

READINESS ASSESSMENT: FROM BLIND SPOTS TO CLARITY

RISK MANAGEMENT

BEGINNING STATE

A large multi-location manufacturing and distribution organization relied heavily on contingent labor but lacked centralized oversight. Leaders knew they needed a formal contingent workforce program supported by a Managed Service Provider (MSP) and a Vendor Management System (VMS) to control spend, compliance, and supplier performance, but they had no budget to engage an outside consulting firm and did not know where to begin. Nor could they build a business case to gain approval to move forward without the analysis.

To solve this challenge, the organization partnered with nextSource, which provided a Readiness Assessment at no cost. The engagement uncovered hidden spend, exposed risk, and created a clear, data-driven roadmap for an MSP and VMS solution.

BUSINESS CHALLENGES

- **No Visibility into Total Spend:** Contingent workforce usage and costs were siloed across sites and departments. Leadership had some spend data but knew it was incomplete and unreliable.
- **Inconsistent Local Practices:** Each location managed its contingent workforce differently, resulting in variable markups, unclear onboarding standards, and unmanaged supplier relationships.
- **Unclear Program Requirements:** Without accurate data, leadership could not define meaningful KPIs, evaluate pricing models, or develop a strong RFP to guide the selection of an MSP and VMS.
- **Hidden Compliance Risk:** Untracked engagements exposed the company to misclassification, incomplete documentation, and inconsistent worker vetting, creating legal and operational risk.
- **No Path to Gain Executive Approval:** Because of data gaps and assumptions about cost, risk, and potential benefits, leadership could not build a clear business case or secure approval to move forward with an MSP.
- **No Budget for Outside Consulting:** The organization lacked funding to engage a traditional consulting firm to perform this type of assessment, leaving leadership without a way to gain the insights they needed.

SOLUTION

To move from fragmented data to a clear strategy, the organization partnered with nextSource to conduct a Readiness Assessment. In just four weeks, nextSource transformed disconnected and incomplete workforce information into a single, accurate view of spend, risk, and program needs. This gave leadership the insight required to confidently plan its MSP and VMS strategy, and the entire assessment was delivered at no cost to the client.

Spend & Headcount Discovery

- 12 months of contingent labor invoices, timecards, and payment data from all plants and distribution sites.
- Normalized disparate records and mapped headcount by vendor, role, location, and cost center.
- Produced the organization's first enterprise-wide view of contingent labor spend and volume.

Cost Structure Benchmarking

- Compared bill rates, markups, and conversion terms against market data to pinpoint margin inefficiencies
- Flagged hidden costs such as premium markups, inconsistent overtime, and unstandardized payment terms.
- Modeled potential savings opportunities to inform future negotiations.

Compliance & Risk Assessment

- Audited onboarding and offboarding processes for worker classification accuracy, documentation, and background screening.
- Identified misclassification exposure, inconsistent worker vetting, and gaps in policy enforcement.
- Created a risk map highlighting high-priority compliance issues.

Quality & Retention Insights

- Evaluated supplier performance metrics, including turnover, fill time, and workforce engagement.
- Identified underperforming vendors and roles with recurring retention challenges.
- Recommended KPI and SLA structures to drive quality and retention improvement.

RESULTS

- **\$30M in Total Contingent Spend Identified:** nextSource consolidated and analyzed all invoices and timecards across locations, uncovering the full \$30M footprint.
- **\$15M in Previously Unknown Spend:** Half of the total spend had been hidden in decentralized purchasing and rogue engagements, creating blind spots in cost and risk.
- **Data-Driven RFP:** Leadership used the findings to build a precise, strategic RFP that asked the right questions about cost models, compliance, governance, and technology.
- **Right-Fit MSP and VMS Selected:** The organization chose a provider aligned with its scale and complexity, avoiding costly misalignment and delays.
- **Immediate Program Control:** Standardized markups, KPIs, and reporting from day one, establishing a foundation for cost savings and compliance.

DELIVERABLES

At the end of the assessment, nextSource provided a comprehensive findings report and program blueprint that included:

- Total enterprise contingent spend and headcount by category and location
- Market-based cost benchmarks and modeled savings opportunities
- Compliance risk profile with remediation recommendations
- Detailed RFP framework and VMS feature requirements aligned to the company's scale and complexity

CONCLUSION

The Formal Readiness Assessment gave the organization the clarity, data, and confidence it lacked to move forward with a strategic contingent workforce program. What began as fragmented spend data and assumptions became a single, accurate view of workforce costs, risks, and performance gaps.

With total spend identified, leadership could finally quantify the business case, demonstrate cost savings potential, highlight risk reduction opportunities, and expose quality and retention gaps that needed to be addressed. This insight allowed the company to secure executive approval to proceed with a formal RFP and to ask highly specific, solution-based questions about governance, pricing, compliance, technology, and supplier performance. Armed with these insights, the company launched a competitive, data-driven RFP process, selected the right MSP and VMS partner, and built a program designed for measurable savings, risk mitigation, and improved workforce quality from day one.