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By Steven P. Berchem  
Vice President  
703-253-2045  
sberchem@americanstaffing.net

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## Clients View Flexibility and Talent as Top Assets of Staffing Industry Industry Gets Good Ratings in National Poll of Businesses

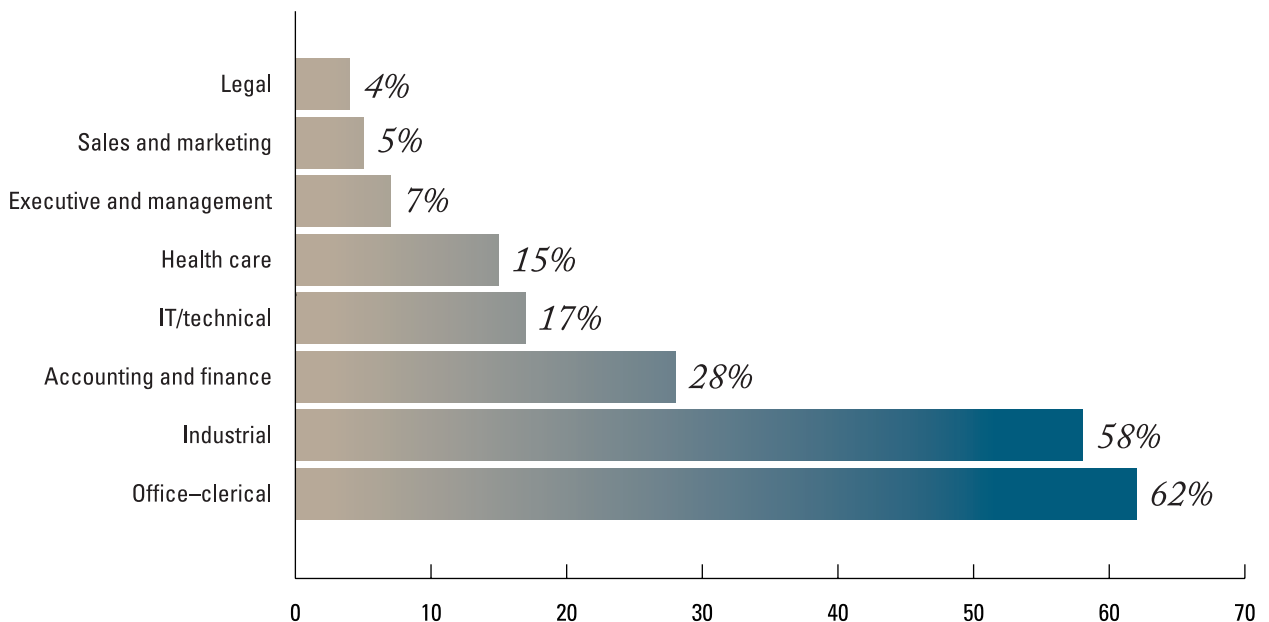
U.S. staffing companies are giving their clients what they want: flexibility and access to talent. These are what clients value most from staffing firms and these are what they say the industry is best at providing, so concludes a major study conducted for the American Staffing Association.

The market research, conducted by Porter Novelli, involved focus groups with a cross section of clients, one-on-one interviews with Fortune 500 buyers, and a poll of 500 business clients conducted in the second half of 2004 (see methodology section). ASA commissioned the study to help its members better understand clients, to identify what drives their buying decisions, and to determine how to enhance their perceptions of the industry and its trade association.

### Client Profile

Most decisions about buying staffing services are made by human resources professionals—they accounted for 82% of the poll respondents. Other corporate functions that figure in decision making include office management and accounting–finance in small companies (25–99 employees), and purchasing or procurement in large companies (100 or more employees). Well more than half of the business clients polled obtained office–clerical (62%) or industrial (58%) employees from staffing firms (see Figure 1).

*Figure 1*  
Clients Obtain a Wide Range of Skills From Staffing Companies



Large companies were more likely to need office-clerical, accounting-finance, and information technology-technical skills, while small companies were more likely to need industrial skills.

About half of clients say that their use of temporary and contract employees is an important part of their company's business model. This is even more true among industrial buyers: Two in five clients consider their staffing suppliers as "partners." Fortune 500 buyers in particular view partnership as important.

Clients that use staffing services strategically or that view their supplier as a partner hold more favorable opinions toward the industry.

#### In Their Own Words: Staffing Clients on Flexibility and Talent

"At the most basic level, staffing companies give us the flexibility to deal with the peaks and valleys in our business."

"They allow us to flex our work force."

"They provide us with the flexibility to bring on personnel when we need them—we can ramp up and ramp down whenever we need to."

"I can staff up quickly and service clients."

"They have access to a very broad cross section of people willing to work for us that we wouldn't otherwise have access to."

"Given their networks and pipelines, staffing companies can provide us with candidates that we can't get to."

"They have a pool of candidates—and resources and tools and the time to use them to filter through them—that we don't have."

#### Demand Drivers

"Flexibility" and "access to talent" were by far the most significant demand drivers among clients. We saw this in the focus groups, among the Fortune 500 buyers, and in the poll of business clients. Time and again, even when these concepts were expressed in different ways and mingled with alternative ideas, clients kept coming back to these two concepts:

- Nine out of 10 clients rated the following as an important reason to use staffing companies: "Staffing companies offer flexibility to businesses so that they can keep fully staffed during busy times."
- Eight out of 10 rated the following reason as important: "Staffing companies offer a good way to find people who can become permanent employees."

While other messages were favorably received, they fell to a lower tier. The two concepts of flexibility and access to talent were clearly overriding—nothing else came close.

In all phases of the research, the flexibility concept had the broadest appeal. It was both most highly valued and most often viewed as the staffing industry's greatest strength.

The concept of access to talent stood out as also being both highly valued and an industry strength, but client perceptions were more nuanced and somewhat less emphatic than with the flexibility concept. Clients didn't say, "We want access to talent." Rather, the concept was manifested in several ways.

For example, we see it in one of the reasons that rated well, though in the lower tier: "Staffing companies offer the best talent for both temporary and permanent positions." Clients respond to various aspects of access. Sometimes it's speed of service, as can be inferred from the "keep fully staffed during busy times" part of the flexibility message. Sometimes it's screening, as stated in the "good way to find

permanent employees” concept. And sometimes it’s specialized skills, particularly in the professional sector.

While the two basic concepts of flexibility and access to talent have strong, broad appeal, the research shows that there are two well-defined types of buyers that respond to other specific reasons: Procurement executives are more likely to identify with the idea of using staffing services to reduce total labor costs, and clients in the industrial sector are more likely to be interested in using staffing services to reduce total labor costs and reduce their employer liability. Other than in these two cases, relatively few clients cited costs or liabilities as main reasons for turning to the staffing industry for temporary and contract employees.

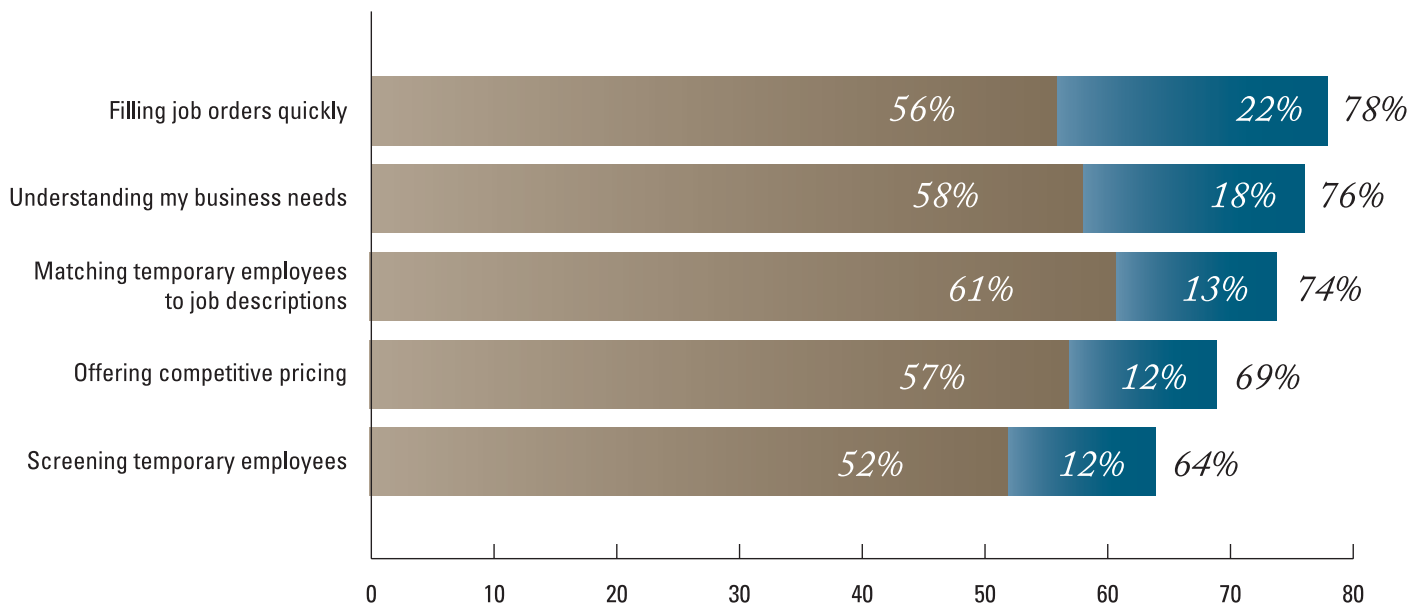
### Client Satisfaction

Three-fourths of clients report positive opinions about the staffing industry and only 3% have negative opinions. On a 10-point scale for quality, clients give an average score of 7.5, which is considered good for a service industry. In fact, half of the clients surveyed gave a rating of 8 or higher. What’s more, 72% of clients believe that the quality of the temporary employees they get from staffing companies is the same as or better than the quality of their regular employees.

The industry received high marks for virtually all key functions (see Figure 2). Nearly eight in 10 clients give staffing companies a good to excellent rating for filling job orders quickly (one in five says “excellent”). And three quarters of clients say that staffing companies understand their business needs and suitably match temporary employees to job descriptions.

Figure 2

Staffing Companies Receive High Ratings for Quality  
Percentage of Clients That Say “Good” (Gray) or “Excellent” (Blue)



While clients generally give the industry good marks, there is room for improvement. Even though three quarters say the industry does a good job of matching employees to jobs, poor matching was the most prominent complaint. Also, even though clients say that workers supplied by staffing firms are as good as their own, many said that the quality of temporary employees was a concern. Consistency was also an issue. Staffing services are good most of the time, but too often they're not. Negative experiences stand out in clients' minds.

Also, more sophisticated clients said that the industry needs to be more proactive in developing strategies for growing the number of high-quality employees who would be attracted to temporary work.

### About ASA

Although clients generally have no specific knowledge of ASA, they react favorably when the association is described to them. Based on very little information, clients are quick to trust that an ASA member would offer a higher level of quality than a nonmember. Membership in ASA sends a powerful message to clients. They immediately see the value of a trade association in ensuring high standards and providing industry information and education. They say that ASA membership would

be an important reason—although not a decisive factor—in selecting a staffing firm. Clients say that the association's code of ethics is the most important reason to work with an ASA member. Clients also thought it important that ASA members are kept up-to-date on employment law.

### Conclusions

The research results offer both validation and a road map for the future. Clients view staffing companies as effective working partners, especially when it comes to the criteria they cite as most important to them: delivering flexibility and access to talent for their businesses.

For the future, clients look for continued improvement in the range and quality of skilled employees available, and in matching employees to jobs.

### In Their Own Words: Staffing Clients on ASA

"There's a trickle-down effect. ASA can provide incremental value to their staffing companies through white papers and professional best practices, and as a client of those staffing companies, I benefit, too."

"This type of organization is a very good thing to have. It helps the industry provide clients a consistent, repeatable level of quality."

"To improve the staffing industry, staffing companies need to work together."

Those surveyed also express the view that working with suppliers that are ASA members can be a value-added proposition. Clients associate ASA membership with a higher level of professionalism and best practices in legal matters, such as keeping up-to-date with changes in employment law. They frequently cite the association's code of ethics as an important element in choosing an ASA member company.

As industry members, we should be emboldened to promote ASA membership to our clients.

## Methodology

The American Staffing Association conducted a multiphased research study that began with qualitative research to uncover insights into the industry’s key client audiences and inform survey development, and concluded with quantitative survey research to measure key insights and attitudes, and identify and test the most compelling messages the industry and ASA could use in communicating with clients.

### Phase 1: Qualitative Research

The qualitative research phase included two components: a series of focus groups with a variety of staffing clients, as well as a series of one-on-one interviews with human resource and procurement executives at Fortune 500 companies.

#### Focus Groups With Staffing Clients

Focus group research is an invaluable market research tool. It provides the opportunity to gain in-depth understanding of how people talk and think about issues that are important to them. In this case, the focus group discussions were designed to explore the experiences, perceptions, and attitudes of staffing industry clients. This included exploring their perceptions of the industry, and the reasons and primary motivations for using temporary and contract employees. Additionally, a key goal for the discussions was to test messages about the staffing industry and ASA. Finally, the focus groups were designed to help inform the development of the survey instrument that was to be used in a subsequent national telephone survey of staffing clients.

A series of eight focus group discussions with staffing clients was held in August 2004 and conducted in Baltimore, Philadelphia, and Fairfax County, VA (a suburb of Washington, DC). The clients were categorized into focus groups based on their predominant skill-sector needs.

#### Participant Characteristics for Focus Groups

##### Baltimore

- Office–clerical clients
- Industrial clients

##### Philadelphia

- Office–clerical clients
- Industrial clients
- Legal and accounting clients
- “Other professional” clients

##### Fairfax County, VA

- IT and technical clients
- Health care clients

Participants were screened and recruited by professional focus group facilities to obtain eight clients per group. All participants had a decision-making role in selecting staffing companies and at least occasionally used staffing companies to obtain temporary or contract employees.

Respondents mirrored the diverse nature of the staffing industry client population, representing a diverse range of occupations and company types. For example, respondents included human resource managers, operations managers, small business owners, and office managers, among others. The types of organizations for which respondents worked included small businesses and sole proprietorships, medium- and large-sized companies, and state and federal government agencies. And the respondents ranged in their level of sophistication when it came to their use of staffing companies and temporary employees.

**One-on-One Interviews With Fortune 500 Company Executives**

A second component of the qualitative research phase involved conducting a series of 10 30-minute one-on-one telephone interviews with human resource and procurement executives at Fortune 500 companies. These interviews, conducted in August and September 2004, were designed to complement findings gained from the focus group discussions.

ASA member companies provided the client contacts for these interviews, and participants were assured strict confidentiality. As with the focus group discussions, respondents represented a diverse range of industries and skill-sector needs:

Industry	Function	Skill-Sector Needs	
Manufacturing	Human resources	▪ Light industrial	
Pharmaceuticals	Staffing	▪ Light industrial ▪ Finance clerks	▪ Office-clerical ▪ Chemists
Media	Human resources	▪ Office-clerical	▪ Accounting
Publishing	Human resources	▪ Call center staff (temp-to-perm)	
Automotive	Purchasing	▪ Light industrial ▪ IT/technical	▪ Engineering ▪ Office-clerical
Technical services	Procurement	▪ Technical	▪ Office-clerical
Retailing	Procurement	▪ Light industrial	▪ IT/technical
Manufacturing	Procurement	▪ Light industrial ▪ Accounting	▪ Office-clerical
Financial services	Procurement	▪ Accounting	▪ Lockbox and data entry
Printing	Procurement	▪ Light industrial	

## Phase 2: Quantitative Survey Research

Equipped with a better understanding of how clients think about the staffing industry and ASA, a national telephone survey among 500 staffing clients was conducted in September and October 2004. The survey was designed to quantify key insights uncovered in the focus group discussions and to determine which messages about the industry and ASA most resonate with clients.

The methodology involved pulling a random and nationally representative sample of businesses across all industry sectors. The sample was also stratified by the size of a company to yield sufficient numbers of interviews among small companies (25–99 employees) and large companies (100 or more employees). From the total population of these small and large companies, a company needed to have used a staffing company at least occasionally in the past year to qualify for the study. In addition, respondents were screened to ensure they had a decision-making role in selecting and working with staffing companies.