

THE VALUE OF A CONTINGENT WORKFORCE: YOUR ORGANIZATION'S OUTSOURCE RECRUITING STRATEGY

Your nonprofit is only as good as its people, so it's imperative that you staff your organization for success. But staffing can be a challenge, especially in the face of your nonprofit or trade association's ever-changing budgets, goals and needs.

There are times when bringing on additional full-time employees isn't the best way to fulfill your nonprofit's goals. For example, you may have a seasonal or short-term project for which you need assistance, or a very specialized skillset gap you need to fill on a part-time basis. In these instances, your organization could benefit from utilizing contingent talent.

What is a contingent workforce? How can it impact your nonprofit and the sector at large? This piece will explore:

- The rise of the contingent workforce in both nonprofit and for-profit organizations;
- The reasons for this shift in the job market;
- The benefits of developing a contingent workforce at your organization;
- And the steps you can take to successfully tap into the value of a contingent workforce.



WHAT IS THE CONTINGENT WORKFORCE?

A contingent worker is defined as a person who works for a company in an arrangement that is different from what was traditionally considered "standard" full-time employment. Contingent employees may work on a non-permanent or part-time basis. Examples of contingent workers include freelancers, independent contractors or consultants and temporary staff. Here are some of the most common types of contingent workers that nonprofits utilize, along with [definitions](#) of each:

- **Agency temps:** employees who are assigned to organizations through a staffing or talent acquisition agency

- **Contract company workers:** employees who provide a service to a company or organization via a staffing or talent acquisition firm that is under contract with the organization
- **Day laborers:** talent employed by an organization for one day's work
- **On-call workers:** talent requested to work on an as-needed basis
- **Standard part-time workers:** employees who are not included in any of the above groups and regularly work fewer than 30 hours per week on a long-term basis

At a given time, your organization may have a need for any of the above types of talent instead of a traditional full-time employee. Many [independent workers or freelancers are writers and designers](#), so these types of positions are excellent opportunities to enlist contingent employment, but don't limit yourself to these roles. Independent workers can contribute to almost any area of your organization.

THE RISE OF THE CONTINGENT WORKFORCE

The utilization of contingent workers is growing in both nonprofit and for-profit sectors. In 2015, the U.S. Government Accountability Office (GAO) [estimated](#) that at least one third of the U.S. workforce is made up of contingent workers. This growing subset of the working population is in response to a variety of factors such as rising labor and benefits costs, a need for flexibility in budget and staffing, and the rising importance of specialized skillsets. Plus, [69 percent of freelancers](#) have indicated that they feel technology has expanded their ability to find contingent work. For these reasons, for-profit and nonprofit organizations alike have made a shift from hiring almost exclusively "traditional" full-time workforce to employing greater numbers of freelance, temporary and part-time talent.

The preference many workers have for flexible, location-independent work and the role that the technology has played in making this kind of work possible has also had an impact on the rapid growth of the contingent workforce.



Of independent or freelance workers, [25.9 percent indicated they chose that type of working model for the flexibility, and 21.4 percent indicated a desire to follow their passions](#). In the past, it was expected that as you entered the workforce, you'd spend the vast majority of your career in one company gradually climbing the same ladder until you retire. However, this is no longer the case. Workers expect more flexibility and mobility in their daily tasks. And this shift in the desire for contingent employment as opposed to the traditional full-time employment model spans across all generations.

For older members of the workforce, there's a certain appeal to the idea of coming back to work on a part-time or temporary basis post-retirement. This trend is especially notable in the nonprofit sector. As the New York Times observed earlier this year in [an article](#) that cited data from our [2016 Nonprofit Employment Practices Survey](#), "Baby boomers closing in on the

traditional retirement years often seek purpose and a paycheck in a second career ... Nonprofit work -- focused on addressing society's pressing needs and promoting arts and culture -- has particular allure for many in this group."

Younger workers are often attracted to contingent work by the opportunity it provides to build their careers around their lives, as opposed to building their lives around their careers. Many of today's young workers have the ability to move from one city to another with relative ease compared to the generations before them, and technology makes it possible to hold multiple contingent "gigs" within their exact areas of expertise, or to move on from one job to the next as quickly as they so choose. Millennials currently make up [25 percent of the American workforce](#), and by 2020, they'll make up 50 percent. And of the freelance workforce, [38 percent are Millennials](#). According to a survey by [Ernst and Young](#), this higher proportion is probably due to Millennials being the most likely age group to take a pay cut or move to another location for the flexibility to better manage work and family life.

WHEN MIGHT YOU EMPLOY A CONTINGENT WORKFORCE?

Before you begin considering how you might leverage temps, freelancers and other contingent workers at your organization, look at your nonprofit's mission and strategic plan. Then, think about how you might build a talent acquisition strategy aligned with your overarching goals. All hires, whether full-time or contingent, should be grounded in a broader strategy for your organization's growth, mission and impact. Common organizational needs that warrant the development of a contingent workforce include:

Your organization needs temporary help for a seasonal, short-term, or long-term project.

The human capital needs of a nonprofit organization can change a great deal from one day to the next. There are constantly new challenges to tackle and opportunities to pursue, and each one can require slightly different needs when it comes to talent and manpower. Some of these instances may include: a conference or special event that your organization is contributing to or hosting, a new grant you have the opportunity to apply for, an annual appeal or fundraising push that requires the time and attention of a larger team, or an initiative that arises unexpectedly in response to a previously unrecognized need in the communities you serve.

Because these are not initiatives for which your organization needs to be staffed on a permanent basis, a contingent workforce can be the perfect way to save money and leverage extra time and talent only when needed. However, if the need for a full-time staff member does arise, the contingent talent you've employed is often an excellent fit to transition into the role full-time. Sometimes, a contingent worker may also be seeking a full-time opportunity. Retraining a new worker or leaving a position vacant can be very costly, and in this instance, it will be very valuable to your organization to onboard a full-time worker who is already familiar with your tasks, needs and goals.

Your organization needs to be as strategic as possible with your budget.

Nonprofits and trade associations often don't make the appropriate investment when it comes to staffing, which can impact programs. While we at [Nonprofit HR](#) (and many others, including the [National Council of Nonprofits](#)) believe that talent should not be considered overhead, we also recognize the reality that nonprofit organizations must be conservative and careful with their budgets. Building a team that relies only on full-time employees often isn't the most strategic or cost-effective method for reaching your organization's goals and managing its expenses.

As a rule, full-time salaried employees with benefits, while valuable, are more expensive to keep on staff than part-time or need-based contingent employment. It is estimated that by hiring an independent contractor as opposed to a full-time worker, an organization could [save up to 20 to 30 percent](#) in costs annually. And for many nonprofits,

the cost of employing full-time talent is growing as [new overtime regulations](#) will require organizations to pay overtime to salaried workers making less than \$47,476 per year if they work more than 40 hours in a workweek. This rule will introduce a new budgetary challenge for nonprofit organizations where employees are salaried below that threshold, opening the door for more part-time, temporary, and contract-based work.

A skills gap makes finding the right full-time employee more of a challenge.

As we highlighted in our 2014 Nonprofit Employment Practices Survey, the nonprofit sector has rebounded from the economic recession. But while there is an abundance of opportunity for job seekers, there's a growing gap between hires actually being made and number of jobs available. This means that employers are taking more time to find the right talent to fill full-time job roles in their organizations, likely due to a skills gap in what employers need in the role versus what prospective employees in the field are currently equipped with.



If finding the right talent to fill a full-time role is a challenge for your organization, it may be valuable to shift your focus to a search for contingent talent, rather than putting time and resources into bridging the skills gap when you hire a full-time employee who lacks a critical skill you're looking for. Due to many in the baby-boomer generation entering retirement, a rise in the cost of labor for specialized work and ongoing advancements in technology, it can be difficult to identify talent with all necessary skills for some types of roles. Freelance or temporary hires are a great solution to this challenge.

If your nonprofit is facing any of these challenges or something in between, employing a contingent workforce can help to further your mission and meet your organization's goals.

THE BENEFITS OF A CONTINGENT WORKFORCE

The benefits of utilizing a contingent workforce correlate with the challenges nonprofits often face in staffing. Once in place, not only can a contingent workforce solve common headaches in building the perfect team to achieve your organization's goals, but from a business perspective, a contingent workforce can have some very positive effects on your bottom line.

Cost savings

In hiring on a temporary, part-time or contract basis, you're paying for an employee's work and their time. However, holiday pay, sick leave, vacation time and health insurance are not factored into workers' wages. And while highly skilled, specialized workers can be very expensive to employ on a full-time basis, they often prove very valuable and

more cost-effective when hired on a contract basis. Contingent talent is paid for the work your organization needs now, and no more. If needs change, your budget for their services can change as well.

Increased productivity

Hiring contingent workers is one effective way to overcome the skills gap presented earlier. When you hire contingent talent, focus only on individuals who have all the necessary skills to complete the task at hand, meaning little to no time will need to be spent on training and the project can move forward with very little engagement from your full-time staff.

Skill fit isn't the only reason for increased productivity. Full-time employees, after an extended period of employment, can become sluggish and "burnt out" in their tasks as the initial enthusiasm for the position wanes. [According to a recent Gallup poll](#), in 2015, 51 percent of workers weren't engaged with their jobs and 17.5 percent were "actively disengaged." Because contingent workers make transitions between jobs and employers on a much more frequent basis than a traditional full-time employee, these workers don't usually become burnt out in a particular position and can maintain the level of productivity of a well-trained, but fresh, staff member.

Contingent workers often also feel the desire to go the extra mile for an employer organization knowing that they are working on a temporary basis. This can be either because they want the opportunity to be hired again in the future or because they simply take pride in their work. These workers are typically very driven and want their finished product to be the absolute best it can be.

Additionally, should the needs of the organization change or if the worker performs the job exceptionally well, the temporary or part-time person may be brought on full-time. This incentive often encourages contingent employees to be especially productive within their roles.

Flexibility

The goals and challenges of nonprofit organizations change frequently. A sudden new opportunity or issue may emerge that requires extra hands on deck. Alternatively, an organization may rely on a grant or donation to maintain its workforce, and unfortunately, for whatever reason, that funding may disappear.

In these instances, it's important that an organization is prepared to adapt with agility. The flexibility provided by a contingent workforce gives nonprofits the ability to quickly and painlessly plug in or cut talent and manpower as needed, which is ideal for the unpredictable climate of nonprofit organizations.

HOW CAN YOU INCORPORATE A CONTINGENT WORKFORCE IN YOUR NONPROFIT ORGANIZATION?

A good place to start when searching for contingent talent is a connection with a talent acquisition firm, especially one that specializes in your industry and needs. To find the best partner, seek out a firm that values a collaborative relationship with your organization.

At Nonprofit HR, we have the honor of being the only firm in the country that focuses exclusively on the nonprofit sector, and we work with arts and advocacy, educational, environmental, faith-based, human and social services organizations and more. Our Talent Acquisition practice pairs talented mission-driven professionals with organizations where they can make a meaningful impact. Our experts partner with you every step of the way, from sourcing and vetting candidates to negotiating compensation, so that your organization can secure the talent it needs to achieve its goals.

Vetting contingent candidates

Even though a contingent worker is technically a different type of team member than a traditional full-time hire, the process for finding and onboarding contingent candidates shouldn't differ significantly. There's much more to finding the right member to join your team, for any period of time, than just filling a seat.

This contingent hire could become a full-time member of your team and must be able to work effectively with your existing employees, so a cultural alignment with your organization is crucial.

A staffing agency will be a valuable asset when searching for the right contingent worker for a role in your organization. At Nonprofit HR, we partner with members of your organization and build a relationship. We make it our business to listen, understand, advise and know your mission and culture so that we can ensure the talent we recommend will fit in well with the rest of your team. We are true partners in our clients' hiring processes.

Structuring your arrangement with contingent workers

When contingent talent is hired through Nonprofit HR, it is understood that they are employees of our agency, and your organization is a co-employer. We onboard workers with our own processes, as well as make the worker aware of any onboarding processes and important information about the organization where they are to complete their assignment.

Each of our agency's contingent workers is provided a packet including information on benefits, leave, references, a policy handbook and a "Dos and Don'ts" list for maintaining a successful contingent employment arrangement.

The American Staffing Association (ASA) website [features](#) important laws regarding the co-employment relationship. It's crucial to know your rights when engaging in a contingent co-employment relationship.

Managing your contingent workforce for continued success

Once a contingent worker has been onboarded to your team, the relationship between the staffing agency and organization is not over. Many staffing agencies serve as hiring partners and co-employers, implementing quality check-ins. These check-ins are not just about whether the employee has been making it into work on time and whether they're completing their work, but also about how they're performing in the role as a whole and how they're fitting in with the organization's culture and mission.

Most staffing agencies also value and manage the feedback of its temporary employees and its client's hiring team or manager, because as the employer, it's the agency's responsibility to ensure that the work is being completed with excellence and hires are meeting or exceeding the client's full expectations. At Nonprofit HR, we help to manage performance and expectations with hires while they are in their roles and make the process of providing feedback relatively painless for our clients.

If any issues arise during the engagement, like, for example, the worker is regularly arriving late to the job, it's important to avoid making assumptions about the worker. Instead, in this type of instance, we'll check in with them to see if there's a way we can help them manage their schedule and solve the issue.

Many staffing agencies will also work with client organizations to handle any legal compliance issues with contingent employment, such as questions regarding the Family and Medical Leave Act (FMLA), to ensure that your organization is fully compliant and contingent talent is aware and able to benefit.

The goal of any contingent talent relationship should be to fill a timely need at your organization without the administrative and financial constraints that come along with hiring a full-time employee, and at Nonprofit HR, we structure all our talent acquisition relationships with that goal in mind.

The contingent workforce is a large and growing subset of the working population that can be of tremendous benefit to your organization and its mission. By taking the right steps, you can further your nonprofit organization's cause with the help of contingent talent.

