

# PREPARING FOR PEAK



## CASE STUDY

### Why Competitive Wages Matter

The Bureau of Labor Statistics just announced that 213,000 jobs were added in the U.S. last month. That made June the 93rd continuous month of job growth.

**Are you prepared to  
compete for labor?**



## Competitive Wages Will Attract Talent in a Tight Labor Market

The Bureau of Labor Statistics just announced that 213,000 jobs were added in the U.S. last month, more than economists had predicted. That made June 2018 the 93rd continuous month of job expansion, according to *Business Insider*. Among industries experiencing strong job growth is manufacturing which added 36,000 jobs.

This phenomenon compounds an issue that has been building for companies throughout the country: there are more openings than there are people looking for employment, as noted in a recent *CNN.com Money* jobs report citing Labor Department data.



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Employers in Minneapolis learned that first-hand earlier this year as they worked to staff jobs for *Super Bowl LII* where in the end, it took a significant increase in pay rates for venue hosts to fill them. Many staffing requests were rejected because the pay being offered was at least \$5 an hour too low to attract people.

This competition for talent isn't expected to ease in the coming months, notes Mark Zandi, chief economist of Moody's Analytics. "A business' number one problem is finding qualified workers. At the current pace of job growth, if sustained, this problem is set to get much worse. These labor shortages will only intensify across all industries and company sizes."

### Prepare for Peak Hiring Season Now

As the peak hiring season that occurs in the third quarter approaches, companies must plan and prepare to ensure their talent needs are met. The most critical planning component is knowing what wages the competition and other employers in your area offer. This insight helps companies plan for competitive wages to attract the best of the limited number of people seeking jobs.

To prepare for last year's holiday season, *Target* raised its minimum wage to \$11 in October 2017 and again to \$12 in Spring 2018, with a commitment to raising it to \$15 by 2020.

This year, as reported by *USA Today*, many companies boosted wages via hourly pay increases, bonuses or both. Wal-Mart increased its starting pay to \$11 per hour in February and gave eligible workers bonuses of up to \$1,000. Wells Fargo and Fifth Third Bancorp raised their base hourly rate to \$15, while AT&T and Comcast gave non-management employees one-time bonuses of \$1,000.

## Competitive Pay Rate Ranks #1 in Survey

Just how important is offering a competitive wage when trying to find people to fill open jobs? It's absolutely critical. After stagnating for years, wages have begun picking up as has productivity growth. While corporate profits remain near record highs according to the *Harvard Business Review*. Meanwhile, to look at how important pay is compared to other factors, Hire Dynamics surveyed its recruiting professionals. They put more than 8,500 people to work daily in contact centers, manufacturing, logistics and office/clerical positions.

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- Stephen Koch, Director of Field Recruiting**

The survey ranked the importance of nine factors for recruiting and retention success. A competitive pay rate outranked all other factors including length of assignment, quality of work environment and stability of work hours. In terms of recruiting talent, the survey showed that offering a competitive pay rate was twice as important as the next factor.

This insight highlights an important tool for employers. Take a look at what two clients recently experienced after they worked with Hire Dynamics to assess and adjust their pay rates.

### Retail Chain's High Turnover + Low Productivity = Higher Costs

A popular teen-targeted retail chain in Nashville routinely seeks more workers during the peak retail season, third and fourth quarters, to staff their distribution center. Last year, due to low unemployment in the area, the company saw a drastic reduction in quality talent to fill job openings. In addition, its turnover rate was at an all-time high. Compounding these issues, employee productivity was low and training costs were increasing as new workers came on board and skilled employees had to take time to train their new co-workers.

High employee turnover adds significant cost to an employer's bottom line. Businesses face costs to advertise for, interview, screen, hire, onboard and train new employees. Meanwhile, current employees experience lower productivity and morale as their workload temporarily increases.

To address these challenges, Hire Dynamics' team of experts worked closely with the retailer to develop a competitive analysis as an immediate step towards meeting the pressing business needs of peak season by hiring qualified talent while keeping turnover costs to a minimum.

After carefully researching this retail chain's competitors, Hire Dynamics proposed increasing the pay rate to tackle these issues. Based on the data and counsel presented, the company increased their hourly pay by \$2. In addition, Hire Dynamics implemented an onsite program at the company to increase morale, drive productivity and assist in managing overtime costs.

Soon afterwards, voluntary turnover dramatically decreased from 32% to 9%. And, while the company's overall business grew 17% over the prior year, they were able to reduce their peak season headcount by 11%, resulting in significant savings while still meeting customer demands. For the past three quarters, Hire Dynamics has received an average of 18 applicants a week requesting to be placed at the company.

## **Food Manufacturer Struggled to Attract Employees**

A leading food manufacturer with locations in the U.S., Canada and Mexico was having difficulty attracting and retaining employees at its South Atlanta facility which decreased production and ability to meet demands. To address this need, Hire Dynamics performed a market analysis that included wage studies on the positions at the facility and suggestions to attract and retain employees.

Ultimately, Hire Dynamics designed an onsite program to support the client that included:

- Increasing pay rates between \$3 - \$4 an hour during a six-month span
- Hiring an onsite manager to support the client in managing HR, production and safety functions
- Expanding the recruiting area to 25 miles from the facility
- Partnering with local schools and charities that were training the area's workforce

As a result, turnover at the manufacturing facility dropped from 63% to 25% in just four months. The company also reduced costs associated with turnover and recruiting and exceeded its production and safety goals.

## **Partnering with Clients to Develop Solutions**

Hire Dynamics offers current and prospective clients competitive wage analyses to help employers gain insight into their particular market and what competitors are doing to recruit and retain talent. They combine third-party data with deep knowledge of local communities and markets to provide solutions for clients' recruiting and retention needs.

“At Hire Dynamics, we delve into our clients’ businesses to understand their recruiting and retention needs and goals,” said Stephen Koch, Director of Field Recruiting. “Then we leverage our local market knowledge to develop customized solutions that address their particular issues and work closely with them to monitor results.”

In addition to wage analyses, Hire Dynamics pulls on knowledge gained from working across different geographic markets. This information includes what workers say about the work available in a particular market and the companies in it, as well as talent satisfaction and exit surveys. They also provide clients with strategic insights gained from supervisors, those closest to workforce teams. These inform initiatives that promote a company as a positive employer that attracts the right people.

Hire Dynamics practices what it teaches. They have been recognized multiple times as a “Best Place to Work” and on the Staffing Industry Analyst’s list of “Best Staffing Firms to Work For”.

Founded in 2001, Hire Dynamics puts an average of 8,500 people to work every week. It is an industry leading staffing provider ranked for nine years by Inavero in the Top 2% of staffing companies based on client and talent satisfaction. Specializing in contact (call) centers, manufacturing facilities, logistics/e-commerce operations and office support, Hire Dynamics is the 5th largest commercial staffing company in the Southeast, serving 1,500 clients and employing over 38,000 people, including 900 veterans. Learn more at [hiredynamics.com](http://hiredynamics.com) and follow them on LinkedIn, Facebook, Instagram and Twitter@HireDynamics.