



**STRATEGIC  
WORKFORCE  
SOLUTIONS  
THROUGH STAFF  
AUGMENTATION:  
*RESPONDING QUICKER TO INTERNAL  
AND EXTERNAL DEMANDS***

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**THE U.S. DEPARTMENT OF LABOR PROJECTS THAT NEW JOBS REQUIRING SCIENCE, ENGINEERING, AND TECHNICAL TRAINING WILL INCREASE BY OVER 50% THROUGH 2010—A RATE OF GROWTH THAT IS ROUGHLY FOUR TIMES HIGHER THAN AVERAGE JOB GROWTH NATIONALLY.**

**The Current Outlook**

When net replacements from retirements are factored in, cumulative job openings for technically trained personnel will reach nearly 6 million. The skills gap is most apparent in the core occupational disciplines of computer science, electrical engineering, software design, and systems analysis. According to a study by the *Information Technology Association of America*, while “demand for information technology workers is down 44% from 2000, one in every 14 U.S. workers is involved in IT, and one in every 12 IT jobs remain unfilled for lack of a skilled candidate.”

A down economy notwithstanding, the *Heldrich Work Trends Study* finds that nearly 60% of “companies with 100 or more employees have reported difficulty in hiring workers” with in-demand skills, and “29% believe they will experience difficulty in the year ahead, **despite the recession and increasing unemployment rate.**”

The inability of companies to find qualified IT employees

**"More than 60% of survey respondents feel that the bigger IT staffing challenge is in finding the right skills."**

*CIO Magazine  
June, 2002*

has the disquieting effect of impacting companies' ability to effectively compete and fully realize profit and product potential. Downstream, the outlook for the economy and workers alike looks grim: millions of workers, lacking needed skills and training, will never reach their full potential.

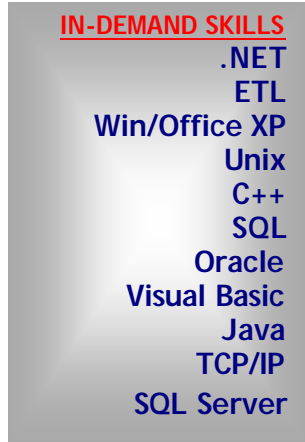
To aggravate this state of affairs, many companies can no longer assume the cost of on-the-job training.

According to the *Software Human Resources Council*, “declining public financing of training has led to an under-investment in training in IT...and a matrix organization (of skill teams) in firms has led to higher turnover as workers with obsolete skills move to other firms for training and experience.”

There are many elements that make an organization successful, including talent, knowledge, culture, and behavior. New initiatives and business pressures put new demands on IT leaders. Increased interest in e-business strategies, CRM, and Supply Chain Management are rapidly changing the competencies and skills needed for IT to effectively link to the business it supports. Conversely, some type of limitation weighs down many IT organizations: resource constraints, inability to hire/retain staff to keep pace with technology changes, or inadequate processes.

Technical proficiency, once the only skill required for IT workers, is now just part of a repertoire of skills that businesses expect. As business climates and labor markets change, so must the competencies and knowledge needed to support these changes. While organizations cannot meet their current needs with existing internal resources, they prefer not to *own* technology assets or build up large IT staffs, but rather *procure the needed functionality to ensure successful project incomes.*

Gartner, Inc. predicts that by 2004, companies will be faced with tremendous costs in managing *30 times* more data than in 1999. Because technology demands and staffing needs change from year to year, companies routinely require fast access to new technologies and critical skills, but are constrained by limited capital and lack of qualified resources.



## STRATEGIC WORKFORCE SOLUTIONS THROUGH STAFF AUGMENTATION

To create and sustain a competitive edge, companies must be able to concentrate on core competencies, free up key resources for critical projects, and:

- Align information technology with business strategies
- Increase overall productivity
- Make IT costs more predictable
- Reduce or control headcount
- Re-skill their IT staffs
- Transfer knowledge
- Implement and exploit new services and technologies
- Respond quicker to internal and external demands and changes (e.g., technology or culture)
- Reduce time to market
- Reduce recruiting time and costs

Many companies need skilled project managers and technical staff members to handle an overwhelming amount of work. IT organizations that cannot find needed skill sets in the labor market are seeking practical methods of accelerating new employees' learning curves or using contractors and consultants to provide needed skills. Staff augmentation is now seen as a strategic means to focus the business on its goals, rather than as simply a way to cut costs.

According to Gartner, the view on IT "out-tasking" has shifted from one of a "defensive asset transfer mechanism" to that of a "strategic weapon to gain access to sorely needed IT skills, and as a vehicle to focus on core business competencies." Gartner also predicts "there will be a massive skill shortage and will only get worse."

**The U.S. Dept of Labor projects the fastest-growing jobs and highest demand will be for computer engineers, network administrators, and systems analysts; each will more than double in the decade ending 2010 (see the following table).**

Fastest growing occupations, 2000-10 [Numbers in thousands of jobs]			
OCCUPATION	2000	2010	Change
Computer software engineers, applications	380	760	100%
Computer support specialists	506	996	97%
Computer software engineers, systems software	317	601	90%
Network and computer systems administrators	229	416	82%
Network systems, data communications analysts	119	211	77%
Database administrators	106	176	66%
Computer systems analysts	431	689	60%
<b>TOTAL</b>	<b>2088</b>	<b>3849</b>	<b>85%</b>

*Source: U.S. Department of Labor, Bureau of Labor Statistics*

### Staff Augmentation as a Practical Alternative

A recent survey conducted jointly by William H. Mercer and **people**<sup>3</sup> (a Gartner company) indicates that companies typically bring in contractors for projects using new technologies that require certain skills or competencies not found in the organization. The survey reveals that "33.3% of contractors are hired to fill project needs, especially for projects using new technologies requiring skills and competencies not found in an organization, companies hire 27% of contractors to support legacy systems, and 27.8% are used for infrastructure support." The remainder is hired to satisfy needed project management expertise."

Contractor staffing provides supplementary or temporary resources during a period of changing business needs. The extent to which contractors are used is often driven by an organization's internal demand that is either directly or indirectly influenced by external economic and market conditions. In an evolving market, **using contractors as a practical IT staffing alternative continues to be one of the keys to organizational success.**

Workforce supplementation is a viable solution for IT staffing needs, such as:

- Facilitating large scale system migrations or complicated IT projects
- Freeing resources and focusing on core competencies
- Skills and knowledge transfer
- Filling critical vacancies due to employee illness or leave of absence.

Research data by Gartner, Inc., The Standish Group, and other research companies shows that project failures have their roots in myriad causes: immature technologies, people issues, lack of appropriate skills, lack of business process knowledge, or unrealistic time lines. In order to determine if or when staff augmentation is appropriate, IT and HR leaders should routinely ask themselves the following questions:

- **Are projects meeting their cost, schedule, quality, or requirements objectives?**
- **Is the IT staff as efficient as senior management expects it to be?**
- **Is there pressure to reduce budgets, shorten development cycles, and exploit new technologies to improve service?**
- **Are users refusing to use new systems?**
- **Is there a pressing need to stay at the leading edge of technology?**

With tightened budgets and increased cost control pressures, organizations are adjusting their staffing strategies to include the use of IT contractors. In every industry, staff augmentation is increasingly seen as the best solution for companies to improve their competitive positions, and to:

- Substantially lower cost structures
- Fundamentally improve technology infrastructures
- Increase organizational responsiveness
- Import critical skills
- Drive cultural transformations.

## **Differentiating Staff Augmentation Firms**

Gartner/Dataquest believes that **higher quality staff augmentation firms treat their talent like employees** and provide benefits, vacation time, and training. As a result, these firms provide clients with more than just “warm bodies”, and have a greater interest in reuse of invested intellectual capital.

In addition to making a full range of benefits available to its employees, reputable firms must background check and thoroughly test each candidate for in-demand competencies, knowledge, skills, abilities, and characteristics that help to ensure and increase project successes.

A value-add staffing partner must demonstrate an innovative, best-practice approach and consistently present clients with high-performing, reliable, and knowledgeable contractors. They

**Technical proficiency, once the only skill required for IT workers, is now just part of a repertoire of skills that businesses expect.**

must ensure that companies are able to avail themselves of the best skills, maximize market share, and apply best-in-class expertise within their organization.

A partner-centric relationship between solution providers and clients must succeed on multiple fronts: to define a goal of maintaining consistency in service delivery, help increase clients’ competitive advantage in their respective industries, and to better project and control IT costs.

This relationship must also help companies establish and maintain a flexible IT staffing strategy that supports rapidly changing priorities and business needs.

A high-quality staff augmentation firm provides a steady flow of talented IT workers as a *strategic resource* and helps clients to:

- ◆ **Out-perform their competitors**
- ◆ **Sustain high performance levels**
- ◆ **Ensure project and organizational successes.**

## Selecting a Staff Augmentation Firm

Companies typically conduct a market search to identify firms that provide supplemental staffing services in the market(s) and industry(s) in which they operate. The following key measures are used by companies to determine which firms to select for their preferred vendor lists:

- ▶ **Service levels** - responsiveness to initial requests, time to fill vacancies, recruiters' experience and professionalism, and the quality of contractor screening and selection processes.
- ▶ **Candidates** - availability and variety of skill sets and levels, along with verifiable high quality, reliability, and performance measures.
- ▶ **Credentials** - proven track records in specific geographic markets and/or industries.
- ▶ **Cost** - deliver excellent services at competitive rates.

For staff augmentation to be successful, companies require cost-effective and repeatable project outcomes from established firms with:

- ◆ **Strategy and vision**
- ◆ **Financial stability**
- ◆ **Solid understanding of client goals**
- ◆ **Access to reliable and credentialed workers with appropriate industry expertise**
- ◆ **High customer satisfaction ratings**
- ◆ **Innovative and efficient technology solutions**
- ◆ **A range of application services and project management methodologies that support short- and long-term needs**
- ◆ **Vertical and geographic experience**
- ◆ **Ability to move beyond "staffing" and become a strategic business partner.**

Along with the ability to deliver workforce solutions across a wide range of platforms, a staffing solutions firm must have solid expertise in a variety of technical disciplines, including, but not limited to:

- ▶ **Information Technology**
- ▶ **Engineering**
- ▶ **Life Sciences**
- ▶ **Technology Convergence**
- ▶ **Regulated Industries**

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## About RCM Technologies, Inc.

Established in 1971, **RCM Technologies** is a premier provider of Information Technology workforce solutions within the Pharmaceutical, Government, Manufacturing, Engineering, Distribution, Aerospace, Insurance, Telecom, Utilities, and Healthcare sectors. RCM partners with its clients to define, implement, and manage a broad range of technologies across multiple platforms, systems, and networks.

RCM helps customers import critical, in-demand skills, focus on core competencies, reduce time-to-market, and optimize organizational performance through a range of engagement types, including Strategic Management Consulting, Project Management, Turnkey Projects, Individual Staffing Resources, and Outsourcing.

RCM's financial stability, 30+ year history, and high client renewal rate make us a reliable, long-term, and cost-effective Staffing / Outsourcing Solutions partner. RCM's offices are located in major metropolitan areas throughout North America and Canada.

For more information on RCM's IT Strategic Workforce Solutions, please contact Joe Golemo, VP, Business Development, at 952-229-9523, or via email at [joe.golemo@rcmt.com](mailto:joe.golemo@rcmt.com).

## Discover why RCM is The Source of **SMART** Solutions

<http://www.rcmt.com>