



YOUR COMPLETE VMS BUYER'S GUIDE

**VMS BUYER'S GUIDE FOR ORGANIZATIONS
LOOKING TO IMPROVE STAFFING VENDOR
MANAGEMENT**

This comprehensive VMS Buyer's Guide helps organizations find a solution to transform how they manage their staffing agencies.

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WHAT'S INSIDE

Introduction

What is a vendor management system?..... page 3

How your business will benefit from a VMS..... page 4

What functionalities should a vendor management system have?..... page 7

How to gain VMS buy-in from the key players in your business..... page 9

How much does a vendor management system cost?..... page 11

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INTRODUCTION

Is your organization still managing its contingent workforce program, and the staffing agencies associated with it, using manual methods such as a spreadsheet, in-house database or a Sharepoint-like website?

Managing your contingent workforce program with manual methods leads to human error, time-consuming processes and inefficiencies. The result is a lack of visibility into how your program is performing and where you are spending money.

Even worse, this lack of visibility leads to poor hiring decisions, substandard vendor choices and rogue spend seeping into your processes. Ultimately, this all has a huge impact on how profitable your overall business is.

Companies with smaller contingent workforce spend have typically used these methods due to a lack of vendor management system options. Yet this has changed, and even organizations with smaller contingent workforce budgets now have VMS options available to them.

That's why we have created this comprehensive VMS Buyer's Guide to help organizations with smaller contingent workforce management budgets find a solution that transforms how they manage their staffing agencies and contingent workers.





WHAT IS A VENDOR MANAGEMENT SYSTEM?

A vendor management system is a web or cloud-based application that acts as a mechanism for businesses to manage and onboard staffing vendors, as well as manage and procure their entire contingent workforce program.

The use of a VMS enables organizations to automate all of the process involved in contingent workforce management, from engaging a staffing agency, sourcing talented temporary workers and independent contractors,

onboarding contingent workers, time entry, approval and invoicing, as well as reporting functionalities that gives your company insight into vendor performance.

Consolidating all of this information into one centralized location means organizations can use a vendor management system to standardize their contingent workforce management rates and processes across the entirety of the company.

HOW YOUR BUSINESS WILL BENEFIT FROM A VMS

Increased visibility, consolidation of vendors and the ability to monitor and track program performance result in five key areas of ROI for your business when using a VMS:

Through the use of a vendor management system, your organization will be able to automate all of the processes associated with your program as well as gain complete visibility into how your program is performing.

As a result, the use of a VMS solution brings five key benefits to your business that result in ROI:

- Cost control
- Visibility
- Quality
- Process efficiencies
- Compliance



Cost Control

People are often the biggest expense for many organizations, and the ability to properly control workforce costs can have a huge impact on your bottom line. Controlling costs in your non-employee workforce is even more difficult, since rogue spend (spending that occurs on sourcing, engaging and hiring contingent labour in scenarios that are not accounted for, not approved, and have not followed a strategic approach to non-employee management) can soon become a problem when there's a lack of visibility into your program.



The use of a vendor management system gives you company-wide visibility, enhancing your ability to control contingent workforce costs. You'll be able to set pay rates for specific temp positions, easily capture bill rates and markups and establish vendor rates that your entire company follows.

A VMS will lead your business to both soft and hard savings, by reducing rogue spend, eliminating program errors, improving process efficiencies and enabling your business to successfully manage both non-employee worker and vendor rates.



Visibility

One of the most ubiquitous sayings in the business world is “you can’t manage what you can’t measure’, and this is certainly true when it comes to your contingent workforce.

Due to the complex nature of contingent workforce programs, and the fact these programs involve thousands of data points, hundreds of temps and a wide range of vendors that must all be managed properly, most organizations are failing to gain true visibility into program performance.

A vendor management system ensures your business captures the data it needs in one centralized location – dramatically improving the visibility of both your vendors and your contingent workers. As a result of improved visibility, you'll be able to make better decisions around the vendors you work with.



Quality

Demand for highly-skilled and experienced workers is becoming increasingly competitive, and the non-employee workforce gives your business the chance to access those hot skills. To do so, it's likely you work with staffing agencies to fill required positions.

There's really no point, however, in using contingent workers if your contingent workforce program doesn't place quality workers into your organization. That's why it's crucial you manage staffing agencies correctly.

A vendor management system helps you to better manage staffing vendors, giving you the ability to set predetermined vendor standards, which you can then use to measure the performance of your staffing agencies. This will help your program to realize improved metrics such as reducing time-to-fill, reducing turnover and reducing time-to-submit, as well as accessing cost savings.



Process Efficiencies

Rather than managing your contingent workforce through a series of fragmented steps on a manual spreadsheet, the use of a vendor management system gives your organization the chance to automate the processes around your non-employee workforce.

A VMS will automate processes such as requisitions, sourcing, onboarding, time entry and approval, invoicing, payments and much more – freeing up time for your HR or procurement teams to work on more business critical projects that actually improve your bottom line.



Compliance

Before the contingent workforce, hiring an employee was a straightforward process. You advertised a specific position, hired the employee and then paid them their compensation.

Hiring non-employee workers isn't so simple. Contingent workers are not employees, and organizations now need to ensure they are compliant with laws within the local jurisdictions in which workers are hired.

A vendor management system can help your business save millions of dollars in expensive lawsuits by enabling you to properly document your non-employee workforce, help your business to correctly classify its temps and independent contractors.





WHAT FUNCTIONALITIES SHOULD A VENDOR MANAGEMENT SYSTEM HAVE?

Since in the past VMS developers have only built solutions for large enterprises with huge contingent workforce spend, looking for a vendor management system when your organization has a smaller contingent workforce budget can be difficult.

You still want a VMS that will enable you to better manage your contingent workforce program and staffing vendors, but, at the same time, you want to avoid paying expensive fees for fancy features that your business will simply never need or use.

To help your organization find a VMS solution that works for your smaller contingent budget, here are a few key functionalities that you should look out for in your chosen solution.

The ability to consolidate vendors: For clear visibility into your staffing agencies and vendor performance, a VMS should be able to consolidate all of your vendor information into one centralized location. This will improve how you manage, and analyze the performance, of those vendors.

Automation of processes: A VMS solution is a significant improvement from managing your contingent workforce using spreadsheets because the software should be able to automate your processes. Look for a vendor management system that can automate all of the time-consuming processes associated with managing your vendors, from sourcing, onboarding, analyzing performance, payment processing and much more.

Vendor guidelines: Want to prevent rogue spend from occurring across your contingent workforce program? Find a VMS solution that features the inclusion of vendor guidelines and standardization across your business. This will act as a framework for how hiring managers across your entire company use and pay vendors.

Centralization of your program: Contingent workforce programs generate a large amount of data, including both vendor information and worker information. The ability to centralize this in one centralized location will ensure your company has complete visibility into its program and that company policies around this workforce are being followed by all departments. This increased visibility ensures you are also able to view program performance and make better vendor/hiring decisions moving forward.

Other top features that you should look out for in a VMS solution should include:

- Simplicity of use
- Invoicing
- Process requisitions
- Process approvals
- Onboarding tools
- Scalability for company growth
- Visibility into vendor performance





HOW TO GAIN VMS BUY-IN FROM THE KEY PLAYERS IN YOUR BUSINESS

Moving over to a vendor management system is a big decision for your organization, and it involves buy-in from your entire company. That means your executives, HR team and procurement department all need to be involved.

To help you get buy-in from your entire organization, here's a quick four step process to help you build a winning business case for VMS implementation:

1

Assess the performance of your current contingent workforce program

The first step of understanding why your business needs a vendor management system, and to get buy-in from others within your organization, is to assess the state of your current contingent workforce program. Review where your pain points are, where your business is losing money and where you might be making poor vendor choices.

2

Learn about the benefits a VMS will bring your business

Once you understand how your contingent program is performing, you can then review the benefits of a VMS (which we included earlier in this ebook) to find out how VMS implementation will bring return on investment to your business. Define which benefits will make the most significant impact on your company's program.

3

Present what you learnt from step 1 and 2 to important stakeholders

Once you know how your program is performing and where it can benefit from the implementation of a VMS, you can present your findings to your organization's decision makers and other stakeholders. Gain support from all of your stakeholders by explaining how VMS implementation will benefit the company, reduce costs and improve their current processes.

4

Choose a VMS provider

Now you've got buy-in from your company, it's time to choose a VMS provider to partner with. Make sure the provider is a good fit, but more importantly that the technology is at the right price point within your contingent program budget and has all the functionalities you need to successfully manage your vendors.





HOW MUCH DOES A VENDOR MANAGEMENT SYSTEM COST?

Many vendor management systems out there require a minimum spend volume for your organization to be able to use them. These technologies have been specifically designed for the requirements of enterprise organizations with huge budgets.

These solutions are fine for large enterprise companies with high non-employee spend, but not for businesses with smaller contingent spend that may have as little as 10 temporary workers at any given time.

Thankfully that has changed over the past year or so. Companies with smaller contingent workforce budgets now have a number of growing VMS options that will allow them to better manage their contingent workers and staffing vendors – no matter how much their non-employee spend is.

A vendor management system for organizations with smaller contingent workforce budgets could start at anywhere from a \$100 to \$500 monthly licence, depending on the specific functionalities you are looking for in a VMS.

Contrax is ready to help you explore VMS options and find the right solution for your company and budget. Contact us today to get started!



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