



IN THE BUSINESS OF YOUR SUCCESSSM

An interview with
Dierk Russell,
EMEA HRIS Director,
Covidien



- Company: Covidien
- Founded: 2007
- Who we are: A global healthcare products company and manufacturer of medical devices and supplies
- Number of employees: 38,000

ADP: How many employees do you have, spread over which locations?

DR: Globally, Covidien has 38,000 staff and we operate as four regions – the US, EMEA, LATAM and APAC. The region for which I am responsible is EMEA, which has a headcount of 7,000 spread across 45 different locations.

ADP: Can you describe how the business has expanded in recent years?

DR: Covidien is a relatively new entity. It has existed under this name for only the last seven years. Before that it we were known as Tyco Healthcare. Since then, we haven't seen major organic growth in terms of headcount as a result of slowing mature markets but what we are targeting is growth through strategic acquisitions and also continued growth in emerging markets.

ADP: What have been the main operational HR challenges related to that expansion?

DR: The way we have developed has meant that each region is part of the overall global HR strategy. But payroll has traditionally been a little more flexible. In EMEA we have a fairly common approach to it, but in Latin America for example, where there are a number of different manufacturing operations, it's very difficult to get commonality because there are so many points of integration. Here, standardising systems and associated processes doesn't always make commercial sense. In EMEA though, it's much simpler – not least because staff are paid

monthly, which makes it a much simpler planning process. But, that said, our region is not without its operational HR challenges. Because EMEA is a very developed market, cost is a more important factor in any strategic decision. Also, while we tend to have a standard approach in setting up new businesses in new locations, it's not always a simple task of repeating previous processes.

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ADP: Have you moved to a more standardised approach to HR and integrated international payroll processes?

DR: Yes. Mirroring the standard approach we take to moving to new countries, I simply have to approach our service provider to see if they already have a footprint in our proposed new market. Some of our most recent new areas we are working in (markets that have very little infrastructure) also present challenges for our service provider. Fortunately for us as an organisation, we are not finding too many gaps in the markets we want to go into.

ADP: What has that meant in terms of compliance, cost control and cost predictability?

DR: One of the advantages of using an integrated international payroll system is that its service offering has a certain degree of compliance built into it. We also have a very good relationship with our provider – one that enables us to be quick to respond to any compliance changes. We feel this makes for a great symbiotic relationship. It leaves us confident to get on with what we need to do. Before we used an integrated international payroll system, we had a very fragmented payroll landscape. Now, not only are we able to predict costs, but we can also see trends in costs. Things have been made much simpler.

ADP: Does standardisation and integrated payroll allow you to stay flexible and responsive?

DR: We believe the model we have is extremely flexible. Our service provider has a very good listening ear and it is able to respond quickly to demands we place on them. The ability to have a partner that always wants

to be innovative lies at the heart of this relationship. Often it's very easy to treat a partner as a 'third party' – but here we deliberately use the word partner – because partnership is about trust and open dialogue.

ADP: What happens if you were to further extend your geographical coverage: how does your current system allow for that?

DR: The system allows for it to be extremely easy. At its simplest, we can simply add the parameters of a new country and plug it into the system. There is obviously some additional lead-time involved with setting up other HR services, but yes, the plug-in-and-play approach is pretty well tested.

ADP: How do you ensure your key performance indicators (KPIs) remain the same across the international organisation?

DR: Consistency is achieved by having monthly reviews of all our payroll operations in all of our countries. Apart from cost KPIs, others that we measure include those around compliance (making sure staff are paid on time and correctly) and those around errors. Thankfully, any errors that creep into payroll are few and far between, but if there are any deviations from the norm, we'll follow them up. Following-up problems is just as important as identifying them because that is how you understand whether they are due to issues we have created or from something at our provider's end. Bottom-line, our KPIs are all about service. We feel confident that when we enlist the help of our payroll partners they act as if they form part of our own organisation.

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