

# Going Global...

## Creating a Flexible Workforce Management Program





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Today more than ever before, success is measured by how well an organization adapts to changing labor market conditions, attracts key talent and executes on global strategies at the local level. Corporations all over the world have become adept at globalizing operations and technology, yet contingent labor often remains one of the last components to expand globally as it is intricately tied to the local market.

This document is not about whether or not to “go global.” Rather, it is provided as a discussion tool for HR and procurement executives leading strategic contingent labor discussions within their organizations. The content is intended to simplify and demystify the topics of program management, supply and technology in an international context.

As the contingent workforce model has grown and matured, the theory of replication has been replaced by a new approach to designing and implementing flexible global talent strategies. Instead of deploying a U.S. model into the rest of the world, internationally savvy companies have taken the program design a level higher by creating a single global strategy with local supply components. The result of which is a more flexible, agile program that works seamlessly across borders.

Consider these three topics as you begin developing a strategy for your program:

- **Creating the program** – identifying the critical elements that define your program
- **Understanding global supply** – a discussion of what works and why
- **Mapping program expansion** – simple steps to get started

This is not a complete guide to structuring a program, as every company is different. It is simply an overview of best practices and a recommendation on where to start. Although this paper may provoke questions, it should also provide a clear framework on how to approach your program’s global expansion.

## Defining MSP

Ask ten people what MSP stands for and it’s likely you’ll get ten different answers. Whether you define MSP as managed service program, master supply program or any of the other variations given to MSP, the intent is clear: A contingent labor management program overseen by a single partner.

**Throughout this document, MSP refers to:**

- A partner who provides global program management
- A partner with the ability to manage multiple supply categories — contingent, project-based, outsourced and permanent

To establish a  
**global program**  
you need a  
framework that  
provides **options.**

# Workforce Program ≠ Supply Chain Management

In the U.S., most concentration on improving MSP programs has been focused on a supply chain management strategy. As a result, many people regard MSP as synonymous with the supplier management strategy rather than the entire program.

Globally, this may be one of the largest differences between domestically created MSPs and an international labor program. In many markets, a supply chain is not part of the supply strategy for a variety of reasons, including legislation or cultural issues. It is important to highlight these differences because they are the key reasons why many global programs stop short of going truly global.

## You can't define your program by your supplier management strategy.

The U.S. is one of the most flexible economies in which to do business. Free of the complications of employment contracts, redundancy legislation, and pay parity regulations, the U.S. has created MSP models that can handle multiple suppliers, a competitive environment, and technology in a single language with a single set of legislative constraints.

Instead of addressing labor supply chain management, a global program — that may not have the option of an extended supply chain or even contingent labor — has to focus on addressing flexible workforce management.

## Create Not Extrapolate

Leveraging best practices is always a good idea. Forcing best practices in a market where they may not have applicability, however, is not. Approaching global programs requires a delicate balance between replicating what is proven and adapting to the local market.

Program management, or the governance structure, is the natural starting point since it sets the strategic direction for the program. From tactical to strategic, a global program typically focuses on the following “transferable” objectives:

- 1. Cost savings:** It may seem simplistic, but often this is simply considered a replication of the U.S. program. However, in the U.S. this is traditionally realized through supply chain management or rate rationalization which can also become the message for the global program. What happens when the wage rates are set by a government entity or when labor supply chains are not possible?

Cost savings are still achievable, but they come in many forms. Thinking differently about how work gets done is critical. Establishing a program that is open to more than just a margin squeeze will give you a competitive edge over companies who focus on the 2% margin savings.

Establish cost savings targets and work with a local market to define the best way to achieve them — even in mature markets like the U.S. and UK.

Think about  
total workforce  
management  
and innovation...  
focus aligning to  
your business  
objectives and  
driving efficiency  
into your  
workplace.

**2. Workforce visibility:** Second only to cost savings, and usually setting the stage for additional cost savings, increased workforce visibility allows an HR or procurement executive insight into possible savings worldwide.

If better information drives better strategy and innovation, work with your program partner to understand the types of information that can be delivered in relation to your strategies — and don't limit your thoughts to contingent labor. Remember that for emerging markets, your global workforce partner may be supplying you with the only intelligence you have in the market. In countries where contingent labor is illegal or impractical, think differently about metrics that help you manage the total workforce rather than just your contingent labor.

**3. New Market Expansion:** In the most strategic programs, a global workforce partner will expedite entry into new markets. For companies looking to enter emerging market, partnering with a firm that has experience building flexible labor programs and ramping up in new markets will ensure that you will be able to find the people you need when your business is ready to expand.

**4. Leverage Success in the Model:** Replicate what works whenever it makes sense. As mentioned, the majority of U.S. programs have initially focused on supply chain management since it was the most immediate area of cost savings. As a result, there are many best practices on effectively leveraging a supply base. However, due to this focus, there are relatively few best practices in program management.

Companies that will set the pace for the next wave of international expansion will be the ones who focus on a strong program management strategy.

## Why One Supply Strategy Doesn't Work

The world is a diverse place — this seemingly obvious statement is often overlooked when considering a global workforce program.

In a global program, the management strategy dictates how far you can take your program. Across the world, putting people to work looks very different. If you have a program manager who does not have delivery capability, you will probably not move beyond the first tier markets in the U.S. and Western Europe. The dynamics of how this plays out falls into three categories.

**1. Cultural Forces:** When moving to MSP Inexperienced and MSP Modified markets, the introduction of vendor neutrality disrupts many programs, especially those in emerging markets where there are a handful of established local providers. This is where you also have to consider the strategic fit of bundled services (for instance, when the program manager is also a part of the supplier network). In the end, neutrality is often not an option. Driving neutrality through a program in many locations seems to contradict the reason for having a supply partnership at all. Conversely, telling a U.S. manager to go with a sole supply program because it is effective in Malaysia won't work either.

2. **Legal Regulations:** Temporary workers are illegal in Thailand and the Philippines. In 2008, China enacted pay and wage parity laws coupled with a two year minimum assignment requirement. It is virtually impossible to terminate workers in Germany. Double dispatch is illegal in many countries. Varied legislation in some countries makes it impossible to replicate the MSP model. Therefore, a thorough understanding of local legislation is critical to the execution of a successful program.
3. **Individual Economics:** Companies use contingent workers as a way to reduce cost through increased flexibility. This model has cost savings advantages to a point. After years of use, however, many companies will have leveraged the margins in their temporary programs and significant cost savings will not remain in the mark up or supply chain.

## Market Types

MSP Mature	Market where versions of the U.S. MSP model have been replicated
MSP Inexperienced	Market where versions of the U.S. MSP model may be replicated, but are not typically leveraged
MSP Modified	Market where material modifications are needed to deploy a version of the U.S. MSP model
MSP Limited	Market with limited possibilities for flexible labor due to legislative constraints

Bottom Line >>

Just because a country may require a different labor delivery model, doesn't mean it can't be part of a larger program.

# Thirty-one percent of employers worldwide are concerned about losing national talent to other countries.

The workforce is on the move, and more people are living and working away from their home countries than at any other point in history. Currently, around one in 35 people is a migrant, and this number is growing at a rate of almost 3 percent annually. This marks a significant change in the global workforce over recent years — and many employers are finding it hard to adapt.

## Key global labor trends include:

- 1. Talent Supply/Demand Disconnect:** Talent mobility is a growing part of the solution to shortages of talent. Yet, we believe there is limited awareness in the market today of the opportunities posed by moving people to where work is available and where talent is most valued. In other words, there is only scant understanding of the need to think of talent in terms of a supply and demand model.
- 2. World Population Growth:** Propelling the movement of talent around the world are widespread demographic changes — in particular, the big gap in population growth between developed and developing countries. According to the United Nations, the world's population is expected to increase by 2.6 billion over the next 40 years, from 6.5 billion today to 9.1 billion in 2050. Almost all of that growth will take place in the less developed regions. The population of the developing countries is increasing almost six times as fast as that in developed countries.
- 3. Importing and Exporting Labor:** Individuals from all walks of life and a wide range of jobs are currently active and moving in the global labor market.

- a. Senior Level / White-Collar:** Senior level professionals are regularly on the move, forming a kind of internal labor market within multinational companies.
- b. Skilled Blue-Collar / Laborers:** The global shortage of skilled tradespeople has spiked wage rates, meaning that in some cases blue-collar workers now out-earn many white-collar professionals, this has also contributed to the significant movement of these skilled workers globally, as employers seek to attract workers with better compensation packages.
- c. Gender:** Thanks to “traditional” gender roles and stereotypes it would perhaps be easy to assume that men migrate far more often than women, particularly in certain less developed parts of the world. However, according to OECD research, 51% of migrants in the OECD countries are women and data shows that highly skilled women are more likely to emigrate than men of a similar skill level.

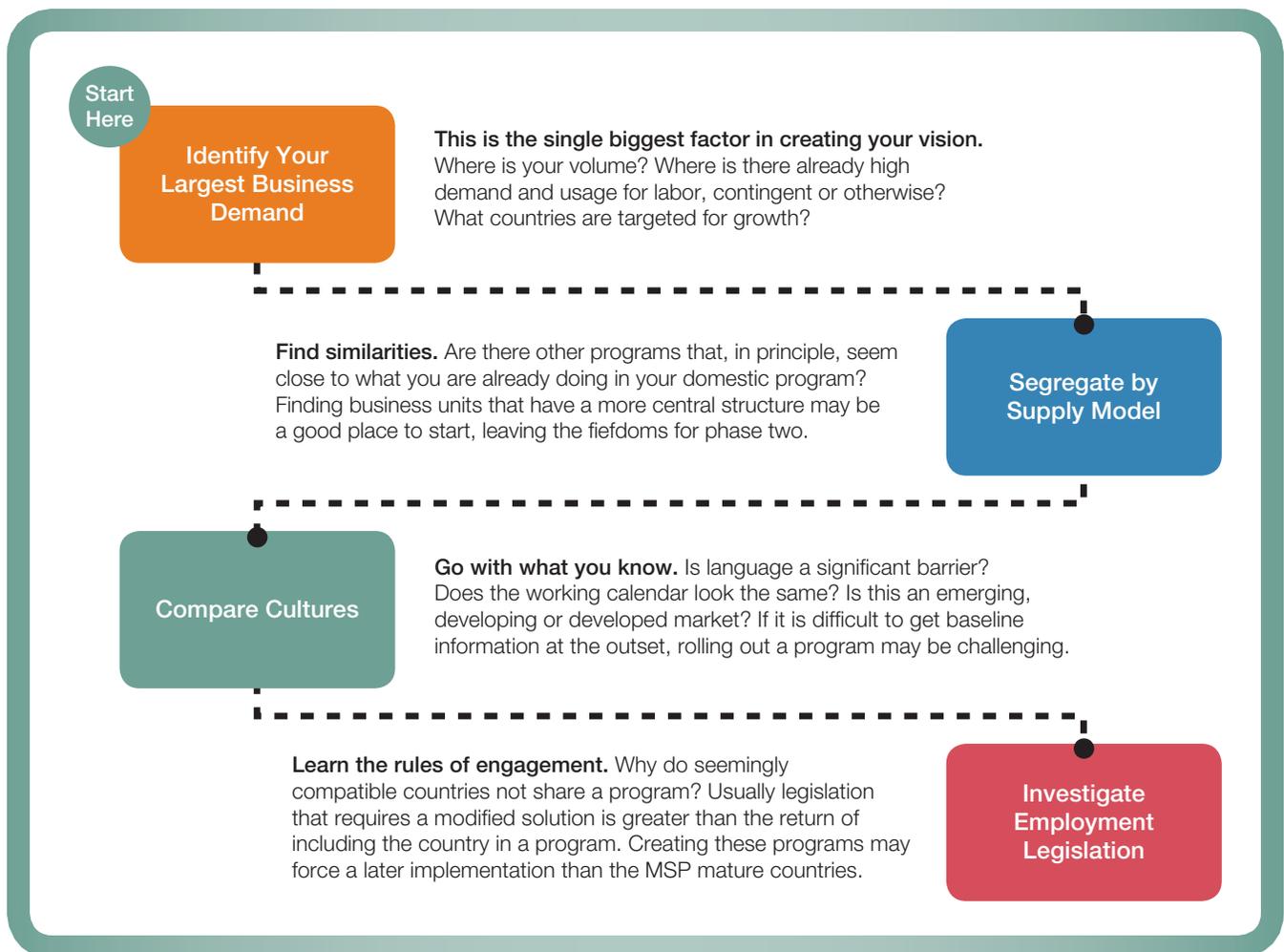
ManpowerGroup™ Solutions TAPFIN endorses a socially responsible approach to talent mobility by:

- Becoming the first company to sign the Athens Ethical Principles
- Supporting the End Human Trafficking Now! campaign, led by the Suzanne Mubarak Women's International Peace movement
- Engaging in the United Nations High Commissioner for Refugees' [ninemillion.org](http://ninemillion.org) campaign

# Creating the Global Supply Blueprint

Practical planning, an open mind and a time scale for investment are good starting points for discussion when creating your program. As with every large program, executive buy-in is a must, which often means key business leaders must be engaged and agree to support the program. Communication and engagement throughout the business will enable program acceptance. When it comes to the specifics of starting a global program there are some fundamental tenets that help speed time of creation and set your company up for the best possible deployment.

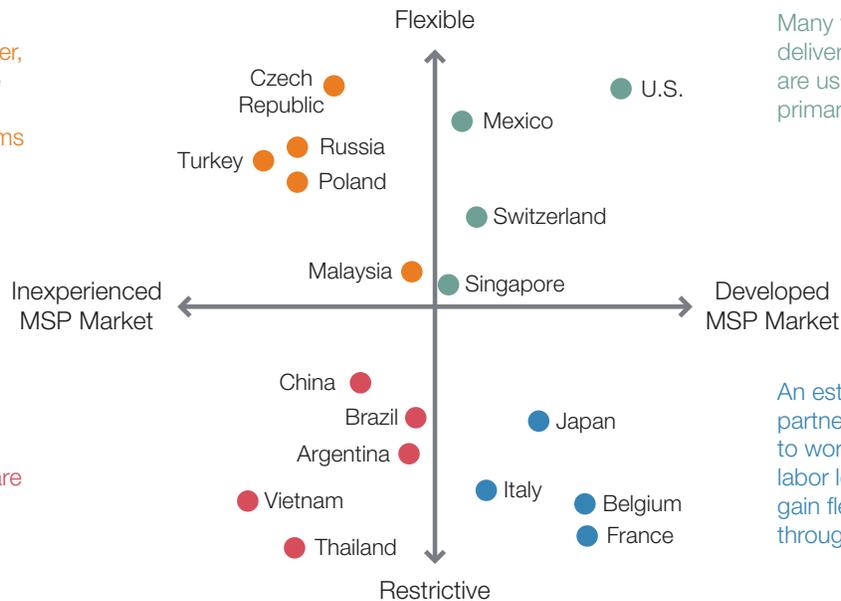
The visual below walks through the classification process. Find locations with the biggest impact then consider the next boxes as you categorize and rank your markets.



# Comparative Analysis of MSP Market Adoption and Regulation

The evaluation of a selection of countries for MSP offerings, adoption, and level of legislative restriction identified a number of trends. Local regulations have substantial impact on the efficiency and opportunity that can be derived through an MSP. Many countries have ideal regulatory structure and labor supply, but have yet to adopt MSP on a wide-scale. Please note not all countries are included in this initial depiction.

Flexibility in local legislation is greater, but typically these countries require dedicated programs to achieve results



Many vendors able to deliver; these markets are usually leveraged primarily on price

More innovative models that are not restricted to contingent labor are necessary here

An established partner is required to work around the labor legislation to gain flexibility through efficiency

Choosing where you want to go should help you construct your overall global program vision. In fact, mapping out the countries you plan to enter inevitably will shape a lot of you program.

The figure above shows a conceptual map of the labor spectrum. Using more than economic factors to shape your implementation strategy can keep you focused on the quick wins and assist in planning for more complicated roll outs.

## Getting Started

Identifying and classifying your programs isn't hard when you leverage your partner's expertise. Looking for similarities between supply programs and legislation is typically the first step.

Before beginning, have a dialogue with your current or a potential MSP partner. Invite them to a discussion to learn more about best practices and early pitfalls. Going global will take work, but with an MSP partner who has done it before it shouldn't be as daunting as it may seem.

## Change Management is Critical ... Start Early

Do not underestimate the importance of engaging key stakeholders within your business during the change management phase. Executive support, as well as end user advocates, is invaluable to program adoption. Think about how your company communicates and how readily it accepts change.

By understanding your current internal processes, and documenting potential challenges related to the change, and sharing them with your partner, you will be in a better place to develop a solution that accounts for your organization's specific business requirements.

## Technology Considerations

Technology decisions should be made only after you have a clear program management strategy that defines the requirements for the technology. In a global program, technology plays two roles:

- **Workforce visibility:** The primary function of technology is to provide data that provides visibility into your global workforce. Setting the right metrics should be done jointly with your partner to ensure your technology can support your program choices. Work with a technology that flexes to accommodate more than traditional staffing metrics.
- **Process efficiency:** The technology enables transactional and process efficiency. Whether you choose the technology in conjunction with your MSP partner or as a separate initiative, your selection should be based on a jointly created list of requirements.

Your approach to technology should be just as flexible as all other aspects of your program. In other words, it is not recommended that a program is built based on a single technology.

## Conclusion

Hopefully after considering the information presented herein, you will take away at least the following key points:

- Expanding your program is not a question of if, but a matter of when and how. Your competitors are already moving in this direction.
- Your program, in many ways, has already started to globalize. Now is the time to capitalize on it.
- When expanding, the same principles of partnership apply. You've already gone through the process of vetting the best domestically; similar principles apply globally, even if the players are different.
- Leverage your best practices, but be flexible and make the program your own. Your success is a good foundation for framing the new program and keeping an open mind will assure you have the best competitive program for your company.

It can be a big shift from current operations but with the right team, the right approach and the right MSP partner, creating a global strategy is just the next step in the evolution of your program.



# TAPFIN

## About TAPFIN

TAPFIN is a leading managed service provider (MSP) dedicated to the innovation and delivery of integrated workforce management solutions worldwide. TAPFIN's customized, scalable MSP solutions for contingent and project-based spend are instrumental in driving process, performance and productivity improvements across the client organization, while providing risk mitigation and overall cost reduction. Part of ManpowerGroup™ Solutions, the outsourced services offering from ManpowerGroup™, TAPFIN offers a complete suite of workforce management solutions that fully leverages a blend of global expertise and local knowledge.

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ManpowerGroup™  
Solutions

## About ManpowerGroup™ Solutions

ManpowerGroup Solutions provides clients with outsourcing services related to human resources functions, primarily in the areas of large-scale recruiting and workforce-intensive initiatives that are outcome-based, thereby sharing in the risk and reward with our clients. Our solutions offerings include Talent Based Outsourcing, Managed Service Programs, Borderless Talent Solutions and Recruitment Process Outsourcing, where we are one of the largest providers of permanent and contingent recruitment in the world.

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