

REDUCED IC CLASSIFICATION RISK ALSO LOWERS BILL RATES BY MORE THAN 10%



SITUATION

When a new CMO evaluated labor costs, she discovered that more than 50 prior employees of the Company who had been previously laid off were now on the payroll as independent contractors, performing the same duties they held as employees. A review indicated that as much as 40% of these workers had not undergone the Company's mandatory onboarding process, and more than a third had not met the break in service requirement.

IMPACT

The company faced a significant risk of failing an IRS classification audit or litigation. The overall cost of these workers was 11% more than the fully burdened labor costs when they were employees.

RESULTS

A classification analysis of the client's independent consultants resulted in numerous transitions to agency-based contractors, reducing bill rates by more than 10%.