Centralizing a Contractor Acquisition Solution to Achieve Significant Cost Savings and a Streamlined Process

Client Objective

The client, a 100-year-old global technology leader in diversified power management solutions with $15.6 billion in annual sales, 73,000 employees and customers in more than 150 countries, needed to replace their internally managed vendor management system (VMS) and their outsourced managed service provider (MSP) program. The program encompassed over 1,500 contract employees, 180 suppliers and 40,000 users spanning 350 locations.

Approach

The Bartech Group (Bartech) began by securing executive-management sponsorship to ensure program support and compliance. We then developed a comprehensive current-state analysis and mapped the relationship of existing programs to client legacy systems. The impact of new processes on the overall business entity was also determined.

After developing an implementation plan that demonstrated significant cost-savings, improved productivity and a streamlined approach to providing and managing contractors, a vendor management software was selected, configured, tested and integrated into client systems. Next, suppliers were screened and registered for participation in the new program. All existing suppliers were enrolled to ensure continuity and plans for future rationalization were developed. Additionally, key stakeholders were enlisted to evangelize the program internally.

Bartech conducted detailed training on the program processes for all client users and approved suppliers, focusing special attention on key areas of change, benefits and compliance. We also identified a skilled program-management team with client-specific knowledge that could successfully manage all contractor screening and administration.

As a final measure, we launched all users on a single technology platform, allowing for consistent workflow and enterprise-wide visibility. Bartech operational staff were assigned to fully support the program.

About Bartech

- Founded in 1977
- Managing $2 billion in contingent labor and more than 25,000 consultants for clients worldwide
- Known for managing complex workforce management, MSP and VMS solutions for leading businesses
- Recipient of more than 30 supplier, customer service and leadership awards
- Certified Minority Owned Business Enterprise (MBE)
Results
As a result of Bartech’s ability to effectively manage the client’s contingent workforce program, the client now has standardized job titles and descriptions for all temp workers, a procurement process that is SOX-compliant, and a streamlined process consistently applied across a large, diverse user and contractor base. Likewise, suppliers are supported with mentoring and performance feedback, leading to complete spend visibility and the elimination of maverick spend. This has also meant that the client is proactively provided with recommendations on continuous process improvements that enhance the change management process.

In hard terms, the solution has produced a competitive bid process resulting in over 6% year one cost savings and the ability to actively manage margins. What’s more, the solution exceeded the client’s diversity sourcing goals, with over 28% of the spend going to qualified Tier 2 MBE/WBE suppliers. In all, the total hard dollar savings came out to more than $3 million, and included:

- $132,000 one-time rebate from suppliers who were overcharging
- $104,000 savings in bill rate negotiations during the sourcing process
- $1,248,000 annual savings in billing/payment for temporary labor
- $666,600 in annual savings on drug screens and background verifications
- $440,810 in annual savings on overtime rates
- $410,000 in annual savings from improvements and standardization of net payment terms

The program continues to generate ongoing, reportable year-over-year cost savings of 4-6% annually.