

# International Review of Employment

January 2004

The Definitive Voice on International  
Employment Matters



**Leadership and education**

**VMS dynamics**

**Agreement to employ**

**The potential in Brazil**

**Managing skills in a global environment**

**Building for corporate success**

**Homework**

**Dramatically improved performance**

**Contributors**

*Mark Gabbey  
James Hutchinson  
Professor Peter James  
The Rt. Hon. Alan Johnson MP  
Andrew Leigh  
Sara Moss  
Michael Sheetz  
Ian Strain  
Russell Taylor*

Published in English, French, German and Spanish by  
**Vedior**

# SUBSCRIPTION

**Vedior's International Review of Employment is an essential guide for Managers and Human Resources professionals applying a global perspective to staffing issues.**

The Review regularly features interviews with leading industry commentators, comparative analyses of national employment practices and the examination of topical issues. Annual Subscription to the International Review of Employment is available at a cost of €100. This subscription will entitle you to receive two full editions of the Review, which is published every six months, plus two analytical supplements each year.

Separate foreign language versions are also available in French, German and Spanish.

If you would like to keep up to date on international employment trends please send a cheque for €100, made payable to 'WBC', to:

**International Review of Employment**  
15 Bow Road  
London E3 2AD

If you have any queries on the subscription, would like to order previous issues or provide a written contribution to a future issue please telephone on:

+44 20 8980 6466 or, alternatively  
e-mail at: [info@iremployment.fsnet.co.uk](mailto:info@iremployment.fsnet.co.uk)

**ISSN 1363-9331**

© Vedior

All rights reserved.

No part of this publication may be reproduced, copied, or stored in an electronic retrieval system or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988.

**Editor:**  
Sarah Woodward

**Managing Editor:**  
Jeanine Werner

**Translators:**  
Thomas Giraud, Elvira Saiz and Jeanine Werner

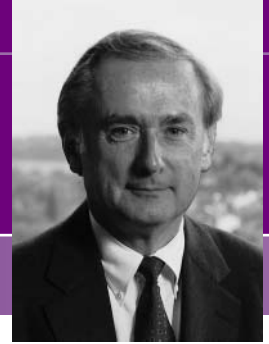
**Published by:**  
Vedior,  
Tripolis Building 200, Burgerweeshuispad 201,  
1076 GR Amsterdam, the Netherlands

The views of the contributors are not necessarily the views of the publishers.

Stringent efforts have been made to ensure accuracy. However, due principally to the fact that data cannot always be verified, it is possible that some errors or omissions may occur; Vedior cannot accept responsibility for such errors or omissions. Details supplied by Vedior should only be used as an aid, to assist the making of business decisions, not as the sole basis for taking such decisions.

# INTRODUCTION TO THE REVIEW

Tony Martin, Chairman, Vedior



Welcome to the January 2004 edition of the International Review of Employment.

In this first edition of the New Year, Minister of State Alan Johnson MP discusses the many issues surrounding leadership, education and training. Sara Moss from California takes a global perspective on just what to think about when choosing a Vendor Management System — and explains what this actually means. Meanwhile US Attorney, Michael Sheetz highlights the importance of protecting your business by effectively implementing and enforcing employment agreements.

Elsewhere, James Hutchinson, Managing Partner of *RH Internacional*, updates us on Brazil's economy and in particular the local labour market and the burgeoning demand for temporary jobs. James also touches on the success of *RH Internacional* since entering into the Call Centre sector.

Our Corporate View for this edition is from Ian Strain, Senior Vice President of Global Sales & Marketing for Brainbench, the online skills measurement company. Ian expands upon how the global measurement of workforce skills has become a vital tool for employees and employers alike.

Also featured is an article on Corporate Design — creating a good working environment for employees to work in. In contrast we also take a look at the pros and cons surrounding teleworking and homeworking. And finally we find out just how consultants with theatrical skills can help companies to change and develop their businesses cost effectively.

As ever, may I take this opportunity to thank all of our contributors for their involvement and offer our readers my best wishes for a happy and prosperous New Year.

## CONTENTS

2	<b>LEADERSHIP AND EDUCATION</b> The Rt Hon Alan Johnson MP	14	<b>THE CORPORATE VIEW FROM BRAINBENCH — MANAGING SKILLS IN A CORPORATE ENVIRONMENT</b> Ian Strain
4	<b>VMS DYNAMICS</b> Sara Moss	17	<b>BUILDING FOR CORPORATE SUCCESS</b> Russell Taylor
8	<b>AGREEMENT TO EMPLOY</b> Michael Sheetz	19	<b>HOMEWORK</b> Professor Peter James
11	<b>THE POTENTIAL IN BRAZIL</b> James Hutchinson	22	<b>DRAMATICALLY IMPROVED PERFORMANCE</b> Andrew Leigh

# LEADERSHIP AND EDUCATION

Alan Johnson MP



Alan Johnson is the Minister of State for Lifelong Learning, Further and Higher Education in the UK. He was elected MP for Kingston-upon-Hull West and Hessle in 1997 and was also a member of the Trade and Industry Select Committee 1997. He was previously Parliamentary Private Secretary to Dawn Primarolo MP, the Paymaster General, Parliamentary Under Secretary of State for Competitiveness at the Department of Trade and Industry (DTI) and most recently Minister of State for Employment Relations and Regions at the DTI.

Born in 1950, Alan Johnson was educated at Sloane Grammar School in Chelsea. He left school aged fifteen and later became a postman. He has been involved in representing employees at local and national level since 1976, and was the General Secretary of the Union of Communication Workers from 1993 to 1995 and Joint General Secretary of the Communication Workers Union from 1995 to 1997. He was also a Member of the General Council Trades Union Congress from 1994 to 1995 and a member of the Labour Party National Executive Council from 1995 to 1997.

No-one doubts that excellent head teachers make excellent schools, and the same is true for leadership in universities and colleges.

## The skills gap

Most employers realise that their greatest asset is their workforce, and that the value of a workforce can be measured by its skills — both current and potential. Over the next decade the demand for a highly-skilled workforce will increase, and here the UK's international competitors are ahead of the game. According to the OECD, output per hour is currently around 25 per cent higher in the US and Germany. It is more than 30 per cent higher in France.

Strong and visionary world class leadership is essential if the UK is to sustain and improve upon its competitive edge. The price of failure is high. The learning and skills sector is key to our declared goal that, by 2010, the UK will be seen as a world leader in developing and deploying management and leadership capability.

'Realising Our Potential', the Government's Skills White Paper published on 9 July 2003, sets out to bring together all skills programmes, policies and key partners into a single coherent structure. It aims to put employers' needs centre stage, to motivate and support learners, and to ensure that colleges and other learning providers are offering the kind of training that is actually in demand.

The Confederation of British Industry's Digby Jones said of the strategy: '(Secretary of State for Education) Charles Clarke is right to recognise the role of employers, and is giving them a greater say in the content and delivery of training programmes. For too long there has been a mismatch between the needs of employers and the services of training providers.'

## Government's role

The post-16 education sector therefore has a huge responsibility, and it is vital that Government does all it can to enable it to deliver. In recent years, a wide range of initiatives have been funded and promoted. Yet little attempt has been made to connect programmes in different areas, resulting very often in duplication of effort and a failure to learn from good practice.

Government's role is to create the necessary climate for the sector to transform, enabling a flow of ideas between the private and public sectors, and — crucially — doing all we can to encourage and support leadership.

## Importance of leadership

No-one doubts that excellent headteachers make excellent schools, and the same is true for leadership in universities and colleges. However, until now, the UK has had no national centre with responsibility for the training and development of leaders in post-16 education.

The great university deans of the 19th and early 20th centuries got by without attending classes on leadership; but their world was very different from ours. Nowadays, links between the education sector, business, local communities and foreign institutions, are vital for the success of our colleges and universities (as well as for the UK's economy as a whole).

In this more complex world, the art of leadership is no longer something that can be taken for granted. Even the most innovative and inspiring leaders need support and training in the latest techniques. Intuition and hands-on experience are not enough.

## Leadership and education – continued

### The Centre for Excellence in Leadership

The Centre for Excellence in Leadership opened in October 2003, with a remit to provide innovative programmes and services to leaders within the learning and skills sector:

The Centre is at the heart of the Government's Success for All reform agenda. Its aims are

- to improve the customer focus of the Learning and Skills sector
- to ensure consistently high quality teaching, training and learning, and
- to develop the capability of the Learning and Skills sector workforce.

The Learning and Skills sector is central to the Government's broader aims of social justice and economic success, as well as to our agenda for 14-19 excellence, widening entry to Higher Education, basic skills and workforce development.

### How will it work?

Aimed at leaders in all post-school organisations, the Centre draws together unrivalled expertise in order to contribute to greater collaboration and successful development across the sector. Whilst promoting a unified post-16 sector, the Centre will recognise the distinct needs of each of the sub-sectors: further education, higher education, work-based learning, and adult community learning.

There is no room for dogma when it comes to excellence. What's good is what works, and the Centre will draw on good experience wherever it can be found, in both the public and private sectors. It will emphasise transformational leadership – focussing on changing the culture of institutions, rather than simply teaching management skills.

Research and publication will be vital if the Centre for Excellence in Leadership is to achieve its goal of becoming an internationally recognised institution in the field. A major part of its budget will be devoted to research. This will be of international scope, and the Centre will learn from examples of good practice in the USA, Australia, Scandinavian countries, the Netherlands, and Germany.

The Centre will therefore provide an opportunity to address the weak evidence base that exists about the nature of leadership and management in the sector. The research programme will focus initially on what works effectively in developing leaders, what skills leaders employ, how these impact on organisational culture, and what the impact of leadership behaviours is on the workforce.

The opening of the Centre for Excellence in Leadership coincided with the start of a joint Government/Centre consultation exercise. Entitled 'Developing the Leaders of the Future: A Leadership Strategy for the Learning and Skills Sector', its purpose is to seek out views on the programmes being offered by the Centre.

This step recognises how vital it is to encourage open-minded input from all interested parties, and to take on board good ideas, whatever their source.

### Leaders of the future

Almost half of the senior managers currently working in the learning and skills sector are due to retire within the next ten to fifteen years. It is therefore essential that we begin looking for new talent now, and widening the scope of our search to include talent from previously untapped sources. One of the most important roles of the Centre for Excellence in Leadership will be to encourage applications for teaching and managing posts from a diverse pool of candidates.

The Government's function is to set the policy framework and support national initiatives – such as the Black Leadership Initiative in Further Education. The Centre complements these activities by offering employers positive action programmes, as well as by monitoring recruitment, mentoring, and staff development programmes.

The next generation of college leaders must reflect the changing face of the nation, the increasing flexibility of its labour market, and the diverse strengths of its people.

### What will success look like?

A successful transformation of the learning and skills sector will result in:

- Increasing professionalism in the sector – through a more structured qualifications framework, better systems of continuing professional development, and better developed professional bodies.
- Appropriate financial and professional incentives for those taking on the challenge of leadership.
- An increased flow of ideas, with sector leaders given the opportunity to feed their ideas into the wider policy debate. This will be accompanied by an increased flow of both information and professionals between the public and private sectors, and within the wider public sector.
- Leaders recruited from a broad range of backgrounds.

All of this will lead in turn to an improved status for vocational education, and recognition of its central role in contributing towards the economic well-being of the United Kingdom and the personal fulfilment of its citizens. Which can only be to the benefit of employers.

**The next generation of college leaders must reflect the changing face of the nation, the increasing flexibility of its labour market, and the diverse strengths of its people.**

# VMS DYNAMICS

Sara Moss



Sara Moss is Co-Founder and Partner of The Code Works Inc. ([www.thecodeworksinc.com](http://www.thecodeworksinc.com)), a Silicon Valley-based technology consulting and software development firm, where she leads staffing industry technology strategy, consulting and integration engagements.

Moss has successfully directed the planning, engineering, and implementation of several large-scale, enterprise software development projects. Sara's areas of subject matter expertise include web-based and wireless application development, HR-XML based data exchange, and Vendor Management Systems (VMS).

Sara's knowledge of the VMS space has been honed while consulting to large staffing firms on how to leverage technology to streamline the services procurement process. Moss has contributed a white paper, "Staffing Firm & Technology Considerations in contingent Workforce Management", to the HR.com VMS Buyer's Guide, and has written a number of articles on the subject of services procurement.

Moss has had experience with a number of the HR-XML standards, including Staffing Exchange Protocol (SEP), Staffing Industry Data Exchange Standard (SIDES), and Benefits Enrolment and can speak to the strategic and business drivers behind the use of HR-XML. She has utilised HR-XML at a variety of services procurement engagements including job board data exchange, VMS data exchange, and insurance benefits enrolment.

Sara has over ten years of professional services experience, consulting to multinational companies in Europe, Asia, Africa, and the United States.

## VMS Evolution

The development of Vendor Management Systems came about in the late 1990s — around the same time as job boards and online public talent exchanges. Whereas job boards and exchanges enabled job candidates to apply directly to job openings, there was clearly a need to facilitate competitive, online, and real-time negotiations between staffing suppliers and their clients

In 1999, a number of VMS firms were formed and venture-funded to develop Internet-based software targeting hiring managers. Hiring companies wanted the ability to create private marketplaces where they could pick the suppliers they wished to compete for a specific requisition. The mandate of VMS providers was to enable hiring companies to gather and evaluate competitive bids in response to contingent worker requisitions.

The great attraction of VMS to hiring companies is that VMSs automate key aspects of the procurement process. Before the web, it was nearly impossible to create a competitive environment for an individual job requisition, especially in the temporary market when the average time-to-fill is typically measured in hours, not days. Hiring managers didn't have enough time to evaluate faxed resumé or cvs from multiple suppliers in the timeframe required. VMS's web-based interface provided the mechanism.

## VMS Functionality

The expression eRecruitment is now an accepted term referring to the sourcing of candidates from online job boards. However, there is no parallel expression that is widely used to refer to the online sourcing of candidates from staffing firms. For lack of a better term, VMS is often used to refer to the processes, people, and technology involved in supporting employers' web-based sourcing of temporary, contract, permanent, and project-based workers from staffing companies.

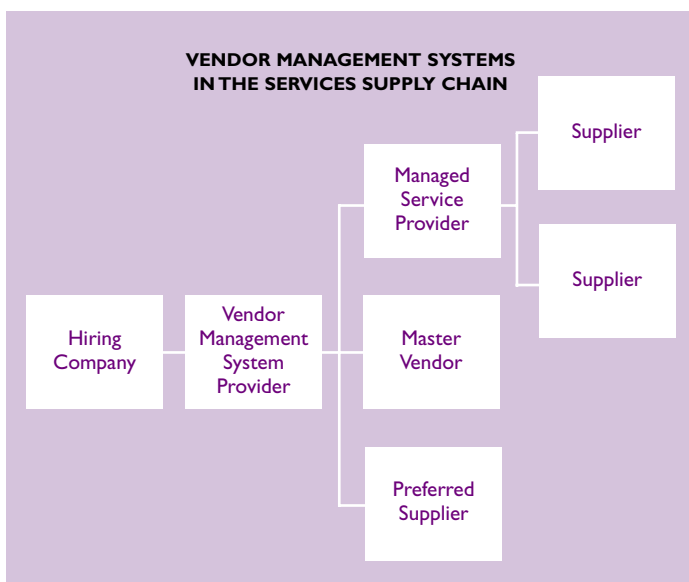
In actual fact, VMS are the software that facilitates the procurement of staffing services via the Internet. Hiring companies and their staffing suppliers use VMS software to facilitate e-procurement of human resources. Most large enterprises have a hundred (if not hundreds) of service suppliers that can be managed using VMS software.

VMS software includes order management, candidate management, time keeping, invoicing, and reporting functionality accessible via a web-based interface.

VMS software enables hiring companies to broadcast job orders to multiple suppliers. In most cases the VMS software allows staffing companies competing on an order to see each other's bids and a price war may ensue. This functionality is referred to as a reverse auction since suppliers are in a bidding war, not buyers. The ability to facilitate competition amongst multiple suppliers on an order-by-order basis was not possible prior to VMS automation.

In addition to order management, VMS enable suppliers to submit candidate information to hiring managers in a customer-defined web form. Hiring managers are able to review all the consistently formatted submissions. They may then choose to interview the candidate, negotiate price further; request background checking, which are all accomplished through the software.

Once a candidate has been selected, VMS provides the mechanism to capture their timecard information. Timesheet approvals and rejections can all be managed online.



### KEY VMS EVALUATION CRITERIA

- Vendor neutrality
- Low cost/fee solution
- Financially stable vendor with long customer list
- Customer service focus, willingness to incorporate feature requests
- Extensive technical architecture
- Core feature set, proven system performance
- Risk management and government compliance features
- Candidate screening and ranking capabilities
- Breadth of service procurement categories supported
- Software facilitates direct and interactive contact with suppliers
- Configurable workflow
- Willingness to integrate with other applications, both loose and tight integration
- HR-XML SIDES compliant data exchange
- Supplier-friendly product
- Intuitive user experience
- Internationalisation capabilities and solutions
- Proven implementation track record

Time entry data is shared with the billing module of the VMS to facilitate supplier invoicing. VMS vendors state that suppliers are actually paid faster when supplying via VMS since time and billing components are integrated. There are notably fewer complaints, discrepancies, and adjustments in an e-procurement environment.

Consolidated reporting is one of the strongest drivers for the use of VMS software. Large enterprise customers often lack visibility into their spend on services, and utilise VMS reports to build a picture of their contingent labour and consulting expenditures.

#### Costs & Benefits

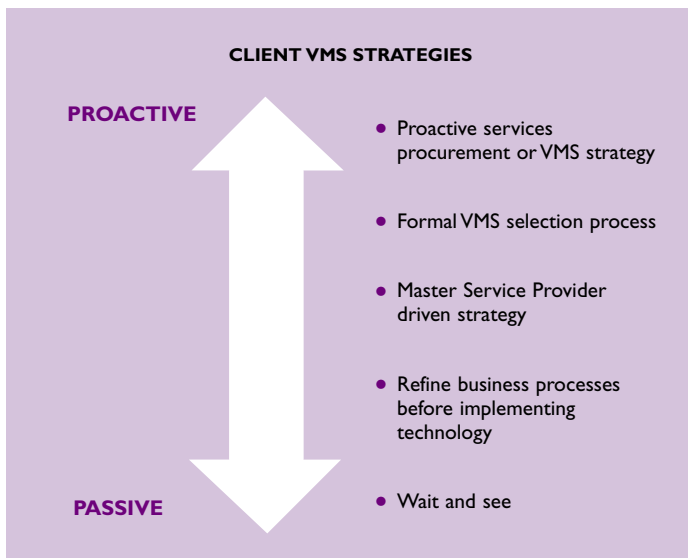
By implementing VMS solutions, large enterprise customers have realised and publicly announced cost savings in the range of 10 to 20%. Savings are achieved through the reverse auction components mentioned earlier, but also through the automation of manual processes. Candidate profiles are no longer received via fax or email. Manual data collection and assimilation for reporting is also reduced. Data can be extracted from the VMS for import into financial and enterprise resource planning systems for consolidated, corporate reporting.

VMS providers will configure their software for new customers for little or no payment, and these implementations typically take between 6 and 12 weeks, depending on the complexity of the configuration and the uniqueness of the business process being automated.

Most VMS providers host their own software applications and make them available for 2-3% of the total customer spend transacted over them. This model is referred to as a transactional fee model. In today's environment, where customers expect more and more value-added services free-of-charge, VMS is no exception and the vast majority of VMS programs are supplier-funded.

While VMS solutions may sound very appealing, they do not come without a cost. According to CAPS Research, "organisations' capabilities to source, procure, and manage services lag significantly behind goods procurement." (The complete report, released in 2003 is "Managing Your Services Spend in Today's Services Economy" (Tempe, AZ: CAPS Research/Institute for Supply Management, 2003).) Supply chain management lessons learned and best practices have not yet been applied widely to services procurement. Customers are focused on avoiding an outlay of cash, forcing suppliers to pick up the bill. Suppliers, hoping that VMS solutions will disappear, now realise that VMS are here to stay and are seeking ways to reduce the cost of fulfilling customer orders using this channel. Savvy customers will work out that while the cost savings associated with VMS-based fulfilment is attractive, it is in their best interest to work with VMS vendors and suppliers to minimise the cost of the end-to-end procurement process.

As you may have already supposed, currently available VMS functionality and business models are best suited to very large enterprise customers with high volume, high transaction needs. VMS can help these enterprise customers manage their large services supplier base. VMS software enables hiring companies to establish a tiered supplier base including support for master vendor, managed service provider, and customer self-service models.



The ability to integrate systems and share key data is critical in increasing the efficiency of the process and for generating complex reports and business intelligence.

### Evaluating VMS Vendors

According to staffing industry analysts, VMS systems have been gaining popularity in the US since 1999 and there are over 70 vendors offering VMS software today. With all of these options it can be very difficult to know how to identify best-in-class solutions.

Only a handful of VMS vendors have any sort of international capability, but with aggressive 2004 development plans, true global capabilities are expected shortly. The largest staffing companies are able to supply staff on a global basis and enterprise customers are increasingly demanding that their VMS providers enable a global services procurement channel. Vendors all agree that adapting US-centric software to handle multiple languages, currencies and value added tax rates is the easy development effort. Supporting each country's unique legal requirements, business processes, and terminology is in orders of magnitude more complex. Clearly, VMS software vendors are aiming to be global, enterprise-wide solutions for services procurement and manage the full breadth of services every large organisation requires.

**Breadth of services supported.** As procurement officers and HR executives aim to track and control services spend, communication between enterprise systems is increasingly important. Along those lines, leading VMS providers have worked hard to expand support to include the procurement of project-based, offshore, contract, and permanent workers in addition to temporary hires.

**Enterprise-wide integration.** The processes automated by the VMS must hand-off data seamlessly to users and other enterprise systems. It is common for large enterprise customers to pass financial data, payroll data, and job assignment information to other software applications. VMSs have the ability to be integrated with other enterprise systems and data sources. The ability to integrate systems and share key data is critical in increasing the efficiency of the process and for generating complex reports and business intelligence.

**Configurable procurement process.** Since they are the glue between employers and suppliers, Vendor Management Systems each have their own implied business process, which must be customised to meet each enterprises' needs. In addition to driving the staffing procurement process, the VMS enables key functionality like routing requisitions to regional suppliers and routing candidates to the appropriate HR Manager. Ensuring that the VMS fits into your unique hiring process and technology environment is not a simple matter.

The most common customer strategy today is to look to a managed service provider or master vendor to bring their VMS solution with them effectively making the VMS decision on the customer's behalf.

#### Key Trends

Two recent announcements are of key interest and will certainly change the international VMS dynamic. On September 22, 2003 Vedior, Manpower, and Adecco announced their commitment to building a staffing firm funded VMS to support the French market. This staffing consortium driven initiative will enable the French market to benefit from the functionality of VMS software at a minimal cost. The consortium led project is the first of its kind, demonstrating that fierce competitors can demonstrate cooperation when it is cost effective for the services supply chain. It will be interesting to see how the French VMS platform and the consortium business model affect the VMS market, particularly in Europe.

On October 20, 2003 Peoplesoft announced the release of version 8.8 of its Service Procurement module, which includes their VMS product. The entry of a leading ERP vendor into the mix will also prove to shake up the international staffing e-procurement market. So far, venture capitalists and large staffing firms have funded the majority of VMS software development. Over the past decade, ERP vendors have demonstrated their financial stability and have honed their internationalisation capabilities. These two critical business capabilities coupled with the promising Service Procurement product plans, are already enticing large enterprise customers, like IBM.

#### Enterprise VMS Strategies

With all the players, vendors, and suppliers in the services supply chain; it can be difficult to focus on the reality that the large enterprise customers control the market. Customers implement a wide array of VMS strategies, ranging from the passive to the proactive. The most common customer strategy today is to look to a managed service provider or master vendor to bring their VMS solution with them effectively making the VMS decision on the customer's behalf. A much more proactive strategy may include analysing potential cost savings, considering all services spend (not just contingent labour), identifying e-procurement requirements and reviewing VMS options alongside your top tier suppliers. Another valid strategy is to analyse your services supply chain processes to identify best practices, and apply procurement lessons learned streamlining the process. From this experience, you'll be able to identify automation opportunities and develop a strategic plan.

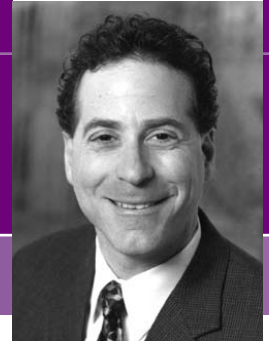
Staffing suppliers are becoming increasingly proactive in an effort to reduce costs associated with order fulfilment using VMS software.

#### Conclusion

Enterprise companies, VMS vendors, and staffing suppliers have all recognised the important role that vendor management software plays in the employment supply chain. While there has been much debate over the last few years, it is now clear that VMS technology will continue to play a vital role in the services supply chain because it provides substantial cost savings to hiring companies. Across the board, VMS vendors have aggressive plans to internationalise their software in 2004 to support the global requirements of their large enterprise customer base. VMS buyers can expect to see much more consolidation of the VMS market, especially as the Vedior, Manpower, Adecco consortium and Peoplesoft Services Procurement efforts ramp up, creating more pressure on existing software providers to extend their capabilities. Staffing suppliers are becoming increasingly proactive in an effort to reduce costs associated with order fulfillment using VMS software. Enterprise customers are also becoming increasingly proactive as they focus on applying global procurement best practices to the services supply chain in an effort to reduce costs, increase efficiency, and more tightly manage their services spend.

# AGREEMENT TO EMPLOY

Michael Sheetz



Michael Sheetz is a partner and Chair of the Litigation Department at the Boston based law firm of Gadsby Hannah LLP, where his practice focuses on business litigation, employment law and counselling of senior business executives. A member of the American Bar Association, he was educated at Tufts University and Georgetown University Law Centre. Michael has defended and prosecuted dozens of cases involving non-competition agreements throughout the United States. He is a frequent contributor to a number of publications and has long been active in the Anti-Defamation League, currently serving as a member of its National Executive Committee.

When setting up employment agreements, the first step should always be to define your business interests.

The business world has changed drastically in the hundred odd years since the American merchant Marshall Field declared that "goodwill is the one and only asset that competition cannot undersell or destroy." Nowadays few companies leave business goodwill unprotected from competition, just as they wouldn't dream of posting confidential information on the Internet. As the nature of business changes ever faster (and employee loyalty becomes less and less common) companies are learning to use all available tools to protect their interests.

This is especially true in the United States where the employment relationship is at will – i.e. employees may leave their job at any time for any reason, just as an at-will employer may terminate an individual's employment at any time for no reason at all. No wonder then that employment agreements are increasingly carefully drafted. But what happens when an employee leaves a company? As some employers have learned the hard way, it is never too early to think about a parting of the ways.

When setting up employment agreements, the first step should always be to define your business interests. The mistake made all too often by businesses is the use of a restrictive covenant that bans a departing employee from any competition with the company whatsoever. Covenants that ban all competition are simply (and reasonably) not enforceable - only unfair competition may be restricted. So in order to draft an enforceable covenant, you must first determine what type of competition would be unfair by fashioning a real world definition for the scope of your business. Courts have refused to enforce terms such as "territories" or "activities" because these were undefined.

Next, be precise - analyse an employee's responsibilities and the activities in which he or she is engaged and set out those definitions clearly in the agreement. A staffing company, for example, should not state merely that an employee may not compete in the "business of the company" but more specifically state that he or she may not compete in, for example, "the placement of temporary or permanent professionals in the finance and accounting field." Clarity of forethought will avoid not only unenforceability of a restrictive covenant but will also ensure that a court is satisfied that an ex-employee understood the limitations at the time of signing his or her contract.

## Agreement to employ – continued

Bear in mind that shielding a business from a worthy adversary is not a legally protected business interest in the United States. A general non-competition provision may in reality be the least effective in protecting business assets because it conflicts directly with an individual's ability to make a living. Other more precise clauses, such as non-disclosure and non-solicitation of customers and employees together with a narrowly drafted non-competition provision, are collectively much more effective in achieving the goal of protecting business assets.

A non-disclosure provision, as its name implies, protects confidential information from disclosure by the ex-employee, but again be specific: the provision should contain a thorough definition of confidential information to which employees are exposed, including specific examples of the type of information involved (e.g. client names and contact information). Employees must acknowledge that they were made aware of the sensitive nature of such information in the first place.

### Once you have drafted your “perfect” employment agreement, take some simple steps to assure that it is effective and enforceable.

Likewise, a non-solicitation provision is geared not at preventing a former employee from engaging in a business that competes with yours, but rather at prohibiting them from doing business with (or even approaching) your company's clients. So an effective non-solicitation provision defines explicitly and precisely those types of companies, clients or other individuals that are the subject of the restriction. The provision should clearly define the stay-away period, be it three months or two years.

It is not just approaches to former clients that should be borne in mind but also internal employees. Your employees are a valuable asset to the business and deserve the same type of protection as confidential information and goodwill. Much like non-solicitation provisions for clients, “non-poaching” provisions should be specific and well defined – for example, remember to include former as well as current employees.

Finally, think outside the box: restrictive covenants should not just be for sales people who have exposure to clients but applicable to the contracts of all key employees. A company's controller, head of human resources or information technology director have as much (if not more ability) to wreak havoc on goodwill and sales than any star salesperson. The controller knows the company's profit margin, discounts and can rattle off the best and worst paying clients from memory. The head of human resources knows how much a company is paying its key employees, what the raises and incentive packages are and which employees are most vulnerable. The information technology person holds the key to all of the company's information by virtue of the company's administrative passwords.

Once you have drafted your “perfect” employment agreement, take some simple steps to assure that it is effective and enforceable. It is much more difficult to enforce a restrictive covenant when the original executed agreement cannot be found! A single executive of the company, usually the head of human resources, should be responsible for developing procedures to safeguard personnel files in general and employment agreements in particular.

If it does come to seeking to enforce a non-disclosure agreement, then the companies' lawyers will have to demonstrate that the company treated its business data as truly “confidential”. Companies should always take the steps necessary to extend physical protection to their confidential information. Simple protections include issuing passwords to protect databases, limiting the type of information to which individuals in different positions and servicing different markets have access, limiting administrative passwords, maintaining locked offices/building after hours, and limiting the ability of individuals to print information from their desktops or at least tracking significant print jobs. The company must also have a well-announced policy regarding the acceptable uses of and access to confidential information.

## Agreement to employ – continued

In order to be enforceable, a restrictive covenant in an employment agreement must be supported by consideration. Where an employment agreement is executed at the inception of the employment relationship, this is not commonly challenged – employment being accepted as sufficient consideration. In some states, such as Massachusetts, continued employment of an at-will employee will also be seen to provide sufficient consideration. However, the prudent path to follow where an employee is already in the company's employ (or where the individual is not an at-will employee or in states where continued employment is not viewed as sufficient consideration) is to offer additional consideration at the signing of a new agreement, whether that be a pay raise, a promotion, a bonus, change in benefits or stock options.

**In particular, always ensure that before accepting the job offer a potential employee is made aware that it comes with certain restrictive agreements.**

Then there is the defence of duress, where a former employee argues that the employment agreement was signed in a situation where he or she had no bargaining power and resulted from unfair pressure exerted by the employer. It is a difficult defence to pre-empt but certain precautions will likely diffuse its effectiveness. In particular, always ensure that before accepting the job offer a potential employee is made aware that it comes with certain restrictive agreements.

Once you have all your agreements in place, be prepared to enforce them. First and foremost, be vigilant – for example, upon hearing a rumour that an employee will be joining a competitor, check for any unusual conduct, including unusual e-mail traffic and print jobs, and then approach the employee with the information. The perception, either in-house or within the industry, that a company is unwilling or unprepared to take the steps necessary to enforce its restrictive agreements, immediately weakens the employer's situation, however good the agreements. When an employee does announce their intention to separate from the company they should routinely be reminded of his or her obligations to the company, both verbally and in writing, and be given a copy of their employment agreements.

And be prepared to act fast, especially where a former employee is found to be competing, soliciting employees or clients or disclosing information. Any delay undermines the company's argument to court that the restrictive covenants are necessary protection and significantly reduces the probability of obtaining injunctive relief to prohibit the conduct.

Finally, the golden rule of do unto others etc. applies in the employment context as well – so respect your competitor's agreements. Upon hiring an individual with a restrictive covenant, instruct him or her not to use any confidential information, to abide by their former employment agreement and not to recruit any of their former co-workers or go directly after their former clients. Equitable relief does not issue to parties with unclean hands.

## THE POTENTIAL IN BRAZIL

James Hutchinson



James Hutchinson is the Managing Partner of *RH International*, which began operations in 1990 and became a member of the Vedior Group in 2000. The company has seven branches throughout Brazil, providing temporary and permanent staffing plus *Telesources*, its first venture into specialisation.

James, or Jim as he is known, was born and educated in Scotland but has spent most of his professional life in Latin America, including Argentina (9 years), Venezuela (2 years) and Brazil (23 years). Prior to the staffing industry, he worked in financial and general management positions, mainly in multinational corporations.

Vedior's growing Latin-American division, presently with operations in Argentina, Chile and Brazil, plans for further expansion in 2004.

### **Q. How does Brazil stand out from the rest of Latin America?**

**A.** First, and perhaps most importantly, it is a vast country. In land mass terms alone it combines Argentina, Columbia, Mexico and Peru put together, plus a little bit more. Of course, huge areas of this land are either not used or are unusable; there are vast tracts of jungle. But we have ten cities, each with more than one million inhabitants, and a total population of 178 million, with a young age profile.

As a result it has huge potential, but also a lot of current economic issues. In terms of GNP it dropped from the eighth largest economy in the world five years ago to the current ranking of 15th, with last year a figure of US\$450 billion GNP. And this year (2003) economic growth to October has been practically zero, which is obviously very worrying.

There have been many successful privatisation programs, especially across the utilities and telecommunications sectors, which has meant that a far wider range of goods and services are now available to the general public.

### **Q. So what do you think is currently holding the country's economy back?**

**A.** In recent history Brazil has had an unstable economy, with huge budget deficits brought about to a great extent by a virtually unworkable social security system. There is a history of devaluation and inflation and occasionally astronomical interest rates, all within the context of a complicated and punitive tax structure. The laws can seem archaic and due to the complexities of the parliamentary system they are difficult to modernise. There is too much bureaucracy and corruption is also a problem. Compounding the situation are the great social inequalities and a poor public school education system, especially at the lower school levels. And yet, despite all of these issues, it is a great country to do business in, with enormous potential.

### **Q. So what would you say to encourage foreign investors?**

**A.** There is certainly good news coming out of Brazil. For the past twelve years there have been democratically elected governments, which is quite an achievement in Latin American terms. Inflation is apparently now under control, with IMF forecasts of 6.4% for 2004 — which again is a major accomplishment, especially for those of us who remember the inflation rates of up to 80% per month some years back.

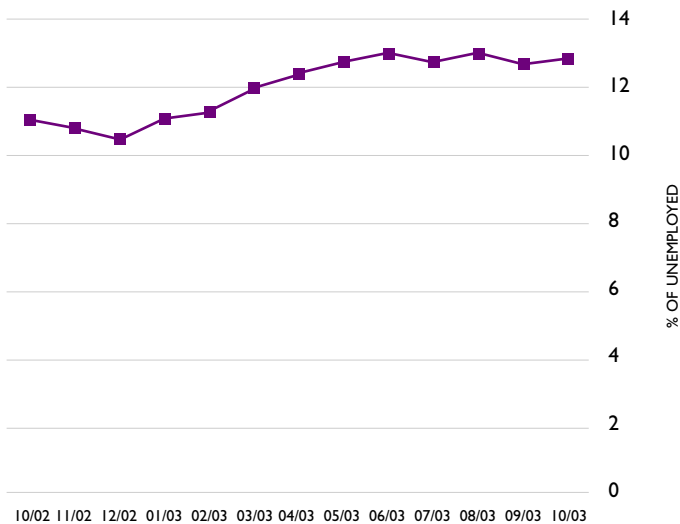
There have been many successful privatisation programs, especially across the utilities and telecommunications sectors, which has meant that a far wider range of goods and services are now available to the general public. And in recent years there has been a considerable amount of foreign direct investment — US\$31 billion in 2000 alone, and US\$16 billion in 2002.

### **Q. What is attracting overseas players to Brazil?**

**A.** Brazil is one of the countries in the developing world where key companies simply have to have a presence, the others usually mentioned being China and India. The two main reasons are scale and even more importantly potential. Brazil is already a major world player in terms of commodities. Its oil production is 1.5 billion barrels of crude a day. Mineral production has tripled in the last five years. The agricultural market is also increasingly important, with soya, beef and white meats all being widely exported. There is a lot of foreign participation in the pharmaceutical industry. And there is a very solid and efficient banking system, which in my own personal view in many ways works better than that in the US or Europe.

## The potential of Brazil – continued

UNEMPLOYMENT IN BRAZIL



Source: IBGE

We entered the call centre market a couple of years ago and this has already proved a tremendous success. Within call centres, the level of staff turnaround is high, which is a process we can help to manage for our clients.

### Q. And what about the local labour force?

**A.** One of the biggest plusses of working in the staffing services industry here is that Brazilians have a lot of initiative and a great deal of enterprise. Just take the example of Internet use: it has been truly embraced, to the extent that 90% of income tax declarations are submitted by Internet. You will find Internet connections in the worst of the shanty towns and indeed we ourselves don't use any paper for applications for even the lowest skilled jobs — all applications are by Internet. It's a young country, and a highly computer literate one.

### Q. So what are the biggest employment issues at the moment?

**A.** The most obvious one is the level of unemployment, up overall from 11% last year to 13% in October 2003. And the problem gets worse on a localised basis — in Sao Paulo for example unemployment currently stands at more than 15%. This creates a wide range of social issues, with crime being a particular concern. And although there is a large labour pool, they are mostly at best semi-skilled.

### Q. What can companies such as yourselves do about this?

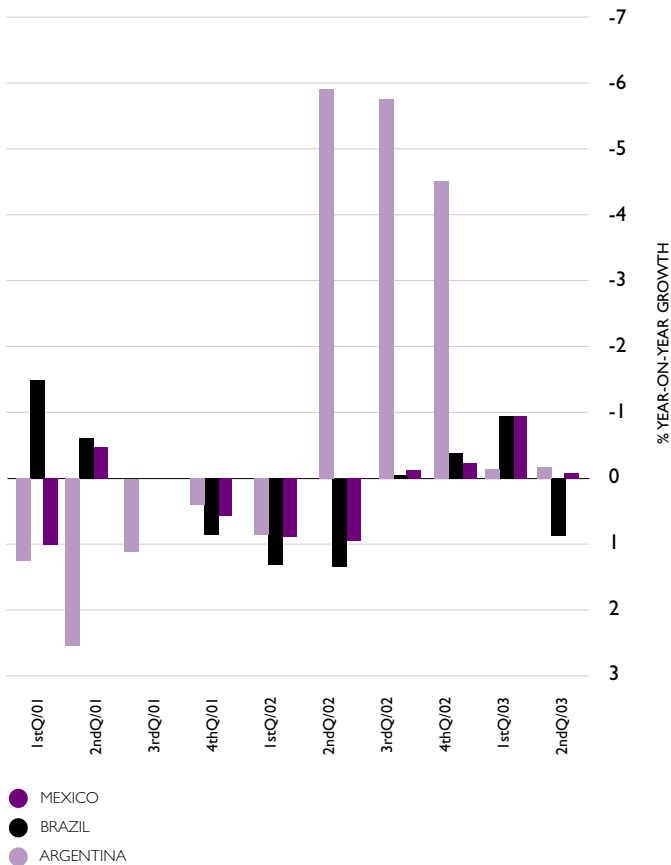
**A.** Due at least in part to the high levels of unemployment, temporary jobs are in great demand here — so much so that we often have to process some 200 to 300 applications for just 10 new posts. Although we started out as a generalist staffing services company, we are increasingly turning towards specialisation, a relatively new concept within the Brazilian marketplace. We entered the call centre market a couple of years ago and this has already proved a tremendous success. Within call centres, the level of staff turnover is high, which is a process we can help to manage for our clients. And we are also now looking at outsourcing for more skilled sectors, such as payroll services, as well as importing talent for the major skills gaps areas, such as the oil and gas industry.

### Q. How does the Brazilian government view the staffing services market, and especially temporary work?

**A.** Temporary labour was regulated here as far back as 1974, which makes us an exception within Latin America — but also means we now have trouble modernising the laws. For example, the current legislation limits the length of a temporary employment contract to just six months. There is a draft currently going through Congress to amend the laws but it has now been under discussion for some six years and looks no closer to being passed. It is fair to say that the current government is mildly suspicious of the temporary labour market.

## The potential of Brazil – continued

GDP GROWTH IN SELECTED LATIN AMERICAN ECONOMIES



Source: PriceWaterhouseCoopers, UK Economic Outlook, Nov 2003

It is estimated that there are currently one million temporary workers in Brazil and that only reflects the locally regulated workforce.

### Q. Yet temporary labour is currently an important element of the workforce?

A. Certainly — it is estimated that there are currently one million temporary workers in Brazil and that only reflects the locally regulated workforce. There are several million others working in outsourcing and cooperatives. Then there are large numbers employed by companies operating outside the system, who choose not to comply with the social security obligations. The government is however becoming more efficient at cracking down on such operators, which means that end of the market is in a constant state of flux. Even for companies such as ourselves, who operate strictly by the law, we recently had a Social Security auditor here for ten months. But then we welcome that because unless we are on top of all the regulations our clients could suffer.

### Q. So what would be your main tips in the area of HR to those outside companies looking to do business in Brazil?

First and foremost, understand the labour, tax and social security laws — they need a lot of specialised care and attention. The cost of employment here is high — we work on the basis of doubling nominal salary in terms of effective cost. For example, benefits packages such as payment of travel to and from the place of work, as well as a “13th month” salary, are obligatory. Counterbalancing that, salaries here, especially at the lower skilled end of the market, are extremely low, compared to Europe.

One particular issue is that labour claims are a massive industry here. There are currently over 1.5 million a year, whereas in the US (despite the difference in population size) the figure is just a fraction of that. Lawyers here work on a success fee basis which means many employees are encouraged to take on their previous employers, and in the context of the legal systems these claims can take years.

Legal issues aside, the most important point I would suggest is to have Brazilians as your top people, wherever feasible. It's not just a question of language, although that is obviously vital, but of cultural understanding. Many foreign investors have failed due to their inability to pick up on local ways of doing business.

### Q. And what of the potential for the staffing services industry?

A. This is an occasionally frustrating but also an exciting country to do business in. There is a lot of volume and huge potential. And above all here in Brazil we are very flexible.

*Jim Hutchinson spoke to Sarah Woodward, Editor of the International Review of Employment.*

# THE CORPORATE VIEW FROM BRAINBENCH — MANAGING SKILLS IN A GLOBAL ENVIRONMENT

Ian Strain



As Senior Vice President of Global Sales & Marketing for online skills measurement company, Brainbench, Ian Strain has extensive experience correlating the impact of well-targeted career development programs with measurable results. Coming from a long career in IT Management, Sales and Marketing Management, and Executive Business Management, Ian joined Brainbench in August 2001. He has been instrumental in helping Brainbench capitalise on a powerful business premise: what gets measured gets managed. He has applied that focus to help Brainbench develop solutions that enable individuals and organizations to more efficiently gauge, quantify and qualify their skills.

With 13 years experience in managing UK based IT organizations for Sterling Winthrop and Thomas Cook, and a further 14 years in executive positions in the high-tech industry with Sterling Software and EMC, Ian has been a strong advocate of the use of technology to accelerate learning and increase skills development. Strain was a resident of the UK before relocating to the US in 1993.

For the existing workforce, there is a greater focus on employee development. There are many ways to improve retention, and often they're not obvious.

**Q. It seems that business leaders and executives are becoming increasingly aware of the importance of their human assets to the success of their mission. What kinds of issues do you see in finding and retaining a qualified workforce?**

**A.** It's significant to point out right at the outset that we have seen a marked increase in Human Capital improvement projects that are commissioned directly by CEOs and other senior executives. This trend highlights a renewed realisation that the quality of the workforce has a direct impact on an organisation's ability to achieve its mission. You would think that this would be obvious, but for several years there was more focus placed on technology than on people. Company leaders have woken up to the fact that too little attention has been paid to succession planning, leadership development and skills development of the general workforce.

As you can imagine, there are several human capital issues facing today's organisation - an ageing workforce, a need to re-engineer skills from old to new best practices, increased mobility in some markets and reduced mobility in others, higher than acceptable turnover in key positions, and a real drive in certain markets to do more with less. A manifestation of this last point is the trend among corporations in the highly developed economies to find new sources of "knowledge worker" talent in India, Eastern Europe and other similar markets.

The need to find new sources of talent is not so much a trend; it's more a fact of life. We all work in a global economy where mergers and acquisitions bring continuous change in a corporation's human capital inventory. This means that HR people need to be responsive to this dynamic by supporting the lines of business through services that enable the rapid identification of talent, and the deployment of that talent to the areas of the business where they can deliver maximum value. No small challenge.

**Q. How do you see companies changing their approach to workforce management? What tactics are driving the competition for talent?**

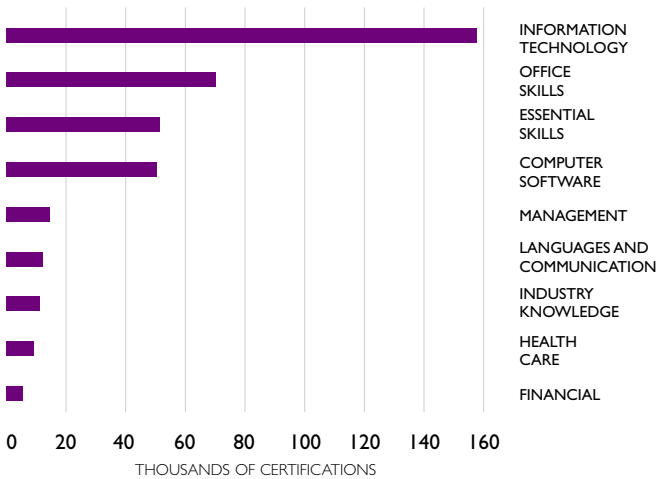
Companies can no longer take a passive role in managing the makeup of their workforce. Markets evolve too quickly for that. That's why we're seeing a more concerted effort to cultivate talent from within.

First, for the existing workforce, there is a greater focus on employee development. There are many ways to improve retention, and often they're not obvious. For example, one of our clients is a large financial services firm that needed a better way to keep its top IT talent in-house. The problem, very simply, was that senior level programmers were literally running out of career milestones beyond a certain level. Yet the company needed their skills and experience. We were brought in to help them develop the skills milestones for helping IT administrators advance in their careers without leaving the company. It's a lot more effective, and a lot less expensive, than losing skilled employees and then going out to replace them.

Anytime you can provide employees with job definition and career direction, you're going to get better retention and performance. That's why companies have embarked upon competency modelling initiatives over the past few years. Despite some bad press about over-engineered efforts in the past, companies are embracing the need to accurately define and measure skills needed for a job role, and they are doing a much better job of it today.

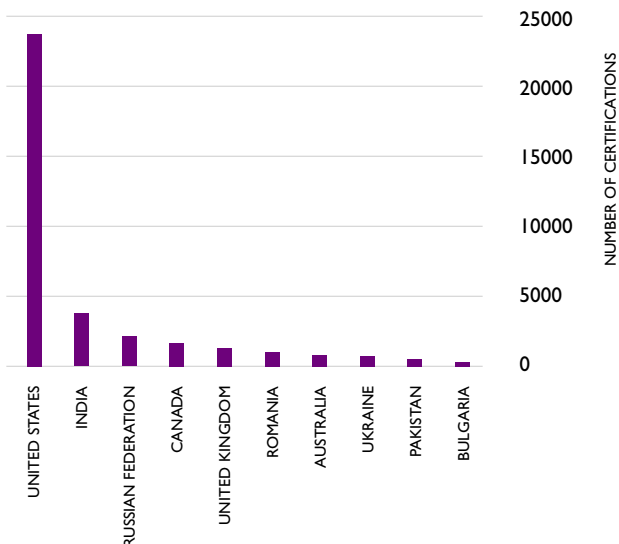
The corporate view from Brainbench — managing skills in a global environment – continued

WORLDWIDE BRAINBENCH CERTIFICATIONS BY CATEGORY



Source: Brainbench

TOP 10 BRAINBENCH CERTIFICATION COUNTRIES



Source: Brainbench

**Q. You mention employee development as a critical success driver for most companies. But staffing companies face different issues, don't they?**

**A.** Not necessarily. We are seeing staffing companies start to take an active role in the development of their consultants. These professionals may not be following a path toward permanent placement. Instead, they want to grow within the framework of the staffing engagement. That is, they will develop and advance toward career milestones set by the staffing company. The employee continues to grow, and the staffing company benefits from that growth by making more valuable engagements.

The idea of career development within the staffing company is not new, but it is also not as well established as in the corporate environment. However, I think that the nature of the staffing industry will continue to further this emphasis on development. Engagements are very skills-intensive. Technologies evolve quickly, and the staffing professional is willing to take that opportunity to grow and gain the skills to work with the product of that evolution. Clients are looking for proven skills, and staffing companies will continue to refine their ability to provide them.

**Q. What effects are you seeing from globalisation on the recruiting organisation?**

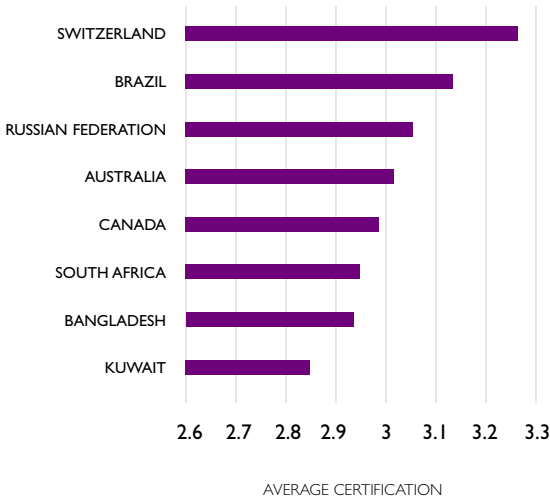
**A.** Simply put, the recruiting process is now more candidate-heavy than ever before. Professionals can find your job postings online. They may come from anywhere in the world. They may go to your website, to a job board, or to an online job fair. In addition, they'll come through other avenues, such as internal recruiters, traditional classified ads, or headhunters - the possibilities seem endless. The end result is that recruiters need better ways to sort through the candidates, and the most basic screening criteria are skills.

By requiring candidates to measure the skills needed for a posted position, organisations are accelerating the recruiting process and gaining better candidates. It's obvious that a simple skills test may weed out candidates more quickly and provide a tremendous advantage in recruiting speed. But we've also found another advantage: skills requirements add definition to a job posting, and often attract more skilled candidates. The result is a more qualified candidate pool.

This is exactly what happened during an online job fair we helped facilitate for The US Office of Personnel Management, a principle recruiting organisation for US government agencies. We found that the skills definitions actually resulted in a larger-than-expected candidate pool, while the assessments provided a vehicle for automating the pre-screening process.

The corporate view from Brainbench — managing skills in a global environment – continued

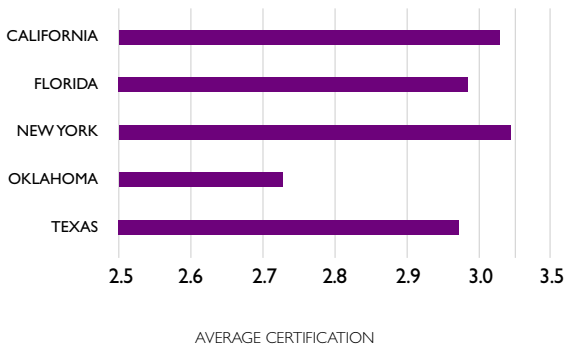
**TOP COUNTRIES BY AVERAGE SCORE**



Source: Brainbench

It is being recognised that objective measurement can be applied to knowledge, skills and abilities, and therefore it is possible to take stock of human assets in much the same way that you would for any other physical inventory.

**TOP FIVE STATES IN NUMBERS AND AVERAGE CERTIFICATION SCORES**



Source: Brainbench

**Q. How does the ability to measure skills apply to global business trends and opportunities?**

**A.** All of the issues and trends facing today's knowledge company lead to the need to understand what you have and what you need in the way of human assets, now and into the future. Metrics and corporate report cards are back in vogue - I think we lost our way there for a while during the Internet boom/bust period.

It is being recognised that objective measurement can be applied to knowledge, skills, and abilities, and therefore it is possible to take stock of human assets in much the same way that you would for any other physical inventory. You can also apply performance metrics to critical roles that impact the bottom line. So measuring and reporting individual and group performance becomes possible. Organisations are then able to focus on addressing identified variances as opposed to relying on gut feeling and guesswork.

**Q. The idea of measuring skill is not new. How is skills measurement different today?**

**A.** Naturally, the skills of employees represent a critical corporate human asset, yet it could be said that most companies know more about their inventory of office supplies than about the skills that drive their success. If an organisation can track employee skills with an objective measuring tool, an accurate skills inventory becomes possible. You not only know who has those skills, but you also know how well developed those skills are. You can identify where skills are lacking, and improve them accordingly. You can identify top performers, assemble better teams, or make better assignments.

The trouble is, companies have traditionally measured employee skills only in association with certain events—either as part of pre-employment applicant screening process, in association with a training seminar, or as part of an employee review process. You can't create and manage a skills inventory when testing is tied up with an event. The other barrier that is being removed is the belief that the measurement device — in this case a skills assessment — needs to be pen-and-paper based. For some reason HR departments have been slow to embrace web-enabled administration platforms for assessment. It's in these two areas where measuring skills is changing the most.

Today, companies are untying the test from the event, and they are implementing online pre-employment screening and career development systems. As a result, they are able to measure skills at any time. They can measure nearly any skill. They can deliver assessments repeatedly, and they can develop accurate metrics to track skills improvement. To a large degree, it's the advent of online skills assessment that is making this possible.

## BUILDING FOR CORPORATE SUCCESS

Russell Taylor



Russell Taylor is Group HR Director and a Board Member of Pentland Brands plc, a brand leader in sports, outdoor wear and fashion, with ten major footwear/clothing brands including *Berghaus*, *Kickers*, *Speedo* and *Red or Dead*. Pentland's newly opened corporate HQ in north London was recently awarded the "best of the best" award for a corporate workplace in the UK at the 2003 British Council for Offices Awards. With offices in Australia, France, Germany, Hong Kong, Italy, Thailand, Vietnam and the USA, Pentland employs some 2000 people worldwide, with 350 in its corporate HQ. Russell joined Pentland in January 2002; previously he has worked at ICI and Unilever, in Singapore, the UK and Belgium.

With a lot of discussion about work-life balance these days, we were also keen to make this a great place to work . . .

It's also crucial for creativity that they can take time out at work.

"The drive to build our new corporate headquarters came primarily from the fact that we had an old main office which we had largely outgrown and as a consequence a number of additional offices scattered over the north London area - and we didn't feel our set up was doing a lot for teamwork and communication. Our core values include passion, fun and creativity; and the working environment was certainly not encouraging these.

The brief to our architects GHM Rock Townsend was to create the best office in Europe for our sector - and we were very clear that we wanted to put our people at the heart of the workplace. We have a young age profile amongst our staff in London (averaging 32 years old) and are one of the UK's largest employers of designers and developers (around 100) in the sector so clearly the environment had to reflect the nature of the employees we wished to retain and attract. But it also needed to reflect the consumer we service, which we call the "virtual 19 year old" - anyone aged from 12 to 40 plus! We summed it up as building a campus in North London - a green oasis of creativity and innovation.

With a lot of discussion about work-life balance these days, we were also keen to make this a great place to work, rather than to go in the other direction and encourage our staff to work from home. Of course, we will always allow our staff to take time out off site for thinking creatively, especially on future projects. But we have succeeded in our aim of building an environment which our people actively want to come to work in. Three-quarters of our employees live locally in north London and we find, for example, they may come in early to use the on-site gym. We also have a fantastic on-site nursery, also by GHM Rock Townsend, which has clearly enabled us to keep talented people and is open to the local community.

It's also crucial for creativity that they can take time out at work. People can lose their inspiration. So there is an Internet café on site as well as a chill-out zone where they can play pool or table football - and there are tennis courts which are also well used for inter-brand 5-a-side soccer games. The lakeside restaurant is proving very popular. And the fact that we are surrounded by lawns does give it a campus feel - in summer time you see a lot of meetings taking place out on the restaurant terrace.

## Building for corporate success – continued

### TOP TIPS FOR SUCCESSFUL CORPORATE DESIGN

Mark Gabbey, Head of Interiors at architects Rock Townsend

- Throw out your preconceived ideas about labelling space. Whether it is the restaurant or cafeteria, the gym, or the area outside the rest rooms, it is somewhere where people meet and talk — so look at the whole space as a place to work/meet/communicate
- Fit the building to the type of company — ideally it should be like a well made suit, reflecting company values and needs
- By engaging with the architects at the inception you ensure that they understand where the company's priorities lie — and keep the dialogue going through the process
- Always make sure senior management are involved from early on in the design stage; they must take ownership
- Try to keep the space flexible as far as possible — the way people work changes over time and you don't want to limit yourself for the future
- Be a little more daring and avoid the easy office roll-out package — creativity pays!

Another great success has been our on-site department store, which for Christmas shopping is open in the evenings as well as the day time. Our staff can bring their families to shop and we also encourage community visits - for example, the local fire service. We have regular visits from schools and colleges in the area. It is also a wonderful place to take our retail customers and overseas licencees/distributors as it is the only store where you can see all our brands grouped together.

In fact, overall the building has been very successful in reinforcing our company values - you walk in and you get a sense of sport and fashion as well as a real buzz. I certainly have never worked in an environment like this before. And it also reflects the way we approach our people, which is in a very open, honest sort of way. I do not believe in "HR initiatives" - HR must come from the heart of the business rather than from the sidelines. We are building a people centric approach and the corporate environment is very much a part of that. We want great people producing great product in a great environment.

**We have a lot of open plan areas, with people sitting chatting on sofas.**

The different leisure areas encourage networking with a purpose. With people working on different brands, then you want some crossover of opinions, an exchange of ideas. So we have a lot of open plan areas, a lot of people sitting chatting on sofas. And we also have some very inspiring meeting rooms - ones designed with a tropical beach theme, for example. I was recently interviewing candidates for a Board position and I was doing it over a driftwood table. I felt that "well, if you don't get that, you won't get us!"

**Overall the building has been very successful in reinforcing our company values - you walk in and get a sense of sport and fashion as well as a real buzz.**

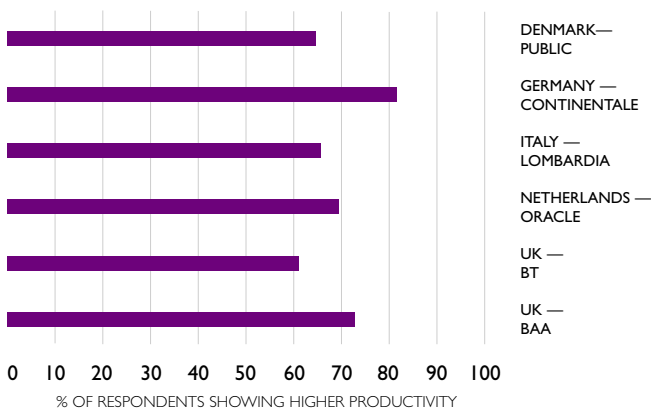
# HOMEWORK

Peter James



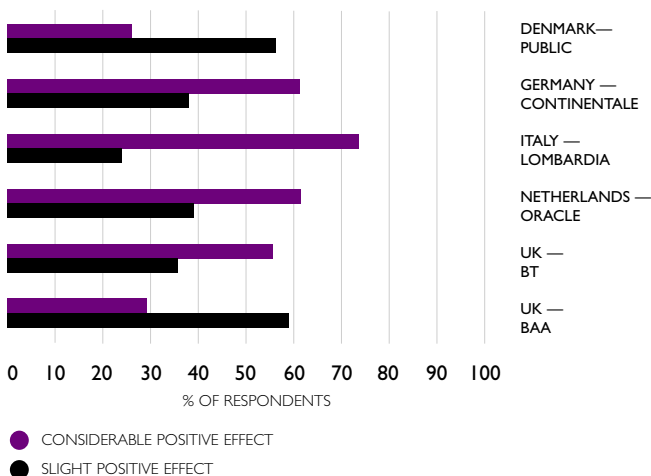
Peter James is Visiting Professor of Environmental Management at the University of Bradford and a Director of Sustain IT. Previously head of Ashridge Management College Environmental Leadership Programme, he has published and consulted on environmental accounting, benchmarking and performance measurement, eco-innovation and product development and implementing environmental strategies and change initiatives. He coordinated the recent SUSTEL study on teleworking, funded under the European Commission's Information Society Technologies programme.

## PERFORMANCE IMPROVEMENT AMONGST TELEWORKERS



Source: SUSTEL

## PERCEIVED EFFECTS OF TELEWORKING ON RESPONDENT'S QUALITY OF LIFE



Source: SUSTEL

## Q. What were the original objectives of the SUSTEL study and how was it conducted?

**A.** In recent years there has been a great deal of discussion about telework - and some of the conclusions have been quite critical, or at least controversial. In our research, which encompassed 30 case studies and 6 detailed corporate surveys spread across 5 countries, we wanted to take a broad and integrated view of the sustainability of teleworking- and, if at all possible, reach a judgment, which could then be disseminated in user-friendly form.

## Q. So what was your conclusion?

**A.** Broadly, that although teleworking can entail some problems, there are equally many benefits - some of which people simply hadn't considered before. And most of the disadvantages can be overcome by decent management. So from the point of view of sustainable development we drew a generally positive conclusion.

Of course, such a broad conclusion hides a mass of detail. In the Scandinavian countries, for example, we found that teleworking was so much a part of everyday working life that it was deemed barely worth discussing - the right to work from home was seen as a basic labour right and so integrated that it was hard to separate out. In southern Europe, by contrast, teleworking remains a major issue.

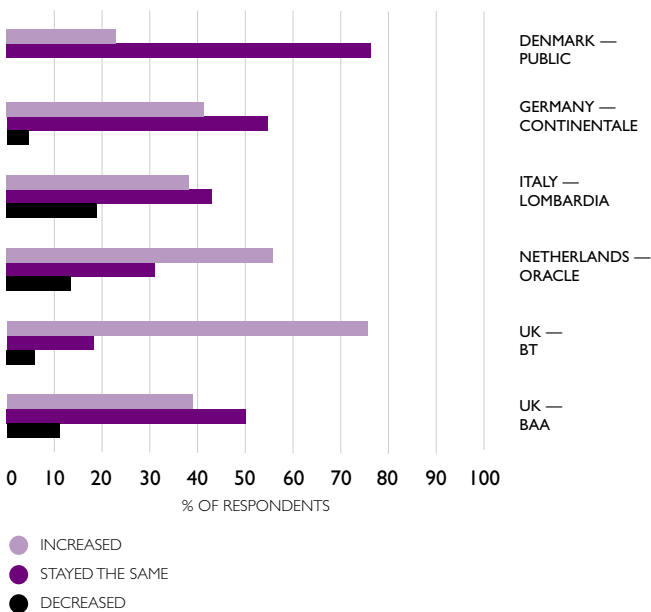
## Q. So there were pronounced geographical differences in the approach to teleworking?

**A.** In particular, we found that a new type of highly mobile form of teleworking was emerging in some countries, where whole offices were being closed in favour of remote operations. This was an especially pronounced phenomenon in the UK and the Netherlands, where a combination of high property costs and heavy congestion make such an approach attractive. For the future it is probably however not fair to regard this on a country by country basis, but instead to look at areas of dense urban population - whether it be London or Milan.

This was an especially pronounced phenomenon in the UK and the Netherlands, where a combination of high property costs and heavy congestion make such an approach attractive.

A move to working from home, for example, is almost always a catalyst within domestic relationships. Generally speaking it is a positive but it can also be negative.

**CHANGES IN TOTAL AMOUNT OF TIME SPENT WORKING IN THE LAST TWO YEARS**



Source: SUSTEL

**Q. Clearly such schemes require a radically new management approach. What would be your tips for success?**

**A.** For such schemes to succeed you need a high level of stakeholder involvement from the outset. Training, especially of managers, is of course vital. But probably the biggest issue is the awareness that such schemes inevitably entail change. A move to working from home, for example, is almost always a catalyst within domestic relationships. Generally speaking it is positive but it can also be negative. If employees are prepared for this it can help smooth the transition.

**Q. And what does the research show employers can do to help?**

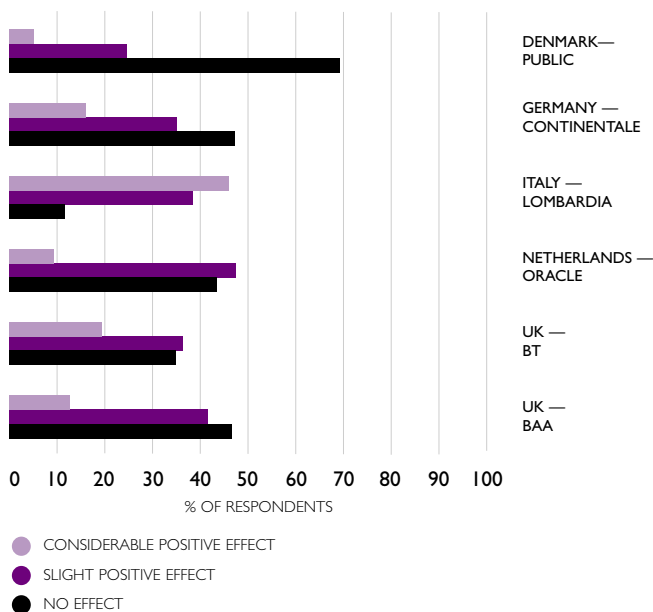
**A.** Again, being aware of the potential issues is very important. There are simple matters that need consideration - for example, the need for space to work in at home. The less well-off and the young can feel discriminated against in this sense; working from home simply may not be physically practical for them. And of course health and safety considerations must always be borne in mind, as they are the employer's responsibility even when the employee is working from outside the office. A very clear and specific policy is needed here, especially as some employees will feel nervous about an employer visiting their home.

Teleworking can suit people at different stages of their life - for example, when the family is young, or when they are nearing retirement age. But it is also important to make sure the route back into the office is open, and to have mechanisms in place to handle such situations.

Perhaps the most important advice is to remain both flexible and fluid in your approach. Most people adjust well to teleworking, even positively enjoy it, but there will always be a vulnerable minority who find it a strain. I wouldn't be surprised to see a court case at some future point where an employee takes a case against an employer for putting undue pressure on them at home. Again, there are simple measures that can be taken - bunching emails for example, so they download on a Monday morning rather than over the weekend.

## Homework – continued

### EFFECTS OF TELEWORKING ON HEALTH



Source: SUSTEL

The prize, both environmentally and financially, is big for those companies which embrace such an approach.

### Q. The research did find that teleworkers tend to work longer hours. Why do you think that is?

**A.** It may simply be because everyone is working harder, including those back at the office. As the next stage of research we would like to study a properly matched sample of teleworkers versus office workers. But one of the surprises to come out of the research was that the work benefits of teleworking were as, if not more, important than the personal benefits. Teleworkers liked the fact that they could concentrate on a project without the distractions of the office, do a piece of work really well. And such job satisfaction may at least in part explain the extra hours put in.

Another important finding was that telework is in reality much less strict than many people imagine. There is a lot of variety in working patterns over week, months and even seasons. It is important to bear this in mind when planning.

### Q. Where there other results which surprised you and the research team?

**A.** The health results were interesting; many teleworkers said that they felt healthier; but this was as much a result of changes in diet and exercise regimes as a reduction in work related stress. Teleworking also appears to have a significant effect in reducing absenteeism. And the elimination or reduction in commuting time meant that many employees had felt to get more involved with their local community and give something back. By contrast, teleworking also has a lot of potential for encouraging the disabled and the disadvantaged back into the workforce.

### Q. So overall the future looks rosy for teleworkers?

**A.** The research team felt in particular that there was a great deal of potential for the second, more radical type of very mobile teleworking schemes, alongside the traditional teleworking model of staying at home for a couple of days a week. The prize, both environmentally and financially, is big for those companies which embrace such an approach. But alongside that there are always other considerations. It was surprising for example how few companies factored in employees travel expenses when considering teleworking schemes; employees moving overseas or away from the main place of work can engender significant travel expenses in making meetings. Plus some employees will always feel isolation is a problem, which is why in some instances satellite centres may be a solution. Teleworking will never be an easy solution but on the whole it seems the advantages outweigh the disadvantages.

*Professor Peter James spoke to Sarah Woodward, Editor of the International Review of Employment.*

## DRAMATICALLY IMPROVED PERFORMANCE

Andrew Leigh



Andrew Leigh is a founding partner of Maynard Leigh Associates (MLA), which he started with his business partner, Michael Maynard, in 1989. With consultants from a theatrical background, MLA uses ideas from the theatre in business, working with a range of companies across the globe on clarifying their development needs and identifying the most cost-effective ways of achieving change. MLA won the UK National Training Award in 2002.

Leigh has an MA in Manpower Studies and is a fellow of the Chartered Institute of Personnel Development (CIPD). His career has spanned marketing, feature writing on the business section of *The Observer* newspaper and senior management in the public services. He is the author of over a dozen books on management, several of which have been translated into foreign languages. Maynard Leigh Associates' latest book, *Dramatic Success at Work: Theatre Techniques to Transform and Inspire Your Working Life*, will be published by Nicholas Brealey Publishing in February 2004.

A lot of people don't listen — or even don't know how to listen.

**Q. You say you take a lot of business people - many of them initially sceptical - on a creative journey that has, at its core, a practical essence. Yet creativity and practicality are often seen as contradictory?**

**A.** Success in today's corporate environment is about producing outstanding performances in a context of high insecurity and fast-moving change - and that's exactly what actors are trained to do. And stage directors are experts at managing talent. So, yes, what we do is grounded on practical foundations. Number one is that we have to focus very quickly on how you take a group of often very sceptical people (just like actors sitting together on a first reading) and in a matter of weeks create something that's truly excellent. Nobody goes to the theatre to see something that's competent. We pay to see excellence. And we, as a company, are practised at taking raw material and looking at all the ways it needs to come together to interact and spark in order to create excellence. A group of managers, for example, who need to be bonded into a team.

In today's business environment, you have to unlock people's creativity to release their potential. That has been the biggest shift in recent years. How are you going to achieve your goals and fulfil your business plan? It won't be your new systems and your new procedures and project management and it won't be because of some sort of technological fix. It will be because you change your people in some way.

**Q. It makes sense that actors can help with presentation skills - but you also use actors for example on courses in Leadership and Management and Personal Effectiveness as well as all aspects of Corporate Communications. What can an actor teach in these areas?**

**A.** Excellent actors embody — completely — the role they're playing. Everything about them has to be consistent. And they rehearse plays by 'whole self-learning', using techniques integrating left and right brain, mental and physical, heart and mind, visual and oral, intuitive and reasoned. We use that psychology in our workshops. Take brainstorming in a business environment: it's supposed to be like actors' improvisation — accepting and building on ideas, embellishing and enhancing them. Too often it's about not listening and rejecting ideas. Yet using successful improvisation, what you get are unthinkable possibilities within which there are often germs of great ideas. And in a corporate context, great business ideas.

A lot of people don't listen — or even don't know how to listen. That is one of the struggles facing HR departments, for example. We do a lot of work on encouraging them to have more rewarding conversations with internal clients, using techniques to respond creatively and to focus on what people really need - which can be very different from what they are telling you they want.

The Chartered Institute of Personnel Development have, for example, in recent years established a statistical link between profitability and good people practice.

**Q. In a broader context, where do you see the future development of HR departments?**

**A.** What the HR world is having to look at is that, in recent years, their practices have often not been grounded in the reality of business goals or company objectives. Many training and development initiatives fail because they are founded in some sort of hope that if you develop your people you'll make a difference to the business - rather than vice versa. But if you talk to a really skilled HR practitioner they will tell you that a lot of their work stems from the business plan, and that if you get your people functioning differently the business plan starts to happen. Our consultants have a good intellectual grasp of this reality. According to the American based Human Resource Competency Study (2002) HR competencies and practices now impact on nearly 10% of business financial performances - more than double the influence of five years ago.

Since people are so crucial to the success of any business, it's curious that HR has lost its place in many boardrooms. Especially as there is now overwhelming evidence that the most successful companies are the ones who are directly developing their people. The Chartered Institute of Personnel Development have, for example, in recent years established a statistical link between profitability and good people practice.

To have two sides of the world making similar comments indicates that we seem to be working at the same level — the level of the heart if you like.

**Q. So coaching and training HR professionals is a core part of your business?**

**A.** We work across the whole spectrum. At one point I would have said we dealt mainly with middle management, but in the last few years we have moved more towards top management.

But HR is crucial — especially in times of mergers and changes. When internal clients see HR handling its own changes well, it sends a clear message there is something valuable on offer. Equally, if an HR department is focusing on telling others how to behave, their own behaviour must set a template.

Many HR teams are now demanding support from senior management to enable them to demonstrate good practice in action, rather than merely urging it from the sidelines. And their problems are usually reassuringly similar to those experienced by other teams across the organisation: how can we live the values, how can we lead the way, what sort of communication will allow us to work effectively together, how can we become more than the sum of the parts?

HR teams in such international firms as Hewlett Packard, Invesco, Coca Cola, Rabobank and Fujitsu have all benefited from MLA working with them to help improve their own performance. Nobody is suggesting such teams are failing, quite the reverse. They are exercising a collective form of emotional intelligence, raising their own awareness of how things are and what it will take to reach a level of performance beyond mere competence.

**Q. With clients across the globe, do you find that responses to your work — especially emotional responses — conform to cultural stereotypes?**

**A.** There is no point in thinking that cultural differences should not be recognised and honoured, but what we find more and more is that they're built on top of the level on which we operate. Underneath the curtain of culture, at the very visceral, human level we are talking about, we are all the same. Our consultants have had much the same reactions from people from Eastern Europe as those working in the US. An American client described one course as an incredibly enlightening experience, whilst a Russian client told us that she would take what she had learned and impart it to her children. To have two sides of the world making similar comments indicates that we seem to be working at the same level - the level of the heart if you like.

**Q. You've mentioned the word 'leadership'. Is that still the corporate buzzword? Is the focus still on leadership qualities?**

**A.** The zeitgeist is actually shifting away from leadership into management. There has been so much about leadership in the last few years — do we need charismatic leaders? Are leaders born or made? - that there's been a lot of neglect around basic good management practice; being able to be part of a team, to communicate and delegate rather than just inspire.

We bring out the fact that everyone is creative and once that has emerged, they effectively become leaders anyway. If you suggest doing something different - that's leading, isn't it? But how you handle yourself once you've made a suggestion is absolutely crucial. If you wilt when everyone throws 'yes buts' at you then that's not leadership. Leadership is being able to stand up for your idea and pursue it with a degree of confidence.

We bring out the fact that everyone is creative and once that has emerged, they effectively become leaders anyway.

To move forward you have to take a risk — everyone is capable of being empowered, creative and risky.

**Q. Yet leaders — as in top-line managers — still have to perform traditional roles?**

**A.** But not, in today's climate, through traditional methods of command and control. Those methods no longer deliver the goods. The reasons why our approach sometimes isn't acceptable in organisations is that the people at the top are very closed to new behaviours: they haven't grown up with the ethos of creativity being a resource; they often equate the idea of emotion with frailty and human weakness. We've actually met companies who actively don't want their staff generating ideas. Ideas are not Exocet missiles, burning a hole in an organisation. They are sources of inspiration and creativity which, like other resources, have to be mobilised and organised.

But companies, you know, do want to be told. Recently a Managing Director came to us and said that he wanted 360 degree-feedback on his team. He wanted us to provide leadership profiles on them. When we came back to him it was with the recommendation that the person most in need of a leadership profile was, yes, him. He did, eventually, accept our recommendation.

**Q. So people don't necessarily get what they expect from you?**

**A.** They'll get the same result — a dramatically improved performance — but by a sometimes different methodology. What clients want and what they need isn't necessarily the same thing. Sometimes you talk in isolation to senior management and set up a whole course for people who, in the event, want something entirely different. That's where you use your skill from the theatre, working spontaneously and on the spot. Our work is structured, but it's also organic. It has to be. You cannot play things safe and create. To move forward you have to take a risk. And everyone is capable of being empowered, creative and risky. A lot of our work is in the financial sector and what happens again and again is that people walk in and say they cannot do any of this work they can't - figuratively - sing and dance. But they always can - and to see them being enlightened and emboldened is a very powerful experience. And it can also be a very profitable one.

*Andrew Leigh talked to Graeme Grant, author and journalist on the film and television industries in the UK and abroad.*

Vedior NV is an international staffing services company providing flexible labour and other staffing services. The Company operates in 31 countries worldwide including Europe, North America, Australasia, South Africa, South America and Asia.

Vedior operates in both the traditional administrative/light industrial and specialist sectors of the staffing services industry. Traditional administrative and light industrial staffing is mainly provided under the Vedior and Select brands while the provision of specialist staffing within professional and higher skilled sectors such as information technology, healthcare, accounting, engineering and education is provided under many different niche brands.

***See back page for Vedior's global network.***

