

CASE STUDY

Downer Group

Highly manual contingent workforce management model leading to inefficiencies, risks and excess spend.



Challenge

- Over 220 suppliers, unable to report on numbers of contractors (people on site) and a FY23 spend of over \$170 million on contingent labour.
- Predominantly manual processes around Labour Hire Landscape Suppliers (LHS) were resulting in internal inaccuracies on reporting, overspending with a lack of oversight on benchmarked rates and high risk across the company.
- With low visibility over the LHS the Company had limited views on the current market trends and competitor landscape. Moreover, their highly manual processes resulted in extended time and effort along with inaccuracies e.g. in FY23 there were over 30,000 invoices manually paid and processed for LHS.

Collaboration Approach

In May '23, concerned with inaccuracies and over spending, Downer Group engaged The Human Collaborative (THC) to review their LHS with a particular focus on delivering:

- Analysis of over and under charges for LHS
- Documentation of revised processes and methodology
- A master consolidation of assessed data
- A revised Supplier Reporting Template
- Findings and recommendations, including any challenges, dependencies and assumptions, key insights and learnings from the review
- Proposed opportunities, including forecast and justification to assist Downer Strategic Sourcing & Category Manager to build business case for a governed way of managing LHS, including technology requirements.

Results

The Human Collaborative segmented the suppliers in to three different groups and began the review of the data, charges and current reporting practices from the engaged LHS companies.

The review found highly complex LHS contracts and deviations with an equally complicated and varied bill rate structure leading to a variety of rates and charges. This inconsistency in rate management and fees was accentuated by the manual reporting and lack of systemised process and practices.

At the conclusion of the review, The Human Collaborative recommended:

- Enhancing supplier reporting
- Implementing a standard audit process
- Updates and amendments to the LHS contractual agreements
- A future and more holistic review of the whole Contingent Workforce LHS at Downer
- Obtained a refund from certain Labour Hire Suppliers due to overcharges outside contracted rates