



## **Successful Implementation and Adoption of Contingent Workforce Programs in India and South East Asia (ISEA)**

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Multinational organizations with plans to utilize a contingent workforce globally face multiple challenges. Most multinationals use a Managed Services Provider (MSP) to manage their contingent workforce programs and look to the MSP to help them expand or launch their programs internationally. But global expansions come with their own challenges as regulatory requirements, talent availability, cultural nuances, economic uncertainty and other socio-economic factors all end up having a say in a successful implementation and adoption of a contingent workforce management (CWM) program. The challenges businesses face in making MSP programs work in India and the South East ISEA are unique in their make-up; and there can be no “silver bullet” for a successful implementation and adoption. That said, there are a number of key areas (e.g. an effective change management plan with a strong focus on communication), what, implemented correctly, can lead to a better rate of success.

John Gourville, a professor of marketing at Harvard Business School, in his memorable paper on the subject of organizational behaviors stated that:

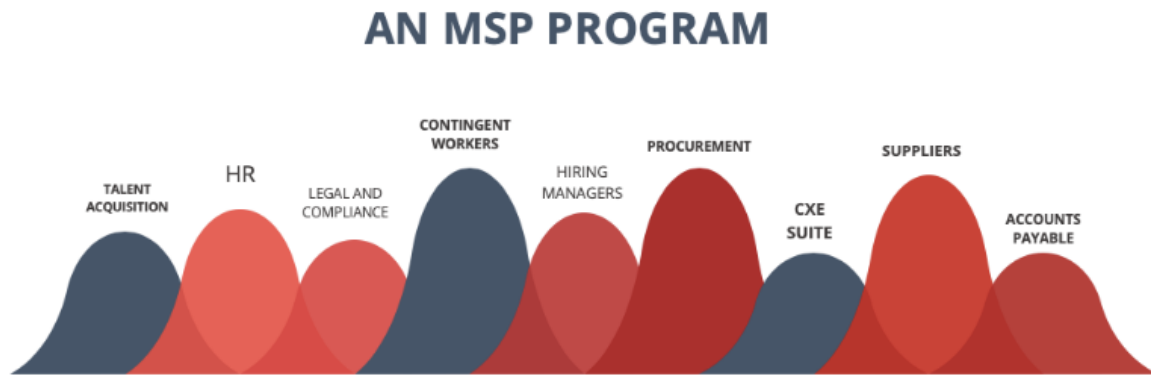
*“Many innovations fail because consumers irrationally overvalue the old while companies overvalue the new”.<sup>1</sup>*

Gourville claims that, for new entrants to have any chance of success, they must be nine-times better. He adds that products or services requiring a high degree of behavior change are doomed to fail even if the benefits of using the new products are abundantly clear. Many organizations and MSPs believe that the automation possibilities offered by a Vendor Management System (VMS), and the processes implemented by the MSP, should be reason enough for hiring managers (HMs) and suppliers alike to use a new program. Case stories over the past decade have shown the promisory note of economies and benefits is undelivered through poor change management, poorly trained program office teams, little or no communication, and so on.

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<sup>1</sup> <http://hbr.org/product/eager-sellers-and-stony-buyers-understanding-the-p/an/R0606F-PDF-ENG>.

A CWM program impacts a mix of business units and stakeholders across an organization and beyond. The figure below shows those stakeholder groups directly affected by an MSP Program:



It's no easy task to successfully implement a solution that has so many complex relationships across the breadth of an organization. Based on the experiences of the Workspend team in designing, implementing, and managing MSP programs in EMEA and APAC, this paper exposes several key areas which need to be tackled effectively for an MSP program approach to effectively offer value and benefits realization for the client organization. These are:

- The Hiring Manager Experience
- Communication
- Cross Cultural workings
- Supplier Base Strategy and Implementation
- Program Implementation Best Practice

## The Hiring Manager Experience

A hiring manager will have much on their mind when it comes to fulfilling their contingent talent needs. Good talent is hard to find, especially when it comes to contingent workers in ISEA. The hiring manager is dependent on the supplier base and usually has a good relationship with them. In most cases before an MSP steps in, talent suppliers have direct access to the managers and share a rapport, and it's fair to presume that suppliers have been able to close positions for the manager when needed. With the MSP becoming the new port of call, hiring managers don't get the confidence - from the implementation and solution design teams - that the MSP program office will be able to meet their needs. Usually the larger firms have a big hiring manager community and only a minority of them get involved during the implementation phase.

While dealing with the hiring manager community, for MSPs, the focus should be on:

## Supplier Base

The hiring manager needs to know that the MSP will do their utmost to retain the current supplier base and, to be recognized as useful, the MSP is successful in doing so. Secondly, the MSP team should share details about the new suppliers they plan to add to the stable of suppliers, which should bring access to a higher volume of talent with a similar skillset – and hopefully with faster turnaround times and at market rates.

## Rate Analysis

Once the present rates of the client have been analyzed and matched to the market rates, the MSP team should share the newly developed rate card with hiring managers, showing them the benefits of an MSP (i.e. standardized and lower rates). This will help the manager better predict expenditure and reduce their costs of hiring contingent talent.

## Visibility

Most MSP programs in ISEA are expansions of programs from the US or EMEA. With the introduction of the MSP program, the senior management of client organizations will have visibility into the contingent talent being employed by their hiring managers globally, allowing them to question the HMs about the cost and effectiveness of the contingent talent being brought on board.

## Communication

*“If you want to bring a fundamental change in people's belief and behavior...you need to create a community around them, where those new beliefs can be practiced and expressed and nurtured.”*

**Malcolm Gladwell, *The Tipping Point: How Little Things Can Make a Big Difference***

As Malcolm Gladwell mentioned in his bestseller “Tipping Point”, we need to create a community in every area of impact where the new way of doing things is discussed, and feedback gathered is shared with the core implementation team. The team should then act on the feedback and address any concerns the user community has expressed.

An MSP-managed CWM Program, using a Vendor Management System (VMS) brings with it an array of benefits which need to be shared with the different stakeholders. The implementation team should ensure that the communication channels are always open and there are regular updates being sent out to all the various stakeholders.



## Change Management Communication Plan

The implementation team should make sure that time is spent with the hiring managers who hire a large number of contingent workers, if not all the hiring managers. If a face-to-face meeting is not possible, then at least a phone meeting should be conducted with the key hiring managers identified by the champions in each business unit. The reason for this is that because some hiring managers don't remember the emails or attend training sessions covering the new MSP Program. This results in them have issues as-and-when they need contingent talent. It's best to meet them in person or at least have a phone conversation, so they are familiar with the program, and know who to call. This really helps in reducing the 'noise' or chatter when any new initiative is introduced in an organization, especially something as complex as this one.

While in the solution design phase, the implementation team - along with the client stakeholders - should identify "champions" in the different business units who can help propagate the benefits of the new program and also help identify the players in each of the business units.

## International Multi-Cultural Teams

In her seminal book on cross-cultural and international business workings, "The Culture Map: Breaking Through the Invisible Boundaries of Global Business", Erin Myers refers to the Anglo Saxon countries such as the United States, Australia, Canada, and the United Kingdom as being "low-context" cultures whereas ISEA countries like India, Malaysia, Indonesia are "high-context" cultures. To interpret her meaning, America, for instance, has a largely immigrant population and, for anyone to be an effective communicator, they would have to make their message "as

explicit and clear as possible, with little room for ambiguity or misunderstanding". She adds that "high-context cultures tend to have a long- shared history" and are "relationship-oriented societies". In the US and other Anglo-Saxon cultures, the author adds, people are taught to be as literal and explicit as possible, whereas in many ISEA cultures, "messages are often conveyed implicitly, requiring the listener to read between the lines. The author differentiates effective communication in these two sets of countries as:

Low context: Good communication is precise, simple, and clear. Messages are expressed and understood at face value. Repetition is appreciated if helps clarify the communication.

High context: Good communication is sophisticated, nuanced, and layered. Messages are both spoken and read between the lines. Messages are often implied but not plainly expressed.

The message is quite clear: MSPs must to adopt a communication style based on the culture they operate within. In order for any message to be conveyed correctly and effectively, it must be shared in a manner that's acceptable to the receiving party based on their cultural nuances.

This is where many MSP implementations get derailed. Even today for most organizations in the region, MSP and VMS are new concepts; and this includes the suppliers. The implementation team is usually led by people from the US and UK, who are usually involved for a short time and are taken off the project once an implementation is complete.

The implementation team exits thinking that all their requests have been acceded to and the processes will be followed as implemented. But often, the program is not adopted. The regional stakeholders might not share all their doubts and concerns, and in a lot of cases, expect the implementation team to 'read between the lines' and deduct what is left unsaid.

A good example about this is "credit and debit" notes. Even though the law in India allows for these notes to be utilized, the accounting practice is to adjust the amounts in the subsequent invoice. In an MSP Program for a cyber security firm, the process required individual credit and debit notes for every assignment with separate invoices, which was implemented without taking the local account payables (AP) team's feedback. This meant that the suppliers and the client AP teams had to submit the invoice tax adjustments to the concerned authorities on a monthly basis, which ended up raising red flags as this is not a common practice in India.

## Supplier Base Strategy and Implementation

The suppliers themselves usually find themselves in a quandary with the MSP stepping in. It usually means that they will lose their direct access to the hiring manager, and the rates that they were charging can also take a hit since often the MSP implements a new rate card based on market rates. Most suppliers are able to build strong relationships with the hiring managers and procurement

organization within a firm, which is not necessarily a bad thing, but at the same time, a lot of them then use that relationship to get exclusive requisitions and some of these can be at very high rates. For example, in the case of one of the largest software providers in the world, there was a situation that the managers were working directly with large Indian IT services firms without a rate card and reaching out to the suppliers directly whenever they needed talent.

CWM programs' contract negotiations with suppliers in ISEA can take up a lot of time as compared to other locations. It's best to plan early, involving the global stakeholders as soon as possible and plot out the strategy. Here are some points to pay particular attention to:

### Localize the contracts

The contractual terms must reflect the local industry practice, especially when considering the insurance requirements, payment terms, and conversion clauses. The last one is of particular importance as a majority of contractors in ISEA are full-time employees of the suppliers.

### Get the client on your side

The client stakeholders need to be absolutely onboard with the various clauses in the contract and also the act of the MSP being brought in to manage the contingent workforce. The push-back on various clauses from the supplier has to be met with a unified front, and that minimal changes are required in the contract, as negotiations can take time and, in some cases, even delay the roll-out of the program.

### Start negotiations early

Discussions have to commence as soon as possible, given it will generally involve international teams and laws. Explaining the jargon and applicability of certain clauses to meet local needs will require a lot of back and forth and changes - demanding senior management approval - and consumes a lot of time.

## Best Alternative to a Negotiated Agreement (BATNA)

It's better to have various scenarios ready in case the suppliers are playing hardball. A lot of suppliers negotiate from a position of advantage, knowing they've the resources required for a particular project, brand name, and skills that will otherwise be hard to find. The client and MSP should consider the options they can work with beforehand and the point of walking away.

## Pick and choose your battles

The Procurement, Human Resources (HR), Talent Acquisition (TA), and Compensation and Benefits teams should first decide and prioritize the roles, rates, and skills that are most important and which suppliers have to be onboarded to meet those needs. MSP should negotiate contracts only with these suppliers.

MSPs should prioritize negotiations with 'must have' suppliers as there are any number of suppliers in ISEA who can provide non niche skills.

While negotiating, the clients and suppliers, MSPs should get straight to the point and redline the scope of the contract. The negotiations are generally straight-forward and usually amicable.

## Program Implementation Best Practice

Some of the most common feedback heard in ISEA is that "the MSP program took a long time to settle down, and after the initial hiccups that lasted about a year, the program is running quite well now, but there's still room for improvement." This feedback is common across industries and locations, without exception. In summary, the success of implementing and managing the programs revolves around the following areas:

### Governance Board

These key stakeholders who oversee the project should view the program as an important initiative that will not only help reduce cost over time and provide compliance but also has the potential to be a competitive business advantage.

## Change Management

Overcommunication is always worthwhile. Think about - not only an announcement of the program - but a clear description of its benefits and role in the global (or local) strategy of the firm. This messaging should clearly be shared with all employees. Once employees can relate to the goals of the program, they're often quite willing partners and will proactively provide information. The change management does not end with the launch of the program; it has to be made a part of regular activities of the program office. Any changes in processes, successes of the program, and changes in compliance need to be communicated to all concerned.

## Data Collection

Information regarding the present contingent workforce should be collected from various resources: HR, procurement, individual managers and most importantly, finance. The latter are the most noteworthy source as they make all the payments and have up-to-date records on what each supplier is being paid, with details on resources. Rogue spend is one of the key areas to watch out for.

## The Program Office

Not only does the program need proficient staffing specialists and coordinators, one of the biggest points overlooked by many firms is the ability of the program office team members to be 'Trusted Advisors'. Unless the PMO has the ability and willingness to act as sounding boards and provide guidance to the client stakeholders, the team end up becoming 'runners' and being functional, losing the confidence of the client. The team definitely needs enthusiastic individuals who can bring the people together and keep up the morale, especially when the chips are down.

## Clear 'Chain of Approval'

Implementing MSP programs in large multi-national corporations has a big hurdle: the large number of stakeholders from various locations and business units. It's easy to get into protracted discussions and 'scope creep' trying to take everyone's view into consideration and waiting for approval. There should be small project team involving stakeholders from the key business units who have the authority to make decisions.

## Local Legislation and Compliance

Especially applicable to 'treasury requirements' e.g. in India, the supplier invoice has to have their Permanent Account Number or PAN number, along with individual invoice number and there is no need to provide exact details for each contractor. The client finance, accounts payable and legal and compliance teams really need to be a part of the discussions when the treasury function and related processes are being designed and finalized. One of the key Acts that needs to be followed in India, for example, is the Contract Labor and Regulation Act, which helps regulate the usage of contract labor in establishments.

## Supplier Base

The supplier base is absolutely one of the main aspects; a badly put together supplier base can derail a program. It's imperative that contributing suppliers have a proven track record in hiring for the skills and locations that the client has requirements.

## Process Re-engineering

The new processes should employ VMS capabilities as much as possible and keep manual intervention to a minimum. Once the processes have been designed, they should be shared with various teams that will come into play: HR, Procurement, Accounts Payable, Hiring Managers, Business Unit leaders etc. Most importantly, they have to be implemented without any deviation and followed to a 'T' by all stakeholders.

## Conclusion

The MSP VMS model can work well in ISEA, but the MSPs themselves must respect the critical success factors highlighted in this article to achieve the level of value client organizations aspire to. It's simply not good enough to 'fire and forget' the same MSP model used in the US or Europe. A succession of case examples prove that MSP deployments in this territory have a unique set of commercial and cultural dynamics that cannot be ignored.

With the different People, Processes and Business Units involved in the implementation and management of a CWM Program, it can be quite a challenge to manage. The MSPs must keep in mind that when a product or service gets coupled with a thought or emotion, it initiates a trigger in a user's mind, and that trigger can be negative or positive given the users experience with that entity. If stakeholders do not have a good experience with the CWM program, they tend to avoid using it but at the same time if they find the service is of a high standard and they have a good experience, the HMs end up using it repeatedly by themselves.



The figure above encapsulates the top five areas that form the pillars of a successful MSP engagement that we have focused on in this whitepaper. If the MSP can concentrate its energies on the same, the stakeholders will have a great experience, and this will lead to a successful implementation and adoption of the MSP Program in ISEA.



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