

How to wisely choose a staffing service

Selecting a company to provide staffing services at face value seems like an easy task. You pick one from the phone book, call the one that has bugged you the most for business in recent months or use the service you've always used in the past. Some base the decision by picking the one with the lowest bill rate. While all these strategies have their own merit there are several other factors to consider before you choose a service to staff your plant.

Consider the following:

1. Financial Stability: Did you know that your company can be held responsible if your staffing provider fails to meet its obligations to its employees working at your facility? A good example of this involves payroll taxes withheld from the temp's paychecks.

If the staffing company fails to deposit these with the relevant government body, your company can be on the hook. Workers Compensation Claims, UC Payroll Taxes, FICA, FUTA, etc. can all become your responsibility should your provider not make good.

The solution is to do your due diligence on the financial status of your provider. While large public companies are easier to check, the smaller independents require a bit more work.

If you're not comfortable we suggest you perform such things as credit checks or solicit business references. You can Google New Stories and check the courts for lawsuits involving the supplier and its owners. Don't be afraid to ask for financial statements after signing a non disclosure statement.

Remember, there is nothing better than certified audit statements. Protect your self!

2. Insurance Coverage: Make sure your provider has adequate insurance coverage's. I would suggest the following limits:

General Liability	\$5,000,000.00
Professional Liability	\$5,000,000.00
Non-Owned Auto	\$1,000,000.00
Employee Dishonesty	\$1,000,000.00

You want to make sure your provider supplies up to date certificates of insurance including a certificate for Workers Compensation Coverage from the BWC.

3. Know your Supplier: It can be a good idea to check out the ownership status of your supplier especially if you are using an independent supplier.

While there are many legitimate reasons for companies to change their legal status (i.e. name changes, selling the business, tax reasons etc.), there are just as many shady reasons for this practice as well. The most common example involves Workers Compensation Fraud. A provider that runs up an astronomical Workers Compensation experience may try to start over by forming a new company. While this practice is not legal it is often hard for the BWC to detect.

By going on the Ohio Secretary of State website you can identify by ownership name, company name or identification number just how many versions of your supplier are out there. Be especially wary of companies that exist in numerous versions.

4. Hidden Charges: Staffing suppliers have a number of creative ways to present their bill rate to perspective clients. Some use a percentage markup of the rate paid to the temps including payroll taxes... some exclude payroll taxes.

Many staffing providers use a flat hourly bill rate based on the type of work done regardless of the hourly wage paid to the temp. They profit more by paying the temp less. Some services add on charges for doing background checks or drug testing and make you pay liquidation fees should you want to hire the temp.

As with most these days, cost is a driving factor in your selection process. When you compare bill rates presented by different suppliers you need to make certain that you are comparing apples with apples.

The easiest way to do this is by comparing an all inclusive hourly pay rate/bill rate between service providers. Have the service provider include all incidental services in to their bill rate. This way you can avoid surprises.

5. Customer Service: Most all staffing providers can find you live bodies to fill your staffing needs.

Those of us that have been around a long time are pretty good at sending you qualified people that meet your requirements. What separates the "Men from the Boys" so to speak is how your provider handles your problems and concerns when the heat is on. The suggestion here is to interview potential suppliers much like you interview job applicants and get answers to the following:

- * Do you have non-traditional hours?
- * What is your plan to recruit qualified employees?
- * What is the level of experience of you full time staff?
- * How do you solve turnover problems?
- * What training do you provide your full time staff?
- * With a staffing company it's not how fast you start but how strong you finish.
- * How long have you been in business?
- * Do you process your own payroll locally?

The main point of all this is that all staffing providers are not the same. While price is always a concern, you do get what you pay for when it comes to your final selection of a provider.



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