

# What is Direct Sourcing?

Sourcing, engaging, and managing the modern contingent workforce

Direct Sourcing: A term commonly used to refer to the process by which a company leverages its own internal candidate pool (i.e.: former employees, retirees, applicants from own ATS) to place within the company as temporary employees.<sup>1</sup>

Direct sourcing is a talent engagement strategy that has evolved with the emergence of the independent workforce—the 41-million<sup>2</sup> people who work as contractors, consultants, freelancers, side giggers and more.

Direct sourcing empowers businesses and end-users to leverage their own enterprise brand to engage contingent workers of all types in a faster, more cost-effective way that often results in an overall better experience for placed resources and engagement managers alike.

**Direct sourcing empowers businesses and end-users to engage talent in a faster, more cost-effective way.**

In fact, research on the topic of direct sourcing shows that 61 percent of enterprise program owners either have a direct sourcing function in place or are considering to do so within the next two years<sup>3</sup>.

By putting a defined process and technology in place that gives enterprise managers the ability to proactively identify and match highly-skilled candidates with available project opportunities, companies can effectively move selected recruiter functions in-house and bypass the middleman, creating a direct line between managers and top independent talent.

Two of the most common ways enterprises have traditionally found and engaged independent talent are through the use of a third-party such as a consulting company or staffing firm, or through managers who self-source from existing relationships or word of mouth without following a company-defined process for doing so. A few big challenges exist with these options.

1. While third-party staffing or consulting firms can fill some talent management needs, they come at an expense to enterprises with markups ranging from 35-400 percent, according to Staffing Industry Analysts.

1 "The Lexicon." Lexicon, Staffing Industry Analysts, [lexicon.staffingindustry.com/](https://www.lexiconstaffing.com/).

2 "MBO Partners State of Independence in America 2018." MBO Partners, <https://www.mbopartners.com/state-of-independence>.

3 "Workforce Solutions Buyers Survey 2018" Staffing Industry Analysts, <https://www2.staffingindustry.com/Research/Research-Reports/Americas/Buyer-Survey-2018-Full-Report>

It can be difficult for these companies to find and engage career consultants because they do not typically source from this sector of the workforce. Contract terms can also complicate future re-engagement for especially in demand resources.

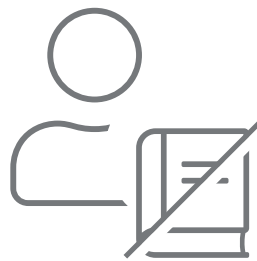
2. When managers self-source independent talent, compliance risk increases. HR departments—where employees are typically trained on traditional employment practices—are generally not fully aware of the nuances involved in independent contractor law, which can lead to major compliance issues and drive unnecessary spend.

Direct sourcing takes a different approach, enabling access to and connection with top talent by leveraging marketplace-based technologies to create a more frictionless and direct relationship between provider and buyer—managers and independent talent. By shifting recruiter functions in-house, managers can search through a network of available talent, matching skillsets to available project opportunities, and talent simplify the process of working with leading companies while realizing significant savings and an improved customer experience.

#### STAFFING / CONSULTING FIRMS



#### SELF-SOURCING



#### DIRECT SOURCING



### WANT TO LEARN MORE?

For more information, visit [www.mbopartners.com](http://www.mbopartners.com) or set up a meeting with one of our Client Services Advisors today. Call us at 703-793-6208 or email [enterprisesales@mbopartners.com](mailto:enterprisesales@mbopartners.com).

### ABOUT MBO PARTNERS®

MBO Partners is the industry's only complete business operating system for independent workers, offering technology solutions that make it easy for self-employed professionals and their clients to do business. By re-envisioning the entire contractor recruitment and engagement lifecycle, MBO improves how talented independents operate and succeed while helping enterprises reduce risk and get the best return on their contractor investments.

FOLLOW MBO ON SOCIAL MEDIA