

Direct Sourcing Program Design



Introduction

Even the best talent organizations can struggle when it comes to launching an enterprise-wide direct sourcing program.

Most efforts are well founded, but struggle on the assumption that informal direct sourcing activities can scale up easily (they don't), and on faulty program logic that fails to consider program participation dynamics, from the talent's point of view.

For organizations that want to get it right these challenges are in fact opportunities. Launching an effective direct sourcing

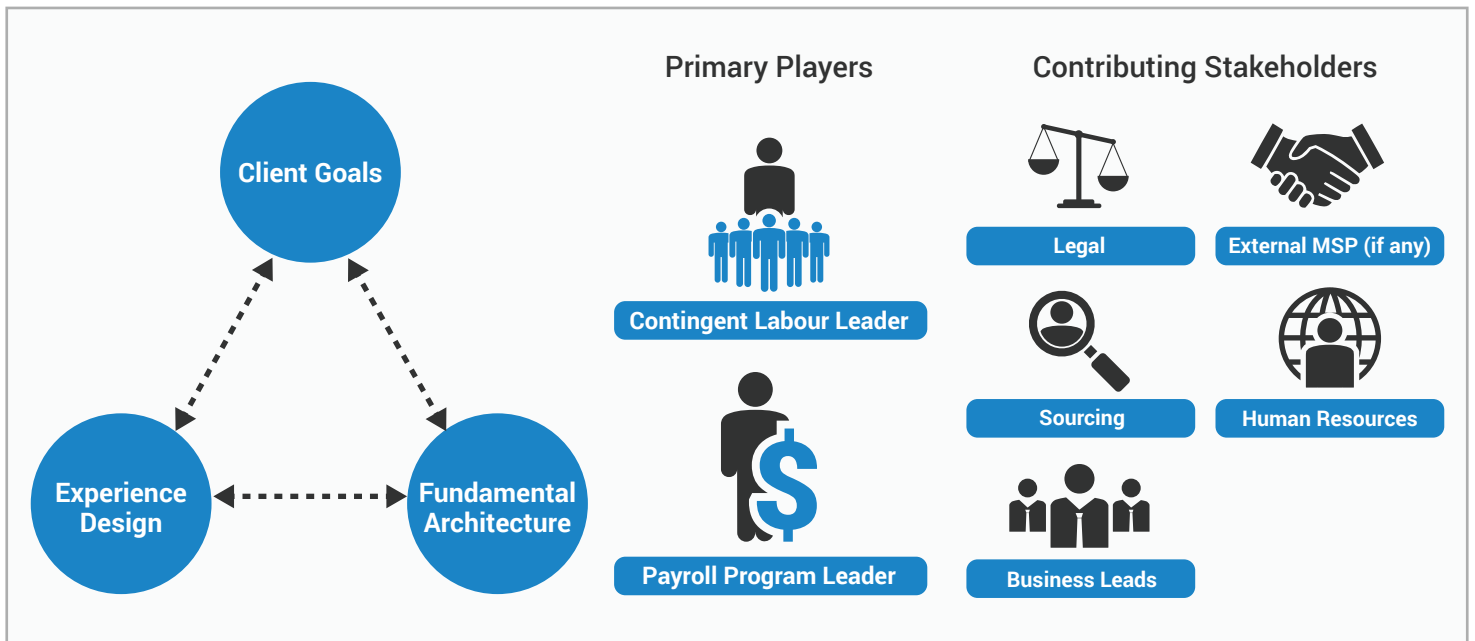
program will allow your organization to build a community of engaged talent, thereby lowering the cost of acquisition and increasing contractor performance while on assignment.

In this paper we share our thoughts on how to build an effective direct sourcing program by first considering client objectives. Next we'll discuss our approach to experience design and then provide an overview of the fundamental structuring decisions all programs should include.

Procom's Design Model

Best-in-class programs are designed with a three-part approach – goals of the organization, experience of the candidates and program architecture.

Our typical approach involves a cross functional team of key client representatives and supporting team members. Change management is fundamental and requires its own dedicated work stream.



Check out our entire direct sourcing reading series

This paper provides an introduction to direct sourcing program design. Check out our other publications on [What is Direct Sourcing?](#) as well as [Cost Optimization & Risk](#) for more in depth detail.



Client Goals (and Resourcing)

Great programs start with a set of clear and achievable goals supported by a resourcing plan that provides all of the people and technology resources required to achieve success.

Most clients we work with will pick 2 or 3 of the goals below as the principal focus of their program, and are careful to ensure all of the associated resourcing questions are addressed.

Goals

1. Better access to talent
2. Save money
3. Increase transparency & control
4. Improve contractor experience
5. Independence from vendors
6. Manage risk

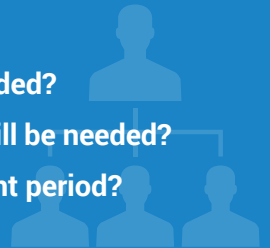


Particularly during the start up phase, certain objectives can seem very time and effort intensive. There is always the risk of misexecution if the program and committed resources are not compatible.

Once goals are set, we're ready for the step in the planning model - experience design.

Resourcing

1. Who will do the work?
2. What process changes are needed?
3. What technology investment will be needed?
4. Start up costs, and development period?
5. Executive sponsorship?



Experience Design: The Source of Participation

Building a community of engaged consultants and future employees is not easy – it requires very intentional thinking *from the talent's perspective* about the experience and benefits of participation.

Poor experience design and inconsistent participation incentives will mean your program is unlikely to resonate with contractors and those that do join, will tend to fall off quickly.

Programs with a less-than-ideal contractor experience can still be successful in the 'on assignment' phase of the lifecycle, and deliver basic objectives around assignment compliance and spend transparency. Unfortunately they typically fail to meet the larger goal of building a community of engaged talent that can be relied upon for future initiatives.

At Procom, we off-set this by leveraging a process based on experience design. This includes analyzing your organization's current needs and environment, followed by development of participant personas and crafting relevant value propositions at each phase of the relationship lifecycle.

Our process



Needs Analysis

Where are the quick wins?



Develop Personas

Build clear, compelling value propositions



Map Relationship Lifecycle

Stay relevant across the entire lifecycle



Program channels

Build service channels and experience.



Key event experience design

Plan your approach to critical service moments.



Proof of concept

Learn. Adapt. Save costs.



Measure, adjust, scale

Tie it all together, and measure.

Fundamental Program Architecture

In tandem with the experience design process, every program needs to define its fundamental structure and policy decisions that will govern day to day operations. We define this as the people, process, policy and technology elements of your direct sourcing program.

Identifying and addressing these components is fundamental to the success of your direct sourcing program, however

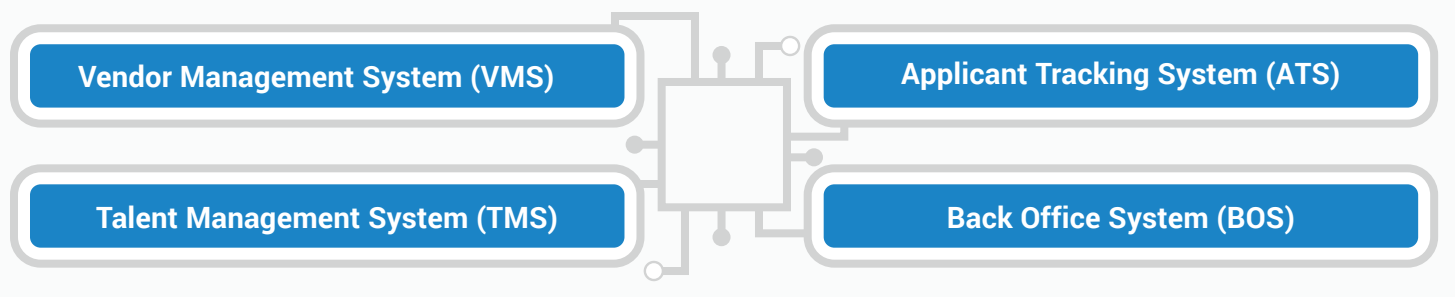
many organizations approach these decisions in an ad-hoc way as opposed to part of a larger design and outcome driven initiative.

Procom's model starts with establishing a payroll management model, and then identifying each element within the program design by using our '5 Big Decisions' chart, as shown below.

5 Big Decisions of Program Design

 Payroll Management Model	 Sourcing format	 Rate card management	 Onboarding requirements	 Governance / KPIs
Who on-boards and pays the workers? What legislative requirements or considerations must we have? Can we do this in house, or should we out source this function?	What are we already doing? What internal recruiting resources and capabilities do we need for this to work? What active or passive recruiting strategies will be used?	What controls can be used to prevent rogue spend? How can we capture actual savings vs theoretical savings? How will position inflation / rate card violations be governed for payrolls?	Will payrolls face the same strict program controls as vendor sourced workers? (insurance requirements, certifications, etc.) Who will do this work? Who will bear costs?	How does our performance rate against our peers? What is the best model to measure and manage performance? What controls can we implement to minimize fraud other problems?

Technology Platform Choices



A Quick Note About Technology Choices

Good technology choices can really accelerate a program, and establish a basis for tracking program health and benefits.

Most clients at enterprise scale will have a Vendor Management System, however frequently these systems are often oblivious to talent and supplier experience and can actually be a hindrance to direct sourcing success.

Best in class programs will look to deploy some combination of ATS, TMS and Onboarding/Back Office platforms (see sidebar) to support professional job order management, talent community building and full visibility on the service experience encountered by contractors on assignment. These components can be sourced a la cart, or as part of a software/service bundle through an identified payroller.

Wrap Up

Building a strong direct sourcing program can be as easy, or difficult as you make it - it all depends on your goals and approach.

A basic program will offer a clear framework for onboarding and managing your contingent workers safely over the engagement lifecycle.

More ambition programs will set their sights higher, and strive to make direct sourcing a proactive part of their overall talent strategy and build durable contractor relationships that will span many years and multiple engagements.

The key success is clear thinking on program benefits and experience, *from the contractor's point of view*, and a balance between identified goals and committed resources. Anything less can negatively impact the future of the working relationship.

Technology Platform Choices

Vendor Management System (VMS): Software to automate the services procurement lifecycle, coupled with Client centric timesheet, invoicing and contract management tools. Typically designed and deployed from the Client perspective, and often not 'friendly' to workers or suppliers.

Applicant Tracking System (ATS): Recruiting software for managing all activities for active job orders and job order applicants. Normally deployed to organization recruiters only, and not visible to outside stakeholders (hiring managers or contractors).

Talent Management System (TMS): Software to build a Talent Community, and then nurture and grow relationships with its members. May include some light ATS functions, but has a much greater emphasis on fostering a positive talent experience, full lifecycle engagement and social communication.

Back Office System (BOS): Software used to manage onboarding and contract management activities between the talent and their Employer of Record or Agent of Record. Critical experience channel for relationship compliance controls, worker satisfaction, and error recognition/resolution activities.

At Procom, we design based a three-part approach, that has evolved through our many years of experience in building best-in-class programs. We leverage business design techniques to establish a program framework that encourages participation, reduces turnover and helps our clients build a powerful talent brand.

We believe our design approach provides our clients with the ability to operate a leading talent management program. The result is increased access to skilled talent, a reduction in acquisition costs, and improved service levels for all.

And that makes good sense.

About Procom

Since 1978, Procom has been providing organizations with support for their contingent workforce needs across North America.

With a specialized contractor payrolling and direct sourcing practice, Procom helps organizations reduce costs, mitigate risks and improve processes through expert advice and innovative service offerings.

Learn more about Procom at www.procomservices.com.

