

A person in a dark suit stands on a green field with arms outstretched, looking up at a large glowing question mark against a blue sky. The scene is surreal and symbolic, representing a choice or a question about the relationship between a vendor and a consultant.

Vendor or Consultant

A closer
partnership
can provide
better quality
workers, faster
response

By Bridget Mintz Testa

For many companies that use contingent workers, the process starts with identifying one or more jobs that must be filled, either on a temporary or recruit-to-hire basis. Next comes the call to a staffing vendor, where an order for people is placed and filled.

It's a transaction, not much different from purchasing paper clips or staples. Rarely does the staffing vendor ask questions about the company's business to better help them meet their staffing needs. Chances are that if the staffing firm did ask, the company would rebuff them.

Nevertheless, in a period where skill shortages are bad and getting worse, is the transactional model always the right one to use when hiring contingent workers? For complex business operations, where knowledge and expertise are crucial to getting the job done, a more consultative model — where the talent provider really is a strategic partner — may be far better.

That was the case for San Francisco-based Digital Realty Trust, a real estate investment trust (REIT) specializing in corporate data centers, and for Berwyn, Penn.-based TruePosition, which implemented the 911 location-based system for cell phones for several major wireless carriers in the United States.

Each company's personnel needs were so specific that only a consultative relationship with their talent providers would do. "The idea of consultation makes a lot of sense," says James Janesky, managing director for business services research at the investment banking firm Ryan Beck & Co. "The more you move up in skill level, the more sense it makes."

RELATIONSHIP BUILDING

Both staffing vendors and end-users agree there are key elements to a successful consultation-style relationship with a vendor, including building trust through action, a keen understanding of the end-user's markets and business, and rapid response.

In 2001, TruePosition, a provider of wireless location services, signed the first of several contracts with major wireless carriers to implement the 911 system for cell phones and other mobile devices. Installing the necessary equipment was new for TruePosition, according to Julie Budzik, who was director of human resources for the company until December 2005. Not only were the installations new, but their schedules also rested upon the approval of local public utility boards. A short timeframe for the work was the rule, with perhaps two months to do as many as 2,000 installations. "There was a lot to do in a couple of months," Budzik says.

TruePosition was also installing the systems in multiple locations around the country at any given time. Thus the company needed qualified personnel in the right markets, sometimes literally overnight.

Vendor or Consultant?

TruePosition first dealt with San Diego-based Kineticom in 2001, when it needed staff for simple tests of the wireless 911 system. The positions were relatively low skilled, requiring individuals simply to drive to different locations and call in to see if the office could locate them. "Kineticom knew more work was coming, so they came in with a very low bid — a \$16-per-hour rate versus \$21 or \$22 per hour for other firms — to get the work to build a relationship," Budzik says.

Starting small and building trust incrementally is essential to ensuring a consultative relationship works, says Simon Billsberry, a co-founder and CEO of Kineticom. "We do a specific piece of work up front, and we do a good job. Then we ask for the next piece and the one after that. We use progressive partnering to establish over time what the nature of the partnership will be."

Billsberry considers the whole sales-oriented transactional staffing model to be completely outdated. "Kineticom isn't a staffing company," he insists. "We're a technical talent company. We understand our customers' business strategy and then develop and design a talent strategy to meet that business strategy's needs."

Besides TruePosition, telecom clients include Ericsson, T-Mobile, Cingular, Qualcomm and many others. Kineticom's successes benefit all of its technical customers, because they mean that the company knows where to find qualified personnel.

Budzik says that a successful consultative approach requires a vendor to anticipate customers' needs. Kineticom had a team dedicated to TruePosition, which talked with Budzik several times a week. She allowed Kineticom direct contact with TruePosition's hiring managers and their detailed job requirements, a privilege Budzik afforded very few staffing vendors. "Unlike some staffing companies, Kineticom did not hire people prior to our needs," she says. "They didn't jump the gun."

Budzik said speed in filling positions was key. She cites one instance where she found out on Friday that she needed 19 new people on Monday. Although Kineticom's management and staff were on a corporate retreat over the weekend, they still had more than half of the people available and ready to work on Monday. When personnel were needed for specific markets, Kineticom not only provided the people, but arranged transportation as well.

As the relationship deepened, TruePosition and Kineticom were able to cooperate on operational matters, as well. In one case, Kineticom discovered that some contractors were actually signing timecards for other contractors. TruePosition's senior management was unaware of the situation, but recognized the risks immediately. After that, TruePosition made sure its own management signed all contractor timecards. Kineticom



Benefits of a Consulting Approach

Many organizations separate the hiring of highly skilled contingent employees from the mainstream process used to find other talent — particularly in IT and departments that require licenses and formal credentials. But developing a different relationship with a staffing supplier carries benefits that can be used more broadly:

- ◆ Your talent provider will have a greater ability to know and find the right people for each job.
- ◆ By thoroughly understanding your business needs and schedules, your talent provider can respond very rapidly with qualified, pre-screened candidates — not just bodies.
- ◆ Your company can save time because the talent provider will respond to your real needs, not perceived ones.
- ◆ Qualified candidates don't need as much training time.
- ◆ Your company can use your talent provider to deliver services such as due diligence, risk mitigation, marketing planning, etc., instead of having to find and engage someone else.
- ◆ A consultative relationship with your talent provider enables you to strategically manage personnel costs, which are a growing expense.
- ◆ Your company won't have to endure constant upselling by the supplier, because the business relationship is based on meeting your needs, not meeting a sales quota.

helped with that as well, developing a spreadsheet that provided a double layer of controls on the signatures.

In a second case, Kineticom found that some individuals were working more than 100 hours in a single week. Concerned about the excessive hours, Kineticom asked Budzik if the charges were legitimate. "TruePosition was in a crunch, and I verified that [the hours] were legitimate," she says.

Budzik felt that Kineticom was a true partner for TruePosition because it focused on the company's needs as well as its own bottom line. "They were smart enough to realize that if their customer did well, they would do well," she says.

MARKET FOCUS

Digital Realty Trust's data center business is unusual, if not unique. Most investors think of residential or apartment properties when they hear REIT, and perhaps that's why it was the top-ranked public REIT in the country in 2005. However, says SVP Chris Crosby, "We are an infrastructure provider to corporate information technology customers. We provide the infrastructure that lets them operate most efficiently."

That infrastructure doesn't include the computers, servers or related equipment, because Digital Realty's customers furnish their own. It does, however, include all the necessary electrical and mechanical systems.

These aren't ordinary systems, either. To support the finicky needs of "farms" of computers and servers, there are specific, stringent requirements for air conditioning, heating, power and other systems. People with unusual skills are required to install and manage the systems that meet those needs. "We look for technical people who can understand real estate," Crosby says.

That's why Crosby and Digital Realty Trust turned to The Heiden Group, an executive recruiting firm founded in 2004 by Clint Heiden. Mutual experience adds to the working relationship. "Our backgrounds are very symbiotic, which helps them to source the people that we hire — not just on skill set, but on personality and fit into the culture we have here." By "symbiotic backgrounds," Crosby is referring to Heiden's 15 years of experience as an executive and business founder in the high-tech Internet and telecommunications industries.

Digital Realty turned to The Heiden Group to recruit for executive positions such as directors of operations, sales, construction — and even for some board members. "For director-level positions, there's a very limited pool of qualified people," Crosby says. "They are typically long-term where they are, or they're hard to find. As a manager, I wouldn't know how to start. Heiden keeps tabs on people who can work for me." Crosby has made The Heiden Group his sole recruiting source, though the rest of the company uses additional firms.

Heiden's background is the source of his success at finding the right candidates for customers like Crosby. He knows the

people his clients want because he has hired them or people who work for him have hired them.

Heiden and his 10-person team built their own database of 10,000 top people from their knowledge of the tech industry, not from existing recruiting lists. Lots of the best candidates don't have resumes in any list, so personal experience with people enhances the quality of candidates.

As for resumes, Heiden gives them short shrift. "I don't read resumes; I call people," he says. "I don't believe that a resume fully captures everything about a person. It doesn't answer all the questions I might need to ask."

Heiden says he gets top candidates because he represents top technology companies. He protects his candidates from any sort of ill treatment, insisting that customers rectify any such treatment — or he'll fire them. It's not an empty threat; he's fired 10 customers in the last year, although his roster of clients remains steady at 100.

Why is Heiden so serious about protecting his candidates? Word of poor treatment will get out, ruining his reputation with the top candidates his business relies upon. Besides, Heiden fully expects current candidates to become future clients.

In addition to recruiting, The Heiden Group also performs consulting services for some clients. Those services include due diligence for acquisitions, developing compensation

plans, defining strategic goals and markets, and more.

What does The Heiden Group's consultative approach mean to Crosby? "The biggest differentiator is that it's not a numbers game for them," he says. "I may only get a couple of resumes [for a position]. Heiden doesn't put lots of resumes in front of you just to show that they're doing their job. If a recruiting firm understands your business, that's the key," he says. "Otherwise, you might as well go to Monster.com."

For complex, highly skilled positions, a consultative staffing model may well work far better than a transactional one. But to achieve that success, companies must partner with their talent providers, which means revealing strategic goals and plans. According to Janesky, it also means taking a strategic approach to contingent work, rather than seeing it as a service you call only when an administrative assistant is out sick one day.

The model has real benefits, however. "Labor has become a bigger and bigger expense," Janesky says. "The better you can manage it, the better off you are." ■



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