



# 10 STRATEGIES FOR CONTROLLING COSTS WITH STAFFING

# Looking to build a better bottom line for your business? **Take a look at your staffing strategy!**



The economy today is anything but predictable. Unemployment. Inflation. And ever-increasing regulation have created an environment where it's tough to be an employer. And even tougher to manage your hiring needs...and labor costs.

To thrive in these conditions, take a look at the way you staff. With proper planning, and strategic workforce management, you can:

- reduce overhead
- cut or even eliminate overtime expenses
- reduce payroll and benefits costs
- simplify hiring and personnel administration
- improve productivity and quality
- remain flexible enough to capitalize on new opportunities

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## 1. Convert Fixed Cost to Variable

If your company is like most, labor is the biggest line item on your P&L. It's a huge expense, but it also presents a huge opportunity to save money!

To reduce your labor costs, implement a planned staffing model:

- Develop a workforce plan to forecast expected staffing needs and the timing of those needs.
- Reduce core staffing to levels necessary to maintain normal operations.
- Proactively bring in trained supplemental help to meet peak production demands as needed – converting fixed personnel cost to variable expense.

This strategy is particularly effective for industrial labor, as well as for IT, engineering, finance, and other project-based work. A professional staffing firm can help you develop your proactive staffing plan.

## 2. Prevent Unemployment Claims

Unlike short-term direct employees, temporary personnel work for your staffing partner – not you. Consequently, their unemployment claims don't affect your rating or your bottom line.

## 3. 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.

Contingent staff can provide the extra man hours you need, prevent direct employee burnout and reduce labor costs by 20% or more.





## 4. Limit Benefits Expense

On average, benefits cost 42.3% in excess of payroll expenses.\*

Another big expense – and another big opportunity!

By using temporary employees to add short-term capacity, you 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 Affordable Care Act. If your organization's headcount hovers around 50 full-time employees, contingent staff or contract employees may be a less expensive way to manage growth.

If you are already a large employer, you may find that temporary employees still have a cost advantage over direct hires as staffing firms will be able to spread the cost of benefits over a larger base of employees.

\* Source: U.S. Bureau of Labor Statistics



## 5. 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 expense and stress you incur by constantly finding replacements.

## 6. Shift Administrative Burden

When you use temporary staff instead of direct hires, all costs associated with processing and administering payroll and benefits are transferred from your company to the staffing firm. The right staffing strategy can help minimize the administrative expense of employing people.



## 7. Reduce Training Costs, Scrap & Rework

Training is expensive – and not just the hard-dollar cost of the training program. There are also the soft costs of lower productivity and poorer quality that result from employing novice staff.

### Using skilled temporary employees can:

- Cut training costs
- Improve quality
- Increase total productivity

By working closely with your staffing partner, you can gain access to candidates who are well trained and have experience in the skills you need. These workers can step in and be immediately productive for your company.

To enhance productivity further, partner with your staffing firm to create an initial orientation and training program for new hires.

## 8. Improve Hiring Speed, Accuracy and Cost-Effectiveness

A bad hire can cost you between two and seven times the employee's annual salary.

That's a *big* hit to your bottom line.

### Reduce your expense and risk by working with hiring experts:

- Staffing and recruiting firms leverage technology and economies of scale to shorten your time-to-hire (limiting the cost of position vacancy) and ultimately lower your average cost-per-hire.
- Direct placement services eliminate the expense and time associated with advertising, screening résumés, interviewing, testing and checking references. This minimizes the disruption to your business, so you're free to focus on other important priorities.
- Get the right person, the first time. Rigorous screening ensures referred candidates not only possess the skills and experience you require, but also have the personality traits needed to thrive in your work environment.
- To further reduce your hiring risk, you can also take advantage of your partner's temp-to-hire services and direct placement guarantees.





## 9. Minimize Legal Exposure

Employment-related lawsuits are messy, time-consuming and extremely expensive.

Staffing services can save you money by limiting the liabilities associated with hiring and employing your staff.

- They protect you from potential lawsuits by ensuring that non-discriminatory hiring practices are followed.
- They assume the financial and legal obligations for payroll, statutory taxes and all government reporting.

## 10. Cut Costs by Hiring

Sound counterintuitive? Consider this:

Capacity constraints are a significant source of cost—limiting the throughput of a plant or the productivity of an executive. To eliminate the bottlenecks, consider adding temporary or full-time staff:

- Bring in administrative support to free key personnel to focus on core job duties (not only do you get more productive employees, but the administrative work gets done for significantly less cost).
- Add labor to relieve process constraints and improve productivity.
- Use technical and professional temps to keep projects on track.

By adding the right people, work will get done more efficiently, with less administrative headache, and for less cost.





## Final Thoughts

Using staffing 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 workforce consultation with Spectrum Staffing Services. Together we can assess your needs, brainstorm options and design a cost-effective staffing strategy that will ultimately make you more profitable.

Call us at 877.509.9838 to schedule your consultation.

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