



whitepaper | 2022

managing 5+ contractors effectively

are you managing your 5+ contractors effectively?

could you reduce your costs and compliance risks?

are you sure you really know how many contractors you have?

are you in a position where you want more control over your contractor spend and to understand the potentially significant compliance risks that you may have?

do you think the number of contractors you have are too small to benefit from being managed?

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Often companies do not know how many contractors they have, their total costs, or the associated compliance risks.

Typically, this is because there is no single process that is followed for the hiring and ongoing management of contractors and therefore no control over the various channels, suppliers, and contractors.

And contractor compliance is both specialist and highly complex with most companies not having the in-house expertise to understand, review and assess the risks.

Where you have 5 or more contractors, partnering with the right Managed Service Provider (MSP) allows you to benefit from a comprehensive solution that implements, manages, and supports your entire contractor workforce throughout their life cycle with you whilst eliminating compliance risk.

Here we explore six benefits of partnering with a suitable MSP.

cost savings

Importantly, an MSP will generate transparent reporting of your contractor numbers and spend. You will be able to analyse and control contractor numbers and spend by source, department, engagement type, and much more from dashboards and drill-down reporting. The resultant cost control will reduce your overall spend.

one streamlined process

An MSP can facilitate greater agility within your business by optimising workflows that maximise the efficiencies when dealing with the wide range of tasks associated with your contractor workforce. These tasks range from sourcing, screening, and onboarding to timesheet management, billing, payroll and payments. As well as risk management of the supply chain.

And one process on one software platform that everyone follows means that you eliminate maverick hiring.





one-stop-shop expertise

Ideally you want an MSP who can provide their own proprietary software and services platform to manage your contractors through their full life cycle with you from candidate attraction and on-boarding to compliance, payroll and off-boarding. A true one-stop shop of contractor expertise.

If you do not require all of their services, then they should be flexible to customise them for you. And those MSPs with their own proprietary software platform should be able to cost effectively provide benefits to those of you who have a smaller number of contractors starting at 5+.

employ/engage contractors

Most MSPs outsource the employment and payment of contractors to a third party, typically via a recruitment agency or umbrella employment company, or often both. Either way, the ultimate supplier is further down the supply chain and very difficult to audit and monitor for compliance purposes.

If you want to drive compliance, then it is preferable for the MSP to directly employ and pay your contractors. That way you can be assured on an ongoing basis by the MSP of compliance to tax and employment status regulations.

If you have contractors with their own personal service company then it is extremely important that they comply with the IR35 employment status regulations otherwise HMRC can levy the lost tax, interest, and penalties on you.

Ideally the MSP should engage the personal service company and pay them rather than a supplier further down the supply chain which cannot be audited easily. The shorter your supply chain the more your compliance and risk profile will improve.





compliance

The regulations governing contractors is becoming ever more complex. Typically, it centres on personal data, employment law, employment status, appropriate tax deductions and statutory reporting. An MSP should provide the expertise needed to assess the compliance risks your company has and more importantly how to eliminate and manage them on an ongoing basis.

The regulations are very complex and specialist and therefore most companies will not have a full appreciation of them. Getting it wrong risks significant financial and reputational damage. And some of the regulations levy personal liability on the directors of the hirer.

independent best advice

Most MSP's are not truly independent. Generally, they are managing and hiring the contractors for you or they have an associated company which does the hiring. In both cases there can be a clear conflict of interest with your best interests.

Where possible you want to have an MSP who is truly independent of hiring your contractors and will therefore provide only the best advice for you and your contractors with no conflict of interest.

In conclusion, The growing worldwide trend for hiring contractors has recently been accelerated by Covid as individuals seek more work flexibility and different challenges. Companies also require ever more specialist skills that they can turn on and off quickly.

Getting the management of contractors wrong can be very costly both from a financial and reputational point of view. However, selecting the right MSP who can provide a suitable software and managed services platform can give you peace of mind and save you money while allowing you to be in control of recruiting the best talent for your business.





about **giant**

Our flexible proprietary software and managed services platform, **giant precision**, can manage contractors throughout their life cycle, from candidate attraction, screening and on boarding to timesheet management, billing, employer of record, payroll and payments. In the UK and internationally.

Unlike most MSP's, our **giant precision** platform allows organisations with any number of contractors to benefit from a speedy implementation at no cost. So, if you have 5 or more contractors, we can help.

We take compliance with the complex regulations governing contractors very seriously. To underline our compliance commitment to you, we contractually indemnify you against any tax and employment risk when we manage your contractors.

And we are independent. Unlike others, we do not provide agency recruiting services and we have no affiliated companies that do either. Our neutrality ensures we advise you only on what's best for you and your contractors.

