



Jon Walker
Human Resources
Information Technology
Global Director

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Dow Leverages Taleo to Increase Sigma and Create Value of \$90 Million Over Five Years

Dow Chemical Company (www.dow.com) is a leading science and technology company that provides innovative chemical, plastic and agricultural products and services to diverse consumer markets. With annual sales of \$28 billion, Dow’s 50,000 employees serve customers in more than 170 countries. Having experience providing value added services and technologies to its own customers, the company researched staffing solutions that would bring similar benefits to its employees, interested candidates and the enterprise at large—solutions that would bring long-term cost reductions and increases in productivity that would result in significant value creation. A Six Sigma company, Dow applies this methodology to all business areas, including staffing.

Dow Human Resources Information Technology Global Director Jon Walker, who spearheaded the staffing strategy project, stated, “The Taleo suite of solutions is flexible and can be collectively applied to multiple business processes, business cycles, geographic regions, hiring types and staffing models to create organizational value. Whether you’re merging as a new entity, opening a new plant, growing or reducing your workforce, it is imperative to partner with a solutions provider that can deliver the kind of value and results that your business mandates. Six Sigma involves a number of requirements, and Taleo successfully worked with us to ensure we developed staffing processes around those principles. By eliminating defects as well as specific structural costs, it is clear that quality is impacted and, in the case of staffing, the end result is a better quality of hire.”

Aligning Staffing Sigma with the Enterprise

Six Sigma was originally applied in a manufacturing environment; today its principles are also applied to customer service and internal services environments such as staffing. Six Sigma is a quality initiative that uses data and statistical analysis to measure business processes and their outcomes. The central principle of Six Sigma is that by measuring the defects a process produces, one can systematically identify and remove sources of error, so as to approach the ideal state of zero defects. Just prior to the decision to implement a staffing management solution, Dow announced it would merge with Union Carbide and, today, the combination has brought together two of the world’s most technologically advanced chemical companies, providing customers an enhanced technology platform with global businesses that include Performance Plastics, Performance Chemicals, Agricultural Products, Hydrocarbons and Energy. Mr. Walker and his team saw great value in a staffing management solution that would help to facilitate its global growth strategy and provide the opportunity to improve its Sigma. After reviewing 18 companies for a solution that would best meet those needs, Dow selected Taleo in August of 2000.

Walker stated, “As we expected, with Taleo we have improved our global business processes, resulting in a 50 percent increase in Sigma, in addition to a 30 percent reduction in staffing costs as well other significant value creation through the reinvestment of working capital. Over a five year period, this equates to nearly \$90 million in value creation for our company, which translates roughly to \$0.02 per share in the first year, and \$0.10 per share over the five year period, based on today’s fully diluted number of outstanding shares. These, we feel, are very conservative numbers, and we expect them to grow over time.” He added, “We achieved a return on our investment in Taleo in the first month following our implementation and after the first year a value to investment, or ROI, of 6:1.

TALEO CASE STUDY

Dow Chemical Company

The key to these results is that the savings and value creation came quickly and they will be there and increase over time.”

Value Creation Through Risk Avoidance on a Global Basis

The six key components of the Taleo 6: Enterprise Staffing Management Suite include Taleo Professional™, Taleo Hourly™, Taleo Agency™, Taleo Workforce Mobility™, Taleo Regulatory & Diversity™ and Taleo Campus™. With Taleo’s Regulatory & Diversity solution, organizations can reduce risk of compliance fines and litigation through consistent, defensible and automated staffing processes. Reports and other information with regard to compliance for the Equal Employment Opportunity Commission (EEOC), Affirmative Action Plans (AAP), Office of Federal Contract Compliance Programs (OFCCP) and other global regulatory bodies, including data privacy, can be generated and shared in real-time.

Walker commented, “Preventing our organization from even one staffing related lawsuit provides an ROI resulting in value creation far greater than the cost of the staffing solution itself. In our case, risk reduction reached by automating the process could be prevent us with as much as or more than \$1 million each year in losses from potential litigation or fines. We believe the solutions provide us with that kind of value and brand protection on an annual basis.”

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