

**AUSTRALIA'S TOP 500 COMPANIES WASTING MILLIONS ON FLEXIBLE STAFF COSTS**

**Melbourne, March 16 2007** - A white paper released today by Drake reveals Australia's Top 500 companies inadvertently waste millions of dollars each year on consultants, contractors and other flexible staff, due to a lack of visibility for labour costs at the senior management level.

The white paper titled: 'The unreported costs of contingent staffing,' shows many Australian companies spend 35 to 75 per cent too much on procuring and managing flexible staff. For businesses with an annual spend of \$10 million on these workers, excess costs can range from \$350,000 to \$750,000.

Flexible or contingent staff pools are made up of fixed term, seasonal, part-time, limited tenure, maximum term, casual employees and trainees .

Dominic Toledo, Corporate Assistant at Drake International, said managing flexible staff costs was one of the most seriously overlooked issues in corporate Australia.

"Our market research shows CEOs, CFOs and CIOs in large organisations are 'flying blind' due to the complex and fragmented nature of their people costs. One company we spoke to didn't accurately know within a million dollars what their overall flexible workforce costs were," Mr Toledo said.

According to Drake's white paper, the problem lies in not how much organisations spend on their flexible staff, but the fact that top management don't know the detail of this spend.

With 20 per cent of Australia's workforce currently casual, and this figure predicted to grow, Drake warns this matter is set to worsen if left unaddressed.

"Flexible workforce costs have long been a detail below the attention of senior management," Mr Toledo said. "The harsh reality is that consultants, contractors and other flexible staff are the single biggest spend on the corporate balance sheet.

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“Effective management of this resource can literally mean the difference between operational profitability and bottom line losses,” he added. “Our white paper shows there are millions of dollars at stake for companies who get it wrong.”

To avoid these rogue costs Drake’s urges organisations to adopt a Managed Services solution that controls and reports the total cost of a company’s flexible workforce spend.

Drake’s Managed Services offering can work in conjunction with a company’s existing enterprise resource planning (ERP) system and has consistently saved Drake’s clients 35 to 75 per cent on their total cost to hire.

This is achieved through the full automation of the flexible staffing supply-chain plus a dramatic reduction in transaction costs which greatly enhances visibility, provides instant KPI reporting and improved supplier management.

A leading financial institution recently invited Drake to assess the cost savings possible using Managed Services. Drake’s figures indicated that this company could save \$7 million on its total flexible workforce spend in just two years using a Managed Services approach.

As more businesses discover the benefits of Managed Services Mr Toledo said he hoped downsizing and offshore outsourcing would become less prevalent. “Optimising your flexible workforce and essentially getting more ‘bang for your buck’ is a much smarter way to improve the bottom line.”

Drake’s market research is based on data collected from 500 client-companies over the past five years.

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Interview opportunities and high-resolution images of Dominic Toledo are available on request.

‘The unreported costs of contingent staffing’ white paper is available to Australian businesses at no cost. To request a copy of the report email [marketing@au.drakeintl.com](mailto:marketing@au.drakeintl.com) or call 13 14 48.

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### **About Drake**

Drake is a leading provider of staffing solutions that solve business problems for Australian organisations. Established in Canada in 1951, Drake operates in 11 countries around the world.

More than a recruitment company, Drake is recognised as a world leader by business decision makers, for its expertise in enabling organisations to improve their profitability and productivity through flexible staffing, permanent recruitment, training and development, and by using innovative technologies.

Drake's extensive network of services meets the diverse needs of the market and is geared towards solving real business problems for Australian organisations. In its 52 year history, Drake's business philosophy has remained unchanged – invest in your people today so they can grow your business tomorrow and into the future.