

# Spend Matters™

## With no technology for total talent management, companies must build a workforce plan that is ‘truly flexible’

*This content was originally published on [Spend Matters](#). It has been reprinted with permission.*



The external workforce space is difficult to manage and define because of its many moving parts and multiple names, like “extended workforce,” “contingent workforce” or “temporary workforce.” But with the right strategy and understanding of the latest technology, you can better manage all of your personnel and attain workforce flexibility.

The complexity begins inside a company, where siloed departments seek different types of workers and use different technology to find and manage them – effectively creating a [hidden workforce](#) for any CEO who wants to have a snapshot of all personnel.

The coronavirus crisis further complicates workforce matters. As companies get used to the new normal of remote work, they are having trouble finding talent fast enough as they try to complete projects or start new initiatives.

So companies must try to address problems with their workforce visibility and performance. They have a lot of internal job needs and a lot of external options to find the right people to do the work.

In a Q&A, we’ll get insights on how to achieve that flexibility from BearingPoint’s Dietrich Pankratz, the Operations Consulting Leader in the US. He has been researching the issues around how the use of external workers has evolved in the US, Europe and globally.

### Q&A

#### **Spend Matters: What can be done to help senior managers get a full picture of their external workforce?**

**Dietrich:** The first step to understanding what and who makes up your external workforce is to first assess how your organization is engaging the external workforce. This means taking a realistic look at the “who, what, where, when, why and how” this is happening across the various departments within your business. Often, what we see is that senior managers are quick to look at the technology that’s on the market to begin tracking who is in their external workforce, and often they get sold on a technology that only covers

a limited portion of the external workforce – such as a vendor management system (VMS). This is usually done before the organization has even begun to understand what types of external workers they are engaging and for what business needs, and unfortunately there is not a single technology on the market today that covers the management and procurement of every type of single external worker your company can engage. Because of this, it is even more critical to first understand what types of business need one is trying to solve with external workers and then determine how to engage the external workforce.

## **Once you get a wider view, how do you make sure you have a flexible workforce?**

This is the next phase after gaining an understanding of what types of external workers you are engaging throughout your company. Once you can answer this question, you can begin to plan out when it makes sense to engage internal or external staff for the work, and you can build a strategy that enhances your ability to be flexible in the market with your workforce. From here you can then start to realistically assess what type of technology can best support your company in light of your flexible workforce strategy.

## **When seeking workers across state lines or in other countries, how should companies think about complying with laws and regulations across borders?**

This is where the external workforce gets very complex. States and countries can have widely varying labor laws that dictate how you engage and even how you define what an external worker is.

Take California as an example. For the last several years, we have seen them redefine the term “independent contractor” in various capacities, forcing companies engaged with external workers in California to need to rapidly adjust how they are engaging their labor.

We even see this country to country, where in France there are tighter controls around how workers are engaged and procured than in a country like Romania. Because of this, it is critical for companies to first assess the who, what, where, when, why and how that they are external workers, and then to build a plan that is truly flexible in how it operates – keeping in mind this may look different country to country or even region to region. Technology can then be leveraged to track and manage the flexible workforce across the various engagements happening across the company.

## **What problems has the coronavirus disruption added, and what existing problems has it revealed?**

Coronavirus has actually created what we would call a good disruption in the world of external and flexible labor. Companies are now more aware than ever before that they can engage remote workers with similar results to bringing them onsite, meaning they have a larger network of talent within the external labor pool to pull from. In addition to this, companies tend to have a better understanding of the need to be flexible with their workforces. Nobody could have predicted the world would shut down in the way that it did, and with this brought an extreme need to adjust the size and scope of work being performed. While coronavirus is an extreme example, it is glaring proof that companies need to be able to adjust workforce quickly as economic and global situations arise, and they need to be able to think with an agility around supplementing this workforce with external engagements in order to ramp back up quickly. Having a flexible workforce plan in place can greatly reduce the stress of events like this for companies in the future.

## **Are you seeing solutions to these problems in other parts of the world that can apply to other countries when those nations reach the recovery phase?**

While the complexity is still a major challenge on the market, we are seeing companies start to take a new approach to manage complex labor services with a technology called AES/32. This technology originated in the European markets and initially took off more prominently within the Chemicals, Automotive and Manufacturing industries, but we are now starting to see it being applied across other industries as well. This technology is now starting to take off in the US as the challenges with complex labor services are overwhelming companies that need to begin scaling up quicker and hiring more services in light of the new normal we are experiencing with Covid.

AES/32 simplifies many of the complexities experienced with sourcing and procuring labor and services that we don't see available in other leading technologies on the market today.

AES/32 also helps manage the workers on the job – efficiently tracking job assignments and re-assignments, getting workers to input their project status and hours worked, and ensuring they can be at a certain job site and are permitted to do the job. The system offers this visibility into the work but also the spend, helping to analyze supervisor-to-worker ratios and assess if the work programs are cost-effective.

These are examples of gaps in the current technology that AES solves.

## **How should companies begin to assess their needs for the extended workforce, and what mix of technology and policy should be used to set companies on the right track?**

The key to this question begins with an assessment. As mentioned earlier, the best starting place is to understand how your company is engaging with the external workforce today. We often see that department to department the engagement, tools, procurement policies, negotiations and tracking can be substantially different within the same company. Failing to do an assessment first can lead to obstacles down the road when you have found decent technology to support your visibility and controls and now need to merge all of your departments together under a single approach. BearingPoint always approaches this topic with the recommendation of an assessment, followed closely by a plan to engage a flexible workforce, and then determining the best technology to support your company's unique goals.

## **Do you have a favorite example of a company that has seen success in managing its external workforce?**

Yes, we recently concluded a global study on external workforce management and helped the client to establish a strategy that would support a flexible workforce strategy through the development of an overall target operating model.

It consists of a holistic technology landscape, with leading-edge solutions, the proper governance and organization structure, as well as globally defined processes from the need of an external workforce to the offboarding process.

We also took into account latest trends and technologies around the gig economy to provide additional flexibility but also a layer of complexity.

*Further information on this topic and others can be found at this website: [www.spendmatters.com](http://www.spendmatters.com). Reproduction of this publication in any form without prior written approval is forbidden. The information in this report has been obtained from sources believed to be reliable. Spend Matters disclaims all warranties as to the accuracy, completeness, or adequacy of such information and shall have no liability for errors, omissions, or inadequacies in the information contained herein or for interpretations thereof. The reader assumes sole responsibility for the selection of these materials to achieve its intended result. The opinions express herein are subject to change without notice.*

## **Is there anything else we should know?**

The best thing we can recommend if you are starting this journey to understanding your external workforce is to keep an open mind. Company to company, state to state and country to country, the external workforce is in a constant state of change.

This can be overwhelming if you go into the assessment expecting to see a one-size-fits-all model that you can apply to how you engage external workers and keep your workforce flexible.

BearingPoint always looks at each company through a unique lens because there isn't a one-size fits all model in the market today, but we can bring you the leading practices we see across companies to guide you in gaining the flexibility, visibility and control you need to manage your external workforce well. ■

This Brand Studio article was written with [BearingPoint](#).