



The Nimble Workforce

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The past twenty years have seen a dramatic shift away from an employee-based workforce to a more nimble and focused workforce. Contract staff can now provide 'just in time', 'just what is needed' skills for virtually every aspect of a company's business, from data entry to experienced high-level management. Independent contractors work in companies across the country in almost every industry, including the medical device industry.

According to the U.S. Bureau of Labor Statistics, independent contractors increased 10% between 1995 and 2005, and made up 7.4% of total employment, with 81% over age 35. 82% of these independent contractors preferred their work arrangement to a traditional job and indicated that increased independence was a significant component of their satisfaction.

In the current economy, contract staffing is a critical element in the strategic planning of any company and perhaps even more important for small or midsize businesses. A company that cannot quickly and effectively re-direct resources in response to changing business and market needs will fall behind and may ultimately fail.

Risk Management

There is no doubt that the largest single operating expense for any company is payroll and related costs. The effective use of human resources goes right to the bottom line. Companies with too many, too few or the wrong people may pay a high price.

Overstaffing

Change in business demands creates the risk of having excess employees. An independent contractor workforce can easily and cost effectively adapt to changing needs. For example, a local medical device firm increased permanent staff during three proposal processes, but ultimately did not "win" any of the proposals. An employee of only four months was laid off, resulting in a loss of recruitment and training costs associated with that employee, not to mention the effect on the morale of remaining employees. Hiring an independent contractor would have provided much more flexibility.

Understaffing

For staffing gaps due to illness, resignations, or extended vacations, independent contractors with a like skill set may be able to fill in seamlessly. A local emerging medical device company requested a Sr. Clinical Research Associate when a current employee resigned. An independent

contractor with a complementary medical device technology background was sourced and placed in the interim position within a week, and was able to cross train with the employee who was leaving.

Right Staffing

One of the greatest benefits of contract staffing is the ability to tap into a world of talent and experience when you need it, but only for as long as you need it. For opportunities outside normal business or process improvement initiatives, the best decision may be to hire a skilled and experienced independent contractor instead of incurring delays and costs involved in recruiting, hiring and training a new employee or re-training an existing employee. A local medical device start-up needed to develop a quality system. Rather than hire a full-time resource, they looked to an independent contractor with over 20 years of experience. He developed a quality system the company could utilize as they proceeded through their product development process. Another company implementing a new ERP system hired independent contractors to help with integration and documentation of new process flows. For these companies, tapping into the right talent at the right time was critical to their ability to grow.

Perry Parendo of Perry's Solutions, LLC says it can be a slow process for organizations to understand "right staffing". An organization first contracted with him when their product development project had their "back against the wall". After years of development, and well into the test cycle, product performance was not satisfactory. To compound the problem, a large amount of custom manufacturing equipment was purchased to prepare for production, and process development was well underway. Perry created a series of tests using Design of Experiments that determined with confidence that a design change was needed.

From these DOE test results, the product was redesigned, and Perry continued his involvement with testing. Using strategic testing without the prior constraints, the project came together quickly and objectives were achieved in 3 months.

Due to this success, the organization asked for early development assistance from Perry for the next project. The working dynamic was very different, with the focus on answering the following questions:

- What would we like to learn?
- What are the challenges that we need to address?
- How can we streamline the overall testing effort?

A strategy and project plan was created to address those questions so that another crisis situation could be avoided. "While I can help when they hit the wall," Perry says, "it is much easier and smoother for the company when they involve me early to expose the potential gaps to reduce risk".

Productivity

With the right talent in the right job, productivity will increase. It is common for a company to focus staff on the core mission and outsource non-core activities. When a local urology medical

device company needed reimbursement expertise, a staffing agency helped them quickly find a senior reimbursement expert to efficiently answer their questions.

Companies can gain productivity by offloading job posting and candidate screening to meet their staffing needs, while freeing up existing staff to work on income producing activities. With a ready reserve of qualified talent, an agency can speed up the placement process and provide a candidate pool carefully selected to meet a company's specific, current needs.

Capital Efficiency

Companies must be fluid in the size of their workforce. Hiring experienced full-time employees is a commitment. Recruiting fees, vacation, sick leave, unemployment insurance, workers compensation, and payroll taxes typically represent approximately 20% of an employee's base pay. And this doesn't include bonuses! If the hire doesn't perform as planned or business needs change, costs of terminating an employee include severance, vacation pay out, effect on unemployment insurance ratings, and possible negative impact on morale.

Hiring contract talent can lead to significant cost avoidance, as illustrated in Perry's Design of Experiments testing, but there are other cost savings. Contracting eases the administrative burden by spreading out costs and creating a sort of assured performance period, helping ensure a mutual match. If eventual permanent placement is the end goal, contracting is an affordable way for both sides to "try before you buy." For short term engagements, there are few cost effective solutions as easy to employ.

The trend toward a workforce as adaptable as the world is changeable will continue. CareerBuilder's "2009 U.S. Hiring Forecast" published on December 30, 2008 states that "28 percent of employers anticipate hiring freelancers or contractors to support their business as they wait for the economy to bounce back." The companies that thrive will be those who consider all workforce options, including contract staffing through an ongoing relationship with an experienced agency.