

a contingent perspective

By Kara Halvorsen

Go Temp!

The business case for hiring contingents

There are plenty of reasons to turn to temporary workers, and plenty of benefits for the companies that use them, especially in today's economy.

Good Opportunity

Instead of proposing the hiring of a traditional employee, suggest hiring a contingent professional on a short-term project. A \$15,000 3-month project is less risky than a \$63,000 per year FTE (salary plus benefits). Once the project is completed, you'll have objective facts to influence getting an extension for the project or hiring/converting the worker to FTE.

Additionally, you may be able to bring in a more experienced person than you could otherwise afford to hire. David Nagler, VP of corporate affairs at ARYx Therapeutics, concurs: "It is a great opportunity for companies to bring in high levels of expertise when they might not otherwise be able to do so."

Meanwhile, many third-party providers maintain large inventories of proven, experienced contingent professionals. These firms can source, screen and match workers quickly to meet skill, experience and fit criteria while taking on the employee classification liability.

Going contingent is also a good means to test a worker you aren't quite sure of. Bringing him or her in on a contingent basis would

enable both of you to test the fit before committing to an FTE hire.

Legal Framework

If working with contingents is new to you or your company, be sure to work with your legal department to ensure you have the right documentation and process in place. Depending on your organization, you also may need to work with your procurement/contracts department. Here are some keys to a successful contract.

A statement of work (SOW). An SOW justifies expenditure approval and identifies project goals and milestones.

Clearly outlining goals and milestones up front protects the company and contractor from differing performance expectations. Use the same method you use for documenting FTEs goals. The SOW also documents the terms for extension or, if necessary, termination.

SOWs can be developed by the hiring manager, the contingency professional or the third-party provider.

M Squared Consulting,

in selected assignments, can provide a SOW that is a complete ROI justification. Colleen Lingane, VP of the financial services practice, reports that this "helps management make better decisions by providing financial information to support the decision to hire a consultant."



Conversion fees. The common myth with high unemployment is you shouldn't have to pay any fees. But the large number of candidates actually creates additional work, time and expense for your third-party provider. Given hiring freezes though, employers are currently in a better position to negotiate lower conversion fees.

Even if you do not convert to full-time, it's

important that all fees and/or reimbursed expenses (e.g. travel) are clearly outlined, including whether prior approval is required.

Bill rate. One way to approach bill rates is to start with the equivalent cost for an FTE (salary plus benefit costs), then calculate that hourly rate for that FTE. This, plus a markup, can be a starting point for setting your contingent's bill rate.

Termination clause.

Ensure you've addressed the conditions and notice periods you need to extend or terminate the relationship.

With tight budgets and no headcount, we are all challenged to look for creative solutions to solve staffing issues. Mapping projects in specific, measurable milestones and using a financially based ROI formula will help you obtain approval and avoid performance discrepancies. "Trying before buying" ensures the right fit. And, whether you hire for a project or full-time work, you may add talent. Using contingent professionals makes more sense than ever in this economy. 🌟



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