

Breaking Open the MSP Black Box

It can work if carefully managed

By Tom Kosnik

A few months back the owner of a staffing company told me the senior hiring manager from a company that represented 40 percent of his firm's total revenue called and said: "Either pay me a commission for the business I am giving you or I will give it to your direct competitor."

I rarely take such allegations as being true when I first hear about them. In any case, the owner of the staffing business asked me, as an outside source, to dig into the situation. After a little investigating I discovered that the sales executive managing the account had been paying the hiring manager out of his personal commissions. When the sales executive tried to break the cycle, the hiring manager went directly to the owner of the business with the demands.

Hiring an external managed services provider (MSP) to supervise your staffing vendors and flow of candidates into your organization is one way to insure that scenarios such as this one do not occur in your organization. Typically, an MSP is hired to assist in cleaning up the inefficiencies that staffing vendors create in the HR fulfillment process. But an MSP can help clean up internal inefficiencies as well.

No Side Deals

An organization can experience several internal benefits after an MSP is engaged. For example, hiring managers'

"focus time" will increase because they are dealing less with sales executives from several different kinds of staffing firms. Additionally, discretionary spending on contract labor will decrease because an MSP is managing pay and bill rates and all sources of contract labor. It becomes quite easy for an MSP to stop any side deals that staffing firms have with hiring managers in your company.

Accurate financial record-keeping is another enormous benefit an MSP provides. A company can very quickly and very accurately discover how much each department is spending on contingent labor and with what specific staffing vendors. The MSP typically brings a VMS system to the table and the intellectual capital regarding how best to manage the system. It knows where the potential trouble areas can be and can assist a company

in fully utilizing a staffing strategy.

Black Box Challenge

There is, however, one key challenge. Namely, the use of a "black box" set-up with staffing vendors. In this arrangement, requirements are submitted to staffing vendors electronically, staffing vendors have no verbal contact with hiring managers, resumes and responses are submitted back to hiring managers through email.

arrangement can actually work against a hiring manager's short-term objectives and the company's long-term staffing strategy. The question to ask is, "How do we make proper adjustments to a black box arrangement with staffing vendors so that we are achieving both short-term and long-term objectives?"

An alternative adjustment that has proven to be successful is to allow staffing vendors to have limited contact with hiring managers based upon the uniqueness of the job role attempting to be filled. How would we go about implementing such an adjustment?

Picture a line, a continuum, with minus 10 on the left indicating positions in which the jobs and tasks are well-defined, zero in the middle, and plus 10 on the right representing undefined tasks and roles. Form

a team whose purpose would be to analyze and assign each of your company's job positions a place along that continuum.

For example, call center low-end clerical or first-level help desk positions that are well-defined would go on the left end of the continuum. These jobs have fairly well-



The idea is that this will make hiring managers more efficient in the hiring process and it will give all staffing vendors an equal shot at filling open requirements.

What we are discovering is that all jobs cannot be fulfilled through a black box arrangement with staffing vendors. In fact, such an

developed job descriptions and don't take too much thinking or training to perform, and would not require a staffing vendor to have direct contact with a hiring manager.

On the other hand, certain kinds of engineering and IT positions, higher-end accounting positions, and the like that are not well-defined would go on the right end of the continuum. These jobs do not have well-defined descriptions and require candidates that can think on their feet. In these positions the match is critical, and it makes sense to allow the staffing vendors to have direct contact with the hiring managers.

I suggest asking hiring managers and a couple of your best staffing vendors to assist in the process, as both parties will be affected by the change. Additionally, involving hiring managers and some vendors will encourage ownership in improving the overall process.

Training and Accountability

Once the jobs are earmarked, the HR department will need to introduce the concept and alteration to all hiring managers in the organization as well as your staffing vendors. Training will certainly need to be a part of this introduction. It will be important to commu-

nicate to your staffing vendors that this change does not allow full contact with all hiring managers. Rather, it is limited contact with hiring managers based on where that job falls on the continuum.

An accountability system will need to be devised. It makes sense to have a grace period for hiring managers and staffing vendors to fully adopt the change. After that, however, if staffing vendors are overstepping their bounds or if hiring managers are abusing their access to certain staffing vendors, then consequences will need to be administered.

Achieving your organization's hiring goals is a chal-

lenge. Internal hiring managers and staffing vendors will continue to try to make their own rules, their own systems and their own deals. Utilizing an MSP, internal or external, is an excellent way to build a workable system that assists your organization in achieving its hiring goals. Allowing hiring managers and staffing vendors to work together on certain undefined jobs will only increase the effectiveness of how your company is hiring for open positions. ●

Tom Kosnik is a certified consultant in the area of organizational development and supply chain management. He can be reached at tkosnik@visus.us.