

5 KEY C-SUITE IMPLICATIONS OF THE CONTINGENT WORKFORCE

Elevating discussions of the contingent workforce to the C-suite can save an organization millions of dollars, give it an edge in talent acquisition and keep the enterprise nimble.



Introduction

Here's why the contingent workforce is increasingly playing a role in strategic dialogue at the highest executive levels.

Whether referred to as temps, travelers, freelancers, independent consultants, gig workers or consultants, contingent workers constitute a fast-growing and substantial segment of the workforce.

More than eight in 10 HR professionals say their contingent workforces have grown or remained stable over the past three years, and 90% expect them to grow or remain the same in the next three years.¹

When looked at in the aggregate, this workforce is massive, frequently encompassing thousands of workers and accounting for millions (or even billions) of dollars of spend. In many cases it's a top four spend category — an entire corporate P&L in most industries — that's literally moving earnings per share.

Yet despite its size and financial impact, the contingent workforce has historically been associated with “non-core” business functions and treated tactically.

The result has been missed opportunities to increase organizational flexibility, diversity, talent quality and overall value for patients and stakeholders.

At many leading organizations, this paradigm is starting to change. CHROs, CNOs, CFOs, CPOs and CIOs are playing a greater role in the decision to not only outsource the non-employee management function, but also to deploy a technological ecosystem to harness machine-based learning, data and intelligence to drive their businesses forward as part of their overall workforce and human capital strategies.



Charting a Path to Optimization

With the adoption of Managed Service Providers (MSPs), Vendor Management System (VMS) solutions, and advanced data and business intelligence solutions within the industry, contingent workforce programs are already driving value through savings, speed and quality like never before.

But within some organizations, even the most well-intentioned programs involve complex organizational charts to navigate, internal politics to overcome and vendor relationships or biases to acknowledge.

By the time a message about the contingent workforce program makes its way to an organization's top levels, it's sometimes diluted or changed. The result is a lack of intended action—or even the wrong action.

Since non-employee labor typically touches so many parts of an organization, it usually requires top-level endorsement to drive meaningful action. To demonstrate why this is so important, let's dig into five key implications of including the contingent workforce in C-level strategic dialogues: **quality of patient care, financial impact, talent acquisition, risk mitigation and total talent management.**



01 Quality of Patient Care

A top priority for many healthcare C-suite leaders, quality of patient care starts with the front-line providers. Many times, those very providers are contingent workers. Travel RNs and Locum Tenens have been increasingly utilized by the nation's top healthcare systems, especially during peak census times like flu season and the COVID-19 pandemic. It is important that this portion of the workforce meet the same high-quality standards of care as full-time employees.

Sourcing talent through an MSP/VMS solution allows the organization access to a network of vendors to tap top-quality talent nationwide. Standardized on-boarding processes, customized to specific regional matrices, ensure that contingent workers are fully compliant before every assignment begins. During and at the conclusion of the assignment, front-line managers can provide feedback on their satisfaction with the contractor's performance.

**On average, approximately
1 in 10 contingent workers is being
converted to a permanent employee.**

**It is key for leadership to keep a pulse
on the level of quality and ultimately
the standard of patient care
provided by the organization.**

02 Financial Impact

Many contingent workforce programs encompass hundreds of millions of dollars (even billions). Regardless of where your organization falls in this spectrum, that's a material amount of money that should be monitored and optimized. In addition, with the current economic uncertainty that's accompanied the coronavirus pandemic, many organizations are actively pursuing cost optimization opportunities.

Contingent workforce programs that are optimizing their pricing and sourcing strategies through an MSP and VMS can **typically save 6% to 10%**, and in many cases, drive significantly more cost savings than that. Among Magnit Healthcare (RightSourcing) clients that have aggressively pushed innovation and mandated program governance — **another reason executive-level discussion is critical** — **savings have exceeded 10% to 15%**.

Applying those percentages to a \$500 million program can result in roughly \$50 million a year in cost savings, which can be used for other organizational initiatives or returned to ownership.

03 Talent Acquisition

According to a recent survey, attracting and retaining top talent is the number-one internal stressor for CEOs and other C-suite executives globally.² Since highly skilled non-employee labor is such a critical pipeline for talent within the organization (both project and FTE conversions), including it in total talent management and workforce planning at the highest levels is essential.

Many organizations use contingent labor as a “try before you buy” solution for talent, often converting these workers into full-time employees after they have been vetted.

Furthermore, non-employee labor can be proactively sourced or reactively leveraged for organization-critical needs, either to keep supplementing coverage when full-time employees are out or tapping into resources for a rise in patient census as needed.

In this way, the contingent workforce strategically allows for organizational flexibility, providing organizations an opportunity to expand or contract resources quickly during uncertain times (such as COVID-19).

Non-employee labor also impacts diversity and inclusion DE&I initiatives and allows for savvy organizations to tap into new talent acquisition strategies. For example, organizations can “pilot” remote work in new or more diverse markets through low-risk contingent labor, driving new opportunities to hire working parents, disabled candidates, etc.

Contingent workers also have a **direct impact on employer brand, providing feedback and insights into how the labor market views an organization.**

For example, temporary workers can rank their experiences on Glassdoor, websites, etc., thereby shaping how the workforce views opportunities at your organization.

Figure 1

04 Risk Mitigation

Like all aspects of society, the workplace continues to become more data and tech-driven, with regulations and risks associated with areas such as employee data privacy, diversity and inclusion, work-from-home protocols and more on the rise.

Thus, although not the favorite topic of any executive, ensuring that the organization is mitigating risk is critical — and not just from a tactical perspective.

More than 90% of executives expect risk management to become more important to achieving strategic goals in the next five years.³

The contingent workforce offers a myriad of compliance, tax and benefit risks associated with worker misclassification and co-employment laws to navigate. The complexity is further increased as ambitious organizations attempt to simultaneously globalize and localize their operations. Furthermore, the growing preference of knowledge, specialized-skilled, white-collar workers across the globe to work on a contingent basis rather than full time is also radically accelerating the complexities of this segment.

In addition, there's been a tremendous amount of negative publicity for organizations that have had to announce layoffs and furloughs as the economic roller coaster has continued. Savvy organizations that leveraged contingent workers have been able to **better manage these economic swings and potential PR obstacles** without the same level of impact to their full-time workforces.

05 Total Talent Management

What could be more relevant to executive leadership than having a full understanding of their workforce composition by geography, labor type, etc.?

While total talent management has been a “buzz” term in the industry for years, the idea of a holistic workforce has continued to pick up steam — especially in this new world of work — with a majority of executives showing an increased interest in workforce information.⁴

In short, with talent being dispersed across multiple labor pools, organizations need to be able to understand their workforce and where everyone is located. Further, it’s important to know who has access to facilities and — perhaps most critical — intellectual property. In addition, organizations also need to be able to quickly and efficiently communicate with the workforce during these rapidly changing times.

Moreover, leveraging key data points on the entire workforce allows for much more strategic dialogue around workforce planning initiatives, which will be critical as organizational footprints evolve and new talent pipelines emerge.

Put another way, business intelligence enables organizations to move beyond the short-term mindsets that can limit talent retention and stunt global growth initiatives. Instead, complete workplace visibility enables much better strategic workforce forecasting, driving business decisions that position an organization for long-term success and growth.

To this end, leveraging MSP, VMS and business intelligence partners for workforce data and insights can help organizations deepen their understanding in this area and gain a competitive advantage in the war for talent.

Realizing the Benefits of a Strategic Approach

In today's current landscape, elevating discussions of the contingent workforce to the C-suite can save an organization millions of dollars, give it an edge in talent acquisition and how the external workforce views the brand, play a major role in DE&I initiatives, ensure the organization is properly mitigating risk, and keep the enterprise nimble.

To start realizing these benefits, take the following steps:

- Make time to discuss the contingent workforce program in strategic dialogue with organization leaders
- Ask contingent workforce program sponsors to participate in these discussions, and leverage their expertise and experience
- Invite key business users and vendor partners to contribute to these dialogues to better understand their needs
- Ensure the organization is optimizing all workforce spend under management
- Align the contingent workforce program with the organization's broader goals and strategic initiatives
- Create and implement strong processes to ensure workforce program health and governance

The organizations that start to address the contingent workforce as a strategic component to the overall enterprise will realize substantial gains in the years ahead, while driving significant value for patients and stakeholders.

If you're interested in learning more about how Magnit Healthcare is reimagining healthcare organizations' contingent workforce programs, please contact us: healthcare@magnitglobal.com



Footnotes:

¹ HR.Research Institute, "[The State of the Free Agent Nation and Contingent Workforce](#)"

² The Conference Board, "[Survey: Business Leaders Start the Year with Lingering Concerns About Talent Shortages & Recession Risk](#)"

³ Deloitte, "[Reimagine Risk: Thrive in Your Evolving Ecosystem](#)"

⁴ Deloitte, "[Governing Workforce Strategies](#)"

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