

MID-SIZE PHARMACEUTICAL COMPANY- NORTH AMERICA

A mid-size pharmaceutical company in North America faced significant challenges with its contingent workforce management due to the biased practices of its previous Managed Service Provider (MSP), which also served as a staffing supplier. This conflict of interest led to numerous issues, including inconsistent supplier compliance, lack of data integrity, significant supplier dissatisfaction, and perhaps most importantly, lack of adoption of the managed program by a majority of the business. To address these challenges and streamline its contingent workforce program, the pharmaceutical company partnered with Workspend to design and implement a comprehensive solution aimed at creating supplier neutrality, cost savings, and overall program efficiency.

RESULTS

- **100% Program Adoption:** All in-scope labor activity occurs within the managed program, leading to cost savings, increased compliance and risk mitigation, and complete visibility.
- **Hiring Manager Satisfaction:** An efficiently managed and well supported MSP program leads to a Hiring Manager user group who have their needs met and exceeded by the services provided.
- **Reduced Markup:** The average Tier One Supplier Markup was reduced from findings of 70-99% to 41-43% across all supported labor categories.
- **Tail Spend Reduction:** Tail spend was reduced by 80%.
- **Markup Savings:** \$494,786 in markup savings in 2023.
- **MSP Fee Rebate:** Implemented an MSP fee rebate of 0.25%, resulting in additional cost savings.
- **Diverse Supplier Spend:** Increased diverse supplier spend from 0% to 30% of total spend.
- **SLA-Driven Governance:** Implemented an SLA-driven governance program.
- **Program SOP:** Developed a full program SOP which captures all aspects of program governance and methods of management. A detailed and up-to-date SOP ensures management efficacy and consistency as the program matures and responsible stakeholders change.

BEGINNING STATE

- **Initial MSP Partnership:** The pharmaceutical company signed on with a large MSP partner as a 1st generation contingent solution.
- **Limited Data:** Majority of contingent labor activity was occurring outside of the MSP and the VMS, data capture and the ability to report on program activity was severely limited.
- **Inconsistent Compliance:** Supplier compliance, guidelines, and strategies were inconsistent.
- **Inconsistent Pricing Control:** Majority of placements occurred outside of the program, workers were routinely placed in excess of 100% above the established markups.
- **Rogue Spend:** Occurred with suppliers engaged outside of the managed program, led to overpricing, inconsistent contract terms, compliance risk, and an overall lack of visibility.
- **No M&A Strategy:** There was no strategy for integrating contingent labor following acquisitions.
- **Communication Issues:** Lack of communication and an overall poor service delivery from the MSP, with no single point of contact for program support, governance, and trajectory.

MAJOR ISSUES DUE TO BIAS: The previous MSP's role as a staffing provider led to several issues:

- **Conflict of Interest:** The dual role created conflicts of interest, favoring the MSP's staffing services over other suppliers.
- **Lack of Supplier Neutrality:** Unfair treatment of other suppliers led to reduced competitiveness, supplier disengagement, and higher costs.
- **Inconsistent Quality:** The MSP prioritized its staffing services, resulting in inconsistencies in quality. Hiring Managers routinely endured long cycle times, and the managed program failed to fill some positions entirely.
- **Supplier Dissatisfaction:** Suppliers felt sidelined and dissatisfied with the lack of neutrality, impacting program performance and Hiring Manager satisfaction. Suppliers reported routinely submitting candidates to the MSP only to receive no feedback, and no action taken on their candidates. They describes submitting to the MSP as submitting into a "black hole."
- **Data Integrity Issues:** Bias in staffing services led to an incomplete dataset in the VMS, and as a consequence, an inability to capture any meaningful analytics. As a result, data-based program strategy was not possible.

SOLUTION:

To address these challenges, Workspend implemented a comprehensive solution including:

- **Vendor Management Solution:** A new VMS was implemented to capture all necessary data points and integrate with the pharmaceutical companies HRIS/Workday systems.
- **Program Transition:** All supplier contracts and headcount were transitioned to be managed by the MSP, adhering to agreed-upon contractual markups.
- **All Encompassing Solution:** Worked with stakeholders to design a solution where 100% of non-permanent labor would be managed under the managed service program.
- **Vendor Neutrality:** Workspend is not a staffing supplier: participating staffing suppliers compete in a vendor neutral environment, and are evaluated based on performance. This provides the pharmaceutical company the opportunity to make value-based selections, based on speed to submit, candidate quality, and price.
- **Supplier Scorecard:** A scorecard was established to evaluate supplier performance.
- **Feedback Program:** Client, supplier, and worker feedback and satisfaction programs were created.
- **Single Point of Contact:** An allocated single point of contact for MSP program leadership and daily operations.

BENEFITS OF VENDOR NEUTRALITY:

- **Fair Competition:** Vendor neutrality ensures a level playing field for all suppliers, promoting fair competition. This leads to better quality and cost-effective solutions as suppliers strive to outperform each other.
- **Increased Supplier Participation:** A neutral MSP attracts a diverse range of suppliers, increasing the pool of available talent and enhancing the quality of the contingent workforce.
- **Cost Savings:** Reduces unnecessary markups and promotes competitive pricing.
- **Improved Compliance:** Consistent adherence to compliance guidelines and standards across all suppliers, reducing the risk of legal and regulatory issues.
- **Enhanced Quality:** Improved service quality and higher satisfaction levels among clients and workers.
- **Transparency:** In supplier performance and pricing, enabling better decision-making and strategic planning.
- **Data Integrity:** Improves the accuracy of data and reporting, leading to more reliable analytics and insights.
- **Supplier Relationships:** Fair treatment of suppliers fosters stronger relationships and collaboration, contributing to a more effective and responsive contingent workforce program.

CONCLUSION

By partnering with Workspend, the pharmaceutical company successfully transitioned from a biased MSP model to a more neutral, efficient, and cost-effective contingent workforce program. The comprehensive solutions provided by Workspend addressed the major issues of supplier neutrality, data integrity, and overall program performance, leading to significant cost savings and improved hiring manager and supplier satisfaction. The benefits of vendor neutrality were instrumental in transforming the pharmaceutical companies contingent workforce management, ensuring fair competition, enhanced quality, and better compliance. Add to that a white glove approach to program management, specifically as it pertains to Hiring Manager support, and we've been able to achieve a steady state where executive stakeholders and Hiring Managers alike experience the full benefits achievable through a managed program.



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