Manufacturing Case Study

Increased Pay Rates Lead to a 91% Increase in Talent Placement

Challenge

One of Manpower's loyal manufacturing clients, a partner of over 20 years, was struggling to match talent supply with peak production demand at their Grand Rapids, MI location. While the team of Manpower experts that serviced the client was very accustomed to the surge in demand that could take their normal 600 associate contingent labor force up to nearly 900 associates, it appeared that this year was going to be different.

Several economic indicators pointed to a tightened labor market. Unemployment rates in Kent County, MI were 4.6%, well below the Michigan state-wide rate of 5.9%. Also, the demographics in the area had changed, causing a talent mismatch.

Other factors also played a part in making it a challenge to attract candidates. The worksite was 10 miles outside of the main population base of Grand Rapids where public transportation was not available. In addition, the $9.25 pay rate, established 10 years earlier, was not as attractive as it once was when minimum wage in Michigan was $5.15 – an 80% premium. With the current minimum wage set to increase to $8.15 - narrowing the premium to 13% - the outlook wasn't any brighter.

As the peak rolled in, there were shortages of 150-200 associates per day that caused lines to shut down, final product delays, and disappointed clients 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 two times per week 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. To solve the transportation challenges, candidates were offered transportation to the worksite 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 of the external landscape produced a troublesome story. The client's competitors were offering candidates 25-40% more in pay, with an average pay rate of $11.00 per hour. Other large local manufacturers were also offering retention bonuses of up to $3000 for peak season.

Manpower proposed a pay rate increase to boost the quality and retention of talent. Despite the evidence, the client was wary of raising pay rates.

Results

Initial results from the augmented recruiting efforts were positive. Talent shortages dropped below 100 associates per day. Candidate attraction also improved by reducing the education requirement and providing transportation. Although the talent funnel was filling-up at a faster rate, the quality of talent continued to suffer and placements remained low.

Five months later, production delays persisted due to the talent gaps. In the spirit of perseverance, Manpower approached the pay rate proposal again but this time the client accepted. The $9.25 pay rate was increased to $10.50 per hour on 1st shift, $11.10 per hour on 2nd and 3rd shift. Within days, the results were evident. All available positions were filled and the client began increasing productivity. Over the course of a few months, fill rates increased by 91% and on-time fill rates never dropped below 98.6% per week, far out-pacing historical rates.