

Pay Rate Alignment in Manufacturing



North America

Business Issue

In Michigan, a manufacturing client struggled to match talent with peak production. Manpower's team has served the client for more than 20 years and was accustomed to surges in demand that took the normal labor force of 600 to nearly 900. However, one year, the client faced a serious challenge: Economic indicators pointed to a tightened labor market. Unemployment rates were 4.6 percent, well below the Michigan rate of 5.9 percent.

The demographics of the area had also changed, causing a mismatch between the talent needed and the available workers. In addition, the client's 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.

The client needed a flexible solution that would allow the Manpower team to significantly ramp up recruiting efforts during the period of extraordinary demand.

Solution

The Manpower team developed a plan to augment its existing staffing program. The team took action to step-up recruiting efforts by holding dedicated job fairs at the local Manpower office and filling the funnel of available talent with a team of virtual recruiters from Manpower's home office. They also utilized local media, launching 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 placement of those without a high school diploma or GED.

After employing these measures, Manpower addressed the pay rate. Research into the client's competitors showed other employers offering candidates up to 40 percent more. Other large local manufacturers offered retention bonuses of up to \$3,000 for peak season. Manpower proposed a pay increase to boost the quality and retention of talent and to better align to the market.

Results

The Manpower team met or exceeded all agreed upon metrics associated with its augmented recruiting efforts. Select results include:

- Associate shortages dropped below 100 associates per day from a high of 200 per day.
- The number of potential candidates increased significantly due to the reduced education requirements and transportation benefits.
- The pay rate increase caused all available positions to be filled.
- Over a few months, fill rates increased by 91 percent.
- On-time fill rates never dropped below 98.6 percent per week, far outpacing historical rates.

