

THE CONTINGENT WORKFORCE: A GARDEN WORTH GROWING

There is nothing like biting into a vegetable freshly plucked from your home garden. So it is not shocking to see many new gardeners eager to get outside on the first warm day of spring and start planting the vegetables they love—whether they are lettuce, tomatoes or peppers. With enthusiasm, they dig up their garden, throw some seeds into the ground and excitedly wait to see the vegetables pop up over the coming weeks and months. Yet these gardens often fail, leading their caretakers to believe they are not privy to the secrets of growing a flourishing garden. They might wonder why their lettuce looks wilted or their tomatoes have become infested with pests. However, the truth is there are no secrets to growing a thriving and blossoming garden; it just takes planning, preparation, maintenance and patience. The best, most diligent gardeners know to find the perfect ground for their garden; plan the best layout, taking into account the soil, sunlight and moisture; prepare the garden bed and nurture the vegetables as they grow. Taking these steps will help to ensure the heads of lettuce heads sprout well, the tomatoes taste sweet and the peppers have a delicious crunch.

Just as gardeners need to prepare and plan in order to enjoy homegrown vegetables, IT employers need to prepare and plan when hiring contingent workers. Contingent workers can add to an IT team, but in order to truly reap the reward that these employees offer, IT leaders must build sourcing and screening processes, prepare onboarding practices and develop and nurture contingent employees throughout the engagement with performance management systems. And finally, like when it comes time to harvest the crops, IT employers need to have effective offboarding processes. The methods for growing a flourishing garden are not mysterious, and neither are the techniques for successfully managing the contingent workforce.

TEKsystems surveyed nearly 1,000 IT professionals about their views on working as a contractor and more than 500 IT leaders to learn how they manage the contingent workforce. This paper explores the survey's findings and provides recommendations and best practices for managing the growing contingent workforce.

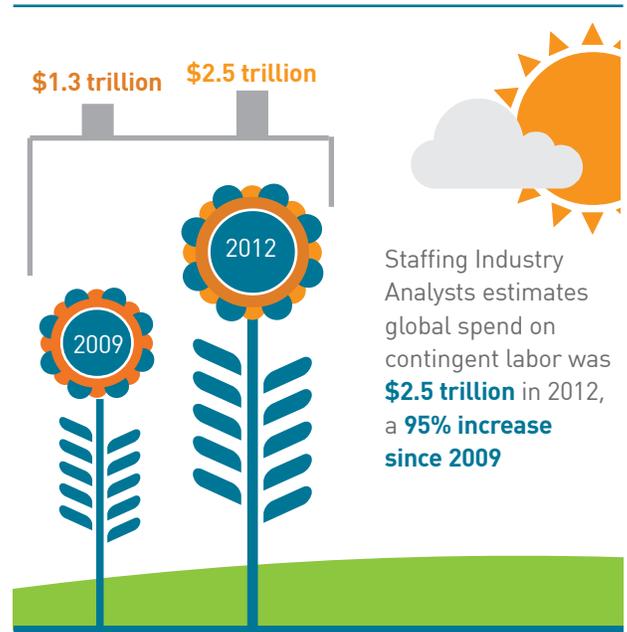
To Plant or Not to Plant: The Growing Demand for Contingent Workers

IT professionals are in high demand, and with only one worker available for every four job postings, employers struggle to find the talent they need. One solution is to leverage the contingent workforce to augment staffing needs, relying on independent contractors, freelancers, consultants and temporary workers to bridge the gaps in the workforce. According to Gartner, the world's leading information technology research and advisory company, the contingent population currently represents 10 percent of all American workers—but 20 percent of IT workers. And it's growing. Staffing Industry Analysts (SIA) estimates global spend on contingent labor was \$2.5 trillion in 2012, a 95 percent increase since 2009. In addition, SIA expects the IT staffing industry to increase by an additional 7 percent in 2014.

Hiring contingent workers provides many advantages, and organizations recognize this. Nearly half of IT leaders (46 percent) surveyed say contract workers make up 11 percent or more of their IT department. In the next five years, 59 percent of IT leaders expect that contract workers will make up at least 11 percent or more of their IT workforce, an increase of 13 percentage points.

With the growing demand for contingent workers, organizations need to be prepared to manage these employees. According to IT leaders surveyed, human resources (HR) and procurement departments are involved in 72 percent of hiring decisions. However, only 11 percent of IT leaders say they strongly agree that HR and procurement understand their workforce needs, especially when it comes to hiring contingent workers. IT leaders need to take control of their hiring

decisions and recognize that they will need workforce management procedures specifically for the contingent workforce, such as sourcing, screening, onboarding, performance management and offboarding processes.



Home-grown Tastes Better: Benefits of Contingent Workers

IT leaders should consider how they will benefit from contingent workers and why they might hire contract workers to complement the full-time employees on their teams. IT leaders surveyed acknowledge that contingent workers are essential to any IT team. Though only 21 percent of IT professionals cite contingent work as their ideal type of employment, 69 percent of IT leaders agree contingent labor is a critical component of the success of business operations. Often contract workers have a wide array of experiences across various industries, which broadens their knowledge and skills and enables them to offer fresh perspectives and innovative ideas. In addition to these value-adds, IT leaders identify three primary reasons for hiring contingent workers:



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1. Contingent workers can help teams better adapt to spikes in workload. IT has to be flexible and dynamic, changing with the needs of the business. Hiring contract workers brings scalability to the IT team as managers can add team members when the requirements of a project make it necessary. Fifty-one percent of IT leaders report they use contingent workers to adapt to increases in workload.

2. Contingent workers can help fill skills gaps during a project. When IT teams are working on a project, they do not necessarily have the time to train current workers on new and emerging technologies. In instances like this, hiring contingent workers can ensure the project is completed quickly. Thirty-three percent of IT leaders say that they employ contingent workers to fill skills gaps during a project when they have neither the expertise nor an adequate number of staff in-house to finish the job on time.

3. Contingent workers can add specialized skills. Hiring contingent workers can help close the disparity between the supply and demand of quality IT professionals. Contingent workers can share their knowledge and skills with everyone on the team, thereby increasing the pool of qualified talent. Fifteen percent of IT leaders say they hire contingent workers who have experience in niche, high-end IT skills to add to the expertise of the IT team.

New Gardeners Are Failing

As discussed above, contingent workers can have a significant positive impact on an organization’s IT team. However, once IT leaders hire these workers, they must also manage them properly. Yet IT professionals do not feel like they are being managed well, and nearly half (47 percent) of IT professionals say that employers’ expectations of their skills and experience are unrealistic. When it comes to understanding, managing and developing talent, IT leaders are struggling.

Ideal Conditions—Are There Sunlight and Moisture: Understand Motivations of Contingent Workers

In order to help IT professionals grow and thrive, employers must first understand their employees’ driving forces. In our survey, we asked IT professionals to identify their motivations for working in contingent positions. The top four drivers for IT workers to perform contingent work include the opportunity to learn new skills, higher salaries, increased autonomy and more flexibility.

1. The opportunity to learn new skills: With ever-evolving technologies, IT professionals need to constantly up-skill to remain relevant and in demand. Contingent work is a great way to accomplish this goal. Sixty-eight percent of contingent workers agree this type of work allows them to sharpen and gain skills, and nearly one-third (31 percent) strongly agree. IT managers need to understand this goal of their employees and give them opportunities to expand their knowledge.



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2. Higher salary: Contingent IT workers demand higher compensation compared to permanent workers, and their hourly pay far exceeds the national average. A whopping 85 percent make more than \$20 per hour and about a third earn more than \$50 per hour. Project managers fare the best, with two-thirds surpassing the \$50 per hour mark. IT employers should recognize that contingent workers have higher expectations for salary due to the inherent risk of not having another position lined up after their current assignment ends.

3. Increased autonomy and ability to choose interesting work: IT professionals want to have control over the kinds of work they take on. However, when asked whether contingent work has allowed greater autonomy regarding the kinds of work and types of projects they accept, 25 percent of professionals disagree and 22 percent neither agree nor disagree. To keep contract workers happy and engaged, IT employers need to be sure that they are providing opportunities for their contingent workers to choose work they find interesting.

4. More flexibility in work schedules (better work-life balance): Contingent IT workers want flexibility when it comes to areas like the number of hours they work per week, the number of months they work per year, the ability to telecommute and the location of their work. A better work-life balance is a driver for IT professionals to work in contract

positions, and more than half (52 percent) of IT professionals say that as a contingent worker they have more control over how, when and where they work. Therefore, IT leaders should allow for some flexibility when managing contingent workers. While this may not be the traditional management model for permanent employees, providing flexibility in work schedules for contingent workers will likely enable the employee to do better work.

Manage Your Crops

In addition to understanding motivations, IT leaders should ensure they have effective workforce and talent management processes in place. This will enable contingent workers to integrate with the team and make a positive impact on the organization. However, few IT leaders feel confident that their organizations have effective workforce management processes, and 58 percent of leaders agree that finding great contingent workers who fit their companies' needs is difficult. Improving these processes creates clearer expectations for employees and better communication, enabling the team to function more cohesively.

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Prepare the Soil: Sourcing and Screening

IT leaders understand that the success of their initiatives depends on the people leading them, and that attracting the best IT professionals to their organizations is challenging due to the competition. Hiring new workers is not an easy task, especially when hiring for contingent positions. When looking for contingent workers, IT employers cannot just create job postings and expect the dream candidates to find them. A strong sourcing process can help uncover the best IT talent in the area, yet 79 percent of IT leaders are not confident they know how and where to find the professionals with the skill sets they need. To attract the best of the best, IT employers need to build a clear employee value proposition based on what's uniquely great about working for their organization, and they need to address what the candidates are looking for. Employers need to make sure candidates' goals and interests align with what the company can offer, and they need to show that they understand the motivations and needs of contingent workers.

Once those candidates are identified, IT leaders must also ensure they conduct proper screening for skills needed and certifications required. Most importantly, IT leaders should examine every candidate's ability to work well with the team. Employers may overlook this cultural aspect of hiring contingent workers, believing the short-term nature of contract work makes this step irrelevant. Eighty percent of IT leaders feel their organizations could improve their screening processes. Taking the time and patience to develop custom screening criteria based on the organization, team and specific project will yield a stronger alignment between the candidate and the role. IT employers can also partner with recruiters to help source and screen potential candidates.

Maintain the Garden: Onboarding and Performance Management

Once hired, contingent workers need to be managed and developed. They need to be brought up to speed when first joining the team, and an onboarding program can help them settle in and enable them to contribute quickly. However, only 18 percent of IT leaders strongly

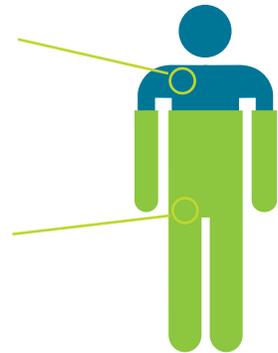
agree their organization has an effective onboarding program, leaving 82 percent of IT leaders citing room for improvement in new hire onboarding. As a result, only 16 percent of IT leaders believe their contingent workers are seamlessly integrated and performing well with the existing team. The strongest onboarding programs outline clear expectations and goals for the new hire, and they also allow the employee to evaluate the new team, leader and organization for long-term cohesion. In this way, onboarding plays a key role in employee engagement and satisfaction.

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Once roles are defined, clear expectations are set and new hires get into a daily rhythm, a manager's job is still not complete. An employee's performance needs to be managed throughout an engagement. To remain motivated and productive, workers need constructive feedback and encouragement. Managers must define the objectives, skills and behaviors most important to organizational success, and align these attributes with clear performance expectations for their employees. Managers should then set a framework to measure progress toward team goals, and can use these assessments to build career paths and development opportunities for their employees. Next, these expectations should be documented and communicated to each employee. Both employers and employees recognize the importance of a performance management system, yet only 16 percent of leaders strongly agree they have an effective performance management process to supervise contingent workers throughout an engagement. Managing performance for the full work cycle will create a more engaged employee, and an engaged employee will positively impact company performance.

Harvest Your Crop: Offboarding

When an assignment is complete and a contingent worker's contract has ended, IT teams can potentially lose a lot of value. After all, the employee has invested weeks, months or maybe even years contributing to multiple aspects of a project or many projects. The contingent worker has valuable skills and knowledge that an organization needs to retain. But only 14 percent of IT leaders strongly agree their organization has an effective offboarding process, and at the end of the contract, only 6 percent of IT leaders report that they conduct a formal offboarding process where knowledge and experiences are transitioned from contingent workers to internal staff.

When contingent workers complete their projects, they should perform a transfer of knowledge and conduct exit interviews. Effective offboarding ensures this critical insight and knowledge are retained and built into the organization's operating rhythm. In addition, an effective offboarding program will enable organizations to attract the best IT talent, which is critical as the demand for contingent IT labor increases. Offboarding offers a way for employers to expand their referral potential, as previous contractors can refer their friends and colleagues. Moreover, with an effective offboarding program in place, contract workers will be more likely to act as brand ambassadors for the organization.

Squirt! Enjoy the Sweetness of Your Home-grown Tomato: Conclusion

Contingent labor is on the rise. To achieve the greatest benefit from an IT team, IT leaders must be prepared to meet the challenges and demands of managing the contingent workforce: know what value the contingent worker can bring to the IT team; understand the motivations of the contingent workforce; welcome and integrate members of the contingent workforce to the team; ensure the organization is prepared with sourcing, screening, onboarding, performance management and offboarding processes; and be willing to provide contingent workers with development opportunities. Taking the right steps to prepare your contingent hires for success will help your IT team flourish.