

A Case for MSP: Lower costs, more control reap greater ROI on contract hiring

For most organizations that use contract labor, price has always been driven by a “don’t ask, don’t tell” system in which vendors control bill rates, leaving employee pay rates up to the imagination.

One reason why employers leverage contracting is so to avoid such issues as pay rates, benefits, and liabilities, so why then would they care to know what contractors are being paid?

A Change of Philosophy

One of the world’s largest credit card organizations has recently undergone a strategic shift in its contract hiring philosophy based on Innovative’s new *Managed Staffing Platform (MSP)™*.

Talent Hosting™, one component of MSP, has enabled the employer’s Global Technology Division to reduce its contracting costs while gaining a significant amount of control in the process. This transformation was possible by adopting the core principles of *Talent Hosting*:

- Hire from the “pay rate” instead of the bill rate
- Develop their own *Talent Pool™* of contract labor to hire from
- Reduced vendor list and controlled the process internally

Barriers to Success

Because so many internal managers depended on long standing vendor relationships to find contract labor, getting them to break free and adopt a new model has not been easy. Add to that the difficulty in getting contract job candidates to break free from over-charging vendors and the challenges kept growing.

The Talent Pool Edge

Most hiring managers polled internally said they used vendors because they met their needs, regardless of the cost. With the *Talent Pool*, managers not only have their traditional needs met, they enjoy a full-service, *customer-driven* solution that delivered the following:

- Pre-Qualified contractors listed by “pay rates” instead of bill rates
- Less time spent with vendors, more time on work
- Proactive service that keeps the supply heavy and costs down

In the end, the customer has eliminated over 100 vendors used for hiring, and has saved 20% of dollars budgeted for contract hires with MSP. Additionally, MSP has enabled the customer to find and payroll referral candidates on contract at low rates, and has saved nearly \$60,000 in search fees for direct hires.

Company

Major Credit Card
Company with over 500
contract employees

Challenges

- § Excessive bill rates
- § 120 vendors for 500 contractors
- § Contract hiring driven by the vendors

Goals

- § Reduce vendor list while still meeting hiring goals
- § Cut budget by millions of dollars
- § Streamline and get control of process

Solution

The Managed Staffing Platform™:

- § Talent Pool™
- § Talent Hosting™

Results

- § Saved over 20% of bill rates with Talent Hosting
- § Customer controls the contract candidate flow with the Talent Pool
- § Hiring Managers are serviced more effectively from HR and Recruiting
- § Customer hires from the pay rate vs. bill rate with low, fixed mark-ups
- § Customer empowers corporate recruiting to hire proactively vs. reactively