

# How to manage a contingent workforce

Recruitment is now the primary problem for more than half of all UK companies, ahead of business strategy or management, according to a study from accountancy consultancy KPMG and the Recruitment and Employment Confederation. Annual turnover of the industry in Europe exceeded €90 billion in 2006, accounting for an impressive 45% of the industry's worldwide turnover.

Overall recruitment industry turnover in the UK exceeded £25 billion for the first time and now stands at £26,673 million, an increase of 7.4% on the previous survey of 2006. The temporary/contract sector spends in excess of £23.4 million a year in the UK through more than 17,000 recruitment agencies, making the temporary agency labour market a highly fragmented industry.

With the resource frequently sourced at point of use and the difficulties associated with implementing centrally controlled purchasing systems, it is easy to see why the £25 billion contingent workforce spend is often poorly leveraged and badly managed. Companies who operate with a large contingent workforce must keep control of pay rates and costs as well as ensuring they are 100% compliant with the law so they can protect their company from a host of legal issues.

However, temporary labour is an extremely useful business resource in terms of offering employers reduced wage and benefit costs, increased workforce flexibility, accommodating seasonal trading patterns, providing assistance with special projects and staff replacement.

Companies who operate with a large contingent workforce are now addressing the complications of operating within temporary labour industry.

Co-operative Retail Logistics (CRL), who are part of the Co-operative Group (CWS)

Ltd, the largest consumer co-operative in the UK leaders and operate with a contingent workforce, identified nationwide variations in staff quality, pay and charge rates and service agreements supplied by temporary agencies. They sought an opportunity to reduce their overall temporary agency labour expenditure and improve service delivery from agencies and turned to de Poel Consulting to help make these changes.

de Poel Consulting is an independent consultancy that specialises in helping major blue chip companies reduce costs and other issues associated with temporary labour. By engaging with over 750 recruitment agencies on a weekly basis and as one of the UK's top purchasers of temporary labour their negotiating ability is powerful. Their expertise and knowledge of the industry is backed up with a web-based invoicing and timesheet processing system.

Importantly, this type of outsourcing does not cost any money. de Poel's solutions require no capital expenditure and fees are based on a percentage of the direct savings achieved.

John Simmonds, Managing Director explains "we visited all of the CRL sites using temporary labour to determine existing supply arrangements and local requirements and to identify current service levels and pay and charge rates. Our objective was to create a level playing field of agency supply by setting rules for pay and charge rates and putting in place accurate quality and service measurements."

A new pricing structure was proposed along with a new standardised service agreement and a series of KPI's to measure supplier service delivery. An examination of CRL's IT operation ensured that de Poel's groundbreaking e-tips™ time sheet and invoice processing software could easily be

integrated into their systems

The introduction of a new national pricing matrix with regional variations has provided CRL with substantial cost savings whilst the standardised service agreement has protected their company's interests. CRL is now receiving precise information on agency performance and as a result, have been able to increase their suppliers' commitment and improve service delivery.

*With e-tips™ in operation, back office costs have been dramatically reduced and agency invoices have been consolidated to just a single, electronic invoice each week. CRL have also been given access to accurate management information, providing complete visibility and control of agency costs. With their recruitment process now streamlined CRL is able to focus on their strategic business objectives.*

*de Poel is playing an integral part in "raising the bar" in terms of service quality within the recruitment industry, as well as helping to grow and modernise the industry as a whole.*

*Clients within the retail sector include, CRL, Sainsbury's and Somerfield.*

Sainsbury's



Somerfield