The State of Contingent Workforce Management 2016-2017:
Adapting to a New World of Work

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REPORT OVERVIEW

This annual research report is organized into the following chapters:

Chapter One – The State of Contingent Workforce Management: The opening chapter highlights the critical market trends that are shaping the non-employee workforce industry, particularly the evolution of on-demand talent engagement, the “gig economy,” and how today’s businesses are adapting to a “new world of work.”

Chapter Two – The Evolution of Contingent Workforce Management: This chapter offers a discussion of the progression of contingent workforce management (CWM) programs today and the ramifications of Ardent’s Contingent Workforce Management Framework on current operations. Chapter Two also highlights how the “future of work” is impacting contingent workforce operations now and in the future.

Chapter Three – Best-in-Class Performance: This chapter provides contingent workforce management performance and operational benchmark statistics along with 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 CWM leaders and discusses the potential future of this industry based on the advances in technology, intelligence, and innovation.
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Chapter One: The State of Contingent Workforce Management

“Business is constantly changing, constantly evolving.” – James Dyson, inventor and industrial designer

A New World of Work

The business world is changing. The way work is addressed, the way work is done, has been transformed. The lines are blurred between the consumer and corporate arenas, contributing to a newfound culture that promotes on-demand content, tools, and even talent. Enterprise executives that are bogged down by archaic philosophies are finding that the overall speed of business is passing them by, and, in order to not only survive, but also thrive in this new corporate paradigm, they must fully buy into the evolution of this new real-time culture. As organizations continue to place emphasis on its core differentiator, talent, the criticality of a progressive marketplace will forever alter how businesses find, engage, and source their workers. This is a new age of non-employee workforce management, one that is founded on the progression of social and business networks, enterprise technology, and an overall shift in how today’s enterprises approach their talent engagement strategies.

Across the world, the traditional notions of labor, work, and talent are being altered. Internal enterprise functions are reshaping their talent management initiatives, understanding that the very concept of “contingent labor” does not mean what it used to. If 2015 was the tipping point for the contingent workforce’s growth and evolution, then 2016 is the year that the “gig economy” propels it to new heights.

The Business Impact of the Gig Economy

Major business and consumer publications and other media outlets have been pushing the concept of the “gig economy” around the globe, proclaiming it the hottest business trend in years. Although some hardened corporate executives may choose to eschew new business movements in favor of decisions and strategies formulated on “gut” feeling or personal
experience, the very truth of the matter is that the social, economic, business, political, and consumer impact of the gig economy has blurred the lines of contingent workforce management (CWM) and an organizations’ overall talent acquisition and management. The gig economy is no business fad, but rather a demonstrative force that is actively leaving its mark on businesses across the world. At the end of the day, the real business impact of the gig economy is quite simple: with talent as a key competitive differentiator, enterprises must adapt to its global shifts or watch as both young and experienced talent pass them by. For these organizations, it is not about merely addressing the changes in engagement from a talent perspective…it requires a new strategy built around adapting to a new world of work.

Adapt or Perish

To paraphrase H.G. Wells, “adapt or perish,” now more than ever, is business’ inexorable imperative. As heightened global competition for market share has created extraordinary pressure to execute seamlessly, executives need new, more adaptive strategies and approaches to propel it to the next level of performance. The winners will be the agile organizations that can leverage their strategic prowess and fluid resources to anticipate and support dynamic business requirements amidst the more rapid changes in industry, markets, and customer behaviors. Agility is the characteristic that will help enterprises advance and thrive in this new age where innovation continues to expand beyond mere products and services to core business processes and entire business models. If this new realm of agility will be the norm, it all begins with talent. The “new world of work,” pushed forward by an increasing reliance on contingent labor, the need for new talent, and the overarching pressure of a “gig-ified” economy, is actively forcing businesses to shape talent engagement and management strategies around the notion of adaptation.

As shown in Figure 1 (next page), there are several key approaches that contemporary organizations are actively leveraging to adapt to a new environment and business culture. The very foundation for contingent workforce management in 2016 and 2017 looks markedly different than in years past; while most organizations can still drive tremendous value from various “traditional” approaches (i.e., proper spend management or supplier management strategies, blended procurement and HR competencies, etc.), there is an additional layer of complexity on top of years of leveraging non-employee talent.
As shown in Figure 1, today’s businesses are employing a range of strategies to adapt to a shifting business and talent engagement climate:

- **A transformation in executive thinking.** Sixty-three percent (63%) of organizations are currently rethinking how enterprise work is addressed. This shift, which is essentially digging into the very core of every corporate project and initiative and questioning legacy directions, represents perhaps the most considerable transformation in today’s business world. Executive leaders are actively reshaping how work is done across the enterprise, understanding that, in order to produce a successful result, the required talent could come from any one of several forms (freelancer, independent contractor, gig worker, etc.) and does not need to be situated within the realm of traditional, full-time workers.

- **Embracing on-demand staffing and real-time talent.** On-demand sits at the very core of today’s non-employee workforce, supporting the evolution of talent engagement and the very progression of CWM programs across the globe. Nearly 60% of enterprises are embracing on-demand/online staffing (social networks, online talent platforms, etc.) as a means of adapting to a new world of work; this new grip on fresh
sources of talent proves that enterprises are promoting the quality and depth of their talent supply chains, pushing the utilization of new outlets of expertise to drive real business value.

- **Promoting self-sourcing of talent.** For years, the legacy approach towards contingent workforce sourcing followed a decades-old tactic: utilize a “middleman” or intermediary to fill open positions or project-based roles. While outlets within this arena, such as staffing suppliers/vendors, actively play a key role in fill in these scenarios and will never fade away (especially for those businesses that require an absolute “human touch” to their recruiting), more and more businesses are striving to own a direct relationship with its talent to not only reduce the time to fill open roles and project positions, but to also enhance control over the “match” between non-employee workers and the requirements of various enterprise initiatives.

- **Improving the “talent experience.”** One of the more interesting components to the evolution of the non-employee workforce lies not within innovation or technology, but with the strategic shift in thinking discussed above. This new approach promotes the enterprise’s brand and how it appeals to a new cross-section of workers. As yet another by-product of the gig economy, enterprises are beginning to strategize around the “talent experience,” which is the actual, real experience of contingent workers and freelancers within the enterprise, from interactions, collaborations, project support and management, and exposure to enterprise leaders, as well as tactical experiences (payment, financial aspects, etc.). Today’s businesses are concerned about the brand’s appeal to new talent in a similar fashion as it is to the consumer world, and, in an age when non-employee talent is critical to achieving core enterprise objectives (and with a consistent “war for talent” raging across businesses), this new line of thinking is another indicator of the evolution of engagement.

**The Evolution of Engagement and the Future of Work**

Nearly **38% of the world’s total workforce is now considered “non-employee,”** which includes contingent/contract workers, temporary staff, gig workers, freelancers, professional services,
and independent contractors. This is an increase of nearly 10% over last year (and nearly 30% increase in utilization of this type of talent over the last five years) and reflects a growing concept called the “future of work,” which Ardent Partners defines as the ability to address any enterprise/business need with non-employee labor by utilizing on-demand and real-time technology and talent outlets, which includes but is not limited to online staffing, social media/networks, robotics, artificial intelligence, and any type of freelance or independent talent. As shown in Figure 2 (see below), this notion is transforming how businesses approach talent engagement.

**Figure 2: Top Talent Engagement Strategies for 2016-2017**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilize social, mobile, and online talent networks to discover new talent</td>
<td>71%</td>
</tr>
<tr>
<td>Increase hiring of “senior candidates” for contract roles</td>
<td>67%</td>
</tr>
<tr>
<td>Target millennials as a prime source of skillsets</td>
<td>65%</td>
</tr>
<tr>
<td>Formalize a companywide &quot;agile talent&quot; acquisition strategy</td>
<td>61%</td>
</tr>
<tr>
<td>Integrate online staffing into current talent engagement strategy</td>
<td>59%</td>
</tr>
</tbody>
</table>

The legacy engagement approaches are currently supplemented, and, in some cases, replaced, with new strategies that reflect the evolution of the world of work, the changing demographics of the workforce, and the innovation at hand. The biggest shift in engagement today comes in the form of real-time sourcing; 71% of businesses today are currently utilizing the on-demand nature of social, mobile, and online talent networks to find and discover new talent. As organizations rethink their overall “work strategy” in the months and years ahead, these platforms will rise as viable options to not only find new talent, but to also source that talent directly and ensure that these workers are well-aligned with the core requirements of key projects and initiatives. The “people management” components of contingent workforce
management today also bleed into the evolution of engagement, with businesses discovering new talent on opposite sides of the age spectrum. “Senior candidates,” including corporate alumni and retirees, are now considered (67%) for contract-based roles, both due to their experience/expertise in a given industry field and for their maturity in the working world. As more and more Baby Boomers exit the full-time workforce, retirement is often the first path for these workers; however, the senior candidates interested in supplemental work represent a worthwhile source of skillsets for enterprises requiring short-term or contract expertise.

Millennials, which are now the largest generation in the overall global workforce, remain the focus of both the B2B and B2C worlds. Workers that fall into this group have long been known as “job-hoppers,” choosing to migrate from position-to-position more frequently than their generational peers. Millennials remain an ideal source of talent for a variety of reasons, including: their penchant for innovation and technology, their desire to feel a sense of “purpose” in their young careers, and the level of energy that they bring to enterprise projects and initiatives. Millennials fit into the non-employee workforce and the gig economy in the sense that they desire a digital nomadic, flexible lifestyle, which is an ideal attitude for businesses to tap into for contract work.

Online staffing is becoming the very core of the on-demand, non-employee workforce. Revolutionizing the way workers are engaged, online talent platforms and other forms of online staffing present stakeholders and business executives with real-time means of finding and sourcing talent (while also enabling organizations with a “direct” relationship with its talent). By integrating online staffing into greater talent engagement strategies, today’s enterprises are widening their talent pools and ensuring that additional sources of expertise are leveraged for critical business projects.

“Agile talent” is a growing concept within the non-employee workforce industry that involves the consistent utilization of highly-specialized skillsets on a recurring contract basis. Agile talent is founded in the belief that truly strategic freelancers or other types of non-employee talent (particularly consultants) can regularly contribute or even shape critical tasks within the modern organization. This attribute navigates beyond the traditional component of CWM, therefore, businesses must formalize a new strategy to manage the consistent engagement and influx of these highly-specialized workers. In order to effectively build an
agile talent management strategy, aspects such as mapping of key project/enterprise priorities, alignment of project scope components (i.e. milestones, delivery dates, etc.), and robust onboarding procedures must be leveraged.

“The Talent Experience”

An enterprise’s brand is what connects it to the outside world. Consumers will often make purchasing decisions based on the attitudes they have towards an organization’s brand. The application of this line of thinking, projected inward, involves today’s businesses placing a higher emphasis on its “talent experience,” that is, the actual, holistic series of experiences had by contingent and freelance workers within a company during a project or engagement. The talent experience is an evolving notion, yet, a critical one; in the greater “war for talent,” businesses are striving to be attractive and alluring to new sources of skillsets and expertise. Figure 3 (see below) outlines the current and planned strategies in use today for organizations seeking to enhance its talent experience.

**Figure 3: Current Strategies for Enhancing the “Talent Experience”**

- **Improve visibility into financial processes** 62%
- **Create a corporate culture that embraces non-employee workers** 60%
- **Make onboarding and offboarding processes more efficient** 51%
- **Provide better access to organizational leaders** 44%
- **Reduce "red tape" around engagements (i.e. less restrictions, seamless certification checks, etc.)** 40%

When it comes to enhancing the talent experience, businesses are taking an approach that addresses two main attributes: *culture* and *process*. For today’s independent workers, not only do they want to feel as if their “peers” and “colleagues” embrace the new working
culture and flexible paradigm, these professionals also want a smooth, holistic process from onboarding to payment, training, and offboarding.

Aspects such as improved visibility into financial processes (62%) and less restrictions around the total engagement with these workers (40%) remain purely tactical-yet-critical components of an improved talent experience. Freelancers and independent workers are more likely to be open to future projects and engagements if “simple” processes (like status of payments, depth of training/onboarding, etc.) are addressed in a seamless and professional manner.

Regarding “culture,” comfort is an intangible quality of an organization that is a crucial attribute of the overall talent experience. While non-employee workers understand their limitations as independent professionals, being part of a culture that embraces them (60%) is a significant factor in ultimately attracting these professionals and tapping into their expertise. The cultural angle can also be improved by providing non-employee workers with access to organizational leaders. While this access nearly always helps move projects forward, independent professionals will also benefit from the exposure to older, more experienced workers from which they can learn and develop.

**Challenges Arise in the Gig Economy**

In last year’s *State of Contingent Workforce Management 2015-2016* report, Ardent Partners’ research revealed that businesses faced a veritable “balancing act” in regards to CWM: control compliance, the quality of talent, and costs all under the same periphery of non-employee workforce management. Today, organizations face a similar balancing act, yet issues regarding compliance, intelligence, and talent engagement are exacerbated due to the permeation of the gig economy (see Figure 4, *next page*).
Compliance remains a primary concern for today’s enterprises (62%) in regards to their CWM programs, and rightfully so. As utilization of contingent labor grows, talent sources expand, and internal business leaders look to new outlets of talent, the risks of non-compliance grow in prominence. With the gig economy playing a major role in the business world, the federal government is also eager to enact more stringent policies to ensure compliance with tax and regulatory standards. Misclassified workers can cost organizations millions of dollars in back taxes, benefits, and other liquidated damages. A significant by-product of the rise of the gig economy is that the United States Department of Labor is now more immersed in misclassification cases and has heightened reactions to these cases.

Visibility and intelligence are not new concepts. The permeation of “Big Data” in the business world has opened a new opportunity for “big value” for today’s enterprises as they gather and collect enterprise information in the quest to improve total corporate visibility. In relation to CWM, intelligence is a modern desired state (56%); data related to a slew of CWM attributes, including pay rates, project status, future talent gaps, financial processes (i.e. invoicing and payment), and even compliance, is critical in ensuring that CWM becomes a more strategic business force.
Only a few years ago, costs (32%) would often be placed ahead of talent engagement (51%) on the priority scale. Times have changed, and as the gig economy continues its rapid expansion (and enterprises continue to increase their year-over-year utilization of non-employee labor), the very way organizations discover new talent becomes more important than the costs of these workers. Businesses are now laser-focused on managing the new trifecta of contemporary CWM: control and mitigate compliance risks, maintain talent visibility and intelligence, and prioritize the engagement of new talent.

As these and new challenges arise, the transformation of non-employee workforce management becomes the primary means of adapting to a new world of work.

“With all of the new sources of talent available to our company, compliance quickly becomes a primary concern.”

- Director of Talent Acquisition, Mid-Market Manufacturer
Chapter Two: The Evolution of Contingent Workforce Management

“Plans are great. But missions are better. Missions survive when plans fail, and plans almost always fail.”- Seth Godin, author, entrepreneur, marketer, and public speaker

The ultimate notion of contingent workforce management is supported by a foundation of core competencies and intricate capabilities that span talent engagement, workforce management, spend management, and supplier management. However, the cultural and economic shifts brought about by the transformation of work have rendered enterprise programs into an age when progression is not just a means of thriving…it is the new means of survival. The ramifications of the “gig economy” are clear and far-reaching, and, with the world of work revolving around the concept of on-demand and real-time talent, the mission is clear: bring non-employee workforce management into a new and exciting age while balancing the critical challenges that are natural corollaries of the industry’s rampant evolution.

The Mission, Part I: Follow the Framework

In 2013, Ardent Partners developed its proprietary 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 CWM Framework organizes the non-employee workforce into three main categories:

- **Staffing**, which entails a more “traditional” form of contingent labor, including staffing suppliers and agencies.

- **Complex**, which includes Statement of Work (SOW)-based labor, services, and projects, and;

- **Independent and freelance**, which include independent contractors and freelance talent, which is often directly-sourced by the business.
## Figure 5: The Ardent Partners CWM Framework™

<table>
<thead>
<tr>
<th>Traditional / Staffing</th>
<th>Complex</th>
<th>Independent / Freelance / Gig</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>Professional services</td>
<td>Independent contractors</td>
</tr>
<tr>
<td>Vendors</td>
<td>Contract basis</td>
<td>&quot;Gig&quot; workers</td>
</tr>
<tr>
<td><strong>Goals and Objectives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-to-high-level talent</td>
<td>Drive and support projects</td>
<td>All levels of talent</td>
</tr>
<tr>
<td>Fill short-term roles</td>
<td>Recurring or non-recurring activity</td>
<td>Address specific project needs</td>
</tr>
<tr>
<td>Manage labor/project costs</td>
<td>Frequent utilization due to expertise</td>
<td>Trusted talent and expertise</td>
</tr>
<tr>
<td><strong>Tactical Capabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standardized day-to-day processes</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 offboarding</td>
<td>Identity management processes</td>
<td>Freelancer-based talent reviews</td>
</tr>
<tr>
<td>Communication of key goals and objectives</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>Worker footprint</td>
<td>Quality Index Score</td>
<td>Contractor classification compliance</td>
</tr>
<tr>
<td>Onboarding length</td>
<td></td>
<td>Quality Index Score</td>
</tr>
<tr>
<td>Quality Index Score</td>
<td></td>
<td>Worker footprint</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 Solution (ICES)</td>
</tr>
<tr>
<td>Vendor Management System (VMS)</td>
<td>VMS</td>
<td>Online talent platform</td>
</tr>
<tr>
<td>E-procurement</td>
<td>Services procurement platform</td>
<td>Outsourced compliance management</td>
</tr>
<tr>
<td>Recruitment Process Outsourcing (RPO)</td>
<td>RPO blend (w/ MSP or VMS)</td>
<td>Some VMS functionality</td>
</tr>
<tr>
<td>Integrated MSP / VMS</td>
<td>Integrated MSP / VMS</td>
<td>Freelancer Management System (FMS)</td>
</tr>
<tr>
<td>Intermediate analytics</td>
<td>Advanced analytics</td>
<td></td>
</tr>
<tr>
<td>Mobile application / portal</td>
<td>Mobile application / portal</td>
<td></td>
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<tr>
<td><strong>Recommended Functional Responsibility</strong></td>
<td></td>
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</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>
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</table>

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Ardent’s *Contingent Workforce Management Framework* has become one of the preeminent sources of guidance for those organizations seeking to reshape, transform, or enhance their CWM programs. The following discussion not only highlights the “innerworkings” of each major category of worker, but also offers dialogue around the core capabilities and performance metrics for enterprises leveraging and managing these three major types of contingent labor.

**CWM Framework Category Overview: Traditional/Staffing**

“Traditional” contingent labor involves the most classic sense of this workforce: sourcing temporary workers from staffing suppliers, vendors, and agencies. For years, this was the primary source of non-employee talent within the average organization, and, because of its generational perception within the greater business market, most enterprises hold a steady proficiency in how they manage this slice of their overall contingent workforce.

**Core Program Capabilities.** The crux of managing the staffing category of non-employee labor lies within spend management principles (such as sourcing, supplier optimization, and managing market rates), particularly those regularly leveraged by the procurement function. Even though today’s enterprises are embracing the innovation that online staffing brings to CWM, traditional vendors remain a highly-valuable asset for high-volume staffing and augmentation. It is critical that organizations utilize supplier optimization to ensure the right “mix” of suppliers based on performance, and standardize operations around the day-to-day management of these workers to keep them on-task (and on-budget).

**Key Performance Metrics.** Much like more traditional approaches towards contingent workforce management revolve around cost, so do the major performance measurement areas within this category. Tracking and measuring job rates and overall costs related to staffing suppliers plays directly into procurement’s ability to enhance CWM programs’ cost-saving initiatives and ensure that some level of spend management is applied to the staffing category. Visibility, too, is paramount: organizations must understand not only how temporary workers performance against pre-defined goals, but should also actively measure the “footprint” of these workers (“worker footprint” is the total visibility into the total impact of all enterprise workers) and their impact on the total enterprise workforce.
CWM Framework Category Overview: Complex Contingent Labor (SOW/Services)

“Complex” contingent labor, such as Statement of Work (SOW) and professional services-based work, comprises the largest category in Ardent’s Contingent Workforce Management Framework (nearly 55% of all contingent labor is considered SOW- or services-based). Over the past several years, this category has received much of the industry’s attention for one major reason: its intricate innerworkings can prove incredibly difficult for most organizations to manage effectively from project, talent, and budget perspectives.

Core Program Capabilities. Managing SOW and project-based services requires a three-tiered approach: spend management, project management, and workforce management. Each of these three “levels” brings a unique viewpoint to this CWM Framework category. Spend management is required to ensure that the engagement and sourcing of services and SOW-based workers is in line with enterprise budgets and cost expectations (as well as defined scope and quality issues). Project management is a must to actively track and monitor the progress of projects against milestones and delivery dates. Finally, a “touch” of workforce management can inject a “talent-led” approach to balance the other approaches and ensure that there is a “people management” component to properly dealing with workers that fall into this category. It is critical that organizations onboard consultants and similar workers so they are assimilated into the larger business culture and ensure they comply (and align) with workplace guidelines.

Key Performance Metrics. The core of performance measurement within this CWM Framework category revolves around the milestones and delivery dates associated with projects that leverage SOW-based workers and services. Enterprises must actively measure performance against agreed-to project milestones and key delivery dates to not only ensure that services are making a positive impact, but to also avoid project overages from both time and budget perspectives. At the end of the day, gauging the services and workers that actively perform against these measurements will help the greater organization fill future talent and expertise gaps in mission-critical projects. (Ardent’s “Quality Index Score” is also an effective metric to track for this category. A larger discussion of the QIS is included in the next chapter.)

CWM Framework Category Overview: Independent/Gig/Freelancer

This category of the Contingent Workforce Management Framework is the heart of gig economy. The very notion of on-demand talent involves the real-time engagement of
independent workers, freelancers, or “gig” workers that can be sourced directly by the business in a mobile or other type of on-demand setting. The viability of on-demand and direct/self-sourcing of non-employee talent typically ensures that business leaders, no matter where they sit within the average organization, have the ability to tap into online staffing or social networks to find the talent they need in real-time. This significantly reduces enterprise time-to-fill rates and fulfills the desire for today’s businesses to have a direct relationship with its talent.

**Core Program Capabilities.** While much of the attention and focus on this category of the CWM Framework is, rightfully, placed on its engagement methods, the core issue in leveraging independent talent is that sourcing often happens outside of key program processes (via interpersonal relationships, online staffing, social networks, etc.), leaving the door open for mishandled contractor relationships. As such, the core capabilities for this category revolve around regularly communicating guidelines to all internal stakeholders and actively monitoring relationships to ensure compliant behavior. Also, as the realm of “agile talent” becomes an adaptation strategy (per the discussion in Chapter One), organizations will need to rely on talent pools that are aligned with key project requirements.

**Key Performance Metrics.** Compliance is consistently a top performance metric that enterprises must track, monitor, and measure in regards to engaging and utilizing freelance and independent talent. Compliance with independent contractor standards, as well as federal and regulatory guidelines, will ensure that the benefits of this CWM Framework category outweigh the inherent risks of independent workers. Furthermore, from a quality standpoint, tracking the number of these workers that fulfill (or exceed) expectations and goals will go a long way in determining if freelancers will remain in a business’ talent pool.

**What’s Vital to Contingent Workforce Management Today?**

Contingent workforce management programs today must rely on a series of linked, holistic processes and capabilities that can enable proper control over engagement and management of non-employee talent. As the industry continues to evolve and grow, not only do the priorities within these programs shift, but so do the essential elements that are vital to ultimate contingent workforce management success (see Figure 6, next page).
The continuum of contingent workforce management has been transformed. Years ago, many organizations would consider the cost-led/price-specific components of their programs to be the most vital to its success. In an age when the “gig economy” is a disruptive business force, the most crucial elements of CWM success revolve around the following aspects of a dynamic and evolutionary period in talent history:

- **The speed of talent engagement (61%).** For the past few years, the very notion of “talent” has supplanted “cost” as the prime focus of non-employee workforce management. However, this intricate switch does not simply translate into shifting capabilities towards engagement instead of supplier or spend management; the very speed in which talent is engaged and integrated into a business has become the most significant aspect of CWM success, which places incredibly emphasis on the on-demand talent world in which enterprises now operate.

- **Core contingent workforce management technology (58%).** Evolution would not be possible without the advent of progressive solutions within the contingent workforce industry. From the evolution of Vendor Management System (VMS) platforms to the...
rise of online staffing and online talent platforms, today’s businesses have been enabled with both the necessary functionality to find, engage, and source on-demand workers and manage them within the enterprise in a more strategic manner. Recent innovations within platforms such as VMS now enable unified sourcing and management of non-employee talent from various labor outlets (including self-sourced means and more traditional staffing suppliers).

- **Internal collaboration (56%).** *Strategy* is a critical component of today’s CWM programs, and although innovation becomes a “blinding light,” organizations must stay tried-and-true in how they address the strategic components of their initiatives. Both procurement and HR/HCM play vital roles in managing the modern non-employee workforce; the most effective means of driving value from both the talent and spend/supplier management perspectives is to foster a culture that promotes true collaboration and co-leadership from these two function. And, as the realm of “total workforce management” becomes an accepted component of the CWM program of the future, this collaboration will be a foundational asset.

- **Executive support for a new era of talent engagement (54%).** It is not uncommon for executive leaders to be exposed to the ramifications of the on-demand talent revolution or the gig economy. However, to be *influenced* by these factors is another story. True business leaders understand which new business forces are fads versus true differentiators; in the case of the gig economy, the majority (54%) of organizations in this year’s *State of Contingent Workforce Management* research study indicated that executive support for transforming talent engagement and acquisition strategies was a clear and vital component to success. Shifting away from legacy engagement and sourcing approaches cannot occur without business leaders, including the Chief Human Resources Officer (“CHRO”) or Chief Procurement Officer (“CPO”), not only understanding the impact of the evolving talent world, but also implementing new measures to complement this industry progression.

“Self-sourcing talent is one engagement strategy that is going to help our business in the months ahead.”  
- Procurement Director, Large Telecommunications Company
CWM 2018 and the “Future of Work”

“Evolution” is a common concept within the non-employee workforce world. From advances in engagement methods to innovative platforms that link new and exciting contingent workforce management capabilities, this industry is in the heart of its most progressive period. And, with the utilization of non-employee talent on the rise over the past eight years, it is incumbent upon today’s organizations to not only enhance their existing CWM programs to account for innovation across both technology and talent engagement, but to also prepare for the future.

Figure 7: Expected Changes in CWM Program Structure, Today vs. 2018

The “future of work” is a concept that navigates beyond simple contingent labor. The very heart of the future of work is founded on the notion that, in any scope of time, various technological, economical, and historical shifts will alter how businesses address and conduct “work.” From drones and artificial intelligence to “hot-desking” and co-working spaces, the very landscape of talent and the world’s workforce is consistently progressing into new and exciting territory.
The realm of on-demand talent engagement certainly adds fuel to future of work theories. And, in comparing a baseline of collaboration, talent engagement, and the average business’ approach to the future of work (three areas that represent the next-generation CWM program), Ardent Partners research has discovered that only 30% of enterprises today have struck an ideal “balance” between the past (reliance on legacy engagement approaches, little procurement/HR collaboration, no future of work buy-in) and the future (legacy and on-demand talent engagement, active internal collaboration, and embrace of the future of work concept).

However, within the next two years, there will be an 83% increase in the number of organizations that ultimately shift their contingent workforce management and talent engagement programs to embrace future of work-based concepts and ideas, proving that more and more businesses understand what the future may hold for the world of work.

**The Future of Work is Here ... Are We Prepared?**

One of the primary factors why today’s businesses are just beginning to understand that the impact of the “new world of work” lies within their understanding of and approach to the future of work. As Figure 8 (*next page*) indicates, only 25% of today’s enterprises fully embrace this new arena and have effectively tailored their talent- and work-based strategies based on the path ahead to the future.

“Within the next two years, there will be an 83% increase in the number of organizations that ultimately shift their contingent workforce management and talent engagement programs to embrace future of work-based concepts and ideas.”
What is encouraging about the evolution of the non-employee workforce industry and its link to the future of work is that 51% of organizations today state that they understand the concept of the future of work, and are in the beginning stages of altering and transforming their approaches to account for this shift in talent engagement. This is representative of the very power of both the spark in on-demand talent and the role of innovation in how services and tools are delivered (i.e. drones, artificial intelligence, robotics, etc.).

Many of today’s business leaders face two greater options: survive, or thrive. The evolution of talent and the accessibility of fresh outlets of expertise are revolutionizing how organizations can thrive in transformative economic times. The future of work is a catalyst for a work revolution, one that will permanently alter the business landscape.
The Mission, Part II: Adapting to a New Future (of Work)

There is a mission at hand for businesses today: leverage the agility of the on-demand, non-employee workforce while effectively preparing for a future work state that is unlike anything seen in corporate history. The infographic below outlines the core ideas and notions that support the dynamic concept of the future of work.

What is the “Future of Work?”

The Future of Work is a concept that dominates discussion around how talent, work, and projects will continue to evolve. Ardent Partners has defined the true dynamics of the Future of Work in the matrix below.

- Innovative talent engagement
- Mobile-optimized work
- Flexible workspace
- Blended workforce with shared objectives
- Artificial intelligence and robotics
- Transformative mindset
The “future of work mission” follows several key attributes, all of which link back to one critical goal: take the average business into the future with a groundswell of talent and innovation:

- At the core, embrace the evolution of talent, labor, and work.
- Understand the transformation of accessibility and engagement that new on-demand solutions bring to the contingent workforce arena.
- Recognize that talent, at all ranges of skillsets and expertise, can be found almost anywhere due to the evolution of engagement, permeation of on-demand tools, and a burgeoning millennial workforce.
- Leverage the optimization enabled by mobile platforms and applications in addressing all facets of work.
- Transform the entire organization’s mindset, thinking, and approach from the top (executive leaders and stakeholders) to the bottom (creating a culture of inclusion and acceptance of non-employee workers) regarding how talent is found, engaged, sourced, managed, and integrated into the business.

The Non-Employee Workforce Technology Ecosystem

As the gig economy continues to take shape, businesses across the world will realize the value of a “linked” series of systems, including the solutions discussed in the previous section, as well as various new talent sources and supporting platforms, that all work together under an “ecosystem” approach to manage the evolving contingent workforce effectively. This ecosystem, outlined in Figure 9 (see next page), is a pure representation of the speed of innovation within the non-employee talent space, helping to extend the value of technology platforms and talent sources into a full range of complementary offerings that can cultivate the next era of contingent workforce management.

The CWM tech ecosystem is comprised of:

- A “heart” composed of core, traditional platforms, such as VMS and MSP, which provide a centralized “source of truth” and help control and manage all forms of non-employee talent.
- Secondary (or “peripheral”) platforms that offer extended value, specific automation of various CWM components (such as engagement, compliance/risk, etc.), and;
- Robust enterprise technology, such as talent acquisition, human resource information systems (HRIS), and spend management, that can integrate with the core platforms to provide a totalized view of talent, its implications, costs, and impact.

**Figure 9: The Non-Employee Workforce Technology Ecosystem**
Ardent research points to a slew of benefits that businesses are expect to experience from the CWM technology ecosystem as it continues to evolve:

- 72% of organizations state that an ecosystem in this industry will effectively address talent, spend, supplier, and quality aspects of non-employee workforce management.
- 65% expect seamless automation of key talent engagement and management processes (such as sourcing, compliance/risk management, screening, supplier management, and workforce management).
- 62% of businesses state that the ecosystem will enhance the depth and value of data and intelligence related to non-employee talent.
- 60% of companies believe the ecosystem will help foster superior communication between business stakeholders and its talent, and;
- 45% expect the CWM technology ecosystem to help their organization ensure that new talent (through all sources) is engaged and sourced via compliant, regulated, and controlled measures.
Chapter Three: Best-in-Class CWM Performance

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 CMW program in the marketplace.
- Understand what operational and performance metrics define Best-in-Class performance levels for CWM programs today.
- Understand the wide range of capabilities that Best-in-Class CWM programs use to outperform the market.

As the impact of the “gig economy” pushes the envelope for non-employee labor in 2017 and beyond, it becomes critical for today’s businesses to blend an intricate mix of core capabilities, solutions, strategies, and approaches to effectively 1) find and engage top-quality talent, 2) understand the corporate implications of talent from cost, quality, budget, compliance, and project perspectives, 3) bridge the internal gaps to the ultimate “future of work,” and, 4) foster a business culture in which non-employee talent (in all of its current forms) is embraced, utilized, and integrated into mission-critical projects and initiatives that will ultimately contribute to the success of the enterprise.

The Scope of Impact: CWM Performance Metrics for 2016

Evolution and innovation in the non-employee workforce industry translates into a wide range of metrics that must be tracked from performance measurement perspectives. The 2016 CWM benchmarks are highlighted in Table 1 (next page).
Contingent workforce management performance in 2016 is highlighted by the following attributes:

- **Visibility is paramount.** We are living an age of intelligence; beyond the realm of “Big Data” and into a business generation that relies on real-time information, today’s enterprises crave intelligence to support nearly every critical decision across the organization. For the contingent workforce, visibility is multi-faceted: in order to effectively balance the many intricacies of contemporary CWM, businesses are required to garner intelligence related to talent, its impact, and all associated costs. Less than half (48%) of all contingent labor today is actively accounted for in corporate planning, budgeting, and forecasting...representing a tremendous intelligence gap.

- **The quality of talent is a critical focal area.** Ardent’s quality-focused performance metric, the **Quality Index Score**, was designed 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 percentage of non-employee talent that the business would re-hire or re-engage. Based on a 1 to 10 scale, today’s organizations self-report a QIS value of 5.6, which means that the average enterprise faces a significant non-employee talent gap.

- **Compliance over costs?** In Chapter One, it was revealed that compliance is the top challenge for today’s contingent workforce management programs, and rightfully so: the impact of the gig economy and real-time talent has an unfortunate downside in
the form of lost engagement control. In a market with more talent sources, more stakeholders within the business have the ability and access to find, engage, and source new workers. This leaves the greater organization open to the risks of misclassification and co-employment. As the federal government begins to tighten its enforcement of regulations around the utilization (and relationships) of independent and freelance talent, enterprises will need to better understand and control how these workers are ultimately sourced, on-boarded, and managed.

The Best-in-Class Performance Advantage

Ardent Partners’ research has identified Best-in-Class enterprises as the top performers across a series of key contingent workforce management metrics. As outlined in Table 2, Best-in-Class businesses enjoy a distinct performance advantage over their peers (All Others) within the scope of modern non-employee workforce management.

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>Non-employee labor that is actively accounted for in corporate budgeting, planning, or forecasting</td>
<td>86%</td>
<td>42%</td>
</tr>
<tr>
<td>Percentage of non-employee talent that completes projects on-time/on-budget</td>
<td>76%</td>
<td>55%</td>
</tr>
<tr>
<td>Quality Index Score</td>
<td>8.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Total compliance rate</td>
<td>84</td>
<td>68%</td>
</tr>
<tr>
<td>Year-over-year cost savings</td>
<td>11%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Top-performing businesses are known for their top-tier performance across a series of key CWM metrics. These companies have achieved:

- **A 105% higher rate of contingent labor that is actively accounted for in corporate planning, budgeting and forecasting.** Visibility has become a crucial determinate in the ultimate success of an enterprise’s CMW program, and the total accountability of non-employee talent within an enterprise’s forecasting, planning, and budgeting is a pure representation of its handle on CWM intelligence.

- **A nearly 40% higher rate of projects and tasks that are complete on-time and on-budget,** which reflects the Best-in-Class ability to effectively engage contingent workers that are well-aligned with the core requirements of critical enterprise
initiatives. While on-demand engagement is the “new normal” of talent-sourcing, it is only the means in which businesses find their expertise. Speed is key, but organizations must ensure that real-time talent is well-aligned with project-based needs and requirements.

- **A rate of total compliance that is nearly 25% higher than that of all other organizations.** As more and more internal stakeholders are enabled with the ability to engage workers in an on-demand setting, the greater the inherent risks. Governmental regulations are more stringent than ever before as the gig economy transforms the world of work. The relationships between non-employee talent and the greater business are top-of-mind today; organizations that lag in the compliance arena face dire financial consequences, as even a simple reclassification case can cost millions of dollars in back taxes and benefits.

- **A cost savings rate that is nearly 60% higher than all other enterprises.** Although today’s CWM programs are more laser-focused on talent, quality, visibility, and compliance than ever before, the realm of cost savings and cost reductions still remains a critical area to track, measure, and monitor...especially for those programs which are led by the procurement function. At its core, today’s contingent workforce is still a large spend category for the majority of global enterprises; as such, it is crucial that organizations understand the true financial impact of non-employee talent and apply core spend management principles to enhance cost savings targets.

Best-in-Class enterprises have been able to achieve this desired level of contingent workforce management performance due to their reliance on core capabilities, specific solutions and technologies, and other key CWM attributes.

**The Best-in-Class CWM Program, Part I: General Capabilities**

The core of any contingent workforce management program is founded on its structural capabilities that address a range of processes, from operational and day-to-day procedures to more innovative competencies that are now supporting the new outlets of talent engagement. As shown in Figure 10 (*next page*), Best-in-Class organizations are utilizing these core capabilities to fuel their CWM performance advantages.
The Best-in-Class contingent workforce management capabilities shown in Figure 10 can be segregated into three main categories:

- **Standardization-based capabilities.** Standardization may seem like a simple concept for some organizations (especially in the wake of innovation), however, the foundational benefits of standardizing day-to-day operations (Best-in-Class, 86%) and onboarding/offboarding processes (79% of all Best-in-Class enterprises) ensure that the greater CWM program’s more tactical components run smoothly. Data security standardization is also a key in today’s intelligence-led business world; as more transactional data flows through CWM solutions such as Vendor Management Systems (VMS) and online talent platforms, it becomes critical for companies to maximize the security of sensitive intellectual property and corporate financial information.

- **Program-based capabilities.** Internal Vendor Management Organizations or Vendor Management Offices or Organizations (“VMOs”) have become standardized, stakeholder-driven programs that manage most, if not all, facets of non-employee workforce management via an internal group of trained professionals that have some link
to either the procurement or HR function. Best-in-Class companies that hold technology acumen and can effectively structure a VMO can manage the full scope of CWM in-house. Similarly, formalized plans for globalization can help kick-start CWM in new regions, expanding engagement of expertise and talent to find new skillsets and workers that can contribute to the greater organization.

- **Expanding into new global arenas.** Nearly every enterprise now understands that, in an on-demand talent world, the right candidate is not always within a close radius. More and more organizations realize that, in order to truly engage competitive talent, they must seek expertise across the world by tapping into new global arenas. To do that, globalized plans from multiple perspectives (compliance measurement, risk mitigation, understanding local cultures, tax code management, etc.) must be implemented.

- **Innovative capabilities.** Gamification is a next-generation concept that is fueling pieces of the business world by blending gaming and competition with core enterprise functions. Within the talent arena, gamification can help with employee engagement, and, specifically in regards to non-employee talent, encourage them to challenge themselves and others in number of projects completed, “unlocking” new talent network features that open up exclusive opportunities, etc.

**The Best-in-Class CWM Program, Part II: Data-Driven Results**

Big Data as a concept and as a literal measure of data size continues to expand at an extraordinary pace, pushing the notion of “agility” into the forefront of nearly every contemporary business function. Today’s analytics and data management capabilities must generate more than just simple information; intelligence is now the key to unlocking new and innovative insights into the non-employee workforce (see Figure 11, *next page*).
Best-in-Class enterprises are relying on intelligence to better manage talent engagement, supplier management, and other key aspects of their CWM programs. Essentially, there are two crucial attributes to the age of intelligence today within contingent workforce management: driving knowledge today and preparing for the future. Real-time visibility into the spend management components of contingent workforce management (68%) ensures that procurement and finance executives have a firm control on the budgetary or cost-led aspects of its non-employee talent, while real-time visibility into talent-based resources allows the greater organization to understand its existing skillset gaps.

In regards to future insights, Best-in-Class businesses hold the ability to forecast the future utilization of talent (65%) and leverage predictive (36%) and cognitive intelligence (14%) to drive continuous and consistent knowledge as to the imminent talent-based needs of the greater enterprise.
The Best-in-Class CWM Program, Part III: Compliance Matters

There is a major reason why compliance (independent contractor compliance, compliance with federal regulations, etc.) has now become the top pressure within today’s contingent workforce management programs: as the utilization of contingent labor increases by the year and fresh sources of on-demand talent are mixed into greater engagement strategies, the functional CWM leaders can lose control over many of the non-employee workers. Famous cases in the 1990s and early 2000s proved that even household brands can fall victim to reclassification or co-employment risks; seven-figure fines are regularly levied to global organizations for mismanaging independent contractors. As shown in Figure 12, top-performing companies are leveraging a series of compliance management capabilities to ensure they do not end up on the wrong side of this evolving contingent workforce challenge.

**Figure 12: Compliance Management Capabilities, Best-in-Class vs. All Others**

- Regular reviews of worker and enterprise relationships: 74% (Best-in-Class) vs. 49% (All Others)
- Localized experts for sourcing talent in new regions: 71% (Best-in-Class) vs. 37% (All Others)
- Consistent reviews to avoid misclassification: 64% (Best-in-Class) vs. 36% (All Others)
- Consistent education on the evolving sources of talent and how workers must be engaged: 57% (Best-in-Class) vs. 21% (All Others)

“Securing executive sponsorship and driving towards compliance with risk mitigation are key factors in pushing our CWM program to the “next level” of performance.”

- Senior Procurement Manager, Large Financial Services Firm
The capabilities listed in the figure above revolve around one core element: consistency. The rapid flux of contingent workers in and out of the organization means that today’s businesses must be incredibly consistent in how they monitor the relationships (74% vs. 49%) and standards (64% vs 36%) between themselves and their independent talent. Enterprises today face two potentially damaging scenarios in regards to contingent workforce non-compliance:

1. Reclassification by the federal government and become liability for back taxes, Social Security, benefits, etc., often to the tune of millions of dollars for the average co-employment case brought against large enterprises, and/or;

2. Becoming a “how not to” case in the eyes of the public and the business world, which is potentially damaging for the enterprise brand.

Aspects such as education (57% vs. 21%) can help present the greater enterprise with an ideal set of guidelines in how to approach the newer talent outlets (such as social networks and online talent platforms) in a compliant manner. Localized experts (including those provided from outsourced compliance management solutions) can assist businesses in better understanding the customs and laws in new regions when sourcing fresh talent.

**The Best-in-Class CWM Program, Part IV: SOW Management**

“Complex” contingent labor, specifically SOW-based projects and professional services, comprise the largest category within Ardent’s *Contingent Workforce Management Framework*. Many organizations today struggle with managing the operational components of this category while also juggling visibility, quality, and performance measurement. Best-in-Class enterprises have revolutionized the art of SOW management; in fact, these top performers are:

- Nearly 70% more likely than all other organizations to utilize spend management strategies to gain visibility into cost and budget components of SOW management.

- Sixty-four percent (64%) more likely to standardize the “back-office” or tactical aspects of SOW management, such as invoicing and payment.

- Nearly 40% more likely than all others to leverage full supplier management capabilities (such as supplier performance management, supplier information management, supplier relationship management, etc.) to support its SOW management program, and;
- Nearly 20% more likely to inject project management principles into SOW management to gain a better hold on how projects and services within this category are managed from a milestone or delivery date perspective.

**The Best-in-Class CWM Program, Part V: The Technology Link**

Innovation is the core of the future of work. As on-demand talent engagement becomes the new normal and corresponding contingent workforce management solutions evolve to match the speed and growth of the gig economy, it becomes critical for today’s businesses to tap into the pure power of CWM technology and leverage its functionality to drive value and visibility. As shown in Figure 13, Best-in-Class organizations are actively utilizing a slew of CWM solutions to support their programs.

![Figure 13: CWM Solution Utilization, Best-in-Class vs. All Others](image)

The Best-in-Class utilization of core contingent workforce management technology platforms falls into three distinct categories:

- **Traditional solutions that are evolving based on the general pace of the market.** VMS platforms and Managed Service Providers (MSPs) have long ruled the CWM market’s
penetration of technology and services, and these two outlets are actively evolving to keep pace with the gig economy and the future of work. VMS currently sits at the center of the “technology ecosystem” and is actively serving as the central source of knowledge and control for non-employee talent. MSPs are expanding their offerings to include SOW management and “blended” CWM and HCM capabilities.

- **“Deeper” platforms that provide extended CWM value.** Compliance, as discussed throughout this research study, has become the primary concern for today’s businesses. It comes as no surprise, then, that Best-in-Class organizations are actively leveraging extended value platforms like independent contractor engagement solutions to ensure that compliance and risk mitigation remains a focal point for the contingent workforce management program. ICES and outsourced compliance management solutions offer a “middleman” that absorbs risks, payrolls independent talent, and helps its users expand engagement into new regions without the worry of compliance risks.

- **Innovative platforms that represent the next wave of non-employee workforce technology.** Online staffing, online talent platforms, self-sourcing, and Freelancer Management Systems are the newest solutions on the CWM block, helping businesses foster next-generation engagement strategies to tap into emerging pools of talent and expertise. These are the true fuel for the gig economy’s rampant growth, sparking on-demand engagement and sourcing of talent while providing businesses across the globe with the necessary tools for matching their needs with the required skillsets.

Best-in-Class organizations are well-positioned to thrive in the new world of work, supported by CWM programs that: promote visibility and intelligence, push forward-thinking concepts and solutions, leverage the necessary technology to manage the evolution of talent, and embrace the gig economy and future of work.
Chapter Four: Strategies for Success

The non-employee workforce industry continues to both shift and expand, forcing businesses across the world to develop dynamic CWM programs that are on the cutting edge of innovation and transformation. The sharp, strategic shifts in executive thinking are the key drivers in the “talent revolution,” as the current gig economy and pressure to build towards the future of work necessitate fresh, new ideas in how to approach talent engagement and management. Ardent Partners has developed a series of “strategies for success” that will help guide today’s procurement, human resources/human capital management, finance, IT, and other stakeholders drive ultimate value from their non-employee workforce while also preparing for a future state.

General Recommendations for Today’s CWM Programs

Best-in-Class organizations have approached the realm of non-employee workforce management with a dynamic eye: transform internal approaches and executive thinking while leveraging deep capabilities that are capable of handling and controlling the evolutionary shifts in the market. The following recommendations will help organizations build and develop CWM programs that are well-suited for today’s on-demand, talent-first environment:

- **Understand that the “gig economy” is a true business force...and prepare accordingly.** Simply put, the gig economy translates into a dual-sided economic shift. From the business perspective, on-demand engagement of talent becomes a key differentiator, while, from the worker side, more and more professionals are able to adopt flexible working behaviors that align with their skillsets and expertise. The gig economy is a true, viable business force; thus, organizations today must prepare for the months and years ahead in such a way that non-employee talent becomes even more of an option than in the past.

- **A transformative shift in business thinking should be an initial step in embracing the “future” of talent engagement and management.** While technology and strategy combine to form the foundation of any effective contingent workforce management program, the transformative thinking at the top of the organization is what truly sparks program innovation. Business leaders must understand the impact of the
global, on-demand workforce and shift their thinking from the legacy approaches of the past. As real-time engagement pushes the competition into new areas, many executives will want to transform the organization’s general talent engagement strategy to spur business growth and development.

- **The bridge to the “future of work” is founded on innovation and forward-thinking concepts; in order to thrive in this new work environment, companies must embrace the future.** “Innovation” reveals itself through many forms: next-gen staffing platforms, artificial intelligence, robotics, real-time mobile applications, agile talent acquisition technology, etc. The discussion around the “future of work” is founded on the evolution of today’s talent engagement and management solutions, and advances in the tools that help businesses manage internal work and projects. In order for businesses to thrive in a new era of work, it is critical that they embrace innovation and understand its growing place in the future of work.

- **Push procurement and HR collaboration as the great next step in CWM strategy.** Only recently, organizations faced the “blurring” of lines between talent and spend management. With contingent labor straddling the line between “talent” and “commodity,” too few businesses realized the benefits of merging procurement and HR/HCM strategies and approaches. Today, collaboration is not a capability that sits in the “nice to have” area; rather, it has become a critical factor in the ultimate success of any organization’s CWM strategy.

- **“Intelligence” is the key to understanding the real impact of enterprise talent; businesses must prioritize visibility into the months ahead.** Enterprises sit on a veritable “goldmine” of data; and today, that goldmine has erupted in an explosion of insights. The businesses that are willing to put in the resources and effort in analyzing the many sources of contingent workforce data are rewarded with real-time insights into the quality of its non-employee workforce. They can also see the impact of projects and initiatives that leverage contingent talent, future enterprise talent gaps, the various spend and supplier components of this labor, and the organization’s susceptibility to compliance risks.
Managing the New World of Work: “Next-Level” Recommendations

The “new world of work” is actively shaping how the internal needs of every business are addressed. From on-demand staffing to the progression of core contingent workforce management technology, the future of CWM is paved with the vibrant developments that will forever alter how work is addressed. These “next-level” recommendations will assist organizations in understanding the implications of this new world and how to best approach transforming talent engagement and management strategies.

- **Integrate online staffing into the organization’s overall talent engagement strategy.** Online staffing, including self-sourcing, online talent platforms, and agile talent acquisition solutions, represent true innovation in the world of talent. These platforms have the ability to link businesses with the real-time talent that they desire and help to cut down on acquisition costs and time-to-fill rates. Furthermore, as enterprises strive to build a direct relationship with its talent (which can aid in ensuring quality), online staffing will increase in relevance within greater talent engagement.

- **As access to on-demand talent increases and expands, businesses must ensure that “control” is at the center of its non-employee workforce management program.** Compliance remains the top issue for a majority of enterprises as they experience first-hand, the transformation of talent engagement/management. As more and more internal leaders are enabled with the advent of on-demand talent engagement, compliance risk mitigation becomes even more crucial from tax, classification, and financial perspectives. Any enterprise that leverages non-employee talent today must structure more advanced guidelines and policies to manage the fresher sources of expertise in today’s on-demand talent world.

- **The ecosystem of talent engagement and management technology, from core offerings to supporting platforms to innovative outlets, will shape the future of contingent workforce management.** The dynamics of contemporary CWM require a multifaceted approach that is built both on innovation and strategy. Automation is a key differentiator in Best-in-Class CWM programs, however, as the new world of work dictates, businesses today cannot thrive on simple automation alone. From online
staffing to spend and SOW management, to screening and HRIS solutions, to the core of VMS technology, the veritable “ecosystem” of solutions available today ensure that organizations can properly manage the dynamic, real-time nature of modern talent that is engaged through all sources.

The Future of the Gig Economy and the Non-Employee Workforce

Rapid transformation is an accepted attribute of the non-employee workforce, as the permeation of consumer-styled expectations and content accessibility bleed over into the business world. On-demand engagement of talent, the gig economy, the shaping of the future of work... all of these ideas originate in the synergetic relationship between a business and its talent.

The very idea of the “future” of this industry is dynamic; that is, attributes related to workforce management, innovation, business culture, and executive leadership all play vital roles in the workforce of the future.

Figure 14: What are the Components of the Workforce of the Future?

- Pure blend of HCM and CWM strategies as the standard for managing talent: 70%
- Innovative workplace concepts will shape the future of work (i.e. “co-working,” hot-desking, shifting of team members, etc.): 64%
- The “gig economy” will force executive board members to rethink talent strategies: 61%
- Artificial intelligence will complement existing business strategies: 42%
- Analytics will evolve to track new attributes (i.e., health/fitness, GPS, online peer performance reviews, etc.): 40%

The modern enterprise lives in an exciting era, fueled by the emergence of on-demand and social tools and the evolution of talent across generational continuums. The workforce of the
future is founded on these principles, propelled into a new age by advances in technology and strategy. As shown in Figure 14 (see above, previous page), the future state of the world’s talent will be shaped by:

- **A time when collaboration between HR and procurement will be the standard, not a desired state.** Seventy percent (70%) of enterprises believe that the effective blend of contingent workforce management and HCM will be the norm in the future, furthering the notion that the underlying ramifications of “talent” will sprout beyond one mere enterprise function.

- **The future of the workplace.** The physical office is just now becoming a legacy attribute of talent management as more and more workers ride the virtual route to work. More innovative concepts, however, such as hot-desking (i.e. shared tools and desks utilized by multiple workers), co-working spaces that encourage collaboration and knowledge-sharing between independent workers, and agile allocation of talent (utilizing the strengths of talent on a shifting basis rather than the traditional “one employee = one role” notion), are all revolutionizing not just how work is addressed, but also where it gets done.

- **New data will lead to never-before-seen insights.** Another linkage between the consumer and business worlds, enterprises will soon be able to leverage GPS and health/fitness monitoring to gain additional insights into their total workforce, understanding the relative “wellbeing” of their talent. This intelligence, which provides visibility into stress levels and other physical aspects, can be leveraged to make more educated talent engagement decisions when new projects or initiatives arise.

- **Artificial intelligence as a supplemental source of expertise.** AI seems to get a bad rep in the social landscape, as many workers believe that this new progression will eventually lead to “job-stealing” and other negative business ramifications. However, in an age when talent, no matter the source, is a true competitive differentiator, artificial intelligence can be a boon to supplement human workers and assist in greater corporate decision-making.
Conclusion: A Brave New World (of Work)

A new world of work is here, founded on the game-changing innovations within talent engagement and fueled by the evolution of business culture and the greater impact of the gig economy. The symbiotic relationship between a business and its talent has been transformed. And with that, the real future of work has begun to revolutionize not only how enterprises develop their CWM programs, but also the strategic mindset behind how to address the contemporary dynamics of business operations. This brave new world will forever alter how both businesses and professionals perceive the very concept of “work,” and soon, the world’s best and brightest enterprises will find that, in order to thrive in the months and years ahead, they must embrace this progressive evolution of talent.
Appendix

About The Author

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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 is the voice behind Contingent Workforce Weekly, the industry’s first (and only) weekly podcast dedicated to this space.

Dwyer has been a prominent 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 leads the firm’s coverage on “complex spend management,” which includes CWM, business travel and expense management, meetings/events management, and other key indirect spend categories. Dwyer and his work have been quoted/featured in USA Today, the Christian Science Monitor, Forbes, CNBC, and other major business publications. Dwyer was recognized as a “Pro to Know” by Supply and Demand Chain Executive Magazine in 2013, and has been honored three times (2013, 2014, and 2015) by HRO Today as an “Analyst and Advisor 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, contract lifecycle management, and financial operations. He welcomes your comments at cdwyer@ardentpartners.com, on LinkedIn (www.linkedin.com/in/christopherjdwyer), or Twitter (@CJD_Ardent).

About Ardent Partners

Ardent Partners is a Boston-based research and advisory firm focused on defining and advancing the supply management strategies, processes, and technologies that drive business value and accelerate organizational transformation within the enterprise. Ardent also publishes the CPO Rising and Payables Place websites. Register for exclusive access to (and discounts on) Ardent Partners research at ardentpartners.com/newsletter-registration/.
Research Methodology

Ardent follows a rigorous research process born from years of market research experience conducted in the accounts payable ("AP") market. The research in this report represents the web-based survey responses of nearly 275 business professionals and includes interviews from several executives. These 275 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class 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: 41% procurement; 35% HR; 12% finance; 7% operations, 5% other

Job Role: 28% VP-level or higher; 26% director-level; 34% manager-level; 12% other

Company Revenue: 54% Large (revenue > $1 billion); 24% Mid-market (revenue between $250 million and $1 billion); 22% Small (revenue < $250 million)

Region: 66% North America; 24% EMEA; 7% Asia-Pacific; 3% South America

Industry: More than 24 distinct industries are represented. Energy/Utilities, Hi-Tech, Financial Services, Manufacturing, and Retail are the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents.