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Q What should HR executives' top priority be as they enter 2006?

Temporary and contract labor is one of the fastest growing line items on corporate operating statements. Worldwide, companies will spend an estimated \$300 billion this year. For a company with 50,000 employees, contingent spend can soar to at least \$150 million annually. One would think that corporate spend of this magnitude is closely controlled by not only HR and procurement, but also at the C-level.

We have found this is simply not true. In a recent survey conducted by Taleo Research, 21 percent of *Fortune* 500 companies could not estimate their company's annual U.S. contingent labor spend. Additionally, 33 percent could not report which, if any, department holds primary responsibility for minimizing their contingent-workforce risk and liability. Another 50 percent of the *Fortune* 500 didn't know if their company has ever defended itself against a contingent-labor lawsuit.

Contingent workers are a component of virtually every company's workforce. If not managed properly, the negative repercussions for HR executives can include expensive lawsuits, revenue leakage, non-compliance issues

and other risks. The good news is that proper contingent-workforce management provides an opportunity for control. It is imperative that HR executives create an effective contingent-workforce strategy to consider solutions that offset risk issues and deliver substantial cost savings.

Consider these points before planning and executing your contingent-workforce management strategy and solution:

1. Employ a 100-percent vendor-neutral strategy.

Some solution vendors come with hidden agendas. Investigate for preferred-supplier relationships between contingent vendors and labor providers that can reduce performance quality and increase bottom-line costs.

2. Deploy an SAS 70-certified solution.

To mitigate risk and hidden costs, look for an SAS 70-certified partner. SAS 70 is the internationally recognized AICPA standard for Sarbanes-Oxley Section 404 compliance.

3. Achieve control at the process level.

Inconsistent contingent processes leak revenue across an organization. Achieve control against maverick spend and enforce competitive practices down to the transaction and process levels with a consistent system.

4. Connect HR, procurement and hiring managers.

To deliver high-quality service to your internal clients, you need to create a process that keeps everyone in the loop. Connect HR, procurement and hiring managers directly to a single source for contingent-workforce transactions and information.

After implementing a contingent-workforce strategy and solution, a *Fortune* 500 financial services organization generated nearly \$2 million in first-year savings.

These results aren't atypical. Taleo Research studies show the impact of improved contingent-workforce management processes and practices can lead to cost savings of at least 20 percent. Savings are generated from better negotiated supplier rates, control of maverick spending, risk avoidance and consistent enterprise management of the contingent-labor process.

One can see the positive impact that recurring savings of this magnitude can have on an organization's bottom line. HR executives can't afford to turn away from an investment in the area of contingent-workforce management—especially one that can turn into an area of continued ROI and improved business performance.