

The Employment Landscape is Changing

Staffing Expert: To Accelerate Growth, Recruiters Need to Offer Contract Staffing

The 40-year service anniversary. The 9:00 - 5:00 daily grind. Climbing the corporate ladder. What do all of these things have in common? They are all hallmarks of the traditional workplace. And they are all going the way of the VCR and payphones.

Thanks to economic factors, technology, and the changing attitudes of both employers and workers, the employment landscape is changing at a rapid speed, according to 20-year staffing industry veteran and performance coach **Amy Bingham, Managing Partner of Bingham Consulting Professionals, LLC**. Companies are focusing on strategic growth planning that has a positive impact on their future and financial bottom line. Contingent (contract) workers have evolved from a necessary evil to a true benefit. Along with that, preferences on how people work have changed. Recruiters who are hesitant to adapt to the changes may be left behind.

“Recruiters are going to increasingly find that they have to play in the contract staffing space or their clients and candidates are going to use other recruiters,” Bingham said.

The Employer Perspective

Bingham said there are three main factors that are changing the workforce and driving employers toward contract staffing:

- 1. Sluggish economic growth.** Nearly four years past the recession, the economy has yet to gain solid footing. Key indicators, such as the Gross Domestic Product and the Unemployment and Consumer Confidence rates, have jumped around but have not enjoyed a steady rebound. With all of this economic uncertainty, companies are reluctant to hire traditional, full-time employees.
- 2. Political unrest.** The presidential election, “Fiscal Cliff” debate, and continued partisan squabbles have been major contributors to that uncertainty. And it’s not over. “The election is behind us, but the looming debt crisis is still a concern,” Bingham said. “The country may not be able to pay its bills, and then spending halts and we are all in a state of emergency where nothing gets done. There will be



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more gridlock in Washington and key things won’t get done.”

- 3. Rising labor costs.** Healthcare Reform will impact most companies. It may force employers who didn’t offer medical insurance before to start, and it will raise the costs for those who already offered it. Unemployment taxes are also increasing as federal and state funds face bankruptcy. And as the unemployment rate inches down, employers are experiencing an upward pressure on wages, Bingham said. Companies have to find a way recoup those costs, and outsourcing some of the workers via contract staffing may be a viable solution.

These factors are forcing employers to operate with greater efficiency. They’re taking a more critical look at how jobs should be filled and whether they really want to add to their headcount, Bingham said. To avoid doing so, they’ve adopted a variety of contract staffing alternatives, including project-related staffing models, in lieu of making full-time hires.

“The staffing industry and the recent recession have taught employers that work can be done with contractors,” she said. “Jobs that they thought had to be done by full-time workers

can be done by a contractor. Now the conversation with the client is ‘What is the business objective of your staffing addition or job order?’ The assumption can’t be that job orders are always going to be coming to recruiters as full-time positions.”

The Worker Perspective

The misconception is that the move toward contract staffing and the steady decline of traditional employment is detrimental to workers. But Bingham said that **many prefer working on contract** and are helping accelerate the contract staffing trend.

An analysis of the generations currently occupying the workplace gives some clues as to why contract staffing is gaining ground with candidates:

- 1. Baby Boomers (ages 48-66)** – “Baby Boomers have worked hard all their life and are looking to retire,” Bingham said. “They are not as committed to career growth as they were in the past. They are looking for flexibility.” In a trend known as retiree re-staffing, Boomers are finding that flexibility through contract staffing. Contract assignments are often project-based and less tied to a strict 40-hour schedule. Plus, retirees can take breaks between assignments to travel, spend time with family, or pursue hobbies.
- 2. Generation X (ages 37-47)** – Gen X has been waiting for the Boomers to retire so they can step up to the plate, but they are getting tired of waiting, Bingham said. They also tend to be intensely distrustful of corporate America. So instead of continuing to climb the corporate ladder, many are opting for a more entrepreneurial path. Contract staffing provides the freedom and flexibility they are seeking.
- 3. Generation Y (ages 22-36) and Millennials (21 and under)** – While these are actually two different generations, they are often lumped together because their motivations and the way they view work are similar. They are tech savvy, confident, and even more entrepreneurial than their Gen X counterparts. And they are looking to have fun at work. They see themselves as free agents and look at their career as an opportunity for multiple experiences with flexibility as a key component, Bingham said.

The multiple generations in today’s workplace are forcing behavioral changes for hiring managers and recruiters. The bottom line is that many candidates are choosing contract staffing as a lifestyle. They embrace the flexibility and opportunities it presents, while at the same time enjoying a regular paycheck and benefits. It doesn’t get any simpler than that!

‘Paradigm Shifts’ Required of Recruiters

To adapt to these changes, Bingham said recruiters need to make three “paradigm shifts:”

- 1.** You are a career agent, not just a recruiter.
- 2.** You are a consultant, not a sales person.
- 3.** You don’t just recruit and staff. You help resolve your clients’ productivity constraints.

“Today’s recruiting firms face unprecedented competition, and differentiation is more difficult in the commoditized world than ever before,” Bingham said. “To the extent a recruiting professional can step into the role of ‘staffing consultant,’ he or she will be viewed by both client companies and candidates as more valuable.”

That requires more than just a shift in thinking. It requires a new approach to job orders. Recruiters should be asking “What is the business objective of this staffing addition?” The focus should be on finding the right person and then determining the right work option for that position, Bingham said. The best option is not always going to be direct hire, so you need to be able provide contract staffing if you want to be a **“sole-source provider”** to your clients and keep them from going to other recruiters.

Your ultimate goal should be to help your clients succeed within the restraints of the new economy, skill shortages, and budget constraints. And as a “career agent” to your candidates, you should help them visualize their needs and work preferences and then find working relationships that meet those objectives.

Can Your Business Adapt to the Change?

This may sound a little daunting. But contract staffing doesn’t have to be harder than direct placements. You are still communicating with your client to determine exactly what their problem is and what type of candidate can help solve the problem (aka: getting the job order). Then you locate candidates via your normal search procedures. Hourly pay rates and bill rates need to be finalized and often that can be done with the help of your back-office provider.

The major difference between a direct hire and a contract placement is the financial, administrative, and legal tasks associated with employing the contractor.

Someone must take on those duties, but it doesn’t have to be the recruiter. You can outsource those tasks to a contract staffing back-office, such as Top Echelon Contracting (TEC).

As the legal Employer of Record for the contractor, the back-office handles all of the details of the contract placement, including contracts with the contractor and client, payroll funding and processing, invoicing and collections, unemployment, Workers’ Compensation, background checks and benefits administration. As W-2 employees of TEC, contractors are offered a full menu of benefits, including health insurance through Anthem Blue Cross and Blue Shield that is compliant with the Healthcare Reform laws.

Amy Bingham, Managing Partner of Bingham Consulting Professionals, LLC, is recognized for over 20 years of success maximizing outcomes in high-performance environments. She specializes in, among other things, contingent workforce strategies, sales effectiveness consulting, career transition/outplacement, and performance coaching.



Her career included 14 years at Spherion. As the Vice President of Sales, she was responsible for the growth of small to mid-size retail business, including the direct hire practice. To learn more about Bingham, visit her online at www.binghampcp.com

Contact Lisa to Get Started!

Top Echelon Contracting now has one point of contact for recruiters who are new to contract staffing.

Our Contract Staffing Specialist, **Lisa Kovac**, can guide you through the process of adding contract staffing to your business model and making your first placement.

Contact her today at **(888) 627-3678 ext. 452** or via email at **Lisa@TopEchelonContracting.com**



Top Echelon® Contracting, Inc. (TEC), the recruiter's back-office solution, helps recruiters offer contract staffing to clients and candidates. As a contract staffing service provider since 1992, TEC becomes the employer and handles all of the employee paperwork, legal contracts, timesheet collection, payroll processing and funding, tax withholding, benefits, Workers' Compensation, invoicing, collection of accounts receivables, background checks, etc. TEC does business in 49 states and specializes in technical, professional, and healthcare contract placements.

For more information,

Call: (888) 627-3678

Web site:

www.TopEchelonContracting.com

Blog:

www.TopEchelonContracting.com/blog

Email:

info@TopEchelonContracting.com

President:

Debbie Fledderjohann



Q&A—Why is it Important for Recruiters to be Sole-Source Providers?

A—The short answer is that recruiters can make more placements. The long answer is evident in the official definition: a “sole-source provider” is a recruiter who **can satisfy ALL of their clients' staffing needs**, including direct hire, contract staffing, contract-to-direct, payrolling, and 1099 to W-2 conversions.

The ability to satisfy all your clients' staffing needs can actually save a placement. Recruiters who use Top Echelon Contracting's services learned that in the following scenarios:

Hiring Freeze

A hiring manager needed to fill a position immediately but couldn't hire direct due to a hiring freeze. The hiring manager could utilize the worker as a contractor because money for contractors normally comes from a different budget. (Placement Made!)

Last Minute Plan Change

A hiring manager suddenly switched a direct hire job order to a contract job order because they were hesitant to commit to a direct hire due to the economic uncertainty. Since the recruiter was familiar with the contract staffing option, he was quickly able to switch gears and bring the candidate on as a contract placement. (Placement Made!)

Contract-to-Direct Hire

A hiring manager was impressed by a direct hire candidate, but was still hesitant to extend a direct job order. The recruiter presented a contract-to-direct hire option. The manager thought that was the perfect solution because he could actually see if the candidate had the skills to get the job done and blend with the team. (Placement Made!)

If the recruiters above had only worked direct hire, they could have lost out on those placements. Adding contract staffing to your business model and becoming a sole-source provider allows you to stay in the game. Not only that, you can enjoy the following advantages of contract staffing:

- Increased income and sales
- Consistent cash flow
- Add value to your firm (retirement plan)
- Quicker placement cycle
- Stronger client relationships

There are definite advantages from both a financial and client relationship standpoint to becoming a sole-source provider. If you are not currently a sole-source provider, you may want to become one so your clients will think of you first for all their staffing needs.

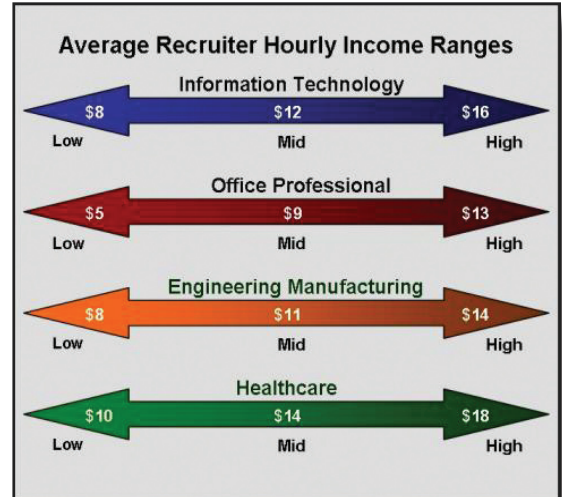
Recruiters' Roundtable: You Can Add \$208,000 to Your Bottom Line!

A common question recruiters have about contract staffing is ***"Is there any money in it?"*** YES! In fact, Top Echelon Contracting has paid out over \$53.6 million in profit to recruiters over the past 21 years.

Each recruiting firm is different, but we typically see blended firms (those that handle direct and contract placements) try to keep at least 10 contractors working at a time, earning at least \$10 per hour on each contractor for a total of \$100 per hour earned by the recruiter. If the contractors work 40 hours a week, you would earn \$4,000 per week, or **\$208,000 per year!**

This is just an average. If the contractors work overtime, you earn more. And when the client hires contractors directly, you can earn a conversion fee on top of the hourly rate you earn while they are on contract. The amount you can make also depends on your niche.

Is \$208,000 (or more) worth the effort? We think so, especially considering the effort is minimal when you utilize a full-service back-office to handle the financial, legal, and administrative details. Better yet, you can add contract staffing without making any initial financial investment. To find out how much you could make per hour in your niche, **call Top Echelon Contracting at (888) 627-3678** for a sample Quote. You can also subscribe to our blog by visiting us online at www.TopEchelonContracting.com/blog



Inside:



■ Employment is Changing . . .

And THIS is what recruiters need to do to be more adaptable, and ultimately, more successful!



■ Q&A

Why is it important for recruiters to be sole-source providers for their clients?

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