



WorkForce Redefined

Blurring the Lines between W-2's and 1099's

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Background

When MIPRO Consulting was first founded in 2005, our vision was not only to develop one of the premier business consulting services in the nation, but to do so using a business model that relied entirely on full-time salaried employees. While we take great pride in the fact that that first goal has been accomplished, our vision of what our workforce would look like is very different than on the day we opened our doors.

The reason for that is very simple: service.

From the beginning, MIPRO has understood both on intuitive and practical levels that a competitive and always-evolving marketplace demands an equally diverse, innovative and effective array of products, services and strategies. Deploying those products, providing those services, and effectively and efficiently implementing those strategies requires not only the highest standards, but also a dynamic combination of specialized expertise and extensive experience.

The implications of those high internal expectations and standards became clear during MIPRO's very first professional engagement. In the process of fulfilling a client's request for highly specialized resources, it became clear that some of the best talent in the world in that particular niche could only be found in the independent arena. Putting that talent to work on behalf of our customers required both logistical and operational flexibility, as well as an openness to the idea of integrating trusted outside experts into our business model. Many of those experts were not then and are not now interested in becoming a W-2 employee. But in a professional space where hundreds of diverse modules and an almost unlimited array of specific customer requests makes servicing those needs at the highest levels an extraordinary challenge, that talent pool represents a vital resource.

The challenge was to integrate that talent and secure the services of the industry's most experienced specialists without sacrificing MIPRO's high standards for consistency, oversight and exceptional customer service. The result was a business model that relies on both full-time, salaried expert employees and an extensive roster of proven outside consultants: the blended model. The goal, over time, is to forge bonds that blur the line between independent and full-time employment, essentially making independent resources MIPRO employees with the exception of tax purposes/designation.

What follows is an overview of the mechanics of implementing and maintaining a blended staffing model, highlighting both the specific advantages of utilizing such an approach and the best practices we have followed to ensure that integrating independent talent into our operational framework is a seamless and value-added experience.

A Changing Workforce

A recent article in Forbes noted that the Bureau of Labor Statistics (BLS) has concluded that the average worker today stays at each of his or her jobs for a little under four and a half years. And those numbers change significantly once age is factored into the equation:

“Ninety-one percent of Millennials (born between 1977-1997) expect to stay in a job for less than three years, according to the Future Workplace “Multiple Generations @ Work” survey of 1,189 employees and 150 managers. That means they would have 15 – 20 jobs over the course of their working lives!”

That kind of professional hyper-mobility highlights the fact that the employment landscape is changing. The notion of a single employer, a pension and a gold-watch that was prevalent just a generation ago has transitioned to a more independent and impermanent professional structure. Today, impermanence is the new normal: the BLS reported in September that, as of January 2012, 21% of all wage and salary workers had just one year or less of tenure with their current employer. While some of this is a byproduct of a still-fragile economy, the big-picture trends are unmistakable. The “free agent” market that took over baseball 20 years ago is the new normal in consulting.

In fact, the IT landscape has witnessed a four-fold increase in contract workers over the past two years. A study conducted by researchers at Computer Economics found that one in seven IT staffers—or roughly 15 percent—are now contract employees. This supports the greater trend that some analysts are predicting, in which contract employees will execute half of all work done for corporations by the year 2020. Whether this is a byproduct of organizations trying to keep costs low, the still fragile state of our economy, or simply because IT workers have begun to prefer the flexibility of contractual work and the challenges associated with new, different projects every few months, the contract worker lifestyle is appealing to many and continues to gain popularity for IT workers with no signs of slowing down.

The Blended Model

But there is much more than just sociocultural dynamics and evolving generational and professional preferences at play here. Tapping into a deep and diverse independent talent pool provides employers with an extraordinary added advantage relative to the competition. A blended model—supplementing a core team of talented full-time employees with a roster of trusted independent specialists—is appealing not just because it fits the new contours of an evolving professional landscape, but also because it works: it provides the best possible service and expertise to clients, while enabling employers to maintain the control, communication and consistency of a fully in-house operation.

MIPRO’s successful adoption of just such a system is based on the belief that great people are the foundation for long-term success. While MIPRO already employs some of the very best in the industry, a large pool of experienced and talented experts—many of whom are past PeopleSoft employees with literally decades of relevant experience—continue to make important and sometimes extraordinary contributions to our clients. The demonstrated professional quality, immense expertise and service-focused efforts of our consultants provide evidence that a flexible, results-oriented management culture and a blended employment model can be a defining professional asset.

While fairly straightforward, MIPRO’s formula of employing the most talented people to fill a precise need and execute the best possible solution for a client works, plain and simple. It works because, fundamentally, operating successfully in this industry is about responding to customer needs. Identifying, retaining and deploying individuals with highly specific expertise from a much larger pool of available talent is a difference-making strategy. Appreciating why that depth and skillset specificity is so important becomes even more evident when considering the alternative. Consultancies that attempt to maintain a full-time staff of in-house employees routinely engage in the practice of “staffing from the bench”: deploying resources to an engagement not because they are the best for the clients with optimal products and services.

Best Practices

While consistent professional success and positive customer feedback have strengthened MIPRO's confidence in the utility and value of a blended staffing model, it is also important to recognize that establishing and maintaining a blended model requires adherence to rigorous standards and best practices:

- **Extensive Vetting**

Quality control and verification of expertise is obviously one of the foremost priorities for companies looking to implement a blended staffing model. To that end, MIPRO maintains a database of hundreds of experts who we have worked with, contracted, or otherwise verified in the past. While every independent employee we work with still goes through an extensive interview process, this database provides a baseline level of confidence in their expertise. While the majority of MIPRO's professional engagement with independent experts is based on those established personal relationships, prospective candidates must undergo a rigorous validation and confirmation process; in many ways, it is the same interview process that full-time employees go through. To be effective, vetting and certification must begin long before an independent employee is deployed to a project. Every MIPRO consultant is extremely well versed in our methodologies, core values, professional standards and expectations: ensuring that our in-house professional culture is consistent and pervasive. Our independent experts literally have to pass a test of those standards before any work begins.

- **Consistent Oversight**

Whenever any resource is on a project, whether employee or independent, MIPRO oversight and guidance is present. We make it a practice to track all interactions/communications with consultants. Those communications are regularly reviewed at high-level management meetings to ensure that standards are being met. Maintaining strong oversight also means ensuring that the notion of a blended employment model is not just in name only: do not just deploy resources into the field and hope for the best. MIPRO's solution is to utilize an "engagement manager", a full-time employee that may be a project manager, an executive, or other experienced leadership/management professional who provides top-down guidance and structure on site. Literally every time an independent shows up at a client's door, a full-time MIPRO team member will walk in with them. The engagement manager also routinely reviews detailed status reports that are evaluated by MIPRO management on a weekly basis.

- **Strong Relationships**

Building, strengthening and maintaining unity and teamwork is an important part of running any business. For companies utilizing a blended staffing model, that priority becomes even more essential. Making a consistent effort to include independent resources as part of your team—through relatively modest social gestures such as taking everyone out to dinner together, to more organized efforts to include independents in company communications and events. MIPRO routinely sends packages and information with important in-house updates to independents with whom we have had longstanding professional relationships. These efforts can be an effective way to generate "brand loyalty", strengthen personal and professional relationships, and increase the odds of retaining and maintaining higher-quality individuals in your database of independent resources. It is also greatly appreciated when an effort is made with regard to "quality of life" issues—scheduling flexibility, getting checks out on time and other basic considerations.

- **Bottom-line Results**

The best way to make an independent staffing model work is to demonstrate its effectiveness to clients. In a competitive industry, combatting the outdated perception that independent expertise is a liability, rather than an asset, pays literal and figurative dividends. Demonstrating the ability to provide consistent management of independents, while providing access to deeper and more specialized skillsets, will generate better and more cost-effective results that speak for themselves.

Final Thoughts

Today's workforce has changed, and capitalizing on the significant advantages of a blended staffing model is all about adapting to those new realities—and, more importantly, leveraging those realities on behalf of your team and your clients. Fully integrating highly talented independents into an existing employee base presents an opportunity that pays significant dividends. When W-2 employees and 1099 independents are virtually interchangeable, everybody wins—most importantly, MIPRO clients.