

# CASE STUDY: LABOUR SERVICES (WHITE & BLUE) (1 OF 2)

Spend Under Management: \$300M<sup>(1)</sup>

## Case Study 2 - Spend \$130M

### Business Challenge

- Spend ~\$130M pa
- No single point of accountability
- Panel established with varying cost components
- Decentralised and highly fragmented processes
- Pay rates misaligned to market and permanent salary bands
- Limited processes and policies govern the use contractors
- Employment risk associated with long term contractors
- Evidence of incorrect invoicing (on-costs being incorrectly applied)
- Limited compliance management
- Poor visibility of spend and overall visibility of contractor workforce

### Services Provided

- Initial opportunity assessment to define the target outcomes (eg. benefits)
- Process, policies and toolset development (pay rate mgt, tenure mgt)
- Governance and panel / supplier management
- Compliance and demand management
- Management information reporting (workforce, expenditure and benefits tracking)
- Market and knowledge management

### Benefits Achieved

- Supplier fees aligned to market and forecasts
- Remuneration aligned to market
- Eliminated non essential roles
- Compliance to preferred suppliers
- Reduction in Hiring Manager time (indirect)

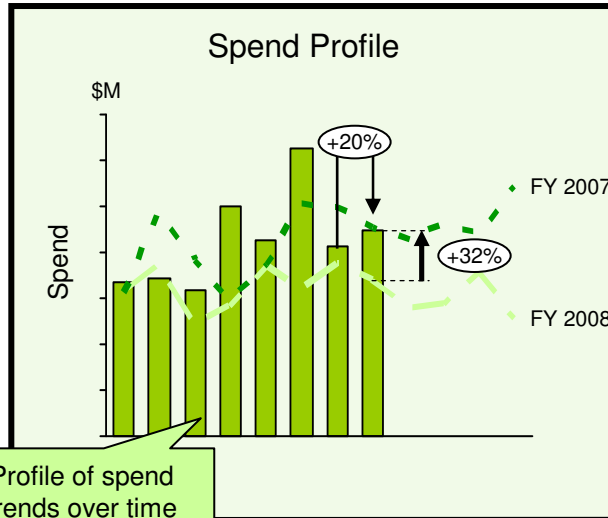
Benefits: Yr 1 10-15%

Value Driver	Results <sup>(2)</sup>
Supplier margins	5-9%
Pay rate harmonisation	3-5%
Demand (Long term contractors)	6-10%
Supplier management (Compliance)	5-10%

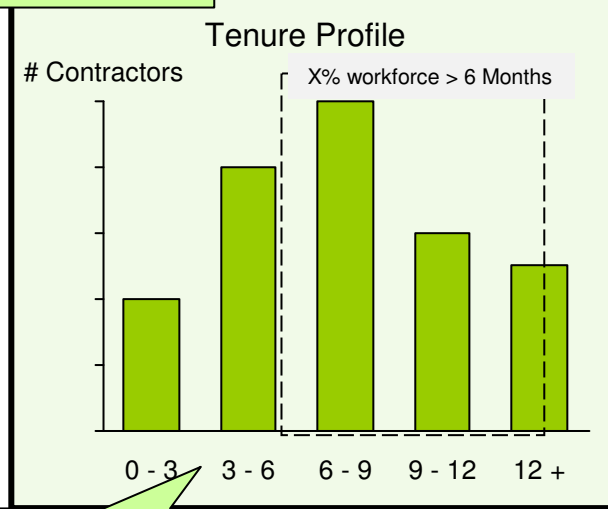
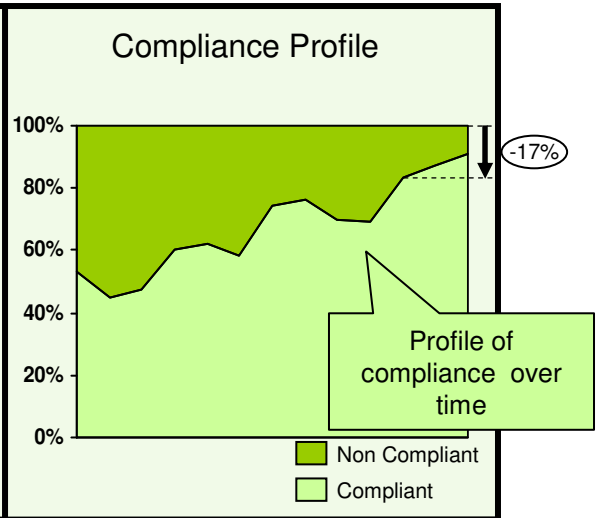
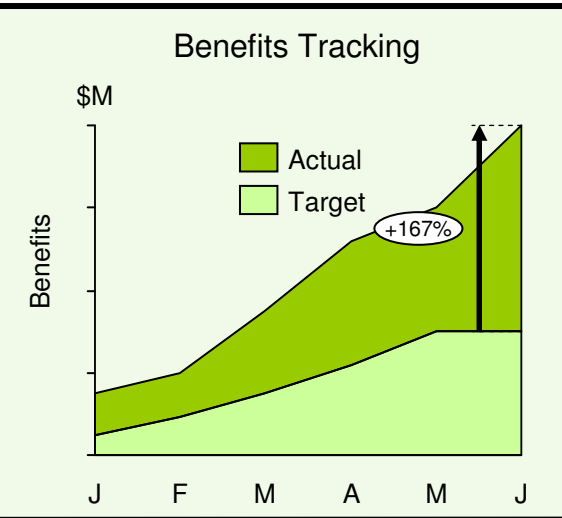
Notes: (1) Includes sourcing of HR Services (2) Percentages are not cumulative as different spend profiles are influenced depending on the value driver



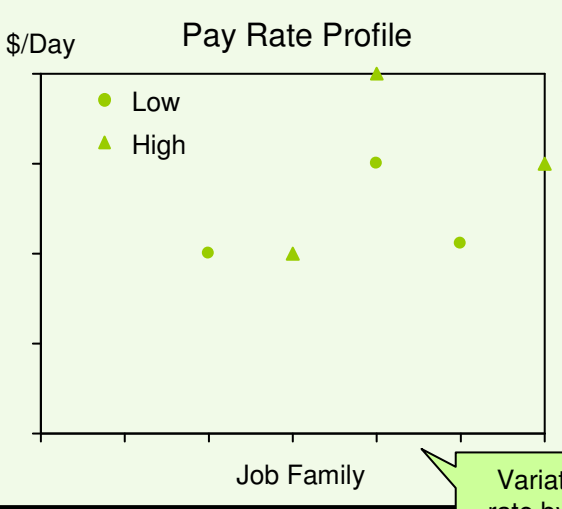
C-level reporting is used to communicate spend, benefits and measure internal and supplier performance & compliance; allowing teams to drive incremental, sustainable improvement



Profile of spend trends over time



Profile of workforce by tenure band



Variation in pay rate by job family

