

# 10 Strategies

## for Controlling Costs with Staffing



**L**ooking to improve operating margins in your business? Then take a look at your staffing strategy.

*From the assembly line to the executive office, effective staffing is essential to maximizing profitability.*

*Below are 10 practical strategies for using staffing to reduce overhead, manage operating costs, and improve organizational performance.*

### 1. Convert Fixed Cost to Variable

If your company is like most, labor is the biggest line item on your P&L. To minimize that expense, implement a planned staffing model. Reduce core staff to levels necessary to maintain normal operations. Then partner with qualified temporary staffing vendors to supplement your staff with trained temporary personnel to meet peak production demands as needed. This strategy is particularly effective for industrial labor, as well as for technical and professional projects.

### 2. Eliminate Overtime

Overtime is an extremely expensive way to get work done. Using temporary employees in place of overtime can reduce labor costs by 20% or more.

### 3. Limit Benefits Expense

On average, benefits cost 20% - 25% in excess of payroll expenses. Where appropriate, use temporary and payrolled employees (employees who are paid through a staffing firm or professional employment service) to eliminate benefits expense. This option is most often used for interns, project professionals, and other short-term employees. Using temporary and payrolled employees in place of independent contractors will also reduce your employment risks.

### 4. Reduce Training Costs, Scrap & Rework

Training is expensive – and not just the hard dollar cost of the training program. There are also the soft costs of lower productivity and poorer quality that result from employing novice staff. Cut training costs and

improve quality and productivity by employing skilled temporary employees. By working closely with your staffing partner, you can gain access to candidates who are well-trained and have experience in the skills you need. To enhance productivity further, partner with your staffing firm to create an initial orientation and training program for new hires.

## 5. **Shift Administrative Burden**

When you use temporary staff instead of direct hires, all costs associated with processing and administering payroll and benefits are transferred from your company to the staffing firm.

The right staffing strategy can help you to control cost, improve production, and manage risk.

## 6. **Prevent Unemployment Claims**

Unlike short-term direct employees, temporary personnel work for your staffing partner – not you. Consequently, their unemployment claims don't affect your rating or your bottom line.

## 7. **Reduce the Risk of Hiring Mistakes**

A bad hire can cost you between two and seven times the employee's annual salary. Staffing firms follow rigorous screening procedures for both temporary personnel and direct hires, which increases your chances of getting the right person. They will most often provide candidates who not only possess the skills and experience you require, but who also have the personality traits needed to thrive in your work environment. To further reduce your hiring risk, you can also take advantage of your partner's temp-to-hire services and direct placement guarantees.

## 8. **Take Advantage of a Staffing Firm's HR Capabilities**

If hiring duties are sidetracking your key employees, use your staffing partner to handle screening, testing, interviewing, and reference checking. Their expertise can free your personnel to concentrate on critical activities, and can reduce your time to hire.

## 9. **Cut Costs by Hiring**

Capacity constraints are a significant source of cost. Constraints may affect the throughput of a plant or the productivity of an executive. To eliminate the bottlenecks, consider adding temporary or full-time staff. Bringing in administrative support frees key personnel to focus on core job duties (not only do you get a more productive employee, but the administrative work gets done for significantly less cost). Add labor to relieve process constraints and improve productivity. Use technical and professional temps to keep projects on track. By adding the right people, work will get done more efficiently, with less administrative headache, and for less cost.

## 10. **Avert Costs Associated with Burnout**

Many companies may take the concept of "lean thinking" too far. They push direct staff to produce more with fewer resources. And as the stress increases, so do problems with quality, productivity, absenteeism, and turnover. Take the pressure off by using temporary employees. The additional personnel will help your staff avoid burnout, reduce the cost of defects, avoid productivity losses, and limit turnover expense.

