and improve internal operations around managing the modern intricacies of today’s non-employee workforce.

Diving into the Framework: What Does It Mean?

Ardent’s landmark Contingent Workforce Management Framework was designed with one goal in mind: assist organizations in not only understanding the current composition of contingent labor, but also the means for developing or enhancing the necessary capabilities, competencies, and strategies for managing the core archetypes of today’s non-employee workforce. What follows is a breakdown of each CWM Framework category, its current market maturity level, and the recommended functional responsibility for primary management.

CWM Framework Category Overview: Staffing

Sometimes referred to as traditional staff augmentation, the most “mature” category of Ardent’s CWM Framework involves the utilization of staffing suppliers, agencies, and vendors to fill project-based needs and short-term requirements. In fact, when most professionals hear the phrase “contingent workforce management,” they think of workers sourced via staffing suppliers.

- **Average Maturity Level: Proficient.** As the most classic form of contingent labor, many organizations today have either mastered the art of staffing supplier management or have moderate-to-strong capabilities for controlling this category of contingent labor. With new and emerging sources of talent available in the on-demand world of non-employee workers, those businesses that do not have rigorous processes around this category must soon develop the necessary capabilities for managing their staffing suppliers and vendors, or risk being well behind when more “next-gen” concepts in this industry arise.
• **Recommended Functional Responsibility: Procurement.** The bulk of capabilities around the staffing category are typically grounded in core procurement and supplier management principles. Although, at a high level, the totality of the non-employee workforce has been shifting to a “blended” talent (with HR-led principles) and spend management (with procurement-led principles) approach, the staffing category requires key supplier management capabilities, such as supplier performance management and standardized spend management processes.

**CWM Framework Category Overview: Complex**

Although many enterprises strive for contingent workforce management programs that are tailored towards the talent engagement and management attributes of today’s non-employee workforce, in order to move forward, these businesses must first understand the implications and wide scope of complex contingent labor, which includes SOW-based projects and services. The realm of SOW management has become an intense component of the contingent workforce industry, as more and more organizations realize that the work linked to this category of the CWM Framework is crucial to the ultimate success of the greater enterprise.

• **Average Maturity Level: Defined, but Not Actively Managed.** Most enterprises aren’t completely in the dark regarding their utilization and management of complex contingent labor, however, due to the vast intricacies inherent in this Framework category, many businesses struggle to maintain a semblance of visibility and control over SOW-based projects, labor, and services. As such, the average organization can define the parameters of what this category entails, but generally fails to act on the core spend, supplier, and workforce management attributes that are required for proper management.

• **Recommended Functional Responsibility: Procurement, with HR’s support.** The core of complex contingent workforce management lies within the very projects that SOW-based labor and services support. Capabilities such as supplier onboarding and offboarding are crucial to maintaining identity management, while supplier evaluations, ongoing performance management, measurement of delivery dates and milestone achievement, and project budget and expense management all play vital roles in managing SOW-based projects with a cost-controlled eye. HR’s support here is
critical; human capital capabilities, such as talent forecasting and workforce management, can help businesses gain enhanced control over complex contingent labor.

**CWM Framework Category Overview: Independent and Freelance**

The “on-demand” nature of the non-employee workforce has never been more apparent than it is today. As businesses wage the “war for talent,” aspects such as OLMs and freelancer networks, not to mention social media and crowdsourcing, will be incredible sources of talent in the months and years ahead. And, to boot, these sources are available on-demand and in real-time, helping to spark a revolution in how talent is engaged.

- **Average Maturity Level: Poor.** The most progressive category of Ardent’s Contingent Workforce Management Framework is certainly the most immature from a programmatic perspective. Although independent contractors have been utilized for decades, the realms of compliance and accessibility seemingly evolve by the year. Freelancers, and freelancer networks, have fast-become a hot commodity in the world of contingent workforce management. As organizations continue to source independent talent from this category, they will develop capabilities that not only balance cost and compliance, but control and visibility, as well.

- **Recommended Functional Responsibility: HR, with support from Legal.** From a functional perspective, all categories in the CWM Framework are subject to hiring manager protocol, which is somewhat independent of corporate functions. However, the independent/freelance category is one that is the most ripe with rich talent and expertise, necessitating an HR-led approach that prioritizes talent engagement and alignment of business needs with the specialized skillsets and expertise inherent in freelance talent.

**SOW Management: The Next Frontier**

As explained earlier in this chapter, the realm of complex contingent labor is a critical component of today’s contingent workforce management programs. Because of its fast-
growing nature, combined with its “reach” across the greater organization (many of today’s corporate projects leverage non-employee labor in some regard), SOW management must become a strategic imperative for the leaders of today’s CWM programs. However, as shown in Figure 5, this is not the case for the majority of today’s businesses.

**Figure 5: SOW Management – Current Program Status**

Only 28% of enterprises consider SOW management to be a strategic component of their current contingent workforce management programs, a factor that proves that the majority of today’s organizations fail to put more rigorous parameters around a growing, and impactful, sub-category of the non-employee workforce. What is encouraging is that 23% of enterprises are putting tactical measures around SOW management, meaning that in due time, these programs will generate the intelligence and visibility that their more strategic brethren drive today.

**The Path Ahead for SOW Management**

While the current structure of SOW management within CWM programs indicates that few businesses have implemented highly strategic capabilities, the future outlook is much more positive:

- Within the next 12-to-18 months, 46% of enterprises will develop capabilities to track headcount and equipment as part of their SOW management initiatives. In an
The State of Contingent Workforce Management
2015-2016: The Future of Work is Here

When identity management is as critical as ever, it is important for businesses to understand the innerworkings of projects that leverage SOW-based labor or services.

- Nearly 40% of businesses will implement deeper supplier management capabilities as part of a larger SOW management programs, such as supplier performance management and supplier information management.
- Within the next 12-to-18 months, 37% of enterprises will enhance their current onboarding and offboarding capabilities to better manage workers, talent, and other labor associated with SOWs.

The Evolution of CWM Technology

A complex business function, in order to drive real corporate value, must not only leverage programmatic capabilities and competencies, but also automate key processes and cultivate an environment in which information and intelligence can freely flow for greater planning and execution. Today’s non-employee workforce, as stated several times in this report, is a dynamic and intricate industry that necessitates both primary and “next-level” solutions for maintaining control, driving visibility, enhancing talent quality, and supporting long-term management of new and emerging sources of independent talent. As shown in Figure 6, the diversity of CWM solutions encapsulates the complexity of the non-employee workforce.
The current multiplicity of contingent workforce technology has grown along with the progression of the greater industry. As the non-employee workforce evolved into its present-day complex state with the emergence of on-demand talent and new sources of external labor, so did the accompanying solutions that are now required to effectively manage the intricate capabilities of the modern CWM program:

- **Mature technology and solutions.** By now, Vendor Management System (VMS) solutions have far exceeded the potential laid out for this technology upon its inceptions over two decades ago. VMS solutions are the true “nexus” of contingent workforce management, helping to enable key intelligence capabilities, supplier and spend management processes, and supporting innovation via self-sourcing competencies (to keep up with emerging freelance and independent talent sources) and SOW management. Likewise, Managed Service Providers (MSP) provide an unmatched level of expertise for assisting with day-to-day contingent workforce management operations and programmatic capabilities, from serving as a central “talent liaison” to providing consistent relief regarding compliance concerns. Ardent Partners research has identified VMS and MSP solutions as the number one and
number two, respectively, third-party platforms in use today in the contingent workforce industry.

- **Advanced solutions.** Visibility and compliance are two of the top challenges for today’s contingent workforce management programs. As utilization of non-employee talent continues to grow, compliance risks (in the form of misclassification or co-employment) and a general lack of insight will negatively impact the greater CWM program. Within the spectrum of compliance, Independent Contractor Engagement Specialists (ICES) and outsourced compliance management solutions facilitate the relationships between an organization and its independent talent, helping to mitigate major risks and provide users with “peace of mind” regarding their utilization of independent talent.

The realm of Big Data penetrates even the smallest of organizations; in fact, nearly every business around the world has realized that, in order to succeed, visibility must be at its maximum. Business intelligence tools for contingent workforce management, typically offered within platforms such as VMS, provide enterprises with robust visibility into compliance, quality, effectiveness, spend, and supplier management.

- **Emerging solutions.** The evolution of the contingent workforce deems that innovation pave the way for effective management of emerging types of talent. As freelancers and self-sourced, independent talent continue their growth in the months ahead, enterprises will require inventive solutions that can not only directly source these types of labor, but also easily integrate information, project intelligence, and talent insights into other key CWM systems (i.e., VMS). Freelancer Management Systems (FMS) have revolutionized the way independent talent is sourced and managed, facilitating key processes such as engagement, “talent matching,” project management, and payment. FMS solutions represent the future of contingent workforce management technology.

In a similar sense, mobile applications also provide an innovative spark for CWM programs. Contingent workforce management has become a more strategic
imperative for organizations today; as such, executives like hiring managers and other key stakeholders who are tasked with CWM require the “portable power” of mobile apps that can directly manage aspects such as requisitions, data, and project status updates.

Is Total Talent Management for Real?

The contingent workforce management realm has been trending in a new and exciting direction, where the convergence of personal, political, economic, and social arenas shape the very “future of work.” As the non-employee workforce continues to grow and thrive, organizations will seek a revolutionary approach towards managing the “blended” talent across their businesses.

“Total talent management” entails the centralized and standardized management of all types of enterprise talent (both traditional and non-employee) under a single banner program that relies on linked capabilities and integrated CWM and human capital solutions. As shown in Figure 7, there are a variety of benefits that businesses believe can be achieved via a total talent management program.

**Figure 7: The Benefits of Total Talent Management**

- Enhanced visibility into the total talent pool: 80%
- More intelligent decision-making: 64%
- Reduction of overall labor spend: 62%
- Enhanced alignment between projects and the talent they require: 57%
- Seamless processes from requisition to project completion: 54%
- Better quality of data regarding all enterprise talent: 50%

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• **Enhanced visibility into the total talent pool.** Which skillsets do we have as an organization? Which freelancers would provide the most value for an upcoming project? These are questions that can be answered, in real-time, with a TTM program in place. No matter the type or source of talent, executives will hold the necessary visibility to understand the business’ greater talent resources.

• **More intelligent decision-making.** With the visibility explained above, every executive with hiring power can execute more intelligent decision-making regarding the best-fit talent and skillsets for impending initiatives and projects. Specific tasks may require unique expertise, and the proper alignment can be achieved with the intelligence total talent management affords.

• **Reduction of overall labor spend.** Although talent is what sets most businesses apart from one another, many organizations can either overspend for resources that do not drive value or have finances tied up with professional services or independent talent that do not impact key enterprise projects. With a TTM program, executives can better understand which FTEs and non-employee talent are capable and which are not, allowing them to remove the resources that will not play a vital role moving forward.

**The Impact of Globalization on Today’s Non-Employee Workforce**

Nearly every enterprise function is actively feeling the impact of globalization. In today’s highly-networked, interconnected economy, everything from supplier communications to international marketing can be supported on a global scale. Progressive technology and consistent execution have enabled CWM programs to access talent on a global scale; this has provided another “wrinkle” in the greater war for talent. As such, there are a variety of issues that enterprises face as their contingent workforce is expanded into new global regions; some of which are highlighted in Figure 8.
Ardent Partners research has found that globalization has a critical impact on CWM operations, including:

- **Standardized processes in multiple locales.** The approaches that are leveraged in local headquarters may not be the right ones for new global regions, considering shifting tax codes and a general lack of understanding of local labor laws and requirements. Compliance is a major challenge for a reason: no business wants to face the wrath of a federal audit or reclassification judgment. Those threats are amplified when leveraging global talent, and without the correct processes in place, can be all too real.

- **Local talent “isn’t cutting it.”** Globalization can be considered either a negative or positive attribute depending on the viewpoint. In the world of contingent workforce management, globalization translates into a whole new world of talent. In today’s highly-competitive, fast-paced business world, enterprises require talent that frequently does not exist in local sources. On-demand and real-time access to talent means that enterprises can find the necessary skillsets no matter where that talent is located. The non-employee workforce’s globalization is occurring for two main reasons: the “war for talent” is bringing enterprises into new regions, and the talent

---

**Figure 8: Top Issues Related to the Globalization of the Contingent Workforce**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of global CWM operational standardization</td>
<td>46%</td>
</tr>
<tr>
<td>Talent needs necessitate searching for global talent</td>
<td>41%</td>
</tr>
<tr>
<td>Lack of intelligence regarding global workers</td>
<td>39%</td>
</tr>
<tr>
<td>Our company must expand its CWM operations</td>
<td>34%</td>
</tr>
</tbody>
</table>

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in those regions is available due to advancements made in business interconnectivity.

- **Where are our workers? WHO are our workers?** Nearly 40% of businesses face a lack of intelligence, such as performance, project status, location, etc., regarding their global contingent workers. As discussed above, compliance is certainly a critical concern. Added to those fears is a worldwide identity management crisis; it’s often hard enough for a single-country CWM program to know its workers, identify where they are, and what they’re working on. On a global scale? The issues are exacerbated.

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**Contingent Workforce Insight #2: Are You Compliant?**

As discussed in Chapter One, compliance is one of the top three challenges in today’s contingent workforce industry. As the CWM industry continues its high-impact growth, more independent workers will be integrated into global contingent workforce management programs, which can bring top-shelf skills and expertise into the fold, but also a variety of compliance risks.

Ardent Partners research has found that only 22% of organizations today have a robust compliance management program that prioritizes labor risk mitigation. Issues such as co-employment and misclassification can eradicate any value derived from independent and freelance workers, and, in an era when federal judgements are all too common, no business wants to be in the news for non-compliant behavior. (Forty-nine percent (49%) of companies state that compliance management is a part of their global CWM program, showing that when it comes to compliance, there is significant room for improvement.)
Contingent Workforce Management: 
The Best-in-Class Way

As utilization of non-employee talent continues to grow in the months and years ahead, it will be critical for businesses to follow the lead of top-performing organizations from a “totalized” perspective by developing deep capabilities to address intelligence, visibility, quality, compliance, and, in the near future, the totality of all enterprise talent. With traditional and emerging sources of independent talent becoming more integrated into today’s businesses, the concept of a Best-in-Class contingent workforce management program will spark a level of control that is required for long-term CWM success.

This chapter is designed to enable the reader to do the following:

- Benchmark their performance to industry averages and understand how they perform relative to the average contingent workforce management programs in the marketplace.

- Understand what operational and performance metrics define Best-in-Class performance levels for contingent workforce management programs today.

- Understand the wide range of capabilities that Best-in-Class contingent workforce management programs use to outperform the broader market.

The Contemporary CWM Performance Spectrum

Today’s non-employee workforce is incredibly complex. While in years past the typical performance focus for contingent workforce management programs revolved around the measurement of cost reductions and savings, top-performing organizations today measure the success of their CWM programs via a variety of metrics that speak directly to the wide-sweeping nature of the non-employee workforce:
Visibility is today’s top contingent workforce management challenge for a reason: the intelligence gleaned from CWM programs can help the greater organization in formal forecasting, budgeting, and planning. With nearly 48% of the average enterprise’s total contingent workforce unaccounted for, it represents a deep gap in how today’s companies manage their independent talent.

Likewise, compliance is a top pressure for today’s contingent workforce management professionals. Local and global policies and regulations concerning independent workers can change seemingly overnight; although the market average for this metric, at 73%, it is the highest it has been in three years, there is still much room for improvement.

Ardent’s groundbreaking quality-focused performance metric, the Quality Index Score, was designed several years ago as a broad-based measure to capture the overall effectiveness, performance, and impact of a non-employee workforce. This metric is calculated utilizing a series of sub-metrics, including the performance of contingent workers against pre-defined and communicated objectives, the percentage of SOW-based projects that meet or exceed project delivery dates and key milestones, and the overall percentage of self-sourced, independent talent that achieve satisfactory performance against defined goals. Based on a 1 to 10 scale, today’s organizations self-report a QIS value of 6.2, which represents a real gap in the effectiveness of their non-employee workforce.

While cost savings is not at the top of the CWM priority scale as in years past, it is still crucial for organizations to understand the impact of the non-employee workforce on the company’s overall bottom-line. Poor cost savings or reductions can translate directly into a lack of pure procurement principles. Today’s average cost savings rate of 6.8% epitomizes just how critical the “spend management” aspects of CWM programs are in the 2015 business economy.
Table 1: The 2015 Contingent Workforce Management Benchmarks

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Market Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of contingent labor that is formally accounted for in corporate planning, budgeting, and forecasting</td>
<td>52%</td>
</tr>
<tr>
<td>Compliance to policies concerning contractors and labor laws</td>
<td>73%</td>
</tr>
<tr>
<td>Quality Index Score</td>
<td>6.2</td>
</tr>
<tr>
<td>Cost savings</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

The Path to Perfection: Best-in-Class Contingent Workforce Performance

Ardent Partners defines Best-in-Class performance in this research effort as the top-tier performers that actively and formally account for its external workforce in enterprise planning, budgeting, and forecasting, drive high rates of compliance (to labor laws and independent contractor compliance), maintain a higher Quality Index Score than their peers, and achieve a sustainable rate of yearly cost savings due to new efficiencies and automation.

Table 2: CWM Performance Comparison, Best-in-Class vs. All Others

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Best-in-Class</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of contingent labor that is formally accounted for in corporate planning, budgeting, and forecasting</td>
<td>84%</td>
<td>24%</td>
</tr>
<tr>
<td>Compliance to policies concerning contractors and labor laws</td>
<td>82%</td>
<td>66%</td>
</tr>
<tr>
<td>Quality Index Score</td>
<td>8.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Cost savings</td>
<td>9.3%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Best-in-Class enterprises have achieved several key performance advantages over their peers, including:

- A 2.5-times higher percentage of contingent labor that is formally accounted for in corporate planning, budgeting, and forecasting. With visibility a prime concern in today’s CWM programs, Best-in-Class enterprises have ensured that the wide scope of data and intelligence related to contingent workforce management is tightly-entwined in long-term enterprise planning.
• **A 94% higher rate of cost savings**, which is a pure indicator of the Best-in-Class dedication to primary procurement principles. Although cost savings should not be the lone focus of today’s CWM programs, it is nonetheless still a critical area as spend on the non-employee workforce increases in the months and years ahead.

• **A nearly 25% higher rate of compliance to labor laws/guidelines and federal independent contractor standards.** As enterprises expand their contingent workforce management programs into new regions and countries, compliance will become more of a priority, especially as areas such as tax codes and global regulations continue to shift at a rapid pace.

• **A nearly 70% higher Quality Index Score than all other organizations.** In 2013, Ardent Partners developed the landmark Quality Index Score, a unique performance metric that reflects the overall quality of an organization’s total contingent workforce. This performance measurement is calculated by utilizing a series of metrics related to effectiveness and quality, including the percentage of contingent workers that achieve communicated and defined goals and the number of SOW-based projects and labor that deliver on distinct delivery dates and key milestones.

Today’s contingent workforce requires a multifaceted, intricate series of capabilities, strategies, and solutions for managing evolving labor sources and their global impact. Thus, a 360-degree CWM program is needed; Best-in-Class organizations are adept at leveraging an array of high-octane, high-impact approaches for managing their non-employee workforce.

**The Best-in-Class Advantage, Part I: The Big Push for Big Data**

By now, nearly every executive across the world is familiar with the notion of “Big Data.” Big Data’s emergence over the last few years has injected a new sense of analytical prowess into even most the reporting-phobic organizations. In an interconnected, globalized, and networked economy, any insights into suppliers, spending, trends, and predicted future insights will play a vital role in the ultimate success of a business. In the world of contingent workforce management, Big Data is a key cog in the Best-in-Class CWM program, something that these top-performing enterprises have truly embraced.
Real-time visibility into the non-employee workforce (Best-in-Class enterprises are 90% more likely to hold this visibility) is perhaps the most critical of the Best-in-Class Big Data strategy. Today’s contingent workforce is “fluid,” in that workers, freelancers, and other temporary talent work on various projects across the entire enterprise at any given time. Thus, maintaining a real-time picture into the effectiveness, project status, delivery, costs, budget, expenses, etc., regarding the collection of independent talent is especially integral for understanding the global impact of contingent workforce management.

Subsequently, intelligence regarding the future is just as crucial. Comprehending today’s reliance on the non-employee workforce can assist in making better decisions regarding the best-aligned talent or skillsets (no matter the source) for upcoming projects or initiatives. Analytical capabilities like leveraging intelligence for decision-making (1.4-times more likely) and predictive analytics (1.5-times more likely) support this ideal in Best-in-Class organizations.

**The Best-in-Class Advantage, Part II: The Core is Where the Heart Is**

Innovation is a critical component in contingent workforce management; as new sources of labor are utilized (such as OLMs and similar networks), fresh technology will be required to support various processes for managing this talent. However, the “core” of any successful
A contingent workforce management program is founded on a key set of capabilities that speak to general operations and procedures. As shown in Figure 10, top-performing businesses actively support their CWM programs with core operational capabilities.

**Figure 10: Core CWM Capabilities, Best-in-Class vs. All Others**

- **Standardized day-to-day operations**
  - Best-in-Class: 66%
  - All Others: 45%
- **Comprehensive onboarding and offboarding procedures**
  - Best-in-Class: 62%
  - All Others: 39%
- **Specific category manager linked to CWM program**
  - Best-in-Class: 54%
  - All Others: 41%
- **Formalized global expansion methodology**
  - Best-in-Class: 36%
  - All Others: 23%

Standardization, in the form of day-to-day operations (Best-in-Class companies are 47% more likely than all others to have this capability) and worker onboarding/offboarding (nearly 60% more likely), is a key lever of Best-in-Class CWM success. Like most attributes of the typical contingent workforce management program, the industry’s growth and evolution affects most of an enterprise’s operations; thus, standardized capabilities for managing day-to-day processes ensures that repeatable, consistent measures are taken for talent engagement, spend management procedures, compliance risk mitigation, and project management. Onboarding and offboarding, in this regard, become even more critical than they were in years past, as access to sensitive data and systems, identity management, and real-time visibility into the status of projects are all aspects that are linked to non-employee workers. This information is incredibly crucial to the day-to-day management in the CWM program.

“We expect contingent labor to become an increasingly larger proportion of our workforce.” – VP, Supply Risk, Large Financial Services Firm
Although the contingent workforce has expanded well beyond its “procurement-led” approach in recent years (with other functions, such as HR, playing a vital role in CWM), the spend management attributes inherent in this industry necessitate the application of pure procurement principles. In this regard, a specific commodity manager (32% more likely) is a Best-in-Class approach in ensuring that the same rigor applied to complex spend management categories, such as business travel or telecom expenses, is consistent in global contingent workforce management operations to maintain spend visibility, understand industry trends, develop deep knowledge and expertise, and improve cost savings.

**The Best-in-Class Advantage, Part III: Compliance Captains**

As discussed in Chapter One, compliance is one of the top concerns in today’s contingent workforce management programs. This is due, in no small part, to the fact that “self-sourced” talent, such as freelancers and independent contractors, are increasing in utilization across the globe. With this increase in reliance comes an enhanced focus on compliance with local and federal government standards regarding use of independent talent. As such, many organizations attack compliance without the proper systems or strategies, forcing organizations to enact their own precision in regards to compliance with local and federal labor laws, tax codes, and other contractor-specific regulations. Best-in-Class enterprises, while adept in the realm of compliance, have achieved their status due, in part, to their focus on risk mitigation within their CWM programs. These enterprises are:

- **85% more likely than all other organizations to have a cross-functional governance team in place** as part of their contingent workforce management program. This team can and will ensure that independent talent, in use by all functions across the greater enterprise, follow the strict guidelines and measures concerning contractor compliance.

- **66% more likely to enact consistent enterprise-wide training on classification and compliance issues**, which alerts the entire enterprise to both the common pitfalls and dire ramifications of non-compliance. An educated professional team, specifically those unaware of core CWM capabilities (such as internal functions that require expertise and talent but may not understand how hiring processes work),
will be more likely to manage independent contractor relationships knowing the complications created by non-compliance.

- Nearly 40% more likely than all other businesses to conduct regular reviews to avoid misclassification. Misclassification is the bane of contingent workforce management; reclassification of independent workers (by the federal government) is an occurrence that no organization wants to experience, and often forces a business to shell out significant funds (millions of dollars for larger enterprises) via class-action suits, federal judgments, etc.

The Best-in-Class Advantage, Part IV: Total Talent, Total Visibility

Ardent Partners believes that the future of the contingent workforce is total talent management. Enterprises the world over now understand that, in an age of real-time talent-sourcing and on-demand skillsets and expertise, the total workforce is now “blended” more than ever before. Non-employee talent works side-by-side with FTEs, while some critical enterprise projects and initiatives rely on the top-tier skillsets of independent workers to truly succeed. In order to build a deep program that can effectively manage all types of talent, enterprises must envision a future in which total talent management is the norm. Ardent Partners research shows that Best-in-Class businesses, in their pursuit of true contingent workforce management success, are 42% more likely than all other enterprises to utilize seamless, holistic processes for managing all types of talents, including both traditional and non-employee labor. From onboarding and offboarding to data collection and project alignment, Best-in-Class businesses understand that the road leading to the contingent workforce industry’s future is paved with total talent management.
Contingent Workforce Management: Strategies for Success

What does success mean for today’s contingent workforce management programs? In years past, simple cost control was the lone determinate; however, in 2015 and beyond, the complexities of the non-employee workforce require winning CWM programs to demonstrate deep value across the spectrum of compliance, visibility, effectiveness, and quality.

As the external workforce continues to grow in the months and years ahead, businesses today have an exciting opportunity to reimagine how independent talent shapes the way work is done. Flexibility, the need for agility, and on-demand sources of labor are actively transforming the very notion of “talent” and forcing enterprises across the world to enact measures for integrating external labor into their greater workforce. As this industry continues to expand and evolve, enterprises must enact specific actions to ensure that, at the end of the day, non-employee talent is a real and sustainable source of business value.

Recommendations for All Enterprises

The following recommendations for action have been designed to help all contingent workforce management programs, regardless of size, scope, or industry, enhance their existing CWM operations and position the function for long-term enterprise value.

- **Understand the implications of “talent globalization.”** Globalization has many forms, actively transforming the way business is handled from a variety of corporate angles. The interconnectivity and on-demand nature of today’s marketplace has altered the way talent is found, engaged, and ultimately sourced; as such, enterprises must ensure that they understand how talent in other global regions and locales can impact critical enterprise projects, strategies, and initiatives.
• **Apply consistent standards and processes to CWM, particularly with how emerging types of talent are sourced.** The “flex economy” has created an environment where new sources of talent are arising every day to address enterprise needs in fresh and innovative ways. The “future of work” is here, and it takes the form of on-demand, real-time talent; therefore, enterprises must be consistent in how they leverage internal processes and capabilities to either self-source or engage non-employee talent from emerging networks, marketplaces, and social stratospheres. The same rigor and standardization that is linked to more traditional forms of contingent labor must be applied to emerging sources of independent talent.

• **Push automation as a cure for the CWM “balancing act.”** Cost, quality, compliance, visibility, intelligence … today’s contingent workforce management program leaders have a tough act in front of them. With VMS as a relative “nexus” of CWM capability enablement and innovative technologies like FMS leading the way, automation is a critical solution to creating repeatable, seamless processes that can address all of the main focal areas and challenges of modern contingent workforce programs.

• **Focus on SOW management as the “next frontier.”** In the arc of CWM’s evolution, many organizations are focused on developing programs that place “talent” ahead of other key attributes. While this ideal is a stimulating concept for the contingent workforce industry (especially considering the emerging sources of talent that are taking shape in the expanding global workforce), SOW management is often a forgotten imperative that should be a higher priority. There are spend, supplier, delivery, and quality ramifications at stake, thus organizations must leverage the right capabilities and solutions for enhancing management of SOW-based projects and labor.

**Insights into the Future of Contingent Workforce Management**

The path ahead for the contingent workforce industry is exhilarating, as growth, innovation, and dynamic new strategies shape the months ahead for this space. The “future of work” is here ... and it is impacting businesses across the globe.
The “path to 50%” is already being paved. A few years ago, not many business professionals would ever dream of a day when half of the world’s total workforce would be comprised of independent and non-employee talent. However, with 35% of today’s workforce considered contingent and the vast majority (nearly 70%) of businesses expecting substantial growth in this industry, the “path to 50%” isn’t as far off as some many think.

Total talent management, total talent future. Optimizing a corporate workforce from a totality standpoint not only reduces the overall costs of labor; it also drives real-time intelligence into all available talent-based resources for more educated hiring decisions and alignment of projects with skillsets. The concept of total talent management is still in its infancy, however, as more and more enterprises understand the need for complete management of all enterprise talent, this notion will be less an ideal and more of a reality.

The age of “self-sourcing” is here; the innovation of FMS will transform CWM technology in the months ahead. Freelance and independent talent are steadily rising in utilization within today’s contingent workforce management programs. As more flexible workers join the freelance ranks, enterprises will continue to seek their skillsets for critical enterprise projects ... necessitating more controlled measures around how this talent is sourced and ultimately managed. Freelancer Management System (“FMS”) solutions not only provide an automated, cloud-based gateway into finding the best-fit independent talent based on prerequisites and project requirements, they also actively integrate with VMS technology (to enable more intelligent decision-making, as well as providing a clearer (and deeper) picture of the non-employee workforce) and revolutionize the notion of self-sourcing freelance talent.

The “future of work” is directly linked to true business agility. Agile organizations can react, in real-time, to dynamic and shifting businesses requirements. To achieve a true state of agility, enterprises will require the top-tier skillsets inherent in on-demand, independent talent. The future of agility is dependent on the future of work.
The 360-Degree Contingent Workforce Management Program

Best-in-Class businesses, as described in Chapter Three, actively employ a wide range of strategies, solutions, and capabilities to build what is known as the “360-degree CWM program.” As highlighted in Figure 11, there are several key components of this program that all ultimately contribute to true CWM success.

**Figure 11: The 360-Degree Contingent Workforce Management Program**

As the non-employee workforce continues to grow in the immediate future, businesses across the world will find that they will require a complex, multifaceted program that can effectively drive innovation and value across a variety of areas. The following aspects comprise a 360-degree CWM program:

- **Intelligence**: the manner in which data and intelligence regarding spend, suppliers, quality, compliance, and effectiveness impacts the management of non-employee talent.
• **Talent:** the application of human capital management and HR-related strategies for engaging contingent labor and integrating skillsets into the organization.

• **Technology:** the automation and third-party support that link key processes, enable standardized capabilities, and actively provide intelligence into contingent workforce utilization and impact.

• **Risk:** the mitigation of risks associated with independent contractor and labor law compliance.

• **Global:** the degree to which organizations formalize global contingent workforce expansion plans and leverage standardized CWM engagement and management practices around the world.

• **Spend:** the application of core spend management and procurement principles to contingent workforce management as a means of driving visibility and improving cost savings/cost reductions.

**Conclusion**

Today’s non-employee workforce is a dynamic, transformative force that actively shapes global business. The “future of work” is here, and the emergence of on-demand and real-time talent has permanently altered the landscape of contingent workforce management, blending social, economic, political, and personal attributes and impacting how enterprises find and engage the necessary skillsets for driving corporate success. With the industry moving forward from growth and innovation perspectives in the months and years ahead, today’s enterprises are building towards a business-shifting revolution that will forever shape the concept of global talent.
Appendix

About The Author

Christopher J. Dwyer, Research Director and VP of Operations, Ardent Partners

Since 2006, Christopher J. Dwyer has been one of the world’s foremost spend management experts and leading authority on contingent workforce management (CWM). He is a premier thought leader in the contingent workforce industry, authoring hundreds of research studies and evangelizing the evolution of the non-employee workforce. Dwyer has been a leading analyst voice for nearly a decade, previously leading the Aberdeen Group’s Global Supply Management practice and contributing innovative research and insights regarding the global supply management industry. Dwyer joined Ardent Partners in 2013 as a Research Director and currently heads the firm’s coverage on “complex spend management,” which includes contingent workforce management, business travel and expense management, meetings/events management, and other key indirect spend categories (such as telecom expense management). Dwyer has been quoted in USA Today, the Christian Science Monitor, CSNBC, and other major business publications.

Dwyer was recognized as a “Pro to Know” by Supply and Demand Chain Executive Magazine in 2013, and was twice honored by HRO Today as an “Analyst Superstar.” In his tenure as an industry analyst, Dwyer has also developed and led thought leadership projects and research studies on e-payables, spend analysis, e-procurement, strategic sourcing, and financial operations. He welcomes your comments at cdwyer@ardentpartners.com, on LinkedIn (www.linkedin.com/in/christopherjdwyer), or Twitter (@CJD_Ardent).
Research Methodology

Ardent follows a rigorous research process born from years of market research experience conducted in the contingent workforce management industry. The research in this report represents the web-based survey responses of nearly 210 business professionals and includes interviews from several procurement, HR, and talent management executives. These 210 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class contingent workforce management performance and understand what levers the leading groups use to obtain their advantage. This primary research effort is based upon the survey responses, interviews, and the experience and analysis of the report author. Complete respondent demographics are included below.

To purchase reprints of this report, please email research@ardentpartners.com. For more information on this and similar topics, please visit the research library at www.ardentpartners.com.

Report Demographics

The research in this report is drawn from respondents representing the following demographics:

Job Function: 58% procurement; 24% HR; 10% operations; 8% other

Job Role: 23% VP-level or higher; 28% director-level; 32% manager-level; 17% other

Enterprise Revenue: 51% Large (revenue > $1 billion); 30% Mid-market (revenue between $250 million and $1 billion); 19% Small (revenue < $250 million)

Region: 72% North America; 20% EMEA; 7% Asia-Pacific; 1% South America

Industry: More than 20 distinct industries were represented. Financial Services, Hi-Tech, Health Care, and Manufacturing were the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents.

Industry Standard “Fine Print:” The information contained herein has been obtained from sources believed to be reliable. Ardent Partners, Ltd. disclaims all warranties as to the accuracy, completeness, or adequacy of such information. Ardent Partners, Ltd. shall have no liability for errors, omissions, or inadequacies in the information contained herein or for interpretations thereof. The contents expressed herein represent Ardent Partners’ best analysis at the time and are subject to change without notice.

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CPO Rising 2016: THE AGILITY AGENDA
March 29 and 30 – Boston, MA

This March, a select group of Chief Procurement Officers and other business leaders will come together at the Harvard Club (Back Bay) in Boston for the inaugural CPO Rising 2016 event, an executive symposium brought to you by Ardent Partners. This exclusive event promises valuable networking opportunities and the interactive exchange of ideas for CPOs and other procurement executives. Attendees can expect to return home with a collection of new and innovative ideas and strategies that will help improve the performance of their organizations and increase the impact their teams have on business results.

“Ardent Partners’ research and unique insights into people, process and technology have a broad reach that resonates within the ranks of global procurement leaders.”
~Scott Singer, (former CPO) Current Head of GBS & CIO, Rio Tinto

From keynote presentations to CPO panel discussions, case studies, and breakout sessions, the unparalleled speaker panel will highlight procurement-led innovation within the enterprise and across the supply chain and present key topics such as:

- The CPO’s Agility Agenda
- Procurement-led Innovation
- The Pillars of Strategic Sourcing Success
- P2P Excellence and Expansion
- Internal and External Collaboration
- Globalization and Supply Risk
- Contingent Workforce Management
- Complex Spend Management

Who Will Attend?

CPO Rising 2016 will be an event for CPOs by CPOs. The event will provide an intimate setting for delegates to connect, network, and share knowledge and experiences. The executive-focused agenda will ensure that CPO Rising 2016 maintains a high level of relevancy and maximizes the time and opportunity for all attendees. Join an expected 125-150 CPOs and other executives for this exclusive event.

Reserve your spot online today with “Early Bird Pricing” available until January 15.

For more details and updates, visit events.cporising.com

THE CPO IS RISING IN 2016!