FINDING THE MISSING WORKFORCE

How Workforce Visibility Mitigates Risk and Creates Strategic Advantage

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Questions for Thought

How well do you know your workforce?

What about those who have left?

Is documentation and compliance for every external worker in every location up to date?

Do you have a read on who has access to corporate resources?
If you don’t know the answers to these questions, you are not alone. **Employers of all sizes take for granted that they have a fairly accurate understanding of the number of people who work for them.** While exact figures are elusive due to normal workforce fluctuations on any given day, employers expect to have a close approximation. In reality, companies can be off by thousands—particularly when considering contingent workforces.

Uncertain workforce counts create practical issues for organizations. Without thorough, reliable systems in place to track workers, there is little record of start and end dates, worker locations, vendors, identification/badges and certifications. Far more concerning than administrative issues, however, are the risks Compliance, safety and confidentiality can be compromised when worker tracking is incomplete, potentially resulting in PR crises, legal issues and compromised emergency response. Organizations that lack a clear picture of their workforces also face an opportunity cost in that they are unable to make fully informed strategic decisions about growth and allocation of human resources.

For employers, the challenge is a process-driven one. Most companies will have many different types of external workers managed by a variety of vendors—from consultants to outsourced service providers such as security, janitorial and food services. They are likely to be operating in multiple locations, under different lines of business, captured on different line items, and overseen by different managers. Even where systems are in place to track external workers, there is no guarantee those systems are actually being used consistently.

The result is a problem that is far more common than many people realize. **TAPFIN’s internal estimates suggest as many as 80 percent of companies currently lack a reliable estimate of who is working on their premises or on their behalf on any given day.** Even employers that are fortunate enough to avoid fall-out from the risks are, at a minimum, overlooking a key tool for strategic planning.

Would you know **who’s on the premises in the event of an emergency?**
WORKER TRACKING: AN EMERGING SOLUTION

With a significant number of global contingent workers currently unaccounted for, the scale of the problem may be more significant than people realize. The seriousness of the issue extends beyond current workforces as well. One study found that only 44 percent of companies have implemented systems to ensure adequate compliance during off-boarding—meaning that many workers could still have access to facilities and data.

Worker tracking paints a clear picture of an organization’s external workforce. At its most basic level, worker tracking seeks to account for all non-employee workers with access to an organization’s facilities, resources and intellectual property. This includes:

- Temporary workers (typically employed by staffing agencies)
- Contract workers, consultants and freelancers (typically self-employed)
- Statement of work labor (typically employed by contracted services firms)

For many companies, a significant portion of this workforce might already be accounted for under a managed service provider (MSP). In that case, worker tracking can supplement an existing MSP to ensure that the entire workforce is captured and strategic decision-making is fully informed. Once a worker tracking solution is fully implemented, companies have visibility into top-level information for all workers including: name, start and end dates, checks and certifications, documentation, vendor association, skills sets, SOW, ID/badge #.

It seems fairly intuitive that companies would desire and seek out this information. This begs the question, “Why aren’t they already doing this?” The answer is simple. Many companies assume their current process is working.

The hypothesis is not that companies undervalue an accurate headcount or the benefits associated with it. Instead, it seems to more frequently be a matter of assuming that current systems are getting the job done. Technology tools like vendor management systems are built to track external vendors and the workforces associated with them. The challenge comes when these systems break down—often because new technology is introduced that doesn’t fully integrate with them or because they aren’t consistently maintained.

Once an organization has awareness of the worker tracking issue, there is still an inclination to believe worker tracking can be built into an existing system. The assumption is that a company can develop the right policies and procedures, and everyone will follow them. Of course, this is rarely the case. In practice, the technology exists even when the processes do not.
WHY NOW: THE BENEFITS OF ACTION, THE COST OF DOING NOTHING

The rationale for worker tracking involves a combination of strategic value and risk management. While the implementation effort can be significant, the returns justify the investment. Following is an outline of the highest priority issues companies have identified as drivers of their investments in worker tracking:

**Strategic Planning:**
Once fully executed, worker tracking can provide key information on opportunities for growth, seasonal spikes in workforce needs, demand increases and location of talent—all of which contribute to a company’s ability to make strategic decisions about its workforce and procurement. A simple example would be a company looking to expand in a particular region. A worker tracking solution could offer visibility into how many contract workers the company has access to and how much experience they have. When considering the availability of talent—particularly heavily sought after talent—this information would prove invaluable.

**Risk/Compliance:**
A surprising number of companies lack a consistent view of background checks, identity confirmation, onboarding, documentation and the like. Compounding matters, countries have different laws governing the ways external workers are managed. Having a clear view of your workforce creates opportunities to better understand and manage risks. One example of such a risk would be ensuring that workers are legal, fully documented and being treated in accordance with company and/or industry standards. Although these workers are technically employed by a third-party, the legal and PR fallout associated with a misstep in this space could prove disastrous.

**Safety:**
It is not uncommon for a company—even those using badges and secure identity systems—to have an incomplete picture of who is in their buildings at any given time. This presents serious issues in emergency situations. It is also not difficult to imagine the PR risk and wasted police resources if a crisis arises and it becomes clear that the company has an inaccurate record of who has access.

**Accounting:**
Worker tracking is not a cost control measure. At its most basic level, worker tracking data could give an organization a clear picture of its total outlay for its non-employee workforce and segment those figures by type of worker and vendor. As a company’s data collection becomes more sophisticated, it can spell out, for example, whether the spend for certain skill sets is in line with industry standards and/or the cost of a particular vendor is commensurate with its output.

**Confidentiality:**
Companies with highly secure data and products are the most obvious parties to prioritize this, but the reality is all companies have proprietary data and benefit from knowing who has access to their information at any given time. In addition to understanding who has access, worker tracking can confirm that all appropriate non-disclosure agreements have been signed and collected, as well as provide alerts when documentation is out of date.

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A multinational technology products company wanted to have visibility into everyone in its workforce. A move to upgraded HR management software didn’t support the integration of an older employee ID system—an issue that highlighted the lack of information available on its non-employee workforce.

The company had existing technology in place to track contingent workers, but it was not particularly effective. It consisted primarily of unmonitored, inconsistent data, while separate technology issued IDs and facilities access. The company deals in heavily regulated and highly secure technology, so the issue of tracking the global workforce presented a security and compliance concern. The company needed to understand who had access to facilities, resources and information, as well as ensure that the proper documentation had been collected.

There was an important opportunity to establish a single global governance program, manage global IDs, and integrate data within a single vendor management system (VMS)—technology that is designed to support procurement and management of non-employee labor.

The worker tracking solution combined the Fieldglass Profile Worker module with full-time management of the global MSP operation to ensure compliance with required documentation and worker on-/off-boarding requirements.

**KEY OUTCOMES:**

- **13,700+**
  Number of Workers Identified
  Contractors, which were previously managed independently by country staff

- **79**
  Countries Supported
  19 live program countries on 4 continents and 60 non-live program countries

**ADDITIONAL OUTCOMES:**

- Total headcount tracking of all non-employees
- Visibility to statement of work professionals and independent contractors
- Standardized process for on-/off-boarding
- Improved visibility and control of labor spend
- Improved workflow and reporting
- Enables competition to drive improved value (quality, cost, speed)
- Offers global transparency and visibility of all third-party workers, through categorization, count, type and cost
WORKER TRACKING IMPLEMENTATION IS A HIGH-EFFORT ENDEAVOR

Companies looking into worker tracking solutions typically expect the process to be a straightforward one. In fact, one of the first companies to take this on—a large financial services firm that wanted to better understand its contracted services workforce (e.g., janitorial and cafeteria staff)—expected the solution to revolve around systems implementation. In reality, the company’s external workforce included more than 5,000 workers operating under 100 different suppliers. Contingent labor management existed across several systems with virtually no integration, while compliance and risk-mitigation tools were inconsistently implemented.

What this company and many others have found since is that the challenges associated with worker tracking are far-reaching. Not surprisingly, the more stakeholders there are, the more complicated it becomes. For example:

Inaccurate and incomplete worker tracking is a deep rooted challenge. It is not uncommon for the problem to have become embedded over the course of years. Different processes taking place within different regional offices can contribute to an issue that gets out of control over time. The perception is that a project manager at headquarters can reach out to country managers and ask them to “go to procurement and get the data we need.” For things to unfold this way would be a rarity at best.

The solution is very hands on. The natural inclination is to purchase a technology platform to manage the worker tracking process. While this may be appropriate in the long-run, the set-up requires far more than a tool-only solution. Technology can only lead you to your issue faster. The degree of alignment that is required across functional areas (e.g., IT, HR, finance, procurement, security), geographies and vendors is very high. Moreover, the initial data assessment and collection effort is a grassroots, manual process and extremely time consuming. Best practices further dictate that the data be validated between client and supplier.

There are typically many vendors involved and they have varying levels of commitment. Once a company starts to delve into worker tracking, the process complexity around vendors becomes clear very quickly. For example, these projects can literally involve thousands of suppliers around the world. Some vendors will be more thorough and/or more responsive than others. Project managers may find that vendors and country managers in different locations have varying cultural standards around the rigor of documentation and timeliness of information collection. Getting all stakeholders to invest in building a sustainable solution takes buy-in, and day-to-day relationship development. It also requires oversight and audit capacity to ensure that the process is moving forward with consistency.

There are many different types of external workers. Worker tracking efforts focus on many different types of workers. This includes temporary and contract workers, consultants and freelancers, workers operating under statements of work (SOW) and service providers like landscapers or construction workers.
These workers usually operate under different vendors, or in the case of independent contractors, no vendor at all. Because they fall under varying classifications, they are often associated with different line items, locations, lines of business and managers. It is not difficult to see how the data capture could be inconsistent. This is yet another element that highlights the need for integration across business functions.

It is also worth noting that vendors might have similar worker tracking problems. For example, consider an SOW provider that’s contracted to provide global security or janitorial services in dozens of countries. The contracted company may not have the systems in place to track all of the information a comprehensive worker tracking program requires.

FOR CERTAIN TYPES OF EMPLOYERS, THE SITUATION IS AN URGENT ONE

Issues like compliance and safety should be on the radars of all employers, regardless of their size, industry or geographical presence. That said, there are certain types of companies for which worker tracking should be an immediate priority based on their relative risk exposure and opportunities to benefit strategically. These include:

**Large Multinational Organizations:** Companies with a presence in multiple countries should be especially concerned with legal and compliance issues associated with the laws of different countries. Worker tracking ensures that all external workers have the proper documentation, checks and classifications.

**Consultant-Dependent Industries (e.g., IT and Engineering):** It stands to reason that the size of the external workforce would be correlated with a company’s risk level and the likelihood of inaccurate worker tracking taking root. Consider, for example, the technology company that had 400 IT vendors and discovered 1,200 active badges granting access to its facilities.

**Heavily Regulated Industries:** Organizations in industries such as financial services, pharmaceuticals or defense clearly have deeply rooted interests in confidentiality and compliance. Improper or inaccurate information can threaten the perception of due diligence and potentially threaten standing with regulators.

**Companies with Multiple Locations:** Organizations located in a single country but with multiple locations are likely to face many of the departmental and technology alignment issues noted earlier in this paper. They should also have a high interest in the safety issues discussed here—namely in understanding who is present in their buildings and who to contact in the event of an emergency.

**Highly Secure Industries:** Those working with sensitive information and heavily guarded IP have an obvious interest in understanding who has access to their resources on any given day.

**Companies that Use a Large Number of Staffing and/or SOW Vendors:** Just like consultant-dependent industries, those with relatively large numbers of vendors will be more likely to require a comprehensive worker tracking solution that those using only a handful of vendors.
A need to integrate employee IDs with a new software platform revealed that the ID system was not as sophisticated as a global healthcare company originally thought.

The process to control access revealed that nearly any employee could have an ID issued. What began as a systems-driven effort quickly turned into a compliance-driven interest.

The company originally assumed a technology intervention would be the answer. The expectation was that migrating data—even manually—from the old platform to the new one would solve the problem. Half-way through that effort, it became clear that the self-managed, VMS tool-based solution would not be sufficient. The necessary information existed across multiple departments—from IT and finance to HR and procurement, and disparate geographies around the world. A process overlay would be required to get buy-in and collect the necessary data from global stakeholders.

Implementing a process for worker tracking is a high-effort endeavor. It requires the buy-in of many internal and external stakeholders, alongside an experienced project team and an executive willing to champion the effort. In this case, there was also an issue with systems alignment—namely that the requirements of the human resources information system were never aligned with the VMS. Since the systems were not designed to work together, the worker tracking solution required a high degree of manual intervention.

The effort paid off for the healthcare company. In a heavily regulated industry with highly confidential product and intellectual property, it turned out they had actually underestimated their external workforce by nearly 60 percent.

**KEY OUTCOMES:**

- Total headcount tracking of all non-employees
- Universal method to generate employee IDs globally for non-employees
- Visibility to statement of work professionals and independent contractors
- Standardized process for on-/off-boarding
- Improved visibility and control of labor spend
- Improved workflow and reporting
- Enables competition to drive improved value (quality, cost, speed)
- Offers global transparency and visibility of all third-party workers, through categorization, count, type and cost

**ADDITIONAL OUTCOMES:**

- 15,000
  Number of Workers Identified (Approximate)
- 85
  Countries Supported
THE FUTURE OF AN EMERGING FIELD

Today’s solutions focus is on standardizing and streamlining information. This is a necessary endeavor that many companies are already considering if they haven’t taken it on already. That said, worker tracking is an emerging solution that is ripe for growth and innovation. Professionals with deep implementation experience predict the following evolutions in the years to come:

**SILOED SOLUTIONS VS. TOTAL TALENT**

![THEN]![NOW]

Ultimately, the potential exists to look at external talent from a holistic vantage point. Rather than drawing from X or Y vendor to fill immediate needs, worker tracking will provide more strategic, long-term solutions.

**CRUDE TECHNOLOGY VS. DATA SOPHISTICATION**

![THEN]![NOW]

Today’s solutions pull together topline data designed to standardize what employers know about their external workforces. Solutions that give a clear view on where the best talent is and their availability on any given day are likely forthcoming.

**UNDEFINED TALENT SUPPLY VS. WORKER MOBILITY**

![THEN]![NOW]

For global companies, worker tracking holds enormous promise in the area of worker mobility. When companies are able to track external talent and assess skills sets, while monitoring interest in movement across geographies, employers will be able to access entirely new talent resources. In effect, the potential exists to build a pool of talent around people who already know the company.

**FIXED MODELS VS. FLEXIBLE MODELS**

![THEN]![NOW]

Many companies need to scale their workforces up and down to address production schedules, market fluctuations, demand changes and environmental factors. While tools and processes exist to do this, worker tracking has the potential to extend these models into even deeper pools of talent.

**REACTIVE ENVIRONMENT VS. STRATEGIC GROWTH**

![THEN]![NOW]

Worker tracking already provides high-level data that can inform an organization’s growth and expansion decision-making. Future iterations will expand on this and build strategic planning considerations into the solution from the outset.

**UNMANAGED RISK VS. ENTERPRISE COMPLIANCE**

![THEN]![NOW]

Today’s solutions focus on risk and compliance associated with non-employee workers. As these solutions extend across an enterprise, the next step will be to raise the standard to include all employees as well.
THE FUTURE OF AN EMERGING FIELD

Whether an organization is motivated by risk avoidance, benefits attainment or both, employers of all sizes have a vested interest in better understanding their workforces. In the same way that financial institutions all over the world have KYC (know your customer) standards for identity confirmation, employers should be thinking very seriously about KYW—know your workforce.

The compliance, risk and safety reasons to prioritize workforce visibility are likely reason enough for any large employer to take this on. Once the initial deployment is complete, the strategic benefits emerge quickly and continued commitment will be the clear business imperative.

“With Worker Tracking, we are able to assist clients in taking a significant step towards more efficient management of the security, data, confidentiality and other risks associated with their non-employee workforce. Many of our clients are now realizing this solution also offers a foundation for future cost savings and compliance benefits.”

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About TAPFIN

TAPFIN is a leading managed service provider (MSP) dedicated to the innovation and delivery of integrated workforce management solutions worldwide. TAPFIN’s customized, scalable MSP solutions for contingent and project-based spend are instrumental in driving process, performance and productivity improvements across the client organization, while providing visibility, predictability, risk mitigation and overall cost reduction. Part of ManpowerGroup™ Solutions, the outsourced services offering from ManpowerGroup, TAPFIN offers a complete suite of workforce management solutions that fully leverages a blend of global expertise and local knowledge.

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