Contingent Workforce Management

Halla Climate Control Canada, Inc.

IS2 Workforce Solutions
Presentation Overview

- Who is Halla Climate Control?
- Why We Use Temporary Staffing?
- Issues with Our “Current State” in 2011
- From “Temps” to Contingent Workforce Management
- How We Manage Our Workforce Today
- Q&A
Who is Halla Climate Control?

- Supplier of automotive air conditioning assemblies since 1989
- Shipping approx. 6 million end items/year
- Annual sales of approx. $100 million
- Operating 2 facilities in Belleville with 200K ft² in floor space
- Customers served include:
  - Ford
  - GM
  - Chrysler
  - DECOMA
  - BEHR
  - DENSO
Manufacturing operations include:
- Tube cutting & metal forming
- Brazing & welding
- Crimping, leak testing & assembly

Team Member Distribution:
- Staff & Indirect Team Members: 117
- Production Team Members: 255
- Contingent Workers: 171
Why We Use Temporary Staffing
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- Automotive AC business has seasonal volumes (ie. service season)
- Assembly plants have annual shutdown periods
- Annual program launches ramp down/ramp up over 4-6 weeks
- Automotive OEMs manage inventory through plant shutdowns
- To avoid frequent full time team member layoffs & recalls
- Overall cost control & maintenance
Why We Use Temporary Staffing
Issues with our “Current State” in 2011
Issues with our “Current State” in 2011

- Multiple programs with increasing volumes & assembly plant OT
- Contracted with 4 staffing agencies to meet high demand (150+)
  - Different mark up rates with all 4 agencies (financial planning)
  - Order placement was time consuming & complicated
  - Dedicated Halla resources to manage agencies
- Constant “agency jumping” within the workforce
  - Micro-managing ‘Do Not Return’ lists, performance issues, etc.
- Increase in absenteeism issues with agencies
Issues with our “Current State” in 2011

- Weekly manning meetings became “internal negotiations”
- Workforce morale began to decline
  - Measured through our annual climate survey
  - “too hard to control temp staffing changes”
  - “managing temps is too difficult & too complex”
- Round Table Meeting in Dec. 2011
  - All 4 agencies had representation
  - Open dialogue on risks, issues & opportunities for both sides
  - Multiple suggestions by agencies for improvements
  - Expectation was for Halla to decide & coordinate
From “Temps” to Contingent Workforce Management
From “Temps” to Contingent Workforce Management

• Halla’s desired state:
  • Reduce agency absenteeism levels
  • Improvement in experience & skill level of agency workers
  • Eliminate ‘agency jumping’ activities
  • Streamline the process of managing agencies
  • Improve team member stability
  • Drive cost savings through process improvements
Our solution:
- Consolidate from 4 agencies to a single agency for staffing needs
- Select an agency that will provide a more ‘integrated solution’ (manpower planning, reporting, supervision, etc.)
From “Temps” to Contingent Workforce Management

IS2’s commitment to deliver:

- On-site support team 100% dedicated to Halla’s CWMP
- Support from multiple recruiting locations
- Comprehensive candidate screening process
- Aligning of IS2 & Halla time keeping systems
- Proactive programs to address absenteeism & turnover
- On demand reporting & statistics with quarterly performance reviews
From “Temps” to Contingent Workforce Management

- IS2’s observations & suggestions:
  - Halla needs to work to remove the stigma of being a ‘temp’
  - Transition our culture to appreciate the benefits of a well managed Contingent Workforce
  - Open up plant access to include Contingent Workers
  - Allow for additional training opportunities for Contingent Workers
  - Create an environment that supports a blended workforce
From “Temps” to Contingent Workforce Management

• The plan:
  • Dec. 2011: Sign the contract
  • Jan. 2012: Recruit & place IS2 team at Halla
  • Feb. 2012: Transition existing agency employees to IS2
  • Mar. 2012: Business as usual

• The execution:

✔ On time, with some excitement but no production disruption
How We Manage Our Workforce Today
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- IS2 office on-site, located near Halla’s HR offices (On-shift supervisor to manage issues with Halla operations team)
- IS2 representation at Halla’s weekly MPS (manning) meetings
- All IS2 team members have access badges to enter Halla plants
- Integration into Halla’s time keeping system (Kronos)
- Quarterly Key Performance Indicator reviews at Halla
- Cost effective management of a combined workforce
Improvements:

- Significant reduction in absenteeism from 2011 to 2012
- Marked improvement in skills/abilities of contingent workforce
- Reduced turnover of contingent workers (team stability)
- Aligned management of combined workforce (IS2 is a fully integrated supplier)
- Improved morale within the production teams
Thank you

Q&A