Managed Solution for Staffing Industry Part 1

by Anil Bhatia

Staffing Industry Challenges and Technology Solutions

Today, most frequently cited challenges in the Staffing industry are:

- Customer Retention, Growing Revenue and Improving Resource Utilization
- Supply Shortage and Applicant / Candidate Loyalty
- High Staff Turnover
- Increasing Recruiter Productivity
- High Operation Costs

Below are some key areas within each of the above mentioned challenges where Technology can help an important role to work on them.

- **Customer Retention, Growing Revenue and Improving Resource Utilization:** Staffing companies' revenue follows **Pareto's law.** 20% of the Accounts account for 80% of the business.

The companies have to focus on not only meeting but exceeding Service Levels Agreements as they service their accounts and focus on growing revenue from the existing accounts.

Here are some of the key areas where technology can be an enabler to growing revenue in top accounts and other accounts as well:

The key to retaining a customer in the Staffing industry is not just winning the order but *fulfilling the Job order.* Once the order is won, the customer needs a status of the Job order on an ongoing basis. The Job order on-boarding process is typically customer defined and negotiated by the customer as the order is won.

The Recruiting Funnel is one such tool available in PeopleSoft Front Office which brings visibility into the talent acquisition process and highlights the status of candidates at an order workflow level and also status of each candidate at the detailed level.

The fact that Recruiters can interact and actionize with candidates directly if any step of the on-boarding process is not meeting customer expectations brings customer visibility to the process and shows the accountability of the staffing company which is very important to retaining a customer.

Maximizing on the resource utilization helps in preventing any loss of revenue. The Staffing Solution should provide the system capability to look at holiday calendar, candidate leaves and allocate him to a future dated assignment.

It should also have the capability to reactive closed assignments as assignments get extended thereby minimizing data redundancy by creating new assignments each time.

A company works with multiple staffing companies for an order and the staffing company who saves the order first with the right match wins the order. Below are some of the features in PeopleSoft Staffing Front Office Solution that are effective in winning the order.

Resource Search In this case as the Sales recruiter initiates the search, Front office systems should have the capability to automatically populate defaults from the order which saves time and avoids data entry.

Matching process: The Front end systems should have a very effective matching process as that is the key to winning the order. The system should be able to separate Resumes from structured data and also be available to account for a weightage to assign to the same. The Candidate Scorecard should be able to provide how best the Candidate matches the order criteria viz; partially, fully or no match with least amount of manual intervention.

Single repository of Resource Pool & Search Engine effectiveness: The Front end system should have access to the talent pool (subcontractors, applicants etc...) that is stored in a single central repository such as a HR data base. The system should have third party integration for Resume parsing. During the matching process the recruiter is grappling with a huge database of Resumes and the system should facilitate retrieval of resumes in chunks (say of 100 in a database of 1000 resumes) for effective screening of resumes.

In Oracle's, PeopleSoft product, this resume chunking is facilitated with integration with 3rd party search engine named Verity that helps structured retrieval of resumes.

About the Author

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<u>Verticalisation Support:</u> The Front Office system needs to be verticalised by industry to not only capture order criteria accurately but also to understand sourcing and filling trends by industry. The system should have the capability in terms of tools to customize the fields on a page to incorporate new fields relevant to a particular industry.

The verticalisation also helps to understand the talent acquisition trends and challenges in an industry during the sourcing process. This would further help Staffing company to focus on the right industries where they can leverage their strengths to source right profiles and win orders in a market where Staffing companies are looking out to diversify and expand into new verticals.

For example: The verticalisation can clearly identify a trend of mid-manager and director population waning in manufacturing and utilities industries based on sourcing requests to fill these kinds of profiles on a recurring basis across customers in a particular industry.

• **Supply Shortage and Applicant / Candidate Loyalty:** Today staffing agencies are competing for the same talent to fill the open order for the same customer.

To understand the applicant loyalty; it is necessary to understand the impact of demographic change in US workforce. The aging of Baby Boomers (42-61 years old); new values in Gen X (26-41 years old) and Gen Y (7-25 years old) workforce and a reduction in technology skills in the US have led to demographic supply shortage. From an aging perspective, if we hold the working age constant, the total supply of workers is decreasing and there is an an expected reduction in the size of working age population across the world which ranges from 20 to 50 percent and this gets compounded in US by losing skills

Given the shortage in supply, it is important to secure your high performing candidates on successive assignments and keep their utilization is high.

It is important that the Staffing Solution works on creating an *Excellence in recruiting metrics* and is able to report the important measure in recruiting which is the *"Quality of Hire". Analytics platforms such as OBIEE* can help in creating such metrics and other metrics in determining the turnover rates of various groups of employees such as males and females, with different age groups, ethnicity, region, performance and pay scales to provide useful insight into the various reasons candidates keep switching companies.

The Staffing Solution should be able to capture the Performance feedback of candidates on assignments and plot a Candidate Pay and Performance Relationship by customer. Staffing companies should track top performer turnover trends.

The Analytics Recruiting Metric should be able to score recruiting sources, recruiters and other processes so that recruiting function operates like an efficient "sales ' function and goes after the best possible candidates in most efficient and effective ways.

It is important to understanding the changing values of the Gen X and Gen Y (the working age population pool from where most candidates will be sourced) Staffing Companies adopting *Self Service*

Applications like Applicant Portal, using web, collateral etc.. to position the organization will create an excellence in the employment brand with experimental Gen X and Gen Y applicants who will then find it difficult to leave these Staffing companies.

• **High Staff Turnover:** The Staffing industry is seeing significant attrition and technology can play a key role by including features in the Front office design that eliminate the need for internal knowledge transfer as someone leaves the company.

Features in PeopleSoft product such as enforcing Customer Master Rates on orders and assignments can help not only eliminate need for internal knowledge transfer but also minimize data entry and create a process discipline, thereby preventing any margin loss due to incorrect discounting.

It is important to track changes in orders and assignments and have visibility on the replacements made on an assignment. This will not only help drive metrics reporting but provide transparency in Agent Incentive compensation which is a key to retaining the recruiters.

• **Increasing Recruiter Productivity:** This is closely related to the aforementioned

high turnover challenge for Staffing industry.

The key to retaining a Sales recruiter is to provide him with a system that can increase his productivity and allow him to close orders faster, thereby increasing Agent incentive compensation.

During the annual rate changes, the recruiter shouldn't face downtime for rates being updated on selected orders and assignments. Instead there should be a mass rate change facility to identify impacted assignments for necessary changes.

This should further undergo validation to ensure that master contract rate limits are not violated.

Staffing industry recruiters spend a lot of time in correspondence with customers and internal employees. Email templates can automate this process and save a lot of time especially in crucial moments when a match is found and candidate is being proposed to the customer.

PeopleSoft solution helps to capture all the matching criteria on the page such as Qualification, Availability, and Resume Factor etc... and send the candidate Scorecard to the customer on the click of a button.

- **High Operation Costs:** Staffing companies are making 3-5% EBITDA and run a very high operations cost. The key component of the costs for a Staffing industry after paying their Temps is the operation costs.

Back office costs are the key to reducing the operation costs and streamlining the back office is the foundation to efficiently managing the back office functions which include billing the customers and paying the suppliers.

Streamlining the back office is possible through simplification and standardization of the process and/ or process automation thus facilitating straight-through processing (STP).

The key to *simplifying the process* is to implement modules like Pay Bill (created

in PeopleSoft especially for Staffing industry) that provide a single view on the Pay and Bill side of the Back office by:

Automating the Middle Office Layer (from Contracting to Pay Bill Processes) – This includes components like Contracts, Project Costing, Time and Labor (for time capture), Billing and Payroll. The system automatically creates projects and contracts for every order and assignment created. It provides rapid entry for populating the Time data. Pay Bill integrates with Time and Labor product for time validation, with Time and Labor to utilize Payroll processing, and Contracts and costing for billing.

Process Automation: This can be achieved by implementing the Self Service and Portal Layer on the Bill and Pay side. Please see Application Layer: Self Service and Portal Layer section described in the Managed Solution for Staffing Industry section below.

Power of Analytics - Focusing on the right Metrics to control costs: It is necessary to report and track the right metrics for your back office to control costs. It is necessary that a user friendly Analytics engine sits on your Back office installed base to provide you the ad-hoc reporting capability that will help you identify and track the right Metrics for controlling the BO costs.

DSO, Billing timeliness, Accuracy are some sample metrics on the Bill side that will be the key to measure and track your Back office efficiency. It is also important to track and report metrics that are an important driver of client satisfaction levels.

On the pay and bill side here are some key trends that you can track through Analytics:

a. Headcount Trend for a Year by month

b. Billing Details by Geography

c. Candidate Pay and Performance relationship

d. Top Performer Turnover Trends

e. Distribution of Expenses by customer

Oracle's OBIEE platform (with tools such as Answers, Delivers and Dashboards) provides the necessary Analytics capability on the ERP installed base to deliver and track metrics reporting. Please see Application Layer: Analytics Layer section described in the Managed Solution for Staffing Industry section below.

Seamless Integrations to Back Office: By implementing the Pay Bill module as described previously, it would be important to design the Front Office integration to it so that the orders and assignments can flow in Back Office.

It is also important to consider the back office integration with VMS data.

Following Open Integration Framework supporting a wide range of different integration styles can be considered; point-to-point, batch file integration, application messaging, Web services, API-based integration, and component interface integrations., SOA based integration etc..

Implementing the Back Office: It is important to set up business rules that reduce collection efforts such as past due accounts, customers reaching their credit limit etc. as modules such as AP, AR and GL are implemented in the BO.

Also, important is the experience the SI brings in ensuring compliance with accounting guidelines as these modules are implemented.

Part 2 of this article continues in the next edition of Oracle Scene