EXPLORE DIRECT HIRE AND CONTRACT PLACEMENTS AS A BUSINESS SERVICE

Alternative Staffing Alliance
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INTRODUCTIONS

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DIRECT HIRE vs. CONTRACT
The U.S. direct hire market grew by 8% in 2013, to a size of $7.4 billion. We estimate that the U.S. market will grow by 7% in 2014 and by 10% in 2015, reaching a total 2015 market size of $8.7 billion, still well below the 2007 peak of $12.2 billion.

-SIA, November 2014
COMPOSITION OF DIRECT HIRE MARKET

25% - IT
19% - Engineering
14% - Finance/accounting
11% - Office/clerical
9% - Clinical/scientific
9% - Health care
5% - Industrial
5% - Legal
3% - Other
"Compared to temporary staffing, the direct hire market is relatively fragmented, as no company accounts for more than 4% of total market revenue, and only three account for more than 1%.”

SIA – (Robert Half and Management Recruiters International, 4% each, and Allegis at 2%)
WHY DO IT?
SKILLS, SYSTEMS AND PROCESSES

- Process: Temp vs. Direct Hire
- Order Criteria
- Recruiting
- Technology and Software
- Indemnification
- Marketing
- Metrics
- Billing
- Guarantee
## Fill Rates and Time-to-Fill

<table>
<thead>
<tr>
<th>Median Performance</th>
<th>Industrial Staffing</th>
<th>Office/Clerical Staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary staffing order fill rates</td>
<td>90%</td>
<td>80%</td>
</tr>
<tr>
<td>Temporary staffing time-to-fill</td>
<td>2 days</td>
<td>4 days</td>
</tr>
<tr>
<td>Direct hire order fill rates</td>
<td>60%</td>
<td>52%</td>
</tr>
<tr>
<td>Direct hire time-to-fill</td>
<td>20 days</td>
<td>20 days</td>
</tr>
</tbody>
</table>

Source: Staffing Industry Analysts, 2014 Staffing Company Survey - North America
SIA – “We asked staffing firms: ‘On average, what is the percent of salary your company charges for a direct hire/permanent placement?’”

- Staffing firms reported the median percent of salary charged for a direct hire to be 20%.

- SIA looked for differences in direct hire fee charged by primary segment offered, primary industry served, and firm size, but were unable to find any conclusive differences.
ASOS’ MAIN VALUE PROPOSITIONS
BEST PRACTICES

- Implement an Order Qualification Process.
- Ensure the recruiter is customer-centered.
- Establish minimum timeframe up front and include it in the Statement of Work.
- Bill weekly with manager-approved timesheets, and pay close attention to a need for PO#’s and payment terms to assure a smooth relationship with accounting up front.
- Establish milestones in the contract where the agency and the customer will review satisfaction in the areas of: contractors’ professionalism, performance, and potential for continued assignments.
- Always be asking what else they would like to see from the contractor for continued value.
- Obtain the job description PLUS details on cultural fit, examples of past hires that did/did not fit in, as much information as possible up front before the search begins.
- Drive the search for 2/3’s of the time and qualify final candidates for the last 1/3 of the time you have to present.
- Candidates you finalized but didn’t use should be skill marketed to other companies so you don’t waste your sourcing efforts!
- Establish a payback policy or a backfill policy and stick to it!
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