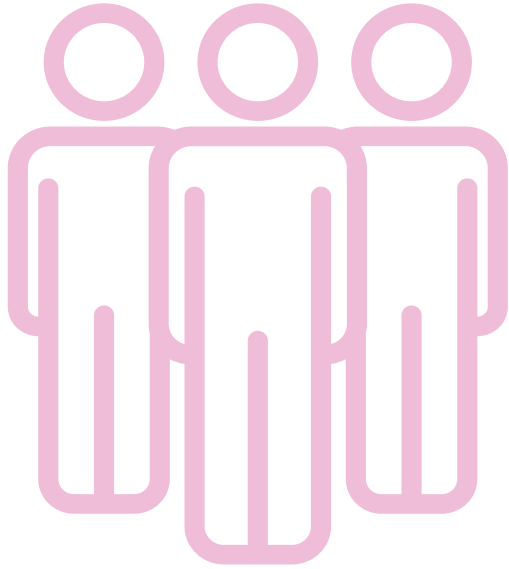




The Comensura Perspective

5 steps to evaluate your current Managed Service Provider.





This 'how to' practical guide is for procurement and human resources professionals with responsibility for managing their business' usage of temporary, permanent and contract labour.

In this guide, we hope to provide you with useful insights and tips on how to evaluate your current Managed Service Provider (MSP) as they come to contract renewal and decide on which procurement approach to take.

We will do this by sharing with you some of our extensive experience in the procurement of services and approach to managing the supply of temporary workers into large businesses via external suppliers.

The five key steps we cover in this practical guide are how to:

1. Evaluate your current MSP
2. Conduct a stakeholder review
3. Research the external market
4. Talk to potential new MSP providers
5. Assess your options and act accordingly.

Our experience shows that paying attention to these result in a better decision being made. This ultimately means the delivery of demonstrable benefits, such as:

- ✓ Complete visibility and control of temporary recruitment spend
- ✓ Enhanced cost savings
- ✓ Process efficiencies
- ✓ The right quality temporary labour on demand
- ✓ Risk mitigation and;
- ✓ Achievement of your business strategies and objectives.

What is a Managed Services Provider?

According to Staffing Industry Analysts, a Managed Services Provider (MSP) is a company that takes on primary responsibility for managing a business' temporary workforce programme. An MSP may or may not be independent of a staffing supplier.

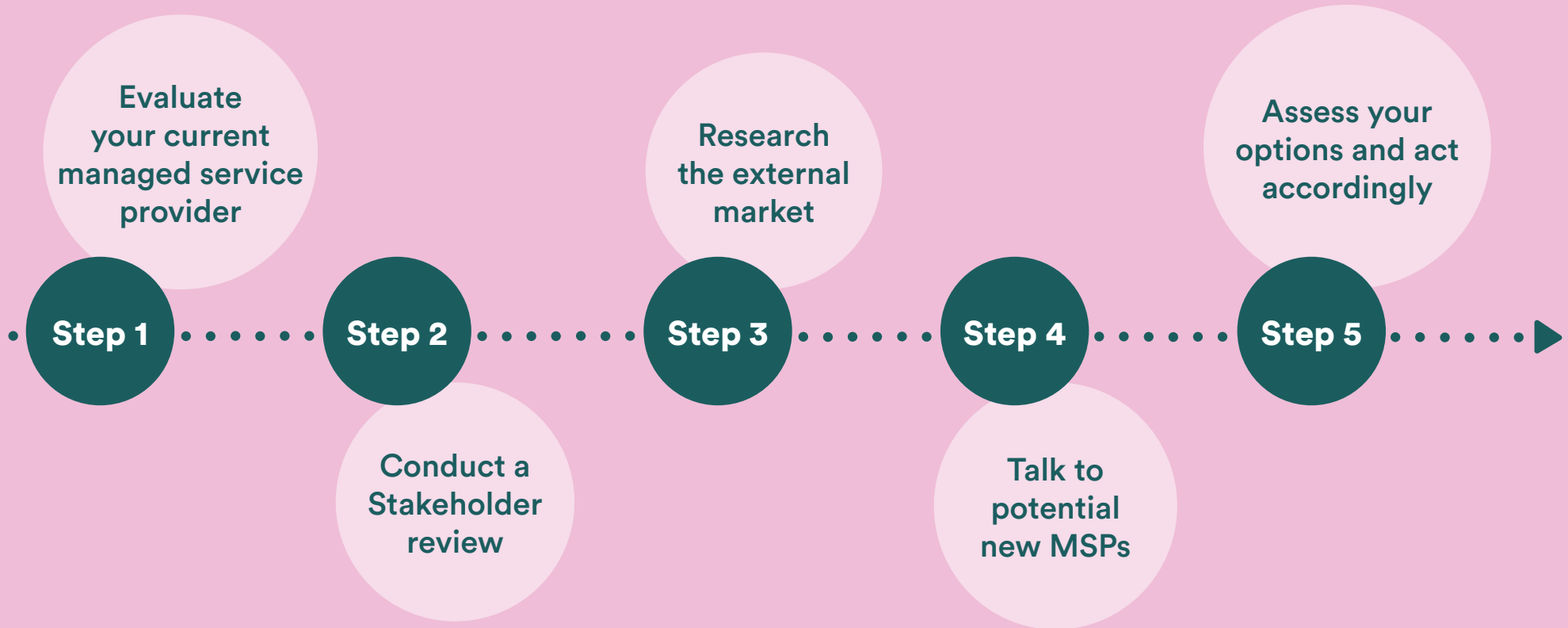
Typical responsibilities of an MSP include overall programme management, reporting and tracking metrics, supplier selection and management, order distribution and consolidated billing across suppliers. There are two main types of MSP:

Master Vendor – where orders usually go first to the MSP or its staffing arm to fill the vacancy, before going to a recruitment agency supply chain.

Neutral Vendor – where orders are distributed to a recruitment agency supply chain based on their capability to supply and previous performance.



The 5 key steps to evaluate your current MSP provider.



Step 1 – Evaluate your current managed service provider.

With most MSP contracts having a duration of at least three years, the likelihood is a lot will have changed since your provider was appointed.

Change is going to come from a variety of sources including:

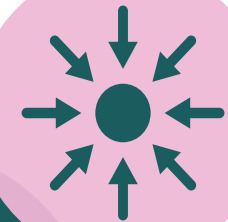
- ✓ **Your business' strategy** – It's unlikely you'll have stood still as a business so your approach to workforce planning and utilising temporary and contract labour is also likely to be different
- ✓ **Your business' procedures** – Changes in management teams can result in revision to working practices. The MSP you have now, may need to be managed in a completely different way in the future
- ✓ **The external landscape** – Political, economic, social, technological, legislative and environmental changes coupled with the very competitive nature of modern business.

It is within this context that you need to evaluate your current MSP.

Opposite are some key questions you need to answer.

It is important to assess your MSPs performance over the entire duration of the contract. The reason for this is simple, if the MSP is meeting your requirements and has been a trusted provider, the quality of the relationship should be better now than at the start of the contract term. If not and problems have persisted throughout, then that is something that must be addressed.

You must base your answers to the questions opposite on factual information, which should include management information reports provided to you on a periodic or real-time basis.



**Smarter
simplifies
processes.**



Step 1 – Evaluate your current managed service provider (continued).

Here are some key questions you need to answer:

“How has the MSP performed against the contractual key performance indicators?”

“Has the MSP given us complete transparency of recruitment spend?”

“Has the levels of fulfilment met our requirements?”

“Has the quality of worker met our requirements?”

“Has the MSP been able to adapt and change with our business over time?”

“Has the MSP been a trusted partner and expert, with solutions to our challenges?”

“Has the MSP effectively managed and evolved our recruitment agency supply chain?”

“Has the MSP aligned itself and fitted into our business culture?”

“Has there been a good working relationship between the MSP’s staff and our business?”



Step 2 – Conduct a stakeholder review.

Once you have an understanding of your current MSP provider's performance, the next step is to sit down and talk with key stakeholders from across your business.

At this stage you want to get some view on the perception of the MSP's ability and the way they operate to identify if there is any 'noise' coming from the various parts of the business.

We'd recommend consulting with end users and corporate users including:

End users

Department Heads

- ✓ Are departmental heads, especially those with high reliance on temporary or contract workers, happy with fulfilment rates and speed of hiring?
- ✓ Are they better able to manage their staffing budgets under the MSP contract?

- ✓ Are they better able to achieve their departmental objectives through the MSP contract? For example, is the MSP providing them with enhanced levels of workforce flexibility or cover during busy periods?

Hiring Managers

- ✓ Are hiring managers happy with the recruitment process?
- ✓ Are hiring managers happy with the quality of candidates?

Corporate users

Executive Leadership

- ✓ Does the MSP contract meet the current and future strategy and objectives?
- ✓ Is there a desire at executive level to change?

Finance Department

- ✓ Is there transparent and visible reporting of spend by business department/location/hiring manager?
- ✓ Are the payment terms compliant with financial strategy?
- ✓ Is there a high level of compliance to payment terms?
- ✓ Is there a high level of invoice accuracy?
- ✓ Is the technology used by the MSP integrated into our ERP system? If not, is this required in the future?



Step 2 – Conduct a stakeholder review (continued).

Once you have an understanding of your current MSP provider's performance, the next step is to sit down and talk with key stakeholders from across your business.

Human Resources Department

- ✓ Have there been any reported issues of employment risk? Such as workers without the right to work in the UK?
- ✓ Is there a high level of compliance and reduced risk?
- ✓ Has the MSP contributed positively towards any equalities or diversity monitoring?
- ✓ Is there any feedback contained with staff questionnaires?
- ✓ What is the quality of any workers transferring from temp-to-perm via the MSP?

Procurement Department

- ✓ Has the contract delivered against the contractual key performance indicators and service level agreement?
- ✓ Is the recruitment agency supply chain effectively managed?
- ✓ Is there high levels of off-contract spend? If so, what attempts have been made to reduce this?
- ✓ Is the recruitment agency supply chain effectively managed?
- ✓ What is the quality of any workers transferring from temp-to-perm via the MSP?



Step 3 – Research the external market.

Given that macro and micro-environmental factors will have changed, there is also a high likelihood that the external market for managed services will have changed too.

As such, it is important to understand what are the current trends in MSP. A few good sources of information are listed opposite.

With MSP, there are a number of different models to select, such as neutral vendor and master vendor. You can read a definition of both on page three.

With any research, we advocate that you temper any findings by relating it back to your business. For example:

- ✓ **Geographical locations** - If you're located within a specific country, research or information on global MSP solutions may be good to ascertain trends but may not necessarily yield the right solution for your business
- ✓ **Job categories** - If you require an MSP for a wide number of different job categories, you need to ensure that the MSP has proven capability of managing supply into all categories.

- ✓ **Technology and process requirements** - A key component of an MSP solution is technology. You need to ensure that the technology and the processes employed are appropriate for your business. For example, if you don't currently have control over recruitment agency usage, a solution that provides an element of local hiring manager choice may gain more buy-in than a fully automated end-to-end approach.
- ✓ This may be proprietary technology owned by the MSP or 3rd party Vendor Management System (VMS) technology.



Step 4 – Talk to potential new MSPs.

Following step 3, you will have already begun to compile a shortlist of potential new MSPs. Now is the time to invite some in to discuss your specific challenges and plans for the future.

Over the three previous stages, you will have gathered a significant level of information on your business, your current MSP provider, their contractual performance over the duration of the contract, how they are perceived internally, how the model they utilise has performed and the key trends driving the MSP marketplace.

Once you've compiled this and drawn some firm conclusions now is the time to invite in potential new suppliers. You are likely to have identified a shortlist of potential new providers when you scoped the market. We would recommend at least three and no more than five for most businesses. Based on your findings, you need to decide whether the potential new providers offer the same type of MSP model or something different.

In preparation for these meetings, it is important to document and agree internally, what the challenges a new MSP contract needs to address. Opposite are some key questions you need to answer.

Remember at this stage you're putting the 'feelers into the marketplace' to see what options are available to you.

You aren't looking to make a decision on which MSP to appoint; you're looking to make a decision after this stage on the approach you take to procuring a new contract. So you do need to be able to assess the potential of different providers in terms of the high level benefits they can bring in meeting the various needs of your business.

Make sure you, and your stakeholders, fully understand the complexity of this category. Be thorough in your assessment of other providers – you are far more likely to be 'sold' to if your knowledge of the category is limited.

Most importantly, make sure you ask your incumbent provider the same questions. If your own contract management processes have their limitations, such as a lack of mandate, and there is little internal desire to implement added value strategies, you must place this into context.



Step 4 – Talk to potential new MSPs (continued).

Here are some key questions you need to answer:

“What information are we willing to share with the potential provider?”

Please note:
Too little and they won't be able to provide information or solutions to your challenges

“What questions can we ask so we can objectively measure responses?”

“Who do to involve from our business?”

“What scenarios can we use so that the potential MSP can describe how they would approach it?”

“Do we tell our current MSP we are speaking to other providers?”



Step 5 – Assess your options and act accordingly.

If you've followed the four previous steps, you will now be in a position to assess your options and undertake the appropriate action.

The final stage in evaluating your existing MSP is to decide on your approach.

Fundamentally, there are only a few questions but your answers at this stage will dictate the approach you need to take.

The key questions are listed on the next page.

In summary

By following the five steps in this guide, you are most likely to make a better decision and ultimately realise benefits such as complete visibility and control of temporary recruitment spend, cost savings, process efficiencies, quality temporary labour on demand, risk mitigation and achievement of your business strategies and objectives.

Let Comensura undertake some of the hard work for you

You may feel comfortable addressing all of these issues internally. Comensura can provide a free and no obligation discovery analysis that will enable you to benchmark your temporary labour supply costs. This includes benchmarking the rates you are charged by your recruitment agency suppliers against the Competitive rates we procure them by leveraging the £400m of recruitment spend we manage each year.

You can find out more at comensura.com



Step 5 – Assess your options and act accordingly (continued).

Here are some key questions you need to answer:

“Following the evaluation of your existing MSP, are you happy to stay with them?”

“Do you want to undertake a competitive procurement exercise or not?”

“Will a new MSP contract be for a like-for-like arrangement or do you want to extend it into other job categories or geographical locations?”

“Is the current model (neutral or master) appropriate for the future?”



About Comensura.

Comensura is obsessive about delivering a smarter way to work for customers with complex resourcing requirements. We give them access to the contingent and permanent labour they need through a network of specialist recruitment suppliers. Our independent approach helps them resource all their staffing requirements, with efficiency and control at every step.

Comensura is a supply management specialist who manages the supply of temporary, permanent and consultant labour into large organisations in the public, private and not for profit sectors.

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