COMMERCIAL STAFFING SERVICES

Pathway to Integrated Employment
Session Take a-ways…

- Staffing Service Industry – what’s the outlook?
- Creating jobs through Staffing – who’s buying?
- SourceAmerica Staffing Program Update
- Becoming a NPA Staffing Vendor
Staffing Industry Trends Outlook

5.5 million job openings January 2016

3.2M temporaries assigned weekly December 2015

46% of employers plan to hire temp, up 4%

6% growth forecasted for the U.S. temporary staffing industry in 2016-2017

Federal Government spends $5 Billion in Staffing

Commercial employers spend average of $4 to $80M
Why companies choose staffing agencies

Top 5 Buying reasons:

• Quality of workers
• Quality service from specialist in their industry
• Lower cost, speed of transaction
• Consultative – business partnership
• Trial employment (try before you hire)
Staffing Services + new ideas = new jobs
Concept Outcomes for NPAs doing Staffing

• Set out to build a Staffing Services model to increase jobs for individuals with disabilities in integrated settings

Business Assumptions:

• Leverage the power of the NPA Network
• Leverage the SourceAmerica sales workforce and brand
• Leverage Section 503 (7% utilization goal for PWD) with Prime Contractors
• Augment placement outcomes of people with disabilities for Corporations with diverse hiring goals – through partnerships with national large staffing firms
Customer Profile for Staffing for the NPA

U.S. Employers

- Prime Contractors needing to hire individuals with disabilities (IWD) in response to Ruling 503 under the ADA – for Affirmative Action Plans
  - Gov’t Contractors have become the 4th arm of the Federal Government – spending $428.8B in awards (according to OFCCP reports)

- 53% companies plan to increase diverse hiring – disability inclusion is part of this goal
Section 503 is Positive Leverage

What does Section 503 require?

Applies to ALL Government contractors with 100+ employees

Key elements include:

• The **7% utilization goal** for qualified IWDs applies to all job (classes) groups in the company. A **8% benchmark for Veterans** applies to the entire enterprise. Contractors must conduct an annual utilization analysis and establish specific action-oriented programs to address issues.

• Requirement to invite applicants to self-identify as IWDs at both the pre-offer and post-offer phases of the application process and every five years during employment.

• Requirement to **establish partnerships with Vocational Rehabilitation agencies** as part of recruitment strategies and training plans to meet goal.

• Require Contractors to document and update annually several quantitative comparisons for the **# of jobs opened vs filled; # of IWDs who apply vs. hired**
Primary contractors allocated the majority of sub awards to only 1-3 recipient staffing firms throughout FY11-FY14. The larger staffing agencies in terms of federal subcontracts received the majority of sub awards from only 1-7 primary contractors.

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Northrop Grumman</th>
<th>Computer Sciences Corporation</th>
<th>BAE Systems</th>
<th>Booz Allen Hamilton</th>
<th>CGI Group</th>
<th>IBM</th>
<th>Accenture</th>
<th>General Dynamics</th>
<th>% of all subcontracts</th>
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<td>$36.6M</td>
<td>$30.6M</td>
<td>$1.5M</td>
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<td>$985K</td>
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<td>% of all Subcontracts</td>
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<td>92%</td>
<td>98%</td>
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<td>70%</td>
<td>94%</td>
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Top 50 Employers Recognized for hiring PwDs

The market landscape is broad and opportunities are vast...
SourceAmerica Staffing Services Program
SourceAmerica Staffing Program

Background History and Milestones

- Decision to move into Staffing Services was made by Strategic Business Development with outside 3rd party analysis (2013)
- Program Manager was hired May 2014
- Business Model (as Managed Services Provider) was vetted by Accenture November 2014

- Board approved model (Dec 2014)
- Designed Lean Startup go to market strategy
- 22 CRPs onboard (Aug 2015)
- Selected technology & implemented (Oct 2015)

- 44 CRPs initial assessed (Mar 2015)
- Service Agreements and SOPs developed
- Train CRP-Staffing best practices (Sept 2015)
- VMS training for CRPs (Oct 2015)
Staffing Services Job Targets

Job class types:
- Administrative and Professional
- Contact Center (CSR and IT-Helpdesk)
- Information Technology (Project Managers, Programmers)
- Supply Chain Logistics
- Kitting & Packaging/Assembly
- Manufacturing and Production
Phase 1 Sales Focus

**Job Class:** Initial focus on *Contact Centers* for IT-Helpdesk and CSR positions (range of skills good fit for IWD)

**Market Segments:**
- Gov’t Prime Contractors, Fortune 100
- Targeted Vertical Markets:
  - Retailers
  - Logistics
  - Tele-communications
  - Financial and Insurance Services
  - Inbound Call (Contact) Center companies
Phase 1 - Validated Learning

Here’s what we’ve learned so far…

**Positive Leverage**
- There are 70 nonprofit agencies across U.S. performing as staffing operators.
  - combined generate more than $60M (*companies are buying staffing from NPAs*)
- Companies recognize there is a **war on talent**; and the need to build the workforce of the future

**Negative Influence**
- Nonprofits providing employment services at no cost – devalues the solution in the market
- Lack of bandwidth to aggressively sell along with the infrastructure to support LOB causes significantly slower progress
- Longer than expected sales cycle to land large customers, **8 to 12 months**
Staffing Services is a - Bigger Bowl
What you should know:

• Staffing as a methodology involves:

  ✓ The ability to support hiring/staffing demands of customers from within various industries; with high-quality, quick response expectations.

  ✓ The ability to recruit and maintain a pool of qualified (work ready) candidates that have a range of experience and/or industry expertise.

  ✓ Understanding fee for service to customers
Staffing 101 – What is it?

Examining the Difference

Job Placement
Person Centric
Case Management
Job Development/Training
Referral – at no cost
Mission Driven

Staffing
Customer Centric
Talent Management
Skill Matching/Marketing
Placement – for a fee
Revenue Driven
What is staffing really about?

The answer is in the image...
Staffing 101 – Operators Need

Business Essentials

- Capabilities that translate into solutions
- Service offerings that are in demand – know your (customer) market
- Customer Service Culture
- Rich pool of work ready candidates
Staffing 101 – Operators Need

Business Essentials

- Senior Management/Board Support
- Experienced Team
- Front/Back Office Staffing Software
- Sales and Marketing Strategy
- Miscellaneous supplies
Joining the Staffing Services Network
Current Staffing NPA Network Map
Current Staffing NPA Network Map
90% of NPAs serve more than one demographic, with most serving 4 on average. Most NPAs staff non-disabled individuals as well as other demographics. *What is the significance to knowing the make up of the demographic?

There is no strong correlation between NPA size (measured in billable hours / week) and demographic diversity.
Of those reported -45% of the NPA network indicated less than 5 business days time to fill. SourceAmerica Staffing PMO (program management office) is targeting 80% performing at this SLA-of a 1 to 5-day maximum time-to-fill.

Approx. 63% of FTEs in the network are filled in 5 days or less.
Joining the Staffing Services Network

The SSP Program Office has established criteria and requisites for NPA interested in participating in the SSP program.

- Capability assessment based upon specific industry standards and key performance indicators such as:
  - Time to Fill: 48 hours – 5 Days *depending on KSA needed
  - Fill Rate: > 80%
  - Volume of billable hours, or number of W2s issued

*NPA staffing business portfolio should be <20% of internal placements or on AbilityOne or State-use placements*
Joining the Staffing Services Network

NPA eligibility requirements (Continued):

- In order to ensure greater probability for successful services delivery, SSP office will establish the following as distribution criteria:
  - Completion of RFI, signed NDA, signed NPA Agreement
  - Completion of NPA Commercial Staffing Training (September 2015)
  - NPA must be current with any/all SourceAmerica financial obligations
  - NPA should be tracking KPI performance measurements
Joining the Staffing Services Network

NPA eligibility requirements continued:

- NPA must commit to the intent to employ people with disabilities. The Commercial Business unit has not established a ratio percentage (currently under review)
- NPA must show proof of operating processes, with recruitment plan and applicant database management
- NPA must agree to Management Fee
- Has given consideration to a strategy for managing its ratio regulatory compliance, while diversifying into commercial business development
Thank You

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