



The Future of Temporary Staffing: an MSP Buyers Guide for 2022

Find the right solution for your organization

Tomorrow's workforce must be agile

Faced with a volatile economy, companies are increasingly turning to temporary workers to fulfill their staffing needs. And with more Americans pursuing alternative work arrangements, this demand is ready to be met in 2022.¹

After years of struggling with employee shortages, more and more manufacturing and logistics companies are turning to temporary workers to stay competitive in the fast-changing economic climate created by COVID-19.² Thanks, in part, to the rise of the Managed Service Provider (MSP), organizations can now assemble flexible workforces faster and more cost-effectively than ever before, helping them achieve greater financial efficiency, respond to market changes faster, and develop a new level of business agility.

The State of U.S. Temporary Staffing

After shedding seasonal workers in January 2021, many transportation and warehousing companies were later unable to find enough full-time workers to meet the rising demand³

54%

of companies say they manage alternative workers inconsistently or have few or no processes to manage them⁴

Temp work has been expanding, with the temporary penetration rate (temporary jobs through a staffing firm as a percentage of total employment) reaching 1.94% in the second quarter of 2021⁵

Historically, one or more temporary staffing agencies would work with a business to recruit and vet flexible workers, and ensure regulatory compliance – an often inefficient, costly, and time-consuming process. Enter Managed Service Providers (MSPs) – third-party agencies that manage the temporary staffing needs of client companies. MSPs serve as a bridge between companies and staffing agencies, obtaining the client's job requirements, transmitting them to the staffing agencies, overseeing the selection and onboarding of candidates, collecting timesheets, clearing approvals and payments, and managing the performance of the agencies. Despite the growing popularity of MSPs, however, not every solution is created equally. This guide is designed to help you understand how providers differ, what you need to know about a prospective vendor, and ultimately, how to find the right MSP for your business.



¹<https://qz.com/851066/almost-all-the-10-million-jobs-created-since-2005-are-temporary/>

²<https://www.supplychainbrain.com/blogs/1-think-tank/post/32162-temp-to-perm-how-covid-19-is-redefining-the-logistics-workforce>

³https://www.joc.com/trucking-logistics/labor/us-warehouses-couriers-struggling-hire-workers_20210512.html

⁴<https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2019/alternative-workforce-gig-economy.html>

⁵<https://pgcgroup.com/blog/us-staffing-industry-2021>

How Do MSPs Work?

A temporary staffing MSP offers a comprehensive program to facilitate and manage the sourcing, vetting, placement, and fulfillment of an organization’s temporary staffing needs.

Although they usually work in tandem with an organization’s internal contingent workforce program, an MSP is responsible for the end-to-end process, providing its own account managers to oversee the day-to-day operation and fulfillment of certain HR and legal functions.

The ultimate goal is to provide fast and easy access to highly-qualified talent, enabling greater agility, efficiency, and profit margins for your organization.

Although MSP models and operations vary, many MSPs are embracing digital technologies – e.g., machine learning, robotic process automation, and chatbots – to help reduce costs and create efficiencies.

MSPs and PSLs – What’s the difference?



A Preferred Supplier List (PSL)

is a list of approved staffing suppliers that have committed to an agreed rate and level of service. In general, organizations that use PSLs rely on multiple suppliers to meet their staffing needs.



The key difference between an MSP and a PSL is accountability:

An MSP is fully responsible for your staffing. This avoids the fragmentation and dilution of accountability that PSLs often create. With an MSP, compliance is centralized and the service is consistent, making it a safer, more reliable, more efficient “bet” in the long-term.



MSPs also offer far greater economies of scale than PSLs,

which is especially important for large businesses seeking to increase their use of temporary workers.

What Are the Benefits of MSPs?



Enhanced visibility of staffing across multiple sites

MSPs provide an easy-to-access overview of your organization's temporary staffing in real-time, eliminating the feedback delays, as well as the information silos, common to traditional temporary staffing approaches. In addition, centralizing the staffing function through an MSP eliminates the redundancies of working with several different agencies, and can potentially reduce the price points, thanks to competition between agencies to become (and remain) an MSP's preferred vendor.

For executives, this offers increased control over staffing spending, as well as greater savings on HR compliance. At an operational level, MSPs facilitate a more dynamic response to changing needs, helping companies avoid both overstaffing and understaffing.

It's important to note that some MSPs also operate as vendors in their agency pools. On the one hand, choosing an MSP that's not also a staffing company may help ensure that the MSP is "vendor-neutral." On the other hand, these MSPs may lack the ability to guarantee complete staffing coverage and support.



Data-driven staffing decisions

By generating actionable real-time data, MSPs enable organizations to make more informed decisions, removing human error from the process and moving companies toward a truly data-driven approach to staffing.

Over time, this data grows in value, allowing leaders to adopt a longer-term view of their strategic staffing needs.



Improved hire time

An MSP streamlines the process to be appropriate for contingent labor. The process is quick, focused on short-term needs and appropriate risk mitigation, and distinguishes between the steps required to direct full-time employees versus those needed for temporary workers.

For managers, this reduces stress, and also allows for a more agile response to changes in demand for workers, avoiding losses due to unfulfilled staffing requirements.



Reduced spending

According to Deloitte, enterprise-level businesses estimate that up to 30% of their procurement spend goes to temporary staffing.⁶ By reducing unregulated spending and the steep fees charged by many staffing agencies, MSPs can increase financial efficiency.

Not only does this unlock savings, it creates room in staffing budgets to expand the temporary workforce.



Better candidate experience

MSPs offer a better deal for workers than traditional staffing methods, providing them with more control over where they work and greater financial transparency. This translates into a more motivated and productive workforce.

It also leads to a greater Employer Value Proposition (EVP), creating a competitive advantage across all aspects of an organization's hiring.



Total talent solutions

A total talent solution – one in which permanent and temporary staff are treated as a single, flexible unit – has been an increasingly common objective in recent years. By managing important HR functions, MSPs help you to realize this goal.

This leads to less friction within the workforce, improving the productivity of temporary workers and enabling organizations to source skilled people on shorter notice.

32%

of organisations are replacing full-time employees with temporary workers as a cost-saving measure⁷

11%

of organizations generate workforce data in real time, and 43% say they produce it either ad hoc or not at all⁸

71%

of organizations say that managing changing workforce strategies is important or very important to their success, but only 8% say they're very ready to address this trend⁹

⁶Planning for change, the future of the contingent workforce, Deloitte, 2020

⁷Future of Work Trends Post COVID-19, Gartner, 2020

⁸Planning for change, the future of the contingent workforce, Deloitte, 2020

⁹<https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/workforce-metrics.html>

Will an MSP Help My Business? 5 Key Questions to Consider

1 What impact is a low fulfillment rate having on your business?

Low fulfillment rates can generate a number of side effects, so it's important that organizations achieve clarity about which staffing challenges might harm their business.

Having too few staff increases the burden on workers, leading to lower job satisfaction and higher turnover. In addition, understaffing slows order fulfillment, limiting the number of customers that a business can serve with a high standard of service.

Moreover, understaffing often generates costly overtime, as well as

higher accident rates, which increases the organization's workers' compensation exposure. An Indeed study found that overtime schedules produced the greatest incremental risk of injury, with overtime workers experiencing a 61% higher injury hazard rate compared to workers in jobs without overtime.

COVID-19 has brought the understaffing problem into stark relief. Many large businesses have been forced to actively reduce consumer demand to avoid overwhelming their thinly stretched workforces.

2 How efficient is your current staffing spend?

Many organizations compare temporary staff billing rates to the pay rates of direct employees. This leads to the erroneous assumption that temporary workers always cost more. In reality, a fully-loaded comparison of costs often reveals cost savings from the use of flexible workers.

Many businesses don't like to admit the amount of waste generated through traditional staffing agencies. This causes some to either

normalize such spending (so it doesn't appear to be a loss) or to hide it (so they don't have to confront the problem).

The cost of staffing doesn't end at agency fees: the time it takes to post and fill a shift should also be considered, as should the cost of no-shows, understaffing, and the turnover caused by placing the wrong people in a job and then having to repeat the hiring process.

3 How well can you currently manage fluctuations in your staffing needs?

A great many businesses benefit from minimizing their permanent workforces, but then struggle to fill roles on short notice or source-specific skillsets at a low cost. For these organizations, an MSP can be a cost-effective solution.

In particular, large businesses often suffer from the complexity of multiple-site operations, and the rigidity of the traditional temporary staffing agency model makes dynamic shift fulfillment even more difficult.

4 What risks does your current temporary staffing method create?

Many organizations view temporary staffing as inherently risky: without a long-term commitment to the employer, there's an expectation that workers may be less motivated and more inclined to absenteeism.

These issues can be compounded by various HR and legal compliance requirements for

temporary staffing, all of which create the potential for oversight and error. If your current temporary staffing method is perceived as creating too much legal or regulatory exposure, you may not fully exploit the opportunities that flexible workers present.

5 What's the forecast for your staffing needs?

The nature of work is evolving rapidly, and organizations that proactively adapt to the changes are more likely to thrive. 2020 and 2021 required some short-term solutions, but in 2022, businesses may be obliged to implement longer-term strategic visions.

Leaders should consider how their staffing needs are likely to change in the years ahead. Think of it this way: if you were starting from scratch, what would be the most efficient employment model you could use? And will an MSP bring you closer to realizing it?



Four Steps to Prepare Your Internal Team

1

Consult different stakeholders on wider business strategies and initiatives

An MSP can cause unnecessary disruption if introduced in the wrong way or at the wrong moment. Therefore, individuals from across the organization should be consulted before making a purchase decision to ensure that a particular MSP fits the current business strategies and will create no conflicts or confusion.

3

Perform an audit to evaluate needs and risks

Due diligence is vital when making any large purchase that will impact operations. Make sure that your organization's needs have been clearly spelled out, that the risks of an MSP have been evaluated, and that you've included models for future worker availability and trends in the evaluation.

2

Begin building the ROI for change

Employ internal consultation sessions to build a return on investment for proposed changes. ROI should include more than bottom-line savings. It should also factor in how the MSP will help your organization achieve its top-line objectives. Achieve clarity on this issue early in the buying process to better inform your selection criteria and speed up the decision and approval process.

4

Prepare training and L&D

Getting the most from an MSP often requires training. Although MSPs provide full onboarding and training services, it's important to account for this need before integrating new processes into your organization's day-to-day operations. To get the highest return on your investment, make sure you also understand who will be participating in the new processes. When placed in the hands of a staff with legacy habits, even the latest, greatest tools can produce poor results.

A guide to choosing your MSP

Nine questions to consider

1

How will we ensure high-quality service and regulatory compliance?

The onboarding process that an MSP uses to vet candidates should be rigorous and clear. Although some MSPs provide transparent information regarding their candidates and compliance efforts, do not assume that they will do this.

For organizations with specific compliance issues, this is especially important. Avoid any MSP that doesn't provide such information upfront.

This can be a tricky needle to thread because the MSP must ensure that Employer of Record (EOR) practices remain separate from the agency and the client. Compliance audits are important, but the data itself cannot be made transparent.

2

How well does the service scale?

As demand for flexible workers grows, and more MSPs enter the market, many new providers have yet to build talent pools large enough to guarantee that your needs will always be met.

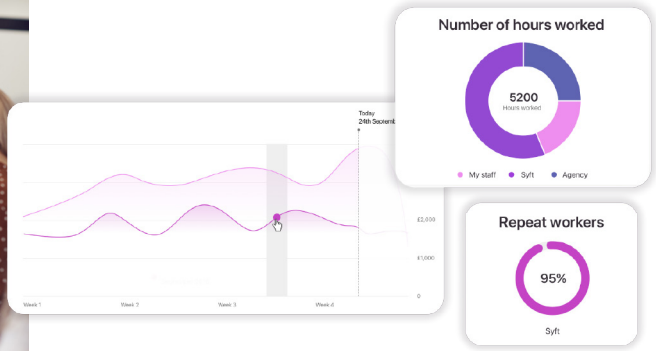
Scaling requires three basic features: (1) the ability to attract and retain a relevant worker pool; (2) a large, fully-vetted roster of candidates; and (3) the technological capacity to meet requests on short notice and outside of traditional work hours.

3

What data is collected, and how is it reported?

Information is power. A high-quality MSP should provide not just talent, but also detailed information to help you make better, faster decisions.

For optimal efficiency, search for a provider that will not only collect data, but also actively analyze and present it in an actionable form. The MSP should have clear data strategies and a stated intent to use the data to drive continuous service improvements. In this way, the data your MSP collects should grow in value over time.



4

Is the solution aligned with your strategic goals?

The benefits of having a centralized provider are moot if the provider is not aligned with your larger strategic aims, objectives, and values.

An MSP should understand what your organization is trying to achieve – what you value in terms of both candidates and processes – and reflect that. Ask them to explain their service management methodology. The best MSPs should be able to demonstrate how they plan to achieve the necessary level of alignment.

5

How fast is the turnaround?

A high-quality MSP should tell you how long it will take to get staff on-site, or be able to supply remote locations virtually.

Using this benchmark, you'll be able to make more informed decisions around the expected savings and how to deploy your temporary workforce.

6

How is the service structured?

The services provided by many MSPs aren't as cohesive as you might assume. Although this isn't necessarily a deal-breaker, a lack of clarity about the level of service your MSP provides could lead to dangerous oversights.

It's vital, therefore, that you understand who owns the relationship and which responsibilities are those of the MSP. A good MSP should be fully responsible for your temporary staffing, and also take ownership of its relationship with your organization to ensure that communication is transparent and trust remains strong.



7

Why does this MSP stand out from its competitors?

Because it's important to know that you're receiving the best level of service, you should expect an MSP to provide evidence of what distinguishes them from their competitors.

This is where knowing your priorities comes in handy: it will help you assess the merit of every provider's USPs and claims to superiority.

8

How flexible is the MSP's operating model?

Some MSP models are very rigid, which can lead to missed opportunities and inefficiencies, especially across a complex workforce that requires a specific staffing approach in every department and skill level.

Expect your MSP to offer flexibility and demonstrate a willingness to put your organization's interests first. One popular approach, for example, is the Hybrid MSP. This model provides the benefits of a centralized MSP, but allows organizations to make use of other suppliers for specific roles.

9

How will the MSP manage your transition?

Introducing a new MSP can be disruptive. Therefore, you should expect a provider to demonstrate a clear set of processes that will minimize short-term disruptions – e.g., loss of existing temporary staff.

It's also important that the MSP take responsibility for ensuring proper onboarding, so the transition proceeds smoothly and sets the right tone for the relationship from the start.



Four things to avoid in an MSP

1

Excessive fees

No buying decision should be made for purely financial reasons. The best services are worth a little extra. That being said, many MSPs have fees or hidden costs that could undermine the savings they purport to provide. Caveat emptor! (Buyer beware.)

3

Lack of 24/7 support

Many MSPs offer limited support and are slow to resolve issues, often operating within a rigid timeframe and lacking the desire to provide consumer-grade service.

MSPs should provide the option of 24/7 support, and should (ideally) employ dedicated account managers who possess the knowledge to expedite any process and manage any problem.

2

Lack of accountability

MSPs should have clear procedures and processes in place for handling no-shows or failures to comply with the partnership agreement. This will be covered (in part) in their onboarding and vetting process, but you should be very clear about accountability before pursuing a partnership.

3

Slow data reporting

Many MSPs claim to provide data and analytics, but without real-time information, much of this data may not be very actionable.

Although technology should be an optional component of a relationship, be aware that MSPs without strong tech rarely provide the kind of data needed to achieve true agility ... or trust.



About Indeed Flex

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Indeed Flex offers a suite of services to help businesses at every stage of the recruitment process:



Vendor Management System (Indeed Flex+)



Managed Service Provider



Workforce Management



Permanent Hiring



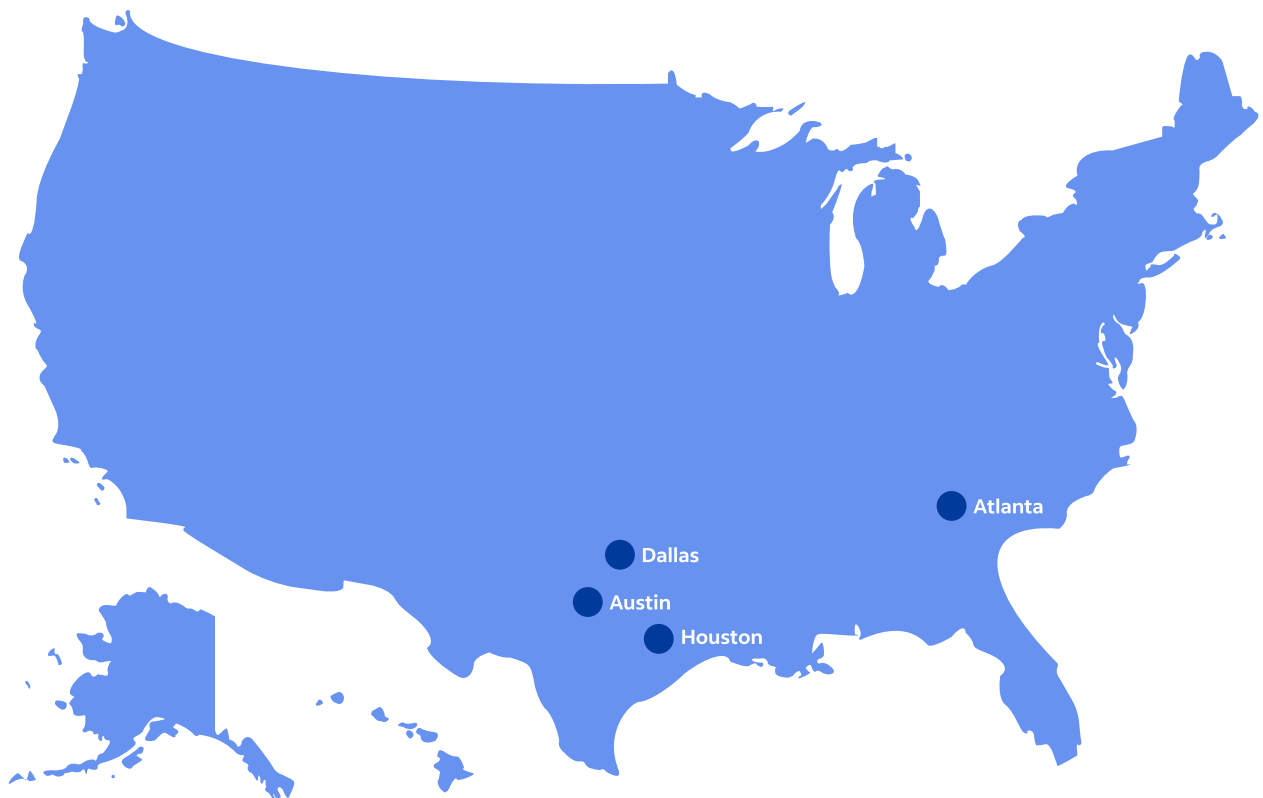
Temporary Staffing

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enquiries@indeedflex.com

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