

“We intended to create and embed a culture of outperformance across the organisation.”

Nicole Burth,  
Country Head  
The Adecco Group Switzerland

Country Head The Adecco Group Switzerland, Nicole Burth, explains how Perform is the foundation for the successful implementation of our strategy.



# Perform

**Perform means continuing to deliver growth in the cost-disciplined, returns-focused way that we always have. It is about how we deliver the results, not just the outcome. That means embedding proven concepts such as segmentation, permanent recruitment and the PERFORM system. By Performing we earn the right to invest in our Transformation and New Ventures.**

## Q What have been the key drivers of outperformance in Switzerland in 2018?

**A** The 2018 performance is the outcome of changes made as far back as 2016. That was when we first deployed segmentation in Switzerland. It meant moving large customer activities out of the branches – to be delivered as either onsite solutions or from ‘hub-sites’ – leaving the branches to focus primarily on retail (SME) clients. Doing so has two clear benefits. First, it allows our consultants to become specialised, which leads to a more tailored and improved customer service. Second, it means we have the right cost-to-serve for each segment, to achieve appropriate returns.

Once we have segmented the client base we can deploy CCPM (Candidate and Client Portfolio Management), which provides a framework for managing the client and candidate pipeline and portfolio, with clear goals and activity KPIs specific to each segment. This in turn allows for a much more structured and data-driven approach to the performance management of our salespeople and recruiters, meaning we can learn from our top performers and intervene earlier to support colleagues who are underperforming. Moving from unspecialised roles in full-service branches to a segmented approach with CCPM is a major change management exercise. We finished mid-2017 and really started to see the benefits in 2018, with organic growth accelerating and our retail business outperforming.

Another key driver of performance has been an increased sophistication in our pricing policies. In Switzerland the unemployment rate is low and sourcing candidates can be a challenge. It is therefore important that our pricing reflects the extra work that our consultants do, and the value being delivered. During 2018, we rolled out a pricing module in our front-office tool that considers multiple variables and historical data to propose an appropriate price for a given placement, which supported an improvement in gross margin.

We have also been successful in diversifying outside of traditional temporary staffing solutions, particularly into outsourcing. Many clients are looking for full human capital solutions, which can mean taking over the entirety of a labour intensive aspect of a their operations. We can help clients scale faster than they otherwise could, ensuring that availability of qualified people is not a constraint.

## Q How do you balance the need to invest with the need to deliver short term performance?

**A** In Switzerland we have really embraced OGSM (Objectives, Goals, Strategies, Measures; the Adecco Group strategic planning framework) to clearly set the long term direction of the business. We cascaded the concept down to the branches, so that everyone knows what their strategic priorities are over the short, medium and long term, and how we will deliver them. We assess our people according to whether they are delivering the results but also how they deliver the results. Are we building long term capability in the business?

One of the medium term priorities was to grow our permanent placement business. That required upfront investment to hire and train dedicated perm consultants, which negatively impacted margins in the short term. But it has paid off, with 30% organic growth in perm in 2018, which improves our mix and increases gross margin.

Another area where we have invested is in IT. We completely upgraded our front-, middle- and back-office systems during 2016 and 2017. This had a financial cost and also created some distraction for the business, as our people needed to learn new platforms and processes. However, it was the right thing to do, with the performance in 2018 partly a consequence of that. And the newer tools are designed and implemented in such a way that we can upgrade and improve continuously.

## Q Why is Net Promoter Score an important metric for the Adecco Group?

**A** The industry has historically not scored highly in terms of Net Promoter Score (NPS). That is partly because of the nature of what we do; for every successful candidate there are many more that did not get the job. How we treat those people is key, as we want them still to take away a positive experience.

We view creating a truly customer-centric organisation as a real opportunity to improve our value proposition and differentiation versus competitors. As a starting point, we mapped the whole client and candidate experience through a touchpoint analysis, identifying what really matters and where the pain points typically are. We then determined best practices to be followed at each step, to achieve more ‘wow’ moments for customers. We test different approaches and measure the outcomes with NPS, constantly learning and improving based on the feedback from our customers.

Every branch has an NPS target for both clients and candidates, and this forms part of their annual bonus calculation. It is also not just customer satisfaction that matters in our industry. Colleague engagement and satisfaction is also key; our people are our most important asset. We carry out quarterly colleague surveys and participate in the public Great Place To Work survey, to get valuable, anonymous feedback and to measure our progress. I am pleased to say that in Switzerland both our NPS and GPTW results improved in 2018.

# Performance management framework

We continuously monitor both non-financial and financial indicators to steer our operations and drive value creation.

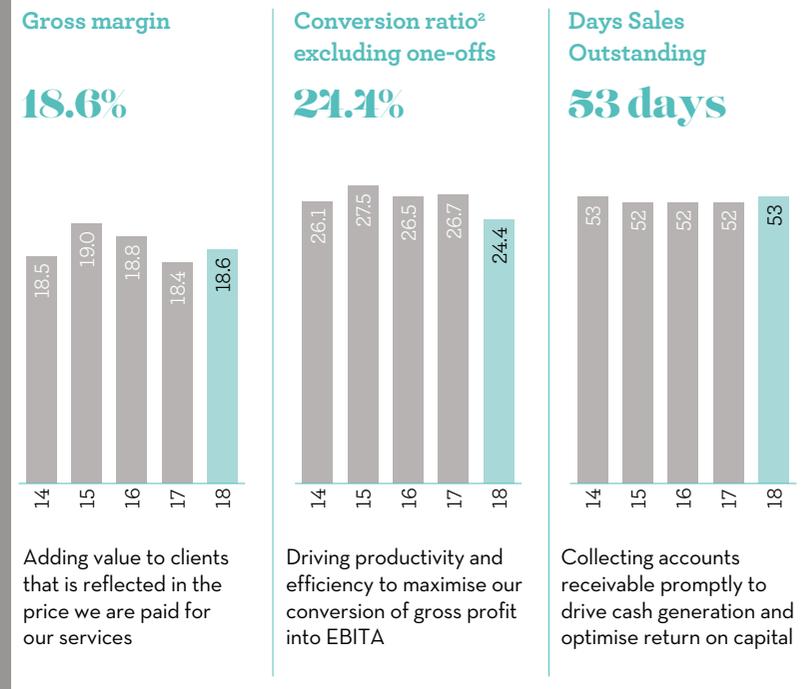
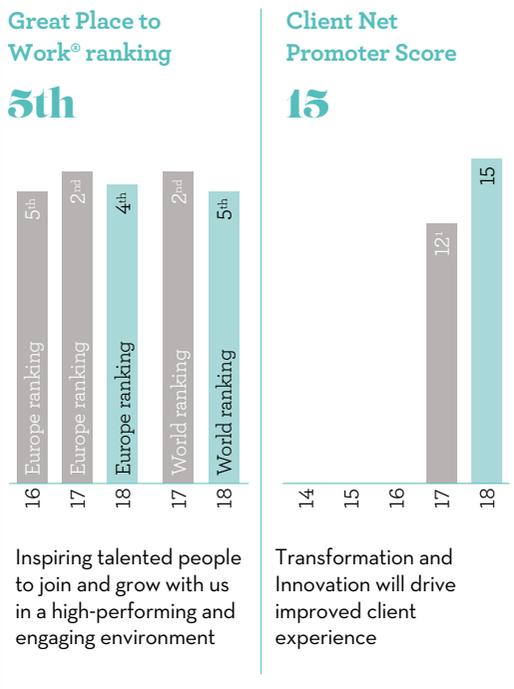
## Non-financial performance indicators

Great Place to Work® ranking	KPI
Net Promoter Score	KPI
Number of clients	
Number of candidates	
Risk scores	
Compliance training	
Sustainability impact	

## Financial performance indicators

Volumes	
Bill rate	
Gross margin	KPI
Conversion ratio	KPI
Days sales outstanding	KPI
Capital expenditure	
Funding cost	
Tax rate	

### Key performance indicators



1 Reported for the first time in 2017 report. In 2017, NPS was calculated as the average of H1 and H2 surveys. In 2018, only one NPS survey was performed, during H2. On a comparable basis, the year-on-year improvement in 2018 was +5 points.

2 Conversion ratio is a non-US GAAP measure and is calculated as EBITA excluding one-offs divided by gross profit.

## Financial results

Revenue growth	Target
EBITA margin	Target
Cash conversion	Target
Interest and tax paid	

Free cash flow

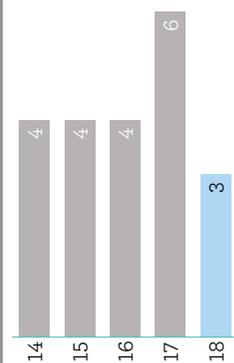
## Financial outcomes

Investing in the business	▶ Organic ▶ M&A
Maintaining financial strength	▶ ND/EBITDA ▶ Credit rating
Returning capital to shareholders	▶ Dividend ▶ Share buyback

### Financial targets

#### Organic revenue growth

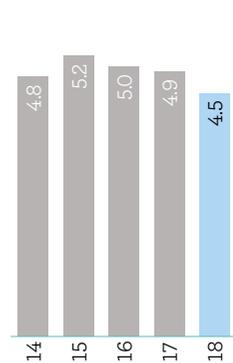
**3%**



Target: accelerate structural organic revenue growth, and increase GDP multiplier from 3x to 4x by 2020

#### EBITA margin excluding one-offs

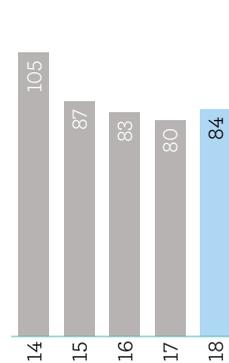
**4.5%**



Target: drive sustained improvement, with EUR 250m p.a. productivity savings by 2020<sup>3</sup>

#### Cash conversion

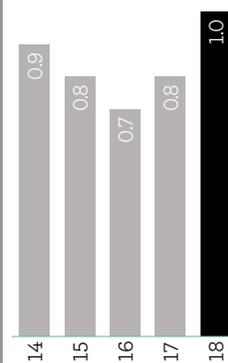
**84%**



Target: maintain a progressive dividend policy and by 2020 achieve continued strong FCF after investments

#### Net debt to EBITDA excluding one-offs

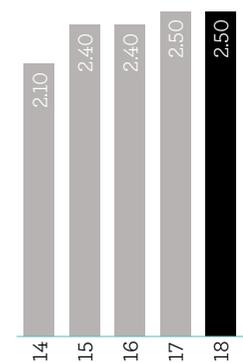
**1.0x**



Including acquisitions of General Assembly and Vetterly, partly funded by sale of stake in Beeline

#### Dividend per share

**CHF 2.50**



Stable year on year, consistent with our capital allocation policy

<sup>3</sup> Equivalent to a reduction in the SG&A as a percentage of revenues of 100 bps.

“Everything we do should be focused on the creation of additional value for customers.”

Christophe Catoir,  
Regional Head of France

Regional Head of France, Christophe Catoir, provides a detailed insight into our plans for ‘Transform’ and GrowTogether.



# Transform

**Transform describes how we are strengthening our core businesses, driving growth by enhancing client and candidate experiences, and expanding into new segments. We are also transforming our cost structure, improving productivity, by leveraging technology and digital solutions.**

## Q What is the GrowTogether programme?

**A** GrowTogether is at the centre of the Group's transformation. It is a structured programme that combines several initiatives focused on strengthening our core business. With GrowTogether we want to increase our customer value proposition and at the same time reduce our cost-to-serve, supporting both market share growth and profitability. Digital tools are an important aspect of GrowTogether. However, the programme is not only about technology but rather represents a broader transformation, with digital as an enabler.

Indeed, GrowTogether begins with customer-centricity. Everything we do should be focused on the creation of additional value for customers. That means optimising and then automating processes wherever possible, reducing administrative and low-value tasks to empower colleagues to spend more time with clients and candidates. It also means making it easier to do business with us, creating an omni-channel offering that includes mobile and online tools that augment the branch-based experience. Finally, GrowTogether means developing new solutions that address the changing needs of our clients; for example, new forms of flexibility and outsourcing solutions.

## Q How are you leveraging digital in the roll-out of GrowTogether in France?

**A** The digital agenda of GrowTogether is focused on three key areas: sales effectiveness, recruiting efficiency and middle- and back-office process optimisation. These are the core activities on which our colleagues spend the most time and where we can unlock the biggest productivity improvements through technology.

Addressing recruiting efficiency and administration, France has pioneered a new candidate mobile app, Adecco & Moi. It allows associates to manage their availability, search for and accept jobs, and handle the majority of administrative tasks. More than 150,000 candidates use the app every month, freeing up time for our colleagues and at the same time being more convenient for the candidates. The pilot in France is now providing the basis for a global roll-out.

We also launched a client portal, Mon Agence en Ligne, to improve sales effectiveness. Customers can place orders 24/7, rather than being constrained by branch business hours.

And in our middle- and back-office, we are in the process of digitising the more than 30 million hard-copies of documents that we issue every year, reducing administration and printing costs. By the end of 2018 we had digitised more than 20 million.

Digital initiatives also include: AI chatbots, to perform initial candidate screening; workforce scheduling tools that improve fill rates and increase efficiency; and data analytics to improve our sales processes.

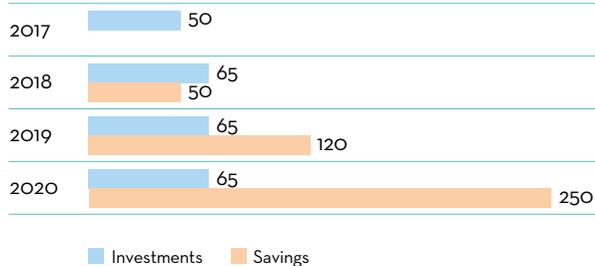
## Q Other than with technology, how else is France Transforming?

**A** Our clients' needs are always changing and our job is to not just keep up but to be ahead of the curve. It is our people at the 'coal face', dealing with candidates and clients every day, that are best placed to assess customer needs. So we invested in creating a culture of ownership, to encourage our consultants to suggest ways that we can add more value.

A key challenge faced by our clients is a shortage of qualified talent. We therefore created the Grande École de l'Alternance, through which since 2016 we have provided training to more than 10,000 candidates that we then place with our clients. Thus we help create the talent, not just find it. Adding General Assembly further strengthens our capabilities here.

In France we are also diversifying from traditional temporary staffing. Clients need various forms of flexibility that also includes outsourcing, CDII (temps with open-ended contracts) and freelance. These are higher-value activities where we have built strong market positions.

## GrowTogether investments and savings realised/targeted per year in EUR m



## GrowTogether

### Objective

To strengthen the core of our business

### Goal

- Accelerate profitable growth
- Improve client & candidate experience
- Enhance productivity

### Measure of success

- Market share
- Client & candidate Net Promoter Score
- Cost-to-serve



THE ADECCO GROUP

# GrowTogether

A unique opportunity to differentiate by offering an outstanding experience to our customers.

Placing better candidates, faster. This is the promise of GrowTogether, our four-year Transformation journey.

It requires us to deeply transform the way we work, from an organisation, process and tool perspective to drive stronger performance.

GrowTogether answers 3 questions:



### Sales effectiveness

How to reduce Cost-To-Serve and increase Order Fill Rate?



### Recruitment efficiency

How to find the right candidate, faster?



### MO/BO optimisation

How to industrialise business support activities?



GROWTH & EFFICIENCY

**13% completed**

- CRM with our client portal to improve client experience, live in Nordic Countries.
- Analytics with predictive insights, to support our Spring business in France for instance.
- Dynamic pricing to better reflect our differences on the market, for example in Germany.

**15% completed**

- Candidate portal, with our global app live in France and the Nordics.
- Automated delivery, with the roll-out of a planning tool for our onsite business.
- AI bots, especially in the US, to transform our candidate experience during the screening phase.

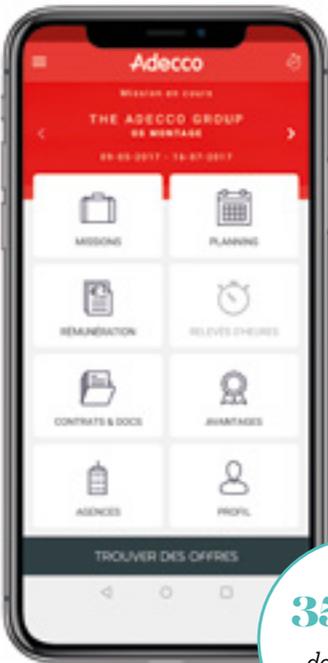
**35% completed**

- Time Capture, live in most European countries.
- Time Interpretation, which has seen a strong improvement in the Nordics and Japan.
- Paperless, with significant progress globally (eg. e-filing, e-signature).

We achieved a lot in 2018, especially in the candidate and middle-office space. We are on track to deliver our 2019 agenda, to scale our Transformation across the overall value chain.

GrowTogether – France

## Improving recruiting efficiency through Adecco & Moi, a candidate mobile app



Adecco & Moi has 26 functionalities including:

- availability management
- job search, offers and applications
- e-contracts & e-signature
- assignment information
- timesheets management
- absence and delay reports
- payslips
- aloha chatbot

**350k+**

downloads  
in one year

**150k**

monthly active  
users

### Q How is the Adecco Group's approach different to its competitors?

A On the technology side, our approach is broader and goes deeper than most. GrowTogether comes from an in-depth study of more than 100 branches and interviews with hundreds of clients and candidates. We really mapped the value chain and at each stage looked at how technology could be leveraged to add more value for customers and improve our organisational efficiency.

By co-creating and collaborating between countries, we make it easier to cut-and-paste successes from one market to another. That drives economies of scale and means we can leverage the investments we make globally. And because of our size, we can partner with technology leaders to create solutions that are not available off-the-shelf.

Another way that the Adecco approach is differentiated is in the way that we mix economic purpose with a strong social purpose. In France,

GrowTogether – UK

## Introducing CONNECT, a new integrated front office solution, to simplify processes and drive high performance

	Old	Connect	Benefits
<b>1</b> Sales effectiveness	Multiple outdated legacy systems	Single Salesforce-based CRM	Focus on client-facing activities Improved sales with FTE reallocation into revenue-generating roles
<b>2</b> Recruiting efficiency	Disjointed candidate databases	Full candidate visibility, powerful search and match tools	20% increase in time allocated to recruitment activities Addition of 3,000+ new candidates per week
<b>3</b> MO/BO optimisation	Lots of manual processes and administration	Administrative tasks reduced and moved out of branches	Timesheet digitisation Saving 30% of branch time previously focused on admin and payroll activities

we invest more in training, apprenticeships and CDII than anyone else. Every year we help more than 9,000 people from disadvantaged groups get back into the labour market, providing coaching and development. This is increasingly important for our clients and helps position Adecco Group as an employer of choice with candidates, securing the best talent.

GrowTogether is already having a very positive impact on performance in France. Our product mix is improving, with almost 25% of gross profit coming from solutions other than traditional temp staffing. Consultant productivity is increasing, with sales per FTE rising in 2018, despite the slowdown in market growth in the second half. And we also see a positive impact on both Net Promoter Score and our Great Place To Work® rankings.



Founder and CEO of Adia, Ernesto Lamaina, describes the Adecco Group's exciting programme of innovation and new ventures

“Providing our candidates and clients with a great user experience is our primary focus.”

Ernesto Lamaina,  
Founder and CEO of Adia

### New Ventures

#### Objective

- Add new profitable business

#### Goal

- New adjacent revenue streams
- Enhance Group margins
- Become the global leader in digital HR solutions

#### Measure of success

- Revenues from new markets
- Client and candidate Net Promoter Score
- Long-term margin enhancement

# Innovate

**With the final pillar of our strategy, Innovate, we are building businesses in attractive adjacent markets; capturing new opportunities in high-growth, high-margin segments. We intend to be the digital leader in our industry, disrupting it from the inside by bringing together the best of HR solutions with the best of tech. We do this by leveraging our domain knowledge, data, B2B distribution capabilities, and partnering with leaders in technology.**

## Q How was Adia created?

**A** In 2015, I was working on an on-demand start-up business that I had co-founded. I heard about the Adecco Group 'CEO For One Month' programme and thought it could be a great learning and networking opportunity, so I applied. I was chosen to shadow the Italy CEO, who at the time was Federico Vione, and he asked me to become his assistant as he moved into the new role of Chief Sales and Innovation Officer for the Group, based in Zurich. I thought I could learn more from him than by doing my start-up, so I accepted.

Soon after starting we saw an incredible opportunity in the market – to create a digital platform to improve user experience in staffing and disrupt the industry from the inside. We recognised that as part of the Adecco Group we could leverage assets that other start-ups in the space could not. But we also saw that we did not have the technology capability in-house, so we would need a capable partner to be able to move fast and remain agile. That is how we started a co-creation programme with Infosys such that we could leverage the staffing know-how from Adecco, the tech know-how from Infosys, while the Adia team could focus on redesigning the full user experience in an innovative way.

That was in 2017, and by 2018 we were live in three countries – Switzerland, the UK and the US – with a product that is leading the way in online staffing.

## Q How is the Adia model different?

**A** Instead of trying to replicate an offline staffing experience in an online format, we started from the user experience perspective and asked: if I was a client or candidate, what would I want and expect? Everyone has these great online experiences as consumers that so often are not replicated in the B2B space. We wanted to change that.

The full user journey is designed to optimise the user experience of our workers and clients. Workers are able to handle their entire staffing experience using their smartphones: creating a profile, picking up shifts, getting paid become very simple and intuitive activities that can be done anytime and anywhere. Clients are able to book workers at a time that is convenient for them, using their smartphone or laptops, rather than being dependent on office opening hours. They have full control and transparency over their orders.

We are delivering 10x improvements for users. For example, our candidate onboarding in the US takes two minutes, compared to 25-30 minutes for a traditional staffing business. We have been able to streamline the process and then optimise it using technology. And

these kinds of gains are important because otherwise you will have candidates dropping out of the enrolment when they didn't have time to complete it or they lost interest. On the client side, it takes less than one minute to create your first order, and we then will make suggestions for future orders, moving closer to a 'one-click' experience. We can see that this has a positive impact on our standing with workers and clients, achieving Net Promoter Scores that are consistently higher than traditional staffing businesses, averaging between 30-50 points.

We also have a differentiated offering compared to other online staffing businesses. Many of these start-ups offer 'search and match' only, whereas we offer a full temporary staffing solution. Many also only focus on a single vertical, which means fewer opportunities for workers. And we have market-leading technology, which is evidenced by our app store ratings, which are the highest in the sector.

## Q What are the advantages and disadvantages of being part of the Adecco Group?

**A** We often talk about the three D's – Domain knowledge, Data, and Distribution – as being the unfair advantage that being part of the Adecco Group brings. What do we mean by that? Domain knowledge means understanding complex labour markets in a way that comes only from decades of experience. Staffing is a highly regulated market, where back-office functions are as important as the customer-facing part. At Adia, we get access to real-world case studies and the most updated legal frameworks and recommendations. We can accelerate our learning and avoid a lot of the mistakes that we might otherwise make.

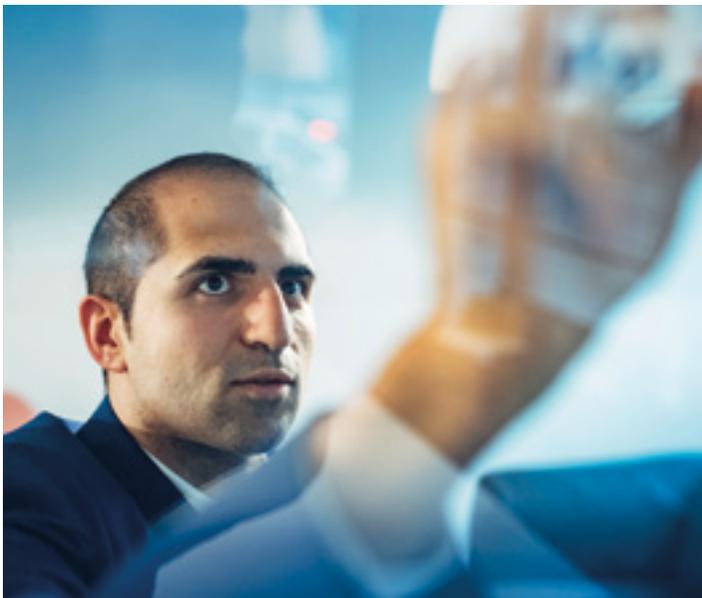
We also get access to a lot of workforce data. That helps us make better-informed strategic decisions, and can also help improve the technology, for example by making our matching algorithms smarter or providing insights on how to build marketplace liquidity. And the Adecco Group brand name opens doors. We get credibility and exposure to clients that otherwise would be hard to access as a standalone start-up. When I look at our business in Switzerland, a significant portion of that business has come from introductions from Adecco. We get the possibility to test our assumptions on a greater scale than a normal start-up would be able to.

There are some disadvantages too, the biggest one being the flip-side of the domain knowledge that I referred to before. On one side you have a 30,000+ employee machine with years of experience. It would be easy to be sucked in, to pay too much attention to the TOMs (target operating models) that our colleagues follow. If we did that we would simply end up replicating what already exists. The trick is therefore being able to stay close enough in order to leverage the advantages but as far as possible not to compromise on innovation and user experience.

## Q Does Adia compete with the traditional Adecco business?

**A** In most instances, we are not competing for the same kind of work as Adecco, and in that sense the businesses are very complementary. With Adia we are able to address user segments that are either not staffing users today or who could not be serviced effectively through the Adecco branch-based model, which is higher touch and more constrained to traditional business hours. We thereby grow the market and also expand the market share of the Group.

There are obviously some overlaps and some level of competition with the traditional business. But considering that we share information, insights and technology with Adecco, it is a competition that raises the user experience for all of the Group's customers, which is in the long term interests of everyone.



## Q What are the long term aspirations for Adia?

**A** We are still a relatively small business but we are thinking big. We know that Adia works really well for most types of transactional staffing business, with high frequency and easy-to-verify skills. We are not going to replace the human touch for highly specialised roles, or where the client is looking for an advisory solution, like Adecco Onsite. But we believe that the addressable market is huge; in the tens of billions of euros.

Our focus in the short term continues to be on testing and improving the product as we scale up. We are still in an investment phase for now. We are highly disciplined about generating returns on those investments but the key is building long-term value for shareholders, rather than chasing short-term profitability.

In terms of geographies, we are now in three countries. Certainly that number will increase over time, and being able to leverage Adecco Group infrastructure is a great advantage there.



Adia is a mobile-first, online staffing platform, designed to make managing existing short-term staff and recruiting new temps for shift work easy and transparent. Employers can review rated profiles, hire, plan shifts, set wages, track working hours and communicate with staff – all from a single platform. Candidates seeking temporary work in retail, logistics, hospitality, catering, events or promotions can search for jobs in their own time, work when they want, and get paid quickly. Candidate and client satisfaction ratings (NPS) are significantly higher compared with traditional staffing agencies. Adia is fully compliant with agency work regulations (operating under its own staffing licence), offering “gig work” via an employment relationship. Adia's platform helps gig economy workers gain experience and build a work history, and enables clients to manage and build relationships with the contingent workforces that are vital to their everyday operations. Adia offers a comprehensive service, ranging from payrolling and scheduling, to finding staff in a self-service or consultant mode. Co-created with Infosys in 2016, Adia is currently live in Switzerland, the UK and the US.



General Assembly is a pioneer in education and career transformation. Founded in 2011, the company offers employer-focused, practitioner-taught technical skills training and development in business-critical areas such as coding, data science, user experience design and digital marketing. Its full-time immersive and part-time courses are delivered by expert instructors across an international network of 20 campuses, at enterprise client sites, online or via a blended model. GA's fast-growing enterprise solutions help businesses benchmark talent, reskill and upskill valuable employees, hire candidates, and increase diversity. The company's strong brand position is supported by high customer satisfaction (NPS 50+) and excellent career outcomes for its more than 70,000 global alumni. GA already works with 40 of the Fortune 100 companies and is now rapidly scaling up its B2B solutions, supported by synergies with other Adecco Group brands.



## VETTERLY

Vetterly's online professional permanent recruitment platform connects over 10,000 top employers with highly qualified, well-suited candidates across the IT, sales and finance verticals. Machine learning algorithms are applied to identify in-demand talent to bring onto the platform, analyse clients' existing hiring activity and recommend appropriate candidates. This technology helps reduce time-to-hire and improves the quality of matches, enhancing the recruiting experience for both candidates and employers. Vetterly was launched in 2014 and acquired by the Adecco Group in February 2018. Vetterly currently operates in fourteen major US metropolitan areas, the UK and Canada and is accelerating its expansion, including into international markets, leveraging the Adecco Group's extensive domain knowledge, data and client relationships.

## YOSS

With YOSS, we are building a trusted professional freelance marketplace to connect larger enterprises and fast-growing companies with high-demand skills. The freelancer market is already three times the size of the temporary staffing market. YOSS leverages our expertise in HR solutions to deliver a digital solution that brings structure and compliance to this unstructured market, while also helping freelancers create stable careers. For companies, YOSS makes it easy to find and work with high-demand, verified and relevant freelance talent. Freelancers and contractors get access to longer-term engagements at renowned companies, as well as support and benefits such as legal assistance and timely payments, plus training, savings, insurance, infrastructure and other value-adding services through an ecosystem of partners. Co-created with Microsoft in 2017, and launched in France in 2018.

## Domain, data and distribution...

# Our right to win in digital HR solutions

### Domain knowledge

- Deep understanding of complex labour legislation and working practices
- Local cultural knowledge operating in 60 countries
- Unrivalled experience of HR value chain, spanning 60 years

### Data

- More than 700k associates working per day; 115k placements and > 300k career transitions per year
- Real-time compensation information
- Labour market supply, demand and turnover data
- Predictive workforce planning capabilities

### Distribution

- > 100,000 enterprise client relationships
- Global relationships with majority of Fortune 500 companies
- Strategic proximity with 5,000 branches around the world
- Strong global brand portfolio across skill sets and verticals