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Feature Stories - August 2005

Industry Focus: Staffing Firms

Providing Employees to Fuel Nevada's Growth

by Kathleen Foley

In its monthly Industry Outlook series, *Nevada Business Journal* invites leaders in all segments of Nevada business to discuss the challenges and opportunities in their fields.

One recurring theme since the beginning of this series in 2001 has been the difficulty of finding enough qualified employees to keep up with the demands of growth. This month we spoke with representatives of staffing firms, the companies responsible for assisting in this search for employees, and discovered that they had issues with finding the right people to fill their own vacancies. They also discussed competition: with each other, with Internet search firms and with a taxpayer-funded service. Connie Brennan, publisher of *Nevada Business Journal*, served as moderator for the roundtable discussion, which was held at The Stirling Club in Las Vegas. Following is a condensed version of the discussion, which began with introductions. Participants were asked to describe the biggest challenges faced by their organizations.



Andrea Hoban: At Robert Half International, we're starting to see a candidate-short marketplace. Candidates are driving the market more than they have in a while. We are constantly in growth mode, looking for good internal staff to help us continue to grow our market share and our business, so we have candidate shortages, both for our clients and ourselves internally. We just can't keep up with the demand.



Thomas Hubbard: Our challenges at Adecco are basically the same. With the increase in home costs, recent statistics show that only about 30 percent of the people in Nevada can afford the median home price now. So a lot of people are not attracted to Nevada to relocate from our traditional markets such as Arizona, Utah and Texas. So with the big job boom, a lot of businesses are opening, including Wynn Las Vegas. The unemployment rate is decreasing, which is making recruitment

very difficult right now. The problem is probably going to worsen unless the cost of living decreases, and, as always, internal staffing specialists are hard to find as well.

James Bowmer: I'm responsible for Adecco operations in Nevada and Southern California, Utah and Colorado. Building on what Thomas said, the key factor for us as an organization is looking at what our clients are going to need next. How do we bring in trained people? What sort of partnerships do we put together to work with the public and private sector to build the skills of the people who are in the Nevada workplace now? Then, we can put those people to work, rather than looking at the fact that there will probably be a shortage.

Cornelius Eason: I'm with Priority Staffing, and have been in Nevada now for eight years. I would ditto what's been said. I think an additional challenge for us as an industry is to educate the more sophisticated businesses and help them understand that we're a source of help for

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the more sophisticated businesses and help them understand that we're a source of help for them. We can provide skilled, trained, experienced staff to augment their staff when they have peak periods of business or special projects. We need to get out the word about all we offer.

Carol Stieffermann: I speak more from the executive search, direct-hire side because that's what I manage at Staffmark. I help manage a temporary division, but we do recruit out-of-state to bring people into Las Vegas, and 15 years ago it was much easier to bring people to Las Vegas than it is today, with the increased cost of living and especially the cost of housing. We really have to team up with our clients to give them the right information so they can make decisions about salaries and other factors that are critical to them. One thing I'm really excited about is the Nevada Staffing Association. I really feel like we have been lacking for many years a true association where we can get training and education, and build a real professional group in Nevada. That's exciting and I'm looking forward to getting more involved in that.

Jennifer DeHaven: At Millenium Staffing, in addition to staff shortages and difficulty finding the right candidates, I would say another challenge is rising costs. For example, Worker's compensation insurance rates have gone up due to fraudulent activity, and additional taxes on payroll have acted almost like a gross receipts tax for our industry.

Brian Telfer: I'm director of operations at Corestaff Services. Besides the problems already mentioned, trying to find qualified bilingual candidates is very difficult, especially bilingual customer service people or even a receptionist who has the skill set and the language ability. At that wage level – \$9 or \$10 an hour – they can get other positions that pay better.

Andy Katz: My parents started the Manpower Staffing Services franchise in Las Vegas 42 years ago, and it's just fascinating to see the growth of the city and the growth of our industry here in this town. It's exciting. We share all the challenges and all the positives in the industry as well. As Cornelius was mentioning, we still have to talk to people and explain to them how a flexible staff, and contingent staffing would be productive for them and profitable for their companies. So we're still out there pounding the pavement and knocking on doors, just like my parents were in the beginning. Mentioning the trend toward bilingual is important. One of our long-time goals has been to take people with entry-level skills or people in the service industry and give them training to bring them up and hopefully place them in higher-paying positions.

Marla Allen: Allen and Associates has been around since 1976. Our mainstay is as a boutique headhunting search firm, but we also have a division that does temporary staffing, Allen Temporary Staffing. We place within the legal, accounting, finance, administrative and clerical areas. Even in our temporary service, if people are looking for something on a permanent basis, our inside people are trained in headhunting techniques. That's how you're going to get quality talent to your firms, and that's what keeps you here. If we do our jobs right, we are the best cheerleaders for the firms we service. We love them to succeed. We know our candidates are going to succeed, and we're a part of their growth too.

Jim Annis: I own Applied Staffing Solutions, a full-service placement agency located in America's adventure place, Reno. We have three divisions: a temporary division that focuses on clerical about 80 percent and warehouse about 20 percent; a direct-hire division for all sorts of positions, from astronauts to janitors; and a professional employer organization, an employee leasing company. In our temp business, our primary challenge is finding quality employees in the light industrial field. Even though it's only 20 percent of our business, Reno is loaded with distribution companies. Five years ago we had no problem recruiting people to Reno. Then executives from California started moving in, buying twice the house for half the money, and our housing prices have gone up about 24 percent in the last two years. We've lost three placements in the last six months. Engineers are moving to Texas rather than Nevada, and that's been a difficulty. On the employee leasing side, we're dying for what are called "multiple-employer worker's comp plans." Right now we have to write a separate worker's comp policy for each and every client company, as opposed to one big master policy. So we're working real hard on developing that in Nevada.

Loribeth Dalton: I'm the talent acquisition manager at The Eastridge Group, which has been in Las Vegas for over 30 years. Our challenges are different depending on which of our business units we're talking about. We do have direct-hire. We face some of the same issues Jim does in terms of people moving here and having salary expectations based on what they just paid for their house. I interviewed a gentleman last night who would be the perfect candidate for an open position, except there's a \$23,000 difference between what he expects and what the client is able to pay. In our light industrial division, there are just not enough bodies, warm or otherwise, to fill the need. In our medical and dental division, there is also a shortage. We also

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face the bilingual issue.

The Great Staffing Search

Connie Brennan (*Nevada Business Journal*): There seem to be two different kinds of staffing shortages: finding candidates for your clients, and also internal staffing issues. The second problem surprises me, since it seems you would have first pick of all the people coming in and should be able to get the "cream of the crop." Wouldn't you keep the best ones for your company rather than the client?

Dalton: "Hire the best and place the rest" - that's what I'm charged with at Eastridge. I do all the internal staffing for the whole company.

Stieffermann: I think a lot of times I put myself last behind my client when it comes to candidates.

Allen: I do, too.

Stieffermann: If I know a candidate would be a good fit for one of my client companies, and I would love to hire that person myself, it doesn't prevent me from presenting both opportunities to the candidate. But typically, we really care about our clients. If we know we have a good match with a particular client, that's where we'll put the candidate. A lot of times, we've sent our own receptionist out to answer phones for a client because we couldn't find anybody to fill the position for them that day. We had to do without a receptionist because she was on loan to a client.

Allen: This is a unique industry. The people we hire for ourselves have to be business savvy and also have sales ability, because they're selling clients to candidates and candidates to clients. They need a breadth of experience, and you're not going to find that in your average candidate walking in. You might see talent in him and bring it out and develop it, but this isn't an easy industry.

Katz: Our staffing specialists are entry-level positions in a lot of cases, and it's the toughest job in the company. They interview candidates and identify talents yet to be placed, communicate with customers and hopefully exceed customers' expectations - all at an entry-level salary. Of course, in Las Vegas, we have the unique challenge of resort hotels where a person can make great money parking cars or dealing craps. Ours is a fulfilling job. We're helping people, and it's a really a feel-good thing, but it can be difficult.

Bowmer: I think the key is that recruiting is not a job, it's a lifestyle. There are only so many people who really want a career as a recruiter. Many come in, do the job for six months, decide they want to focus on HR, and then leave to work for one of our clients. So, it's not only attracting people, it's keeping them. Everyone around this table is in it for life, and we wouldn't leave the industry, but there is a huge percentage of people who don't stay. We are in an industry where, if you're passionate about it, the hours are worse and there's more stress.

(Laughter.)

Brennan: In what way is it stressful?

Allen: If you're talking about a temporary division, you're in the hot seat. Your client wants someone and they want someone now, and your candidate better meet all the specs, and have the personality and the professionalism. Light industrial clients, especially, want those people there in an hour and looking good. So staffing coordinators are in the hot seat from the minute they walk in to the minute they leave.

Hubbard: And they deal with both sides. They have to deal with the client who calls to place the order, and then they have to deal with the associates - with their payroll issues, whether or not they got their benefits package that month. Most branch managers and area vice presidents are sales people. They make promises to the client that the staffing people have to deliver. So that job has a lot of stress in it. We all try to recruit from among human resources people, because we have HR functions where you have to know certain laws to go along with the job, but HR people just do not make it in staffing.

Dalton: They dot i's and cross t's, but they don't always have the personality to take the stress, to be able to influence people, to be tenacious when necessary. When I was a corporate recruiter for a software company in Seattle, I used to say I really belonged in the sales department versus the HR department. In corporate HR, if you can find a recruiter who has a recruiter brain and not an HR brain, then they probably won't stay in HR because they'll miss

the pace, the diversity and the challenge. So if you find somebody who's struggling with being in HR, then that individual should be a good fit.

Stieffermann: Because of the low, low markup you have in light industrial and the competition for the temporary staffing business, you don't have a big budget for staffing your own office. In other words, you don't get to hire the very best, because you usually have to pay a lower starting salary. You get people at the entry level and then train them. You have to watch your budget because it's so tight between worker's comp costs, unemployment and all the other costs of a temporary staffing agency.

Allen: The rates have gone lower in accounting, finance and everything, so it's not just light industrial.

Eason: Even if you decide to pay more, it's still a unique individual who has the business savvy to communicate with a client and then has the street savvy to be able to evaluate a candidate who came in and "forgot" to tell you about the felony in Oregon. You know, those kinds of people who can sort through whether this degree on a résumé is really a degree. It takes a certain amount of street savvy to filter out those things. We're willing to pay more, but it's difficult to find a person with those skills whom you can also trust to take the best care of your clients.

Stieffermann: You have to keep a lot of balls in the air when you're a staffing person. There are a lot of job orders and a lot of candidates and a lot of things going on at once. It's a high-volume-job that requires multi-tasking and often working nights and weekends.

Why Not Hire Direct?

Brennan: As a business owner, why would I go through a staffing firm and pay more, as opposed to going online or advertising to find employees?

Eason: You can do it yourself, but it's going to cost you. If your HR person, who should be doing lots of other things, ends up sorting through résumés or sorting through postings on Monster.com or CareerBuilder.com, what is that costing you?

Hubbard: You have to look at your soft costs. If you're running an ad that costs you \$700 a week in the local newspaper, and you have to run it for 10 weeks and you're also paying a fee to Monster.com, that obviously runs into money. If I can fill the job for you in a week, your costs are going to be about an even wash, and you don't have your HR people spending all their time going through résumés. There are a lot of soft costs in recruiting that you don't see.

Hoban: In addition, we all cultivate a pool of candidates who aren't necessarily accessible to the general employment community at large. They're not on job boards and they're not sending their résumés to every posting on the Internet. But they trust the firm or recruiter to represent them to the right opportunities. That's also what the client buys - they're accessing a candidate market that wouldn't otherwise be available, because at any given time, many of the super stars - the A players you would want to hire - are not looking in the newspaper and they don't have their résumé on Monster. But they may be working with us.

Annis: I spend no less than 30 percent of my time every week in networking events, looking for clients, but mostly for candidates, and there are a number of people who will say, "Oh, by the way, I'm looking," or, "Keep me in mind." That's a value-added service we offer the client he won't get when he posts a job on Monster.

Allen: When searching for a permanent person, a client wants to deal with someone who has expertise in their industry specialty or maybe has ties to their competition. They're not going to find that from any ad on Monster.

Dalton: From a candidate perspective, another value the third-party recruiter adds is neutrality. If I interview for a job with a company and they like me, they'll try to sell me, and they may tell me whatever they think I want to hear. We have the integrity to be the advocate for both the client and the candidate. We understand our clients' culture, their values and their needs, and also our candidates' personalities, behavioral styles and competencies, so we can help make the right match as a neutral, objective third party.

DeHaven: Each of our companies interfaces with hundreds of different companies daily, weekly and monthly. Consequently, we're constantly being sent résumés from people who are passively looking, and we're sitting across the table from people who are in a variety of different industries, so it becomes this matching-up of direct-hire orders. It's a huge advantage knowing that XYZ person in ABC industry is actually looking so we can find a match.

Annis: Instead of job boards, I prefer the old-fashioned method of recruiting, which is just calling the competition of that company. We tell our clients we have no problem stealing people.

(laughter)

Hubbard: You have to do that for direct-hire. In temporary, there are active job seekers. You run the ad, they need a job that pays \$8 an hour, so they're going to come down. But the people for direct-hire are all passive job seekers, so you have to go out there and get that passive person to become active.

Annis: If I had several civil engineers walk into my office tomorrow, I could place them all in 20 minutes - slam dunk. We're actively calling civil engineering companies and geotechnical companies in California every day. It's really hard-core recruiting.

Brennan: How well does your industry communicate to your audience that it's better to hire through an agency than it is to hire direct?

Bowmer: If you have top recruiters, they build relationships; they build referrals. A good recruiter will know who's looking because he or she will talk to all those people every day, and they'll hear a company is hiring for a job, and they'll know the people who are looking. They'll then call the client company and say, "I can send you three people. Take a look at these, do you want to work through me?"

Eason: Five or six years ago when the dot-com craze happened and Monster appeared, they did a really good job of educating corporate recruiters on this tool. And the accounting people looked at the dollars and cents of hiring a recruiting firm, versus going out on a job board, and they threw their weight behind it. So the trend swung that way, but I think the pendulum is swinging back our way now. People are starting to total up all those soft costs we talked about, and the resource allocations of staff reviewing résumés, doing interviews and flying people around. They're starting to realize that it might be worth at least exploring outsourcing. That's what's happening now. So we could do a better job of educating businesses about the value we bring, and that's part of what the Nevada Staffing Association is trying to do.

Stieffermann: There are now two types of recruiters. People I call "E-cruiters" are using the Internet as their only means of sourcing, and they don't even interview candidates. They just select a résumé with some key qualities, then send it over and make the department manager figure out if this is a fit or not. In contrast, a real recruiter is the kind of person who knows the client so well, and has such a good partnership with the client that, after interviewing and screening the candidates, they know exactly who's going to be a good fit. They're only going to send one or two or three candidates they know are an exact fit for the client. It's all about relationships and how well you know each other. I think of the Internet as a tool, but a tool to help us make connections with other people in the industry we specialize in. I don't use it to find my candidates.

Allen: But some services do use Monster. We don't. We do the headhunting. We are not looking for 50 résumés that might have one or two specs, but there are some services in Las Vegas that do use Monster, and I think it's a shame.

Hubbard: We're such a large company that we own an interest in some of those companies, including Monster, where it costs me \$10 to post a job. There are a percentage of passive job seekers who just go in there and browse around and see how their career's doing and see what is being offered. So if it costs me only 10 bucks, why not post it? I use all of the resources available to me.

Eason: Anywhere you can expose yourself to candidates is good. James put it a good way: it's a lifestyle, and you're always recruiting. A good recruiter is always recruiting - at church, in the grocery store, among his wife's friends.

Unfair Competition

Brennan: Do you think Nevada Job Connect is competition? It's funded by the state, so aren't you paying taxes to fund your competition?

Hubbard: Yes. It's unfair, because it's a government organization that directly competes with the staffing industry. They use public funding to compete with the private sector.

Eason: I use them a little bit. We worked to forge a relationship with them so they become another option in terms of recruiting, and they're developing ways we can work together. They're competition, much like we're all competitors around the table here, but I think you

they're competition, much like we're all competitors around the table here, but I think you have to find where there's common ground. They're not going away. In other states, there are similar workforce investment-funded organizations, public entities that have created for-profit divisions. In Tennessee and Florida, they have created temporary for-fee services they market to businesses, and Nevada has decided not to do that. So on one hand, they're a competitor, and on the other hand I think they can be a business partner and we can come up with a win-win solution.

Annis: I'm on the board of directors of Nevada Works, which manages all the Job Connects in Northern Nevada. To us, they're a great resource. I have no problem with them. I picture them as being just another competitor. But with the relationship we have, we get good candidates referred to us, so it has worked out well.

Brennan: But you still refer to Job Connect as a competitor.

Annis: Yes, because companies come to them looking to hire, and they can place candidates at those client companies. But, on the whole, the relationship I have with them through my networking is beneficial.

Eason: They go out and seek companies where they can place their candidates directly.

Hubbard: The government could use the money it's spending on this initiative to lower employer burden rates elsewhere, which would encourage employers to hire more people and thus accomplish its goal of lowering the unemployment rate. The Legislature implemented a payroll tax that causes employers to pay more taxes for hiring people; it just does not make sense. I think the whole concept of allowing the government to go into the private sector and compete with private companies is a direct conflict with free enterprise.

Brennan: It seems we have mixed feelings around the table.

Annis: Well, the Workforce Investment Act of 1998 caused all that, in order to help employees find jobs. It's all about putting people to work, so I have no issue with it.

Brennan: Doesn't it bother you to pay taxes and then have the government come up with a program that competes against your business?

Eason: I'd rather have the government attempt to take unemployed people and employ them than to have them end up on another form of government subsidy, such as welfare.

Brennan: Are their candidates on the lower end of the pay scale?

Eason: I think they're across the spectrum.

DeHaven: I agree with Cornelius, and typically Nevada Job Connect has worked beautifully with my company and also with the Nevada Staffing Association, so we use them as a partner.

Katz: That's our experience, too. We work with them in more as a positive partnership.

Telfer: We've done the same thing. We've actually partnered with them to do some job fairs and they've been very successful.

Brennan: Obviously, all the people in this room are competitors.

Annis: It's not competition. It's "co-opetition." Co-opetition's the word.

(Laughter.)

Eason: There's always the opportunity to be in conflict. You can decide not to have that conflict and find out where there is equal ground. You agree to disagree in certain areas and to look for areas where you can benefit each other, and that's what we're doing.

Stieffermann: The Nevada Staffing Association is important for Nevada, and I think it has to do with ethics and business professionals. I don't mind competition. I just like fair play on a level playing field in an environment of healthy competition. That's what I was hoping the association would build. I came from a Missouri association and it was fun to go to the meetings, and we could also get training and meet other professionals in other companies. Your job is just to "beat 'em at the same game," but play fair.

Kathleen Foley

Kathleen Foley is a freelance writer based in Southern Nevada.

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