

M4 Business Impact Analysis Summary, Recommendations and Next Steps

Techlaborate, LLC



M4 Value Optimization Program



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M4 Value Optimization Program



M4 Value Optimization Defined

The M4 Value Optimization program from Techlaborate is designed to align executive business goals throughout teams as well as bridge the gap between IT and lines of business. The program's methodology enables the development of business objective metrics as well as thorough discovery of underlying causes impeding movement in goals.

In doing so, an increased visibility is provided to both senior management and teams allowing everyone to:

- Create a unified vision and purpose between business and technology teams.
- **Determine where investments in time, resources and technology will have the most impact.**
- Enable measurement for changes against business goals.
- Understand where technology spend is currently impacting defined goals.
- Provide a methodology to sustain change initiative goals.

With this visibility we are able to make recommendations on where to focus resources; and, how to achieve buy-in from these changes be it in technology, culture or processes.

M4 [REDACTED] Scope Defined

Per David Allen, the scope was designated around the measurement and impact of Time to Fill (T2F). Our goal was to determine:

- What are the current baseline numbers for T2F?
- What current initiatives are in place to impact T2F?
- What impact does a positive change in T2F have on the business?
- Where would a change in T2F have the most impact?
- What are the root causes impeding positive movement in T2F?





Processes Used

The M4 Business Impact Analysis (M4 BIA) methodology was the process used for the defined scope. The M4 BIA is based on stakeholder interviews and data inquiry including statistical correlation, situational analysis and Applied Information Economics.

Stakeholder Involvement

[REDACTED] CEO, Cooperative Computing

Laura Martin Principal Consultant, Techlaborate, LLC.

[REDACTED] Sr. Business Process Analyst

[REDACTED] Sr. Manager, Business Support Services

[REDACTED] Sr. Director of Applications

[REDACTED] Director IT Enterprise Infrastructure and Operations

[REDACTED] Staffing Manager, Kalamazoo, MI





M4 BIA Discovery – Scope Answered

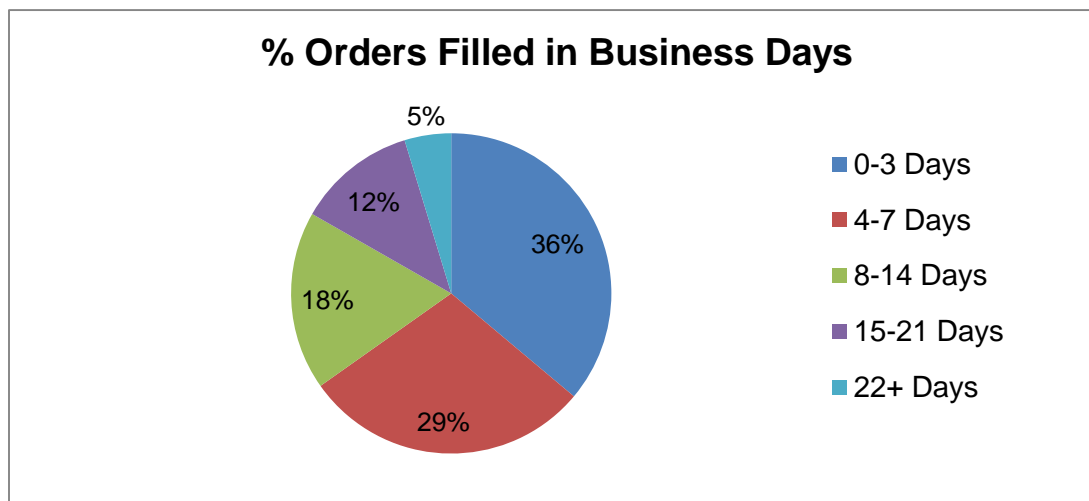
Current Initiatives

- I. [REDACTED] heads an on-going initiative to audit open orders. Her team pulls open orders from eEmpACT (staffing and recruiting platform) to determine:
 - Do orders need to be marked at closed?
 - Has a start date been entered?
 - Historical notes on order to show progress towards close.
 - Ultra-Match coding – to decipher order requirements.
- II. During the M4 BIA, [REDACTED] and team attempted to “clean” open orders data in eEmpACT, requiring each office to close or make necessary notations to any existing open orders. The project received limited success as many branches did not follow-through with the request; or, did not complete the request in its entirety.

Established Metrics

A baseline dashboard for Time to Fill was established based on data mining of the last 12 months’ bookings.

Processes are not in place to capture exact T2F numbers. The baseline T2F numbers (See Appendix A) represent a greater than 90% confidence interval that the true values lay within these parameters. These parameters were obtained by controlling for discrepancies in data entry such as orders not closed (i.e. greater than 12 months) and variable order open dates from orders requiring multiple fills (i.e. one order requiring a 5 person headcount, filled at different times).

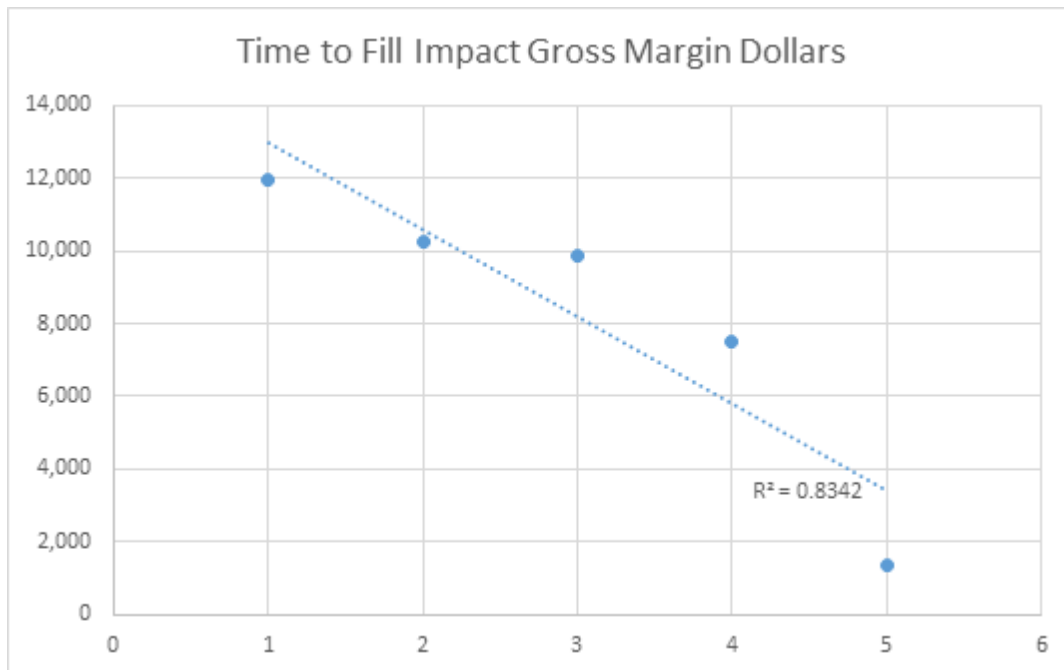


The T2F baseline data concludes that:

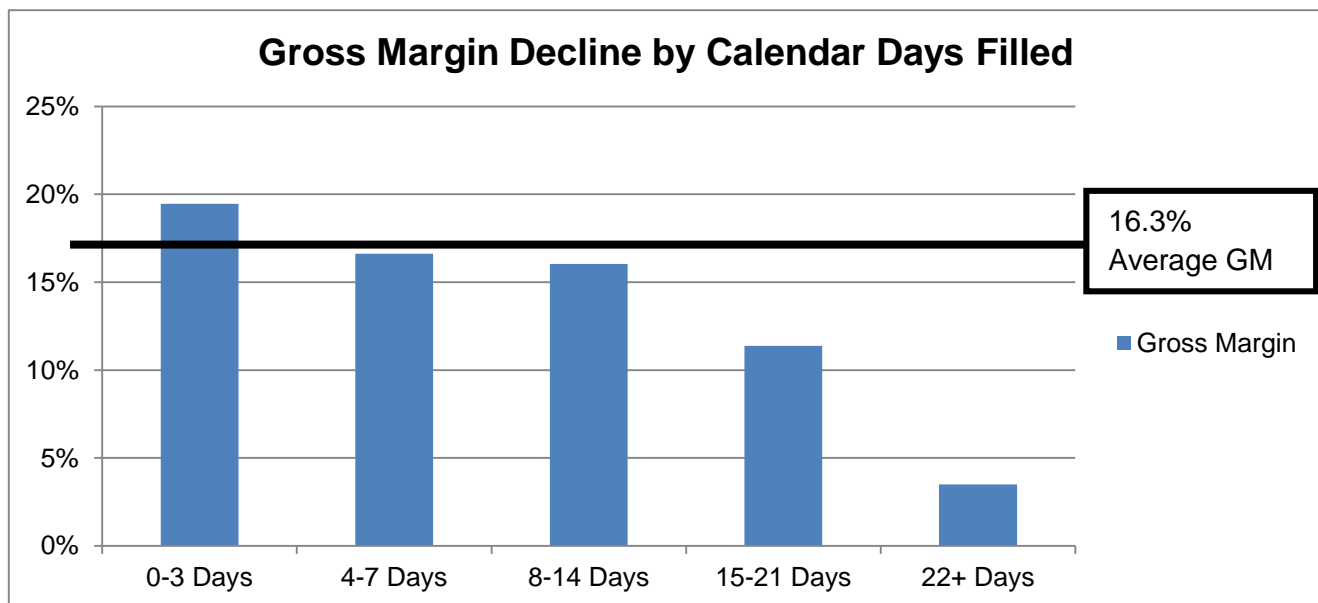
- 65% of orders are filled within one calendar week.
- 18% of orders are filled within 2 weeks.
- 17% of orders are filled in excess of 14 calendar days



Travis Eck previously calculated Time to Fill's high negative correlation (.8342) with order gross margin: as an order takes longer to fill, there is a decrease in gross margin for that order.



We weighted the baseline T2F numbers against the gross margin calculation above. This revealed the below calculation based on an average gross margin estimate of 16.3% (average calculated from orders from weeks 5/23/14 through 8/15/14). The weighted analysis shows a marked decline in gross margin for orders filled after 14 calendar days from receipt of order.





Root Cause Analysis

The purpose of this M4 BIA component is to uncover the true underlying obstacles toward our goal, reducing Time to Fill. Essentially, ensuring we are solving for the right problem. Appendix B shows the order process for new and existing customers as mapped by the M4 BIA stakeholders.

During the team interviews, we discerned the following list of top reasons order fills languish past 14 calendar days:

1. Orders out of scope.
2. Bench Monitoring and Coding.
3. Call Reluctance.
- 3A. Recruiting (Show-up, Resume Pull and Job Posting Push).
4. Customer Latency
5. Orders coded as Temp to Hire¹

The list is in order of importance: 3 and 4 are perceived to have equal weight, hence the classification of “3” and “3A”.

Additionally, it was suggested that to effectively execute the responsibilities of a Staffing Manager, they may require more than forty work hours per week. (See Appendix C). It was also intimated that staffing managers are discouraged from accruing overtime.

¹ Orders coded as Temp to Hire were more prevalent in Group 5 (orders filled 22 days and beyond). This is included to guide our projections for improvement. Temp to Hire orders will naturally have a longer close cycle not necessarily as a result of the listed obstacles.



Proposed Goals

Time to Fill Goals

Based on the numerical analysis of Time to Fill relative to gross margin, the focus of the Business Impact Analysis was on orders that failed to close before 14 calendar days. As indicated below, an improvement in these groups would have the most impact to gross margin.

Time to Fill		Group 1	Group 2	Group 3	Group 4	Group 5
Calendar Days		0-3 Days	4-7 Days	8-14 Days	15-21 Days	22+ Days
Current % Filled		36%	29%	18%	12%	5%
% GM Loss Per Group		0.00%	14.60%	17.60%	41.50%	82.00%
Gross Margin Group Total		19.46%	16.62%	16.03%	11.38%	3.50%
GM Aprx Average		16.29%				
Aprx Annual GM Total		\$14,007,391				
Goal % Filled		40%	35%	18%	5%	2%
Gross Margin by Group		19.46%	16.62%	16.03%	11.38%	3.50%
New GM Aprx Average		17.12%				
New Aprx GM Total		\$14,724,354				
% GM Dollar Increase		5.12%				
GM Dollar Annual Increase Goal		\$716,963				

*Annual and Average GM approximated from a 3 month order snap shot.

The goal reflects a conservative improvement of approximately a 50% reduction in orders filled after two weeks from receipt. This goal raises the total orders filled within one week to 75% of total orders (up from 65%).

We feel the financial improvement of \$700K is very conservative as it does not take into account the possible positive impacts on the following:

1. Customer Turnover
2. Fill Rate
3. Net Promoter Scores
4. Spend Increase Per Customer
5. Margin increases over time due to customer satisfaction.
6. Paving a path to move up the value chain as a result of increased customer relationship and satisfaction.



Process and Culture Initiatives

We advocate the following initiatives in process and culture to achieve the proposed improvements in Time to Fill:

- 1) Improve Customer and Staffing Manager Relationship
- 2) Create a Focused Order Type by Branch
- 3) Improve Bench Monitoring and Coding

Improve Customer and Staffing Manager Relationship

During the BIA Root Cause Analysis, it was agreed that the strength of the staffing manager and client relationship is vital to, among other things, Time to Fill. Additionally, it was the perception of the team that the importance and health of these relationships has deteriorated in the past years.

The following list summarizes the proposed goals to improve the customer and staffing manager relationship:

- 1) Create Best Practices for the customer hand-off between the business development manager and staffing manager.
- 2) Reduce call-reluctance – an increased sense of urgency in customer communication will strengthen customer confidence and client relationship.
- 3) Increase customer trust – a more secure relationship between the staffing manager and customer will increase [REDACTED] position against competitors, paving the way for additional orders, leniency and higher margins.

Considered Metric: Fill Rate, Spot Checks (Possibly focus on top 20%)

Execution: Staffing Manager, Business Development Manager

Responsibility: General Manager

Focused Order Type by Branch

During the BIA Root Cause Analysis, it was agreed the primary driver for orders not being filled within 14 days was the result of accepting customer order types not routinely supported by the branch. Defined here as “orders out of scope”, the branch will not have the necessary applicants on hand to quickly propose candidates for consideration on orders outside of their primary bench strength.

Orders languishing past 2 weeks were frequently seen when the staffing manager needed to start the recruiting process from ground zero – where there is no current pool of reviewed candidates from which to draw.

When an order out of scope is received, the staffing manager must post additional job postings, pull different resume types and interview new candidates. This additional activity is a strong contributor in the delay of orders filled as well as perceived customer service.



We propose that each branch create a prescribed order focus type to include only candidate types currently rotated in their branch bench. As a branch chooses to pivot towards differentiating order types, we recommend building the necessary bench of potential candidates prior to accepting these orders.

Considered Metric: Assigned branch focus to dominant order types with bench best-practices for exceptions.

Execution: General Manager and Business Development Manager

Responsibility: General Manager

Improve Bench Monitoring and Coding

Bench monitoring is defined here as the activity of auditing and balancing the types of candidates on bench (active, reviewed candidate) with the types of orders in the sales pipeline. In order to locate and recommend candidates more quickly, the BIA Root Cause Analysis team agreed that more consistent bench monitoring is required to limit Time to Fill.

Additionally, resumes are not consistently skill-coded. Omitting this step was seen to cause delays in T2F. When resumes are not coded, the immediate team and back up team (managed by Beth Turner) have no visibility into qualified candidates. As a result, staffing managers may have to review resumes multiple times and/or unnecessarily begin a recruiting function from ground zero.

Considered Metric: Balance of sales pipeline vs. recruiting and existing candidates

Considered Metric: Percent of orders coded

Execution: Staffing Manager, General Manager

Responsibility: General Manager

Additional discussions, detail clarification and refinements of this list are recommended and further discussed in the section *Recommendations* and *Getting Started*.



Recommendations

Technology

eEmpACT

Stake holders in the M4 BIA had thorough discussions on existing tools and possible enhancements to tool sets that would impact the root cause of orders failing to close before two weeks.

eEmpACT, the staffing and recruiting platform, was thoroughly reviewed. The team analyzed the faults and competencies of the software to determine its viability for the next 12 months.

Though still being supported, the version of eEmpACT currently deployed is approaching end of life. As a result, the ability to make custom modifications is not offered by the manufacturer. Obstacles include:

1. Inability to auto assign start dates on orders that require multiple fills
2. Inability to auto close orders given specific parameters (i.e. orders open past 6 months)

Nonetheless, it was unanimously agreed by the M4 BIA team that a change in the platform (either to upgrade or replace) would not significantly impact our goal to close orders in less than two weeks. Additionally, though a change could improve the accuracy of T2F data, it was generally agreed that a change in culture, consistent process and accountability would have a greater affect towards this goal.

eEmpACT Additional Features

██████████ currently owns and has the ability to deploy additional eEmpACT features that would have an impact on the T2F goal. Recommendations include:

- 1) Call-Em-All: a tool that would assist in recruiting by automating candidate contact.
- 2) Ability to send emails from within eEmpACT
- 3) Data Clean-Up (i.e. deleting staffing managers who are no longer with the team)
- 4) Automatic e-approvals disabled (submitted resumes immediately marked in system as active)

Considerations to implement the above include:

- 1) Communication with IT on needs for data clean up and prioritization moving forward.
- 2) End-user training on the ability to leverage existing email functionality
- 3) Communication with IT to enable the Call-Em-All functionality and end-user training
- 4) Cross company branch agreement on automatic e-approvals being disabled.

These considerations are fully addressed in the M4 Value Optimization Program with refinement and implementation detailed in the section *Getting Started*.



Video Conferencing

With respect to root cause analysis findings on candidate interview no-shows and customer relationship building, the use of point to point video conferencing was discussed.

It was agreed that the use of video as an interview tool would not have enough impact to justify costs. At this point, [REDACTED] primary candidate market may not have the necessary hardware to leverage video functionality. It is recommended, as [REDACTED] moves up the value chain in order type, to consider point to point video in order to reduce recruiting times relative to interviewing.

Positive impact on T2F using point to point video is considered a viable tool for staffing managers to develop customer relationships. The ability for customers to see and connect with the staffing managers would greatly increase customer intimacy as these individuals rarely meet face to face.

Considerations for this tool include:

- 1) One-Click Join for customers – selecting a tool that does not require the customer to download or register to participate in a video call.
- 2) Field Testing – Selection of a low-bandwidth product and field testing would be necessary to ensure success.

These considerations are fully addressed in the M4 Value Optimization Program with refinement and implementation detailed in the section *Getting Started*.

Process and Culture

Accountability

Accountability of the General Managers, Staffing Managers and Business Development managers was unanimously and repeatedly cited as the critical prerequisite for success in any of the initiatives listed for process and culture improvements. These include but are not limited to:

1. Monitoring bench relative to sales needs.
2. Monitoring unfilled orders.
 - a. Order documentation notes
 - b. Resume coding for skills and Ultra Match.
 - c. Accurate start/close date of orders
3. Prioritizing and monitoring consistent customer communication and relationship development.

Recommended metrics and responsibilities for the above are previously addressed in the section *Proposed Goals, Process and Culture Initiatives*.



M4 Customized Workshops and Follow-Through

As suggested by the M4 Value Optimization Program, we recommend both leadership and staff workshops to establish buy-in and drive best practices with respect to the suggested goals and initiatives for improving Time to Fill.

With any organization, addressing the corporate culture, desire for the status quo and the team's buy-in and support are critical to success. These requirements are frequently overlooked, labeled as insurmountable; or, expected to change naturally as new initiatives are introduced.

The M4 Leadership Workshop and End-User Mastery classes are custom designed to address your organization's process goals, culture requirements and technology initiatives. The shell of each course is based on research and principals from the Neuroleadership Institute as well as other prominent work in behavioral psychology. This differentiator enables buy-in from your team, while providing techniques and motivation to move past the status-quo. Additionally, the leadership team is provided with tools to manage their employees through these changes to ensure sustainable success.

Unlike traditional training classes, the M4 Workshops are customized and include follow-through communications for several months after the engagement. With any change initiative, no matter how thorough the pre-assessment, adjustments and modifications after the workshop will be required. M4 remains as a facilitator to communicate across teams to assist in overcoming hurdles and remaining on course.

These efforts tightly coordinate with the goals and metrics-dashboard agreed upon in the M4 Business Impact Analysis. The M4 BIA defines and numerates the objectives so that the M4 Workshops can direct and mold the required changes. The third construct of the M4 Value Optimization Program completes the circle by facilitating communications to overcome obstacles and monitor the progress towards the defined goals.

M4 Customized Workshops

After Initiative Refinement and approval, the Techlaborate team develops and writes customized modules to achieve each goal. The modules are designed to establish buy-in and pave a path for success. Our goal is to create a workshop that drives team agreement as well as providing a methodology to complete each initiative, while arming leaders with tools to manage through the change.

As noted in *Recommended Steps to Execution*, these sections are reviewed with executive stakeholders for approval prior to workshop commencement.

Workshop	Leadership	Staffing Managers
Course Length	5-8 Hours	8 Hour Minimum
Max Attendees	15	20



Getting Started

Initiative Refinement

Step	Stakeholders	Objective
Agree to Execute on each Initiative	Executive Team	<p>90 Minute Meeting</p> <ul style="list-style-type: none">• High level review of initiatives• Initial Feedback, Direction• Approval to Execute• Determine teams for refinement• Set Goal date for Initiative Refinement completion
Refine Initiatives, define goals and recommended metrics	Assigned Teams Per Approved Initiative	<p>90 Minute meetings with each team (as needed)</p> <ul style="list-style-type: none">• Refine and/or define goals and recommendations for each approved initiative:<ol style="list-style-type: none">1) Accountability2) Focus Order by Branch3) Bench Monitoring and Coding4) Customer-Staffing Manager Relationship• Define recommended Metrics for each Initiative
Review Technology Initiatives	Assigned Teams Per Approved Initiative	<p>90 Minute meetings with team (as needed)</p> <ul style="list-style-type: none">• Refine technology goals and needs• Define Tools• Establish necessary pilot programs• Establish timeline, team and necessary tools for company wide deployment• Designate team lead for on-going communication and responsibility



M4 Value Optimization Program

		Define Metrics
Final Approval for Initiative Goals and Metrics	Executive Team	90 Minute Meeting (Conclusions and recommendations from above meetings sent prior) <ul style="list-style-type: none">Review, refine Initiative Goals and MetricsApprove to ExecuteApprove Field Pre-SurveyDesignate contacts for custom training development.Set Goal Dates for M4 Workshop content approvalSet Goal Dates for M4 Workshop commencement
Final Approval for M4 Custom Training	Executive Team	60 Minute Meeting (Customized sections sent prior) <ul style="list-style-type: none">Review full course outlineApprove customized sections

The M4 Follow-Through includes:

Follow-up interviews and surveys with leadership and end users (specific users selected during workshops and recommended by leadership) occur at the following intervals, post workshop completion:

- 2nd, 4th and 8th Week
- 4th, 6th and 9th month (includes dashboard measurement)
- Anniversary date: Post survey, final dashboard measurement, summary of achievements and obstacles, recommendations.

M4 Follow-Through consist of interviews and surveys with designated stakeholders to ensure management support, end-user adoption and initiative viability; as well as, communication of impediments and assistance in designing necessary resolutions.

Closing

Techlaborate sincerely appreciates the opportunity to work with your team on the M4 Business Impact Analysis.

We look forward to continuing the M4 Value Optimization Program to enable and sustain the recommended initiatives impacting Time to Fill. Custom quotation for Initiative Refinement, Custom Workshop Modules and Follow-Through available upon request

For additional questions and information, please contact:

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Appendix

