



EPISODE 14

How To Compete With Big-Box Players In Your Market

- Intro:** 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 all for listening into Strategic Insights from PrideStaff. I am your host, Brad Smith and today we have a great episode lined up. Joining me is Steve Romanelli. He's the Owner and Strategic Partner of our Northern Kentucky PrideStaff office. He's got some deep expertise in overall workforce management, works with small, medium and large organizations helping to add to their talent acquisition strategy. Steve, thank you so much for joining us today.
- Steve Romanelli:** Thanks Brad. I appreciate being here.
- Brad Smith:** So Steve, today's episode is all about how we're overcoming challenges with recruiting, especially when you're competing with huge companies. I know in your market, you're dealing with Amazon, you're dealing with large organizations that many have corporate headquarters or large facilities in the organization. So you're constantly battling those companies that have a very high volume of recruiting. So it's a very competitive market for you for those listening, just to kind of set the stage here. The latest BLS data shows a three and a half million fewer people in the U S workforce than there were in February of 2020 before the pandemic. Wage growth is up and faster than ever. Chipotle is up to \$15 an hour. McDonald's is raising wages by 10%. And according to a Wall Street Journal article I just saw, they're looking at childcare and tuition assistance. There's Bank of America.
- Brad Smith:** They're raising their minimum wage to \$25 an hour. So it's not just those entry level jobs. It's higher-level jobs that are raising wages top. Under Armour is raising retail and distribution wages to \$15 an hour. Recent study I saw, saw that Amazon when they started to increase their hourly wages to 15 an hour back in around 2018, 2019, the average hourly wages in the market increased by 4.7%. So these big, large scale employers are having an impact on the medium and small sized business. And we're going to talk in today's episode about how the average employer can really compete with that when they're

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trying to secure talent in an area where there's a lot of big competitors. Steve, given all of what I just described, what are you seeing in the market? Are you seeing both large and smaller employers feeling the crunch? Are they raising wages what's happening?

Steve Romanelli: Well, Brad, it's interesting. The Northern Kentucky market, which is part of the broader Cincinnati area. This is where the Cincinnati International Airport is located. And with that, we have DHL has their third largest hub based on tonnage out of our airport. So naturally we are a great distribution center headquarters area for a lot of different businesses, because you can reach two thirds of the US within one day of shipping by truck or rail.

Steve Romanelli: And we are seeing very much what you're seeing across the country. Amazon has a huge presence here. Then on top of their traditional distribution center presence, Amazon is investing \$1.5 billion in our market to build out their Prime Air hub, which is basically a supplement and compete with how they use UPS, DHL, and other carriers. They are now building Air Amazon, so you see lots of advertising that are local market about that. As a result, all the wages are going up in the local market. Both the large players like Amazon, as well as the smaller players, the mom and pops the companies that have 20 employees, they're all feeling the same pressure to be able to compete for talent.

Brad Smith: So how does the mom and pop, or even the medium sized business that maybe has 500 employees, how do they compete with Amazon who's looking to hire maybe a half a million people this year.

Steve Romanelli: So I think you need to step back from it. And it's actually a discussion you should have with your management team, which is, where do we want to stand in the marketplace? What makes us a preferred employer? And you really need to think that through. By and large, the smaller companies can't afford to compete dollar for dollar with the larger entities, because they perhaps don't as much have as much margin room, but you've got to start with that and say, what do we represent? And I would strongly recommend you sit down and create a focus group of some of your longer tenured staff members and have a discussion. Why are you here? Why are you staying here? And how do we position ourselves in the market? There are pros and cons to a large place like Amazon, obviously pay rates are pros, but there's some real cons to it too. What allows Amazon to be wildly successful is they narrow the job scope to a narrow range of tasks that allows a person to quickly become proficient at those narrow tasks, to allow them to hit their business model.

Steve Romanelli: The small and medium size employers, they're going to probably give you broader skills and broader experiences. So you need to think about that as a competing for talent. What am I offering candidates? I'm offering an opportunity perhaps to grow their skills better, more leadership opportunities,

a chance to progress up our salary curve. And that may be the way you differentiate yourself to large folks.

Brad Smith: Now, Steve, I love that approach of having that focus group pulled together and really thinking about it from the employee standpoint, what's in it for them? What's so important to them, and really branding your organization and as a great employer in the market. But when you think about very specific jobs or specific job opportunities, what can the small and medium sized employer do better to brand their opportunities to attract talent to specific jobs?

Steve Romanelli: So when you think about competing against the larger companies and I'm on our Chamber of Commerce, one of the Human Resource Committees, I co-chaired it for four years. And I was very vocal at the Chamber that I was glad that Amazon was here, but I hated that Amazon was here. And what I mean by that is I've had many 30- and 40-year-olds walk into my office and all they've done is picking or packing.

Steve Romanelli: And depending on whether it was Amazon or Wayfair or one of the other large employers, maybe they used a pick sheet. Maybe they used a wire RF scan gun. Maybe they used one on their arm that told them where to pick, but that's all they did was picking. They, at the smaller companies, you're going to get experience, not just in picking, but you'll do packing. You'll do data entry into the warehouse management system. You're probably going to be involved with inventory cycle counting and a range of skills to position you for higher paying opportunities at other small companies, if not my own small company, because you're a more valuable candidate for me because of that breadth of skills. So I think that's where the small and medium employers have a distinct advantage versus the large ones. The large ones have to have specialization and narrow tasks and responsibilities because that's the only way they can bring people in successfully.

Brad Smith: I love telling that message too, and explaining what the long-term ramifications of one organization over the other is. And you explained that perfectly and as employers, we need to tell that message. We need to think about what's in it for the candidate, both in the immediate short-term and long-term, and not be afraid to have those conversations. And I think collectively, if we, as a group of small and medium size employers are having those conversations, our jobs, our opportunities, our organizations will be much more attractive and be seen as a great opportunity to grow my career, not just land a job. Steve, you mentioned earlier how Amazon came in and we saw wages in the market go up now, how does the smaller, medium sized company that might not have deep data analytics get access to information and know how much they might have to ways raise wages for a specific type of position or set of positions?

Steve Romanelli: So I think there's a couple of channels to go. Sometimes your Chamber of Commerce has that information. But most importantly, you should have a partnership with a staffing firm, whether it's PrideStaff or somebody else, they should be able to get you some insight and data. They have access to some of the recruiting tools, whether it be the job boards at Career Builder or Indeed, or some of these other channels. Often those agencies have access to some of the salary data through them. But the most important thing is your staffing agency is hiring every day of the week. If you're a small and medium size user of talent, you might only be hiring three people across the whole year. So you don't know how the market's moving. Lean on that outside partner to give you that insight and perspective. I just did that early in the week for one of our clients that they're struggling.

Steve Romanelli: They're a great environment. It's climate controlled. It's not hard work. They frankly make a very easy product to pack. And these are packing positions. They make gummy vitamins, and they're having a tough time filling the positions. And it's the most beautiful facility in our market. And at the end of the day, it's their pay rates. And this is a medium sized company with very deep pockets. And we went back and we're saying, we're able to share with them, here's the range of pay we're seeing for the tops of positions that you have usually decide where you are because an air-conditioned environment isn't enough to sell someone because summer's only for three or four months. What about the rest of the year?

Brad Smith: So that's great. So you're actually going in, you're consulting with them. You're helping with the talent acquisition, with the compensation strategy. What other value does working with a strategic workforce partner like PrideStaff offer? What are you really great at?

Steve Romanelli: Well, it's interesting, Brad, what we find is most of our clients really do not have recruiting bandwidth in their human resources department. The human resources team that's there is really handling benefits and payroll and a little bit with management on org structure, but they don't have the bandwidth because often they're not hiring regularly to keep on a full-time recruiter. So a key thing is we are recruiting and hiring 24/7. That's all we do. We also preach to our clients, the all of above you should use every way to potentially hire don't just shop and try to hire on your own, but in a town stock market, you never know where the resource that's going to be a breakthrough for you is going to come from. Use a staffing company for it. Look for referrals. Personally, we have a database of about 66,000 local people in the market that we try to leverage.

Steve Romanelli: And our best recruiting source, to be honest with you, will look at placements and revenue over the last year is from employee referrals. So this is I put Brad Smith on assignment. Brad was happy. I tell Brad, "Hey, Brad, I've got a lot of openings. Do you have any other friends that you could recommend?" And you

would recommend them to me, they work 160 hours for about four weeks. And I'll pay you a gift card thanking you for that referral. And there's no limit. I've given to about four or five employees, at least three or \$400 to them individually, thanking them for the referral process. We employ really this, all of the above all channels. We've got the job boards, we've got local legit jobs, Facebook page, which is very popular in the market, 24,000 people there. We go everywhere we can to try to find the candidates for our clients.

Steve Romanelli: We're actually going to be exploring this month billboard advertising. And we're in discussions right now with one of the local television stations about some work related to a special hiring program they're going to put on in September and us being part of that effort. So it's got to be all you can do. And at the end of the day, a staffing agency is a resource for you that is happy to provide information and perspective. The last thing I would say is, it's important to have a supply and demand view of your market for the talent. And this has been very powerful with clients. I know the small, medium size companies can't compete with all of the pay rates of the larger companies, but understanding if you move the pay rate a little bit, how many more candidates you may have access to could be a powerful way to help you move up a little bit, but not have to go toe to toe with those with deeper pockets.

Brad Smith: And Steve, that's report that you provide?

Steve Romanelli: Yes, we could provide that to our clients. Absolutely.

Brad Smith: And is there a cost to that?

Steve Romanelli: No, it's part of our relationship, but as I tell any client, I'm not going to retire after I get the place one person with you, I'm looking for relationships that over the next 15, 20 years is mutually beneficial. And I really focus on that long-term relationship. So, no, I don't charge anyone for that.

Brad Smith: So, if you're listening on this call and that's something that you do want to take advantage of visit PrideStaff.com, go reach out to your local office and they can work with you to develop that report and give you that intel and insight to make smart hiring and compensation decisions. So, Steve, we've talked a lot about pay. We've talked a little bit about employment branding, specific job and opportunity branding. Now I want to commend you because you've done an absolutely amazing job for your business on building a strong employment brand. When I was doing my research ahead of today's call, I found that you've got a great online presence. You have 135 Google reviews. You're a 4.6 out of five. People really love working with you on Indeed. You have over 650 reviews. That's amazing for a local company in your market. You've built probably the strongest employment or recruitment brand of any employment agency in your area. If you don't mind, for those that are

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listening, kind of walk us through how you built that and how they could strengthen their own employment brand.

Steve Romanelli: So one of the most important things we coach with our team members is that you have to be brutally honest with people. We are here to help them in their job search. It may not mean that I can place you in a position, but I can still give you advice and counsel to help you in your job search. We have to have those tough conversations and we have it often. I see a lot of people now who are in their late thirties, early forties saying, you know, "I've worked in a warehouse. I'd like an office job now." Well, the reality is, you don't have the requisite experience of computer systems and Microsoft Word and Excel, and all the other applications that most clients are requiring for those positions. Might I have some entry level positions? Sure. But those are far and few between because the company hiring for someone with office administrative skills expects the person to walk in with those key skills.

Steve Romanelli: And not many of them are willing to train to that because there are a ton of people available who have those skills. The second thing is we try to spend the right time with the candidate, giving them the best options that are going to fit the combination of what their shift requirements are, their paid desires are and the location where the company operation is positioned.

Steve Romanelli: There are a lot of people right now that struggle with transportation, or maybe they're sharing transportation with a significant other. And they need to be able to have that flexibility, to find the job closest to them. The last point you've got to treat people right, and they'll become referral sources for you. Even if, again, I can't place them, I can give them references. And I've spoken to many, a person who recently came out of incarceration, looking for work, and I could not work with them, but I gave them a list of resources of places I knew that could work with them. And they were greatly appreciative of the time I gave them because many others would not give them that time. So those are some of the key tenants of it. Brad, it's the old adage of treat people the way you'd like to be treated and be honest with them about what's going to be success for them.

Brad Smith: I think communication is a big, big factor. When we look at candidate sentiment and employee sentiment, one of the things that they hate is this void of communication. They apply and they don't hear back. They interview and they don't hear back. So, Steve, I love the fact that you have honest and open communication with the people that apply. And if you want to build a strong employment brand in your market, number one, you have to partner with an expert, somebody that has a great employment brand currently. And number two, you need to be open honest and not hold that feedback and give that feedback effectively and in a timely manner. Now, one of the other hiring challenges on top of rising pay rates, on top of talent shortages, we hear from company after company that there's been an increase in no calls and no

shows. How are companies dealing with this? And Steve, have you come up with any way to really help companies overcome this big challenge?

Steve Romanelli: This is the big challenge in today's market. And you know, we have candidates that we sit down with them, we outline the job. They maybe went on the job interview. They came back, "I'm excited. I'm going to start." And they ended up being a no call, no show. There are a couple things on this. And I've shared this with a couple of clients. Number one, if you think about when you were a kid in middle school and you aspire to do something with your life, often it might've been, I like to be a firefighter or an athlete, or maybe a teacher, no one grows up saying, "Hey, I want to be a temp or a temp to hire." Right? People find themselves in this situation for a variety of reasons. And just imagine the challenge of walking into a big facility or a small facility, not knowing the norms, the practices, the standards, not knowing where the bathroom is, not knowing where the break room is, not knowing how you handle breaks.

Steve Romanelli: All those sorts of things can be very, very intimidating. So the clients that I see doing the best at it really try to welcome the person and make them feel like one of their employees and not a me versus them sort of thing like, "You're a temp and I'm one of the full-time employees here." Some go as far as to create a mentor and say, "Okay, Brad, we have this new guy, Steve Romanelli starting tomorrow and we want you to kind of guide him around the first two weeks." Maybe he's going to shadow you a little bit in the job. Maybe wants you to take your lunch break with him and just kind of see how he's doing and lay any concerns he may have about our environment. Those that really reach out and try to welcome folks in, be prepared for when they show up, we try to tell candidates all the time, the clients ready for you tomorrow.

Steve Romanelli: But when you walk in, you don't know what crisis might happen overnight. Maybe a truck didn't make its delivery. Maybe two trucks arrived that they weren't expected. And the training plan was kind of blown apart because they've got to handle a crisis. So be flexible and be responsive because they may ask you to do some other things that aren't part of your normal job description, but it's today's crisis and they need your help.

Steve Romanelli: So I think it's really on both sides trying to get the candidate be flexible and open, but also really coaching the client to treat them as your own employees. Because 90 plus percent of my clients are pure temp to hire, which means they have an opening and the way they plan to fill that open is a 14 to 16 week working interview with the PrideStaff employee, that over that time, they'll demonstrate their work ethic. They'll demonstrate their attendance, they'll demonstrate their willingness to be coached and trained. And at the end of that, if they hit the mark on all those things, the client will say, "We'd like to roll them over Steve. And we want to make them our employee effective

Monday." That's the greatest conversation we have is when a client wants to hire on one of our folks.

Brad Smith: I love that concept of the working interview and getting people comfortable. I also really appreciated your suggestion of picking a mentor and pairing someone up and making them feel comfortable when they first come on the job. Because as you mentioned, temporary associates often don't feel that comfort level, don't feel part of the organization and choosing a mentor, I think also can help elevate that full-time employee and give them some responsibility and some ownership in that relationship as well.

Steve Romanelli: Absolutely right about that Brad.

Brad Smith: Now, Steve, you at PrideStaff have some very interesting technology that you use as well called PrideStaff Connect. Can you talk to us a little bit about what PrideStaff Connect is?

Steve Romanelli: So what PrideStaff Connect is, is trying to reach candidates the way they like to be reached. And so much today, if you had a candidate two, three years ago, when they would come into our office to do our application process and then our hiring documents, we would often sit them in front of a computer and do those electronic documents. And often the candidate would open their email because that's how I would send them a link. And the candidate would be looking at their email and they'll show it to you. And you'll see that there are many, many messages in there from other agencies, from company job boards, and other things like that. What we realized is many candidates really don't log into their desktop or laptop computer. And most of them only have a cell phone. So we invested in PrideStaff Connect, which is a combination text messaging and email platform that allows us to reach out to you at key points in time.

Steve Romanelli: So for example, Brad, if you were going to start a new job tomorrow, we would be sending you most likely a text message the night before. Good luck tomorrow, Brad, remember you're going to start at eight o'clock at ACME Manufacturing. Let us know how the day goes. We'll follow up with a text message in the middle of the first day at your break. How's it going so far Brad? And at the end of the first day, we'll say, "Hey, on a scale of one to 10, Brad, how would you rate your first day?" And if someone gives less than an eight, we're on the phone with them right away to say, "Hey, what happened today?" And it may be something as simple as I got lost, I wasn't sure where to go. Or maybe "Boy, they weren't ready for me." And it was a training gap and that allows us to stay connected with them.

Steve Romanelli: And then we follow up the end of the week, how'd the first week go. When they get their first paycheck for that job, we get another message to them. So we're constantly reaching out to get as many data points as possible with the

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candidate. Some are more engaging than others. And the ones that aren't as engaged will pick up the phone and reach out to them because we want to get feedback. Most of our clients want to hear the feedback if the training's going well or not. And we just had an incident earlier this week where the training was poorly executed. Then head of operations wanted to get involved and rectify it with our employee and also with a supervisor because the supervisor wasn't handling the training approaches the way he wanted. So it's a great way to give feedback to the client. And then also stay on top of our candidates on the thoughts and feelings about the position.

Brad Smith: I can imagine that technology really helps you limit no calls, no shows, obviously this is a people business. You're not going to completely eliminate them, but you're limiting that, you're identifying issues before they become big problems for the end company, the end employer, and then longer term though, I think that feedback loop is vitally important. You're collecting direct feedback from staff on their experience. And you're sharing that back with the hiring managers so that they can improve their processes, their onboarding, their training, their support, or even deeper operations.

Steve Romanelli: You're absolutely right on that Brad and we had a recent situation with a client where on second shift, there was a fair amount of turnover. And we were getting consistent feedback from the candidates that we share with that with the client, and the client finally addressed a supervisor issue that had been percolating, but they had never taken the action on it. And they finally took the action and it really improved the retention and eliminated some of the turnover that was caused by basically a supervisor probably promoted beyond their capabilities.

Brad Smith: Steve, just great insight today. To kind of wrap things up for those that are listening, if you're having challenges hiring right now, really think about what makes you different, think about what makes your organization, your opportunity, your career path different, make sure that you carry that through in your employment brand, build great relationships with your internal staff and with the people that you're interviewing. Those people can be influencers. Even if you don't hire them, they can be influencers long-term. So make sure that you have clear, honest and timely communication back to those people. Again, build your employment brand with building reviews and partner with an expert like PrideStaff. Steve had mentioned so many unique things that they do to help companies attract good talent, make sure that their pay rates are on par, make sure that they can limit no call, no shows, close that feedback loop and get you some insight that you probably wouldn't be able to collect on your own. And Steve, thank you again. Any closing words of wisdom that you wanted to share?

Steve Romanelli: I think the biggest thing is make sure you ask for help. Don't be afraid to ask for help, whether it be PrideStaff or another agency or your Chamber of

Commerce, there are resources available to help you kind of work through what that issue looks like. Don't be afraid to ask for help.

Brad Smith:

Great. I love that and don't be afraid to visit PrideStaff.com. There's a collection of amazing resources there. You'll find white papers, eBooks, webinars, blog posts, articles, great insight. Reach out to your local PrideStaff office if you're having hiring challenges, or if you want to put a proactive plan in place to staff up for the end of the year or early next year, and reach out to a team member if you have questions on salary or benchmarking or anything else employment related. Steve, thank you again so much for your time today, and thank you everyone listening.

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.

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