

The Requirements of Direct Sourcing

Exploring the importance of building a centralized program for contingent talent

“Direct sourcing provides many benefits, but companies need to understand that it’s not a standalone approach. It is most successful when used as part of a strategic contingent workforce management program.”¹

Direct sourcing can lead to many financial benefits—helping organizations avoid unnecessary costs by providing centralized management, lower cost engagement options and visibility into contingent worker spend—but it is only a small part of the picture. Alone, many third parties and technology platforms that facilitate direct sourcing are not designed to handle the complex program requirements enterprises need and lack a sufficiently robust compliance layer to solve for misclassification risk.

Without a centralized program or policies in place, enterprises may engage contingent workers who have not been properly vetted. This poses a significant compliance risk and can lead to potentially catastrophic misclassification or co-employment issues down the road.

In order to compliantly engage contingent talent across an organization, it is important for enterprises to build a scalable, comprehensive program which includes mechanisms to ensure compliance. This program should address everything from finding, sourcing, and engaging independent workers in a compliant manner to managing, paying, and re-engaging them as part of a talent pool.

There’s no one-size-fits-all formula for creating a program to support a direct sourcing strategy—each enterprise will have unique talent needs that need to be met and hurdles to overcome. There are, however, certain universal requirements that help build a strong base for a lasting and successful program.

➔ Company leadership must understand that the significant benefits gained from direct sourcing only can be realized with an investment of time and resources. To this end there needs to be a clear understanding of program requirements, and the costs associated with pursuing a direct sourcing strategy. A comprehensive program is needed for direct sourcing to be successful but many program sponsors try to cut corners only to find the potential benefits lacking.

¹ Roberts, E. (2019, June 13). Direct Sourcing of Labor, Total Talent Management Strategy Help Companies Improve Independent Contractor Success. Retrieved from <https://spendmatters.com/2019/06/13/direct-sourcing-of-labor-total-talent-management-strategy-help-companies-improve-independent-contractor-success/>

- ➔ Programs need to recognize the unique needs of independent talent and should help enterprises position themselves as Clients of Choice, such as providing onboarding support to create a positive user experience, aligning payment terms to market standards, and encouraging managers to report on high-value deliverables so independent talent can see how their work is making a difference.
- ➔ Ideally, a program is supported by technology and integrated into existing systems or processes. But enterprises should not rely on technology alone. While matching algorithms can help to narrow a pool of talent for a specific role, incorporating a human element—someone who can ensure specific skills and experience are accurately matched to criteria—can take a program to the next level, ensuring more precise talent matches.

A direct sourcing strategy helps to get top talent in the door, and a sustainable end-to-end program will help keep them coming back.

WANT TO LEARN MORE?

For more information, visit 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.

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.