

MSP

Human Resources
& Procurement

turning the ordinary into the **extraordinary**

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Human Resources & Procurement:

Working Together To Lead Companies Forward In Asia Pacific

Pontoon considers how these two crucial corporate functions can partner effectively.

The human resources and procurement functions in many organisations throughout Asia Pacific have become increasingly entwined primarily due to the fact that the greatest cost to most organisations today is that of human capital. To better manage this important and often complex resource, HR and procurement professionals, more than ever before, need to come together to collaborate and to strategise. This can be easier than it sounds when both often have different objectives, priorities and are incentivized in different ways too.

If a talent related purchase involves the procuring of MSP or RPO services, the process can be very detailed—often including the evaluation of suppliers to be invited to participate, evaluation of request for proposals, screening of shortlisted suppliers and the highly important final selection phase. The work done during these phases must see HR and procurement working effectively side-by-side. Similarly, any subsequent contract implementation phase requires strong collaboration between both HR and procurement stakeholders to ensure effective change management and quick realisation of benefits. Pontoon Asia Pacific takes a look at some of the success factors for HR & procurement engagement.

The evolution of the “traditional” procurement organisation.

Today, the “traditional” procurement organisation has evolved to a “Sourcing and Procurement Services Organisation” or “Strategic Sourcing Organisation.” This elevated, more strategic function of procurement, is now partnering with HR more than ever before. Sourcing professionals typically handle the high-value, high-risk, high-reward, and highly complex types of purchases (mainly focused on services or specialty items) whereas procurement is more often focused on the operations side (“procure to pay” and “invoice review and recovery”). The trend is clear, and likely here to stay, with more HR services now being purchased with sourcing and procurement departments used as an intermediary. To be effective, HR and procurement teams in organisations across Asia Pacific can increase their effectiveness by better understanding how to unlock value from one another by building a relationship that helps generate efficiencies and, ultimately, more effective acquisition of talent and other HR-related services for the companies that they support.

A ‘tipping point’ in the HR/procurement relationship.

No longer “new” to one another, HR and procurement professionals are at a stage where their partnership is reaching a certain level of maturity. HR executives—once used to managing their own supply base, developing relationships with vendors and negotiating

their own deals—are bringing their procurement counterparts to the table. Likewise, procurement teams are striving to add value where they can and to strategically support the purchasing process.

However, creating value is not as easy as simply bringing HR and procurement teams together and asking them to collaborate. The teams must establish a strong working relationship that starts with a foundation of mutual understanding and respect for one another’s competencies and what they can add to a strategic programme.

How can HR and procurement teams best collaborate to unlock their combined value?

Pontoon considers several ways that this is possible: Trust, value and respects one another’s expertise and skills.

Procurement and HR teams must engage with one another without one side trying to dominate the relationship. Both parties must come to the meeting table with the understanding that the ultimate objective is to meet the business goal (e.g., to secure

the right talent and HR services for the company's needs at the right price) and that, in partnership, they will deliver a more valuable solution. Without this foundation of trust and respect, working together toward that end goal becomes increasingly complex, and can create detrimental results.

Create a consistent and harmonious approach to vendor relationships.

Uniting HR and procurement has provided companies with a single view of their supply base, rather than each HR specialty knowing only about its own suppliers. This can lead to cost efficiencies due to the scale and scope of services provided to the overall organisation. However, most organisations that have procurement teams in place still have a large portfolio of HR services providers to manage. Creating a consistent approach to vendor relationships not only helps the vendors come to expect a certain working relationship with a company, but can also help ensure consistency in management of that relationship between procurement and HR. A consistent approach to managing and negotiating with suppliers can eliminate grey areas between HR and procurement during the process, while also helping to generate efficiencies throughout the partnership.

Speak the same language.

Anyone who works amongst peers of the same discipline every day has a tendency to speak in their own language. To set clear objectives and manage processes effectively, HR and procurement teams must clearly understand one another and to this end must avoid 'HR/procurement-speak'. In instances where it is unavoidable, it is essential for both parties to explain what terms mean. For example, if the procurement team is discussing "aggregation" (combining buying power in specific categories within the various business units within a company), it may not be a familiar term or idea for the HR team that they are partnering with at that time. It would be important when discussing aggregation to be sure everyone in the room understands the concept so that they can provide input on where aggregation would be optimal.

Remember soft skills when establishing and developing a partnership.

HR/procurement are areas where a hard-skills approach must be balanced with a soft-skills approach. The procurement team must

position itself as a strategic partner to HR, guiding the department in the direction it recommends vs. dominating negotiations or vendor relationships. HR must remember that procurement's agenda is not necessarily contradictory to its own, and should be open to other ideas and recommendations. Having a candid dialogue and leveraging the expertise, experience and knowledge of both parties, will lead to a more effective solution for the company.

Bring services purchasing expertise to the table.

HR/procurement is vastly different from materials purchasing. Buys of services are more often based on relationships and are not returnable. Bringing a pure cost savings mentality to HR/procurement can hinder a HR/procurement team relationship from the onset—value, not cost savings, is the ultimate goal. Staff quality and agency service levels are just as important as generating cost efficiencies as both of these elements can ultimately deliver hard and soft cost savings associated with productivity enhancements, reduced time to hire, improved engagement and increased direct referrals etc.

Form a partnership and a reliable method of delivering value.

At the end of the day, clearly defining roles from the onset and throughout the decision-making process is critical to a combined HR/procurement team's success. Who makes the final decision? Who has the lead on the decision timeline? Who is in charge of the process? Those organisations across the Asia Pacific region that get it right stand to improve in their efficiency, value, and risk management. Those organisations that allow ineffective procurement/HR relationships to continue are missing a great opportunity to unlock value in their human capital strategy and to move forward in leaps and bounds.

Case Study: When HR & Procurement Collaboration Supports Vendor Excellence

A global technology giant successfully brought together its procurement and human resources teams in an attempt to consolidate contingent labor spend across multiple locations in APAC with the objective of providing visibility on spend, cost control and strategic workforce planning. The joint approach of HR and Procurement not only ensured vendor neutrality but also ensured the right blend direct sourcing and supply chain management in order to achieve optimal cost efficiency. For the client, this strategic approach has resulted in 100% fulfilment of all approved contingent resource requests under Pontoon management, along with the creation of a 'self service culture' for the acquisition of contingent resources - resulting in continuous improvements in assignment manager satisfaction levels. The self service culture and shift in sourcing mix has also resulted in an additional cost saving of over 30% in the first year.

This client/Pontoon relationship is a classic example of how when human resources and procurement successfully collaborate within an organisation, vendor relationships can flourish and quickly develop into true partnerships.

Global reach

Providing services in over 74 countries, Pontoon is the largest and most diversified global talent acquisition solutions management provider in the industry, with unrivaled footprint and ability to effectively scale programs to a global platform. Our solutions are built on global governance over regional delivery functions. This allows us to support geographic requirements and cultural preferences from regional and in-country offices under a unified governance structure, driving the consistency of process that multiregion solutions demand.

Recruitment process outsourcing

Pontoon does real Recruitment Process Outsourcing, and we do it exceptionally well. We become your partial or full-service recruitment department, managing the recruitment team, process, and the supporting technology, along with thousands of tiny details that will maximize your hiring results. The result of our service is a great experience, both for your hiring managers and your candidates, and your positions get filled with the very best talent.

Contingent workforce solutions

Pontoon has implemented our Staff Augmentation and Services Procurement MSP solutions in over 74 countries. This represents an industry evolution through our expertise and our ability to deploy every possible combination of services, allowing us to continually meet or exceed our client's requirements. Every client need is different; therefore, every MSP has unique components that must be considered when building the solution. We are astutely aware of how critical it is that the MSP solution be flexible and we build a solid program foundation that is consistent and easily replicated to expand enterprise-wide.

Consulting

It is our strategic approach and unparalleled access to information for business analytics that makes Pontoon a unique and valuable consulting partner. We focus on helping organizations identify their true spending power, considering a total workforce. We can advise on stakeholder engagement, and share our experience—developing a compelling case that looks beyond cost savings and captures on quality, visibility and compliance.

About Pontoon

Pontoon, with corporate headquarters in Jacksonville, Florida, United States, is the global leader in workforce solutions. Pontoon specializes in Contingent Workforce Solutions, Recruitment Process Outsourcing and Workforce Consulting. Operating with over 800 colleagues worldwide, Pontoon currently delivers talent management solutions in 74 countries for its 100-plus clients, a global client base that is broader and deeper than the industry has experienced to date. Pontoon is one of the largest worldwide MSPs, and has been selected to the HRO Today Baker's Dozen list for nine consecutive years.

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