



## **Adecco's operations in Iberia**

Enrique Sanchez, Regional Head of Iberia & Latin America

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## Agenda

- ▶ **An overview of the business in Iberia**
- ▶ **Adecco's active role in the labour markets**
- ▶ **Maximising revenues and EVA:**
  - ▶ **Portfolio analysis and segmentation**
  - ▶ **Outsourcing**
- ▶ **Group strategic priorities in action:**
  - ▶ **Engagement**
- ▶ **Our key focus areas in Iberia**

# An overview of the business in Iberia

# Adecco and the HR Market in Iberia

Based on FY 2013

## Adecco Iberia

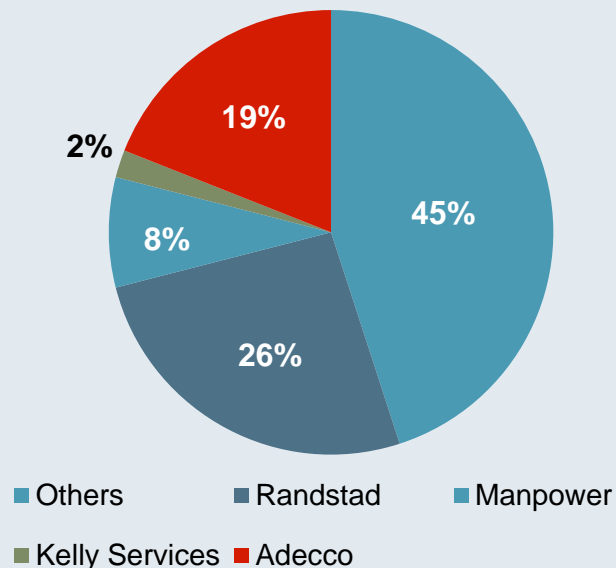
- ▶ Revenues: EUR 662 million  
3% of Group revenues
- ▶ EBITA: EUR 18 million  
2% of Group EBITA<sup>1)</sup>
- ▶ 380 branches and 1,369 FTE employees
- ▶ 30,000 associates
  
- ▶ Established in 1991
  - ▶ Regulated market 1994, equal pay 1999
  - ▶ Launch of Outsourcing, Perm & Training 2001
  - ▶ HumanGroup acquisition 2005
  
- ▶ Economic crisis 2008 - 2013

GDP (-8%),  
Unemployment (>25%),  
Income per capita  
(2002 level)



**Staffing  
Industry: -50%**

## Market revenue split in Iberia<sup>2)</sup>



### HR market

Iberia EUR 3.5 billion  
Spain EUR 2.4 billion  
Portugal EUR 1.1 billion

### Adecco market share

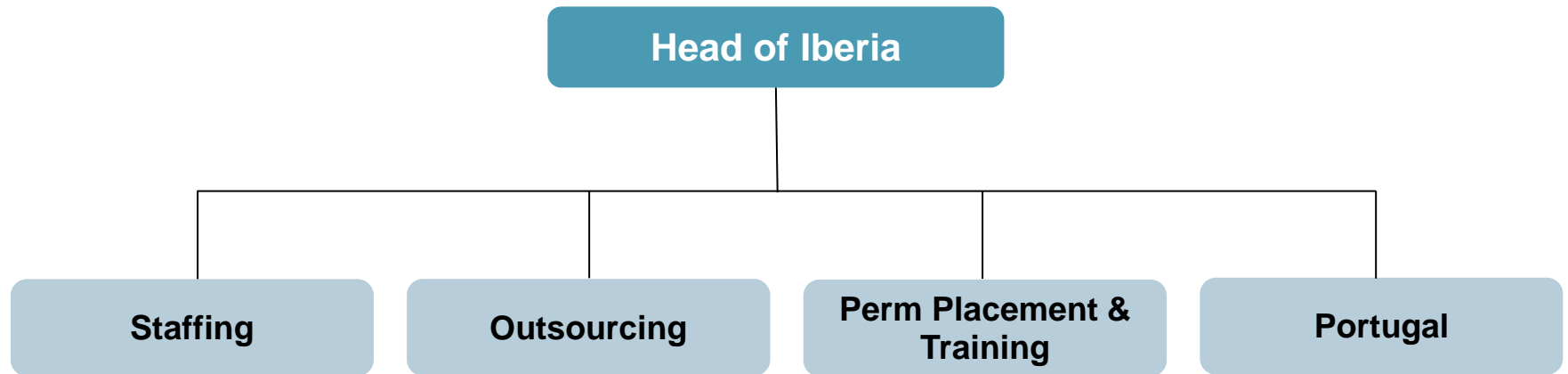
Iberia 19%  
Spain 24%  
Portugal 7%

1) Based on operating units

2) Adecco estimates

# Adecco's business in Iberia

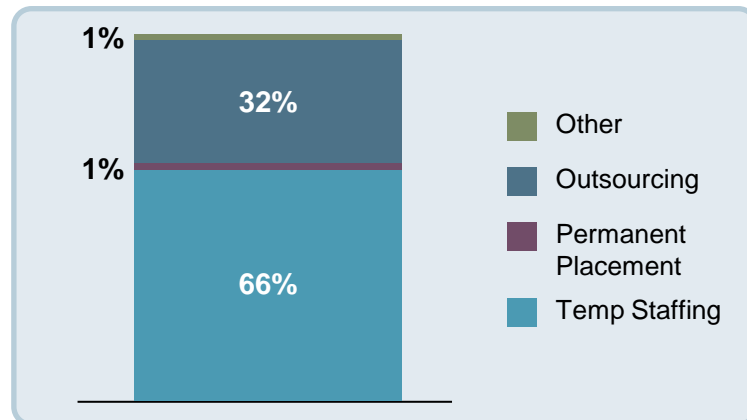
## Our organizational structure



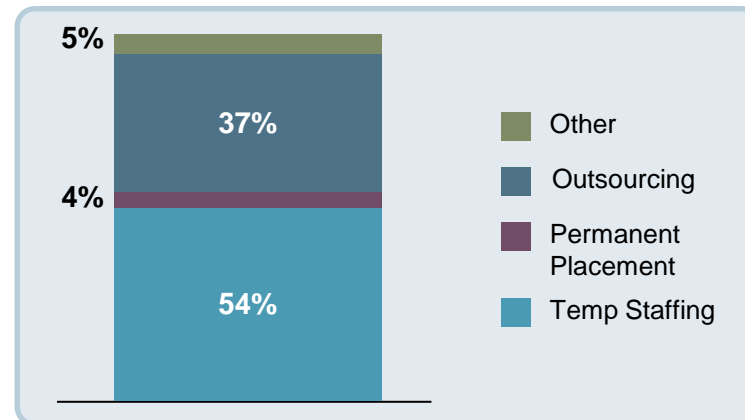
# Adecco's business in Iberia

Based on FY 2013

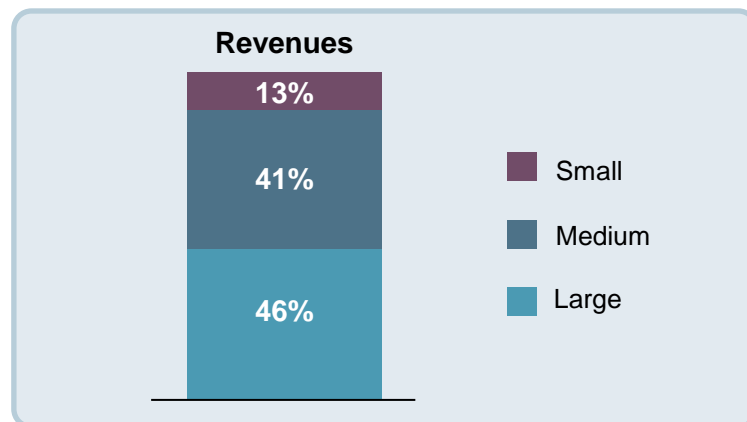
## Revenues by Service Line



## Gross profit by Service Line



## Temp revenues by client size<sup>1)</sup>



1) General Staffing

## Top client industries

Telecom	12%
Food, Beverage & Tobacco	8%
Financial Institutions	7%
Automotive	7%
Logistics & Transportation	6%
Media & Entertainment	6%
Manufacturing	6%
Retail	6%

# Adecco's active role in the labour markets

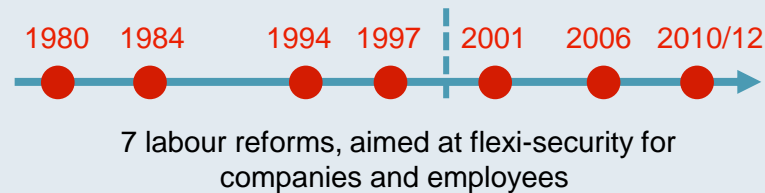
# Overview of the Spanish labour market

## Changing regulation in a difficult economic environment

### Key features

- ▶ Seasonal economy
- ▶ Low flexibility
- ▶ Shadow economy
- ▶ High economic instability

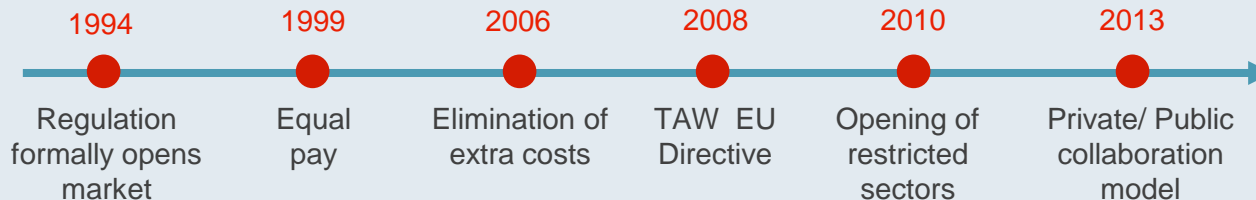
### Historical labour market reforms



### Weaknesses

- ▶ 25% unemployment (EU 10%)
- ▶ 55% youth unemployment (EU 22%)
- ▶ 30% fixed-term contracts (EU 14%)
- ▶ Company needs vs education skills

### Staffing market



Penetration rate 0.5%<sup>1)</sup>  
(EU average 1.6%)

### The main conclusions

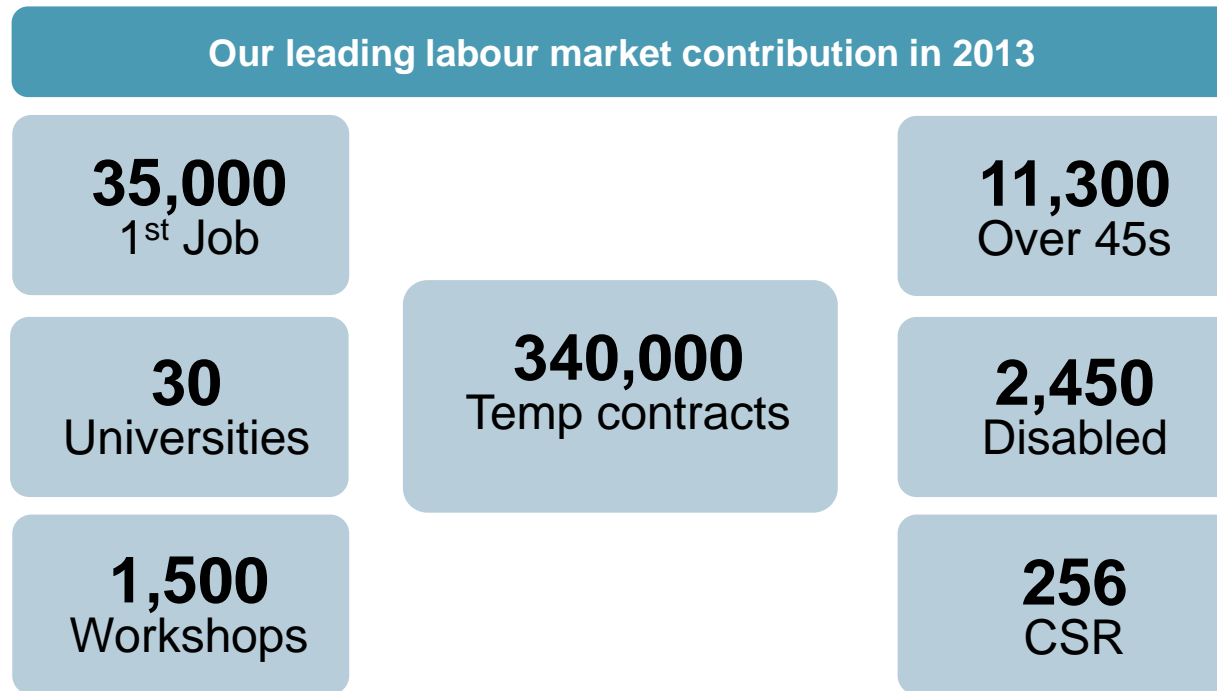
- ▶ **Penetration rate still under the EU average**
- ▶ **Adecco is working intensively to help improve the legislation**

1) Penetration rates refer to 2012. Source: Ciett



# Adecco is the leading HR company

“Only recognized companies can lead their industries in a sustainable way and win the battle in the long term”



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## Our social recognition



## The extra mile

### The Aspiration

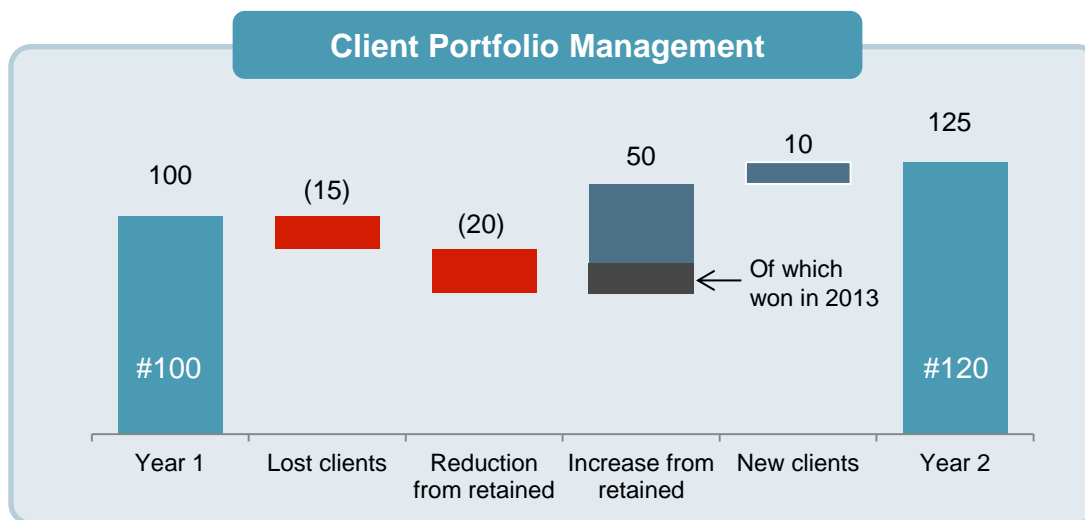
► To be the primary expert authority



# Maximising revenues and EVA: portfolio analysis, segmentation and outsourcing

# Client portfolio management: market share and EVA

## Correlation between client base development and revenue growth



1) Spain temp services only

# Segmented approach for addressing different clients

	Market Knowledge	Sales & Delivery Plan	Pricing Policies	Responsibility
	Market share <sup>1)</sup>	Weekly targets	Gross margin differentiation	Relationship manager
Small	14%	25 visits 8 proposals 1.5 new clients	+++	Branch Manager
Medium	17%	15 visits 4 proposals 1 new client	++	Regional Manager
Large	25%	12 visits 3 proposals 0.5 new clients	+	Key Account Manager

1) Adecco estimates

# Client base development: new clients

## Practical guide at branch level

### Increasing new clients

- ▶ **Spirit:** Hunter
- ▶ **Drivers:** Intensity & Quality & Organization
- ▶ **“Golden rule”:** 20-25 visits & 6-8 proposals & 1-2 new clients per salesperson per week
- ▶ **KPIs:**

Commercial effectiveness:	New Clients/ Visits
Client needs detection:	Proposals/ Visits
Proposal suitability:	New clients/ Proposals
- ▶ **Main Tools:** List 100 (70% market & 50% sales activity)  
Pricing tool based on segmentation model

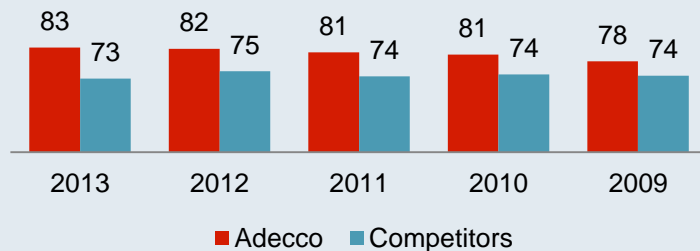
# Client base development: retained clients

## Practical guide at branch level

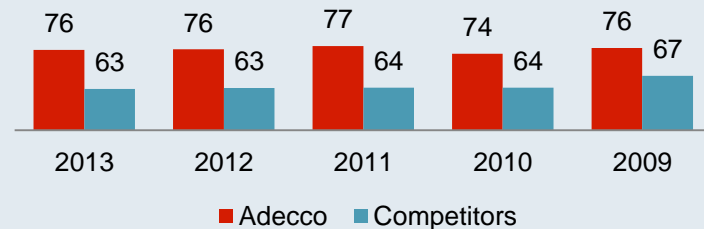
### Increasing retained clients

- ▶ **Spirit:** Intense service focus
- ▶ **Drivers:** Best delivery based on Segmentation Model
- ▶ **“Golden rule”:** Strict monthly follow-up by client, per branch
- ▶ **KPIs:** Retention ratio and internal & external satisfaction surveys

**Global Satisfaction Survey  
Clients**



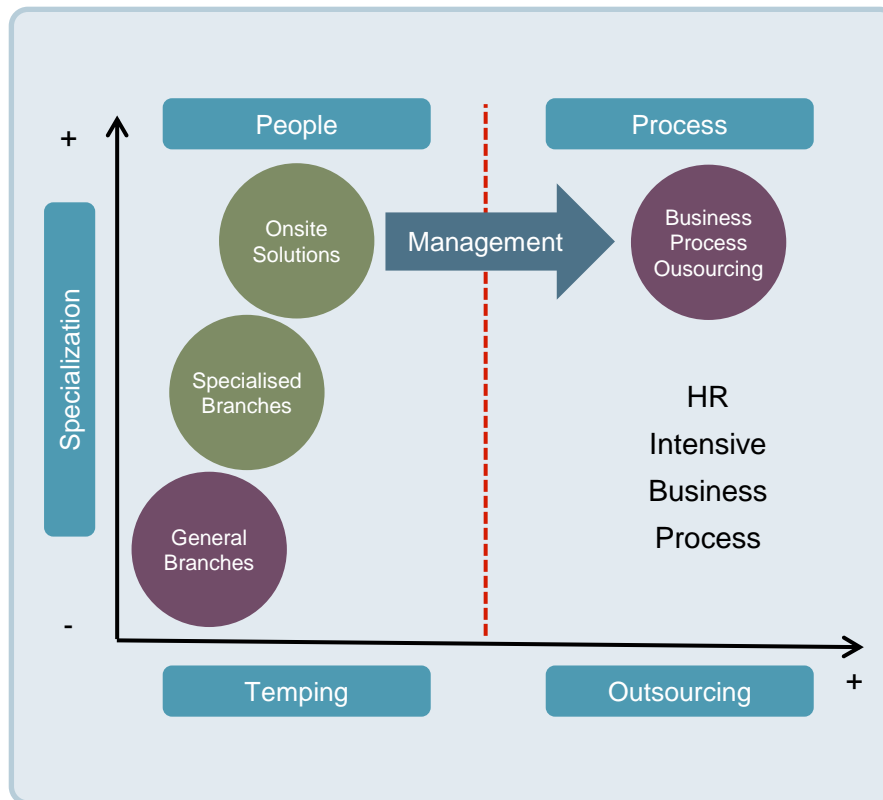
**Global Satisfaction Survey  
Associates**



# Outsourcing business in Spain

What we do... and what we don't

## Tailored models according to client need



## Examples of client solutions



Call centre



Industrial



BPO - Office



Task Force



- ▶ Leading department store
- ▶ Warehouse logistics
- ▶ Price per package

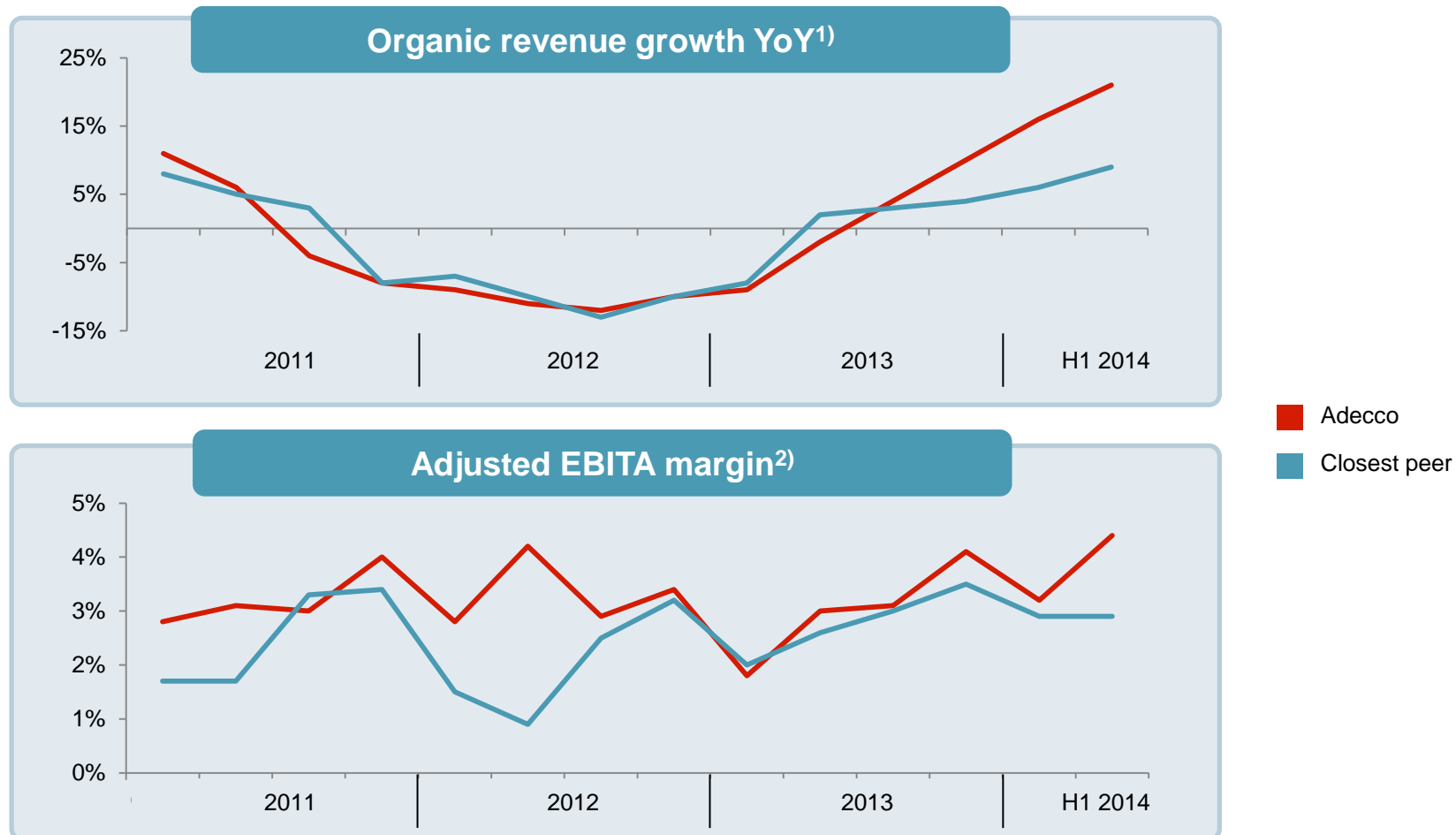


- ▶ Leading telecoms provider
- ▶ Call centre service
- ▶ Price per call



# Result of our operational management focus

## Strong relative performance



1) Not adjusted for trading days

2) Adjusted EBITA margin of Adecco and closest peer excludes restructuring and integration costs and other disclosed one-time items

## Group strategic priorities in action: Engagement

# People engagement is a key business driver

Working on improving traditional HR topics



“Only the best people build the best companies”

“The best people are a mix between expertise & engagement”

## Internal Communication

Transparent & fluent: 10% of total FTEs involved in working groups

## Compensation

Fixed salary at market rate  
EVA-based bonus scheme

## Personal Career

Tailored plans

## Recognition

Awards

## Training

Adecco University 30 hours/year

## Promotion

90% positions covered internally

# LEADERSHIP

Leaders are the main drivers of the engagement of people: the 70 / 70 rule  
Obtaining the best out of our colleagues is the main responsibility of a leader

# Producing the best leaders

## The HR 'extra mile'

- ▶ Definition of manager profile & leadership principles



- ▶ 100% of managers in scope
- ▶ Introducing clear objectives and follow up methodology
- ▶ People management is a key part of managers' evaluation
- ▶ Confidential evaluation of 100% managers from bottom up
- ▶ Individual training & coaching plans

***“Measuring & Managing & Improving”***

## AS A RESULT



**TOP 10**  
(6)

**1<sup>ST</sup>** in HR  
**INDUSTRY**

Retention rate

**89%**

## Our key focus areas in Iberia

# Our key focus areas in Iberia

## Staffing leadership & margin protection

- ▶ Increase client base through sales activity model
- ▶ Focus on small and medium segments
- ▶ Pricing policies focused on new clients

## Permanent placement development

- ▶ Become top 3 player in Professional Staffing market
- ▶ Industry leader in Industrial profiles

## Outsourcing

- ▶ Increase client base
- ▶ Innovation – new product development

## Cost management

- ▶ Focus on productivity improvement

## Recognition & reputation

- ▶ Mid- and long- term sustainability
- ▶ Sales and profitability leadership

## Colleagues

- ▶ Retention and engagement
- ▶ Ranked as a top 10 Great Place to Work