



## Why Use an Automated Vendor Management System (VMS) for Staffing?

Most companies use a contingent workforce in order to increase flexibility and decrease costs. The use of a contingent workforce has grown greatly in the last fifteen years, to the point where 2% of the non-farm employment in the US is employed by temporary staffing firms, for a total spending of 64 billion dollars in 2004.

The irony is that the use of contingent workers has grown so fast and dramatically that many companies have not implemented reliable systems to track, measure, and report on this large expense item. In a recent survey of Fortune 500 firms, 21% could not estimate their annual spending on contract labor. In some industries, contract labor costs up to 10% of gross revenues, so this is a very large expense item—much too large to be so loosely controlled.

Many companies are realizing that these expenses must be monitored and controlled more closely. “24% of the companies polled in the last year are putting a vendor management system or solution in place, compared to 8% just two years ago” says Ron Mester, President and CEO, Staffing Industry Analysts, Inc. Companies implementing vendor management systems are interested in reduced costs, process control, and reduced risks.

### What are the Common Alternatives?

**Traditional Means:** Even with advancements in technology and the Internet, and drivers like Sarbanes-Oxley legislation, contract staffing is still mainly facilitated through a patchwork of traditional means: E-mail, phone calls, paper forms, and spreadsheets. Upon close examination, this approach tends to be inefficient and ineffective at driving improvement. The inherent gaps in this approach jeopardize a company’s ability to continually enforce operating standards, control costs, & manage risk.

**ERPs:** Another common alternative to VMS is ERPs (Enterprise Resource Planning systems). Some ERP modules do provide procurement and time tracking capabilities. However, most of these were designed for commodity purchases like pencils and hardware, not to accommodate the complexities that typify staff acquisition and management. And ERPs tend to be expensive and difficult to implement, limiting their appeal to only the largest companies.

**MSPs:** MSP (Managed Service Program) is a staffing management alternative established in the 1980s.

MSP is characterized by staffing clients utilizing the personnel resources of a favored staffing firm, on-site, to coordinate all staffing activity on behalf of the client. Vendor management systems are now an inherent part of today’s viable managed service offerings. MSP offerings devoid of a VMS tool – those that transact the client’s business employing **traditional means**, are quickly falling out of favor.

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### Why aren’t More Companies Using VMS?

Staffing costs may be spread across individual departments, reducing the visibility they would have if aggregated. In addition, a company’s staffing process is typically comprised of sub-processes that cross functional boundaries. A non-systematic approach makes it difficult to recognize the cumulative effect of inefficiencies, and to engineer change. Ultimately, staffing does not get the attention at the executive level that it warrants.

### Why StaffingLogic?

StaffingLogic is a full staffing lifecycle solution that provides exactly what customers are looking for in a system that is vendor-neutral and easy to implement, use, and integrate with other business systems. StaffingLogic provides the following benefits:

- **CHANGE MANAGEMENT:** through the methods, tools, and resources we employ to design, build, integrate, and maintain a customized solution that meets the needs of all stakeholders.
- **LOWER COSTS:** through lower prices achieved through spend consolidation, through pricing compliance, by plugging spending leaks, and lower internal costs due to automation.
- **IMPROVED QUALITY:** resulting from faster fill times, better candidate matches, and end-to-end record-keeping.
- **IMPROVED BUSINESS MANAGEMENT:** due to accurate tracking of all events, and tools to report candidate data, activity data, spend data, and vendor performance.
- **IMPROVED RISK MANAGEMENT:** due to better enforcement of worker screening, testing, and induction requirements.

Executives like StaffingLogic because of its process controls and reports; end-users like StaffingLogic because it is vendor-neutral and it reduces the time and effort required to obtain a good match for their needs.

**One Business Tool | Many Business Advantages**

Call us at **800.765.5874** or visit us on the web at [www.staffinglogic.com](http://www.staffinglogic.com).