



MDI Group: Gathering Thought-Leadership in Contingent IT Talent Acquisition, Management, and Consulting

Issues:

An old saying among economic strategists reminds us that the only business climate more challenging than a recession is a recovery. This is especially true for companies with a significant reliance on Information Technology talent. When planning for growth, especially after a period of stagnation, companies depend on their agility to shift with the demands of a rapidly evolving market. Workforce and knowledgebase flexibility is key—especially in the ever-changing field of IT.

As companies prepare for growth, they are faced with very specific IT workforce management challenges: planning and staffing when market demands can change on the proverbial dime. Skill sets that were relevant six months ago may be obsolete, and the capital and opportunity costs of reallocating resources, maintaining utilization, or retraining labor can be daunting for any company.

To stay ahead of the demand curve, companies must focus internal resources on core competencies, while adopting a lean management solution of a strategically outsourced, project-focused IT workforce. The acquisition and management of this contingent workforce becomes critical to ensure maximum return on investment.

In order to meet challenges like these, more companies are turning to contingent workforce management programs or Managed Service Provider (MSP) solutions. Most organizations adopt these solutions to control costs and increase efficiencies, and traditional programs are mostly built to meet these needs. However, there are many intricacies that make the IT contingent labor category more complex to manage:

- Increasingly, IT positions are requiring business skills – compounding the complexity of finding “right-fit” talent
- IT skill-sets are constantly changing making recruiting and bench-marking of rates more difficult
- A necessary reliance on Independent Contractors for specific IT engagements
- Cross-over of engagement models between time & material and deliverable-based outsourcing
- The project-focused nature of many IT positions
- Challenges around defining contingent labor expectations and deliverables

In addition, a gap has developed between the traditional objectives of the program (control costs and improve efficiencies) and the core labor objectives of the IT department (maximize the quality of contingent labor to effectively meet the business objectives). To off-set these issues, many organizations are evaluating a specific or separate management program for their external IT labor.

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The new Contingent Workforce Management Model

The goal is simple: Implement a program that locates and acquires outstanding people who meet very exacting standards and complex requirements – within market rates. However, achieving this goal requires much more than just a general understanding of staffing. Without an in-depth understanding of the IT labor category and open communication, even the most well-intentioned programs will fall short in fully-supporting most IT departmental needs.

Several characteristics of successful programs are beginning to surface, but what MDI Group has learned is that our clients are best served by a hybrid approach. Programs must be able to deliver the operational efficiency of a traditional MSP or VMS program, with the high-touch service capability of an IT consultancy.

To meet these challenges and ensure maximum return on IT investment, a contingent workforce management program must be able to:

- Provide specific IT knowledge to plan, identify, and manage IT talent
- Support multiple external labor-service models – including Time & Material, Fixed-Price (SOW), and Off-shore – with the knowledge to know when/how to utilize each model
- Maximize the value of each contingent labor position
- Integrate with an IT organization's demand and resource capacity planning function
- Facilitate 3-way collaboration between all parties (hiring managers, suppliers, and contingent workforce program managers)
- Gain deep and specific understanding of company culture, strategy, and success measures
- Deploy best practices to find best-fit candidates
- Appropriately mitigate risks associated with Independent Contractors
- Streamline the end-to-end labor procurement workflow to increase efficiencies

While each of these components is extremely important, such programs typically succeed or fail based on program management's (or the MSP's) level of subject matter expertise and/or the ability to support effective communication between all parties.

The traditional focus areas of contingent workforce management programs will always remain important, but in order for companies to procure the best talent and maximize contingent labor ROI, this new approach is taking-shape. To meet these challenges head on, MDI Group is talking to leading companies to see how the next generation of contingent workforce management programs might help them meet goals on both the strategic and tactical levels as the market evolves. We'd like to start a dialog to learn about your unique challenges and share best practices. Please visit our booth at the 2009 Contingent Workforce Strategies Conference or contact us at 888-416-7949.