

Achieving Cost-Effectiveness Through The External Workforce

While businesses have long acknowledged the importance of the external workforce, COVID-19 placed a spotlight on the workforce's remarkable capacity to lend flexibility in times of profound disruption. External workers (often referred to as "contingent workers," "gig workers," "freelancers," "contractors" and "temporary staff") are a growing portion of the workforce. Recent economic trends suggest that contingent workers are critical for ensuring business continuity and enabling organisations to take steps toward recovery.

When a business is planning an investment in its workforce, managing costs is a key consideration: How much would it cost to hire contingent workers? What would the return on investment (ROI) be? How much can we save and how soon can we achieve our goals aided by their talents?

Research shows that 42% of a company's workforce spend is on external talent. Yet, many executives lack visibility into this large and critical spend category, and do not manage it effectively. With a share of spend so sizable, attaining cost-efficiency is imperative for both Procurement and Human Resources functions within any organisation. Here are four tactics to ensure the financial investment in the external workforce is cost-effective – to not only save money but generate value for the long run.

Planning Ahead

The costs of a wrong hire can be steep. Determining which jobs and tasks require which type of skills and talent in advance allows a business to speed up the hiring process. When workforce planning takes a back seat, businesses end up scrambling for talent at the last minute, sometimes sacrificing quality and skills in favour of speed. Strategic planning and working with workforce vendors on identifying and procuring the appropriate talent can conserve a lot of money, time, risk and effort. Talent must be readily available to meet projected demand whenever and wherever it arises.

Cutting Costs Isn't Always The Ideal Solution

Cost-cutting is one of the key tactics businesses adopt to manage the bottom line, especially in difficult economic times. However, often, it's only a short-term solution for a persistent business problem. Any financial investment made on external workers should be made by considering them a long-term investment versus a short-term cost-cutting measure. For instance, training and development, access to tools and technology, performance feedback - all should be provided for every external worker, with an eye toward increased engagement and productivity. Upskilling prepares a worker to fill a critical role immediately and drives better results from workers; precluding the need for the business to seek out new talent and the costs associated with it.

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Leveraging MSPs

Managing routine activities like monitoring the day-to-day responsibilities, maintenance and IT support can be time-consuming and not necessarily cost-effective. A Managed Service Provider (MSP) can provide expertise and industry knowledge for these standardised tasks, rather than managing such programmes in-house. MSPs also provide

consultation and offer expertise on the best tools and technologies to implement. MSPs are typically compliant with regulations and industry standards and can drastically reduce overhead costs.

Gaining Visibility Into The External Workforce

It's always easier to manage what can be seen. What cannot be seen ends up in decisions based on speculation. Research shows that many organisations lack visibility into even the basics of their external workforce such as contract terms, who is doing the work, where they are located and what they are doing. Obtaining access to performance data enables business leaders to make more informed decisions that help to deliver value. With greater visibility into their contingent workforce, a leader can make quick decisions even in disruptive times, with agility, eliminating some of the invisible costs such as compliance, risk and productivity – without the long-term costs of hiring the wrong candidate!

Managing an external workforce may seem easier said than done. To get the most value out of a contingent workforce programme and to ensure its cost-effectiveness, processes must be streamlined, time spent on trivial tasks has to be decreased, and digital tools must be implemented to get deeper insights into the programme. Cloud-based platforms can help business leaders make impactful decisions in service of productivity and enduring value.

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Vish Baliga is the Chief Technology Officer and has been with the company almost since its inception. He plays an integral role in SAP Fieldglass' award-winning solutions, establishing product strategy and managing the application's design, development, testing, and delivery. He oversees several departments including technology operations, product management, information technology, quality assurance and security.

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