



## EPISODE 8

### How to Choose the Right Staffing Partner to Fuel Your Growth

- Introduction:** Welcome to Strategic Insights, brought to you by PrideStaff. On each episode, we bring you interviews with leading management and employment experts from across the country. Your host for Strategic Insights is Brad Smith. And now, here's Brad.
- Brad Smith:** Hello, and thank you so much for listening in to Strategic Insights from PrideStaff. Today, we have an amazing episode. We're going to talk about how to choose a staffing partner and what you should really look at when evaluating staffing and workforce partners. On the episode today is Mike Harris, owner and strategic partner of the South Riverside County and Ontario, California office. Mike, thanks so much for joining us today.
- Mike Harris:** Well, you're welcome, Brad. I'm happy to provide my perspective to buyers on what things to consider to choose a staffing partner. There's a lot of staffing firms out there, but I think most companies are really looking for someone to partner with to really help them achieve their objectives.
- Brad Smith:** And Mike, I'm really excited to have you on the episode, specifically, because not only do you have great experience in helping work with companies of all sizes in many different industries with their workforce and staffing strategies, but in a past life, you were a buyer on the other side of the table, too. So I think you're going to provide some great perspective for us today.
- Mike Harris:** Absolutely.
- Brad Smith:** All right. So let's dig in here. But before we really talk about the main point of this episode, which is how to choose the right staffing agency, I want to talk a little bit about why to work with a staffing partner. So Mike, can you give us a high-level overview of what value choosing a strong staffing or workforce provider can provide to end companies?
- Mike Harris:** So first, I think an agency provides the focused experienced resources that provide access, or should provide access, to specialized knowledge, clearly providing access to a wider quality talent pool, and also help reduce or accelerate the time-to-fill, which, in essence, when you think about when a company comes to a staffing firm, they have an immediate need in most

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cases. And if that need isn't filled, there's a bigger cost to them in trying to get, whether they're a warehouse or a manufacturing facility, try to get product out the door. So I think it's all three of those: specialized knowledge, access to talent pool, and reduce [inaudible 00:02:26] costs, if you will, of filling that need.

Mike Harris: The other thing is, agencies bear, if not the majority of the risks, certainly a large portion of the employment risk, everything from wrongful termination, when an assignment ends, it's really the agency's responsibility to make sure it's clearly defined as to why that assignment ended. There's the risk of workers' comp injuries. And finally, when an assignment ends and that associate, there's a challenge in getting them additional work, it's the employment agency, the staffing agency, it's their unemployment reserve that gets hit.

Mike Harris: The one thing that I think we've all experienced that's been a little bit different as well is during the COVID times, what I have found is, there's a lot of companies that are looking for a partner to assist in dealing with some of the COVID issues, in helping to provide access to resources, such as plans and preparedness, looking to agencies, are they doing the appropriate screening of their candidates? Do they support and contribute in the contact tracing and reporting when there is an incident? So those are all reasons why I think companies come to staffing agencies. Those are, really, the value proposition is in all three of those things I mentioned.

Brad Smith: Yeah, I think you're dead on, Mike. And now that we kind of understand the business case for working with a staffing partner and why it can make so much sense across several different areas that you just outlined, how do you go about choosing the right one? So what are some of the biggest areas of concern that the end company should look at when choosing a staffing provider?

Mike Harris: Good question. First, I am a big believer in if it truly is a partner, someone that's going to partner with you and your business, you want to make sure that that partner is ethical. There's a lot of staffing firms out there and not all play by the rules, if you will. So what do I mean by that? Is that agency complying with all wage and hour laws? Are they providing valid workers' compensation insurance coverage and classifications? Are they actually placing associates that are eligible to work in the US? What are they doing to confirm that and assure that through things like E-Verify? Do they provide the appropriate safety training and PPE equipment for their associates? With some states, there's the mandatory now sexual harassment prevention training, so are they conducting that with all the people and the associates that they place? And finally, do they provide valid certificate of insurance to assure that buyer, if you will, that they truly are insured to help protect that company that's using the agency's associates?

Brad Smith: So Mike, compliance is obviously extremely important and we need to choose the right provider to make sure all of our bases are covered. Now, once you do do that and you verify all of that, as a buyer, how do you choose a company that provides quality associates? What should organizations look at to make sure that the end product that they're getting, the end people that they're getting, are high quality?

Mike Harris: I think it's important to really understand kind of the recruiting, the assessment process that an agency goes through. Are they doing just upfront screening? Are they determining for the candidate they're speaking to, do they have the relevant experience? Is it within a reasonable timeframe, within the last six months? What is their desire in terms of pay and commute? All of those things are factors that if you don't figure that out upfront, you may be placing someone that might have the right skills, but they've got one foot in the door and one out as they're looking for something with a little bit better pay or shorter commute.

Mike Harris: Are they actually doing in-person interviews? Do they actually meet with the associates? And given the COVID situation, that's not been as easy. So are they doing the appropriate things to meet with the associates? Do they do reference checking? And that isn't just talking to family and friends. Are they getting positive business references? Do they do, as I mentioned earlier, the things such as running E-Verify to ensure that the associates that they're placing are actually eligible to work in the US? If required, do they actually do background checks and do they do the drug screens if that's a requirement?

Mike Harris: Lastly, I think it's important that the recruiters walk the facility. It's extremely important for them to understand the work environment, to actually meet with supervisors to see what it is that the associates will be doing so that they can better manage the expectation of the associates that they're placing on what's it going to be like, so that there isn't no surprise the day they walk into the door of their first assignment. I think that's extremely important that you do have recruiters that know the environment, know the client, and can best explain that to associates that they're placing.

Brad Smith: Now Mike, with any type of business, there's industry leaders, there's average players, there's unfortunately some companies that are a little below average. What metrics can a company or an employer look at to better gauge the future success of a staffing partner? Are there different metrics you suggest that they dig into and look at?

Mike Harris: Yes. And in fact, even before the metrics [inaudible 00:07:56] I'll touch on here is, does the staffing agency, the staffing partner, do they have the relevant experience? Have they actually served clients in the same or similar industry? Have they served clients in the same or similar environments? Do they have

the experience with the positions that that particular buyer is looking to fill? So those are important.

Mike Harris: In terms of performance metrics that should be examined and understood is, what's the agency's fill ratio? Fill ratio, meaning how many placements did they fill of the open positions? So if there was 10 open positions and they're only filling half of those on a timely manner when that client needs them, then they have a fill ratio of 50%. The other thing to look at, how long does it take? So what's the time to fill those particular positions?

Mike Harris: Thirdly, what percentage of the associates actually return at the end of the day, at the end of the week, complete the assignment successfully? And if it's a temp-to-hire, how many are actually converted? How many of those placements actually the client is able to convert when they hit their conversion period? Those are all things that should be examined and compared collectively across agencies that a company might be evaluating.

Mike Harris: The last thing that I would add, not a metric, but I hear this so often on new prospects, is what's their level of communication, and are they communicating in a way that meets my needs as a buyer? Everything from the frequency and clarity, do they talk about the progress? Or when I place an order as a buyer, does it go into a black hole? Are they keeping me apprised of the progress they're making, telling me about challenges?

Mike Harris: One of the things that I talk to my recruiters a lot about is often, the client may be trying to place an individual at a pay rate that is below what is considered market. And I tell my recruiters we can't just use that as the excuse. Let's present candidates that meet their hiring criteria, that have the experience they're looking for, and let's let them know what their pay requirements are. But let's also then present another candidate that will accept their pay, but show them where they might be short and let the client then decide, let the buyer decide. Are they willing to take someone maybe with a little lesser experience and train them? Or does it help them understand better what the going market rate is?

Mike Harris: So I'm a big believer in transparency and directness in how we communicate to our clients. If we've got what's considered a "purple squirrel," something that is very tough to fill, we need to explain that to a client and explain to them why it's a challenge to fill that position. So directness and transparency and communication I think is important as some of the metrics that we talked about.

Brad Smith: I think you're dead on. And I love that consultative approach because oftentimes, the end hiring manager [inaudible 00:11:00] the end company may not have access to the data, the background, the benchmarking tools, that you have. And by bringing that to the table, you're helping their overall

workforce at several different levels. So I think it's extremely important to choose a provider that has access to that type of insightful information.

**Brad Smith:** Mike, when looking at staffing providers, there's no shortage of staffing providers. So how can an organization quickly take a look? Are things like social proof, reviews, things like that useful tools to look at and help evaluate staffing providers?

**Mike Harris:** Social proof, to me, can reveal an awful lot and you can get that very quickly. Check out online reviews. You can go to Google, Yelp, and Facebook, those are all places you can go. And look at both what clients are saying about that agency, but also the associates, the employees. That's extremely important as well because at the end of the day, an agency is serving both. Without good talent, we can't deliver good service. So look at the reviews. Find out whether or not that particular agency has a third party that does satisfaction surveys.

**Mike Harris:** There's a company called ClearlyRated that surveys the staffing industry multiple times a year, and they're talking to both clients as well as associates. And a little plug for PrideStaff, PrideStaff has consistently rated the highest. We've gotten the highest award, the Best of Staffing Diamond Award, for seven consecutive years. We're the only firm that has achieved that both with the talent, our associates, as well as the clients. So check out reviews. Find out what third-party firms that do satisfaction surveys are saying about that agency.

**Brad Smith:** So Mike, as with any buying decision, price can be a factor. So there are low-cost providers out there that sell on low markups or low margins. What should companies look at when considering price as a factor?

**Mike Harris:** Good question. First, I feel that too often buyers tend to focus on markup, and markup exclusively. And there's many factors that are considerations or impact that markup. First, just look at the recruiting costs. What are the factors that go into recruiting costs? Well, what is the pay rate? Are we trying to place someone in a position where the pay rate is well below market? How fillable is it? From a supply and demand, what is the supply and the current market for the positions that you're trying to fill for that particular client? Is it a temporary position or is it a temp-to-hire? Clearly attracting someone to a temp-to-hire position is going to be something that is going to be much easier to do and therefore reduce the total costs [inaudible 00:13:56] impact that markup. Also, is it a part-time or a full-time position? So clearly, a consideration that goes into that markup is a recruiting cost.

**Mike Harris:** Secondly, the worker comp rates and classifications. If you're placing someone in an office clerical position, that rate for workers' comp is a lot lower than if I'm placing someone in a warehouse where there's forklifts that could potentially cause injuries. And then, is the client requiring backgrounds

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and drug screens? To focus exclusively on markup, I think you really have to take all those things and consider. I am a big believer and try to coach my clients and prospects that I talk to is look at the total cost of staffing, and what are the factors impacting total costs? It's some of the things that I've mentioned. How long does it take them to fill that order? The longer it takes, the more it's becoming costly because you're not getting product out the door.

Mike Harris: What is their fill ratio? How many of the positions are they actually able to fill within the timeframe that you need them? Are they able to convert on a temp-to-hire? What percentage of the associates that that agency is placing are they actually able to hire when they reach that conversion period? So those are all things that contribute to total cost. And when you think about, at the end of the day, you can have a really good markup. But if you're failing on those things that I just mentioned, it's costing you.

Mike Harris: So one of the things that we spend a lot of time, and I help my clients understand, is if I've got a track record with an associate, I have greater confidence on how they're going to perform. Now, do they surprise us and disappoint us at times? Absolutely. But if I can run a higher, what I call redeployment percentage, I know that I can look that client in the eye and let them know that I have confidence, "Here's how the person performed." Maybe there's areas that I say, "Here's where they might need some coaching," But I wouldn't know that had I not placed them.

Mike Harris: So it really comes down to, am I attracting and retaining? Do people continue to come to me as an agency that I can place them? What are the things that I'm doing in terms of attracting and retaining? Does that agency provide holiday pay? Do they do rewards and recognitions? What's their policy on no call, no show? Are they taking an individual who just didn't show up at a client, never called, and are they placing them again? Those are all things that you want to try to find out that do contribute to the total cost. And I believe that that is a better focus than just looking at markup.

Mike Harris: The last thing I'll add is, does the agency have a financial placement guarantee? PrideStaff does, and I'll touch on this a little bit later, but if we place someone, at the end of the first day, if that individual is not working out, is the client billing for that? And what are they doing in terms of the replacement associate they place? How are they stepping up to that? So do they provide a financial placement guarantee? Which really puts confidence in how confident are they that the person that they're placing is going to stick.

Brad Smith: Mike, great insight there. Now, at the end of the day, an organization is going to choose to work with a staffing company because they need to fill open positions, they need to hire. Those employees can come from a number of different sources. Is it important for the end hiring manager of the end

company to evaluate where a staffing partner is recruiting from? Should they care?

Mike Harris: Absolutely. Again, I think it comes back to my opening comment about the value proposition of why use an agency. You want to have access to all of the job boards. Whether that be ZipRecruiter, Career Builder, Indeed, Monster, Snag, that agency should have access to all those. Because in most cases, that company that's come to an agency does not.

Mike Harris: The second is what are they and how are they using social media, Facebook and LinkedIn, for various positions? But I got to tell you our experience, and if you read current literature right now, you will find that one of the best sources is employee referrals. So what is that agency's employee referral program? We at PrideStaff feel that we've got a market-leading employee referral program, wherein when an associate refers another associate, when that associate gets a certain amount of hours, that referring associate gets a \$100 gift card.

Mike Harris: So what are they doing? Because at the end of the day, they're vouching for that person. And at PrideStaff, if someone refers a bad apple, we're going to call them on it and we're going to take them off that program for a while. But you will find that some of the best sources right now are employee referrals, particularly in what we're experiencing with unemployment and concerns about people going into organizations fearful of COVID. So those are the things. And yes, I do believe it's important for a buyer of staffing services to understand what sources the agency is using.

Brad Smith: So Mike, switching gears a little bit, talk to me a little bit about different types of staffing companies. There's generalists that fill a variety of different positions. There's specialists that focus on a very specific niche industry. Talk to me a little bit about the difference, and how should the end employer go about choosing the right partner?

Mike Harris: Yeah. I think one of the things to first look at is just the type of placements that they do, dependent upon what the needs are. Do you just have a need for temporary resources, some defined period of time? Are they specialists at direct hires? What percentage of the placements that they do are temp-to-hire? So really, dependent upon what the needs are, you really need to understand kind of where is their focus, what percentage of the placements they do run across those three different types of placements.

Mike Harris: The next thing to look at is [inaudible 00:20:01] specialty around light industrial? And we'll talk a little bit about what some of those positions are. Or is it clerical? Or is it a combination? Clearly, if you're just a generalist, well, then, you're probably not going to get the best quality. And it comes back to my comment about redeployment. If I've got people who I've placed in the

past in various positions, I'm going to go to those first. So it really depends on where is the focus in terms of the position.

Mike Harris: Light industrial within a warehouse, it's everything from general labor, forklift operators, pick-pack-ship, receiving, inventory management. On the manufacturing and light assembly, it's everything from machine operators to QC inspection to manufacturing leads. And the clerical side, it's accounts payable, accounts receivable. It's the accounting customer service reps, office admin, billing, so on and so forth. So it's important to both understand the types of placements that that particular firm does as well as the positions.

Mike Harris: And what do they not do? In PrideStaff's case, we don't do drivers on public roads for a variety of reasons. We do very limited placements in the construction industry. We don't do any placements around healthcare patient care or retail. So understand what it is they do and what they don't do and try to get that right up front before you're even asking them and telling them about the positions that you're interested in having them fill.

Brad Smith: So, Mike, we've talked a lot about doing your due diligence and your research in choosing the right partner. But in some cases, no matter how much due diligence and research you do, a staffing company at some point may not meet standards, they may not perform up to par. What are some of the warning signs for hiring managers, for companies, when it's time to start evaluating maybe changing your staffing partner?

Mike Harris: Good question. And again, not to sound like a broken record, but I continue to come back, I'm a metrics person, and try to help clients that I serve understand our metrics and how they might compare to others that they've used. So again, back to the time to fill, the fill ratios, number of placements it takes to fill a given position, which really addresses kind of the churn. It may take me three people before I actually fill that one position. What percentage of the associates complete the assignment are actually converted?

Mike Harris: I talk to a lot of prospects that the associates perform very well in a temp-to-hire situation, but when it came time for them to actually convert and hire them, they didn't pass background or they didn't pass drug screen. Those were things that were required of the agency. Now, we all know things can happen within that assignment period, but that's usually unlikely. So I do hear companies that use agencies where they get good quality people, but per their policies of background and drug, they didn't pass when they went to hire them. So those are all things to try to understand in evaluating how a particular agency has performed in the past.

Brad Smith: So, Mike, this was some amazing insight and I'm sure those listening found a lot of value in it and will help them choose the right partner. Now, I want to turn things around a little bit. We talked about what a company should look

for in a staffing provider. I want to give you an opportunity to outline how PrideStaff excels. What do you do great [inaudible 00:23:32] at PrideStaff?

Mike Harris: Well, I'm happy to address that and was waiting for that, so happy that I can just provide the PrideStaff perspective. So, first of all, I think what PrideStaff represents is we are a national provider with national resources that we can draw upon. But we're also, because we are a franchise, we're the local owners and operators. So you really have the best of both worlds in that you've got the national resources at your disposal, but you've got an owner, the one throat to choke, right in your market. So that's number one.

Mike Harris: Second, we have industry-leading client and talent satisfaction loyalty. I mentioned the firm ClearlyRated. I mentioned how PrideStaff, over the last seven consecutive years, has achieved the highest award, which is the Best in Staffing Diamond Award, net promoter score. Those are all things that I think are important. The proof is in the pudding right there. We can talk about all the metrics, but at the end of the day, how do the clients and the talent, the associates that we place, how do they rate us? What do they say about us? Clearly, we have very good online reviews. We have over 3,500 client testimonials. I think that says a lot, again, relative to how we perform.

Mike Harris: Does the agency, and certainly PrideStaff does, provide value ads? What are the things they do, beyond just placing good quality people? In PrideStaff's case, we have monthly innovations that provide both our talent as well as our clients topical items, whether it be around in some cases [inaudible 00:25:12] recently COVID, and how does one have to prepare and think about it to...? Just very topical things. We do Innovations LIVE Webinars Series, podcasts. And thought leadership such as this. Those are all things to look at because at the end of the day, you can place quality people, but what are they doing as a partner? Kind of what I started with. There's lots of agencies, but you really want a partner. Are they providing you value beyond just good quality placements?

Mike Harris: Now finally, an important thing, I believe, is we have done things and do things to lower the total cost of temporary staffing. And I attribute that back to the quality of the [inaudible 00:25:57] What are the things that we do to attract and retain quality associates? I talked about we have a high redeployment rate. I pay a lot of attention to that, because if I can look a client in the eye and tell them about the person that we're about to place, I have greater confidence in how they're going to perform. A high percentage of our associates complete the assignments, and can be and are converted when the client wants to convert them.

Mike Harris: We have a very strict no call, no show policy, wherein if a client or an associate doesn't show up and has not called us or given us a reasonable explanation, we're not going to place them again. We're not going to replicate that past

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problem. Finally, there's things that we do to continue to attract and retain top talent. We have, as I mentioned, the market-leading employee referral program. We do offer and provide associate awards and recognition. We have holiday pay that we pay our associates, we don't bill our clients for that.

Mike Harris: But at the end of the day, we're not perfect because we are dependent on others, we're dependent upon associates, that even when there are people who we placed in the past, there are things that are happening in their life that have changed, so they may not be as reliable. So we offer a placement guarantee. Those are all things that I believe differentiate PrideStaff and place us in the agency-partner category that others aren't able to claim.

Brad Smith: Mike, thank you so much for your time. You've obviously done an amazing job outlining the value of working with a staffing agency and, more specifically, elevating and showcasing how PrideStaff can be a premier partner for organizations all across the country. We encourage everyone listening to visit [pridestaff.com](http://pridestaff.com), where you can learn more about the value of staffing. You can reach out and connect with a local office in your market for some expert workforce consulting.

Brad Smith: Mike, thank you again so much for your time today. Really appreciated the insight.

Mike Harris: And I appreciate your facilitating it, Brad. You did a great job. Thank you.

Closing: Thank you for listening to Strategic Insights, brought to you by PrideStaff. Whether you're looking for high-level workforce consulting or staffing help to meet demands, PrideStaff is here to help.