Complete Guide to Contingent Labor Cost Savings

As competition increases in the ever-evolving world of business, differentiation has emerged as one of the primary keys to success. One of the ways an organization can truly distinguish itself is through the acquisition of high-quality talent. However, not all talent pools are equal, and the workforce is rapidly changing. Several factors have led to new and unprecedented conditions in the American employment landscape, including:

- Variable regional unemployment rates
- Availability of workforce housing
- Remote employment opportunities
- Industrial and technical automation
- Outsourcing and offshoring
- Shifting economic and political climate

These have coalesced in recent years, challenging conventional employment models and forcing organizations and human resource managers to think outside the box to acquire talent.

One sector of the workforce that has grown in significance is contingent labor: ***freelancers, consultants and independent contractors.*** A 2015 U.S. Government Accountability Office report estimated contingent workers comprised ***40% of employed American workers*** in 2010. These non-permanent workers—hired on a per-project basis and once viewed as temporary—are now considered vital to many organizations.

Those slow to accept contingent labor miss out on the many benefits of this valuable talent. Conversely, organizations that jump into the contingent labor market without fully implementing an organizational and management plan can run headlong into a human resources nightmare.

Fortunately, comprehensive tools and resources now exist to help organizations better acquire, manage and understand the contingent labor force. Today, companies utilize vendor management systems to streamline processes and control costs.

This e-book outlines the many advantages of leveraging contingent labor to guide the health and growth of your organization and mitigate the risks of cost overruns and unproductive talent.

Contingent Labor Spend:
Invisible Costs

Staffing firms are largely responsible for the growth and acceptance of contingent labor. There was a time when temporary workers, or "temps," were almost afterthoughts, and this term itself regarded as a pejorative. These workers merely filled gaps during periods of organizational growth, or took positions during an economic decline that would otherwise have been occupied by permanent talent. But staffing firms recognized the enormous potential hidden within a workforce that was flexible, skilled, and hungry. Temporary workers gained cultural acceptance as organizations became more familiar with this labor pool. With technology empowering remote workers, staffing firms were poised to deploy this powerful subset of the American workforce.

According to a recent analysis by global management consulting firm Accenture Strategy, companies worldwide spend an estimated $300 billion annually on contingent labor–with projections that figure will explode into a nearly trillion-dollar market within the next decade.

While every organization seeks the best talent, it's imperative to properly manage contingent workforce expenses. In reality, it's difficult for organizations to manually track their contingent labor spending, especially for firms managing hundreds of contingent employees. Invariably, they end up spending more than they should on their contingent labor workforce. It's critical, therefore, to recognize contingent labor's hidden costs. Some estimates run as high as 60%, with unaccounted expenses within:

- ***Compliance***
- ***Productivity***
- ***Risk Management***

Managing your contingent labor force spending doesn't need to be difficult. Equipping your organization with the right tools, such as a vendor management system, can increase efficiencies and help control costs.

40%

Percentage of Employed American Workers Considered Contingent Workers

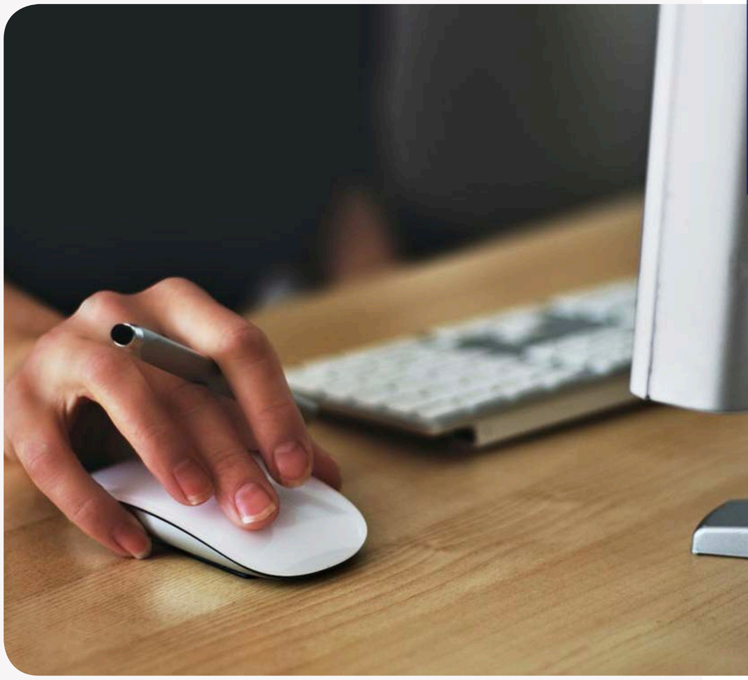
$300 BILLION

Annual Contingent Labor Spending Worldwide

Top 5 industries taking advantage of the contingent workforce:

- **Retail**
- **Financial Services**
- **Healthcare**
- **Professional Services**
- **Public Service Industries**

What Is a Vendor Management System (VMS)?



A Vendor Management System (VMS) is an application or web-enabled platform that can significantly speed up the process to secure temporary workers, while helping to gain control of staffing expenditures. Since these systems are web-based, there is usually no charge to clients and no need for time-consuming software installations.

A VMS provides organizations with greater control of spending, cost containment, and real-time reporting, to analyze and maximize utilization and production. It's a real-time portal that enables a company to view reports in all areas of the contingent labor staffing process, such as job requisitions, timesheets and invoicing. Many vendor management systems are vendor-neutral, which function independently and enable users to maintain existing labor sourcing relationships.

What Are the Benefits of Implementing a VMS?

A VMS streamlines the contingent labor hiring and management processes with automation. It improves operations and productivity by centralizing various systems onto a single, easy-to-use online platform.

SIMPLIFY ORDER ENTRY:

Pre-loaded job descriptions, titles, and required skill sets reduce the time spent on creating individual orders. Using an intuitive form, an order request is virtually immediate.

SUBMIT REQUISITIONS TO MULTIPLE VENDORS WITH ONE CLICK OF A BUTTON:

Save time emailing and contacting various vendors when requesting candidates for an order. One or multiple providers may be selected to receive a requisition when creating an order.

REVIEW ALL SUBMITTED CANDIDATES WITH REQUIRED DOCUMENTATION:

Vendors can submit a candidate and his/her resume, licenses, and any additional documents directly through the open order. The VMS enables the user to approve or reject the talent, and creates an audit trail, including an electronic signature, date, and time-stamp.

VIEW ASSOCIATE CREDENTIAL INFORMATION AND DOCUMENTS:

Organizations can track their compliancies via automatic notifications alerting them when credentials near expiration.

ELIMINATE THE PAPER TIMESHEET PROCESS:

With electronic timesheet processing, each associate enters his/her hours directly into the platform and a notification is automatically sent to the manager for approval. These provide the most accurate, up-to-the-minute figures, and can help reduce costs.

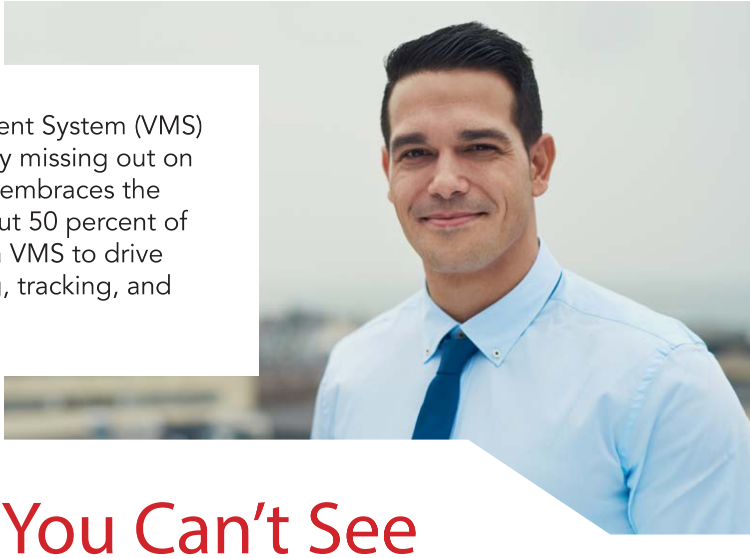
CONSOLIDATED BILLING INVOICE (CBI) AND MANAGED PAYMENT SERVICE (MPS):

Combines all vendor invoices into one electronic version, with supporting documentation. This digital invoice contains all the information for every supplier in a consistent, universal format.

ACCESS TO LIVE REPORTS IN ONE PLACE:

View a myriad metrics, such as labor spending, vendor activity, statement adjustments, and talent performance ratings. These reports are captured live, stored directly in the platform, and viewable at all times.

Optimize Your Contingent Labor Costs *with* RINGO



If your facility is not currently utilizing a Vendor Management System (VMS) to manage and procure your contingent labor, you're likely missing out on important savings opportunities. Corporate America now embraces the advantages of a Vendor Management System (VMS). About 50 percent of larger firms (with more than $100 million in revenue) use a VMS to drive at least 25% of their revenue. A VMS makes requisitioning, tracking, and managing labor and spend an effortless task.

You Can't Control What You Can't See

Use a VMS to manage your contingent labor and watch your savings grow!

BLIND SPEND

Just like running with your eyes closed keeps you from knowing where you are going, managing labor without a VMS keeps you from knowing where your money is going. You need to know where you can economize, and where you are over-extended.

THE BIG PICTURE

Gain control over your spend and access real-time reports in under 7 seconds with various sorting methods. Visibility by department for any time frame can lead to big savings of up to 23%

WAIT DRAIN

Manual processes such as emailing and calling staffing vendors directly can really slow down processes, and reduce efficiency.

SINGLE SOURCE ACCOUNTABILITY

Keep an eye on order distributions in one centralized location for all requests and submissions.

HUMAN ERROR

Paper timesheets can lead to improper recording of hours and math errors, which may lead to overbilling.

MINIMIZE LIABILITY

With a VMS, you can utilize big data and implement a strong approval process to maximize efficiencies.

DOUBLE TROUBLE

Processing and receiving multiple invoices and ensuring they are correct is time-consuming.

STREAMLINED BILLING

Consolidated billing allows you to view all vendor statements in one invoice, saving time on processing separate invoices.

After implementing a VMS, companies typically see the benefits almost immediately, such as:

• Savings of up to 23% in staffing procurement over the first year and 36% the second for those clients who were seeking to consolidate/contain costs of contingent labor.

• Improvements in efficiencies free up internal staff to focus on other tasks.

• RINGO offers EOR Services for organizations and staffing companies that need payroll options.

• Clients have reduced invoice processing from a high point prior to implementation of 180 days+ to an average range of 30 to 42 days in compliance with vendor agreements.

• Electronic credentialing alerts make it easy to stay compliant, avoid costly errors, and streamline the overall process.

• Upon timely client invoice authorizations, accruals reduce drastically, and in accordance with client goals.

• VMS's ability to interface with client accounting / finance software, eliminating the need for manual postings to ledgers via customized exports with a variety of options.

Start Saving with RINGO:

The Premier Vendor-Neutral Management System

A pioneer in the industry since 2001, RINGO was designed as a tool to provide increased accuracy, efficiency, cost containment, and accountability in line with our clients' strategic objectives for their contingent labor workforce.

Our Vendor Management System provides a centralized portal to easily access and manage information regarding spending and usage. RINGO increases capabilities and efficiencies to manage operations and critical data for an unlimited population. All processes are designed to meet our clients' specifications in a user-friendly, neutral setting.

RINGO is "vendor-neutral," meaning we don't interfere with your relationships, we enhance them!

- *Save time and money by streamlining the way you manage your temporary workforce with the RINGO VMS.*
- *Use RINGO to launch your Managed Payment Service (MPS) initiative.*
- *RINGO offers EOR Services for organizations and staffing companies needing payroll options.*

53%

The percent reduction in time to fill a position by utilizing **RINGO.**

129+ THOUSAND

The number of timesheets **RINGO** processed in 2018

23%

The annual percentage **RINGO** has proven to reduce the cost of our clients' contingent talent programs by.

Optimizing Your Healthcare Savings With the RINGO VMS

You Can't Control What You Can't See

Running an efficient organization begins with driving out waste so that all work adds value and serves the customer's needs. By identifying value-added and non-value-added steps in every process, an organization can run smoothly and more efficiently at a lower cost. It's all about looking at ways to improve business processes, and doing more with less.

So, where does the RINGO Vendor Management System (VMS) fit in?

RINGO's VMS platform changes the process for contingent talent–from requisition to invoice, making it fully transparent. RINGO's functionality reduces waste and cost, improves efficiencies, and enables your organization to provide a higher quality of services.

The Four Controls

1. EFFICIENCY

By utilizing RINGO, the time to fill a position is reduced by roughly 53%. Its fully automated program eliminates repetitive processes and the associated administrative burdens. All systems are centralized, from order requisitions to time to fill, and all the steps in between and beyond. Full transparency enables leadership to easily identify and eliminate inefficiencies related to per diem, temporary, and other staffing usage. Most importantly, healthcare staff will have far greater time to focus on what is paramount–patient care.

2. COST

It is important to note: There is absolutely no cost to your organization to utilize RINGO. It's 100% vendor funded. However, the far greater fiscal impact is on your bottom line. Over the nearly two decades RINGO has been in operation, it has proven to reduce the cost of our clients' contingent talent programs by up to 23%. This is accomplished by maximizing spend, enforcing the agreed-upon price points with vendors, and closely monitoring maverick overtime. In fact, no actual staff reduction is required, and many organizations utilize the savings to increase core staff and improve patient care.

3. ANALYTICS

Analytics are essential. You can't improve your operations without them. Unfortunately, most healthcare organizations lack transparency and an easy way to review essential metrics. Collecting this data is often a cumbersome, time-consuming process. By utilizing RINGO, these figures are available at the click of a key, in real time–by department, by position, by vendor, reason for usage, and any other critical data parameters of your choosing. Management reports provide the data needed for strategic decision making backed by real data–empowering people to lead with confidence. Organizations can easily measure the effectiveness of one staffing vendor over another.

4. COMPLIANCE

The healthcare compliance world is complex, and that is putting it mildly. Complex and evolving regulatory reforms, renewals of licenses, fines and insurance reimbursement requirements are just some of the issues. Generally, this is a tedious, paper-based credentialing process. However, RINGO solves this problem by providing electronic credentialing alerts for things like out-of-date documents and re-certifications, while offering organizations efficiency, reducing the burden on all stakeholders, and positively impacting quality. By delivering alerts prior to a license expiring, RINGO makes it easy to stay compliant, avoiding costly errors, and streamlining the entire process.

ringo®

RINGO allows you to work more efficiently and do more by streamlining processes and reducing costs. It transforms tedious tasks into manageable functions.

INTERESTED IN REDUCING YOUR CONTINGENT LABOR FORCE COSTS?

Schedule a Demo with RINGO!

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