Contingent Workforce Management | Pinnacle Model® Analysis

September 2020: Complimentary Abstract / Table of Contents

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- This report is included in the Strategic Outsourcing & Vendor Management membership
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More about membership

In addition to a suite of published research, a membership may include

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model® reports
- PriceBook
- Virtual Roundtables
- Workshops

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Everest Group® RESEARCH

Contents

For more information on this and other research published by Everest Group, please contact us:

Michel Jenssen, Chief Research Officer

Amy Fong, Vice President

Arkadev Basak, Vice President

Karneek Patel, Senior Analyst

Pinnacle Model® research methodology

Definition of Pinnacle Enterprises™

Everest Group Pinnacle Model® assessments identify Pinnacle Enterprises, companies that are achieving superior business outcomes because of their contingent workforce management capabilities. The journeys of these best-of-the-best companies provide insights around how effectively enterprises can leverage their contingent workforce programs to achieve desired outcomes. Whether companies are wanting to make incremental changes or achieve major transformations, Pinnacle Enterprises exemplify the way to success.

Define the topic	We evaluate multiple topics to identify hot topics that will resonate globally with sourcing leaders. We work with internal and external SMEs to define the topic and set boundaries
Survey enterprises	We use surveys, RFIs, and other data collection methods to gather information from enterprises on capabilities and outcomes associated with the topic under evaluation
Interview participants	We then conduct interviews/roundtables with a subset of participants to gain deeper perspectives on their experiences, challenges, and journeys
Form hypotheses	We form an emerging point of view on the correlations between capabilities and outcomes, adoption trends, and key success factors
Validate and refine	A cross-section of SMEs from various practices debates and refines the emerging hypotheses
Publish and educate	We compile and share final results with participants, our members, and other stakeholders in the global services sector. Participants also receive a high-level customized analysis

In the current Pinnacle Model Analysis, we look at enterprise contingent workforce management practices to compare outcomes with associated capabilities

Pinnacle Enterprise differentiators

Accelerating your contingent workforce program journey

Implications for enterprises

Contingent workforce
Definition

Workforce categories

☐ Focus of research

Permanent workforce

Contingent Workforce (CW)

- Temporary workers (primarily sourced through staffing firms)
- Statement of Work (SOW) / services procurement
- Freelancers / independent contractors (ICs)
- Interns
- Crowdsourcing
- Others

Outsourcing
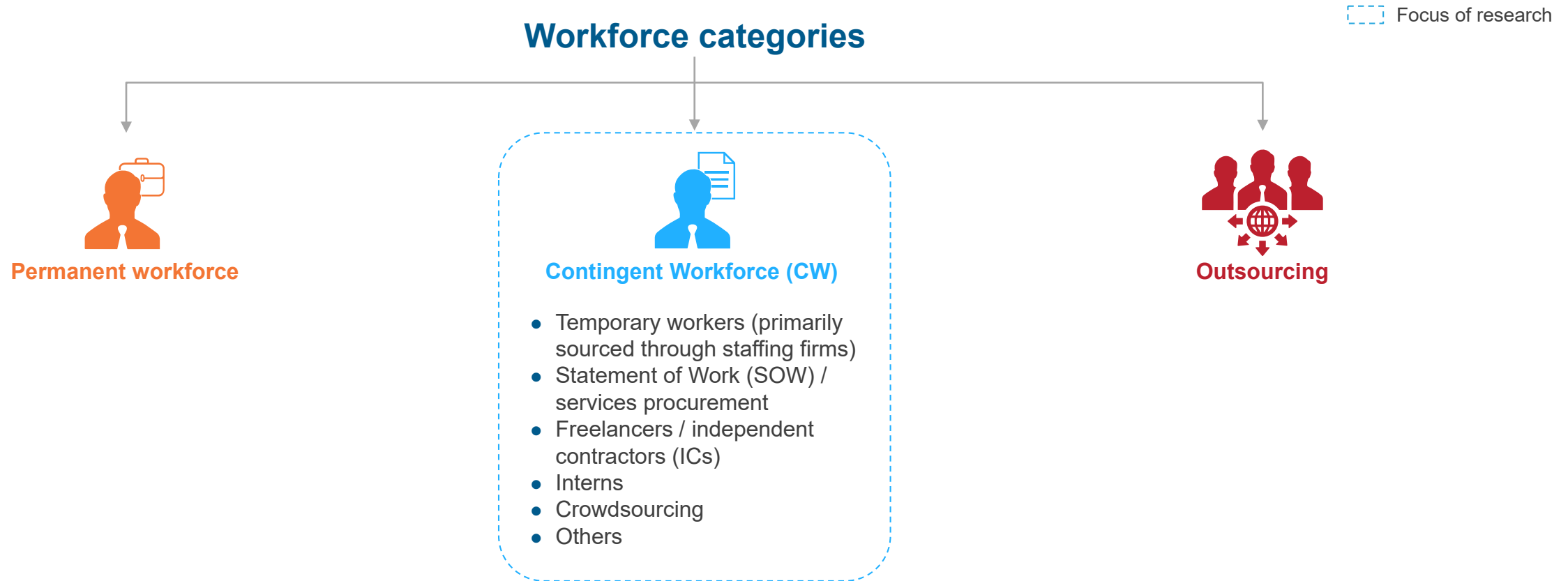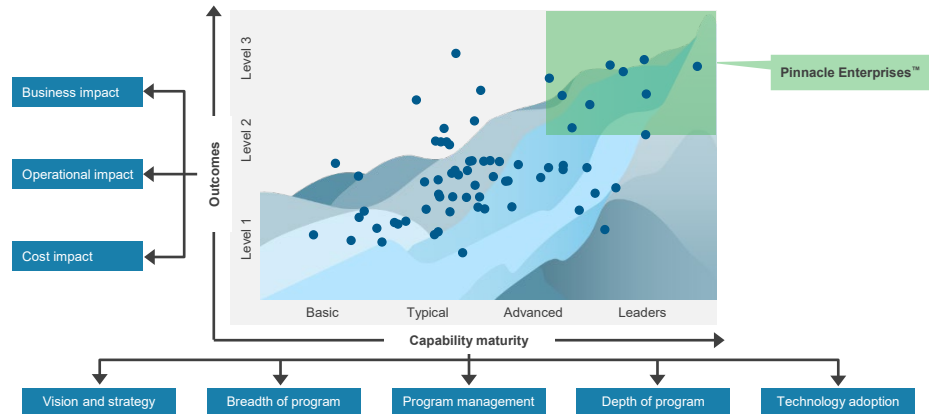
This study offers four distinct chapters providing a deep dive into strategy and approach taken by enterprises for contingent workforce management; below are four charts to illustrate the depth of the report
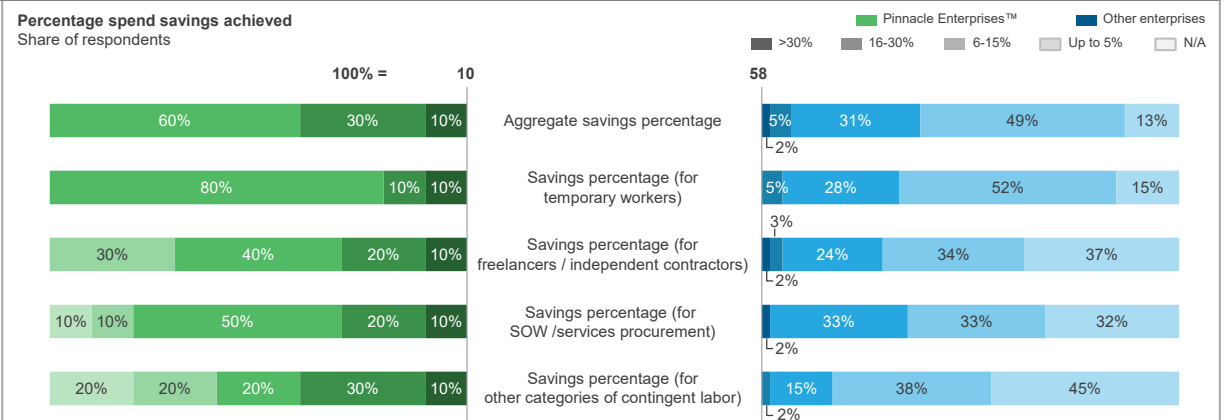

Differentiators for Pinnacle Enterprises™

Key implications for enterprises

- An organization's vision for CWM dictates the CWM program's effectiveness
- Closer alignment with HR and leadership can lead to better outcomes
- Even though CWM has been leveraged for a long time, there are variations in terms of program effectiveness and impact
- Next-generation best practices improve overall CWM effectiveness
- Digital elements are key to creating an effective CWM program
- Services procurement is the next frontier in contingent workforce management

Accelerating your contingent workforce management journey

Extent of capability gap

Significant gap — Moderate — Limited gap

Extent of sub capability gap compared to Pinnacle Enterprises

Capability	Sub capability	Basic	Typical	Advanced	Key journey accelerators for GICs
Depth of program	SOW / services procurement management	🟥	🟥	🟩	**Widening the focus of CWM programs to include more strategic and advanced practices to cover both qualitative and quantitative aspects of CWM** • Pursuing strategic workforce planning, demand management, and tail-end and rogue-spend management for better workforce management
	Performance tracking	🟥	🟧	🟩	• Establishing internal and external talent communities and leveraging direct sourcing for better and greater talent sourcing opportunities
	Talent sourcing practices	🟥	🟧	🟩	• Carrying out training and empowerment programs for suppliers to help them source and select the right candidate; creating a scorecard system and rewards programs to create a healthy competition among suppliers
	Supplier relationship management	🟥	🟧	🟩	• Moving beyond just transactional processes such as headcount tracking and billing & payments to more strategic processes such as category management, strategic sourcing, and SOW spend analysis to get the most out of SOW contracts
	Workforce management practices	🟥	🟧	🟩	• Building well-defined and standardized metrics across the organization, with periodic reviews and updates

Assessment of capability maturity and outcomes

Percentage spend savings achieved
Share of respondents

Pinnacle Enterprises™   Other enterprises

>30%   16-30%   6-15%   Up to 5%   N/A

100% = 10   58

	Pinnacle Enterprises	Other enterprises
Aggregate savings percentage	60% / 30% / 10%	5% / 31% / 49% / 13% / 2%
Savings percentage (for temporary workers)	80% / 10% / 10%	5% / 28% / 52% / 15% / 3%
Savings percentage (for freelancers / independent contractors)	30% / 40% / 20% / 10%	24% / 34% / 37% / 2%
Savings percentage (for SOW /services procurement)	10% / 10% / 50% / 20% / 10%	33% / 33% / 32% / 2%
Savings percentage (for other categories of contingent labor)	20% / 20% / 20% / 30% / 10%	15% / 38% / 45% / 2%

Everest Group®

With you on the journey

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Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-416-388-6765