



EPISODE 18

How To Effectively Recruit in the Industrial/Manufacturing Sector

- Introduction:** Welcome to Strategic Insights brought to you by Pride Staff. 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 so much for listening in Strategic Insights from Pride Staff. I'm your host, Brad. And today I'm so excited to invite a repeat guest for the show. Sean Akin from the Pride Staff, Fresno office, Strategic Partner there. Sean, thank you so much for joining us. Really appreciate your time today.
- Sean Akin:** Thanks for having me again, Brad. I appreciate it.
- Brad Smith:** So, Sean today's episode is all about how to effectively recruit industrial and manufacturing workers. Before we jump in, I just want to set the stage on what we're seeing right now in the market. So, we have some data that we collect all across the nation and we've seen 71% that's right. 71% more manufacturing job postings today compared to just a year ago. So far in 2021, we've seen a decrease in application conversion rates of nearly 18%. So, we have more jobs. We have less conversion on applications, so less people seeing them and less people applying, direct recruitment costs are through the roof. We've seen cost per application go up 61%. And then even just recently last two months or so cost per application costs were up almost 40%. So, Sean, my question for you is on a national level, it seems like it's really tough to recruit in these areas. What are you seeing on the local level?
- Sean Akin:** Brad? Yes. To everything, you said, we're seeing all the above it is the tightest market that I've seen in a decade. We, post housing bubble dot any bubble you could think of tightest market. We've seen there's so much competition out there, not only for companies, but for talent as well. And the supply shortage that we're having is increasing demand and companies are running into challenges left and right. Manufacturing goods, giving goods, producing them logistics. You've heard it all in the news. And it is something that is, I hope once in a lifetime, I hope I don't have to go through this again.

Brad Smith: I agree. I hope it's once in a lifetime and even here locally, we're seeing restaurants having to close certain days. They can't stay open because they can't get staff. We're seeing supply chains and distribution change greatly impacted and with any supply and demand crunch, look at lumber right now. Look at gas. When there's excess demand in short supply prices go up with hiring wages having to go up. How does a company really know how much you need to raise your wage in order to attract and recruit the people that you actually need?

Sean Akin: Brad more than ever data is so important. You need to understand what the market rate is going for. What you did six months ago, isn't going to work what's happening now. You really need to focus on your compensation. You need to look at what orders you have open and what requisitions you have open and what product is it being made because of those positions are open. It's really having to do some cost loss analysis and understanding why it's open, understanding what the availability of the position that you're recruiting for. And the, I hate to say it and I'm going to beat a dead horse. It's not just the large companies. It's not just Amazon and Alta and Chipotle and Google and Facebook. They're not the only ones raising rates. It's your neighbors. So, you really, really need to pinpoint what you need to pay in order to start really attracting some of the people to even apply to your openings, not even show up just to start getting applications.

Brad Smith: So, you mentioned some of those big players like Amazon, Chipotle others, they're hiring in volume. They're huge players. They have access to deep resources to get this information. So how does the smaller medium sized business get access to this type of information, is that something that you can help with?

Sean Akin: That's something we'd love to help with. As an organization, we help thousands of companies a year and your local strategic partner helps hundreds a year. We understand the wages. We, the best way to get wages is by talking to people, the candidates are going to tell you what they want and what they're seeing, what they're of friends are getting. So that's the partnership with the staffing agency. We're going to tell you what we hear.

Brad Smith: You do this day in and day out. You're talking with people constantly. You know, I know you mentioned you have to evaluate every six months. Now you might have to evaluate every month. So partnering with somebody like Sean or someone like Pride Staff that has access to these resources can get you current up to date information that will identify exactly what you need to pay right now to get people in the door. They know what your competitors are paying. They do this consistently. So having that information at your disposal is crucial to fill those, those job openings. Now, salary and pay are one thing. But what else are you seeing? Are you seeing companies getting creative with bonus structures, with pay plans or anything else like that?

Sean Akin: A lot of creativity, I'm just going to put a plug in there that make sure you look into the legal obligations. You have certain states have certain laws in regards to bonuses and salary pay and bonus pay. So, research that first, but we're seeing a lot of companies, we're hearing sign on bonuses. Every McDonald's, there's a report in Florida that they're paying them \$50 just to show up to the interview. So, we're seeing a lot of companies get creative. We found some companies though that I'm liking or doing timetables instead of offering a \$50 signing bonus, they're offering maybe an increase in wage after 30 days, another increase after 60 days. Or if you work 400 hours, you're going to receive an incentive bonus rather than paying up front. They're offering a little bit more on the back end to try to get some production out of that individual, because they don't want somebody showing up and leaving. So, we're seeing a lot of that.

Sean Akin: But my personal favorite is incentive clear incentive, pay growth, quicker 30 days dollar, 60 days dollar, 90 days dollar, whatever it may be that fits in your budget rather than a signing bonus. That's just my plug. But I am seeing quite a bit of creativity out there.

Brad Smith: I really like that concept cause you're encouraging people to come back to work immediately. So, the sooner they come back, the sooner they get those increases over time. And I also love the plug of just making sure that you're doing your due diligence, make sure that you're not going to open yourself up for any wage and hour issues or litigation because that is a big thing right now. So, it underscores the importance of working with a provider that truly has the resources to understand what those regulations are. Now, Sean beyond pay and bonuses. Let's say paying bonuses are equal from employer to employer. What other things are making one position more attractive than another or one company more attractive than another?

Sean Akin: It's the little things Brad, we're seeing companies offer a free lunch, childcare credits, transport, paying transportation credits to get to work. More now than ever, people want to feel appreciated and cared for after, Covid a lot of things have happened and emotionally and physical stress and they just want to know that how to make their life better through such a difficult time. And employers need to be very encouraging to do that. We're also seeing a real large uptick in referrals. The employers are encouraging people to recruit their friends so they could work together and be in a positive environment and show ownership. In the past, that's been kind of frowned upon because you don't want family or friends working together, but we're starting to see it more than ever.

Sean Akin: And it also creates an environment to where the individuals could be around their loved ones because since they are spending so much time at work, at least there someone that they appreciate and want to be around and want to

grow with. So we're starting to see a lot more of those soft skills, a lot more of the non-quantifiables be more important than ever.

Brad Smith: During the pandemic Pride Staff did a research study and they found that a lot of people were attracted to remote work. And for everyone listening, you can download this great white paper at pridestaff.com under the resources and then white paper section. But again, remote work was a big attractor for people. But Sean, this episode is all about industrial and manufacturing. So you and I both know that you can't really drive a forklift from your house for industrial and manufacturing positions that can't be done at home. What else can employers do to be seen as a more attractive position?

Sean Akin: Flexibility. That's the big word right now. It's being adaptive in understanding the workforce, light industrial for a long time has been, you start at five, you start at six, you take a lunch at 11. When the bell rings, the whole production floor shuts down. Then you go to the next with being in such a labor tight market schools being closed are kind of reopening. A lot of people are still unemployed in the service industry, flexibility is super key. So maybe having a five o'clock shift for the people that can in a six o'clock start time and a nine o'clock start time having variable start times. And also, what I've noticed is companies like that because it keeps product moving at all times rather than the complete floor shutdowns. But we could talk that a different time. Childcare issues are huge right now. They need to be flexible with the working parent, with rents going up and everything is increasing in cost. There's more working families than ever before. So, you have to be flexible to childcare because maybe their childcare facility doesn't open till eight or nine.

Sean Akin: They have to be more lenient on absences. I know that's really tough. I get it, I understand difficulty of, if somebody's not there a product can't be made, but if you fire that individual, the product won't be made anyways. So, you have to be a lot more adaptive than before.

Sean Akin: Over time that's been a real big generational push. We're starting to see a lot of millennials and even the Gen z'ers that are coming in, they're wanting to work 40 hours. Work life balance is crucial to them. The 60-hour week, the 80-hour week isn't necessarily attracted to them anymore. Like the baby boomer generation get home, work hard, repeat this generation. We have to understand it's a little bit different. I would say that you could offer overtime, but if you force it, you're really limiting your market pool. And again, we're a candidate short market. We need to expand the abilities. We need to make it enticing for people to stay. And the last thing is we're seeing a lot more companies be lenient on prior work history and screening requirements, especially in the entry to mid-level positions. I'm a believer If you could train anybody to do anything, you just can't teach work ethic.

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Sean Akin: And I think we need to start understanding that is you could teach individuals; you can mold individuals to what you want. And there's a lot of controversy. I know about drug and background screening, especially around THC. That can be a whole webinar on its own. I would recommend being a lot more lenient than you've had in the past on both of those regards.

Brad Smith: More flexibility, more leniency, open things up. And as Sean just mentioned, you need to open up your labor pool because if you don't loosen some of these restrictions that may have been okay in the past, you're not going to get the talent in the door in order to get the product out the door. So, Sean, this next question, I'm really going to kind of tee up for you and throw you a softball question with hiring being so difficult right now to do on your own. What value is there in working with a staffing agency like Pride Staff?

Sean Akin: Speed, speed is everything right now we could expediate the process exponentially. This is what we do 24/7. I could get somebody in my office at nine o'clock today and have them ready to go to you at 10. We don't. Our process is so quick compared to majority of corporate America or even small employers, we've invested a lot of time and resources into getting this quick. I would also tell you that with speed, I have that pressure goes right back to the employer as well though. If you say you need somebody to work and you tell me the job order on day, I could get somebody there on Thursday or Friday. But if you tell me to wait until Monday, you're putting yourself in a really dangerous position because the employee is getting calls from other staffing companies Thursday night, Friday and over the weekend.

Sean Akin: So, make sure that if you have an opening, it's an opening and I would really take the stance of taking talent as you could get them rather than starting everybody on a traditional Monday or Tuesday or Wednesday or whatever it may be. It's that competitive out there, Brad, it really is, another one. We can handle interviews and hiring doc, everything, the hiring process, the interview documents. We understand the time that takes to get done. The E-Verify, the I-9, the social security checks, whatever it may be. We do that as a living. Let us be the experts in putting people to work. Let you be the expert in building manufacturing goods. Another thing is we do all the communication. So the follow up calls, the document calls, the show up calls, the attendance. Let us take that because I'm assuming if you're understaffed on your facility, you're probably understaffed in your office too.

Sean Akin: Everybody in today's world is doing more with less. Let us take some of the communication pieces off of you. Let your provider do that. That's what we do all day, every day. And also, the risk. If you're opening up restrictions a little bit, and you're maybe thinking about not doing a drug screen, maybe not doing a background check or putting somebody who might be on that fence eight months ago, but now you're in need. Let Pride Staff take that responsibility. Let us be their reference. We are going to be that point of

contact for them. Now we're not going, I'm not saying use us your, as a scape goat for worker's comp, because he's still must have workers comp, but let us be that voice and advocate because we're doing this 24/7. We are not incentivized to put anyone at your facility and them not work out.

Sean Akin: It's not best for us. It's not best for them. And it's not best for you. It's best in all parties. If we make the right placement. And the last thing is we know the labor market and we spend a lot of time as Pride Staff, understanding our clients and becoming a partner. It's a necessity to get goods made and Pride Staff is here to help you do that. And more now than ever. Speed is important. Like I said before, let us get people to you quickly and let us help you manufacture goods because I've been working with a lot of clients, Brad, and they're realizing that them being very picky on getting individuals is costing them thousands upon hundreds of thousands of dollars. When if you were able to let me get somebody in there, even for the intern, until you found the perfect person, that could be something we could talk about.

Sean Akin: So again, it's, I'm beating a dead horse. I understand, but it's a competitive market. Employment agencies could help you speed up that process tremendously, get you talent next day and help you make the good and will this change? We don't know, is this the future? I don't know, but I could tell you in the current you need to get product out, let us help you.

Brad Smith: So, Sean you've got a lot of clients that have just let go of the reins completely. Right. Let you take care of everything. You're hiring. You're making those decisions. You're speeding up that process, right?

Sean Akin: Yeah, Brad, I mean that's the goal. Our goal is to get to that level of trust with all of our providers and all of our clients, because we are an extension of your HR department and we want to make your life easier. We're not here to throw compliance and make your life more difficult. Our job is to help our candidates find work quickly and a job that they could provide and for their family and help maybe grow into a career. And for you as an employer, our job is to get you the people there so you can manufacture good, let you focus on other aspects of your business. Let us focus on the Human Resource side, let you keep developing your business.

Brad Smith: Now, Sean, you made a really compelling case for why speed is so important right now and how you make that process faster, quicker, smoother, more efficient. What I love about Pride Staff is you're always looking at and investing in new technology. So, over the last few years, Pride Staff has invested a ton in new technology to really overcome a lot of the candidate shortage, attendance issues and everything else that we're seeing right now. So, tell us a little bit more about that technology side.

Sean Akin: Yeah. That's the big thing and that's the hundred-pound gorilla in the room always is Pride Staff helps a lot of small to medium size businesses and not everyone could afford the technology that we're able to roll out nationally. So, we have Pride Staff Connect, which is a texting platform that keeps in constant communication with our candidates. We launched an app. So, our candidates are able to accept work decline work, log time, see pay stubs all through an app-based system. We're re-engaging in people that we worked with years ago through chat bot technology. And even when they apply with us, let's say they apply at 10 o'clock at night and maybe nobody's working and they're receiving a chat bot and we're asking style questions that are getting to the pertinent information so we can help them first thing in the morning, Pride Staff changed hours. There's a lot of offices that are opening earlier.

Sean Akin: So, we could call candidates at 6:00 AM, 6:37 AM. Now I contacted local Pride Staff office for their exact hours, but we're hearing it. We're offering flexible schedules. We're using technology and also the good old fashioned hard work to get us to the next level because that's what our companies deserve.

Brad Smith: I love that you're helping level the playing field. I mean, you're competing with Amazon. You're competing with these big behemoths that have these high volumes of hiring requirements and oftentimes internal HR or internal organizations don't have access to the resources. But Pride Staff gives you access to those resources. You really level the playing field. So Sean, to close things out, any words of wisdom, anything that you want to leave people with today that are maybe struggling to hire industrial and manufacturing talent?

Sean Akin: Well of course partner with a good agency, I would say definitely partner with someone who you trust that helps you develop your business and understands your business. And as my grandpa said, at times just don't be a penny wise in a dollar foolish, really get in maybe if your accountant or if you could do a cost analysis on understanding the losses, you're having for not having a position filled, rather than seeing the sticker price of raising the wage an hour or a dollar or two an hour. I understand the dollar is 2,000 bucks. \$2 is \$4,000 annually. And I understand compounding if you have a hundred or 200 employees that could be big, big money, but also you need to really sit and think about what it's the cost of not having the position filled. And a lot of people are saying, it's just Amazon.

Sean Akin: It's not, it's not just Amazon. It's not just your Chipotle, your neighbors, the small manufacturing shops, the small warehouses they're raising wages. I would personally say at a higher rate than what you're seeing with Amazon. Amazon might have been. I'm not going to tell you they weren't first, but they're definitely not last. There are a lot more companies behind them raising wages. They get a lot of news because they're the big sexy companies, but people today want to work with places that make them feel valued. So if you are a small manufacturer, medium size manufacturer please do not be

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discouraged by Amazon or these other companies because employees want to work for you. You just need to do that a little bit extra to make it known and really just partner with an agency that understands the employment market because Brad, every six months things changing. It is now monthly. I would almost say daily that things are changing right now.

Brad Smith:

Just to reiterate. I mean the effective minimum hourly wage has gone up faster over the last six months to a year than it has in recent history. So it's vitally important. As Sean mentioned, reach out to somebody that has this data, reach out to Sean, reach out to your local Pride Staff office, visit pridestaff.com, you can get access to all of this data and you can know exactly what it's going to take to recruit a person for the position that you have in your market. So, use that intel to your advantage. Sean, thank you so much for your time today. Amazing insight, great tips. And thank you everyone for listening in hope you found some value in today's episode, Sean. Thanks again.

Sean Akin:

Thank you again, Brad.

Closing:

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