Since December 2007, more than six million jobs have been cut in the U.S. When the recession hit hard in October 2008, many feared the impact could be far-reaching and long lasting. While there is still a high degree of uncertainty in the markets, we are fortunate to already see the signs of recovery. But, how could we move beyond an economic crisis of global proportions, recovering more quickly today compared to past recessions? In many respects, the economy’s overall shift to a more flexible workforce has allowed companies to efficiently scale back their operations, recuperate and position themselves for a rebound.

From Trend to Norm

While the continued uncertainty about the future plays a role in how companies utilize contingent labor today, the reliance on a flexible workforce through contingent labor is likely not a flash in the pan. Over the last 20 years, U.S. companies have migrated away from a rigid labor model as temporary and contract staffing employment grew more than 200% between 1987 and 2007.

All signs suggest this trend will continue. Even when economic indicators turn positive and demand picks up, many companies will opt to utilize temporary workers as they question whether they can or should increase full-time employee counts in advance of recovering profits. IT employment will increase 22% from 2010-2020. All other occupations are expected to grow 14.3%.

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The reliance on a flexible workforce through contingent labor is likely not a flash in the pan.
Clearly, companies realize that a contingent workforce offers opportunities for competitive advantage. Those businesses that take a strategic approach and proactively develop total talent management plans can enhance profitability, operating efficiency and flexibility without sacrificing quality.

Have Your Cake and Eat it Too

Compared with permanent staff, contract labor offers businesses some explicit advantages:

1. Flexibility to respond to ebbs and flows in resource needs
2. Access to expertise not currently available in-house
3. Time savings if contracted talent is secured and the hiring process is facilitated through a third party
4. Cost savings resulting from: (1) increases in staff productivity (current resources can stay focused on current responsibilities), and (2) not paying for increasingly expensive benefits like healthcare, long-term care and pensions

So, what’s the catch?

Historically, talent managers have avoided utilizing contingent labor for fear that contractors are lower quality employees who cannot get a full-time job. These contractors could, thereby, produce lower quality output and potentially erode an employer’s brand.

While managers are right to be cautious (especially when considering contingent labor for highly visible, large-dollar initiatives like the development of a core IT application or the enterprise-wide implementation of a new system) several industry trends are leading the recent paradigm shift in favor of contingent labor.

Generation Y:

Above money or a sense of identity and belonging, Generation Y values personal freedom and a strong work / life balance. They are attracted to the “free agent” opportunities a contingent position provides. As a result, the modern contingent labor pool does not only consist of workers who have no other choice than to contract. Rather, it is increasingly comprised of highly educated and skilled, independent-minded individuals who contract by choice.

Generation Y’s Top 3 Priorities²:

- Being a good parent
- Having a successful marriage
- Helping others in need

As an employer of Gen-Y, if you hope to develop and retain the top talent, consider their priorities. Realize that work won’t be at the top of the list. They value a true work-life balance. And they want an opportunity to give back to the community through your company.

Businesses that take a strategic approach and proactively develop total talent management plans can enhance profitability, operating efficiency and flexibility without sacrificing quality.

The Staffing Industry’s Maturity:

It is still possible to open a staffing operation with just a phone and a phone book. However, a new entrant with this business model would certainly have a tough time competing, as the staffing landscape has greatly matured over the last two decades. Today, there are staffing companies, and there are staffing companies worth working with. The difference between good and great often depends on a firm’s candidate network and systematic process to ensure customers receive the absolute best match of talent relative to their needs.

Businesses should look for several success factors to differentiate between good and great staffing companies:

- A massive candidate database specifically targeting desired skill sets

² http://www.openforum.com/articles/gen-ys-top-3-priorities-hint-work-isnt-one-of-them
THE RISE OF THE FLEXIBLE WORKFORCE

- A good read on local labor market dynamics (i.e. an understanding of skill set supply and demand, as well as strategies required to attract and retain top talent)
- A proven ability to tap into the passive job seeker market via referrals and networking
- Time invested, upfront, to understand a customer’s business, fully qualify customer requirements, and develop an Employee Value Proposition (EVP)
- Tangible screening process to qualify / disqualify candidates (i.e. it is possible to actually see the steps the firm takes to screen the best candidates out from its applicant pool)
- Consistent post-placement communication with the end-using manager and the consultant to drive retention and overall performance

Realistic Expectations about Permanent Staff Bandwidth:
Employers realize that quality outcomes are actually at risk when full-time employees are overworked to the point of burnout. While it is possible to require “more with less” and get results in times of crises or necessity, productivity increases under these terms can only last so long. Contingent labor allows employers to uphold quality standards, along with the productivity and morale of their full-time staff.

Smarter Talent Management:
Quite simply, employers are getting smarter about how they manage their talent. The belief that happy, high-performance employees help to achieve satisfied, loyal customers and greater revenues is not new. But how to identify, attract, manage, develop and retain happy employees is a topic that has gained momentum in recent years. Employers have started to think beyond traditional models to truly optimize their employee population. The use of contingent labor as a part of a larger talent management philosophy has proven itself profitable. For example, Nandu Nayar of Lehigh University and G. Lee Willinger of the University of Oklahoma demonstrated a strong link between improved financial performance and a contingent workforce. In a survey of staffing buyers by Staffing Industry Analysts, buyers reported that the median savings realized by using contingent labor was 13 percent.

Get Loose: Best Practices for Growing Your Workforce Flexibility

Identify Employment Models by Job Function:
Forward-looking companies do not let a strategy happen to them. Rather, they set goals and proactively plan how to “operationalize” their strategy. Talent management is no different. To be most effective, organizations should develop a total talent management plan by inspecting each job function and determining what type of employment—full-time, part-time, contingent or outsourced—makes the most sense relative to strategic priorities.

Involve All Impacted Stakeholders:
An organization’s talent management plan impacts multiple stakeholders. Hence, Human Resources (HR), Procurement, Vendor Management and hiring managers should work together to develop and establish a comprehensive view of success, representing their respective business objectives. Ultimately, plans that centralize performance visibility, but are executed locally, do a better job at encouraging true partnerships between talent suppliers and hiring managers relying on talent to accomplish strategic objectives.

The difference between good and great often depends on a firm’s candidate network and systematic process to ensure customers receive the absolute best match of talent relative to their needs.

Consolidate Vendors:
Upon identifying how to resource each job role and function, organizations should also consider how to optimize their vendor population. It takes time, resources and money to engage a large supplier list. Consequently, organizations can realize economies of

scale in terms of cost, accountability and institutional knowledge if they utilize a consolidated list of suppliers able to provide the most value.

Conclusion

Uncertain times require flexibility. Organizations should think creatively about how work gets done. Companies that proactively assemble and institutionalize total talent management plans, inclusive of contingent workers, can help position their businesses for continued success.

Forward-looking companies do not let a strategy happen to them.

ABOUT TEKSYSTEMS®

People are at the heart of every successful business initiative. At TEKsystems, we understand people. Every year we deploy over 80,000 IT professionals at 6,000 client sites across North America, Europe and Asia. Our deep insights into IT human capital management enable us to help our clients achieve their business goals—while optimizing their IT workforce strategies. We provide IT staffing solutions, IT talent management expertise and IT services to help our clients plan, build and run their critical business initiatives. Through our range of quality-focused delivery models, we meet our clients where they are, and take them where they want to go, the way they want to get there.
Andy Hilger  
**VICE PRESIDENT OF STRATEGIC OPERATIONS**  
Andy Hilger has more than 12 years of professional experience in the staffing services industry.

As the Vice President of Strategic Operations for Aerotek, Andy oversees the Marketing, Human Resources, Professional Development and Innovations departments. He also works to forecast the future of the staffing services industry, proactively monitoring shifts in client needs.

Andy was Vice President of Product Development at Mentor 4, Inc. for six years prior to its merger with Aerotek. While at Mentor 4, he helped clients streamline solutions to solve business problems, particularly within call centers. Andy then joined Allegis Group Services, where he served as Vice President of Chairman Accounts, helping to build and deliver customized solutions outside of Allegis Group’s traditional offerings.

During this time, Andy led his team to AT&T’s Supplier Excellence Award. Andy also earned the 2000 Shared Leadership Award from Allegis Group. Upon taking his current role at Aerotek, Andy was recognized with the company’s 2008 Significant Impact Award.

Given his unique perspective on the staffing industry, Andy has authored multiple white papers on contract staffing, re-engineering the recruiting process and talent acquisition within the Financial Services, Communications and Contact Center industries.

Andy graduated from the University of Notre Dame and later earned his Master’s from Temple University. He lives in Ellicott City, MD, with his wife, twin daughters and son. In his spare time Andy enjoys spending time with his family, reading, writing, playing golf and attending his children’s sporting events.