

Assessing and Managing Risk in Contract Workforce Management

Executive Summary

Nearly every business, large and small, uses “contingent” labor—workers who perform services for a company despite not being on the company’s employee payroll. Contingent labor takes many forms and exists on every level of the corporate hierarchy, from traditional commodity services (building maintenance, receptionists, call center operators, etc.) to strategic knowledge workers (management consultants¹, contract programmers, graphic artists, tax advisors, and even contract-based C-level executives). A business’s “contingent workforce” may even include entire teams of professionals outsourced from staffing or consulting firms.

Most executives recognize the value of incorporating contingent individuals into their workforce strategy. Most notably, contingent workers maximize a business’s flexibility, enabling it to better stay focused on its core strengths as it reacts to market changes more nimbly and inexpensively. Despite its clear business value, however, the use of a contingent workforce carries with it significant risks—risks that result in serious damages to a business’s financial condition, stock price, ability to recruit new talent, and reputation in the marketplace.

All contingent workers, regardless of level, share two things in common. First, their very status as non-employee workers poses a risk to businesses that engage them; and second, those charged with managing them must understand and adhere to a wide variety of complex regulations in order to minimize this risk.

Business managers charged with mitigating contractor-related risks therefore face a daunting challenge. They are under significant pressure to balance productivity with compliance—often while being bombarded with anecdotal or otherwise inaccurate advice as to what differentiates a “safe” contingent worker from one who invites risk into an organization.

This paper² discusses the inherent risks of using a contingent workforce and highlights the severity of the penalties that various authorities may assess against businesses that engage workers who are not in compliance with all appropriate guidelines for working on a contingent basis. Further, this paper dispels commonly believed myths related to these risk factors and outlines some practices business can undertake to dramatically reduce their exposure.

Understanding Contingent Workforce-Related Risk Factors

INCREASING NUMBERS, INCREASING RISK

It is abundantly evident that the number of individuals working on a contingent basis in the U.S. is increasing and will continue to do so into the foreseeable future. According to the U.S. Bureau of Labor

¹ “Contract worker(s),” “contractors,” and “consultants,” are interchangeable terms in the context of this discussion. They fall under the heading of “contingent workforce.”

² The content of this paper is derived in large part from an August, 2006 webcast, “Assessing and Managing Risk in Contract Workforce Management,” which was sponsored by MyBizOffice, Inc. and presented as part of the Human Capital Institute’s “Contingent Workforce Management” learning track.

Statistics³, the number of people claiming to work as independent contractors rose 20% to 10.3 million between 2001 and 2005, representing 7.4% of the total American workforce. Meanwhile, other categories of contingent workers, such as temporary workers, on-call workers, and those working through staffing or placement agencies, represent an additional 3.3 million individuals.

Meanwhile, the earliest “Baby Boomers” are now reaching retirement age, a fact that MyBizOffice President and CEO, Gene Zaino, believes will accelerate the increase in contingent workers. According to Zaino, Baby Boomers are foregoing traditional retirement in favor of continuing to work on a contract basis. This extensive category of knowledgeable workers, says Zaino, is “not ready for the rocking chair.”

The escalation of contingent workers in the U.S. has naturally prompted an increased interest from regulatory authorities tasked with ensuring workforce rights and tax compliance—areas which invite ambiguity given the sometimes murky relationships between contingent workers and their clients. George Merritts, Esq., a noted employment law expert, claims that “there’s going to be an increase in concern because as the contract workforce is growing, so too is the potential exposure for the companies that use contract workers. The heart of it is, if it’s not managed properly... [it] can lead to some tremendous liabilities.”

The responsibility of these regulatory authorities to ensure workforce rights and compliance represent the foundation of the first two of the three primary risk categories (payroll tax risk and co-employment risk) discussed below; the third concerns business liability risks that can be equally crippling to an unprepared organization.

THREE CATEGORIES OF CONTINGENT WORKFORCE RISK

While the use of contingent workers induces a significant number of specific risk factors, these factors fall into three broad categories as depicted below.

Payroll Tax Risk	
Overview	Occurs when the IRS or state tax authorities reclassify contingent workers as W-2 employees because they do not comply with established criteria for working independently.
Background	Tax authorities want workers to be W-2 employees of a company because this guarantees proper payment of employer payroll taxes (e.g., Social Security and Medicare). Because contingent workers are not on their clients’ W-2 payroll, they are “on their own” to pay these employer taxes. Non-payment of these taxes is common ⁴ , however, so tax authorities have established qualification criteria for working independently. While these criteria are based on Common Law factors and are frequently assessed differently by different authorities, authorities are generally highly motivated to reclassify all contingent workers who do not meet these criteria.
Risk	Penalties for reclassification of improper contingent workers are severe. Both the IRS and state tax authorities may use their discretion in levying penalties, but IRS statutes accommodate for fines of 21.5% to 43% of the reclassified workers’ total payments (retroactive to the onset of the worker’s engagement).

³ “Contingent and Alternative Employment Arrangements, February 2005.” U.S. Bureau of Labor Statistics, July 27, 2005.
<http://www.bls.gov/news.release/conemp.nr0.htm>

⁴ The IRS reports that underreported self-employment tax constituted \$39 billion of the estimated \$345 billion “tax gap” in 2001, the most recent year such data are available. See “IRS Updates Tax Gap Estimates” at <http://www.irs.gov/newsroom/article/0,,id=154496,00.html>.

Co-Employment Risk	
Overview	Occurs primarily when contingent workers claim that they are used fundamentally the same way as employees and sue for employment privileges and back benefits ⁵ . This is usually in the form of class action-based litigation.
Background	Co-employment risk stems from the long-standing business practice of treating workers as independent contractors (typically to alleviate benefits costs) even though the substance of their work implies a full-time position. While many “true” contractors prefer this arrangement, many companies use it as a tool to keep workers at arms length who would otherwise prefer to be employees.
Risk	Co-employment risk varies greatly depending on the expectation of the lawsuits’ plaintiffs. Most commonly, however, businesses are forced to pay for benefits and stock/stock options retroactive to the onset of their engagement with their contingent workers. In addition, the presence of co-employment violations in a business commonly opens the door to IRS investigations and likely results in sweeping reclassifications (see Payroll Risk above).

Business Risk	
Overview	Occurs when contractors lacking proper liability or workers compensation insurance become injured on the job or cause damages through poor work.
Background	Businesses commonly assume the risk of significant lawsuits and other detrimental eventualities when they engage workers who do not carry adequate General Liability, Workers Compensation, or Errors & Omissions insurance. In addition, executives of public companies which fail to disclose these and other contingent workforce-related risk factors may be deemed out of compliance with the Sarbanes-Oxley standards for full disclosure in public reporting.
Risk	Business risk varies widely and can range from relatively minor lawsuits to costly and highly publicized and settlements. In addition, Sarbanes-Oxley violations can result in prison sentences for responsible executives.

MAJOR REPERCUSSIONS

The tables above demonstrate the potential devastating impact that these factors can introduce into businesses that do not establish the requisite safeguards to properly mitigate these risks. However, many businesses do not recognize these risk factors or fail to acknowledge the likelihood of incurring significant damages. Sean Rehder, a prominent contingent workforce risk expert and director of the Contingent Workforce Organization, believes that such businesses are being naively optimistic. “Basically, if you make a lot of money and you’re in business for the long haul,” he says, “sooner or later you’re going to get audited.”

In 2004, the IRS announced a restructuring designed to add 2,200 new auditors focused primarily on small businesses and “Schedule C” filers who showed annual receipts exceeding \$100,000. This has resulted in a significant increase in the number of audits and has brought countless clients under scrutiny.

And the IRS is not the only watchdog. State taxation authorities are similarly motivated to ensure proper payroll tax collection and will commonly levy fines and penalties to transgressors above and

⁵ “Co-employment is a legal doctrine which applies when two businesses exert some control over an employee’s work or working conditions. Relationships between temporary staffing agencies and business clients are typical examples and consequently, easy targets for lawsuits initiated by temporary or other contingent workers.” See <http://www.contingentlaw.com/Coemployment.htm>.

beyond those imposed by the IRS. Also, the Department of Labor, the Equal Employment Opportunity Commission (EEOC), and even the Department of Homeland Security police business practices to make certain that workers' rights are being upheld.

Furthermore, these agencies commonly work in concert with one another so that a transgression in one facet of a contractor-client relationship may elicit heightened scrutiny from other entities. For example, IRS audits that result in contractor reclassifications commonly stem from non-tax-related events, such as contingent workers making worker's compensation claims or filing lawsuits demanding benefits on par with those offered to their clients' W-2 employees.

Reclassification cases are abundant. Among the most recent high-profile cases is FedEx, which converted its drivers to independent contractor status and is currently being forced to reclassify them as employees. To date, FedEx has incurred over \$50 million in fines and penalties and this number is expected to increase. Likewise, The Microsoft case of 1996 (*Microsoft vs. Vizcaino*, settled in 2001) remains the most infamous example of a co-employment lawsuit. Microsoft was initially investigated for reclassification purposes and agreed that many of its contractors should be reclassified as employees. Later, these workers filed a class action lawsuit demanding back benefits and stock options. The employees won and Microsoft's liabilities in this case totaled \$97 million, plus \$27 million in attorney's fees.

ONCE GUILTY, ALWAYS SUSPECT

Very often, the settlements or penalties associated with contingent workforce transgressions are only the beginning of a business's troubles. Companies found to commit workforce-related improprieties are open to amplified scrutiny for years to come. "Don't underestimate long-run costs," asserts Rehder, adding that often, "the initial settlement is only a down payment."

Separating Myth from Reality

As mentioned earlier, the complexity surrounding contingent workforce relationships invites confusion and, quite often, misinformation concerning compliance issues. The sections below present four common "myths" about contractor compliance and explain why these guidelines make little or no difference to a business's risk profile.

Myth 1: If the contract says a contractor is qualified, then he's qualified.

Contracts are necessary in any contingent work engagement. However, no contract language can supersede the substance of the relationship between the contingent worker and the client. A contract claiming qualification, says Rehder, "does not make a compliant relationship. It's all about the work being done." Instead, contingent workers must adhere to the IRS's qualification criteria for working independently or they (and their clients) run the risk of reclassification penalties. The fact that potential violations are investigated and judged on a Common Law basis, where different authorities may reach different conclusions, muddies the water by bringing ambiguity to the assessment process. However, in all cases the substance—not the form—of the relationship is paramount.

Myth 2: Clients can reduce misclassification likelihood by filing SS-8 forms with the IRS.

SS-8 forms are a method the IRS uses to assess contingent workers' compliance with the criteria for working independently. Businesses frequently submit these forms under the belief that it absolves them of fault where potential reclassification is concerned. In fact, the opposite is true. The IRS can readily identify misclassified workers through SS-8 forms and can use these against the submitting businesses. "It actually used to be in the IRS auditors' training manual to use [misclassified

contractors based on SS-8 data] as a hit list,” says Rehder. “You’re basically telling the IRS, ‘Hey, I’m not really sure if I’m doing this compliance thing right.’”

An article in “The Tax Advisor” backs up this assertion. The article discusses a study of 346 randomly selected SS-8 forms, of which 318 resulted in the worker being reclassified as an employee⁶. “The rulings were often uninformative and unconvincing,” the article asserts, “the discussion of the factors was inconsistent, and frequently, few or none of the [IRS’s qualification criteria] were mentioned.”

Myth 3: Self-incorporation equals qualification

This is one of the most widespread misconceptions concerning contractor compliance. In the eyes of the IRS, the simple fact that a contingent worker is self-incorporated has no bearing on his qualifications to work independently. According to Rehder, self-incorporating is a “great... part of becoming a business. But you still have to... be compliant.”

Myth 4: Setting contract term limits protects from reclassification

This myth is so widely believed that hundreds of companies throughout the U.S. incorporate policies that limit the length of all contract-based engagements. This limitation, they believe, creates a barrier of protection that indicates an “arm’s length” relationship with their contractors. However, reclassification likelihood is not affected by term limits and contingent workers are consistently reclassified as employees even though their clients adhere to contract term limits. Further, businesses can better minimize co-employment risk by ensuring that their benefits plans specifically define which workers are entitled to which benefits. Again, the crucial determining factors (explained further below) are based on the substance of the contractor-client relationship, not cosmetic details such as assignment length.

CONTRACTOR CLASSIFICATION: WHAT REALLY COUNTS

It is important to note that there is nothing fundamentally wrong with engaging independent contractors, as long as they work in such a way that the IRS and other authorities would deem compliant with their standards for working independently. Attaining and maintaining compliance, however, is a challenge—one that is always subject to several levels of ambiguity and the inherent inconsistency of human analysis.

The IRS currently uses a set of guidelines in assessing independent workers for compliance. While its widely known “20 Questions” criteria were the *de facto* set of qualification guidelines for many years, the IRS has recently moved away from relying exclusively on these questions. It now focuses its qualification assessments primarily on establishing the degree of control the client has over contingent workers as it pertains to three factors: behavioral control, financial control, and the type of relationship of the parties.

The IRS defines⁷ these factors as follows:

⁶ Cited in “Avoiding IRS reclassification of workers as employees.” *The Tax Adviser*, Feb, 1996.

⁷ From “Topic 762 - Independent Contractor vs. Employee,” from the IRS web site (URL: <http://www.irs.gov/taxtopics/tc762.html>)

All evidence of control and independence in this relationship should be considered. The facts that provide this evidence fall into three categories – Behavioral Control, Financial Control, and the Type of Relationship itself.

Behavioral Control covers facts that show whether the business has a right to direct or control how the work is done through instructions, training, or other means.

Financial Control covers facts that show whether the business has a right to direct or control the financial and business aspects of the worker's job. This includes:

- The extent to which the worker has un-reimbursed business expenses,
- The extent of the worker's investment in the facilities used in performing services,
- The extent to which the worker makes his or her services available to the relevant market,
- How the business pays the worker, and
- The extent to which the worker can realize a profit or incur a loss.

Type of Relationship covers facts that show how the parties perceive their relationship. This includes:

- Written contracts describing the relationship the parties intended to create,
- The extent to which the worker is available to perform services for other, similar businesses,
- Whether the business provides the worker with employee-type benefits, such as insurance, a pension plan, vacation pay, or sick pay,
- The permanency of the relationship, and
- The extent to which services performed by the worker are a key aspect of the regular business of the company.

Despite the strictness of the above criteria, there is no stable, consistent guideline for the extent to which a contractor must be compliant with these criteria in order to be considered qualified to work independently. In some cases, a single demonstration of control by the client may be enough to render a non-qualified determination, while other contractors may transgress against several of the criteria yet still be deemed compliant. As a result, many qualification assessments are not “black and white” equations and results could even vary depending on which IRS agent reviews the case.

Risk Management Trends and Best Practices

As is clear from the information already discussed, executives responsible for managing their business's contractor-related risks bear a heavy burden. They must be fluent in the complex language of employment law. They must understand the subtle warning signs of potentially risky contractor relationships. They must be unbowed by criticism, as programs they put in place may be unpopular with line managers who simply want to meet deadlines. They must be exceptional communicators who can effectively convey the importance of enterprise-wide compliance.

And, most importantly, they must recognize that their failure could result in millions of dollars in bottom-line losses to their businesses. The noteworthy cases mentioned earlier in this paper are but a few of thousands of cases where improper contingent workforce practices proved costly. For each case that gets covered by the media, there are literally hundreds that go unnoticed by the public.

ESTABLISH A COMPREHENSIVE COMPLIANCE PROGRAM

No business can effectively combat contingent workforce risk without a comprehensive compliance program that standardizes acquisition and usage practices for all contingent workers enterprise-wide. Establishing such a program is a significant undertaking. It demands experienced leadership, vocal C-level support, multi-disciplinary buy-in, the courage to enforce its policies, and the patience to see it through to the end.

Analyze Your Current Risk Profile

Conduct a thorough enterprise-wide contingent workforce risk analysis by a third-party. This will pinpoint specific areas of concern (which aids in prioritizing overall program roll-out) while establishing a baseline for comparisons later on. Once such an analysis is complete, businesses can create customized policies and practices that simultaneously mitigate risk while accommodating for the nuances and corporate culture of the organization. An analysis of this kind is also instrumental in educating managers as to why disciplined documentation procedures must be followed to best position to business to survive audit scrutiny.

Establish a Contingent Workforce Team or Office

Contingent workforce-related issues affect a wide variety of functions within an organization: recruiting, finance and accounting, Human Resources, and often others (not to mention the specific departments for which the contractors perform their services). As a result, it is typically wise to establish a formal team or office that draws from the expertise of these functions and applies it to the business's specific practices and policies concerning contingent workers.

Leverage a Managed Services Provider

Several businesses exist that can serve as a Managed Services Provider (MSP) for your contingent workforce. These firms can be tasked with controlling every aspect of contractor engagements, including recruiting, compliance assessments, on-boarding, payrolling, disengagement, and more. MSPs can leverage Vendor Management Software (VMS) technology to increase contractor recruiting efficiency, which helps assure compliance with corporate policies while reducing risk and lowering costs.

Engage a Portable Employer of Record Service

One challenge faced by organization with even long-established compliance programs is that many contingent workers are passionate about their career independence. As a result, if such individuals are not deemed to be qualified to work independently, they may refuse to be hired as W-2 employees or "channeled" through a W-2 payrolling service. "People who really view themselves as self-employed professionals," says Zaino "really don't want to be on the payroll of a traditional organization." In these cases, it is often prudent to engage the services of a "Portable Employer of Record." These firms are more attractive to staunchly independent workers because they replicate the empowerment of self-employment despite engaging individuals as W-2 employees. A Portable Employers of Record is also an ideal destination for internally recruited contractors who would otherwise be engaged as

single-person corporations, paid as individuals “1099s,” or channeled through costlier staffing or payrolling companies.

THE SEVEN “PILLARS” OF A SAFE CONTINGENT WORKFORCE

When initiating any compliance program, it is crucial that the “seven pillars” of a safe contingent workforce be kept in mind. They are:

1: W-2 is Always Safest

A “W-2 workforce” is a safe contract workforce. W-2 employees have their payroll taxes withheld automatically and are therefore shielded from IRS or state reclassification. “Putting someone on a W-2 is by far the safest... thing you can do,” says Zaino. “It eliminates any IRS or state reclassification risk, and that’s generally what triggers... all the other dominoes falling.”

2: Write Careful Contracts

A contract that specifically spells out the engagement terms with contract workers, and has been scrutinized by the legal department, is a valuable document should a business need to defend itself in an audit or co-employment lawsuit. The contract should define what benefits and bonuses, if any, the contractor will receive, under what circumstances they will be received, and what differentiates the benefits or bonuses that a contract worker might receive or the manner in which they receive them from what “regular” employees could receive or expect. “Carefully define it,” says Merritts. “Carefully determine who is and who is not... entitled to benefits.” Other contract considerations include confidentiality and intellectual property clauses.

3: Assess Your Risk Accurately

As discussed above, a realistic knowledge of the risks involved is crucial to effective contingent workforce management. An assessment should encompass the three categories where risk is greatest: payroll (taxes), co-employment (benefits, workers’ comp, FMLA), and the risk to business (insurance premiums, fines, Sarbanes-Oxley penalties). It should also define exactly what the consequences are for transgressions. Once the risks are understood, pro-actively manage them.

4: Educate the Front Lines

Managers, executives, and other stakeholders who currently use or may use contract workers need to know the risks involved. “Whatever size a company you are, [the risks] really can be devastating,” says Merritts, adding that he is aware of companies that have “gone under” as a result of contingent workforce-related penalties. All parties throughout an organization benefit from risk assessment discussions, the difference between myth and reality in risk management, and a thorough consideration of the “gray areas” in contract workforce law. Many managers, however, resist the changes that compliance programs may introduce. In these cases, believes Zaino, “you have to quantify it. Unfortunately, risk is not an expense item on a manager’s P&L. And that’s one of the reasons it gets ignored.” Further, he adds, it must be communicated to managers that they will be held responsible for any transgressions that occur within their departments.

5: Round up the “Cowboys”

This pillar is closely associated with the fourth pillar. The “cowboys” in this case are executives or managers who engage contract workers outside the normal channels. This most often happens on small or short-term projects which the manager believes can’t or shouldn’t be done within his or her department, to expedite an on-going process, or to finish a project with a looming deadline. These

often-casual arrangements are usually poorly documented and defined, leaving all parties vulnerable to exploitation or legal action. A business's cowboys can be "rounded up," however, if the process for engaging contractors is a well-defined, well-publicized, highly visible company policy, with enforceable accountability measures and consequences for ignoring the process. "Make sure that executives and line managers are aware of what the risks are and that they're real to the company," said Tim Tinsman, a Supply Chain Manager for Sprint-Nextel. "Ultimately, there are dollars at risk."

6: Don't Lower the Bar

Many businesses fail to realize that they are responsible for the compliance of all contractors they use, even if the contractor is engaged through a third-party organization. As a result, they must apply the same compliance rigor to their contractor channels as they do contingent workers they engage directly. Vendors unwilling to follow this compliance discipline should be educated as to the importance of compliance (for all parties involved) or, if necessary, removed from any vendor lists. Sean Rehder suggests an additional strategy for dealing with vendors unwilling to comply: establish a policy that links compliance with payment. Such a policy "creates a very definable reason for Accounts Payable to push back" when vendors appear lax on their own compliance discipline.

7: Make It Easy

If the process to hire contingent workers is cumbersome, even those with an understanding of the potential implications will be tempted to circumvent it. The complexity of the regulations that govern the relationships between companies and contingent workers, however, seems to argue against the creation of an "easy" process to engage contractors. Contingent workforce managers, in conjunction with their companies' legal departments, must establish a standard enterprise-wide platform that is efficient for end users—executives and line managers who use contingent workers—and is also relatively easy to administer and enforce. According to Merritts, "there are effective means to protect the company and at the same time get results."

Conclusion and Next Steps

Current trends indicate that the contingent workforce will continue to grow well into the foreseeable future. As it does, the businesses that will enjoy the most success are the ones which establish practices to leverage contingent workers as effectively, inexpensively, and safely as possible.

Achieving a "safe" contingent workforce is certainly a challenge for even the most forward-thinking organizations. It is, however, an essential component of a business that is poised to stay profitable and competitive over the next generation.

The contents of this paper represent only a small window on the complexities of contingent labor law and the practices needed to abide by them. For further information, please visit the Human Capital Institute online at www.humancapitalinstitute.org and specifically reference the "Assessing and Managing Risk in Contract Workforce Management" webcast from August, 2006.

Webcast Panelists

GEORGE MERRITTS, ATTORNEY, LAW OFFICES OF GEORGE MERRITTS

George R. Merritts, Esq. is an attorney with twelve years of experience in representing and counseling companies in all phases of their business. George's clients include nationally recognized technical service companies and temporary placement firms nationwide. George focuses on business and corporate law, corporate acquisitions, employment law, and litigation, with an emphasis on providing

legal and consulting services to the temporary employment and staffing industry. Prior to opening his private law practice, George served as General Counsel for PEAK Technical Services, Inc., and served as Associate Special Counsel to the National Technical Services Association for six years. George assisted in the writing of the NTSA Recruiter and Salesperson's Manual for Legal Issues Arising in the Temporary Technical Staffing Industry which was published in 1998. He also lectures on topics that are applicable to temporary employment and technical services, such as co-employment liability, restrictive covenant enforcement, and wage and hour compliance. George is a graduate of the University of Rochester, holds a Master of Arts degree from Villanova University and holds a Juris Doctor degree from Western New England College School of Law.

SEAN REHDER, DIRECTOR, CONTINGENT WORKFORCE ORGANIZATION

Sean is a contingent workforce program developer and manager that keeps up with industry insight and news at his weblog at www.ContingentWorkforce.Org. Previously, while working for Advanced Business Environments in San Francisco, Sean developed and managed web based independent contractor compliance programs. In addition, these programs included vendor management pieces that were included within a company's overall Human Capital Management strategy. Sean has managed 1099 compliance programs for companies such as Adobe, Cisco, Oracle, Seagate, Ariba, CommerceOne, and The GAP.

TIMOTHY J. TINSMAN, MANAGER IN SUPPLY CHAIN MANAGEMENT, SPRINT NEXTEL

In his position, Tim is responsible for the overall management of contingent labor acquisition at Sprint Nextel. Since joining Nextel in 1996, Tim has held various positions in sourcing and contracting involving a variety of goods and services including telecom network hardware and professional services. He has over twenty years of procurement, contracting and sourcing experience in the telecom industry with such firms as Verizon, Nortel and Ericsson. Tim holds a Bachelor of Arts degree in Political Science from Rutgers University, a Master in Business Administration from Monmouth University and a Juris Doctorate from the University of Baltimore School of Law. In addition, he holds a Lifetime Certified Purchasing Manager designation from the Institute for Supply Management.

GENE ZAINO, PRESIDENT AND CEO OF MYBIZOFFICE, INC.

Gene Zaino is an accomplished and nationally recognized expert on contract work engagements. Under Mr. Zaino's direction, MyBizOffice, Inc. has grown to serve over 700 clients and over 4,000 individuals in 14 countries. By spearheading the evolution of a streamlined and convenient contractor engagement process, Mr. Zaino has helped major organizations carve millions of dollars from their services supply chain while providing valuable employment, benefits, and payment services for their professional contract workforce. Mr. Zaino, a 2000 Ernst & Young Entrepreneur of the Year finalist, is a certified Public Accountant who has served as a management consultant for KPMG Peat Marwick. He graduated cum laude from the University of Pennsylvania's Wharton School of Business, receiving a Bachelor in Economics (BSE).

BILL CRAIB, SENIOR DIRECTOR – HCI COMMUNITIES, HUMAN CAPITAL INSTITUTE

(Webcast moderator.) Prior to joining the Human Capital Institute, Bill was the Founding Director of AIRS Human Capital Solutions, and served as Director of Training and Curriculum Development from 1997 to 2003. An early Internet adopter and advocate of its far-reaching potential, Bill developed his practical experience by establishing an Internet-centric executive search practice focused on telecommunications. This endeavor helped lay the groundwork for the significant contributions he has made to the core curriculum of AIRS. Bill earned a BS Degree from the Newhouse School of Public

Communications at Syracuse University and spent 10 years as a journalist working for several media organizations, including ESPN and the Rocky Mountain News, before entering the recruiting industry.