

HR insights podcast

Series 8 | Episode 12

PSA: This transcript has been written with assistance from AI.

EOR | The smarter way to go global

[00:17.6]

Welcome to HR Insights, the podcast topical discussions with and for our global HR community. Welcome back to the podcast HR Insights. My name is Stuart Elliott and I will be your host on the show today. Today I am joined by Tony Davis.

[00:33.1]

He is the global Partnerships direct director at Acumen International, a company that helps organisations hire, pay and retain talent in over 190 countries. You may have heard us, heard of us mention Acumen over the last month or so as we build quite an exciting partnership with them and they are very first sponsor of our, of our podcast HR Insights.

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Together they explore the growing world of global employment from navigating compliance and risk to unlocking new markets and managing distributed teams. Tony is here today to share insights from his 20 year career in international recruitment and employment services. It's a good listen.

[01:08.9]

The EO model is one that I don't think enough people know enough about. Tony is really knowledgeable. He has a heap of history dating back in the recruitment world and I hope you enjoy the show.

[01:27.6]

Hi Tony, welcome to the podcast. Thank you. Stuart, how are you? Very well, thank you. Yeah, not too bad. Good, very good. It is a good location, I have to say. Yeah, the, the BrewDog podcast does, does very good. It's a nice advert for BrewDog in there as well. Tony, for our audience. Do you want to give a little intro into you and your background? Yeah, sure.

[01:47.8]

So, so, so I started life many, many years ago as a military engineer, funnily enough, you know, and then I know that, I joined the army as a boy soldier at 16 and for various reasons ended up leaving the army around about 21. Ended up going to university and doing an engineering qualification and then went into Engineering.

[02:07.5]

Spent 10 years working in, in sales in engineering for, you know, various companies. Marconi Communications was the last guy I worked for, telecom equipment. And then a friend of mine, I don't know how, but managed to hoodwink me into joining him in a venture of setting up a recruitment business.

[02:24.9]

And, and he was sort of, you know, he'd, he spent some time in a business before and they'd done okay. Now they did a few, different things, mostly industrial recruitment, which is, you know, a really tough area to work in. Anyway, and so, you know, I sort of joined as a complete newbie really after sort of 10 years in industry going through lots of, you know, corporate, sales training programs and things like that.

[02:46.0]

I joined a recruitment company and realized that I now was working in a real sale job. And anyway, you know, so we did, we did very well. You know, the first year of trading we hit £1.2 million in revenue, which was pretty good from a standing story. And him, you know, two desks and two phones.

[03:03.7]

And were you contingent or were you searched? We were contingent. You were I like that, contingent in industrial recruitment. And you know, we did really well, you know, and sort of, we got to about year four, and we were doing around about six, six million pounds in revenue. We had been one of the first companies to get into Europe as it expanded in 2004.

[03:24.6]

And we were you know, giving people jobs from Europe to come into the UK and you know, there's lots of stuff that we were doing that was sort of, you know, at the time, relatively cutting edge. Yeah. And we attracted an offer. So, you know, we managed to create an exit event for ourselves which was, you know, pretty good.

[03:40.2]

But you know, big learning curve because, you know, neither of us had ever been through that event, type of, type, of event before. So we learned a lot, you know, about what to do and what not to do and what to look out for. Was it a pure exit or did they keep you on? Normally there's a retain retention, it's a recruitment exit student.

[03:56.2]

There's never, you never pick up a jack and walk away, you know, that, you know, you don't. Yeah, it was a, it was a, it was a two year earn out, you know, so I think I did 18 months of the earn out. And two years is pretty good though, like normally three is what I sort of hear about most of the time now.

[04:12.1]

Well, I mean, maybe we did a good sales job on the people who bought us because you know, the reality, it wasn't a recruitment company. It was a, security business actually that wanted to move into recruitment. So you know, we were their first acquisition so they didn't really have a lot of experience. So. Right.

[04:27.3]

So they were diversifying. Ultimately they diversified and we did okay out of it. So that was really interesting experience. A really good learning curve for both of me and My Business. What were the biggest things you learned out of that? Never trust anything anybody tells you without checking it. Really. Absolutely. Yeah.

[04:44.3]

People will always tell you the things they want you to know. Right. The things that they want you to believe leave, you know, so you have to do your due diligence as in every walk of life. You know, you have to go and check everything and double check it and make sure you understand it. You know, the problem with any acquisition is, you know, as you probably know, there's. There's so much documentation, there's so much legal backwards and forwards.

[05:02.1]

You know, you have to read everything, you have to understand everything that is going on. You know, not in the sort of, you know, in the detail that a lawyer would, but you need to understand what it is that you're signing away and what you're agreeing to, you know. Yeah. So, yeah, so, I mean it was a really great experience and you know, it led to a lot of different things.

[05:18.8]

It was certainly, you know, changed the direction of my professional career, you know. And you know, I ended up working, moving to Italy where, where my grandparents were from originally, you know. So we went back to the town where they lived and, and family and uncles and cousins and things like that.

[05:35.1]

Where was that? Where in Italy? It's in a little place called Citta di Castello in Umbria. Oh, nice. Which is right in the middle of Italy, you know, central as in, you know, north, south, central as in east, west, you know, so really, literally about eight kilometers from the Tuscan border. Okay.

[05:52.9]

And you know, it's great. You know, we had a great, probably 18 months, two years of doing things that I wanted to do. And then, you know, reality set in. I realized that, you know, 40 is probably not the right time to retire. And and so I ended up getting a job with a local company that was an international engineering company.

[06:13.4]

And they had obviously, a HR and recruitment function inside their business. But it was all very disparate and individual and they had multiple locations, all with their own, you know, recruitment functions. None of them were joined up. None of them were doing anything that I would have considered as being, you know, a professional recruitment operation.

[06:31.3]

So there was lots of duplicity and lots of duplication of what's going on and no communication, no real use of tools, et cetera. So my role there was to sort of build them an international recruitment business, that would feed the business that they had.

[06:46.4]

So they had a, headcount of around about 3,000 people across six sites, including China, Mexico, several in sort of Eastern Europe and Southern Europe. And so we effectively got the HR people together and we built a recruitment function.

[07:02.3]

You know, so we, you know, we made them understand that, you know, giving the recruitment function to the most junior HR person was probably not a solid piece of strategy. And you know, we managed to save the company somewhere in the region of about £500,000 or euros, I think it was the time, in recruitment fees every year, you know.

[07:20.5]

So probably not the greatest, advert for the recruitment industry because I was on the other side of the fence. But that happens. It worked, you know, so, and that really worked very well for, you know, probably four or five years. And then I came back to the UK because my children got to the age where, you know, they were going into secondary education.

[07:38.3]

And, you know, we both felt that it would be better for them to do some of that here and have a bit of a mix of. Of cultures and educational styles, etc. So we came back to the UK and I set up as you do as a recruiter, as an independent, you know, executive search, head-hunter sort of thing.

[07:55.0]

Put a lot of clients together, did okay for a year or so, and then was headhunted by one of my clients to come and help them, build the UK arm of Belcan Engineering, which is a big American engineering services organization that had a very, you know, solid recruitment arm to it.

[08:11.6]

So. So I, I came into the UK division. There's about five people in it. When I joined, I was making very little money. I won't go into the numbers, but not very much. Okay. And make doing around about, I don't know, about, about. About 8 million, \$9 million worth of revenue in total.

[08:28.5]

Yeah. And my job was really a turnaround. You know, how can you make this into a commercial recruitment business that can feed the engineering side of the business, but also, you know, create a commercial, commercially viable recruitment business? So, you know, we set about that. We put some strategy together, made some hires, fired some people, brought in some clients, got rid of some clients.

[08:48.8]

And when I left four years later, we were doing \$60 million. We were making about 9, 10% EBIT. We'd grown the team to 45 people. And we were placing people in 35 countries around the world. Yeah, so that was my sort of story, you know, I suppose a sort of, A sort of progression, if you like, of my international, business experience.

[09:13.1]

And then, you know, we got to the point, post Covid, actually, Covid, we grew even more because, you know, we were very, very effective and efficient at managing the people, and people worked really hard. Our efficiency went up during COVID as opposed to down. Unfortunately, the of the business, the engineering side got a serious, serious blow because, you know, they were all mostly in, in aerospace.

[09:34.5]

And obviously during the COVID aerospace got a, Serious hit. So you know, some of those, some of those contracts went from, you know, hundreds of engineers being placed to literally one or two. Right. You know, so, meant a change of strategy for the business. That, that change in strategy meant that, you know, my expansion plans for the recruitment side of the business were not really in line with what they wanted to do.

[09:56.5]

They wanted to sort of redress a little bit and holiday and we were sort of poised for growth. And at that point, you know, I, I saw an advert on LinkedIn. I never ever, you know, respond to adverts on LinkedIn. And, and the only reason I, I responded was because it was James Khan at Recruitment Entrepreneur.

[10:14.2]

And literally I sent, I pressed apply and within 24 hours James phoned me. Well his, his his, his assistant did. Yeah. And within 36 hours I was on a video call with James Kahn, which was probably one of the strangest things I've ever. A little bit surreal.

[10:30.9]

You sort of, you know, you've sort of seen this guy, you know, you've heard all about him and he's probably one of your, you know, dare I say, heroes to some extent. You know, he's obviously a well known recruitment. He is, yeah. You know, and to be sort of, you know, face to face with him on a video call and I was on holiday at the time as well, which was a bit bizarre.

[10:47.3]

But yeah, great, you know, and I got involved with James's investment organization. So I sort of came in and helped him to develop his partnership network around the globe, and identify, you know, recruitment, leaders, people who want to build their own recruitment businesses, and help them to, you know, access the investment fund that James was providing.

[11:07.8]

So, you know, then spent a lot of time working with recruitment leaders and you know, startup recruitment businesses, helping them to understand, you know, what are the metrics they need to focus on, how do they need to grow their business, you know, what are the things to sort of watch out for? You know, so it was a really great learning curve.

[11:22.9]

And I think, you know, if you, if you look at, you know, my career, it's all. I've always been moving forward and expanding on where I am at that time, you know, so. And it's always sort of, I suppose I've always moved forwards towards that position where, you know, I'm able to use the experiences I've had previously to help the people that I'm working with at that time, you know, so that's been quite You.

[11:41.6]

Quite an interesting journey. You, know, and as all things, all things come to an end at the right time and you know, a couple of years ago or something, about a year and a half ago actually, I was approached by, Arbit Hamid, who, you know.

[11:57.3]

Well, Arbit, I think you've spoken to him many times before. Who, you know, is, working with Acumen International, which is the global, er, company that I work for now. And he asked me to come and help them to do very similar sort of thing to what I was doing with James, which is to help them to develop a partnership network around the globe.

[12:18.3]

Slightly different in terms of, you know, the types of partner that we're looking for. Yeah. But I think, you know, the concept of partnering is. Is the same, you know, because, I mean, my, My. I suppose my interpretation of partnering is, you know, one or more.

[12:33.6]

So two or more businesses that are working together for mutual advantage. You know, I think it's a bit disingenuous for companies that promote themselves as having a partner network when in reality what they have is a referral network. Right. You know. So you think there's a distinct line between referral.

[12:50.6]

Yeah, I do, yeah. Yeah. I think, you know, the sort of, you know, if you're, if you are partnering with an organization, then, you know, you are open about your communications, you're open about your intentions, you are sharing the risk. Yeah. You know, you are sharing the rewards, you know, whereas, you know, when you are, you know, being given a small compensation, for giving somebody a lead, I don't think that's the same thing.

[13:15.3]

I think that that's, That's a, That's a, That's a. That's a commercial arrangement, you know, that's a, you know, that's a referral situation as opposed to genuine partnering, you know. Yeah. Makes sense. But tell us more about, I suppose, Acumen and what they do like.

[13:33.5]

It'd be good to understand a little bit more from that side of things. Yeah, I mean, you know, Acumen is. Is primarily an EO Arkham company. I mean, they started life actually, way back. Sorry, EOR we were talking about. Employer of record. Employer of record. Pardon me. Yes. But they started life actually as a recruitment business back in the early 2000s.

[13:51.6]

So about the same time I was setting up my own recruitment business. Our founder, Nick Gans, was setting up Acumen as a recruitment business in Eastern Europe. And you know, during the financial crisis of 2007, 8 you know, he pivoted the business into, the employer of record world.

[14:10.5]

Because of, you know, the situation regarding, you know, business at the time. It was very, very difficult period for everybody. But there was still quite a lot of opportunity with companies wanting to expand, wanting to access new revenue streams and therefore new markets.

[14:26.5]

And so people were looking for ways in which they could, you know, without taking on the cost, and having to undergo the training and the learning required to set up and open your own entity in a country. They wanted to be able to employ people, you know, in a compliant way, which, you know, was easier, less costly and, and made them feel more comfortable that they were not going to be, you know, contravening any local laws and things like that.

[14:52.5]

So, so he sort of took advantage of that. And, and there were a number of companies at the time that sort of, you know, took that model. And the model originates actually in the U.S. because if you look at the, the U.S. pEO model, which is the professional Employment Organization model, you know, that's, that's where this originated because, you know, the US Contrary to popular belief, you know, the United States of America is actually 50 odd different states. Yeah. You know.

[15:16.3]

Yeah. Very similar to Europe. In fact, you know, if you think about the way that European Union tries to sort of portray itself as an entity, actually it's different countries. Right. They all have their own legal requirements and their own financial laws, etc. Etc. And the US is very similar.

[15:31.9]

So the PEO, model was already in existence in the US from sort of the sort of 50s and 60s. You know, it's that old. And that's because, you know, locally in the US Companies wanted to be able to employ people in other states but didn't understand how to do it. So they would use a PEO to be able to effectively make sure that they were, you know, from a legal standpoint, being, you know, operating correctly and compliantly.

[15:58.1]

You know. So the PEO model is a shared employment model. So the PEO organization will take, on the legal and financial, responsibility in a shared way with the employer. You know, so they're really just advisors. They're offering advice for, you know, to make sure everybody is compliant.

[16:15.7]

So that's where, you know, this, this whole business really originates from is that PEO model in the US and the extension of that into global EOR has taken sort of 30, 40, 50 years to accomplish. Yeah. And it's been driven by, you know, the changes that we've seen over the years in, you know, geopolitics, in, you know, the availability of skills, the, you know, the requirements for different companies and countries, you know, in different locations.

[16:46.5]

You know, we've had in this country, for instance, for many years, you know, a skill shortage in engineering, you know, and you know, quite often you hear people talk about the you know, the fight for skills, you know, and actually, you know, there are lots of people with skills.

[17:01.5]

They're just in the wrong places. Yeah, that's true. Totally agree on that. So, you know, the EOR model is designed to allow companies to be able to access those skills where they are located, and to legally employ them to deliver services to their organizations without the need for setting up a legal entity, you know, going through the learning curve that's required to understand how you need to operate and making sure that you're compliant with all of the local legislation in that, in that location.

[17:31.5]

So you must work across some pretty, pretty tricky countries then, I assume as well. So was it 190 plus countries, is that right? I think we do 192 and I think there's 196 in the world. But we're quite happy for anybody else to go and work in the other four. They're the ones we don't really want to work in. But yeah, you know, and you know, in the model that we operate is, is a sort of, is a sort of partnering type model, you know.

[17:54.4]

So do we have entities in every single country around the world? No, absolutely not. You know, but what we do have is we have 20 odd years of experience and connections and you know, real people, relationships, you know, with organizations that have been in existence for a number of years in that, in those countries, and have operated compliantly effectively and cost effectively, for many, many years.

[18:20.2]

So we're able to sort of bring people together. And our role really, I suppose, as a global EOR is to provide, I suppose, a central point, if you like, for companies that want to operate globally but don't want to have the cost and the expense and the sort of learning curve evolved in setting up their own entities and to be able to employ people compliantly in multiple locations around the world, but be able to see all of their activity in one location so we can centralize all of their management information so they can see, you know, who they've got working in what country, what it's costing them, et cetera, et cetera, and we can produce, you know, the sort of management Information that's required for people to be able to, you know, have a really good grip on what's going on around their business, in their global employment, employee workforce.

[19:09.7]

So, you know, I think that, that's, that's acumen's real, strength. And obviously the other side of the coin is of course, making sure that, you know, we maintain a high level of service because, you know, we are a people focused organization.

[19:25.1]

You know, so our approach to EOR is about the people. You know, technology is there to underpin and to augment and to, you know, assist and streamline what we're doing. But actually it's about providing the service of the people. And to do that you have to have relationships with people who are physically present on the ground with knowledge, experience, understanding, you know, connections themselves so they can actually get things done and they can help somebody who is, you know, experiencing an issue locally.

[19:53.7]

You know, rather than them being given a, you know, an email address or being asked to talk to an AI chatbot. Yeah. You know, or eventually getting through to a call center, somewhere that's remotely located that again, still doesn't have anybody that really understands what the experience is that they're going through. Yeah, totally agree.

[20:10.6]

If you had to look at the moment around where you're seeing the most demand for you. Is there a region or a location that's sort of seeing the most demand at the moment? Yeah, I mean, there are a number of places around the world which are, you know, seeing lots of growth in this EOR model for various reasons.

[20:28.0]

You know, I mean, if you look at the, the Middle east, for example, you know, the Middle east is, you know, for many years now has been going through this process of trying to diversify their economies. You know. So, there is still lots of requirement for people to be coming into the, or into the, the locations of the Middle east, and helping them to continue that, that progress, helping them to develop, you know, manufacturing capability, helping them to develop energy infrastructure that's not oil based, you know, so, so there's lots of things down in the Middle east that are, you know, generating that interest.

[21:03.3]

Latin America is another area, you know, obviously sort of, especially the northern parts of Latin America where, you know, there's a lot of activity around the border states with the U.S. you know, as we, we all know that the geopolitical situation and the sort of situation with the US Administration is causing, you know, lots of change to be taking place and you know, change is not always a bad thing.

[21:25.2]

You know, there's. Sometimes there's opportunity within change. And what we're seeing is, is organizations wanting to take advantage of the proximity of the. Some of the sort of northern Latin American countries to the U.S. border, to be able to access that market and that, you know, and be able to take advantage of some of those changes that are taking place there. Yeah.

[21:45.4]

And where else? I suppose, you know, the other place, that, you know, would be remiss of me to not mention would be India. You know, India for many years has been, you know, a growing economy. You know, it's, it's, it's. I think. Is it one of the. Is it the fastest growing economy in the world today? I think it's pretty. It might be. Yeah.

[22:00.9]

I think, I think you could be right. Yeah. So. So, you know, I mean, there's just so much going on in India, you know, I mean, the, the sort of onshoring of global, compliance centers and things like this, you know, requires lots of knowledge and skills that, you know, sometimes they have to bring people in to do that.

[22:18.4]

You know, sometimes, you know, they're attracting talent from all parts of the globe to sort of try and help them to develop their economy still. But more and more we're also seeing lots of Indian companies wanting to now expand and take their organizations that they've built in India that are now, you know, significant organizations.

[22:36.6]

You know, if you take, you know, companies like Tata or Tech Mahindra and people like this, you know, the reverse sell for you, it's not going into. Coming out of there. Absolutely. Yeah. You know, so you now have, you know, those companies now wanting to create a global footprint. Well, you know, one of the most cost effective ways of creating that global footprint is to go through and use the eor, solution.

[22:58.3]

And that makes, that makes perfect sense. What are the. If people are doing this, though, what are the common traps people fall into? Because I suppose there's a lot of people must try and do it and then probably fail and then maybe come to you afterwards and go, actually, we failed, surprisingly.

[23:15.2]

You know, it's more common than you would think. Yeah. You know, look, I mean, it's like everything in business, right? Everybody wants something at the lowest possible price. Yeah, of course. Right. But somebody once told me, you know, buy cheap, buy twice. Right.

[23:32.3]

And I think that sort of holds true with the EOR space. You know, don't be fooled by people telling you they can do it faster, cheaper and quicker than Anybody else. Because if they're doing that then there's probably something that they're not providing you, you know, and, and you have to double check.

[23:49.4]

And it's like I said before, you know, due diligence is absolutely critical. And I think in the employer of record space it's even more critical because you know, the sanctions that are being imposed now by some of the governments around the world. Right.

[24:04.6]

Because let's be honest, governments have realized, you know, and the UK is a really good example of this. Right. You know, the IR35 law, for example. Right. Has been designed to try and stop people hiding as contractors or independent people when actually they are a hidden employee.

[24:22.6]

And because that drains tax revenue from the Exchequer and other countries around the world have realized this as well. So they are all looking at contractor workforces and they're looking at organizations that are setting up and operating in their countries and saying, okay, are they compliant?

[24:38.3]

So the financial penalties can be quite severe in some places. It is a percentage of your global turnover. Yeah. So you know, if you work in, you know, London and you want to open a place in, in I don't know, France, and you get it wrong. Okay, it's, it's your London uk, UK office and your France operation.

[24:57.8]

But if you're Siemens, you know, or, or Tech Mahindra for example, you've got 70, 80, 90 offices around the world and you, you, you create billions and billions and billions of dollars in revenue and you know, profit, then that's a significant number. Right. So is saving yourself \$300 or \$200 a month enough for you to risk the entire, you know, business being exposed to, you know, what could be a significant financial penalty?

[25:24.1]

I think that's the thing that people sometimes forget. You know, they get blinded by the fact that okay, I did have a contractor and I could pay him X now I need to use him, I need to employ him through an EOR solution. Right. Which is going to be more expensive. Right. Because you have to pay of course, you know, the on cost that you would for a normal employee.

[25:43.8]

So they're trying to do it in the cheapest possible way. And that doesn't always work because you expose your company to excessive risk. Yeah. And again all of that makes perfect sense. And you touched on it as well in terms of, I suppose, geopolitical economic uncertainty, making it harder for clients in a lot of respects and probably seen that with examples like Ukraine, Russia, Israel to a degree, I'm guessing as well, where companies are a bit Nervous about what's happening?

[26:11.2]

Yeah, I think, you know, look, you know, I mean, one of our, I think our most, popular location for EOR services at the moment is, is the Lebanon. Right. Which, you know, you would never have thought that. Right. But it is because a lot of companies, as you say, are wary, unsure. Yeah.

[26:29.7]

You know, they, they are not confident about their knowledge about how to operate in that country. And obviously the risks are significant. You know, if you're sending people to work in, an environment where there is risk of death effectively, you know, then you need to be careful, you know.

[26:48.5]

So if you're going to use an EOR solution, well, do you want to use the cheapest possible EOR solution or do you want to make sure that you've got all of the right insurances in place and that, you know, that person is being given all of the right, assistance and guidance and, you know, equipment that they need to be able to do their job safely and, you know, and not put them.

[27:08.4]

Minimize the risk that they're exposed to. Yeah, well, yeah, well, obviously you would, but that's not something that comes cheaply. You know, you have to pay a little bit more for that. So I think, you know, there are lots of places around the world where, you know, the risk involved is significant. Yeah.

[27:25.9]

You know, and people are turning to EOR solutions to help them in that and acumen, to be fair, over the life of the company, we have, I suppose, developed a bit of a reputation for being the sort of go to people if you like, you know, for difficult places to hire.

[27:41.9]

You know, we, we have a nice place to be, isn't it? Yeah. You know, I mean, yeah, it is a good place to be, you know, because I think our knowledge and our, connections are second to none. You know, I mean, we, we can find a, a legal compliant and effective employment solution in 192 countries around the world.

[28:01.9]

That's, that's not a claim to fame. That, that's fact. You know, do we tell everybody that we have an entity in every country? No, absolutely not. But what we do tell people is that we have the ability to put them in touch with and help them to understand how it needs to work, to make sure that what they're doing is legally compliant.

[28:23.0]

All of that makes sense. So if we take an example, I guess if a company wants to expand in the market without opening an entity, what are the three things that you'd say they should check before engaging in eor? Well, I think the first thing you need to look at is, you know, what is the role that you want somebody to do?

[28:40.9]

You know, does it meet the criteria to require an EOR solution? You know, that's the first thing. Because if you don't need to do it, then don't. You know, I mean, if it's a genuine position where you can employ a contractor or you can employ somebody in a different format that, you know, maybe is slightly less expensive, well, great, you know, that's good.

[29:02.9]

But you need to make sure you check that, you know, because far too often people, you know, misclassify the worker. And misclassification is one of the biggest issues, you know, so people sort of say, okay, now this guy is a, is a contractor, so we're going to give him a contract, engagement, and six months down the line, you know, the local, tax enforcement officials come in and they say, well, hold on a minute.

[29:27.0]

You know, what are you doing and how are you doing it on the ground? It's not just the contract contractual situation that they look at, it's the physical situation that they look at. Right. So, okay, so you come into this particular location how often a week? Oh, every day. Right, okay.

[29:42.3]

And you report to who? You report to John, and he's your line manager? Oh, yes, yes, yes, he's my line manager. Great. And you get paid on what, date of the month? Oh, I get paid on the. On the first of the month. Every month. Great. Okay. Well, you're not a contractor, you know, you're an employee. Right. So how are you engaged in a contract position?

[29:58.2]

So it's that understanding, you know, what is the position that you're trying to hire for and what are the, what are the parameters of that position? You know, is it genuinely a contract position or is it actually, you know, an employee? And that can be different depending on which country you're operating in.

[30:14.2]

Because obviously, you know, I've just used an example. They're using some of the, you know, the laws or the, the sort of classification models we'd use in the UK. But, you know, in other countries around the world, those, those rules may be slightly different. And that's again why you need to use an, experienced EOR, because they will know what the classification rules are.

[30:31.8]

Because they've got people on the ground that are working that model, the same as recruitment companies and, you know, HR companies in the UK are working them. So I think, you know, first of all, make sure you understand what it is that you're trying to do. Yep. I think second thing is, you know, engage with an EOR that has experience, you know, and I'll give you an example here how I tend to sort of describe this, right?

[30:52.0]

If you were given the opportunity of having a life saving operation performed by, you know, the most modern, piece, of technology, but they'd only ever done it twice or by somebody who done it 500 times, which one would you choose?

[31:09.0]

Person that's done it 500 times. Exactly. You know, and, and it's the same concept with EOR. You know, don't use an EOR that has not got proven background and proven, you know, methodologies, and hasn't done it before in that country. Because what you're exposing yourself to could be significant, you know, so choosing the right EOR is very, very important, you know, and it's not a price decision, it's not a cost decision, it's a risk mitigation decision.

[31:36.6]

You know, how, how can I protect my organization and my employee, more to the point? So I think those are the sort of two key things I would sort of certainly look at. Yeah. If, if you were, do you generally work with, I suppose, companies from certain sectors or is it again cross sector?

[31:55.0]

No, I mean, you know, EOR is sector agnostic. And there's a lot of misconceptions around EOR. You know, I can't use EOR because I'm only a small business. Wrong. You know, actually EOR, is great for small businesses because, you know, in reality small businesses tend to have smaller budgets and therefore can't afford to expand into new markets and new countries.

[32:13.8]

So yeah, the EOR model is a great way of doing that. You know, I mean, in fact, while I was working with recruitment entrepreneur with James, we quite often would help recruitment companies to expand into the US for example, and we would use an EOR model because why do you want to go and employ somebody directly in the US where there's so much legislation, you have to provide health care, you have to provide lots, of different things.

[32:38.1]

Without going into all the details, but if you use an eor, they provide all that for you. And because they're doing lots of it, they can do it slightly cheaper. So it costs you less and you are absolutely covered. Know, it works really well for, smaller companies. It's great for companies that want to test the market.

[32:57.2]

You don't know whether the market is actually there for your product or service. So why not test it? You know, use An EOR model. Very often, you know, we help companies to, you know, put together a market entry model, you know, which will involve, you know, hiring maybe two or three people on an eor, engagement, with a view to, you know, a sort of time limited, activity to see, okay, can they attain some specific targets.

[33:21.5]

And if they do attain those targets, then we will help them to sometimes set up an entity and country and we can provide them with, you know, the whole support, package, if you like, to help them to create that entity and make sure that it is set up, you know, legally and compliantly and it has all of the appropriate, you know, Supporting systems, in place.

[33:41.6]

What, what are the most common misconceptions about the EOR service?

[33:49.4]

Well, I suppose. I suppose, there are. There are several. There are several, you know, without. Without going into, you know, each and every single one. I, I think that people think that it is expensive. Yeah. But I think, you know, is it expensive?

[34:07.5]

Well, yes, it probably is, you know, but it depends on what you're comparing it to. You know, and also it depends on, you know, what is your appetite for risk. You know, it's like I was gonna say, I'm guessing the pricing is. Is relevant to the risk. That's like insurance in some respects. Yeah. Yeah. What do they say? Yeah, about insurance?

[34:23.1]

You know, insurance is one of those things that you never need till you need it. Yeah. You know, and I think, you know, choosing the right EOR is, Is a similar sort of thing because, you know, if you choose the wrong eor, when you do need that protection to be in place, it might not be there, you know, so, choosing the cheapest is not always the best option.

[34:41.5]

Yeah. Yeah. But I'll caveat that because sometimes, you know, there are situations where it's a very, very simple solution that you need. And therefore, you know, as long as the, the basic cover is in place, you know, you can get a relatively cost, effective solution. I think like I said before, you know, the is it for me question, is always a problem.

[35:02.7]

You know, people seem to think, you know, it's, you know, either I'm too small to use this solution or, you know, we're a big organization, so we should just go forward and build a new entity somewhere. And the other solution, of course is. Or the other situation where EOR can be useful and is sometimes not considered is where you've got companies already that have, you know, multiple, entities around the world, but they may not actually need them.

[35:29.1]

So there's a way of using EOR to be able to maybe, reduce cost by removing the overhead of running a entity, but maintaining the people. And all you're doing really is transferring where their employment status sits. So I think it's understanding what EOR actually is and how it can be used is where those misconceptions tend to come around.

[35:53.3]

And I think that's because of the, I suppose, it's an education piece. Right. So if you look at a lot of the things that we do on our LinkedIn website, for example, everything is around educating people about the risks, educating people about the opportunities, educating people about the reasons why, people should use EOR or the reasons why people shouldn't use eor.

[36:19.0]

So we are constantly trying to educate, you know, our, our audience about, you know, where they can take advantage of this, you know, great, model. Yeah. But with what you do, I'm assuming that you have to stay regularly up to date in terms of employment legislation, global trends that are happening.

[36:35.6]

Like I suppose two questions really. How do you personally do that and how you do that as a company? Yeah, well, I'll take the second. The second. So as a company, we have, a number of people within our organization who are, I suppose, specialists in their particular area. Yeah. And they are tasked with checking every month for updates, changes, additional, legislation that might have come in into their area of expertise around all of the countries that we operate in.

[37:04.8]

So we have something called the Global Compliance Guide, which is, an online resource that we maintain and keep up to date, which effectively gives people, that are engaging with us access to as much information as we can find about each country.

[37:20.6]

What is the geopolitical situation? What is the currency, you know, how is the economy set up? How do you set up various types of companies, you know, what are the reporting requirements, you know, what are the HR laws that are applicable to you if you're you know, engaging in, in employment in those countries.

[37:37.4]

So we try to sort of, you know, you know, keep that as up to date as we possibly can. And I think, you know, we probably do about eight, eight or nine updates a year, you know, which, which is not as many as I thought it'd be. I thought it'd be a lot more than that potentially. It's difficult to do because, you know, there are 192 countries, you know, it's a bit like painting the fourth bridge, you know.

[37:54.3]

So by the Time you've updated one country and you get to the end of the 192, you need to go back and start again. So it's a constantly, you know, evolving thing. You know, and we're also looking at using, you know, tools to help us that, you know, AI is obviously very good at sort of, you know, searching out information. You need to make sure you validate it and check it before you, you know, publish it, you know, but yeah, so that's, that's one of the ways that we do this as a company to try and maintain, our knowledge.

[38:18.4]

And obviously, you know, again, it comes back to that original conversation, that we were talking about where, you know, having people on the ground and relationships with people on the ground. So, you know, we've got, I think, in excess of 350 partners around the globe in various different countries. So part of our regular communication with those guys is, well, you know, what's changed in your neck of the woods?

[38:38.3]

You know, what's changed in your, your area of expertise? So we get fed a lot of information, you know, so we are a sort of a collection house, if you like, for information from people who are on the ground actively engaged in recruitment or HR services or financial services or legal services or whatever.

[38:55.8]

So those people are feeding that information into us from their local market. And obviously we just need to, you know, double check it and validate it before we, you know, add it to our, our repository of information. Yeah, so that's, that's one way. And you know, personally, I talk to a lot of people, Stuart. You know, it's I, I think I, I, I am, I'm probably, you know, as I have got older and more experienced, I suppose my networking wiser.

[39:20.6]

The phrase, not experience wise. Older and wiser. Tony. Yes. So, so my, my networking, activities have sort of multiplied, significantly. Now. I am always going to different events, you know, not because I like particularly attending events, but because I like to meet people, you know, and you get to meet people, you get to know people, you know, and you get to have a really interest about, you know, what's happening in their areas of interest, you know, and, and you know, when I, I, because of my international business experience up to, to this point, you know, I know people in lots and lots of different places around the world, you know, so I get a really good view of a sort of almost like a global helicopter view of what's happening, you know, and you can see you know, almost like trends developing in in certain locations based on, you know, what's happening in that particular market.

[40:08.8]

You know. So, you know, I mean, I've got lots of contacts, and friends in the Middle east, you know, so we can see, you know, that there's this sort of push in the Middle east to sort of, you know, you know, diversify their, their economy and to try and sort of bring lots of new technologies and industry sectors into play in the uae, you know, actually physically building things as opposed to buying things in, you know, which is, which is great.

[40:31.2]

And the same with, you know, other places around the world. So I think it's a, it's a personal, you know, outreach and communicating with people on a regular basis. It, without doubt is, is hr. Hr, your clients. Is that. That who you interact with, engage with most of the time on the client side?

[40:50.1]

I think, you know, look, HR is always involved in these conversations. Right. But I think, I think increasingly is a financial decision. Right. You know, because, or an operational decision because, you know, as I said before, you know, the compliance side of things is becoming much more, highly, enforceable by local governments.

[41:15.3]

You know, so people are much more aware of, you know, the fact that actually we need to make sure that we're, we're getting the right, the right solution here, and finance, you know, because at the end of the day, you know, it's not just about what's the cost of that EOR solution, it's about, okay, what is the, what is the cost of us expanding into that country?

[41:31.9]

Yeah, you know, is this going to be something that we're going to be able to create a return on our investment from? You know, and is this the right way to do it? You know, is. Is building a new entity in wherever. Is that the right solution for our business? Or should we consider EOR and test the market?

[41:50.9]

You know, try it, try it before we buy it. Basically, you know, so increasingly the financial. Chief financial officers are becoming more of a, core contact for our type of activity. Yeah. And it's always, I think, you know, there are, there are, there are two elements in my view. Right.

[42:06.1]

So there's the strategy piece, right, which is your C suite, you know, the chief fig exec, cfo, Chro, who are looking at, you know, okay, what's the strategic direction of the company? You know, how are we going to build and grow our company? How are we going to create revenue? Those are the guys that create the ideas, right?

[42:21.6]

So they may come up with an idea. Okay, let's let's access this market or that country, you know, so they'll come up with this strategy, you know, and maybe they'll go to their, their operational team and say, okay, we've got an idea. This is the strategy we'd like to employ. And we've got some ideas we want you to go and check out. Yeah.

[42:38.1]

You know, so we work quite a lot with that sort of executives, C suite organization, because we have to get involved with that and we have to explain to them how eor, could potentially be advantageous to them. And then we need to get involved at a slightly lower level where it's about the operational delivery.

[42:54.0]

So then it's about the nuts and bolts of how would you do it and what would it cost. So we sort of have a wide and varied audience, really. Yeah, it's really interesting. If you were advising HR around, I suppose, the EOR space, is there, is there any sort of specific advice that you would give them on the space that they, maybe they should develop or learn more about?

[43:18.1]

Yeah, I think, look, you know, I mean, as if you are in hr, or any function really that is involved with, you know, international employment, then, you know, understanding the EOR model and understanding what are the, the key drivers and the key areas, of compliance are really critical for you in your role.

[43:41.9]

And there are lots of people that can give you that advice. There's lots of people like yourself, Stuart, with lots of experience in hr. There's lots of other, hr, advisors that understand EOR very well and as the EOR companies themselves, but I think that, yeah, you know, if you're working in that global mobility space, you know, understanding the EOR model and what it can do, and more importantly, what it can't do, you know, because I think there is still quite a lot of misunderstanding, about where EOR can be applied and where it can't, you know, and there's definitely, you know, some confusion in a lot of areas between, you know, should I use EOR here or should I use a contracting solution?

[44:30.8]

Yeah, you know, and it's understanding that and that's really hard. Right. You know, if you're the Chro and you're sat in London or New York or wherever, and you want to hire someone in, I don't know, Malawi, you know, I wouldn't, I wouldn't be, you know, holding it against you if you didn't know what the employment law was in Malawi. Right.

[44:49.4]

That's, you know, slightly. Most people probably wouldn't know that, Tony. Yeah, it's slightly out of your remit. Right. But knowing where to go to get the information is the key bit, you know, and I think, you know, connecting yourself with organizations that have genuine, you know, people on the ground that have been there, done it, got the sweatshirt, T shirt, whatever, you know, and can give you up to date accurate information about what you need to look for and what you need to have in order to be able to operate effectively and compliantly is really part of the, of the job, I think, these days.

[45:20.5]

Yeah, I was gonna say, because the last question was again, one piece of advice you give to business leaders thinking about going to a new sort location. Is that it? Is that the advice you would give? Yeah, I think so, yeah. You know, I mean, look, you know, if you can develop a, a deeply trusting relationship with an EOR organization that, you know, has done the job, you know, has got the, you know, capability to be able to support you in any country that you may wish to operate in, I think that's a really good move.

[45:50.7]

Yeah, I think that's a really good move, you know, because, because it's a little bit, I suppose it's like in any other area, you know, I mean you, you could, you can go out to tender all the time for recruitment services or stationary provision or whatever you want. You know, the reality is, you know, what are you actually doing when you do that?

[46:06.9]

You know, you're swapping horses all the time. Right. You never really develop a genuine understanding of what that business can do. Yeah, you know, so, my view is, you know, and this is why I'm in the partnership space, I suppose, right. Is create a partnership, you know, work with somebody who you trust.

[46:24.4]

Work with somebody who can prove to you that they know what they're doing and that they can show you that they've done it numerous times before, you know, successfully, and that they have helped to protect their clients and they've helped to enable their clients to be able to do what they want to do from a strategic perspective. That would be my advice to, to business leaders looking at eor.

[46:42.8]

Yeah, I think, I think it's having a go to person in that space, having a go to company that can help you. And, and I suppose same for us. If you're looking at sort of the HR recruitment like to think that's where they come to us and then same for the eis, but they come to you in terms of this is what we're thinking, this is the. This is it. This is what we'd like to do.

[46:58.9]

What's your advice on this? What would you, what would you do if you were asked? And I think that's, that's. I think that's, I think it's really good advice. And I'd add something else to that. I mean, you mentioned the recruitment businesses there, you know, and I think, you know, I mean, my background is recruitment, as I said, you know, I think that recruitment companies have for years and I put myself in this category. We've missed the trick.

[47:17.9]

Right. Because EOR is a function of recruitment. Right. So my advice to any recruitment, leaders out there is again, align yourself with a good eor. Right. Because a good EOR can enable you to globalize your business overnight.

[47:34.3]

You can talk to your clients and you can offer them the ability to not only find them the talent, but also to employ the talent. Because employment, I think, is a bigger space than just the recruitment piece. You know, the recruitment piece is the first half of the employment journey. Right. Then you've got to, you know, actually employ the person and manage the person and off board them at the other end. Yeah.

[47:53.9]

You know, and recruitment businesses has the opportunity by partnering with a really good eor to be able to do that. And that's exactly what our partnership is set up to do. Yeah. And it's part of the reason why we're talking, talking today as well. But, it's been really good to have you on the show today. I think this is an area that, I don't think enough people know enough about it, if that makes sense.

[48:12.7]

I think people think they do, but I think there's so much more in the detail that people don't know or aren't aware of. So, I just want to say a big thank you for coming on the show for that. It's, it's been really good to hear. Do you want to do a, little, I suppose. Do you want to give your email address to our audience just in case they want to get in touch and talk about this at all? Yeah, can do. Yeah.

[48:32.8]

My email address is TD Express Global Employment. Perfect. And, if you don't want to get in touch directly with Tony, but you maybe want to be linked through myself. My Email address is SE Eliot Scott, hr.com But thank you all for listening and thank you, Tony, for being on the show. Thank you.

[48:55.2]

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[49:03.8]

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