

Trust, But Verify

Make sure your vendor metrics are realistic and fair

By Tom Kosnik

All too often, corporations enter a staffing vendor relationship with the mindset that the vendor is untrustworthy. Whether it is on the contract staffing side or the direct hire side, most human resources departments approach the relationship cautiously and often try to keep the vendor at arms-length. But such a negative approach practically guarantees failure. When there is trust in the relationship, though, it's perfectly reasonable for the buyer to expect that trust to be justified — and that results from mutually agreed-upon measurements.

It is a common practice for buyers and managers of contingent workers to dictate outcomes and measures to staffing vendors. Such an approach is certainly more streamlined and easier to implement. However, including staffing vendors in the task of setting outcomes and metrics will prove to be a superior method.

Successful implementation of a program where staffing vendors are part of the process of setting outcomes and measures starts with an important shift in how buyers think. The first step in shifting that thought process is viewing staffing vendors as an extension of the human resources department.

Change in Perspective

This shift by HR or even procurement departments does not happen overnight. It requires senior leadership to establish a policy of viewing vendors

as an extension of the company itself. Ultimately, a



plan will need to be built out that includes conducting a gap analysis, establishing an envisioned future,

educating employees, setting relational guidelines and conducting regular follow-up meetings.

Developing a mindset and mode of operation that staffing vendors are part of a team will engender loyalty and flexibility. One positive effect is that your company will become a priority account. Additionally, it can yield a whole host of information, from a staffing vendor's perspective, regarding best practices in the talent acquisition game.

I am not proposing that a corporation become completely transparent to its staffing vendors. These relationships function best in a checks-and-balances system. And they work better when all parties are involved in creating the measuring stick. "Better" in this case is the implementation of an organization's overall staffing strategy.

Assume that a company has a healthy, open relationship with its staffing vendors. How do the two entities set outcomes and measure-

ments that deliver value and are fair?

Strategic Alignment

In a perfect world, the outcomes that one would be setting with staffing vendors are pulled directly from the organization's staffing strategies, which, in turn, are aligned with its corporate strategies. Such results could be global, such as accomplishing key initiatives (staffing a new plant or staffing a project). Others could be smaller in scope, such as increasing utilization rates or conversion rates.

With the outcomes in hand, it is best to ask staffing vendors such questions as:

- Are the metrics we are currently using helping us to reach these outcomes?
- Are they realistic?
- Are they generating the best and most useful information?
- Are they helping us all to succeed?
- The better staffing vendors will have numerous metrics that they will share gladly in exchange for deepening their relationship with an organization. Those metrics that were created by both parties will actually improve results.

Avoid Errors

A common and critical error is to make dollars and cents the dominant measurement of a vendor relationship. That is because it will affect all decisions governing staffing vendors — including those that don't hinge on economics. If the need to spend less money is not balanced with other outcomes, it will have a deleterious effect in many ways. The best approach is to put the dollars spent against priorities. If something costs more, but is also more important to achieving a company's goals, then it is money well spent.

It is a critical error to push unrealistic metrics on

staffing vendors. Vendors then find it difficult to buy into the program. If they are part of the process, and if their input is heard, good things will result.

Some metrics simply do not make sense. Take performance metrics, for example. On any given day, see if your company's best internal recruiter can match the performance required of a staffing vendor. If not, then those higher expectations of the vendor should be reviewed.

Meanwhile, some metrics make sense on the surface, but not when you dig deeper. For example, establishing a four-hour turnaround time on requisitions

or requiring a certain number of submissions on requisitions seem logical. Yes, companies want a quick turnaround time and want to ensure that staffing firms on their list are working diligently on their job orders. In reality, though, such requirements encourage vendors simply to submit resumes in quantity. Over time, quality goes out the window.

By viewing staffing suppliers as an extension of an HR department, by setting outcomes and measurements in conjunction with staffing vendors, an organization enhances the value of what is delivered and at little or no cost.

Otherwise, the supplier might chafe under arbitrary control to the point where it will seek other opportunities. Or, the company might be faced with a constant churn of vendors that can't meet its arbitrary standards.

The ultimate goal for any organization that relies on contingent work is flexibility, cost-efficiency and quality work. All of those can be met with a different way of thinking and some cooperation. ●

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