

INNOVATIVE SOLUTIONS
TO EVERYDAY CHALLENGES

Using Staffing to Drive Profit

PRIDESTAFF[®]



USING STAFFING TO DRIVE PROFIT

$$R - E = P$$

Whether you run a multi-billion dollar international conglomerate, or a one-man home-based business, the same fundamental economic principle applies: **Revenue – Expense = Profit**. Simply put, the only way your business can make more money is by increasing revenues, decreasing expenses or doing both.

Staffing is an important part of this equation. For most companies, staffing or personnel expenses are the biggest line item on the corporate P&C. And how you manage your staffing expenses can have a major impact on your company's overall profitability. In fact, according to a seven-year performance study by Nandkumar Nayar and G. Lee Willinger¹, published in *Decision Sciences* magazine:

“Firms that increased their reliance on contingent labor experienced statistically significant increases in earnings before interest, taxes, depreciation and amortization (EBITDA).

“Firms that increase their reliance on contingent labor experience higher performance because their costs are lower (on average).

“Stock returns are increased through the use of contingent labor.”

So how can you use staffing to drive your company's profits?



STAFFING AS STRATEGY

If you only think of staffing as a stop-gap measure when someone calls in sick, you're not leveraging the full value these services can offer. Used properly, staffing can help your organization increase revenues, decrease expenses and ultimately enhance your profitability.

The key is to approach your staffing needs strategically.

What is strategic staffing?

Strategic staffing is the planned management of your staffing function to achieve your business objectives. In other words, it means anticipating your needs, developing a sound staffing plan to meet them, and executing that plan to drive profits.

The following pages outline four staffing strategies that enhance profitability by:

- Directly increasing revenues
- Giving you more time to concentrate on increasing revenues
- Reducing short-term expenses
- Reducing long-term expenses



1 STRATEGY 1: DIRECTLY INCREASE REVENUES

Use temporaries as revenue generators.

Temporary employees can enhance a wide range of business development activities, including:

- Call center personnel for data collection, market research and appointment setting
- Graphic artists for developing marketing materials
- Additional clerical, professional or industrial staff to effectively manage unexpected surges in business activity

Increase productivity.

A staffing firm can supply direct hires or supplemental staff to reduce the bottlenecks that slow your processes down. Supplemental employees can also relieve employee burnout, keeping them working at peak efficiency. Temporary experts can even be brought in to train your staff and enhance their productivity.

Effectively manage growth.

A staffing firm can alleviate the hiring headaches growth can cause and ensure you have the right staff in place to drive revenues. If your business is small but growing, and you don't have the resources to staff an HR department, a staffing firm can help you decide when to recruit and whom.

Additionally, a staffing service can help you manage the uncertainty that comes with growth. You can bring in additional help on a temporary or temp-to-hire basis until you have a more accurate picture of your hiring needs.

Improve responsiveness to new opportunities.

Because they maintain vast applicant databases, staffing firms can provide quick access to the talent you need – from support staff to senior executives – and allow you to capitalize on new business opportunities faster.



2 STRATEGY 2: FIND MORE TIME TO CONCENTRATE ON INCREASING REVENUES

Test new ideas.

If you have a great revenue-generating idea, but don't have the resources to work on it, consider using supplemental staff in one of two ways:

- Bring in temporaries to assume your staff's responsibilities while they work on the test project
- Create a supplemental or contract-based test project team with the specialized skills needed to manage the execution of your idea

Improve operating efficiency.

If a function is not key to your company's profitability, you may want to outsource it. From clerical operations like data entry, to more complex functions like information systems, outsourcing can help improve productivity and efficiency in non-core areas, while allowing you to focus more time on vital activities.

Shorten learning curves and time-to-market.

Whether you're looking to implement a new technology or roll-out a new product, nothing beats learning from someone with experience. While you could hire expensive consultants, bringing in temporary or contract professionals to provide the experience or training you need is a more cost-effective solution.

Partner.

The process of staffing includes so many "time stealers" – from recruiting to personnel management and administration. Many staffing firms can be a true partner for your business, providing services that can free your team to concentrate on other important business issues. Options include:

- **Single-source management** – one staffing vendor manages all your staffing needs.
- **On-site (VOP) staff management** – a staffing firm provides an on-site person to coordinate temporary staffing.



3 STAFFING STRATEGY 3: REDUCE SHORT-TERM EXPENSES

Use contract professionals for discrete projects.

Efficiently access the talented experts your business needs – but pay for their expertise only as long as you need it. Contract employees eliminate the recruiting, training, benefits and administration costs of acquiring staff that aren't critical to your long-term success.

Lower unemployment claims.

Use temporaries in place of short-term employees to keep unemployment claims from affecting your company. Because temporaries are employed by the staffing service, all claims affect the staffing firm's unemployment rating, not yours.

Avoid workers' comp claims.

Since temporaries are employed by the staffing firm and not the individual company, you ultimately avoid workers' comp claims on these staffers.



3 STAFFING STRATEGY 3: REDUCE SHORT-TERM EXPENSES

Eliminate bad hires.

Temporary-to-hire services allow you to try out a potential candidate on-the-job for an extended period, before making an offer for direct employment – dramatically reducing the risk and expense of a bad hire.

If you need a direct hire, most staffing firms provide replacement guarantees to insure the quality of the candidates they place.

Reduce training costs.

Shorten learning curves and lower your training costs by bringing in temporary or contract employees who are trained and already have experience using the skills you need.

Minimize turnover.

Some job functions have inherently high turnover rates – which carry direct replacement costs, as well as soft (but significant) expenses such as project delays, quality issues and reduced employee morale. Using temporaries in these positions can alleviate the stress and expense you incur constantly searching for replacements.



4 STRATEGY 4: REDUCE LONG-TERM EXPENSES

Reduce overtime expenses.

When business surges, bring in temporary employees to handle extra work hours, instead of paying overtime. You won't pay benefits, overtime rates or payroll administration for the hours temporaries work. As a result, the supplemental help can reduce your labor expenses by as much as 25% – and prevent employee burnout.

Lower your cost-per-hire.

Direct placement services eliminate the costs and time involved in advertising, screening resumes, interviewing, testing and reference checking. These services can accelerate your hiring process, minimize disruption to your business and reduce your average cost-per-hire.

Eliminate overstaffing.

If your workloads have predictable ups and downs, use planned staffing to convert fixed expenses to variable. Minimize your permanent staff to the level needed to sustain your core volume of work, and then proactively plan to bring in supplemental help only when it's needed. Planned staffing will decrease your need for lay-offs as well as unemployment claims.



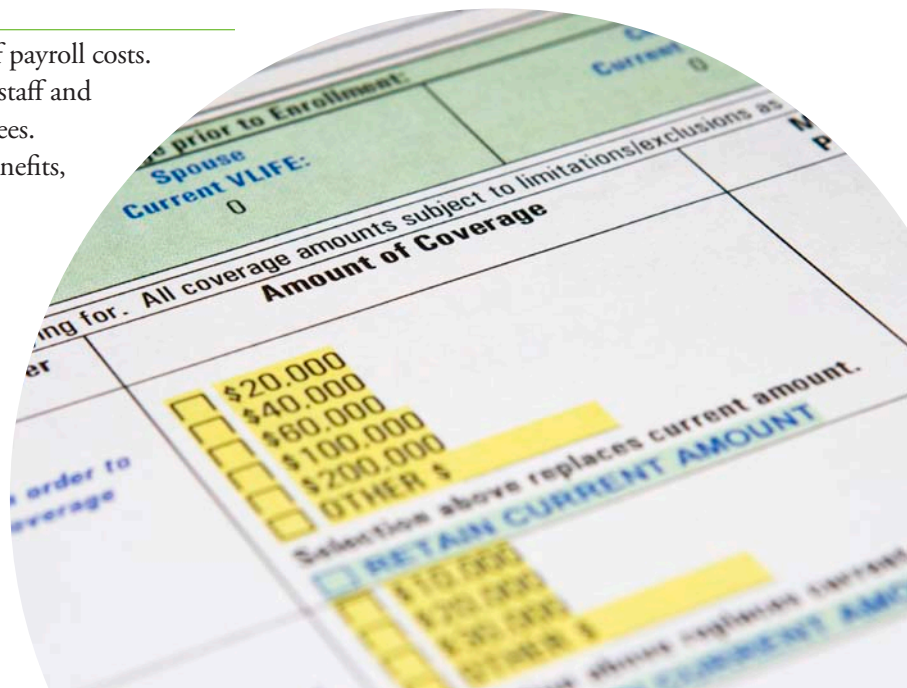
4 STRATEGY 4: REDUCE LONG-TERM EXPENSES

Limit benefits expense.

Benefits typically add 30 to 35 percent on top of payroll costs. To limit these expenses, maintain a smaller core staff and add short-term capacity with temporary employees. Most contingent workers receive only limited benefits, which are paid by the staffing service.

Minimize legal exposure.

By ensuring that non-discriminatory hiring practices are followed, staffing firms help to safeguard you against potential lawsuits. And, as the employer of the contingent worker, the staffing service assumes financial obligations for payroll, statutory taxes and all government reporting.



ENHANCE PROFITABILITY WITH PRIDESTAFF

There is virtually no limit to the ways in which staffing services can be used to enhance your company profits. The key is to use them strategically.

PrideStaff can get you started on the path to strategic staffing, providing the services, support and expertise you need to ensure your success.

We will:

- Work to understand your staffing needs;
- Brainstorm the most cost-effective means of managing your staffing requirements;
- Review potential staffing options to help you increase revenues and/or decrease expenses;
- Design and implement a staffing solution that will make your business more profitable.

For a no-cost, no-obligation strategic staffing consultation, contact PrideStaff today.

PRIDESTAFF®



THE 110% GUARANTEE

Can PrideStaff really make a difference?

Without a doubt! In fact, we are so confident in our ability to consistently deliver top-performing employees that we offer the industry's first 110% satisfaction guarantee. If ever you are dissatisfied with the performance of a PrideStaff temporary, call us immediately. We will refund 100% of the first day's bill and reduce the first day of a replacement employee by 10%.



Our Mission:

Consistently provide client experiences focused on what they value most.

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