

### **Technology Helps Xerox Build Better Contingent Workforce Management System**

By Theresa Minton-Eversole

**CHICAGO** — Tough financial pressures and intensifying competition forced Xerox Services Corp. to take a close look at how it handled its contingent workforce and make changes to streamline its processes and reduce costs, company representatives told attendees of the Human Resource Executive's 7th annual HR Technology Conference and Exposition.

"Lean Six Sigma is a key plank in our commitment to bring new value to our customers," said Mike Krapec, vice president of services at Xerox. "And we're good, but not yet great. Our mission is to become the benchmark in services delivery."

But becoming a benchmark would be unachievable unless the company addressed myriad contingent staffing challenges it faced in both information technology (IT) and its clerical labor divisions. Until 2003, those divisions ran under two different labor acquisition processes, with IT running a centralized acquisition process requiring managerial approvals of requisitions and the clerical division running a decentralized process requiring no approval process.

"We hire an average 1,500 contract workers per year and were processing approximately 1,300 invoices per year associated with contingent labor for a total expense of \$64 million annually," said Joan Sheremeta, senior director for contingent staffing at Xerox. "When we looked, what we found was that we were using more than 100 suppliers providing varying levels of service and mark-ups ranging from 21 to 82 percent for similar positions in the same geographic area."

Xerox also found that in addition to the lack of cost controls and inconsistent order processes, the company had no service agreements or contracts in place with most suppliers and no reliable audit trails, said Sheremeta. In addition, the paper-based system contributed to higher transaction costs, communication challenges between suppliers and managers and increased risk of liability exposure for noncompliance with co-employment regulations, she added.

#### **Technology to the Rescue**

The company set out to reduce costs associated with managing its contingent workforce by 10 percent by automating its staffing process. A team comprising members from procurement, the company's services program team, field representatives and an information management program manager worked to define the technology requirements, which included:

- Reducing cycle-time reduction and contract labor spending.
- Standardizing the ordering process and improving hiring efficiencies.
- Improving policy compliance and control and inspection of payments.
- Automating invoicing and standardizing reports and performance metric measurements.

And all this had to be achieved with minimal disruption to the company's business operations.

The system implementation, which included a six-month request for proposal process and a four-month pilot program, began in 2000 and was completed in 2001 upon the final rollout to managers. And the results of the system that Xerox has created with vendor partner Taleo have been positive, Sheremeta said.

Xerox is now controlling billing rates across the country, has centralized visibility and improved workforce planning and budgeting practices, Sheremeta explained. "IT bill rate savings is at 8.5 percent and the clerical/light industrial rate savings is currently at 4.2 percent" Sheremeta reported.

It also has been able to reduce procurement cycle times and enforce contract compliance thereby reducing its legal risk. "Automated order processing has decreased time-to-fill by 38 percent for IT and 50 percent for Xerox Services," Sheremeta said, adding the company also has achieved 100 percent compliance for background screening audits.

The company also boasts that it now has a customer support center that operates 24 hours a day, seven days a week and provides online help and online training tutorials.

Looking ahead, Sheremeta said the company plans to continue to optimize processes and further improve its metrics, as well as work with the change management team to identify additional process improvements and support ongoing internal adoption efforts. She also said it will monitor reporting to analyze future financial return and value in the contingent worker management staffing process and identify market trends and configure processes as appropriate to meet demands.