

# the art of procurement

## Episode Transcript

### Episode 20

#### How Procurement Can Optimize the Management of Temporary Labor

**Announcer:** Welcome to the Art of Procurement podcast with your host Philip Ideson. Hear thought leaders share the trends, strategies, and tactics that you can use to elevate the role of procurement, and your career.

**Philip Ideson:** Hi there everybody, and welcome to episode 20 of the Art of Procurement show. So today's guest is Terri Gallagher. Terri is President and CEO of Gallagher and Consultants. Gallagher and Consultants are an advisory firm that help companies build and implement end to end workforce management strategies. Terri is an expert in the field of human capital management, and specifically her field of expertise or focus is in contingent or temporary labor. As you'll hear Terri has been an executive of a number of different service providers in the space. As an example Adecco, the Manpower owned temp firm, and NextSource.

So Terri and I first connected late last year based on a shared interest in understanding what the future of work looks like, and specifically the rise of the temporary worker. So I believe, as I know I have mentioned on the show before, that this trend is really going to impact both the procurement professional, but also how we buy people oriented services on behalf of our stakeholders. What I wanted to do with today's show is really have an introduction to how companies can more effectively manage their continued workforce. And Terri and I talk about the dynamics of the contingent labor market, and how strategic management of a temp labor program can really help reap some pretty significant rewards over essentially being more passive management to the program.

Something that was really interesting for me to dive deeper into was the role that procurement can, and the role that procurement should play in the management of temporary labor. I asked Terri for some examples of where procurement can really bring value, what's she's seen in the real world examples, and the role that procurement plays with HR and finance in the management of the spend category. Because in my personal experience I've often seen that HR and procurement, nobody is really sure who manages it, there's not really a consistent approach. So I wanted to understand from Terri what she has seen in the delivery of programs like this to fortune 100 and fortune 500 companies.

I think that the show today is going to be valuable for a couple of different groups of procurement professionals. Firstly there's those that are involved in the management of the HR and contingent labor categories. You'll get first hand insights into the category, including some best practices from an exec who has spent significant time, and has significant experience working in the field. Secondly, if you have responsibilities for purchasing any people based services, I'm thinking consulting professional services, IT services, marketing, those are just four that spring to mind, then I think it's important to be well versed on the contingent labor category in the marketplace. Given that I think

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the number of things that we buy today from service providers tomorrow might be provided by individuals, or smaller groups of individuals, and will be purchasing from worker intermediation platforms rather than service providers.

Before I go into the show I do finally want to let you know that I recently published a report called the 21 Tips to Help You Secure Your Dream Procurement Job. So the report is a summary of tips and tricks that cover the entire job search process compiled from Art of Procurement interviews with experts in the procurement recruitment field. So if you're thinking of looking at a job change in 2016 I'd really recommend you go and download that. That's at [Artofprocurement.com/21tips](http://Artofprocurement.com/21tips). That's [Artofprocurement.com/21tips](http://Artofprocurement.com/21tips).

The final thing before we move on to the show is that something I'm really keen on on the Art of Procurement is to discuss case studies, so real life examples of procurement leaders, procurement teams, procurement professionals who have really been pretty innovative in responding to a specific challenge that they may have had that is really valuable to share with the procurement community, because I think that is how we all learn best. So what I'd like to do is just invite anybody if you're listening today, and you know of a great example or a case study of where procurement has really made a difference, or has been on a transformation journey, or helped in a particular innovative way on a project or in a spend category please let me know. Because I would love to talk to the individuals involved on that show, and have some case study shows. To reach out to me the best way is just to go to [Artofprocurement.com/recommend](http://Artofprocurement.com/recommend). That's [Artofprocurement.com/recommend](http://Artofprocurement.com/recommend). And there is a contact form on there. You can just type in the details, send that off, that comes into my inbox, and I will reach back out to you. So that's [Artofprocurement.com/recommend](http://Artofprocurement.com/recommend). Okay. Well with that being said let's move on to today's show.

Hi there everybody, and welcome to another episode of the Art of Procurement. So today's guest is Terri Gallagher. Now as I mentioned in the preshow Terri is an expert in the contingent labor space, and has held executive level positions at a number of really market leading temporary staffing solution providers. Terri is now President and CEO of Gallagher and Consultants. So Terri, welcome to the show.

**Terri Gallagher:** Thank you Phil. I am pleased to be here, and I will certainly do my best to contribute to the Art of Procurement, and provide something useful for the listeners. I'm very excited to be here.

**Philip Ideson:** Yes, thanks. No, I'm really excited as well of what we're going to talk about. But before we do go into the conversation I'd just love for the listeners of Art of Procurement just to get to know you a little bit more. So I wonder if you could give a brief overview of your background.

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**Terri Gallagher:** Absolutely. So I've been in the contingent workforce space for about 20 years. I have a lot of experience in contingent temp work for strategies. And basically I decided to go out on my own because I've seen a lot of changes in the industry and the workforce space, and wanted to introduce a component of innovation, and bring solutions that really are targeted to where the workforce is today. So my approach is really based on current state workforce trends, and incorporating more of cutting edge technology and globalization factors, which we'll talk about today, that are rapidly changing the landscape. So I've held multiple executive roles in the space. I've sold solution design managed programs anywhere from 20 million to two billion in spend, and also have done some international speaking and writing. And I will do my very best today to contribute something useful.

**Philip Ideson:** No, absolutely. I mean I think that that's a fantastic background, very well versed in the space obviously. And I think the challenge for us is keeping it down to 45 minutes with the amount of information I know that you have to share with the listeners. So I am excited.

**Terri Gallagher:** Yes, me too.

**Philip Ideson:** The one thing is that we both jumped off the cliff really into business ownership about the same time last year. I, from my perspective it's kind of scary but exciting. I just wondered how you were finding it.

**Terri Gallagher:** Absolutely. I think any time you want to do something a little bit different, or look at where your strengths are, and then really capitalize on that. It's interesting being on the stage by yourself, but it's exhilarating, and absolutely worth the leap, and the net does follow most of the time. So I think it has just been an amazing adventure so far.

**Philip Ideson:** No, I'm with you. You wait, and wait, and wait, waiting for the right time, and there is no right time. And when you do it there is some hope, but I wouldn't change it.

**Terri Gallagher:** Nope. Agreed.

**Philip Ideson:** One of the key themes on Art of Procurement so far has been access to talent, and it has always been with a procurement slant. But I know today we're going to focus more on the contingent workforce category itself, really looking more about how we manage talent across the business, rather than specifically within procurement. So what I'd like to do first is just to start with some basics. There are a lot of terms that are thrown around in contingent labor; MSP, VMS, there are a bunch of other acronyms. I just wondered if you could just give a brief intro to what the category is, and how it's structured if you will from the service providers that are within it.

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**Terri Gallagher:** Yes. So there are a lot of terms. And even myself, I've been in this 20 years and I've come across a few that I've got a different definition. But contingent workforce management, temp workforce management, it's all basically looking at the same thing which is how do people leverage and optimize their temporary labor. So you're seeing a lot of words used like the gig economy, and that's a different type of temp labor, but it's still temp labor. So workforce intermediary, that's the new term for the MSP. So it's really just all about the outsourcing of temp labor, and how that is leveraged, managed, and optimized. It's still the same game.

**Philip Ideson:** To go even I guess one on one for a second. An MSP is managed service provider. So that's somebody who would manage the agencies within your program, is that right?

**Terri Gallagher:** Correct. So the MSP service provider is really the one that sits in the middle, kind of at the control tower at LaGuardia. So they sit in the middle, and then they interface with the managers to get requirements, get them out to the supplier community, and they enable that with technology. So a lot of people hear VMS, vendor management system, that's typically the technology used for these programs. But that is also changing, there are some other options out there.

**Philip Ideson:** And so based on your experience is there a minimum amount of temp labor spend that a company would need to have before it makes sense to invest in suppliers like MSPs or VMSs?

**Terri Gallagher:** That's a great question. And there really is no minimum. If you've got the smaller programs, 10 or 15, 20 million, those programs are probably going to look very different just because of the financial models that most MSPs use. There is still a way to accommodate those types of programs using shared services, and a combination of some other things. But at the end of the day there is no such thing as spend too low, it's more around how do you structure the program to accommodate that kind of spend and still be profitable.

**Philip Ideson:** And what level of penetration do you usually see in an MSP? So how many companies who have the size to go full tilt on an MSP and VMS program? Does every company do it today, they just do it differently? Or are there companies out there that should be doing it that are really just managing contractors and agencies individually like maybe they were doing ten years ago?

**Terri Gallagher:** That's actually a great question. The penetration rate is definitely getting higher. There has been an explosion of temp labor growth, and it can be anywhere from 18 percent, the average, up to 50 percent of their workforce. And there is very high penetration from a contingent workforce management perspective. There's a lot of MSPs out there. I think one of the quotes I saw was they are running roughly 72 percent of these programs. But there are still a lot of companies out

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there that have a high number of temp workers that really don't have solutions, in fact far more than I think people realize. I found that anecdotally just getting out and working with these companies. And a lot of them are either trying to cobble something together internally, or they've got certain components that they're bringing in different people to help with pieces of it. But there is still a tremendous opportunity out there for companies that really don't have anything in place, and I think there is more than people realize.

**Philip Ideson:** So you hear more and more about the increasing in temporary labor, and the workforce economy, looking at more freelancers coming into the economy. What are the changes that are making it more of a necessity now to have a strategy around how you manage your temporary labor program versus maybe five or ten years ago?

**Terri Gallagher:** I love this question. There have been tremendous changes over, since the big recession, or they call it the Great Recession, of course there was nothing great about it, but it has really turned the workforce landscape on its ears. So since the recession ended back in 2010, 2011 we've seen an explosion in the temp workforce that some of the stats thrown around is by the year 2020 it is expected to make up half our workforce. So when you look at that 20 years ago when some of these MSPs came out the usage of temp labor was much less. So they could kind of provide that functional control and oversight, which is really the model today, and that worked, that sufficed. But for today's workforce landscape it really doesn't, because you've got temp workforce making up a much larger percentage of a company's workforce, so with that comes companies needing true workforce strategies.

So it's not just about managing cost, and spend, and visibility, which you need that, that's certainly foundational. But it's about what is the workforce strategy, how do we leverage this talent for bottom line results. Some of the other things you're also seeing is globalization of the workforce. So many organizations are multinational now, and the world is flattening. So there was an Oxford economics survey of 2,700 execs. And they asked them what is the number one labor market shift having an impact on your workforce? And they said it is basically managing global temp talent, globalization of the workforce. So you've got that component where it's really critical to have a way to manage and leverage that talent. It is extremely complex because you've got regulatory, and tax, and cultural requirements that if you don't understand those things you could be fined, your labor could be deported, so you've got that component.

And then last and third is technology. I personally feel that technology is really driving what is going on with workforce management. You've got mobile capabilities now, you've got the VMS players, the vendor management systems, now integrating mobile, they are getting much better at integrating

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with client systems. Then you've got the online workforce intermediary platforms, online and freelancer platforms that are now coming in as players that were not players 10 years ago. So you've got those three components creating this perfect storm of now clients are coming out and saying we really want something more than that functional control, we really want holistic solutions.

**Philip Ideson:** So I jotted a couple of questions down just as you were talking there. And the first one I was interested in understanding your perspective on is that we see a lot of reports in the press. MBO Partners put out a great report about the size of the independent workforce. And you referenced something about 2020 projections of half the workforce being temporary. Is that something...? So a lot of people say well it's just kind of a shuffling of the deck chairs that people have always been independent, they're just using different channels to work temporarily. Do you see in your experience that there truly is a growth or an explosion in the number of people who are moving from traditional jobs into temporary or contingent roles?

**Terri Gallagher:** Yes, I think there is. And I think the other challenge too is quantifying those numbers. Because you've got the different labor and regulatory organizations trying to calculate what is the true percentage of temp labor, and their numbers are off, they are wildly off. And I think part of that is because they are having challenges even classifying the labor, and what is truly temp. To your point there are a lot of shifts that have happened, social shifts in the way that people look at work. And you've got the millennials who love the flexibility, and they love new assignments. You have baby boomers leaving the workforce, which is creating these huge gaps and huge opportunities for those that want to work independently to take up those gaps. And then you've also got just people are a little disenfranchised with corporate America. They don't feel like they can go and work there and that will be a safe and stable place, the Great Recession changed that, so people want to create their own stability now. They see opportunities to create their own stability, create their own career path, make sure that they are marketable, and that's what MBO Partners was talking about. So it really is more people jumping into the temp workforce pool and saying this is a good thing.

**Philip Ideson:** Yes. My own personal perspective I think is it will continue to grow. Because organizations as well are looking to become more flexible, and wanting to have a lot less fixed cost, or what they might consider fixed cost, even though they can let go an employee at any moment. But using temporary staffing solutions and technologies means they can access people on a fractional basis, rather than having to bring somebody in, onboard them, and all the costs associated with that, so that they can scale up and down as business needs require.

**Terri Gallagher:** Yes Phil, that's a great point. And also yes you're right from the organization and client perspective is it works on both sides. The clients love the fact that they can be fluid with their

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labor planning. And particularly with some of these factors the globalization, and the market changing on a dime is, it makes it very attractive, and you've got workers on the other side that are also pleased. So you hear all this stuff about gig workers, and being taken advantage of, and the benefits, and you've got obviously the Uber lawsuits. I think really it's more about not workers being taken advantage of, or does this work for where we are as a workforce landscape, it's really more about what do we need to now look at. It is here to stay, this type of workforce landscape isn't changing, it's going to grow as you said. So a lot of the regulatory bodies, and labor bodies are looking at how do we standardize, and look at the classification, and create for those procurement managers out there. And HR, how do we create standards that are easy to follow, and how people are classified. In fact there is even talk today of a third labor category that helps accommodate this.

**Philip Ideson:** And actually that was going to be my next question too, is that while workforce trends are accelerating, the changes are accelerating, regulatory, it has been the same for a number of years in terms of worker classification, and there's always talk of changes. But I see that's really an imperative if temporary labor, temporary workforce is going to accelerate to where it could go based on the technology, based on organizational demands. Do you see that there will be change, and this is specifically to the US, in the workforce classification and some of the regulatory issues, or do you think that that will always inhibit the potential growth?

**Terri Gallagher:** I, and I'm not going to pretend I'm a labor lawyer, I'm pretty well versed in some of these laws. But I think change is going to come slowly. Look at the Industrial Revolution, and how long did it take to finally regulate the age of workers so you didn't have seven year olds crawling in and out of machines, so it is going to take a long time. But I think we're seeing rumblings of those changes. I just don't see it slowing down, the growth. When you look at Uber and the, it's in the news about this huge class action lawsuit, and yet Uber and Lyft are both having large investment investors, a large influx of capital. You've got I think GM with Uber, you've got, I'll have to look up my notes here, but they just gave them an influx of cash, so nobody is nervous about this.

**Philip Ideson:** Lyft I think it was.

**Terri Gallagher:** Yes.

**Philip Ideson:** So I think that it's, as more complexity comes into the temporary workforce space it becomes more and more important to look at using technology and intermediaries to kind of manage that and pull it all together. I wonder from your perspective, and I know that you've got a ton of experience in this field, what were the typical benefits that clients would see of using MSPs, VMSs, and frankly whatever comes next?

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**Terri Gallagher:** There's definitely still benefits. I think that the MSP model, we talked a little bit about this, has got to make some changes, and the big players are working on that. So they're really looking at technology being a driver, moving beyond that functional control, and to providing to workforce strategy. But some of the foundational components are never going to go away. So I know for the procurement leaders this is going to be a good one. But the cost savings, typically when you don't have the expertise to manage this internally there is a very large cost savings component opportunity. So some of that comes from just introducing some negotiating with your vendors, and using some expertise to negotiate. I think that it's important to look at. And this is where I think procurement leaders sometimes can stumble a little bit is the cost savings is absolutely critical, and that's a big component. But you've also got to look at this holistically, and make sure that you've got the expertise to present those cost savings in a way that's still going to maintain that high quality talent, and getting the resources in the door as quickly as possible. It's definitely a delicate balance.

**Philip Ideson:** Yes. And I think it's one that drives probably a lot of angst between stakeholders and procurement in procurement, if procurement is taking the approach of just seeking to get the lowest possible, rather than maybe optimizing the cost. So when you look at examples of procurement organizations who have done well in achieving cost savings that are possible, but without necessarily impacting the quality of work, and quality of individual that they've been able to hire through a temporary work program. What are the things that they've done? How have they balanced the need for the right person, the need to get as optimal as possible cost?

**Terri Gallagher:** So I think that the key is to know your level of disruption and appetite for disruption. So obviously the more aggressive cost saving goals you have the more disruption you're going to have to the organization, the more disruption you're going to have to your supply chain. So I think it's important to have the right expertise on the other side to guide you through that that understands your organization, and can make recommendations that will mirror what your level of your tolerance of disruption is. So there is, savings can come in many forms. It can come from the traditional negotiating with suppliers. It can also come from changing the way you use your workforce, and looking at overtime. It can come in the form of soft cost savings around systemic process efficiencies around invoicing.

I'll give you an example. I had a very large multinational manufacturing company. Their first year we were able to save them two million dollars just going back and negotiating with their suppliers, but doing it in a way that still allowed the suppliers to have enough markup to go and source for the right talent that they needed. And then another thing we found is in their invoicing they were over invoicing one particular supplier and had been doing it for years. So once we provided that visibility

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and audit trail via technology they were able to recover those monies. But you'd be surprised how much of that happens when you've got, if you don't have real robust technology and audit trails.

**Philip Ideson:** Right. And I think it's important to note that the savings opportunities you talk about, not one of them was necessarily impacting the person that's coming into the company. It's kind of savings that are available by optimizing the process, as opposed to beating up the person who you want to bring in to get 20 percent off his rate.

**Terri Gallagher:** Yes. And absolutely. And I think the key to that is to have that workforce intermediary expertise that can guide you through that process, and to ensure that the negotiations are handled properly to not impact the talent. Because again cost savings done to the extreme then impacts your talent. Then all these other levers and now upside down, and your KPIs are off and...

**Philip Ideson:** So over and above cost savings what are some other benefits that you see of utilizing this expertise in the management of your temp labor?

**Terri Gallagher:** Well the other is just visibility and clarity, which should never be underestimated. You can't manage what you can't measure. So a lot of the technology, whether you use a VMS or some other type of internal technology platform now provides that visibility around spend quality, peaks and lulls, usage. At the end of the day knowledge is power, and knowing where and how many contractors you have, how their usage is trending by division, department, do you have turnover issues. This is particularly important in the manufacturing sector if you've got to plant that they can't keep workers. A lot of times it's not the supply chain, a lot of times it's something that's internal within that plant that now can be brought to the surface with the audit trails and some of the other data points that are in the system, and in the technology, so that's certainly a very important one.

And then the third. Obviously we talked a little bit about this, but the improved quality of talent. Talent shortage is absolutely real, particularly in STEM, and it's going to continue to grow. Just to give you an interesting stat, at the end of last year you see all these things about the unemployment rate. And despite 14 million unemployed workers there were still 2.5 million jobs for which employers couldn't fill, and a lot of that is in the knowledge economy. So having the right workforce strategy to bring in high quality temp workers, that's a very viable option. Temp workers are not what people thought they were 20 years ago where it's your last resort. You've got some of your best talent that only sits in the temp worker community because they like it, they like the flexibility.

**Philip Ideson:** Yes. And that's where I think there's opportunity for growth. And I talk about the as-a-service economy specific to procurement. But I think it's relevant across other departments as well

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that the folks that have the expertise that's highly in demand are able to then go into becoming an independent worker and sell their time on a fractional basis. And actually probably making a lot more money doing so because they can start pricing their expertise based on the value they create rather than time and materials. And so I see a huge opportunity in the procurement space for subject matter experts for particular categories is an example of doing it. But it opens up a whole new way of working, rather than feeling like you just have to go and work for a corporation and kind of be, just supporting one company, one client also helps you diversify your revenue base. So I definitely see an opportunity in what's termed as the knowledge economy in procurement, and I guess that's the case in other functions too.

**Terri Gallagher:** You're absolutely right. It's really about looking at where the workforce landscape is today, and that's where it is today. So having multiple channels and ways to connect to this talent is a very savvy workforce strategy.

**Philip Ideson:** So how does selecting the right workforce intermediary in technology partner and mix contribute to the bottom line results?

**Terri Gallagher:** This workforce intermediary is going to be one of your most valuable assets, particularly when you look at ¼ or more of your workforce is now most likely temporary talent. So they really have to have the expertise, and they can really be that trusted adviser to guide you through the entire process. Because there is a little bit of disruption when you're bringing in a solution in technology, and bringing in a centralized platform. You really need somebody that's going to be like that guide to take you through the entire life cycle. So you want to make sure that you select somebody that understands not only the technology pieces, but understands what stakeholders you need to have at the table, and this I cannot stress enough.

So many times you've got procurement coming in and making a decision. And then they bring in maybe a couple of people. And one of the biggest challenges when staffing analysts surveyed contingent workforce managers within organizations and asked them what was the biggest challenge to the program they said the biggest challenge or hurdle they had was adoption. And the reason for that is if you don't have all the right players at the table at the beginning of solutioning and implementing, and the right workforce intermediary can help you select those players, it just creates a lot of downstream problems. Making sure that they understand that clarity is an important facet of your workforce. So spend, performance, labor, trending, using that expertise to have that right marriage between the intermediary and the technology piece is just so important. So when you're looking at do we want to outsource this, do we want to keep it in house, I think bringing in someone to look at your entire organization, not just your spend and your temp labor, but what systems do

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you already have in place, what integrations may you need to have with some of these VMS players, who are your key sponsors, do you have any detractors.

I'll give you an example. There was a very large chemical manufacturing plant, I can't name their name. They launched a relatively large program, and they had all the right players for the most part; IT, HR, procurement. You need IT because there could be integration components. The CFO to make sure they were on board with all of the cost accounting that needs to go into place. And they kind of left the plant managers out of it. They said they'll be fine, they'll be on board. Well there's on particular plant manager that was in charge of about 20 million dollars worth of revenue that was not really engaged. And he really had a problem with this program, and was a very strong detractor, was not on board, and he was also a strong influencer within the organization. So it created a lot of downstream challenges with adoption and change management. So the workforce intermediary will be able to help you navigate that, and make sure you've got the right person at the table. So it's just so critical that you get that expertise up front, and picking the right workforce intermediary, and asking them those probing questions before you sign the contract is important.

**Philip Ideson:** Right. No, and understanding the unique situation of a particular client or company is so you can build a program that meets what their needs are, rather than something that a service provider may want to sell them.

**Terri Gallagher:** Yes, and absolutely. And the MSPs for instance, they're really not the right people to help you make a technology decision. You're not going to have the right people at the table. So it's getting the right people at the table. And if you decide to go with an MSP, along with the MSPs that can help make those technology decisions.

**Philip Ideson:** So I want to switch gears a little bit and talk specifically about the role of procurement in the management of temporary labor. You've got a really interesting vantage point, because essentially as being an outsider looking in for a lot of your career, and being on the client side. So what is the role of procurement versus HR? What do you typically see?

**Terri Gallagher:** Well I think that we're starting to see procurement get more involved in taking a lead in more of these programs. Historically the ideal program is a procurement and HR influenced program. Procurement tends to be very focused, I don't want to categorize here, but they tend to be very focused on cost savings, and there is a commoditization of labor, and in some ways labor really is a commodity. And so I think that it's very important for procurement leaders to look beyond just the commodity and the cost savings, and that's going to be a given. You're going to get your cost savings. But because now the temp workforce takes up such a large part of your organization you've really got

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to look at all of the other pieces. Are you getting the data and analytics that you need to make smart decisions. Are you seeing the quality, i.e. that plant manager at the chemical company, it's very important that they see the speed and the quality in getting the talent in the door, is the program hitting on all the key KPIs, how is adoption? So those are things that procurement really needs to look at when viewing these programs.

**Philip Ideson:** Yes. And I guess as well when you look at the knowledge worker segment that brings in a whole more nuanced approach to understanding what the right cost is, and the value of bringing somebody in. Because the rates...It's not necessarily that you're bringing somebody in who you've got a choice of 100 different people, and it's truly a cost decision, and you're not as a procurement necessarily able to be the ones to judge the value and the expertise that that one person can bring to an organization. So it probably needs to be a lot more of a pragmatic approach today as workforce shifts, than just purely looking at it from a cost perspective.

**Terri Gallagher:** Yes, absolutely. And again I think selecting that right workforce intermediary can help procurement with that and say here are the people that need to be at the table besides you, and do that in a way that procurement understands. And ultimately you want to set up procurement for success, or HR, whoever is going to be leading these programs. And I think it's just really important that they understand that these are the stakeholders, these are the key components, and then walk them through that process.

**Philip Ideson:** Do you typically see HR leading the program, or procurement leading the program? My experience has been it's varied, but also there's a lack of desire internally to put your hands up and say I'm managing temporary labor, because of everything that comes with it internally. And so it kind of gets left to hang out there, and nobody is picking up the bag. Is that just the experiences that I've had, or do you see that more across the industry?

**Terri Gallagher:** Yes, I think that's a great point. Sometimes it sits with HR because it landed on their lap, or it might sit with procurement. And I think a couple of years ago that was more the norm, where it's just that commodity that someone has got to handle. But today it has gone above and beyond just being a commodity to a key workforce strategy. So now you're seeing procurement and HR collaborating more on these types of programs. But I definitely see a shift where it seems to be more in procurement's hands. And particularly when you're looking at some of the changes with the staffing supply chain, it's just a natural fit for them.

**Philip Ideson:** So I'm interested, and maybe the listeners can take some learning from the show, is what are some examples where you've seen procurement being particularly engaged in a way that

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brought value? And not just bringing a process to identifying the service providers, but actually playing an active role in the management of the program. What did they do, what is it that procurement can do to help bring value in the space?

**Terri Gallagher:** Well I think some of the best examples that I've seen are procurement leaders that are really plugged into the organization, and are good about connecting with the right leaders across divisions, across global entities, whatever that is to ensure that this solution and this program is cascaded down. The best procurement leaders are also very collaborative, so they are willing and actually want to collaborate with these workforce intermediaries, and it's very much a how can we take this program to the next level. The procurement leader will say here is what I'm hearing from the organization, these are the challenges, how can we sell these. Whether it's quality, whether it's we hate the tool and we don't want to work with it. Whether it's we've got some concerns with some of the audit trails, we've got maybe an industrial, you've got a plant site that has got some safety and regulatory training that's not being taken care of. But the ideal procurement person is somebody that's very plugged into the organization, and very collaborative, and really understands all of the components that work with these programs. And those are the ones that are the most successful and see really the most value. And there is a lot of value, particularly now. It's almost like you have to look at temp workforce strategy, it's just too large a part of your organization.

**Philip Ideson:** So on the flip side when you're on the client side what kind of mistakes do you see clients repeatedly make? You wanted to shake them and say don't do that. What would you wish that they would do differently that a lot of companies, a lot of mistakes companies did make?

**Terri Gallagher:** That's a good one. I don't want to alienate anyone on this call. Mistake is a strong word, but maybe it's just because they weren't informed. But I think the biggest thing is implementing too quickly, not getting the right people involved, letting the MSP or the workforce intermediary just run with it, and not being actively engaged. Because at the end of the day the workforce intermediary cannot be the one to go and sell this program for you. Or if they need to make decisions around technology landscape they really need to have that champion. So not being involved is a lethal mistake to be frank. You've got to be very much involved and collaborative.

I think overselling expectations, going out to the organization and saying that there is not going to be any disruption, this is going to be great, we are going to save you X amount of dollars. You're going to see increases with quality performance, whatever that is. I think that they've got to be very realistic in setting the expectations. There is some disruption initially. It's absolutely worth it downstream, and you'll see the savings, and the quality, and you'll get the visibility, and the clarity, and the strategy. But I think it's being very clear about what to expect, and just tempering the expectations with the

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timeline. The first year is going to be a bit challenging, but I think those are some of the biggest things. It's the collaboration, it's the level setting expectation, and being involved.

**Philip Ideson:** Yes. I see when, so I've helped implement procurement outsourcing programs in the past. And definitely the biggest threat to the long term success of a program in procurement outsourcing is that a client will sign a deal, and wash their hands, and walk away, and say okay we've got the contracts in place, now it's over to the service provider. It's ideal to figure out where are the most successful programs, the ones where really the client takes a proactive role in change management. That has always been key for me in the procurement space. It sounds like that's the case in the contingent workforce too.

**Terri Gallagher:** Yes, absolutely. It's really a marriage between two parties, the client and the workforce intermediary. It is a very collaborative solution, and you really need both to continue to work together.

**Philip Ideson:** So we're bouncing up against our time limit today. I just had one final question, and it could be a repeat of something that you've talked about already. But what would be the single most important piece of advice that I guess you would give to somebody in procurement who is starting to think about, or is being challenged by their organization to think about putting in place a temporary workforce solution.

**Terri Gallagher:** That's a great question. I think the best is to education yourself first. Spend a little bit of time going out and reading blogs. SIA is a good one, Staffing Industry Analysts. And look at some of the trends, look at some of the, who the players are out there, because knowledge is power. I think a lot of times when you hand it completely over to someone coming in that's providing that consulting it's just, it just makes for a very challenging way to put together a solution. So get educated, don't be afraid to ask those probing questions, and you can ask them if you don't understand the market enough, and I think that that's probably the most important thing. And then just be open, be open to the fact that this is a huge benefit that if done right it can really put this procurement leader on the map. I've seen procurement leaders get promoted quite rapidly after putting in some of these programs that were very successful and hitting all the KPIs, so it's worth it to do that work up front.

**Philip Ideson:** Well I think that the changing labor patterns, they are probably one of the biggest challenges and opportunities as well that organizations face over the next few years. The identification and management of temporary resources I think is going to become a key tenet of all spend categories from a procurement perspective, not just the temporary labor categories in itself as more and more services become as a service, and also become what you bring in temporary workers

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and freelancers to do work that service providers may have done in the past. So I definitely think there is more to come on this subject. With all that being said Terri I'd just like to ask what is the best way that listeners can find you if they are interested in continuing the conversation?

**Terri Gallagher:** Oh I would love to, because I could just talk about this all day. They can contact me via email it's Terri@gallagherandconsultants.com. Or if they are in a big hurry they can call me (704) 620-2483. I would love to engage them, answer any questions they have, and it's one of my favorite topics so I'll welcome the call.

**Philip Ideson:** Great. What I'll do is I'll link up your contact details on the show notes page for this episode. That's going to be at [Artofprocurement.com/temporarylabor](http://Artofprocurement.com/temporarylabor). And for everybody outside the States I'm afraid that's the US spelling for labor. So that's [Artofprocurement.com/temporarylabor](http://Artofprocurement.com/temporarylabor). So Terri I just wanted to thank you for your time again today, and I think very insightful conversation, I definitely think there is more to come on this, we've only really scratched the surface. But yes, thank you for joining us on the Art of Procurement, and I'm sure that we'll talk to you again soon.

**Terri Gallagher:** Thank you Phil. It was a pleasure and a delight. And thank you for the listeners for hanging in there, it has been great talking with you.

**Philip Ideson:** Thanks Terri.

**Terri Gallagher:** Thank you.