

## Success Story

# Pay Rate Alignment Eases Talent Shortage

### Business Issue

A manufacturing client struggled to match talent supply with peak production demand at a location in Michigan. Manpower's team has served the client for more than 20 years and was accustomed to surges in demand that could take their normal 600 associate contingent labor force up to nearly 900 associates.

However, in one particular year the client faced a serious challenge. Several economic indicators pointed to a tightened labor market. Unemployment rates in the local area were 4.6 percent, well below the Michigan state-wide rate of 5.9 percent. The demographics of the area had also changed, causing a mismatch between the talent needed and available workers.

In addition, the pay rate had remained unchanged since it had been established 10 years earlier. With the current minimum wage set to increase significantly, the company's premium over the minimum wage was set to drop sharply. As peak production arrived, shortages of 150-200 associates per day caused lines to shut down, final product delays and dissatisfied customers upstream.

### Solution

The Manpower team immediately took action to step-up recruiting efforts to close the gaps. Dedicated job fairs were held at the local Manpower office and a team of virtual recruiters from Manpower's home office was employed to fill the funnel of available talent. Local media was also used, including a job fair radio campaign on the most popular morning show in the county.

Additionally, Manpower implemented various attraction and retention strategies. Because the worksite was located 10 miles from the city center, candidates were offered transportation for a nominal fee. Manpower also implemented a \$50 referral bonus and worked with the client to reduce its education requirement, allowing those without a high school diploma or GED to be placed.

After employing these measures, Manpower addressed the pay rate. Research into the client's competitors showed other employers were offering candidates up to 40 percent more in pay. Other large local manufacturers were offering retention bonuses of up to \$3000 for peak season. Manpower proposed a pay rate increase to boost the quality and retention of talent, and better align to the market.

### Results

Initial results from the augmented recruiting efforts were positive.

- Talent shortages dropped below 100 associates per day.
- The number of potential candidates increased significantly due to the reduced education requirements and transportation benefits.
- Once the pay rate increase was implemented, all available positions were filled.
- Over the course of a few months, fill rates increased by 91 percent.
- On-time fill rates never dropped below 98.6 percent per week, far out-pacing historical rates.

