Flexible Staffing Models
And
Contractor Optimization
Moderator

John Chaisson is the Co-Director of the Thought Leadership Institute and founder of The Prophet Group and has served most of his career as a high-tech lawyer then business development executive and consultant to high-tech firms. He holds a law degree from Stanford University and an economics undergraduate degree. He has worked with hi-tech start ups in Silicon Valley for almost two decades. John has twice served as General Counsel and VP Business Development with leading technology firms, including a subsidiary of major public multi-national technology player Ceridian.

John began working in the Human Capital industry when he joined Resumix, then the No. 1 ATS software provider and a new subsidiary of IT services giant Ceridian, as its new General Counsel. John has distinguished himself within Human Capital Circles as an innovator and provocateur. John is the author of numerous articles on talent management and leadership, was the founding editor of the Center for Global Workforce Excellence, and developed two ground breaking white papers: "Global Talent Management: Fostering Global Workforce Practices That Are Scalable, Sustainable and Ethical" (HCI: 2004) & "Top Ten Challenges of Corporate Recruiting: Emergence of the Talent Management Organization" (Peoplesoft Paper: 2001).

John continues to innovate in other sectors. He is President of a fast-paced alternative energy firm based in San Francisco, Green Energy Technology, Inc., which is devoted to the development of biomass power in California and biofuels throughout the world.
Moderator

Marc Hutto is Founder and Managing Principal, Reveal Global Intelligence, LLC and Co-Founder of the Thought Leadership Institute. His previous fifteen years with Wachovia Corporation in conducting and leading recruiting, research and sourcing brings an execution-focus to Reveal in the delivery of –

- Recruitment Intelligence
  - Recruitment Research Services
  - Contract Recruiting and Sourcing Professionals
  - Customized Research and Sourcing Training
  - Performance Coaching
  - Advisory Services to companies that wish to build or optimize an internal sourcing function

- Sales Intelligence
  - Demand Creation Programs, Target Prospect Identification and Development, Appointment-Setting

Prior to founding Reveal, Marc served as the SVP, Sourcing Solutions Director, for Wachovia. He built and led a team of geographically dispersed research and sourcing professionals that grew from 6 to 55 over a six-year period. He is a member of the International Association for Corporate & Professional Recruitment, the International Coach Federation, and he served on the Board of Directors for the American Cancer Society, and the Regional HIV/AIDS Consortium and has served on the National Advisory Board for the Human Capital Institute.
Moderator

David Earle, Faculty Member for Thought Leadership Institute, has been active in educational and information ventures for many years. He has taught and administered educational programs at the elementary, secondary, college, and adult levels; designed, edited and produced college textbooks; written and produced programming for educational and public affairs television; and managed international corporate training and communication programs. His business experience includes four startups, and his professional interests include the acquisition, development and management of talent, knowledge management, business alignment, technology, and business process reengineering.

Immediately prior to forming Edvise Partners and acquiring Staffing.org, David was Vice President of Worldwide Sales Operations at META Group, a large research advisory firm serving the enterprise technology market, where his responsibilities included the management of corporate training, sales operations and communications in North and South America, EMEA, and Asia.

David currently serves as Managing Partner of Edvise Partners, an investment group focused on the enterprise Human Capital Management market, and President of Staffing.org. The mission of Edvise Partners is to provide authoritative, objective and trusted information on best HR practices, benchmarking and vendor selection to enterprise clients through various combinations of published products and consulting. Staffing.org, which the company acquired in 2007, is a 10-year-old publishing and consulting company with an international reputation in the area of staffing and recruiting best practices and metrics.
The Thought Leadership Institute (TLI) is committed to helping world-class, corporate talent acquisition teams collaborate and advance by providing a platform of innovation within the field of talent acquisition for corporate recruiting and sourcing leaders, from such companies as:

Through the Corporate Sourcing Leadership Exchange (CSLE), TLI delivers member-driven agendas and content with primary emphasis on such matters as operational models for internal sourcing teams, performance metrics, sourcing technologies and other pertinent issues via:

- Three annual meetings where peer-to-peer and faculty advice is proliferated
- Webinars and Workshops
- Research, consulting, roundtables, innovation labs, and other vehicles
Where Are We Going Today?

- Highlights of the Survey (What you told us)
- Macro Trends That Matter
  - And other things we need to think about
- Purpose, Practice, and Benefits of a Flexible Staffing Model
  - Webinar #1 - External * Focus on Contractor Optimization *
  - Webinar #2 - Internal * Climate and Contracts *
  - Webinar #3 - Tour of a Comprehensive Staffing Optimization Model
- Debunking Myths and Mitigating Risks – Contractors
- Rules of Engagement
So Why This Topic... Now?

I. Current Economy and TLI Member Feedback

II. Recent report from CareerBuilder – 4 out of 10 companies will rely more heavily on contractors in this economy

III. Abundance of Talent in the Market

IV. Mission-Critical Demand for Flexible Staffing Models

V. Notable Risk to Companies Engaging in Flexible Staffing

* Talent Acquisition Function should serve as a springboard to flexible staffing and contractor optimization
3-Part Webinar Series - Deliverables

- Highlights and Data from Survey
- Survey Report
- White Paper
- Specific Tips and Risk Management Matrix to assist in debunking myths when leveraging contractors
- Thought Leader Take-Aways
  - Benchmarking framework for flexible staffing and contractor optimization practices
  - Examine competing purposes and strategy options for deploying flexible staffing models
  - Pros & Cons of direct hiring of contractors vs. third party providers
- Illustration of a Staffing Optimization Model
Ronald Cooke, Partner, Nossaman, LLP, focuses on ERISA/employee benefits, executive compensation, labor, and employment law. He has more than 25 years of experience, most recently overseeing all legal and compliance issues related to employee benefit plans and executive compensation as in-house counsel for a Fortune 500 financial institution.

Mr. Cooke provides authoritative and business-oriented advice to a wide range of employers in the private and public sectors. He speaks and writes widely on ERISA issues and has taught an ERISA course at Pepperdine University School of Law.

**Representative Work**

- ERISA
- Executive Compensation
- Employee Benefits
- Employee Benefits Litigation
- Mergers and Acquisitions
- Labor Relations
- Employment Law
- Employment Litigation and Arbitration

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Darcie Ina
Panelist – Corporate Vendor Management Expert

Darcie Ina, SPHR, VP Resourcing Operations for HSBC North America, is responsible for:

- Vendor management operations
- Alignment of compensation for available jobs
- Market trend analysis to assist in the development of new jobs
- Direct cycle recruiting
- Sourcing candidates through to offer
- North American recruiting budget
- Enhancement of the candidate experience and employment brand for HSBC

Her experience includes complex project management through Six Sigma methodologies, expatriate and immigration, migration of HR data entry to Hyderabad, India and monitoring of HR operational risks in compliance with international banking regulations (Basel II).

Darcie obtained her Bachelor of Arts in Political Science and has served as a Mentor and Teacher in the Explore Chicago Student program and a New Student Orientation Mentor. She continues her involvement as a Schmidt Leadership Scholar and Stanley Mae Scholar.
Eric Jaquith brings over ten years of progressive technical recruiting project experience to his clients. He offers a unique brand of highly effective and efficient recruiting processes designed to deliver top quality technology candidates quickly and within a specified timeframe, producing impressive bottom-line results. Eric has become a sought-after strategic outsourcing business partner and consultant by both clients and peers. His client list includes such well-known companies as The Coca-Cola Company, IBM, HP, Microsoft, BT, McKesson, Home Depot, SAP America, Google, Lockheed Martin, Siebel, & several internet security startups.

With dozens of successfully completed projects, and a network of hundreds of recruiting professionals, he continues to innovate and offers practical, affordable staffing for his clients and friends.

Eric has been called "Not only the best ethical white hat sourcing hacker I have ever met, but one of the most knowledgeable sourcing, training and strategy experts the industry has produced" by Rob McIntosh, Senior Vice President Global Talent Acquisition at Avanade and former sourcing Manager for Deloitte and Microsoft.

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eric@dailyresumes.com
Tom Kaminsky
Panelist – Vendor Management Consulting Expert

Thomas F. Kaminsky is Founder and Managing Director of Crescendo Consulting Solutions, a niche provider of outsourcing advisory and integration services. The firm takes a collaborative approach with clients creating innovative, high quality, flexible solutions that are sustainable. Working with their global clients, Mr. Kaminsky and the Crescendo team are delivering a number of human capital solutions including integrated, flexible workforce solutions that encompass direct hire, contingent labor and services procurement. The firm continues to advise clients on the opportunities and benefits of recruitment process outsourcing, applicant tracking systems (ATS), vendor management systems (VMS) and managed service providers (MSP). As part of larger outsourcing engagements, Mr. Kaminsky and his team also facilitate, negotiate and execute Service Level Agreements and define Key Performance Indicators with supporting metrics that are critical to ensuring the sustained success of the client-supplier relationship.

Mr. Kaminsky holds a Master of Science in Mass Communications from Boston University and a Bachelor of Arts in Business Administration and Accounting from Muhlenberg College. He is also an accomplished musician and resides in Tampa, FL with his wife Wendy and daughter Taylere.

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Erin Pierpoint
Panelist – Corporate Leader Talent Sourcing Expert

Erin is a dynamic HR professional, with a passion for Talent Management and more specifically, Recruiting. In her 8 years of Talent Management/Recruitment experience, Erin has worked in the fast-paced agency environment, as well as in a corporate recruiting environment. Her experience ranges from full life cycle recruiter, part of a recruiter/sourcer team, to managing a team of sourcers.

In her role at Johnson & Johnson, Erin managed a team of 12 sourcers supporting all functional areas within the Pharma sector. Erin’s experience with J&J includes responsibility for building an executive recruiting program and managing relationships with 3rd party vendors, which has saved the company $2.5M within the last 18 months. Prior to working in a management role, Erin was the top-rated recruiter in a department of 225 while supporting the Consumer business. She reduced time to fill from 11 weeks to 6 within the sales and marketing groups, while maintaining customer satisfaction scores in the top 5% of the department.

Erin started her career in SAP recruiting for Modis Solutions, then moved to Adecco where she managed a high volume recruitment desk and was quickly promoted to a Management role supporting the Bayer account. Erin uses a consultative approach to build a talent pipeline of future leaders in a timely and cost efficient manner.

Erin Pierpoint
732-306-9713
Doug Lubin
Program Director

As a successful Recruitment Process Outsourcing and Services Procurement Practice Leader, Doug Lubin joins Crescendo Consulting Solutions with over a decade of experience building sustainable solutions for clients and partners. Through his work with industry-leading global clients and startups, Mr. Lubin has developed and implemented high-performing recruitment and talent management solutions enabling clients to source, manage, price and retain talent.

With specialized expertise in recruitment process outsourcing, vendor management and Applicant Tracking, Client Relationship Management and Software as a Service methodology, Mr. Lubin brings extensive experience within financial services, healthcare, management consulting, international staffing and recruiting.

His client work has included engagements with, Corporate Executive Board, HSBC, State Street Corporation, GlaxoSmithKline, Nextel and UPS.

Mr. Lubin’s education includes studies at Rollins College, Winter Park FL and the University of Sydney, NSW Australia. He resides in West Hartford, CT with his family.
Glossary of Terms for Today

- **Joint Employment**: two unrelated employers share employment law liability by contract or operation of facts; the entire liability can be assessed against either. (a.k.a. Co-Employment)
- **PEO (Professional Employer Organization)**: A PEO delivers human resources services by establishing and maintaining an employer relationship with the employees at the client's worksite and by contractually assuming certain employer rights, responsibilities, and risk.
- **Common law employer/employee**: the traditional employer-employee relationship; requires W-2.
- **RPO**: (Recruitment Process Outsourcing) when a provider acts as a company's internal recruitment function for a portion or all of its jobs.
Survey Highlights

- The successful implementation of a Flexible Staffing Model (FSM) is the goal of **86% of the respondents** (Page 32)
  - However, **no evidence of commitment** (Page 33) to FSM when economy recovers
  - Is **71% of companies budgeting** (Page 34) for contractors the corporate solution to an FSM?
- Opportunity to **increase knowledge and awareness of risk mitigation** (Page 41) for co-employment
- 70% of respondents **prefer contractors on-site vs. virtual** (Page 36)
- 60% of companies are seeing a notable increase in **retirees entering the contractor workforce** (Page 37)
- **“Churn Factor”** (Page 38) is high yet forecast (24 months) reveals full-time staff levels will remain the same while contractors are expected to increase
Survey Highlights

- 74% of companies report an increase in the quality of talent in the contractor pool (Page 39)
  - Companies are shedding their best talent creating a “Warren Buffet Moment”
- Finding, Assessing, and Compensating (Page 40)(appropriately) contract resources ranks between Challenging and Very Challenging for 75% of respondents
  - Despite increased availability of quality in today’s talent pool, it remains challenging to find appropriate talent through third-party partners (Page 41)
- Important criteria for third-party partners (Page 42)- Relationship, Speed (candidates delivered), Agility, Experience of contractors
- Companies of all sizes and sectors are struggling with the contractor resource path – a universal challenge
Sources of Information
Used by Candidates to form Opinions about Employment Choices

- Mass Media
- Specialty Sites (salary)
- Search Engine
- Government Filings
- Social Networks
- Employee Blogs
- Industry Blogs
- Press Releases
- Specialty Media (trade)
- None of the Above
- Other

0% 10% 20% 30% 40% 50% 60%
Social Contract

# of Employers Until Now  # of Future Employers

Source: Staffing.org
Dollar Impact of Old Model

- “Hire’um, fire’um, re-hire’um” increasingly inefficient
- Real Cost to Replace
  - $40-60k workers cost 150% of salary to replace.
- Cost of Quality
  - 19% average worker
  - 32% skilled workers
  - 48% management
- New staffing model required for today’s business climate

Source: Staffing.org
Flexible Staffing Model

1. Purpose leads to Definition
   - Define “Flexible Staffing Model”
2. Major benefits of a flexible staffing model
3. Resources available to create a flexible staffing model
4. Allocation of work across resource categories
5. Examples where companies are getting it “right”
6. Types of companies searching for flexible staffing models
7. The toughest challenges in building a flexible staffing model
Contractor Optimization

1. Possible definitions of “Contractor Optimization”
2. Relevance and considerations for:
   - W2 Contractor
   - 1099 Contractor
   - Third-Party Contractor
3. Why choose one over another in a flexible staffing model?
   - Strategic vs. Tactical

Choose one or more of the following classifications of talent acquisition contractors you have utilized in the past (or currently):

[Bar chart showing comparison between Corporate Contractor and Third Party Contractor]
In order to help participants better understand the risks involved when using contract labor resources, this section will utilize and highlight the practices identified by the IRS as creating the risk of co-employment. Where do you see companies having t
Risk Matrix

The degree of risk varies with the nature of the relationship, with the highest risk in most categories occurring in the direct hire mode.

<table>
<thead>
<tr>
<th>CATEGORY OF RISK</th>
<th>LEVEL OF RISK DIRECT HIRE</th>
<th>LEVEL OF RISK TEMPORARY AGENCY</th>
<th>LEVEL OF RISK PROFESSIONAL EMPLOYER ORGANIZATION (PEO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal and state employment taxes</td>
<td>High</td>
<td>Low</td>
<td>Low—only on insolvency, bankruptcy or failure of PEO</td>
</tr>
<tr>
<td>Employment law claims, e.g., discrimination, wrongful termination, wage payment liability</td>
<td>High</td>
<td>Low</td>
<td>Moderate—due to joint employer relationship created by most PEO agreements</td>
</tr>
<tr>
<td>Workers’ compensation</td>
<td>High</td>
<td>Low</td>
<td>Low—only on insolvency, bankruptcy or failure of PEO</td>
</tr>
<tr>
<td>Liability for employee benefits</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Extent of involvement of hiring company</td>
<td>High</td>
<td>Low</td>
<td>Moderate—due to joint employer relationship</td>
</tr>
<tr>
<td>Liability for injury</td>
<td>Low— if insurance for non-employees (subject to workers' compensation issues)</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Liability for injuries to third parties</td>
<td>High</td>
<td>Low</td>
<td>Moderate—due to joint employer relationship</td>
</tr>
</tbody>
</table>

Source: Ronald Cooke, Partner

www.nossaman.com
Ways to Mitigate Risk When Hiring a Contractor

- A written agreement is critical.
- Clearly document who has control—financial control, behavioral control and the relationship of the parties.
- Observe appropriate business formalities, e.g., independent contractor should use business name and require invoices.
- **Never** allow the same work to be done by employees and independent contractors, and it is always dangerous for independent contractors to be engaged in work related to the regular business of the company.
- Clear exclusions in benefit plan documents.
- Maintain general liability insurance that covers non-employees.
- Appropriate tax reporting—1099, not W-2; and EIN is preferable to a SSN.
- Agency or PEO vs. direct hire.
Rules of Engagement

1. Time Restrictions
2. Best Practices
3. Engaging and “Retaining”
4. Training
5. Preferred Providers & Vendor Management
Webinar #2
Deeper Dive

1. Changes in candidate expectations of their employers
2. Recessionary Factors
3. State of “free agents”/contractors
4. Emergence of the Free Agent Nation
5. Continuation of –
   ✓ Risk and Legal Consideration
   ✓ Vendor Management Best Practices

* Date for this webinar to be announced
Webinar #3
An illustration of a Staffing Optimization Model

- Reveal’s Staffing Optimization Model is a decision-support methodology to help your organization create an intelligent and flexible staffing model.

- Ultimate Objectives of Staffing Optimization are to:
  1. *Optimize* balance of resources
     - Headcount and/or External Firms
  2. Organizational Performance Improvement Plan
     - Awareness of Performance and Costs
     - Compounding Efficiency and Effectiveness

* Date for this webinar to be announced
Cornerstones of Staffing Optimization

1. Demand Planning
   - Current workforce planning Data
   - OR – Trend, Hiring Projects,
     Attrition Rates, Downsizings,
     Growth, Budgets, Promotions,
     etc.

2. Current Resource Status
   - Quantify & Categorize Available Resources
   - Assess Qualitative and Quantitative
     Performance
   - Evaluate Current Capacity by Resource

3. Financial Analysis
   - Onboarding Costs
   - Cost By Resource
   - Cost per Job / Hire / Hour
   - Cost Savings Opportunities
   - Total Cost (Current and Optimized)

4. Optimization
   - Allocation of Workload (jobs)
   - Examine Impacts of Optimizing Current
     Team (Headcount)
   - Consider Sourcing ROI
   - Build Performance Improvement Plan

* Date for this webinar to be announced
Next:
1. Invitation to complete the survey (if you haven’t already done so)
2. Dates for Webinar’s 2 & 3 to be announced
3. Request an invitation to the upcoming event in Philadelphia...
Thought Leadership Institute's
Corporate Sourcing Leadership Exchange

February 24-25, 2010
Philadelphia, PA

info@tlinstitute.com or 704-844-6000
A number of organizations are leveraging talent acquisition contract resources for a variety of business objectives. Please select one or more of the following reasons that describe your business objectives for leveraging talent acquisition contractors:
Assuming a rebound in the economy will soon be followed by increased (normal) hiring volumes, please assign a percentage weighting in the boxes provided to the options your organization will consider to address this increase:

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehire and/or reestablish full-time recruiting and sourcing staff: (%)</td>
<td>22.25</td>
</tr>
<tr>
<td>Outsource increased volume to an external provider (RPO, contingency, retained, research firm, etc.): (%)</td>
<td>13.44</td>
</tr>
<tr>
<td>Contract-to-Hire through third-party vendor: (%)</td>
<td>19.71</td>
</tr>
<tr>
<td>Contract-to-Hire by recruiting contractors and payroll them as a 1099 individual: (%)</td>
<td>5.59</td>
</tr>
<tr>
<td>Long-term commitment to contract professionals through third-party firm until economy and confidence stabilizes: (%)</td>
<td>11.00</td>
</tr>
<tr>
<td>Long-term commitment to contract professionals (1099) until economy and confidence stabilizes: (%)</td>
<td>18.13</td>
</tr>
<tr>
<td>Rely more heavily on current staff and hiring managers to manage increased volumes: (%)</td>
<td>36.94</td>
</tr>
</tbody>
</table>
Do you budget for talent acquisition contract resources as part of your flexible staffing model?

- Yes: 28.9%
- No: 71.1%
Assuming your company hires talent acquisition contractors directly, which of the following challenges best describe those that you/your company encounter when engaging and on-boarding contract recruiting and sourcing professionals:
Do you prefer talent acquisition contractors to work from their home office/virtually or onsite? (Please enter percentages to total 100.)

- Virtually (%): 47.88
- Onsite (%): 69.26
Do you think more retirees are entering the contract labor pool?

- Yes: 58.6%
- No: 27.6%
- Not Sure: 13.8%
As a result of the recent economic slow-down, my organization has:

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced use of contractors</td>
<td>55.2%</td>
</tr>
<tr>
<td>Increased use of contractors</td>
<td>34.5%</td>
</tr>
<tr>
<td>Been unaffected in its use of contractors</td>
<td>6.9%</td>
</tr>
<tr>
<td>We do not have a history of using contractors</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

How would you characterize the future trends (next 24 months) for your organization’s usage of talent acquisition resources?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Will increase</th>
<th>Will decrease</th>
<th>Will stay about the same</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of full-time (regular employee) recruiters:</td>
<td>8</td>
<td>0</td>
<td>18</td>
<td>2</td>
</tr>
<tr>
<td>Number of full-time (regular employee) sourcers:</td>
<td>7</td>
<td>1</td>
<td>18</td>
<td>2</td>
</tr>
<tr>
<td>Number of contract recruiters:</td>
<td>13</td>
<td>1</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Number of contract sourcing professionals:</td>
<td>10</td>
<td>2</td>
<td>6</td>
<td>10</td>
</tr>
</tbody>
</table>

How would you characterize the historical trends over the past 24 months for your organization’s usage of talent acquisition resources?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Increased</th>
<th>Decreased</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of full-time (regular employee) recruiters:</td>
<td>4</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Number of full-time (regular employee) sourcers:</td>
<td>4</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Number of contract recruiters:</td>
<td>8</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Number of contract sourcing professionals:</td>
<td>6</td>
<td>9</td>
<td>13</td>
</tr>
</tbody>
</table>
Generally, do you believe that the quality (experience and skills levels) of talent acquisition contract workers is increasing?

- Yes: 74.1%
- No: 25.9%
Assuming your company hires talent acquisition contractors directly, which of the following challenges best describe those that you/your company encounter when engaging and on-boarding contract recruiting and sourcing professionals:
How would you characterize the following factors when partnering with a third-party provider of contract talent acquisition professionals?
When talent acquisition contract resources are deployed, which of the following criteria are used to determine whether to leverage talent acquisition contract resources hired directly by your organization or third party contractors:

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Not Important</th>
<th>Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current relationship with third party vendor:</td>
<td>5</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Third party vendors that offer 1099 contractors:</td>
<td>14</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Third party vendors that offer W2 contractors:</td>
<td>7</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Speed of identifying contractors:</td>
<td>0</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Level of experience of contractors:</td>
<td>0</td>
<td>4</td>
<td>24</td>
</tr>
<tr>
<td>Benefits provided to contractors:</td>
<td>13</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Ease of turning on/off contract resources:</td>
<td>1</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Ongoing training/coaching of contractors by third party:</td>
<td>12</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Resources provided to contractor by third party (i.e., resume databases, technology, etc.):</td>
<td>11</td>
<td>10</td>
<td>7</td>
</tr>
</tbody>
</table>
IRS Factors (1 – 10)

1. **Level of instruction.** If the company directs when, where, and how work is done, this control indicates a possible employment relationship.

2. **Amount of training.** Requesting workers to undergo company-provided training suggests an employment relationship since the company is directing the methods by which work is accomplished.

3. **Degree of business integration.** Workers whose services are integrated into business operations or significantly affect business success are likely to be considered employees.

4. **Extent of personal services.** Companies that insist on a particular person performing the work assert a degree of control that suggests an employment relationship. In contrast, independent contractors typically are free to assign work to anyone.

5. **Control of assistants.** If a company hires, supervises, and pays a worker's assistants, this control indicates a possible employment relationship. If the worker retains control over hiring, supervising, and paying helpers, this arrangement suggests an independent contractor relationship.

6. **Continuity of relationship.** A continuous relationship between a company and a worker indicates a possible employment relationship. However, an independent contractor arrangement can involve an ongoing relationship for multiple, sequential projects.

7. **Flexibility of schedule.** People whose hours or days of work are dictated by a company are apt to qualify as its employees.

8. **Demands for full-time work.** Full-time work gives a company control over most of a person's time, which supports a finding of an employment relationship.

9. **Need for on-site services.** Requiring someone to work on company premises—particularly if the work can be performed elsewhere—indicates a possible employment relationship.

10. **Sequence of work.** If a company requires work to be performed in specific order or sequence, this control suggests an employment relationship.
IRS Factors (11 – 20)

11. **Requirements for reports.** If a worker regularly must provide written or oral reports on the status of a project, this arrangement indicates a possible employment relationship.

12. **Method of payment.** Hourly, weekly, or monthly pay schedules are characteristic of employment relationships, unless the payments simply are a convenient way of distributing a lump-sum fee. Payment on commission or project completion is more characteristic of independent contractor relationships.

13. **Payment of business or travel expenses.** Independent contractors typically bear the cost of travel or business expenses, and most contractors set their fees high enough to cover these costs. Direct reimbursement of travel and other business costs by a company suggests an employment relationship.

14. ** Provision of tools and materials.** Workers who perform most of their work using company-provided equipment, tools, and materials are more likely to be considered employees. Work largely done using independently obtained supplies or tools supports an independent contractor finding.

15. **Investment in facilities.** Independent contractors typically invest in and maintain their own work facilities. In contrast, most employees rely on their employer to provide work facilities.

16. **Realization of profit or loss.** Workers who receive predetermined earnings and have little chance to realize significant profit or loss through their work generally are employees.

17. **Work for multiple companies.** People who simultaneously provide services for several unrelated companies are likely to qualify as independent contractors.

18. **Availability to public.** If a worker regularly makes services available to the general public, this supports an independent contractor determination.

19. **Control over discharge.** A company’s unilateral right to discharge a worker suggests an employment relationship. In contrast, a company’s ability to terminate independent contractor relationships generally depends on contract terms.

20. **Right of termination.** Most employees unilaterally can terminate their work for a company without liability. Independent contractors cannot terminate services without liability, except as allowed under their contracts.