



Executive Whitepaper:

The Bottom Line

*How Visionary Companies Use Staffing Services
to Improve Corporate Performance*

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Control costs. Increase quality. Improve throughput. Build morale. Increase focus. Decrease risk. What do all of these things have in common? In a nutshell, they're business objectives designed to improve profitability.

In an effort to meet these objectives, visionary companies are revolutionizing the concepts of organizational structure. And in the process, they're harnessing the power of their staffing function to achieve extraordinary results.

Want to learn from proven leaders? Then consider the strategic staffing techniques being applied by today's most progressive firms.

STRATEGIC INITIATIVE NUMBER 1: COST CONTROL

Staffing Implications

Labor is generally a company's number one or number two expense. To control costs, labor must be managed as aggressively as raw materials. The trouble is, labor means people, and people cannot be easily inventoried. To overcome this difficulty, "just in time" principles can be applied successfully to labor sourcing with a little advanced planning.

Staffing Techniques

- ◆ Reduce your core staff to base production levels, and develop a flexible staffing program to increase labor capacity as needed.
- ◆ Combat high turnover in departments and positions by re-staffing with temporary employees, which lowers hiring, administration, and termination costs.
- ◆ Reduce benefits expenses by using payrolled or temporary personnel, who receive cost-effective benefits options from the staffing firm.



Today's companies are challenged to do things better, faster, and more cost-effectively using fewer resources.

Cost Control Illustration

A manufacturer of electronic medical equipment employs 100 full-time assemblers. During second and third quarter peak production time, the plant operates at full capacity. However, during the slower first and fourth quarters, the plant operates at only two-thirds capacity.

This manufacturer should consider reducing the number of full-time employees to the year-round need of approximately 70 and employing skilled temporary employees during busy times. By doing so, the manufacturer can reduce payroll, benefits, and administration costs by more than \$400,000 a year.

STRATEGIC INITIATIVE NUMBER 2: INCREASING EFFICIENCY

Staffing Implications

Many companies are challenged to do things better, faster, and more cost effectively. But to make these tasks even more difficult, they're asked to do them using fewer resources.

Staffing Techniques

- ◆ Relieve bottlenecked departments by adding temporary staff.



- ◆ Reduce the stress on core staff by using supplemental employees.
- ◆ Keep direct staff focused on core business activities by using a staffing partner to provide hiring assistance.

Increased Efficiency Illustration

Every month, an auto parts wholesaler sends a catalog to its customers containing descriptions and prices of featured stock. All five of the company's administrative assistants spend an entire week working on the job. The assistants' day-to-day duties are largely put on hold for that week, leading to work backlogs and increased customer complaints.

The wholesaler should explore the possibility of using temporary staff to handle the monthly mailing. Because the temporary employees can work exclusively on the catalog project, they can complete the task in less time. More important, the wholesaler's administrative assistants can concentrate on their core job duties, which increases office efficiency levels and leads to fewer customer complaints.

STRATEGIC INITIATIVE NUMBER 3: VALIDATING NEW IDEAS

Staffing Implications

Think of all the excellent ideas you or your employees have suggested to improve some area of your company. How many of those ideas did you put on hold because you didn't have the time or the expertise to implement them? Organizations must experiment with new ideas to keep pace with the rapid change in the modern business world. Those that stand still are likely to fail. The challenge is finding or freeing the necessary resources.

Staffing Techniques

- ◆ Support direct employees involved in special projects by using temporary staff to handle day-to-day operations.
- ◆ Complete special projects by assigning contract personnel.
- ◆ Take advantage of expertise on demand by employing flexible project staff who possess the necessary skills and expertise.

How many great ideas have you put on hold because you didn't have the time or the expertise to implement them?

Idea Validation Illustration

A food distribution firm is considering the purchase of a new inventory control application. To help with the decision, the company has in place a spearhead committee of IT professionals,

department managers, and administrative staff. But because all of the members are busy with regular job duties, it is hard to schedule meetings, and progress on the project languishes.

The company should consider using qualified temporary employees who could assume the team members' daily duties during the project planning phase. This solution allows the committee to review the available inventory control systems and make purchasing recommendations.

STRATEGIC INITIATIVE NUMBER 4: RISK MANAGEMENT

Staffing Implications

Adhering to employment law is a difficult task—statutory taxes must be paid, non-discriminatory hiring practices must be followed, and government reporting must be completed. These laws become especially dicey when companies try to use independent contractors.

Aside from legal risk, the staffing process also entails hiring risks. Sourcing, screening, and testing employees all involve investments of time and money. The cost of a bad hire is estimated at three to seven times the annual salary of the employee being terminated.

Staffing Techniques

- ◆ Reduce the risk of legal exposure by using contract employees instead of independent contractors and allowing professional recruiters to help with candidate evaluation for direct placements.

- ◆ Pass on payroll and benefits responsibilities to staffing firms by using temporary employees.
- ◆ Minimize hiring risks by choosing temporary-to-hire staffing options and direct placement services with a guarantee period.
- ◆ Reduce the burden of recruiting, screening, and assessment by enlisting the aid of a staffing partner.

Risk Management Illustration

A community bank has decided to transfer their applications and data from a mainframe to a mid-range system. In the past, the bank has hired independent contractors to work on such projects. However, news of other companies involved in costly employment lawsuits makes that option too risky.

The bank might want to identify the needed independent contractors and place them on a staffing firm's payroll. With this solution, the IT and project management specialists are legally employees of the staffing firm, and the bank is better insulated from potential employment issues.

SOLVING PROBLEMS STRATEGICALLY

Staffing is strategic. By offering you a wide variety of customized workforce solutions, staffing partners can assist companies in containing costs, reducing risk, increasing flexibility, saving time, and growing your company. And for those forward-thinking human resources executives and senior managers who use staffing strategically, it can contribute dramatically to profitability and success.



SITUATIONAL STAFFING

Think staffing just equals temporary help? Think again! Here's a partial list of the many types of projects being successfully executed through the effective use of staffing.

»» *Restructuring/Rightsizing*

Staffing companies can supply personnel with needed expertise during mergers, acquisitions, or layoffs.

»» *Implementing Quality Initiatives*

Keep customer satisfaction levels high by using temporary employees to cover for direct staff members involved in quality initiatives. Or take advantage of the experience of proven quality program leaders on a project basis.

»» *Introducing New Products/Services*

Free up your direct employees to work on new products or services by using temporary personnel to handle day-to-day duties.

»» *Handling Increased Work Loads*

Hiring temporary staff to help with peak work periods, seasonal fluctuations, special projects, or new facility openings offers a flexible, cost-effective solution.

»» *Filling Unexpected Openings*

When your direct employees are not available because of illness, maternity leave, or family leave, temporary employees can fill vital gaps.

»» *Keeping Pace with Rapid Growth*

Staffing companies can serve as an adjunct to your HR department, helping you source both temporary employees and direct hires to fill your personnel needs.

»» *Avoiding Bad Hiring Decisions*

To protect yourself from bad hiring decisions, consider a temp-to-hire option. You can hire a promising candidate on a temporary basis. If you are pleased with his or her performance, you can then offer the person a direct position.