

CASE STUDY:

# CONTINGENT WORKFORCE SUPPLIER RATIONALIZATION PROJECT

## INTRODUCTION

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Our client, a large multinational corporation, engaged our services to conduct a supplier rationalization project for their contingent workforce program. With over 200 incumbent suppliers, the client aimed to streamline their supplier base while ensuring they have the right suppliers to meet all their job requirements. The key objectives of this project were to rationalize the supply base, establish standardized supplier agreements, implement performance monitoring measures, and optimize the supply chain.

## Project Scope and Process

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To achieve the project objectives, we conducted a comprehensive analysis of the client's current supply chain process through detailed working sessions, conversations with key stakeholders, and through supplier surveying. This process allowed us to gain a deep understanding of the existing supplier landscape, dependencies, relationships, and business stakeholders.

## GET IN TOUCH

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# CURRENT STATE

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During our assessment, we identified several challenges and gaps in the client's current contingent workforce program.

- **Lack of Consistent Supplier Agreements:** Many of the supplier agreements were written on supplier paper. The client lacked a consistent, universal supplier agreement, resulting in varying terms and conditions across the supplier base. This inconsistency exposed the client to risk and hindered effective supplier management.
- **Absence of SLAs:** No established Service Level Agreements (SLAs) were in place to monitor and measure supplier performance. This lack of performance metrics made it difficult to assess supplier effectiveness and identify areas of improvement.
- **Disparate Terms and Conditions:** The terms and conditions across the suppliers were disparate leading to difficulties in managing contracts and potential compliance issues.
- **Inconsistent Rate Card Management:** Inconsistent rate card management and conversion terms prevented the client from leveraging cost saving opportunities. Standardizing rate cards and conversion terms would drive more effective cost management.
- **Lack of Centralized Supply Chain Management:** The absence of a centralized supply chain management system hindered performance results and compromised the client's ability to leverage economies of scale, resulting in missed cost-saving opportunities.

# RESULTS AND RECOMMENDATIONS

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- **Develop Universal Supplier Agreements:** We provided the client with a best-in-class supplier agreement template and recommended using the new template with suppliers being considered after the RFI and rationalization exercise. This agreement would standardize terms and conditions, mitigate risks, and streamline supplier management.
- **Optimize the Supply Chain:** We proposed optimizing the supply chain by reducing the number of suppliers from over 200 to less than 25. This consolidation would enable better control, improved supplier management, and cost savings through strategic partnerships.
- **Supplier Onboarding Training:** To ensure a smooth transition to the new supply chain, we recommended developing and implementing supplier onboarding training programs. These programs would familiarize suppliers with the new processes, expectations, and performance metrics.
- **Supplier Operations Guide:** We provided a comprehensive supplier operations guide that outlines the client's expectations, guidelines, and best practices. This guide would serve as a reference tool for suppliers, ensuring consistency and alignment with the client's requirements.
- **Supplier Scorecard and Performance Management:** We provided a sample supplier scorecard and recommended implementing a performance management schedule. This would enable the client to assess supplier performance, identify areas for improvement, and incentivize high-performing suppliers.
- **Supplier Engagement Strategy:** We recommended developing a supplier engagement strategy to foster strong relationships with the selected suppliers. This strategy would include regular communication, feedback mechanisms, and collaboration opportunities to ensure a mutually beneficial partnership.

# CONCLUSION

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Through our supplier rationalization project, we successfully helped our client streamline their contingent workforce program supplier base. By reducing the supplier count from over 200 to less than 25, implementing universal supplier agreements, and optimizing the supply chain, the client was able to achieve improved supplier management, cost savings, and enhanced operational efficiency. The client now has a more centralized and standardized supply chain process, enabling them to leverage economies of scale effectively and meet their talent acquisition needs.