



IMMEDIATE GRATIFICATION VS. LONG-RANGE PLANNING: HOW PATIENCE PAYS OFF

Today's labor market isn't all that different from the hallowed halls of your middle school: It's ruthless, unpredictable, and emotionally draining. But you can't let a few awkward years derail your company's future. And, like the braces you wore in hopes of having a nice smile by high school, that's where long-range planning, coupled with some short-term adjustments, comes in.

YOU NEED YOUR WORKFORCE TO BEND WITHOUT BREAKING

Many companies that use contingent staffing have a strategic mix of permanent and contingent workers, with a fixed percentage of contingent workers acting as a safety net for shorter-term market fluctuations like are present now. Here's what that looks like:

A pandemic hits and staff reductions are necessary? Lean on your plan, and let go of contingent workers without worrying about unemployment insurance or outplacement, benefits, administrative burdens, and other separation costs.

URNS OUT THE PANDEMIC ISN'T SO BAD FOR BUSINESS, PRODUCTION DEMANDS CAUSE A HIRING FRENZY, AND YOU'RE DESPERATE TO FILL DESIGNATED SEATS WITH PERMANENT WORKERS?

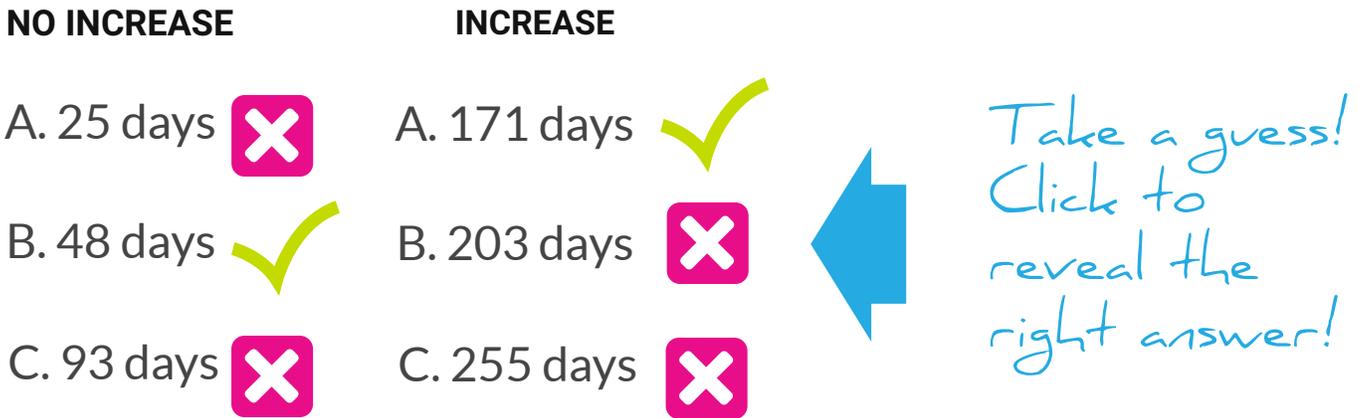
Don't fall into the easy trap of hiring most contingent workers onto your permanent payroll early, a costly mistake we're watching play out on repeat across the country. What you'll end up with is a hefty sum of conversion fees, an overburdened and inflexible payroll roster, and a remaining staff of contingent workers who are frustrated by an inconsistently applied conversion process. Now, does that mean you should toss the idea of all conversions out the window? Absolutely not—it just shouldn't be your first course of action to quickly fill permanent seats.

We recommend maintaining a structured conversion policy for existing and new contingent workers that—most likely—includes a progressive pay element to reward workers who stick it out for the duration of the pre-conversion period. It's a win-win for all:

- **You don't pay early-conversion fees, nor do you take on the increased exposure and benefits burdens that come with permanent employees;**
- **Your direct compensation costs for a contingent-worker progressive pay program remain at or below the amount you would spend on permanent employees, since most permanent employees earn higher hourly wages;**
- **You retain all the “try before you buy” benefits of a temporary staffing arrangement;**
- **Contingent workers have a clearly defined path to permanent employment; and**
- **Contingent employees receive progressively higher pay, which encourages retention until conversion and reduces friction between them and permanent employees**

PLUS, THE BENEFITS OF A PROGRESSIVE PAY PROGRAM ARE UNDENIABLE. JUST SEE FIGURES 1 & 2 FOR PROOF!

FIGURE 1: AVERAGE LENGTH ON ASSIGNMENT WITH & WITHOUT PAY INCREASES



So, take our word for it: The wait is worth it! Instead of dealing with the downsides of instant gratification (filling permanent seats by rolling your contingent workforce onto your payroll, paying us extra money to convert those employees early, and losing out on the many benefits of your carefully planned contingent-worker business strategy), put your money to better use: Reward your temporary employees in the short-term while they await a structured transition onto your payroll and you complete the conversion fee-free!

FIGURE 2: AVERAGE LENGTH ON ASSIGNMENT AFTER PAY INCREASE

| TIMING OF FIRST INCREASE | AVERAGE DAYS WORKED AFTER INCREASE |
|--------------------------|------------------------------------|
| 1-10 Days | 86 |
| 11-30 Days | 100 |
| 31-60 Days | 87 |
| 61-90 Days | 93 |

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