Contingent Workforce Program Management: Global Considerations for the Manufacturing Industry

TAPFIN
ManpowerGroup Solutions

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The changes in the nature and extent of the consumption of contingent staffing have been dramatic and compelling. As organizations continue to rely heavily on a contingent workforce to competitively deliver their goods and services, they are increasingly adopting global Managed Services Providers (MSPs) to seize and maintain control over the procurement and management of their contingent workforce.

By definition, an MSP delivers control to the consuming organization by engaging an independent party solely responsible and motivated to:

- Provide centralized program management and communications

- Maintain and enforce corporate governance

- Serve as a repository for content that may directly or indirectly affect the use of temporary staffing

- Formulate and standardize best practices

- Capitalize on opportunities and avert negative trends

- Provide enhanced visibility and actionable information with predicative value

- Deliver change management in a manner that achieves the organization's desired goals

When contemplating the adoption of a global MSP, an organization must exercise the appropriate level of skepticism to ensure that their vendor doesn't recommend a solution that is too expedient or simple to accommodate organizational needs. It is easy to confuse an MSP's knowledge and experience with their "buzzword" fluency. But how can you ensure that the prospective MSP is presenting a solution with your organization's best immediate and long-term interests in mind?

The simplest way you can enjoy the highest level of certainty is to study their record and ask their customers. In the context of global "solutioning," no two programs should look alike. In fact, the global marketplace is so dynamic and complex, that there should be specific variances at the country level within a single program to accommodate legislative restrictions and an organization's priorities in a given market.

TAPFIN's 13 years of Managed Services Program experience in 46 countries has identified and validated 42 best practices germane to the global marketplace. These best practices address each critical factor involved in driving efficiency and compliance through the management of programs, fulfillment, performance, consultancy and demand. While these best practices have the distinction of delivering optimal results, they merely serve as the underpinnings of tactics, processes and strategies that are customized to your organization's needs, as every enterprise is unique.

During the discovery and implementation phase of your program, TAPFIN's solutions design team will attend to and architect each component of the program including, but not limited to: system administration, client communication, requisition approvals and distribution, orientation programs, worker compliance, selection management, invoicing, supplier rationalization and spend management.

> There are few solutions – at least, none that have garnered the attention of a sophisticated marketplace – that have revolutionized the way contingent labor is procured and managed with the vigor and ubiquity of today's MSPs.

While TAPFIN's best practices in the deployment of global MSPs were developed and tested to ensure compliance with local regulations and efficiency in relation to the market dynamics of countries around the globe, the best solution for your organization will also reflect the industry in which you operate, and the corporate strategy and priorities that you embrace. Each industry has a unique set of considerations that can impact how an MSP program should be designed and implemented.

The Challenges of Manufacturing

While manufacturers of yesteryear may have had simple processes to drive volume on a production line, today's leading manufacturers have leveraged more sophisticated technology and processes that require diverse skill sets and are regulated by stringent guidelines and requirements.

To look at all of the challenges facing the manufacturing industry would require a longer study of capital investment, automation benchmarks, energy costs, supply chain logistics, real estate, trade restrictions, and product innovation — thus, the focus of this review will be on considerations impacting workforce planning and management across a global manufacturing operation.

Safety Compliance

There are dozens of governmental and private industry health and safety regulatory agencies that govern the various aspects of manufacturing — ensuring safety conditions, product quality, disposal processes, control measurements and more.

While these regulations receive the initial attention, the acquisition and management of labor deserves the same respect and may be more important in terms of executing and safeguarding the actual manufacturing processes.

Industry Regulation

The benefits associated with having unified regulations and process instilled across the industry is unquestionable, but achieving compliance can be costly.

Without regulation, manufacturers wouldn't have a standard basis for workforce safety, public safety, or product quality — and applying that same rigor of compliance and oversight to their workforce is the most effective means to ensuring successful adoption of approved practice and vigilance.

Production Cycles

Manufacturing (i.e., new orders for consumer and capital goods) has the distinction of reacting ahead of "permanent" economic changes.

When one combines the cyclical nature of manufacturing with its characteristically high fixed costs, manufacturing becomes a very risky business and a good candidate for the conversion of fixed into variable costs.

Organized Labor & Contracts

In many countries, organized labor or unions are a necessary and essential part of a manufacturer's skilled workforce.

As a result, the appropriate administration (e.g. recordkeeping) and compliance with contracts and wage and hour rules must be administered in a timely, efficient manner.

Recruitment

Depending on the role, manufacturers have hiring requirements that can include physical restrictions, certifications, extended availability, and other forms of quality control that are built into roles and responsibilities.

Global Competition

More so than in other industries, the product, process, and corporate policies can impact the corporate hiring brand power of a global manufacturer — making the engagement with candidates during the recruitment cycle far more critical than in some other instances.

Within the context of human capital management, what tools does the manufacturing industry have to not only contend with these challenges, but transform them into sources of competitive differentiation and sustainable profitability?

How can Managed Services Providers help manufacturers?

Before exploring how Managed Services Providers are relevant to the manufacturing sector, let's briefly review the definition of an MSP. An MSP is an organization engaged by a large consumer of contract labor to manage the procurement and administration of the organization's contingent staffing providers and their contractors. Contractors (a.k.a. contingent staff) may include any population of labor performing its services for an organization where their workers' efforts or productivity are not performed under the direct employment of the company receiving the benefit of their productivity. This population may take the form of a staffing firm's employees or associates, independent contractors or business owners, and company-recruited personnel employed by a staffing firm.

Managed Services Providers administer Managed Services Programs. The primary purpose of a Managed Services Program is to expand an organization's control over the procurement and administration of its contract labor. The delivery of this control is what transforms the mere addition of human capital to perform perfunctory tasks into dynamic population of productivity engaged to support the immediate and strategic needs of the entire enterprise.

Your MSP needs to have the domain expertise to deliver this solution and a specialized set of skills is required to synchronize and balance an organization's needs with appropriate level and timing of effort. The right MSP solution will account for your specific geographies, and the challenges outlined above. Depending on your operations, a solution may need to encompass a different set of processes or focus on a particular aspect of rationalization.

Recommended best practices for manufacturing include:

Program Management

- **Communicate to Avoid Disruption:** Make the MSP fully aware of your processes, hiring factors, union/labor relations — basically, anything that represents a risk to adoption and change management

- **Design to Scale:** It's not uncommon for additional spend to appear after program launch, once benefits are demonstrated. Avoid a piloted or step implementation (e.g. adopting one location or source of spend at a time is a costly and inefficient adoption strategy).

- **Build on Compliance:** Assign ownership of regulatory, corporate and safety compliance across the workforce management program to ensure that the appropriate audits and enforcements are rigorous and localized.

- **Own your Supply Base:** Maintain your competitive hiring position by having the MSP engage with suppliers early in the implementation cycle and focus on process efficiency and training.

- **Measure & Report:** Track performance metrics and communicate policy changes/ program enhancements. Examine the effectiveness of the program six to twelve months after its launch and refine if necessary.

Fulfillment Management

- **Assign Approvals:** The basic and most effective approval chain comprises one requisition requestor, one requisition approver and one time approver. Other stakeholders should only have read-only rights via VMS, dashboard or automated email.

- **Maintain Rigorous Control:** Despite the MSP's oversight, this is your global workforce. Engage regularly, in addition to monthly or quarterly reports on program performance and market trends.

- **Rank Performance:** Rationalizing and benchmarking the performance of suppliers based on quality and fulfillment is critical to ensure that you have effective candidate flow across your hiring cycle.

- Align by Region and Function: Industry regulations and hiring needs vary by role and region, necessitating alignment of your MSP program to both site operations and business line.

- **Anticipate and Adapt:** Not having an effective workforce is a single point of failure to any production line. Therefore, it is critical that your MSP can evolve and adapt as quickly as your organization in anticipation of shifting market trends.

Consultancy & Demand Management

Take Advantage of Your MSP:

- **Collaborate.** Share internal knowledge that will enable the MSP to give strategic guidance.

- **Ask for, and leverage, their Subject Matter Expertise.**

- **Formalize and standardize processes, then audit for improved efficiency.**

- **Expect and ensure compliance with corporate, industry, and government regulations.**

- **Strengthen relationships with staffing vendors.** An MSP should offer control and enhanced communication, not vice versa.

- **Manage demand.** Once processes have been standardized, program participants have been acculturated, and unit costs have been driven downward, it's a good time to examine demand management. Frequently, after several months of program management, the MSP can proffer ways to curtail demand without comprising the quality of the product or exposing the organization to additional risk.

About TAPFIN

TAPFIN, ManpowerGroup™ Solutions' MSP, is unmatched in delivering innovative solutions that optimize the management of contingent workforces. Our quality program management, efficient process, breadth of services and global reach have made us the largest and most respected vendor-neutral and hybrid MSP in the world. And the only one to have achieved and maintained an ISO 9001:2008 certification.