Key Elements for High-Performing Alternative Staffing Organizations

Staffing is a key gateway to employment in today's economy. Nationally some 70 alternative staffing businesses use staffing services to connect employers with motivated but often overlooked talent. As mission-driven enterprises, they strive to improve the quality and dignity of temporary work by paying good wages, promoting high safety standards, and equipping candidates for long-term success through coaching and skills training, placement in temp-to-hire opportunities, and access to social supports.

Commercial staffing, which includes industrial and office/clerical placements, is a highly competitive and relatively low-margin business, and long-term success and sustainability depend on several key management practices. High-performing alternative staffing organizations (ASOs):

- ➢ Thoroughly understand the local market(s) served

- ➢ Thoroughly understand target industries

- ➢ Invest in sales talent

- ➢ Invest in internal data management systems

- ➢ Anticipate and manage cash flow needs

- ➢ Have processes in place to manage workers compensation and credit risks

Our most recent (2016) census of the alternative staffing sector found a median revenue of $1.7 million for an individual enterprise. One-third of Alliance member practitioners reported annual revenue under $1 million, 41% were in the $1 to $5 million range, and 26% billed over $5 million. Among Alliance members, the median number of individuals employed by an individual enterprise was 421, and the range of employees was 35 to 3,750.

Generating fee revenues is a function of building trust with prospective employer clients, and consistently delivering **excellent service** to retain their loyalty. Skilled sales professionals develop business leads using multiple channels, including a dynamic web presence and strategic networking, and use a **consultative approach** to understand customer needs and propose solutions. In many cases, ASOs partner with employers to customize short-term sills training and/or develop transportation supports. At a minimum, delivering results involves making **quality job matches** and responding promptly to customer concerns.

Two important metrics in assessing an ASO's business performance are its **staffing order fill rate** – the percentage of orders filled – and **average time-to-fill**. Industrial temporary staffing fill rates typically

range from 86% to 96%, and the median fill rate for office/clerical temporary staffing is 80%.[1] Average time-to-fill is three days.

An ASO's ability to compete effectively and meet these benchmarks depends on maintaining a **sufficient pipeline of candidates** and having **efficient internal systems** in place to manage the matching and fulfillment process. Some ASOs limit their recruitment to individuals receiving training and employment services from their parent organization. Others recruit externally, through some combination of nonprofit referral partners, training and other service providers, workforce system job centers, online job boards, social media and word-of-mouth. A best practice in matching and fulfillment is to utilize staffing software that streamlines the process to identify and contact candidates who meet the job requirements, including skills, location and timing of work shift.

Another factor in achieving excellence in service delivery is an ASO's **understanding of the industries served**. Knowledge about skill requirements, working conditions, workplace culture and the specific "language" of an industry enhance an ASO's ability to develop long-term relationships with employer clients, make good job matches, and position candidates for success.

As employers of record, ASOs need to have a **thorough familiarity with federal, state and local labor regulations** to ensure ongoing compliance. Some ASOs rely on their parent organization's in-house human resources staff to set up proper onboarding, payroll processing and other systems, while others may outsource these functions to a third-party vendor.

Managing workers compensation risk requires communicating with client employers about shared responsibility and implementing best practices to ensure workers safety. These include making physical inspections to monitor worksite conditions, reviewing prospective clients' OSHA logs, and using contract language that specifies both the ASO's and site employer's obligations related to safety and health-related training and worksite protections.

---

[1] Staffing Industry Analysts