

## Staffing for PROFIT

Think about it-staffing expenses are probably the biggest line item on your P&L. The more actively you manage that expense, the more profitable you can become.

But, managing staffing is not just about cutting costs. It's about effectively matching your staffing resources to the challenges and opportunities your business faces. Here are a few ideas to get you started on the path to staffing for profit...

### SIX WAYS TO INCREASE REVENUE

1. **Eliminate process bottlenecks.** Most often, the biggest barrier to growth is a shortage of qualified people. To reduce process bottlenecks, you can:
  - Hire additional staff in areas that are creating the bottlenecks.
  - Train your staff to improve their productivity.
  - Outsource specific process steps to firms that would be more productive in those activities.
  - Bring in temporaries to supplement your current staff.
  - Bring in administrative support to free your staff to focus on more critical activities.
2. **Capitalize on new opportunities.** Have you ever had to table a great idea simply because you didn't have the resources to work on it? For those times, consider supplementing your team with temporary and contract employees. From support staff to senior executives, highly qualified temporary employees can be brought in to either manage the execution of new ideas and/or support your internal team while they work on the new opportunities.
3. **Shorten learning curves and reduce time to market for new products.** Whether you're looking to implement a new technology or expand into a new market, nothing beats learning from someone with experience. While you can hire expensive consultants, a more cost-effective solution is to bring in temporary employees who already have the experience you seek.
4. **Turn temporaries into revenue generators.** There are many ways to use temporary employees to enhance your business development activities. For example:
  - Telemarketers for data collection, market research and appointment setting.
  - Graphic artists for development of marketing materials.
  - Marketing professionals to create new promotional campaigns.
  - Additional clerical, professional or industrial staff to take advantage of unexpected surges in business activity which your direct staff could not manage on their own.
5. **Keep employees working at peak efficiency.** When you find your key people getting bogged down with "C" and "D" level tasks, consider bringing in clerical or other support personnel to help them stay focused on their most important duties.
6. **Avoid gaps in your work force.** Supplemental employees can fill in for illness, vacation, maternity or other leaves of absence that can impede your productive capacity.

## AND SIX IDEAS FOR DECREASING EXPENSES

1. **Reduce overtime expenses.** Use temporary employees in place of paying overtime to reduce labor expenses by as much as 25%.
2. **Lower unemployment and workers' compensation expenses.** To avoid exposure for comp and unemployment claims, hire short-term and project staff through a temporary staffing service or Professional Employer Organization.
3. **Limit benefits expenses.** Benefits typically add 30 to 35 percent on top of payroll costs-and for some companies they can total more than fifty percent! To limit benefits expenses, maintain a smaller core staff and add short-term capacity to your team with payrolled and temporary employees. Most temporary employees receive only limited benefits, which are paid by the staffing service.
4. **Eliminate over-staffing.** If your workloads vary in seasons or other cycles, consider scaling down your direct staff to meet demand at the low end of your business cycle. Then bring in supplemental staff during your busier times. This approach to staffing will reduce or eliminate the need to lay-off employees during slow periods, and it will decrease your unemployment claims.
5. **Outsource time-consuming or mundane tasks.** Consider outsourcing non-critical departments or functions that are areas of little or no competitive advantage. The outsourcing service should be able to reduce your total expenses and improve performance while freeing your company to focus on its core competencies.
6. **Reduce turnover and hiring expenses.** Turnover can devastate an organization-from the direct costs of replacing employees to the soft (but significant) expenses associated with project delays, quality issues, customer service problems and reduced workplace morale. When it comes to managing turnover, there are several steps you can take in your staffing approach:
  - o Employ behavioral-based hiring techniques to assure the best hiring fit.
  - o Use external recruiters to improve your access to talent in the job market.
  - o Bring in support staff during crunch times to avoid "burnout."
  - o Outsource the hiring process to firms that specialize in the types of people you need to hire.
  - o Take advantage of temp-to-hire services and direct hire guarantees offered by staffing vendors.

## IT'S NOT ROCKET SCIENCE

To increase profits, you have just three choices: increase revenues, decrease expenses, or do both. That's it. The trick is to get your strategies-and your people-aligned on this formula:

$$\text{Revenue} - \text{Expenses} = \text{Profit}$$

To improve your bottom line, take a strategic approach to staffing-matching your staffing plans to your business plans. By simply anticipating your future staffing needs, and then evaluating the most cost-effective ways to get work done, you can dramatically enhance revenues and reduce costs!