



# NETWORKERS\$ FUNDING

Service, Technology & Funding for the Staffing Industry

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## Staffing Tips

### It Takes Cents to Make Dollars

Staffing is a business of nickels, dimes and pennies. Who said that when we determine an employee's pay and bill rate, that the number has to end with a zero or a five? Maybe it was our fifth grade math teacher who taught us about rounding? In any case, from our conditioning, we pay Mary Jane \$8.00 and bill ABC client \$11.00. Three dollars is a nice, round number. A mark-up of three dollars on an eight hour day equals \$24.00 for us. It is certainly easy to calculate – but it won't increase those ever shrinking margins!

Let's think outside the box. Or should I say, beyond the five and the zero? Imagine increasing your profit by \$19,760.00 a year for every 25 people you have working 40 hours a week. How would you like to do the same amount of work but make more money? Want to know the secret? It takes 38 cents. That's right! I recently talked with an owner of a general labor staffing firm. His partner was adamant that they couldn't increase their mark-ups - even though they had just increased pay rates to meet the new minimum wage laws. A rate increase is never comfortable to negotiate with an existing client. However, when the cost of business has gone up and the margins on your placement have shrunk considerably, you need a solution. I

asked the owner and his adamant partner if their clients could tolerate a \$0.38 increase in bill rate. To my delight, they both agreed that it wasn't much to ask for. One of them equated the price increase as less than the cost of a can of soda. I pointed out that if the bill rate changed from \$x.50 to \$x.88 they could continue to stay below a crucial price point for the client. These nice folks have 120 temporaries each working at least 40 hours a week. It didn't take long for them to realize that when I was talking "cents," it meant an annual increase of \$94,848.00 to the bottom line. Needless to say I got their attention and I hope I have yours.

Whether it is thirty-eight or two cents, the psychology is the same. The key is to know what the cost of doing business really is. Revenue, mark-up, gross profit, margin – what does it all mean? Just because you are producing millions of dollars in annual revenue doesn't mean you are running a profitable staffing company. As a matter of fact, if you aren't aware of what it costs you to make a placement, you could very well be generating a large amount of revenue and not making any money at all. Far worse, that high volume low mark-up client could be costing you money. (continued on page 2)

#### Highlights:

~ **It takes ¢ To Make \$\$:** How to increase your margins while exceeding the expectations of your clients and candidates.

~ **Software Tip of The Month:** NETWORKERSPRO™ To-do list and shared calendar.

~ **What to look for in a Payroll Funding Company.** Get the most from your money.

~ **Meet the staff.**

*"The most important  
persuasive tool you  
have in your entire  
arsenal is integrity."*

*Zig Ziglar*



### Software Tip Of The Month!

Have you tried the new shared calendar features in the NETWORKERSPRO™ software?

- New options to view your calendar/to-do items in a daily, weekly or monthly view.
- Mark your to-do items as "global," so they show up on everyone's shared calendar and task list.
- Utilize your shared calendar for appointments, scheduled days off, meetings and more.
- Send to-do items to other staff members by choosing their name from the drop-down.
- Schedule follow up calls to clients and applicants by putting a check in the to-do box when you enter your note. Your to-do item is automatically linked in, making follow up calls a breeze.
- New to-do reminder that pops up as scheduled items are due so you can't miss a call!



### What to Look for in a Funding Company

**Industry Experience.** Bankers understand lending. Payroll companies understand payroll. The staffing industry is very unique, and it takes people with staffing industry experience to really understand and support the ups and downs of a staffing company. You want to work with a company that has the ability to shift with the changing needs of your company without going through a lot of the red tape. You want to work with a company where you can build a relationship with individuals who have the insight and ability you trust in making decisions.

**Simple, straight-forward pricing structure** Pricing structures have become so complex and confusing that staffing companies can end up paying a lot more than they ever bargained for. At Networkers Funding we pride ourselves on taking a straight-forward, honest approach to pricing. A strategic business partner should tell you everything you need to know up front so that there are no surprises throughout the term of your contract. A good partner wants to keep it simple. Keeping it simple allows you to focus your efforts on growing your company, rather than deciphering complex fee structures.

**Technology.** Having the latest technology available to you at no additional cost should be a requirement. Does your payroll funding resource have the ability to offer you a **complete solution**, including an integrated applicant tracking/staffing software to help you grow your business? You should be able to manage your candidate base and submit your payroll without having to enter employee information into another format. Not only will Networkers Funding provide you with funding to meet your payroll, but we also provide you with state-of-the-art software that will streamline your processes and help you grow your company by making more placements.

- Joyce Dieck, President and 20 year veteran of the staffing industry

### Meet Our Staff!



#### Please help us welcome...

**Andrea J Siverling** – We are thrilled to add Andrea in the role of business development for Networkers Funding. She comes to us with 14 years experience in the staffing industry.

She has worked in all aspects of staffing in a variety of industry specialties. In addition to assisting in the implementation of our services with your company, she is able to apply her vast industry experience to consult with both clients and prospects on every day staffing issues.

### It Takes Cents to Make Dollars

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You can't measure profits based upon mark-ups. Profits must take into account all of the costs associated with your payroll, not just the pay rate itself. Networkers Funding provides you with reports and tools that take the guess work out of profits. By utilizing our customized profit calculator, our clients merely plug in a pay and bill rate, along with a workers comp code, to know to the penny their profit per hour.

When you know your pennies, the opportunity to be strategic in your pricing becomes a powerful tool in increasing your profits. After calculating your true cost of placement, let's think beyond zero and five for a minute and renegotiate Mary Jane's \$8.00 pay rate and ABC's \$11.00 bill rate. Here are a few tips on how to do that.

**Close High** – Tell ABC that the bill rate will be no higher than \$11.50/ hour. Let them know you will work to save them every penny that you can.

**Sell Low** – Tell Mary Jane the minimum amount the job will pay is \$7.50/ hour. Let her know you will negotiate for every penny you can.

**Do The Math** – You have just increased ABC's bill rate expectations and lowered Mary Jane's pay expectations by fifty cents. Allowing an additional dollar to play with.

**Under Promise** – When you talk to ABC to finalize the billing arrangements, tell them, you have great news! You brought the bill rate down to \$11.19/ hour. That's \$0.31 **under** what you **promised**.

**Over Deliver** – When you talk to Mary Jane to finalize the pay rate, tell her, you have great news! You were able to negotiate every penny to get her \$7.81/hour. That's \$0.19 **over** what you promised to **deliver**.

**The Result** – ABC has a perceived savings of \$0.31 per hour, while Mary Jane notes an increase of \$0.19 per hour. You have just exceeded everyone's expectations and are making \$0.38 more per hour on the placement. Everybody wins!

**Repeat The Process** - Twenty-five placements each work 40 hours per week with an additional profit of \$0.38 per hour. That's an extra \$380.00 per week, or \$19,760.00 per year!

No matter what your pay and bill rates are, the theory is the same. Position your client, your employees and your staffing firm to exceed expectations. Healthier profits are sure to follow when you talk "cents!"

- Andrea J. Siverling, Business Development