



Staffing Strategies that Cut Costs

—and build a better bottom line



The Great Recession may technically be “over,” but that doesn’t mean your business should be any less vigilant about controlling expenses.

Quite the opposite, in fact.

The Patient Protection and Affordable Care Act (PPACA), a subpar domestic recovery and a weak global economy have created a highly volatile and uncertain business operating environment that’s not likely to stabilize anytime soon. So how can you thrive in this new normal?

Take a more strategic approach to staffing your business. With proper planning, staffing can help your organization lower expenses, yet remain flexible enough to capitalize on new opportunities.

Takeaway:

This eBook provides practical tips for improving profitability by identifying areas where strategic staffing can reduce costs, improve efficiency and mitigate risk.



source,
screen,
interview,
hire,
onboard,
train and
replace

What's the biggest line item in your P & L? For many businesses, it's personnel expenses. As we all know, it takes substantial time, money and resources to effectively source, screen, interview, hire, onboard, train and replace employees—and keep everyone working at peak efficiency.

It's a huge challenge, but it also creates a huge opportunity. If you manage your personnel expenses more actively, you can ultimately become more profitable.

Research supports this notion. In fact, according to a seven-year performance study by Nandkumar Nayar and G. Lee Willinger, 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).





strategic staffing planning developing executing

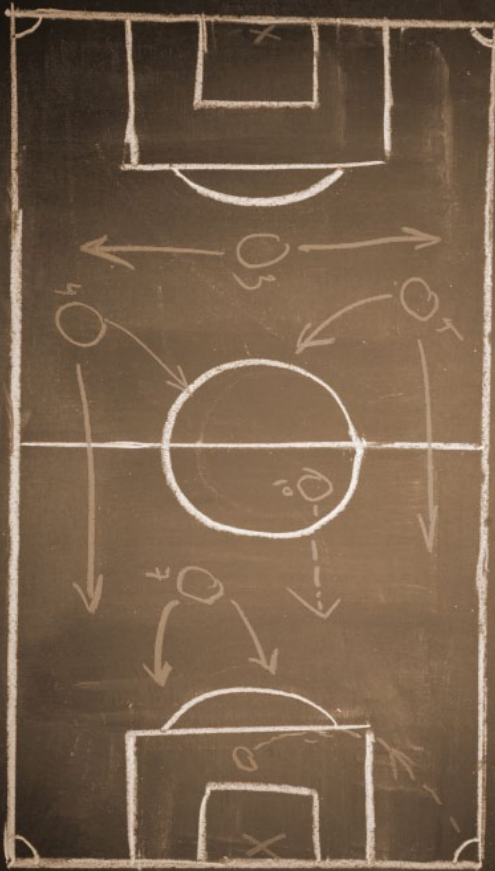
So if you're only using temporaries to cover occasional staff absences, you may be missing the boat. To take full advantage of the value staffing can offer, make your approach more strategic.

Strategic staffing is the planned management of your staffing function to achieve corporate objectives. In plain English, it's planning for your needs, developing a game plan to satisfy those needs, and then executing the game plan to maximize your profitability.

If you want to learn how, keep reading! Let's take a look at a few of the ways intelligent staffing can help you save money by:

- reducing overhead
- decreasing employment costs
- mitigating employment risks





Strategy 1: Using Staffing to Reduce Overhead

Staffing firms offer effective solutions that enable you to reduce fixed expenses by maintaining a smaller direct staff:

Reduce overtime expenses.

When your business surges, use temporary employees to handle the extra volume-- instead of paying overtime. Why? You won't pay benefits, overtime rates or payroll administration for the hours temporaries work. As a result, contingent staff can provide the extra man hours you need, while reducing labor expenses and preventing direct employee burnout.

Convert fixed expenses to variable.

If your workloads have predictable ups and downs, planned staffing can help you convert fixed expenses to variable. Minimize your direct staff to the level needed to sustain your core volume of work, and then proactively bring in supplemental help only when it's needed.





Access professional expertise on an as-needed basis.

Executive temporaries can deliver the experience and skills you need to:

- tackle mission-critical initiatives
- train your core staff
- capture additional business
- test new business concepts

...without impacting fixed expenses. As an added benefit, these “supertemps” are often less expensive than consultants.

Eliminate operating inefficiencies.

Inefficient functions can be outsourced to services that can perform the work more effectively. The outsourcing service should be able to reduce expenses and improve performance while allowing your company to focus on its core competencies.

Cost-effectively staff discrete projects.

Contract staff allow you to access the talented experts your business needs, but pay for their expertise only as long as you need it. By using contract professionals for discrete projects, you can eliminate the recruiting, training, benefits and administration costs of acquiring staff that’s not critical to your long-term success.





Strategy 2: Using Staffing to Decrease Employment Costs

The process of finding, employing and keeping your workforce operating at peak efficiency is an expensive proposition. A staffing firm can help you save money in all of these areas:

Lower your cost-per-hire.

Staffing and recruiting firms are hiring experts. They leverage technology and economies of scale to provide cost-effective alternatives to recruiting and hiring on your own. Direct placement services eliminate the expense and time associated with advertising, screening résumés, interviewing, testing and checking references. They also shorten your time-to-hire, minimize the disruption to your business and ultimately lower your average cost-per-hire.

Reduce training costs.

Need a worker with a specific skill set? Call a staffing service! Your staffing provider can shorten learning curves and lower your training costs by assigning temporary or contract workers who are already trained and have experience using the skills you need. These workers can step in and be immediately productive for your company.



Reduce turnover.

Some job functions come with inherently high turnover rates. A “revolving door” carries high direct replacement costs for your organization, as well as soft (but significant) expenses such as project delays, employee morale problems, quality issues and reduced productivity. Using temporary employees in high turnover positions can alleviate the stress and expense you incur by constantly finding replacements.

Limit benefits expense.

On average, benefits typically add 30 to 35 percent on top of payroll costs. By using temporary employees to add short-term capacity, you can eliminate these expenses. As their employer of record, the staffing firm is responsible for offering and paying for temporary employees’ benefits.

Regulations permitting, your provider can help you use staffing to cost-effectively manage the ramifications of the PPACA. If your organization’s headcount hovers around the cutoff, you can reduce your directly employed full-time staff to a level below 50 and use contingent staff or contract employees to handle the additional workload.





Every successful business assumes a certain amount of risk. As a senior decision maker, your challenge is to minimize your organization's exposure. Strategic staffing can save you money by limiting the liabilities associated with hiring and employing your staff:

Make better hires.

Temp-to-hire services allow you to see how a potential employee performs on the job for an extended period--before making an offer for employment. Additionally, the direct hire services staffing firms provide come with replacement guarantees to ensure the quality of candidates they place. As a result, both temp-to-hire and direct hire services can dramatically reduce the risk and expense of a bad hire.

Lower unemployment claims.

Try using temporaries instead of short-term employees to keep unemployment claims from affecting your company. Since the staffing service is the temporaries' employer of record, all unemployment claims impact the staffing firm's unemployment rating--not yours.

Minimize legal exposure.

Employment-related lawsuits are messy, time-consuming and extremely expensive. Staffing services help protect you from potential lawsuits by ensuring that non-discriminatory hiring practices are followed. Furthermore, they assume the financial and legal obligations for payroll, statutory taxes and all government reporting.



Final Thoughts

Using staffing strategically to lower your company's expenses isn't rocket science—but it does require careful planning and a partner you can trust.

To develop the best solution for your business, schedule a free, strategic workforce consultation with your staffing provider. Together you can assess your needs, brainstorm options and design a cost-effective staffing strategy that will ultimately make you more profitable.

