BROKERING UP

THE ROLE OF TEMPORARY STAFFING IN OVERCOMING LABOR MARKET BARRIERS

REPORT ON THE ALTERNATIVE STAFFING DEMONSTRATION 2005-08

The
CENTER *for*
SOCIAL
POLICY
McCormack Graduate School
at **UMASS BOSTON**

2009

THE CENTER FOR SOCIAL POLICY

The Center for Social Policy provides expertise on policies and practices that reduce social and economic inequities in Massachusetts and the nation. The Center accomplishes its mission through active engagement with policymakers, researchers, service providers, and those communities most directly affected by local, state, and federal social welfare policies. It conducts applied research designed to inform public debates. The Center also conducts evaluation projects and collaborates extensively with agency and program staff throughout the design and implementation phases of a study.

The Center is part of the John W. McCormack Graduate School of Policy Studies at the University of Massachusetts Boston, a university with an urban mission. In carrying out its projects, the professional research staff collaborates with faculty and graduate students from the University.

BROKERING UP:

THE ROLE OF TEMPORARY STAFFING IN OVERCOMING LABOR MARKET BARRIERS

Report on the
Alternative Staffing Demonstration
2005–08

Françoise Carré

Brandynn Holgate

Helen Levine

Mandira Kala

Center for Social Policy

John W. McCormack Graduate School of Policy Studies
University of Massachusetts Boston

2009

Acknowledgments

Table of Contents

Tables

Unless noted, all tables report data by site

Figures

Unless noted, all figures report data by site

Abstract

Alternative Staffing Organizations (ASOs) are social-purpose businesses created by community-based organizations and national nonprofits to "broker up" job seekers, starting with temporary assignments and forming bridges to better jobs. Funded by the C. S. Mott Foundation, the Alternative Staffing Demonstration examined four ASOs around the country for a three-year research project, with 18 months of close monitoring, exploring, and assessing the ASO model. The Center for Social Policy studied how ASOs structure the services they provide, handle day-to-day management issues, and sell their services. We found the ASO model was variously adapted to generate short-term employment, build work experience, provide a step to better employment, and/or overcome the effects of discrimination. ASO temp jobs paid higher than the minimum wage, and clerical jobs comprised the majority of assignments in three sites while blue-collar jobs dominated in the fourth. Workers valued getting detailed job information and receiving ASO staff support on their assignments. ASOs sell staffing services to customer businesses by emphasizing their service quality and efficiency; some do so by promoting their social mission. Customer businesses use ASO services to screen potential hires and to fill entry-level positions. They value the ASO knowledge of worker strengths and limitations. Revenue generated by a markup on assignments, charged to the businesses, pays for administrative costs of the job-brokering function, stretching grant resources to cover support services across a larger group of workers.

Executive Summary

Alternative Staffing Organizations (ASOs), which first emerged in the 1970s, are social-purpose businesses created by community-based organizations and national nonprofits. Other workforce development efforts offer job readiness training and a variety of services to support the work search and the job seeker, but the ASOs we encounter in this study run temp agencies. They place their job seekers—those who face barriers to steady work—in temporary positions with employers with whom they contract with the goal that employees will learn needed skills to make them more employable and, in the best case, that the temporary job will become a permanent one.

In 2005, the C. S. Mott Foundation launched the Alternative Staffing Demonstration (ASD), which funded four ASOs and a three-year research project to assess the value of the ASO model. The Mott Foundation contracted with the Center for Social Policy (CSP, University of Massachusetts Boston) and Public/Private Ventures (P/PV) to examine different aspects of ASO activities. CSP focused on ASO structure, organization, scale of operations, and customers.

This report by CSP examines how each ASO structures the services it provides, how it handles day-to-day management issues, and how it sells its services. The research project asked:

- In what ways can, and does, the ASO model vary across different organizational and market contexts?

- What are the core elements of the ASO model? What are the shared characteristics across different contexts?

- How do contextual factors affect the ASO's operations and outcomes? By contextual factors, we mean the parent organization that gave rise to the ASO, the population of job seekers to be placed, and the customer base for staffing services.

The four sites funded for this study are located across the country and include staffing services created by two community-based organizations: First Source Staffing (FSS), created by Fifth Av-

enue Committee of Brooklyn, NY, and Emerge Staffing (Emerge), created by Emerge Community Development, an affiliate of Pillsbury United Communities of Minneapolis, MN. The ASOs also include two created by local affiliates of national nonprofits: Goodwill Staffing Services (GSS), created by Easter Seals-Goodwill, of Boise, ID—as well as a start-up satellite office in Nampa, ID—and Goodwill Temporary Services (GTS), created by Goodwill Industries of Central Texas, in Austin, TX, and now named Goodwill Staffing Services Austin.

After monitoring the sites for 18 months in 2006-07, we found that the diverse parent organizations in the demonstration adapted the ASO model to meet the specific needs of their target population and used it to complement other approaches they follow to serve this population. They also adapted the ASO model to meet varied goals for their service population: to generate short-term employment as an immediate source of earnings; as a means to build work experience or a work record, as a step to more stable and better employment; and/or as a means to overcome the effects of discrimination.

ASOs have two customers: the workers who face barriers to employment and need job experience, training, and jobs; and the employers who need workers. The personal attention paid by the ASOs to their workers' needs and job preparation as well as their candid approach to prospective employers give them the ability to meet the goals of each group and serve their mission-directed ends. Feedback on the "fit" between business strategy and mission is immediate. Workers perform or not; customer businesses are satisfied or not. Adjustments to the service are possible because of frequent interaction with customer businesses.

The ASOs in this study varied greatly in the volume of temporary job assignments that they generated over the 18-month study. Their volume ranged from 1,128 workers placed in 2,085 assignments for the largest ASO to 332 workers placed in 994 assignments for the smallest one. But operations vary greatly in their details; the smaller operator conducted business with the largest number of customer businesses of the four. Clerical jobs made up 75 percent of the assignments generated by three of the

four ASOs; the type of work available varied depending upon the economy of each ASO's local environment, however.

On the whole, the temp jobs that these ASOs locate pay higher than minimum wage but not as much as the area's median wage (the average wage ranged from 50 to 71 percent of the area median depending upon target population and market). But when assessing the quality of the jobs, workers placed, ASO staff, and the study looked beyond wages at the quality of the work environment. What kind of supervision is provided? Does the temp assignment lead to potential jobs with predictable hours and benefits like health insurance? Does the work experience build a bridge to other jobs—an important part of how ASOs "broker up" job seekers in the labor market?

Our study revealed that on average, 15 to 25 percent of the sites' customer accounts active in a given quarter need to be replaced in the next quarter. How to approach the potential customers is a major concern. Some of the ASOs sell their services by emphasizing their service quality and efficiency, others by promoting their social mission. All agree that the quality of service and their ability to customize their service to meet the employer's needs are necessary to retaining customers. Finding the right staff to sell the ASO services has been a challenge to all of the ASOs in this study.

Customer employers use ASO services to screen potential hires when they are staffing up and to fill routine entry-level positions. In some cases, state agencies use ASO services to fulfill state set-aside requirements to give preference to those with disabilities. The customer employers themselves gave the following reasons for using the ASO as a vendor:

- The ASO's staff better understands their business priorities than many conventional staffing companies.

- The quality of candidate screening and the ASO staff's detailed knowledge of job candidates' skills, capacities, and limitations are important.

- The responsiveness of ASO staff, its handling of problematic supervisory issues, and its involvement when troubleshooting is needed.

- The provision of supports, or the ability to refer workers to supports, which is perceived as an important form of customer service.

The ability to deliver workers who are better supported and thus better able to perform seems to be appreciated by long-standing customer businesses. They report that, when quality screening and a well-prepared worker are important, the ASO is more likely to deliver than a larger temp company.

As for the workers themselves, when asked to compare their ASO experience with conventional temp employers, they report that the ASO staff advocates for better positions for them. They also value the more detailed information about the work setting and job requirements they get from the ASO, and the personal interaction with and attention from ASO staff.

The close alignment between assignments, target population, and customer business characteristics that the successful operation of an ASO requires is tempered somewhat by adjustments necessary for the sustainability of the enterprise. For example, ASOs mix the kinds of assignments they fill, including some higher-paying assignments with low-pay assignments, in order to protect revenues. They cross-subsidize assignments for people that are more demanding of staff time. They may also take higher-level assignments from a steady customer business simply to maintain the service relationship. Thus, a minority of people placed do not fit the profile of their target population.

Parent organizations set up the financing structure of the ASOs in a number of ways, depending upon their resources and the network of service organizations available for referrals. Even within the small group of ASOs in this demonstration, we found varied degrees of reliance on grants, public contracts, and public subsidies to cover mission-related costs. By mission-related costs, we mean the direct expenses and "hidden costs" incurred by ASOs because they place job seekers who may need supports and focused staff attention. Also, we found varied levels of expenditure on mission-related costs as a share of total costs across the sites.

In this study, ASO sales revenue ranges from $1.7 million in sales per quarter in one organization to $280,000 per quarter in another (a start-up satellite office of one ASO has smaller revenue still). Importantly, in all, revenue generated by the markup on assignments charged to businesses helps pay the administrative costs of the job-brokering function of the ASO (e.g., testing, job matching, and payrolling). This income stream enables ASOs to reserve private grants and public resources—when they have access to them—for supporting job candidates' personal needs and meeting mission-related costs. This choice is deliberate. In so doing ASOs stretch grant resources targeted at job preparation and other support services across a larger group of workers.

The field of Alternative Staffing has acquired a close, in-depth understanding of the employer side of the employment relationship. The experiences of the four ASOs in this demonstration have provided rich material for other practitioners but further research is needed. Eighteen months of data collection is a limited period for a study of this sort. It will be important to determine how those who have participated in the ASO projects fare in the job market during the months and years ahead. Follow-up of the employment status of workers following their employment with the ASO would contribute important information about how ASOs forge paths to other jobs and would help evaluate the role of alternative staffing as a tool among workforce development services.

A closer examination of customer businesses' motivations is needed. Under what conditions do they consider using, or not using, ASO services? Such insights would help ASOs better market their services and would help fledgling ASOs develop their sales pitches.

Finally, ASOs would profit from a more in-depth look at options to improve access to wraparound services as well as access to training resources. This information would substantially improve the ASO track record in forging paths to better quality jobs. Notably, improving candidate access to wraparound services may enable ASOs to consider job seekers with more serious barriers to employment.

Introduction

Alternative Staffing Organizations (ASOs) are worker-centered social-purpose businesses created by community-based organizations and national nonprofits. These organizations have used the model of temporary staffing services to access work experience and potential employers for job seekers who face labor market barriers. This field of practice first emerged in the 1970s and grew rapidly in the 1990s; it now includes over 50 ASOs. Alternative staffing complements other workforce development approaches—job readiness, training, and sectoral strategies—to successfully connect people to jobs and promote career progression.

Building on lessons and exploratory work conducted in the late 1990s and early 2000s,[1] the C. S. Mott Foundation has sought to examine the potential of this innovative job-brokering model to assist two types of job seekers: those left out of traditional workforce development programs and those not fully ready for a conventional job search but who have skills and work experience that place them beyond the reach of supported employment programs or transitional jobs programs. Starting in 2003, the Foundation began to explore the flexibility of the ASO model, its ability to serve different populations and meet different organizational goals, and its potential for connecting job seekers to better employers and jobs (Mott Mosaic June 2004; Fall 2006).[2] Following this early work, in 2005, the C. S. Mott Foundation's Alternative Staffing Demonstration (ASD) was launched. It is a national three-year project in which four ASOs were selected and funded to increase their overall capacity to serve job seekers with staffing services. This document reports on the demonstration.

Prior research has pointed out the tremendous diversity of ASOs nationwide, with multiple variations on a recognizable model. This project, therefore, asked: In what ways can and does the ASO model vary across different contexts? Importantly, what are the character-istics of an ASO? What are core elements of the model? What are the shared characteristics across different contexts? How does the ASO model get adapted and how do contextual factors affect its operations and outcomes? By contextual factors, we mean the parent organization that gave rise to the ASO, the population of job seekers to be placed, and the customer base for staffing services.

To answer these broad questions, the research team of the Center for Social Policy (University of Massachusetts Boston) analyzed the activities of the funded sites to understand the key elements of the ASO model and how it varies with context. This report examines the organizational characteristics and capacity of the four ASOs. It examines in particular the volume and characteristics of job assignments, the way ASOs promote their staffing services and to whom, as well as the revenue sources of ASOs. Importantly, it details the motivations of customer businesses using ASO services and it reports on what workers think about the staffing experience.

The sites include staffing services created by two community-based organizations, First Source Staffing (created by Fifth Avenue Committee) of Brooklyn, NY, and Emerge Staffing (created by Emerge, an affiliate of Pillsbury United Communities) of Minneapolis, MN. They also include two ASOs created by local affiliates of national nonprofits: Goodwill Staffing Services (created by Easter Seals-Goodwill) of Boise and Nampa, ID, and Goodwill Temporary Services (created by Goodwill Industries of Central Texas) in Austin, TX, and now named Goodwill Staffing Services Austin.

This report by the Center for Social Policy highlights lessons and insights emerging from the experience of these four sites participating in the Alternative Staffing Demonstration. We present lessons grounded in the experiences of the sites about the feasibility of this approach as well as its strengths and appropriateness for specific employment challenges and particular workforces. Furthermore, because of their

---

[1] Seavey (1998) examined lessons from several alternative staffing services. Carré et al. (2003) reported on a national survey of the field of alternative staffing as of 2002. This study was sponsored by the Ford Foundation.

[2] In 2003, the Foundation began its first ASO initiative with funding three large staffing services, with considerable experience: Chrysalis staffing services (then Labor Connection), Harborquest of Chicago (then Suburban Job-Link), and Goodwill Temporary Services of Austin. The project resulted in a report to the Foundation (Carré and Seavey 2006).

daily interaction with customer businesses, the ASO experiences provide insights into the priorities and factors that affect hiring decisions of those who use staffing services: those who are potential employers of job seekers whom ASOs aim to assist. This "up close" experience with the world of the workplace, labor deployment, and managerial approaches is particularly useful to workforce development organizations and other actors who operate outside the conventional business world but interact with it. Practitioner communities will find the experiences of ASOs of interest. They include organizations focused on community development—workforce development in particular—as well as human service providers who wish to use employment-centered interventions. They also include potential employers who can draw insights on how to employ a workforce made up of job seekers who face barriers. Of course, findings will also be relevant to the field of alternative staffing as a whole, both established and fledgling ASOs and those beginning operations. Funders in private philanthropy as well as the public sector and policy actors will similarly find insights relevant to their concerns.

A companion report was prepared by Public/Private Ventures of Philadelphia, PA (P/PV). P/PV was charged with examining each ASO's motivations, operations and outcomes through the lens of workforce development. P/PV also wanted to understand how these social-purpose businesses assist individual job seekers by coupling job brokering with supportive services (See *A Foot in the Door* at www.ppv.org).

Following this introduction, we first review what brought organizations to create Alternative Staffing Organizations, and what the ASO job-brokering model entails. We then provide a profile of each of the sites and a graphical representation of the ASO organization. In subsequent sections, we review the job opportunities generated by ASOs and the income and costs of these social enterprises as well as selling practices. We then provide insights into the perspectives of customer businesses, potential employers, and those of workers. The conclusion highlights key findings and their implications.

Why Alternative Staffing

Gaining access to entry-level positions in the U.S. labor market continues to be a challenge for some job seekers. They face barriers to employment due to limited recent work experience or personal background, and they face market barriers such as institutional discrimination. As a result, some job seekers encounter difficulty identifying good employers as well as jobs that have desirable characteristics. By desirable characteristics, we mean basics such as the provision of a safe working environment, above-poverty wages, access to benefits, and some prospects for progression.

Job seekers also face a transformed employment picture, with more frequent job change and less predictable career paths for all workers. For better or worse, the U.S. labor market now includes a significant share of employment arrangements of limited expected duration and, more importantly, the jobs are brokered by an intermediary, be it a temporary help staffing firm or a subcontractor (Capelli et al. 1999; Doeringer et al. 1991; Osterman et al. 2001). Job candidates for entry-level positions are particularly affected by these trends. Most notably, the temporary help/staffing industry plays a significant role in job access and lateral mobility for workers in light industrial, clerical, service, and healthcare entry-level positions. The temporary help industry, which places workers on assignment with customer firms for a fee paid by the customer, grew rapidly in the 1980s and 1990s. It now accounts for about 1 percent of total civilian employment (U.S. Department of Labor 2005).[3] According to industry sources, on a daily basis, the temporary help/staffing industry accounts for nearly 3 million workers (Berchem 2008) while, over the course of a year, a far greater number of people cycle through temporary (and contract) assignments.[4]

Essentially, the temporary help industry brokers job seekers into jobs and retains the payroll employer ("employer of record") responsibility for workers. Meanwhile, the customer company has supervisory responsibility; it pays a pre-

mium on the hourly wage for the job brokering and to obtain an arm's length relationship with workers. For job seekers facing barriers to employment, job brokering presents risks as well as opportunities. The principal risk is well known. For some worker categories, employment through a conventional temporary help company can be associated with lower-quality employment as compared to regular employment (Kalleberg et al. 2000; Autor and Houseman 2005). News stories and personal accounts abound about the low quality of day labor temporary work in light industrial and construction settings (Parker 1994; Hanson 1996; Peck and Theodore 1998). There are certainly reasons to beware of some operators, and jobs, in the temporary help sector.

Conversely, job brokering can present opportunities for job seekers facing barriers. Their broker may better represent their skills and potential than they can on their own and it may provide an entrée to settings that would otherwise be difficult to reach. Furthermore, staffing agencies may have access to large employers whose primary means of recruiting is through temporary staffing; it is the principal means of accessing their entry-level jobs. (Of course, this potential benefit is only fully realized if the broker has the worker's interest as a priority and speeds the process of conversion to the customer's payroll.) Finally, there is preliminary evidence that getting connected to a better-quality employer—rather than maintaining tenure with a single employer— is a means to improve earnings for low-wage workers. Furthermore, temporary staffing, because it is a vehicle for lateral job mobility, may increase the odds that a low-wage worker will connect to a higher-quality employer. These findings temper the aggregate negative assessments of temporary help employment because they focus on workers who have a history of low-wage employment (Andersson, Holzer, and Lane 2005; 2007).

In this environment, national nonprofits and community-based organizations with a commitment to workforce development have stepped in and spawned Alternative Staffing Organiza-

---

[3] The establishment survey, which counts jobs rather than people, finds almost twice this volume of temporary help jobs in the country.

[4] Industry statistics now combine temporary help and contract labor services.

tions (ASOs). They have done so to capitalize on the access to employment that temporary staffing can provide and in order to broker job seekers facing barriers into jobs with higher-quality employers. Starting as early as the 1970s, organizations concerned with job access for job seekers facing barriers have taken account of the changing employment picture for entry-level positions. They have explored varied means to accomplish several goals: first, to expand options for labor market entry; second, for building up the track record of work experience of job seekers; and, third, for remedying the shortcomings and risks of job options available to job seekers facing barriers.

The first ASO, Harborquest in Chicago, IL, is now over thirty years old but most other established operations were founded during the 1990s. The field of alternative staffing grew rapidly during the 1990s as the temp industry as a whole grew quickly and nonprofits availed themselves of this new mechanism for job access. Initially, ASOs sought to create "new avenues into jobs" (Seavey 1998) for job seekers not served by other mechanisms. They aimed to complement other strategies for workforce development including skill training, conventional job search, and supported work programs. Over time, some saw income generation as a way to offset some program costs and, even in some cases, to generate net revenue for other services (Carré et al. 2003; Seavey 1998). With their own staffing services, organizations with a social mission have sought to serve specific employment needs in their varied mission populations, to buttress the positive role of job brokering, while sheltering vulnerable job seekers from the dangers of certain forms of for-profit temporary staffing, in particular dangerous and exploitative day labor.

Today, as we noted above, the field of alternative staffing consists of about fifty organizations in the United States and Canada with a few more currently in planning. A broad range of organizations has given rise to ASOs (Carré et al. 2003). They include community-based organizations engaged primarily in social service, economic development, or community action. For many, the ASO has been added to other job readiness and job search activities programs. Some have worked with the ICA Group, a national nonprofit organization that collaborates with these organizations to form and fund businesses with a social mission.[5] Independent nonprofit agencies affiliated with Goodwill Industries International have spawned staffing services often as a complement to other training and contract-work programs. ASOs themselves span a broad range of organizational forms, scale, type of worker served, and market strategy—in fact, this great variety in form is a hallmark of the ASO model. Most are nonprofit for tax reporting although a few have for-profit tax status; either of these statuses reflects an organizational choice about how to access start-up capital and resources for some of the supports for job candidates.

A professional association, the Alternative Staffing Alliance, was formed in 2007 for information sharing and to represent the field's concerns in policy discussions; it is shepherded by the ICA-Group of Brookline, MA. It had become apparent in the field survey conducted in 2001-02 that ASOs encountered common challenges to growth such as access to funds for capitalization, recruitment of sales staff, or adapting market strategies to changing conditions.[6] Thus the Alliance was formed to address the need for the "means to help alternative staffing programs access technical assistance, collectively address policy issues, and help expand the sector by supporting other organizations interested in launching similar ventures" (www.altstaffing.org).

---

[5] See www.ICA-group.org.

[6] See by Carré et al. (2003). Similar issues had surfaced in work prepared for the U.S. Department of Housing and Urban Development, Pew Charitable Trusts, and the Center for Community Change (Seavey 1998).

The ASO Job-Brokering Model

ASOs have a dual goal. On one hand, they provide job brokering for workers who face barriers to employment and, on the other hand, they deliver fee-for-service staffing services to customer businesses (or employers)[7] who need workers. This dual orientation (two customers) makes ASOs intriguing tools to serve job seekers facing barriers as well as interesting vantage points from which practitioners with a commitment to job development for these populations can learn a great deal about the world of work as seen through the lens of employers. Among labor market intermediaries, staffing companies tend to have deep relationships with their customer businesses, while training programs tend to have deep relationships with their clients, the job seekers. ASOs seek to maintain equally deep relationships with both job seekers and customer businesses.

Harnessing the power of job brokering

For workers who face barriers in the labor market, and have little bargaining power and are therefore vulnerable, job brokering has the potential to help when performed with the goal of furthering the job seeker's position in the labor market.

Job brokering achieves several goals for the job seeker when it is performed well. It provides access to employment and, later on, can speed transitions from job to job. When job brokering is put to work for job seekers—as it is with Alternative Staffing— it can become a powerful tool to address a range of issues. It can facilitate reentry for workers who have limited or interrupted work experience due to the following: public assistance experience, homelessness, lack of reliable child care, illness, disability, incarceration, dislocation with subsequent unemployment, or a combination of these factors. Lack of work experience may result from a spotty work history. It may also result from repeated encounters with discrimination in the labor market.

Job brokering can circumvent a number of obstacles to reentry in employment. It can defuse employer resistance to hiring a worker with little recent work history by vetting the worker's personal and professional background, testing for skills, and disclosing the strengths and limitations of the worker—and how these have been addressed.

In effect, job brokering works by mediating risks of hiring for prospective employers (and for workers as well). By taking over the employer responsibility for the worker, it allows the customer business to maintain an arm's length relationship. The job broker takes the risks of screening, hiring, payrolling, and, when needed, firing the worker but also provides information about the worker. These actions limit the risks of hiring for the employer.

For the worker, job brokering provides sorely needed means to assess employer and job quality, information that is often difficult for vulnerable job seekers to obtain on their own. It also provides information necessary to good performance during assignments. This means understanding the work setting, culture, job expectations, and rules of supervision. The job seeker, then, benefits from entry into employment as well as crucial information for job performance.

These are the strengths of the staffing model, the job-brokering model, which ASOs have sought to build upon and exploit to the benefit of the job seekers they seek to represent. They have intervened in the world of staffing to harness the power of this labor market intermediation model but also because they have witnessed staffing operators that serve poorly the needs of job seekers facing barriers (Carré et al. 2003). Job seekers who find themselves turned down or waiting long periods of time for assignments from conventional staffing companies that are less willing to take risks on them are wont to register with an alternative staffing service, if one is accessible.

ASOs therefore build the positive strengths of the job brokering or staffing model by expanding skill assessment, strengthening worker capacity to hold a job thanks to referral to, or direct provision of, supports to employment, and by mediating the interactions between worker and the workplace if needed. In so do-

---

[7] We use the terms customer businesses and customer employers throughout the report.

ing, they move beyond the functions that are performed by conventional staffing companies. They do so because they act on behalf of the job seeker while, concurrently, reckoning with the fact that service to the customer business is key to the ongoing generation of assignments, and therefore job opportunities for the populations they serve. This dual goal compels ASOs to focus on worker preparation and worker performance both because this is the primary means to ensure that the job seeker has the best chances to remain employed and because this is how to best provide a staffing service to the customer business. In so doing, ASOs incur costs that conventional staffing companies do not (see later section).

What job seekers stand to gain from alternative staffing are, to start, job access and earnings. For some job seekers, quick access to earnings is what has brought them to temporary staffing to begin with. A more durable and valuable benefit for workers is the (re)building of work experience that will lead to greater "employability" (Kanter 1993). The model for career improvement that ASO directors and staff articulate and abide by is that the work experience obtained through staffing assignments, along with the proper oversight from ASO staff, leads to further employment opportunities and enhances employability. It is through accumulating work experience and building a record that job seekers improve their employment prospects. The ASO field aims to use the temporary assignment to connect to longer term employment. Conversion to a permanent job may occur while the worker is on assignment—in fact, it is by far the preferred outcome among ASOs. Yet it is not frequent. Rather, career improvement is sought and obtained through documented work experience, developing skills to handle multiple work places, perfecting job search skills, and connecting to other jobs over time. It is the task of ASOs to ensure that job access happens swiftly and successfully, and that job performance be sustained, so that other job opportunities can be grasped.

As will be seen in this report, ASOs must think strategically on several fronts in order to deliver a sustained flow of job assignments and to ensure that job seekers have the best chance

to perform while on assignments. They must think about the market for staffing services, the services they must provide to customer businesses, and the costs they must incur to support workers prior to and during assignments.

ASOs operate in two worlds

ASOs are recent arrivals in both the world of social entrepreneurship and that of workforce development. Within the world of social enterprises, ASOs distinguish themselves by selling a workforce development "product." The "product" of the social enterprise is a service for businesses and, concurrently, a workforce development function for job seekers. The workforce development function itself is embedded in the social enterprise; it is the mission goal but also the product, that is, the means to generate income. The product of the social enterprise—job brokering—is the direct means to meet the social mission. Another, though slighter, distinction is that ASOs make use of the relative ease of entry into the staffing industry— start up costs are lower than in starting a manufacturing operation, for example.

Within the world of workforce development, ASOs also are "hybrids." They provide free employment and job development services for job seekers but they are fee-for-service organizations with respect to the staffing services that they provide to customer businesses. They provide intermediation between job seekers and customer businesses as well as with the network of external or internal services that support employment. They tend to have flexibility as to population served, unlike grant- or contract-funded programs whose resources are exclusively earmarked for one or a couple of target populations. (Exceptions are ASOs whose primary business is serving job seekers with a documented disability.) Though they adhere to a staffing model, ASOs also are flexible as to ways to serve the population of job candidates; for this reason, they often combine a target population with other job seekers facing a varied range of barriers (Carré et al. 2003). While they have established practices, each ASO adapts its practices to the priorities and capacities of its parent organization, the population(s) it serves, and the market segment it has identified—itself a function of charac-

9

teristics of the local economy, the growth of entry-level job opportunities, and the profile of job seekers and its ability to support them. Unlike targeted training programs, for example, ASOs often do not directly coordinate or provide intensive supportive services;[8] they do, however, connect participants to services and address the need for multiple services to make steady job attendance and performance possible.

For the workforce development field, ASOs bear watching because they bring day-to-day experience with the "employer side" of putting people to work. They accumulate experience and knowledge that are relevant to understanding the employer role and perceptions in any employment brokering activity.

ASOs have the potential to grow to large scale in terms of the number of workers served and brokered into jobs and several are quite large, placing over 1,000 workers yearly. As will be seen in this report, the revenues generated from customer fees serve to alleviate the staff and administrative costs of job brokering, expenses that are usually covered by program grants or contracts. In most cases, the revenues generated through this fee-for-service mechanism, because they alleviate administration costs, serve to further stretch the impact of public subsidies and private grant resources that can be targeted, in turn, to worker support activities.

Contributions of alternative staffing

The opportunity to use the brokering function to create access to employment or reemployment serves a definite and specific purpose in the field of workforce development. As Seavey's early work noted, ASOs create "New Avenues into Jobs" (1998) for job seekers. Parent organizations that create an ASO aim it to serve as a complement to rather than a substitute for other workforce development approaches. Successful ASOs:

- Create opportunities for immediate earnings and a first job for job seekers who have had employment interruptions (sometimes with

welfare receipt) and lack a record of recent work experience

- Help job seekers make their way to employers whose primary means of hiring is through a temporary staffing arrangement

- Build mechanisms for effectively interacting with businesses that have assignments and are potential employers

- Provide or connect job seekers to services that prepare workers for employment and/or support their employment, such as coaching, transportation assistance, or child care referrals and subsidies.

ASO job-brokering functions do not typically replace the significant role played by training programs and intensive targeted support programs in the broad field of workforce development. As will be seen, organizations that have spawned ASOs use them to complement other programs. For example, Emerge Staffing coexists with conventional supported job search programs and short training programs (e.g., clerical skills) at Emerge Community Development as well as with a systematic practice of referring out to other workforce development services. First Source Staffing coexists with programs of the Brooklyn Workforce Development Initiatives including basic job search help and sectoral training programs.

Therefore, those engaged in serving job seekers who face labor market barriers can draw valuable insights from the experiences of ASOs. We emphasize that ASOs provide an unusual vantage point on the motivations and perspectives of potential employers. As already noted, by the very nature of their activity ASOs have constant interaction with the "employer side" of the employment relationship. Their staff acquires extensive knowledge about the nature of jobs in the region, the perspectives of managers and supervisors, the constraints and imperatives of workplaces, as well as the opportunities that may be available for career progression. The staff of ASOs brings reports from the field and analysis to others involved in job development and placement in their own organization and among their peers.

---

[8] Those housed in integrated homeless services organizations offer multiple support services.

Similarly, human service providers may use the insights from ASOs as a first step in addressing employment needs. Most notably, for homeless services organizations that have not had extensive involvement with workforce programs, the ASO is a tool for addressing the immediate employment needs. By providing job-brokering services, these organizations can offer their consumers a first step toward connecting to the labor market, and one that is flexible enough to allow for part-time or intermittent work.

Project Structure

For a period of three years, the four sites interfaced with two organizations that monitored grant implementation and their overall activities—the Center for Social Policy (CSP) (University of Massachusetts Boston) and Public/Private Ventures (P/PV), each of which focused on a different aspect of ASO activities. In addition to increasing overall capacity, sites dedicated grant resources to worker support/case management (First Source Staffing [FSS], Goodwill Temporary/Staffing Services [GTS]), to increasing sales capacity (Emerge, FSS), and to opening a satellite office (Nampa office of Goodwill Staffing Services [GSS], of Idaho).

Each site targeted grant resources to specific areas of activity—job seeker supports at FSS and GTS, sales at Emerge, and a new office at GSS—but all aimed to increase the volume of their activity in terms of assignments, or hours worked, or individuals placed on assignments. For the sites, grant resources were concentrated in the first two years of the project while the third year consisted primarily of completing data reporting and reacting to preliminary analyses of research findings.

Site visits including staff interviews and a worker focus group took place every six months (a total of 4 focus groups per site) during the demonstration. Key site staff also participated in four all-site meetings to share experiences, review preliminary findings, and visit the host site. Staff provided the CSP research team with information on job assignments (individual workers were not identified) and customer businesses as well as financial information (revenue, expenses). Additionally, CSP conducted interviews with selected customer businesses.

Site Profiles

Sites differ most on two dimensions: the local labor market and visibility within their communities and among job seekers. Perhaps the most striking contrast across sites is that the GSS-Boise office and GTS operate in a very tight labor market and have had difficulty recruiting workers, while Emerge and FSS have had more job seekers than suitable job orders. This difference is primarily a function of the local labor market—fast-growing in Boise and Austin, and not in Minneapolis and New York City. (The recession of late 2008 has since changed this picture). It is also a function of the visibility of each organization in its community and among job seekers. Among sites, there is also a clear contrast between those that operate exclusively in the private (for-profit and nonprofit) market and the one ASO, GTS, that relies primarily on state set-aside business for candidates who have a documented disability.

All sites in the demonstration and elsewhere have a similar structure. A director or president has administrative, sales, and fundraising responsibilities. The staff include those responsible for candidate assessment (skill, job readiness, need for supports) and preparation for assignment (recruiter); one or more account executives/staffing specialists match candidates to jobs and in doing so interface with customer businesses to take orders and deal with both worker and on-site supervisors (and human resources staff) regarding candidate job preparation and performance. In smaller organizations, staffing specialists also handle recruitment responsibilities. Administrative, accounting, and payroll functions are handled by one or more persons. Where resources permit, a dedicated sales position is staffed and a dedicated candidate support/case manager/retention specialist focuses on assessing the need for support and connecting the candidate to support services, subsidies, or training.

The levels of unemployment (based on county population)[9] differ across sites and influence the ASO's ability to recruit workers. In 2006,

the GSS-Idaho, Boise office (Ada County), had the lowest unemployment rate of 2.4 percent and FSS (Kings County) had the highest at 5.4 percent. Low unemployment, of course, tends to make recruiting more difficult.

The most striking shared feature among the participating sites is that each has experienced staff turnover in key functions over the two and one-half years during which we were in contact with them: account executives/staffing specialists, sales staff or case managers, and in one case the executive director/president left the ASO.

Emerge Staffing, Minneapolis, MN (Emerge)

Emerge /NUT was established in July 1995 and is affiliated with Pillsbury United Communities (PUC). PUC itself is a community organization that grew out of the late nineteenth-century settlement house movement.[10] PUC works in partnership with service and advocacy organizations in several communities in the Minneapolis area. During the 1990s, PUC saw increases in local temporary staffing agencies that offered temp jobs with higher wages and easier accessibility. These agencies were approaching companies with which Pillsbury already had established relationships, piquing their interest in starting a fee-for-service staffing business for their own population.

Emerge/NUT was created as an independent nonprofit organization that operates a number of housing, employment, and community development programs.[11] Emerge primarily provides services to low-income people in North Minneapolis. Emerge Staffing, now part of Emerge Community Development, evolved from this beginning and aims to address poverty and unemployment and, more directly, the lack of recent work experience among job seekers.

The ultimate goal for Emerge Staffing is to place workers into permanent jobs with benefits. But a majority of job seekers do not have specific occupational skills and, in many cases,

---

[9] County is an approximation of the city for each of the four ASO locations. Source of all county data is U.S. Census Bureau, American Community Survey (2006).

[10] These social service institutions began the field of social work and informed the early years of social policy.

[11] See www.emerge-mn.org for details on Emerge Community Development and other programs.

are placed into entry-level industrial positions. Being part of Emerge Community Development, and PUC beyond, means that Emerge Staffing interfaces with other job programs run by the organization including a supported job search program. Emerge Staffing can readily refer job seekers to other programs within the home organization as well as to other organizations in the network in which it is embedded.

After having grown rapidly during the latter half of the 1990s, the ASO's business suffered during the years 2000-01 due to recession in the region and a decline of manufacturing in the Minneapolis urban area. When the Alternative Staffing Demonstration (ASD) began, Emerge was poised to capitalize on new economic growth in Minneapolis. It proposed to use the ASD grant to staff up their sales function, redesign marketing materials and change their marketing strategy, and, eventually, relocate the job business center to a busy commercial artery in North Minneapolis for greater visibility. Specifically, Emerge aimed to regain market share and increase the diversity of their customer base. They would make use of renewed economic activity in Minneapolis and capitalize on an increased demand for temporary staffing services among area businesses.

ASO Structure and Relationship to Parent Organization

The organizational structure at Emerge became more complex during the demonstration as Emerge's business grew in response to community need. The ASO's structure evolved to reflect these changes. In 2006, Emerge started a new work program, StreetWerks Enterprise, a program similar to that run by Chrysalis in Los Angeles. Responsible for providing street maintenance and cleaning services, StreetWerks first provided summer employment to at-risk youth and expanded in 2007 into a year-round adult transitional jobs program. The program offers short-term opportunities to job seekers needing work experience. This includes teenagers (summer), young adults, and ex-offenders from the Northside Job Connections program, another Emerge workforce program dealing with those with prior convictions or involvement with courts. StreetWerks employees are payrolled through Emerge Staffing.

The director of Emerge Staffing oversees StreetWerks as well as the Northside Job Connections, the reentry program for recently released prisoners, and Neighborhood Employment Network (NET) Job Banks, a job placement and retention program. Emerge aims to foster a better understanding of the requirements of staffing and its role within the larger organization. Its goal is to better coordinate its workforce development programs, in particular to increase interaction between job developers in workforce development programs and Emerge Staffing staff.

In addition to the director, Emerge Staffing has a program manager with experience in both for-profit temp staffing and in social services. She and another staff member perform some administrative duties (payroll preparation) as well as job matching, one for industrial assignments and the other for clerical assignments. There is also an administrative assistant for the office. With the ASD grant, Emerge hired a full-time sales person with significant experience in temporary staffing. Over the course of the demonstration, Emerge Staffing experienced staff turnover in administrative positions as well as the IT manager and job developer.

To increase its visibility in the community and improve access for job seekers, Emerge moved as planned in April 2007 to a new building located on the central commercial artery for the North Minneapolis neighborhood. The physical move gathered under one roof the housing and community economic development programs that have come to form Emerge. The central location enables job candidates to walk in easily and register with the service. The move coincided with an organizational change that created Emerge as an independent nonprofit organization, affiliated with PUC (as opposed to Emerge being a PUC program). Emerge now operates with autonomy on a number of issues, including fundraising.

Strategies and Challenges Regarding Customer Businesses

With the hiring of the full-time sales person, as part of the ASD, Emerge Staffing aimed to reduce its reliance on a few customers, to diversify the mix of job assignments it provides (reducing industrial and laborer jobs and

increasing clerical assignments), and to increase its operating margins. For a while during the demonstration, Emerge experimented with expanding outside North Minneapolis, running a satellite office with an address outside the neighborhood to attract new customers with clerical jobs, higher end as well as entry-level. Some of the entry-level clerical job opportunities proved challenging for the ASO to sustain. For a number of workers, the clerical setting was unfamiliar and the work culture of the new customers was more geared to exurban (even rural) workers. By the end of the demonstration, the ASO closed the outside office and had settled on focusing on assignments more likely to be filled by community residents—primarily light industrial assignments.

Strategies and Challenges Regarding Job Seekers and Employees

Emerge draws upon a population of job seekers that is primarily African-American. While African-Americans represent 10 percent of the Hennepin County population, they represent 84 percent of applicants to Emerge, reflecting the demographics of the North Minneapolis population.[12]

Job seekers tend to have income below the poverty line and have a weak employment history, some requiring extensive job coaching. While 6 percent of the Hennepin county population receives food stamps, a third of Emerge job seekers receive food stamps. Nearly half receive cash assistance from the state, more than a third have experienced homelessness, and more than half have no driver's license. Furthermore, a fourth of job seekers have a criminal record. In terms of employment history, 32 percent report an absence from the labor market and 3 percent report having no work experience. (For details on participant data collection, characteristics and opinions of job seekers, please see report by P/PV 2009 at www.ppv.org).

In 2007, Emerge modified its candidate intake process, limiting the people who came in for orientation and filled out application forms to those for whom Emerge Staffing had assignments pending or foreseeable that suited their work background and job readiness. For others, basic information was taken over the phone

for possible future contact and referral to other programs was offered as appropriate. This change was implemented to make the operation more efficient, reducing staff and candidate time spent in this initial stage, and reflecting the fact that there are more candidates than assignments.

The ability of Emerge Staffing to support job candidates is, in large part, a reflection of its commitments to North Minneapolis' population and of being embedded in a large organization with multiple economic development and service programs that operate in partnership with other service organizations and public agencies in the Minneapolis area. As part of ASO operations, Emerge Staffing is involved in overseeing workers who are in job assignments, providing "job coaching" as needed for performance as well as counsel on longer-term job searches or referral to job developers.

The cornerstone of Emerge Staffing's support activities related to employment promotion is the provision of transportation services. Historically, Emerge has provided transportation to worksites for workers. In 2006 and the first part of 2007, it provided transportation to a significant number of job seekers. For example, 7,500 rides to work were provided in the first half of 2006. In the summer of 2007, however, Emerge learned that federal funding for the program would be drastically curtailed and staff developed collaborations with other local organizations (e.g., a charter school) to share transportation costs and recouped part of the cost of the service by charging a fee that was the equivalent of bus fare. As of 2008, Emerge was running five to six vans and transporting about fifty people a day.

Beyond transportation and job coaching from its staff, Emerge Staffing relies on Emerge and PUC overall, for referring job candidates (including those it is unable to place) and workers to other services—be they conventional job search services available through their own programs or those of partners, or referrals to human services (e.g., mental health, substance abuse), or to subsidy programs (e.g., childcare subsidies).

---

[12] All ASO demographic data discussed in this section were collected and analyzed by P/PV from job candidates who consented to provide information to the ASD (Consent rate at Emerge = 99 percent). The characteristics of workers on assignment may differ. See report by P/PV 2009, www.ppv.org.

Going Forward

For Emerge, a challenge is to continue to make up for the loss of transportation resources. Providing transportation to job sites has been crucial in securing access to jobs for candidates who do not have their own transportation and to open job opportunities in areas not reachable by public transportation. The organization has put plans in place to remedy the shortfall.

The recent move to a renovated building in the main commercial area for the neighborhood is expected to enhance Emerge's visibility in the community. It is also expected to make the ASO more accessible to people who come from outside North Minneapolis.

First Source Staffing, Brooklyn, NY (FSS)

In 1998, Fifth Avenue Committee (FAC), Good Shepherd Services, and the ICA-Group[13] established First Source Staffing (FSS). The initial impetus was to create a community-based worker-owned cooperative company and in so doing influence the temporary staffing industry into becoming more focused on workers' needs.[14] Historically, FAC has played an active role in housing and community development in South Brooklyn, most notably developing affordable housing.[15] FSS was a means for the community economic development unit at the time to meet its goals of increasing economic opportunity for low- and moderate-income people by creating jobs, offering training, and starting new community enterprises in sectors that pay a living wage.

FSS is a free-standing entity affiliated with FAC and housed in an FAC building. Unlike other ASOs in the demonstration, it has a for-profit tax status. The mission of FSS has been to provide access to employment for unemployed and underemployed residents of South Brooklyn as well as provide opportunities for skill acquisition. FSS sought to create a mutually beneficial link between residents who are job ready and companies seeking assistance with recruitment, staffing services, and extra support for entry-level workers. In doing so, it aims to improve the quality of temporary employment and increase the success rate of individuals (re)entering the workforce.

ASO Structure and Relationship to Parent Organization

FAC sees FSS as enabling the organization to provide a full range of employment services. Alongside FSS, FAC-affiliated programs include Brooklyn Workforce Innovations (BWI), which runs sectoral skills training programs (such as a commercial driver program, and one for cable installation) as well as a job search and counseling program, Neighborhood Employment Services (NES). The latter runs walk-in centers where job search support and preparation services are available to people who face hurdles accessing employment but are otherwise job ready. FAC's Executive Director sees FSS complementing the neighborhood drop-in center (NES) and the sector-based initiatives (such as BWI) by offering access to a range of services and jobs to populations not served by some of its other programs.

For this demonstration, FSS hired an Employee Assistance Program Director/Vocational Support Specialist to improve the ability of FSS to assess the need for supports and refer out more effectively as well as support workers on assignments, thereby increasing retention in assignments. It also hired a person who focuses on sales as well as managing existing accounts. As part of its aim to expand its customer base, FSS also used a public relations firm to develop marketing materials and increase visibility. With this outreach FSS was seeking a growth in the volume of job placements and revenue as well as access to higher-paying assignments and those with greater opportunities for conversion to permanent positions. A year into the demonstration, the president left for another job. The FSS staff and overall direction has been overseen by the Director of Workforce Development Programs and Activities for FAC. This director has aimed to make FSS staff more embedded in the FAC organization. In the meantime, the staff at FSS were able to handle the daily aspects of worker recruitment, job

[13] Formerly named Independent Cooperative Associates.

[14] Early on, it became clear that FSS does not generate sufficient net revenues and that the workforce is too transient to implement the cooperative structure. Also, it has proved difficult to impact the staffing industry as a whole given its size.

[15] www.fifthave.org

matching, and customer service. All staff were incentivized to bring in customers; a bonus plan was instituted to reward staff for bringing new business or reactivating former accounts.

Strategies and Challenges Regarding Customer Businesses

In the New York City area, even in Brooklyn per se, FSS is a small operator in the very large staffing industry. Its strategy has been to target market segments where the staffing services that it provides are valued, often because the companies are looking for a "try before hiring" temp worker and/or because they are nonprofits themselves and value the association with FAC.

The main line of business of FSS is temporary/temp-to-perm staffing but it also serves as an employment agency looking for suitable candidates for jobs that are "permanent hires." In these latter cases, FSS charges a placement fee to the business (usually a percentage of the annual salary of the job candidate).

For staffing services, FSS has long-standing customers who use clerical workers in entry-level positions. It finds assignments in back office, mailroom, light industrial, and general clerical positions. Being a small operator in the New York metro-area, FSS places a small number of workers in numerous workplaces. It also has long standing relationships with several Brooklyn-based nonprofits that have a recurrent but short-term need for staff. When the president was in place, large prospects were his responsibility. While a search is pending, the sales executive and the operations manager have added smaller accounts, maintained existing accounts, and renewed lapsed customer accounts.

Strategies and Challenges Regarding Job Seekers and Employees

At FSS, African-Americans account for 63 percent of job applicants as compared to 35 percent of the Kings County (Brooklyn) population as a whole in 2006. The job applicants pool at FSS otherwise mirrors the county population somewhat; 20 percent are Hispanic and 8 percent are Asian. Non-Hispanic whites account for 12 percent of job applications (as compared to 36 percent of the county population).

The job applicant pool at FSS reflects the high poverty rate of 23 percent in Kings County: 15 percent have experienced homelessness; 22 percent receive food stamps; and 33 percent receive cash assistance. Also, 88 percent have a high school degree or more; and 14 percent have been convicted of a crime. In terms of employment history, 35 percent of job applicants have had an absence from the labor market and 5 percent have no work experience. (For details, please see report by P/PV 2009, www.ppv.org).[16]

FSS tends to maintain a large pool of viable candidates relative to the number of current or readily expectable job orders; customer businesses expect job orders to be filled quickly. In a local environment of high underemployment, this approach is feasible. Job seekers are found through referrals from job developers in a network of local agencies (including FAC's other programs), particularly those that are cognizant of the requirements of staffing and of the jobs for which FSS needs a match. FSS also recruits through the Web and takes applications from walk-ins. (A résumé is required of all potential "matches" before an interview is scheduled). FSS uses its affiliation with FAC to provide job candidates with the option to access hands-on computer training, self-directed training, and the internet in a computer lab run by Neighborhood Employment Services but available to FSS.

FSS wanted to have the option to deal directly with workers' personal issues separately from the supervisory work relationship. The position of Employee Assistance Program (EAP) Director was designed to help FSS address issues with job candidates before they arise as problems while the person is on assignment. FSS has developed referral relationships with the Brooklyn area network of service agencies but thought it needed to strengthen its capacity for knowledgeable referral. This was particularly important as FSS relies on the this network of providers to con-

---

[16] The ASO demographic data analyzed by P/PV came from job candidates who consented to provide information. It was not possible for P/PV to calculate a consent rate for FSS because they could not separate the number of people who applied from the number of resumes received over the internet (over 8,000) that were largely not considered suitable for the jobs. Because of this, P/PV not able to divide the number of consents (640) by a meaningful number of applicants that included those who did not give consent to participate. See P/PV 2009, www.ppv.org.

nect candidates to support services rather than provide them directly.

It required attention from the staff as a whole to integrate the EAP into the FSS model, to ensure that candidates were connected to it. The program first started with the EAP director seeing people when they received an assignment or were considered for placement. She used strategies to keep job candidates engaged, including a pre-employment group, which is especially helpful to people who have not worked for a temp staffing agency before. While in place, the EAP director was able to meet at least once with about 75 percent of workers with assignments and has also worked to strengthen the FSS referral network.

Going Forward
The New York City area presents particular challenges and opportunities. The size of the market makes it difficult for a small organization to be visible. Conversely, there are numerous pockets of opportunity for job assignments that FSS has been able to locate. The experience that FSS has had with the search for a president illustrates the particular conundrum of staffing a hybrid organization. Candidates from the world of social enterprise need to have an interest in selling a service, a workforce service, while those from the world of social services need to have a taste for outreach and sales to private businesses, for-profits as well as nonprofits.

Goodwill Staffing Services of Boise and Nampa, ID (GSS)
Goodwill Staffing Services was launched in 1996 by the Boise, Idaho, office of Easter-Seals-Goodwill (ES-GW) Northern Rocky Mountain, following other Goodwill models in Oregon and other states. GSS[17] was started to provide work experience and earnings to a broad range of jobs candidates.

GSS was unique in that the primary objective of its ASD grant was to open a satellite office in a nearby city, Nampa. Nampa was chosen as a recruitment site because it had higher unemployment, lower average wages, a narrower range of industries, and a higher incidence of poverty than Boise. The Nampa office was

located next door to a welfare-to-work office, Working Solutions, and an attached counseling clinic also run by ES-GW. Initially, it was thought that Working Solutions would be a source of referrals of job candidates who must meet a job search requirement while receiving the services of Working Solutions. Over time, the Nampa office of GSS has found itself recruiting from the broader Nampa area with less reliance on the welfare-to-work office because Working Solutions candidates did not match well with temporary job opportunities that became available in the Nampa area.

Although key GSS staff have overseen both offices over time, in some parts of the report we discuss the Boise and Nampa offices separately because they have distinct employer bases and face different employment pictures. The Nampa office was operated with a service coordinator, at times a manager, and an assistant but always with management oversight from Boise and with key sales support from the Boise account manager.

ASO Structure and Relationship to Parent Organization
GSS is affiliated with ES-GW Northern Rocky Mountain, a private, nonprofit organization that serves those with disabilities along with disadvantaged families in Idaho, Montana, Utah, and Wyoming. ES-GW provides services in 13 communities across the four-state area. For GSS the parent organization provides administrative operations including accounting, development, information management services, human resources, and payroll, through the regional service center located in Great Falls, MT.

The GSS senior manager, also the ES-GW vice president in Boise, retired toward the end of the demonstration. The ASO is now monitored by a vice president based in Montana with day-to-day operations overseen by a local manager of GSS based in Boise, assisted by a staffing coordinator in Nampa. GSS aims to become "self-sustaining" (i.e., not rely upon resources from ES-GW for basic operation.)

Over time, the Boise and Nampa offices have found it more efficient to integrate administrative functions such as payroll, account adminis-

---

[17] In parts of the report, we refer to the organization as "GSS-Idaho" to avoid confusion among acronyms for organizations.

tration, and other similar functions. They have done so to conserve resources in order to have a person with sales responsibilities in each of the two offices.

Strategies and Challenges Regarding Customer Businesses

In the GSS-Boise office, business volume grew during the monitoring period, with a stable mix of customer businesses (employers). GSS-Boise offers primarily office work, including call center assignments. It has some state set-aside business but that is not the majority of its business (see later sections). One of its state accounts is a payroll account which means the state unit does the recruiting and selecting of candidates and GSS provides administrative support for human resource functions, allowing the customer the benefit of an arm's length relationship with the temporary worker. For the purposes of this study, less can be learned from experience with assignments from this type of customer because the ASO does not offer the full range of services. However, resources from payrolling accounts enable the ASO to service more demanding assignments.

The GSS-Nampa office faced some challenges in finding customer businesses because of the nature of businesses operating there. The region has an employer base of low-pay jobs in agriculture/food processing and light assembly. GSS sales staff focused on the local options for clerical work because of the slightly higher wages in those assignments. For part of the monitoring period, GSS-Nampa had assignments with a call center that had a growing employment base for a brief while.

Sales responsibility for both offices remained with the account executive of the Boise office for much of the monitoring period. Plans were in place to train a new hire to conduct sales autonomously. GSS assesses whether to seek a higher volume of state business based on whether the revenue is sufficient to justify the fee levied for qualifying as state vendor.[18]

In Boise, recruitment was challenging because the labor market is very tight. When the un-

employment rate gets very low, available job candidates face greater challenges. This leads to difficulty conducting matches between the requirements of available jobs and candidates who need additional training or job preparation.

In the Nampa office, the labor market is not as tight; nevertheless it has been a challenge to find appropriate workers for the jobs that the small office has been able to locate. The start-up is working on building up a candidate pool in anticipation of new accounts.

Strategies and Challenges Regarding Job Seekers and Employees

The job seekers at GSS are predominantly non-Hispanic white (76 percent in Boise and 65 percent in Nampa) mirroring the area populations (89 percent in Ada County-Boise and 76 percent in Canyon County-Nampa). In Nampa, 23 percent of job applicants are Hispanic. A large share of applicants faces multiple challenges to employment. Job seekers, especially in Nampa, tend to have incomes below the poverty line. More than half of Nampa applicants received food stamps and cash assistance. About a third in both sites had experienced homelessness, and more than a fourth reported a significant absence from the labor market before applying to GSS. More than two-thirds had driving licenses, a necessity in rural Idaho.[19]

GSS offices employ several strategies to support candidates in obtaining work. They provide basic troubleshooting and support for candidates with items that can be handled on the spot (e.g., résumé help), "quick fixes," to use their words. For any need that requires more intensive services, GSS refers candidates out within the ES-GW service system or to a network of community providers. The account executives check in with customers about a worker's performance, calling customers the day after a person starts an assignment and weekly thereafter. Staff looks for any issues that need to be addressed and also asks if the customer needs any more help. In addition, staff follow up with the employees, calling them at home after the first night on the assign-

---

[18] During the course of the project GSS obtained Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation. GSS can use the CARF accreditation as entrée into state business.

[19] All ASO demographic data analyzed by P/PV from job candidates who consented to provide information. (Consent rate at GSS-Boise office = 35 percent and at GSS-Nampa office = 34 percent). See P/PV 2009, www.ppv.org.

ment and reinforcing the need for employees to call GSS if they are going to have any trouble getting to work. Workers from the Nampa office who came through Working Solutions have access to a more extensive set of support services and subsidies; they can retain those services whose eligibility rules do not preclude earnings.

Going Forward

In Boise, the primary concern going forward was recruitment and how the low unemployment rate affected it. The Nampa office aimed to solidify a customer base.

Goodwill Temporary/Staffing Services, Austin, TX (GTS)

Goodwill Staffing Services Austin was founded in 1995 by Goodwill Industries of Central Texas as Goodwill Temporary Services (GTS) and serves fifteen counties in Central Texas.[20] GTS is the largest ASO of the four in this demonstration. GTS developed in response to the growth in temporary employment. It operates under a state contract to assist persons with disabilities to find work that could lead to full-time employment. To remain in the state set-aside program, GTS must ensure that 75 percent of people sent on assignments have a documented disability meeting the state criteria.

ASO Structure and Relationship to Parent Organization

GTS is a wholly owned subsidiary of Goodwill Industries of Central Texas and is co-located with all other Goodwill programs in the Austin office. Goodwill Industries provides discounts for some administrative, IT, and marketing assistance along with access to nearby Goodwill programs. In turn, GTS adds to the range of work opportunities available to people with disabilities that come into Goodwill ready to work. In addition, GTS refers job candidates to other Goodwill workforce development programs if appropriate, as well as to support services. Net revenue that GTS generates is fed back into the parent, Goodwill Industries.

For the project, GTS planned its hiring decisions to improve sales and marketing efforts (aimed at the private sector) and provide

employee support. As of 2007, staff included a president who also managed the state set-aside contract, a director brought on board during the demonstration who facilitated the work of three staffing specialists/account executives, one recruiter (mostly not on board during the ASD), one sales staff, one case manager, and most recently an administrative assistant (a total of nine full-time and part-time staff). Due to low unemployment rates, the site has experienced difficulty recruiting job candidates and, for this reason, hired a dedicated recruiter. By the end of the project period, the recruiter was able to substantially increase the number of eligible applicants. During the project, the long-standing president took more responsibilities within Goodwill Industries itself, overseeing other staff involved with several of its enterprises and the director took over increased responsibilities for GTS management.

In addition, GTS aimed to build its Employee Assistance Program (EAP) case management capacity to monitor and support at-risk workers while on assignment. It used project funds to hire a case manager to assess and assist clients with access to services. Originally, the case manager was expected to have a graduate-level counseling degree. The first case manager's experience showed there was less need for psychological counseling and more for hands-on assistance solving employees' day-to-day problems, such as identifying child care and organizing transportation. Therefore, the subsequent hires have been college degree holders. The site experienced challenges, shared with others in the demonstration, in hiring and retaining staff in key positions.

Strategies and Challenges Regarding Customer Businesses

GTS sends to customer businesses workers with documented disabilities whom it determines to be "job-ready." It offers customer businesses full- and part-time temporary workers as well as skills assessments, evaluations, reference checks, and background checks for job applicants.

The on-going state set-aside contract held by GTS is administered by Texas Industries for the Blind and Handicapped (TIBH). TIBH

---

[20] GTS was renamed Goodwill Staffing Services after the project ended. We refer to it as GTS throughout this report.

allocates entrée to specific state departments to GTS and Peak Performers, another Certified Rehabilitation Plan (CRP) staffing service located in Austin. Assignments with state agencies are mostly clerical and tend to require a higher education level on the average than what we see in the other ASOs. GTS also has sought other customers, particularly in the health services sector. During the demonstration, it had success with renewing a lapsed contract with a large health service provider. This account grew during the latter part of the monitoring period.

Strategies and Challenges Regarding Job Seekers and Employees

As expected, 71 percent of job seekers at GTS have a documented disability compared to 10 percent of the population identified as having a disability in Austin and Travis County.[21, 22] Relative to the county population, minorities are over-represented in the GTS applicant pool: 33 percent of the job seekers are African Americans (compared to 9 percent in Travis County); 24 percent are Hispanic (as compared 32 percent in the county). Also, 42 percent are non-Hispanic white.

Assignments to state agencies often require a high school degree and a driver's license; 61 percent and 84 percent respectively meet these criteria. GTS applicants may face additional challenges in the labor market. For example, 28 percent of applicants have experienced homelessness, 26 percent receive cash assistance, and 27 percent receive food stamps (higher than the 6 percent of county population receiving food stamps). Compared to other sites, fewer applicants (only 9 percent) have been convicted of a crime; the requirements of state assignments preclude hiring people with a conviction.

GTS reports that the ability to offer some case management has helped with recruitment and completion of assignments.[23] Candidates hear of the service through word of mouth and advertising. The option to offer case management seems to help GTS staff develop stronger relationships with temporary workers on assignment. The case manager's approach is circumscribed and related to addressing problems that interfere with keeping an assignment. For example, the case manager helps workers with mental health problems who have difficulty connecting with community-based mental health services. She develops a "service plan"/contract that elicits a worker's commitment to seek services within 20–30 days. Meanwhile, the case manager calls weekly to monitor and provide the support that the person may "need for that job."[24]

At the beginning of the demonstration, Goodwill Industries took a federal contract to place Hurricane Katrina evacuees in subsidized employment with local nonprofits. The population had different skills and barriers to employment than those with whom GTS was familiar. The contract increased the ASO's workload because the evacuees needed extra support. The federal contract ended within the first six months of the demonstration and affected the volume of activity for GTS during the first quarter of the project.

Going Forward

While working to increase private sector sales, the overwhelming share of its business remains with the state set-aside program, and maintaining state and other local government relationships. GTS's goals are to secure the health sector employer account it renewed, a significant private sector account, and one that entails temporary to permanent opportunities.

---

[21] All ASO demographic data analyzed by P/PV from job candidates who consented to provide information (Consent rate at GTS = 47 percent.) See P/PV 2009, www.ppv.org.

[22] All Austin area statistics are from Travis County, Texas, and are nearly identical to City of Austin statistics. They are from the 2006 American Community Survey, Table S1801.

[23] For systematic analysis, see report by P/PV 2009, www.ppv.org

[24] The case manager reported seeing about 5 temporary workers per day.

Generating Job Opportunities

The work of an ASO is both mission-led and market-driven. ASOs seek to generate business from employers and to recruit workers for assignments while achieving mission-oriented goals like providing supports for low-income workers in the job market or enhancing their job opportunities. Local market conditions, characteristics of the target population, the goals of the parent organization, and the agency business strategy influence an ASO's operation and capacity to meet business and mission goals. The model on the next page outlines how an ASO operates. We find that the ASO model is adaptable to a range of circumstances exemplified by the four sites in the demonstration. By leveraging their strengths and opportunities, ASOs can sustain operations.

This section summarizes three important aspects of ASO operations. First, we describe the size of each ASO, including the number and characteristics of job assignments that each site generates given their unique mix of workers and employers. Second, we examine changes in an ASO's operation during the demonstration and whether an ASO grew, sustained itself, or declined. Third, we provide a brief assessment of some job assignment outcomes, namely assignment duration, hourly wage rates, and conversion from temporary to permanent work.

What kind of job assignments do ASOs staff?

In this section we use four indicators to describe the characteristics of job assignments: their volume at each site, the relationship between the number of workers and the number of assignments, the type of job entailed by the assignment, and the number and type of customer employers with which each site works.

Table 1 shows site variation in the volume of activity as indicated by the number of assignments, workers, and customers (employers) the sites generated from January 2006 through July 2007. GTS runs the largest operation and has the greatest number of workers and assignments. FSS is a much smaller operation with the fewest workers and assignments, but FSS served more employers than any other site. GSS-Idaho[25] and Emerge have very similar numbers, but they staff very different kinds of work as described below.

TABLE 1: NUMBER OF ASSIGNMENTS, WORKERS, AND EMPLOYERS OVER 18 MONTHS							
	Emerge	**FSS**	**GSS-Boise**	**GSS-Nampa**	**GSS**	**GTS**	**Total**[26]
Assignments	994	632	655	233	888	2,085	4,599
Workers	553	332	387	201	583	1,128	2,601
Employers	57	164	54	22	68	105	402
Avg. No. Assignments per quarter	200	121			237	549	

Note: For GSS, some workers worked in both Boise and Nampa offices, and some employers drew workers from both the Boise and Nampa offices. In the GSS-Idaho total, they are counted only once. Hence the number of workers and employers do not exactly add up to the sum of numbers from Nampa and Boise

[25] In tables and figures, the label 'GSS' refers to the Boise and Nampa offices combined.

[26] Total includes unduplicated counts for GSS-Idaho.

THE MODEL

Target Population

Job seekers

Interaction: ASO recognizes a candidate

Candidates

Access to supports

Preparation

Challenge:

Balance business operation of a staffing agency with human services aspect of a workforce development program

ASO

Revenues

Assignments

Mission

MATCH

SALES

Interaction: ASO identifies business opportunities and assists customers' business goals

Job Orders

Job Opportunities
Short-term/ temporary and "temp-to-hire"

Potential Customers

Customers

Other Intermediaries

Business Opportunities:
-Meet short-term need
-Reduce transactional costs of hiring new staff
-Provide opportunities to give back to the community

Workers	Emerge	FSS	GSS-Boise	GSS-Nampa	GSS	GTS
Average workers per quarter	142	85	136	46	216	390
Total workers over 12 months	377	239	267	158	421	809
Total workers over 18 months	553	332	387	201	583	1,128
Average number of assignments per worker	1.8	1.9	1.7	1.2	1.5	1.8

Number of Assignments

An assignment is defined as a spell of employment held by a specific worker with a specific employer over a consecutive period of time. The number of assignments is a good measurement of the size of an ASO's operation (another good measurement is sales revenue discussed in the next section). Throughout the project, we monitored the number of assignments staffed by each site per quarter,[27] counting the cumulative number of assignments underway at any point during each quarter.[28] On average analysis showed Emerge staffed 200 assignments per quarter, FSS staffed 121, GSS-Idaho staffed 237, and GTS staffed 549.

Number of Workers Placed on Assignment

The total number of workers placed on an assignment is a measurement of interest for the workforce development field. Table 2 (above) shows the average number of workers each site placed per quarter, and the unduplicated number of workers placed over a 12-month and then an 18-month period. In keeping with its greater size, GTS of Austin places more workers than other sites on average per quarter. Over the 18-month period, the number of workers who were placed on assignment ranged from 1,128 at GTS to 201 at GSS-Nampa.

Averaging across sites, a single worker was placed on an assignment one or two times by an ASO. Of the four sites, FSS in New York was the most likely to place a worker more than

once, whereas the GSS-Nampa office was the least likely to place a worker more than once.

Type of Jobs

Figure 1 (below) shows the distribution of assignments by job type for each site. Each bar section is labeled with the number of assignments for each job type while the horizontal

FIGURE 1: DISTRIBUTION OF ASSIGNMENTS BY JOB TYPE (PERCENT AND NUMBER)
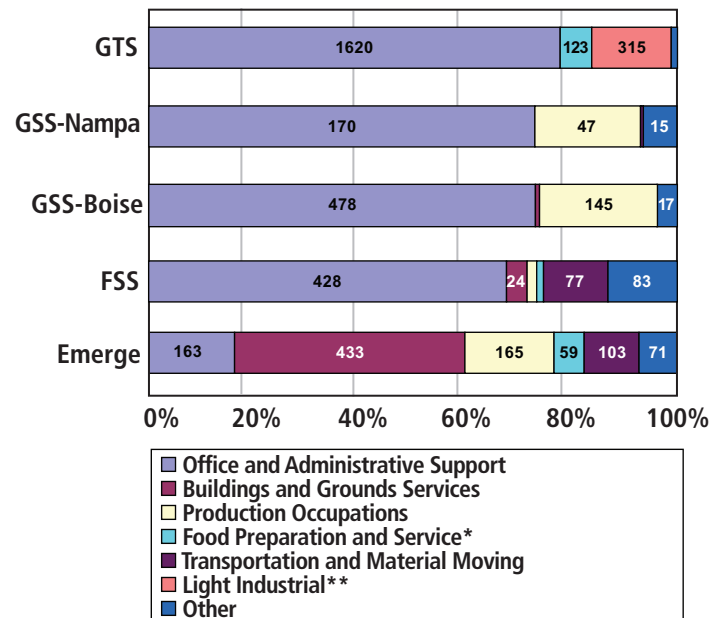
*   Food Preparation and Service jobs may contain some housekeeping assignments for GTS.
**Light Industrial applies to GTS only due to the way they categorize their jobs. Light industrial jobs might include production, material moving, and building and grounds services.

---

[27] Quarters are defined as Q1=January through March 2006; Q2=April through June 2006; Q3=July through September 2006; Q4=October through December 2006; Q5=January through March 2007; and Q6=April through June 2007. We label the first and second quarters of calendar year 2007 as Q5 and Q6 because they represent the 5th and 6th quarters of data collection for the demonstration.

[28] This includes any assignment that was underway when the quarter started or ended and any assignment that was completed during the quarter.

axis shows the percentage distribution over the course of the project. Office and administrative support (clerical) jobs are the most common assignments generated by the ASOs. For GTS, GSS-Idaho, and FSS these jobs constitute roughly 75 percent of all the assignments they staff. These assignments generally entail basic clerical tasks like data entry, call center work, reception, and customer service. The four ASOs staff clerical assignments across a range of industries as well. These industries include public administration, business support, professional services, and nonprofit social and educational services. Emerge staffs far fewer clerical assignments than the other three sites. Forty-five percent of assignments through Emerge are in building and grounds services. This difference results from Emerge's focus on a market segment (e.g., property management services) that provides a better job match for their target workers. Other jobs in which ASOs place workers include production and assembly, food service, and material moving (warehouse work) positions.

Count of Customer Employers

Each site contracts with a different number of employers, as well as different types of employers. The next figure shows the number of customer employers by type of ownership.

It is interesting to observe that the relatively small FSS, with fewer workers and assignments, has a higher number of employers (164 employers) than any other site. FSS generates many smaller accounts with for-profit and nonprofit customer employers as a strategy to compete in the large New York market. In contrast, GTS staffs more than one-third of its assignments with its top three customer employers, all of whom are government agencies with state set-aside contracts. Emerge and GSS-Idaho also utilize some concentrated strategies in addition to staffing a number of smaller accounts with for-profit customer employers. About one-third of Emerge Staffing assignments are within an affiliate of Emerge or PUC, and about 20 percent of assignments for

GSS-Idaho come from its largest payrolling[29] contract with a government unit.

Averaging across sites over the 18-month period, a customer employer generates 12 to 13 assignments for an ASO. However, the ASOs in this demonstration vary greatly in the extent to which they rely on large orders. For example, FSS averages about four assignments per customer employer and GTS averages close to twenty assignments per customer employer.[30]

FIGURE 2: NUMBER OF CUSTOMER EMPLOYERS BY OWNERSHIP TYPE
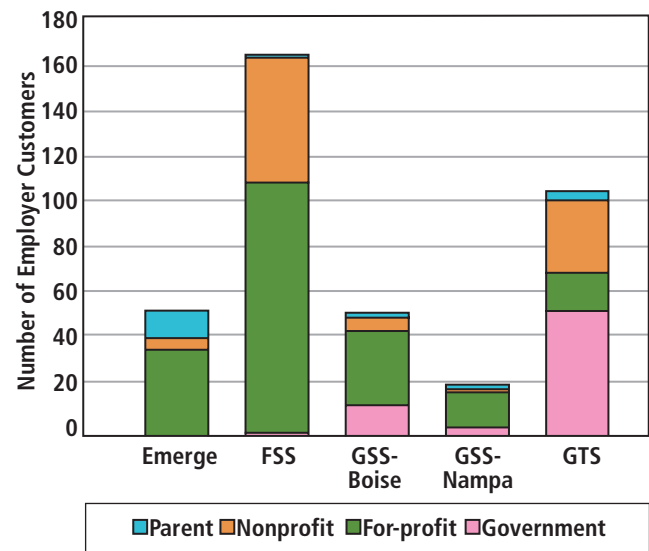
Note: For FSS, customers from government or units of the parent company are negligible.

How did ASO operations change during the demonstration?

In this section, we examine how ASO operations change during the demonstration. In addition to improving supports for their workers, ASOs also sought to increase the size of their operations as a whole, to expand into a new market segment, and/or to maintain the sustainability of their enterprise. Described below are three aspects of operational change that we tracked during the demonstration: change in the number of assignments by quarter, the new assignments generated by the ASO, and the new employer accounts started up.

---

[29] Payrolling is a service that staffing agencies (including ASOs) provide. The customer employer recruits and fills their own positions while the ASO maintains the payroll responsibility for the worker.

[30] The number of assignments per employer was calculated for each ASO; it was: Emerge=17.4; FSS=3.9; GSS-Boise=12.1; GSS-Nampa office=10.6; and GTS=19.9.

a slight decrease in assignments; but it did not have a corresponding change in the number of worker or sales revenue (shown in the next section of the report). GSS-Boise (not shown), did increase its assignment volume, which canceled out a decline in operations for the Nampa office. Although not displayed in figure 3, GTS had a slight increase in the number of assignments within the private sector; nevertheless, private sector business still only accounts for 15 percent of its total assignments.

Change in the Number of Assignments

Figure 3 above shows the number of assignments per quarter for each site. We examine the change in the number of assignments to get a sense of the volume of activity at each site. It is important to keep a couple of things in mind. First, the demonstration allowed for the collection of 18 months of data, which may not be a long enough period to make definite claims about assignment trends. Second, business volume for ASOs tends to fluctuate seasonally and usually dips in the third and fourth quarters of each calendar year. Therefore, the best comparison for this report is between the second quarter of 2006 (Q2) and the second quarter of 2007 (Q6).

Emerge nearly doubled its assignments between Q2 and Q6 (145 and 284, respectively). The increased business volume was part of a larger strategy to diversify its customer base. New assignments were created by adding on new building and grounds cleaning assignments for hotels and property management companies, as well as developing new material moving assignments for manufacturers and wholesalers. FSS, GSS-Idaho, and GTS held their operations fairly constant during the demonstration. FSS did experience

Assignment "Churn"

Assignment "churn" occurs when a worker turns over, when an existing customer employer terminates its business, changes or places a new job order, and when a new account (or customer employer) is signed on. Correspondingly, staff spends relatively more time recruiting, job matching, and selling when there is more churn. Most sites (except GSS-Nampa) generated 100 to 200 new assignments per quarter, while GTS had a flow of new assignments ranging up to nearly 400. Figure 4 reports churn ratios (new assignments over total assignments as a percent); it shows that the highest churn ratio was at FSS, which averaged 84 percent each quarter. There is a similar pattern at Emerge (81 percent). The churn ratio is considerably lower at GTS (54 percent) and GSS-Idaho (57 percent). These differences are largely accounted for by GSS-Idaho and GTS having longer-term assignments with government contracts, while Emerge and FSS rely more on private sector accounts.

New Customer Employers

Figure 5 on the next page shows the different rates of customer employer account ac-

quisition. Each bar section is labeled with the number of new accounts for each quarter. Approximately one-half of all new customer employers for GTS were through the state set-aside program. The other half included new accounts with for-profit or nonprofit customer employers generated by new sales staff and the director. New customer employers for the GSS-Nampa office (not shown separately) were mostly private businesses providing production, warehousing, and call center work. New sales for the GSS-Boise office dipped in Q1 and then again in Q5 because sales staff time was first diverted to opening the Nampa office and then later used to help with the GSS-Idaho CARF[31] accreditation. Otherwise, the GSS-Boise office generated a number of new accounts for clerical work across a range of business sectors including manufacturing, construction, and a number of professional services. New customer employers for FSS again reflect its strategy of generating a number of small accounts. FSS is particularly focused on clerical work across a number of business sectors, much like GSS-Idaho. Additionally, it generated a number of accounts in social and educational services. Emerge also maintained a strong and consistent sales pattern and has diversified its customer base across a range of business sec-

FIGURE 5: NUMBER OF NEW CUSTOMER EMPLOYERS SIGNED UP EACH QUARTER

New customer accounts for the first quarter of the demonstration were taken from the sales data collected at each site.

[31] Commission on Accreditation of Rehabilitation Facilities.

[32] Analysis includes only assignments begun in 2006 to allow time for completion of an assignment and to observe the full duration of assignments.

tors. Emerge did generate several new accounts that placed clerical workers, but their biggest draw has been toward cleaning, maintenance, warehousing, and assembly work for hospitality, manufacturing, and property management employers.

What are some outcomes of ASO operations?

A popular criticism of the ASO temporary staffing model is that temporary assignments are not "good" jobs, being too casual and uncertain (Kalleberg et al. 2000). In this section we provide an assessment of three outcomes that help describe the quality of the assignments offered by an ASO: duration of assignments, hourly wage rates, and conversion from temporary to permanent employment.

Assignment Duration

How long a worker is employed can be measured across a span of time, for example, the number of weeks worked or the intensity of an assignment, measured in hours. Assignments with longer time spans, measured over weeks, are beneficial for workers because they offer more work experience. Assignments that entail more hours give workers more exposure to the demands of full-time work. In addition to benefits to workers, assignments of longer duration that provide more hours generate more revenue for the ASO and can create some economies of scale and keep administrative costs down. Table 3 provides the average weeks per assignment for each ASO, as well as the average hours worked per week while on assignment.

We know from contact with sites that assignments of very different duration are typically due to variations in worker population, customer base, and the type of work performed while on assignment. For example, we know that

TABLE 3: AVERAGE ASSIGNMENT DURATION[32]				
Measure of duration or intensity	Emerge	FSS	GSS	GTS
Average weeks per assignment	3	1	6	8
Average hours per week per assignment	27	16	24	22

state customers for GSS-Idaho and GTS tend to have assignments that continue over the long term. Their average weeks per assignment are more than twice as long as averages for Emerge and FSS. The hours measure allows us to compare full-time and part-time assignments with a single measure (an ASO with mostly part-time hours would have lower hours for a given number of assignments than one generating mostly full-time assignments). FSS may have a higher incidence of assignments that are part-time.

Hourly Wage Rates

Hourly wage rates paid by the ASO represent the value of the job to the worker, but they are also largely a function of the types of jobs the customer employer seeks to fill through temporary arrangements as well as the industry of the customer. Median hourly wages over 18 months of the project had a narrow range across sites: from $9.00 to $10.90 (see Table 4, below). Differences in hourly wages are influenced by regional differences in cost of living. For example, the New York City/Brooklyn area is more expensive to live in while th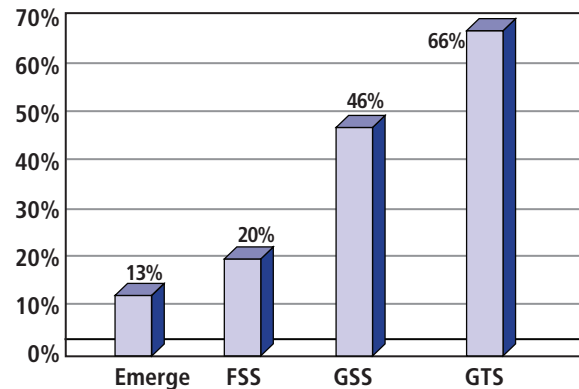e cost of living in, Idaho is considerably lower. To control partly for different costs and job markets, in the second row of Table 4, we calculated the relative wage for each ASO as a percentage of the Metropolitan Area median for 2006.[33]

FIGURE 6: PERCENTAGE OF ASSIGNMENTS ABOVE THE LOW-WAGE THRESHOLD

We also calculated a low-wage threshold for each metropolitan area as two-thirds of the area median hourly wage. Figure 6 shows the percentage of assignments by site that paid above the area's low-wage mark during the 18-month period. GSS-Idaho and GTS have a larger proportion of assignments that pay above the low-wage threshold. The majority of these assignments are clerical positions with a government employer. Emerge, FSS, and GSS-Idaho have some higher paying clerical and semiskilled labor jobs with for-profit and nonprofit customer employers but the former two mostly have assignments in other, lower-paying, occupations.

Transitions from Temp Assignments and the Flow of Candidates

Assignments may start as temporary or be explicitly temp-to-perm. In practice, however, some temporary assignments roll over into a long term ("permanent") position, while some explicitly temp-to-perm assignments may not lead to long-term employment with the customer after all. ASOs provide added incentives to the customer employer to hire the job candidate. For example, the ASO does not charge a conversion fee[34] or may help facilitate candidate preparation by conducting hiring tests. Unlike conventional staffing companies, they seek to speed hiring by the customer employer (instead of maintaining the worker on their payroll).

Also, following an assignment with an ASO, workers may find employment on their own or

TABLE 4: MEDIAN HOURLY WAGES				
	Emerge	**FSS**	**GSS**	**GTS**
Assignment median hourly wage	$9.00	$10.00	$9.50	$10.90
ASO median hourly wage as a percentage of metro-area median	49%	55%	64%	71%

[33] U.S. Department of Labor Bureau of Labor Statistics, Occupational Employment Statistics, Metropolitan Area Cross-Industry Tables (May 2006), http://www.bls.gov/oes/current/oessrcma.htm (accessed 1/8/08).

[34] When the customer business contracts for a permanent placement from the start , the ASO charges a fee for finding the permanent hire.

through other channels. There is ambiguity as to the ASO effect in these cases; nevertheless, work experience and job search skills acquired while on assignment can buttress other job search efforts.

This project had a short monitoring period and entailed no follow-up of workers once they stop working for the ASO. Therefore, we have only partial information on transitions to other jobs. The four sites provided some information on assignments that rolled over from temporary to permanent positions with their customer employers, but the sites did not systematically document if a worker found another job; they would only find out if a worker they contacted for an assignment was no longer available.

At GSS, over 18 months, the Boise office reported 38 assignments that rolled over to permanent employment, and three where the worker was hired on by ES-GW, the parent organization. The Boise office also reported that 36 workers sent on assignments subsequently found a job with another employer. (The Nampa office reported three assignments rolled over to permanent hiring and 25 where the worker subsequently found other work.) At GTS Austin, 44 assignments rolled over to permanent hiring (mostly with state offices) and four turned into permanent hiring at the Goodwill main office. Fourteen workers sent on assignments found work on their own.

At Emerge, partial information from consented data (a subgroup) indicates 116 workers found employment following an assignment. At FSS, 23 workers in the consented data did so. (For detail on candidate trajectory see the P/PV report at www.ppv.org.)

To put this information on job transitions in perspective requires a full accounting of the flow of job candidates through an ASO. Observers will want to know the following: How well does an ASO do with finding jobs for candidates? How many candidates must it have on its "available" list to fill assignments in short order? What share of candidates find permanent work and for how long? These dimensions are fluid; they change with local employment conditions that affect both candidates options and demand from customer businesses.

It proved difficult for the sites to keep an accurate count of all those candidates ready and available to work because of the fluidity of candidates' interactions with the ASO and with employment. Life events intervene and affect a person's interaction with the job search process. For its purposes, the ASO only needs know who can be called when an order for a job assignment comes in. The GSS-Boise office provided comprehensive counts of candidates in its records over the period October 2006 to June 2007. These counts offer one example and a preliminary indication of the flow of candidates through an ASO. GSS-Boise keeps a roster of "available" candidates, that is, those who have not signaled that they are not open to take an assignment. Month to month, the number of "available" workers varies significantly. For example, in October 2006, there were 43 candidates available (not working) and 82 working. In May, 2007 there were 66 candidates available compared to 59 working. Month to month, the GSS-Boise office has a number of candidates that, when called, reported they are "unavailable" for assignments. The size, of the pool of unavailable candidates ranges from one-quarter to one-third the number of workers on assignment. In other words, fluidity in the rolls of the ASO is a common occurrence. Thus, when we contemplate how to assess the ASO's ability to place workers, more research will be needed to address how to implement an appropriate basis for comparison of flows of candidates over time.

Accounting for Bare-Bones Job Brokering and the Alternative Staffing Difference

ASOs achieve financial sustainability by balancing sales revenue, mission-related costs, and the use of grants and subsidies. In this section we consider their sources of income and how the revenue potential of an alternative staffing operation may be measured by examining business volume, markups, and the customer base. Second, we define the type of expenses that the ASOs carry. We particularly focus on how the ASOs in this demonstration account for the cost of supporting workers and the degree to which they share costs with the parent organization. In light of their cost structures, we provide analyses that show the important role that grants play in operating an ASO and some unit measurements to estimate the cost of providing alternative staffing services. We raise issues that are shared across most ASOs and also highlight the diversity of experience across the four ASOs in this demonstration.

What are the sources of income for an ASO?

ASOs mainly generate revenue by brokering staffing services, but they may also raise funds through grants and subsidies to support or grow their operations. This section describes the income side of their financial reports, beginning with a description of sales revenue for each ASO. Then, we discuss briefly how business volume, markup, and customer base impact sales revenue for an ASO and how this might compare to the conventional staffing industry. We conclude this section by introducing grant and subsidy income as an important aspect of financing for an ASO.

FIGURE 7: SALES REVENUE BY QUARTER IN DOLLARS (2006-07)
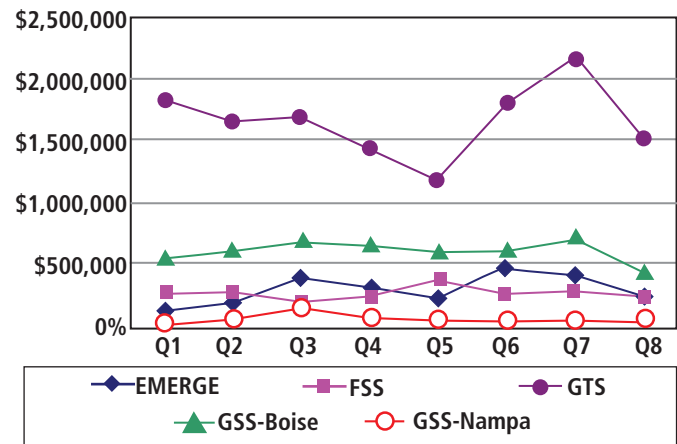
Sales Revenue
An ASO's primary source of income is sales revenue. As seen in the previous section, the ASOs in this demonstration operate different-sized businesses. Analysis showed that GTS is a much larger operation than the others and averages $1.7 million in sales per quarter. The second largest is the GSS-Boise office that averaged just over $600,000 per quarter. The GSS-Nampa office was the smallest and generated about $68,000 in sales each quarter. Emerge and FSS are very similar with respect to the amount of sales revenue they each generate. Emerge is slightly larger and averages $320,000 per quarter while FSS averages $280,000. Figure 7 shows revenue by quarter for each ASO. There are some slight fluctuations in revenue trends over the quarters, with the second half of the year (Q3 and Q4, Q7 and Q8), showing some seasonal slowdown in business.

Business Volume
Business volume can be measured by counting billable hours, or the number of hours customers are charged for staffing services. The fee charged by an ASO (usually a percentage markup on the hourly wage) can vary based on local market conditions, the composition of their customer base, and their business strategy. The number of billable hours gives an indication of the scale and the revenue potential of a

staffing operation. The first row of Table 5 (below) shows average billable hours per quarter by site.

To better understand each ASO's line of business we provide the percentage of billable hours attributed to clerical assignments (i.e., office and administrative support jobs), light industrial assignments (i.e., building and grounds services, construction, production, and material moving jobs), and other (e.g. food preparation, child care, and sales). As we saw in the previous section of this report, Emerge relies heavily on staffing light industrial positions, whereas the other ASOs generate revenue mostly from clerical assignments.

Markup

In any market, an ASO's main competition consists of national or multinational chains as well as local operators. The latter typically specialize either in high-end staffing or, conversely, in day labor and other blue collar temporary employment. Large chains that ASOs encounter in their markets include Adecco, Kelly, Manpower, and Spherion.

To illustrate how ASOs generate revenue compared to conventional staffing companies, we report the markup fully loaded in the five sites (two GSS offices) and in multinational temporary staffing companies (Figure 8). The markup fully loaded is the difference between the hourly bill rate, on one hand, and hourly compensation including mandatory employer taxes and contributions, on the other hand. Markup fully loaded allows for better comparison across the ASO sites because it includes worker compensation rates and other taxes that may vary by state. We calculated average markups for the conventional staffing firms using their publicly available financial statements
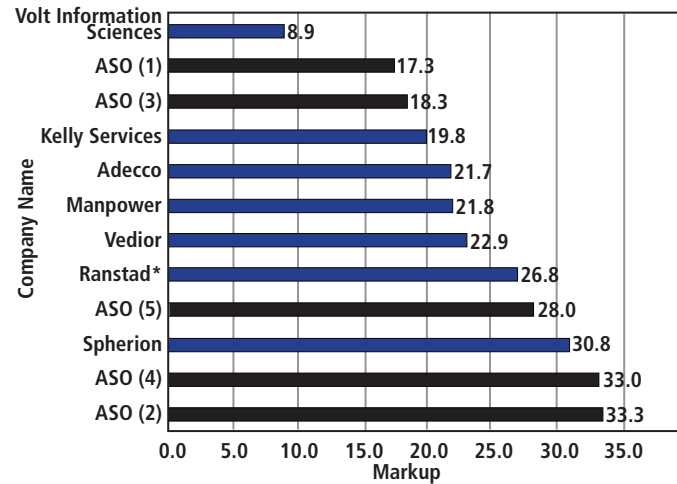
*Financial information for Randstad was calculated from 2004 statements.

(average markup can also be considered their gross margin). Actual markups for each ASO and each conventional company may differ for a particular market segment, or even particular customer with whom they work.

The markups for the ASOs in the demonstration range from 17.3 to 33.3 percent and represent some of the lowest as well as the highest markups on the figure above. Within the staffing industry at large, relatively higher markups indicate a value proposition—meaning the service that the staffing company sells is of higher quality— or/and higher markups are acceptable for higher-level positions. It appears that some ASOs are able to take advantage of a value proposition and sell their services at a higher rate. ASOs that charge a lower markup may be competing for business by offering lower prices or simply staff lower-level positions for which markup levels are under stiff competitive pressure.

TABLE 5: AVERAGE BILLABLE HOURS PER QUARTER AND PERCENTAGE OF BUSINESS VOLUME BY JOB CATEGORY

	Emerge	FSS	GSS-Boise	GSS-Nampa	GTS
Average Billable Hours	23,025	14,620	32,567	5,473	99,675
Clerical	28%	93%	81%	92%	84%
Light Industrial	68%	6%	19%	8%	15%
Other	3%	1%	0%	0%	0%

[35] Sites are not identified to ensure confidentiality of business decisions.

Composition of Customer Base

ASOs as a group tend to be small businesses relative to local offices of national chains. They also tend to rely fairly heavily on a few customers. Reliance on a few customer businesses comes about for some of the reasons already discussed in the report. An ASO might rely on concentrated strategies to ensure financial and operational sustainability as is the case with state set-aside programs, large payrolling accounts, and placing workers through the parent organization. The four sites in the demonstration follow this pattern. As Table 6 indicates, the share of revenue that comes from the top three customers is over 40 percent for three of the ASOs. The one exception, FSS, is a small operator in a very large urban area (NYC) and finds its niche filling small-volume assignments in numerous companies. All four ASOs have either a state set-aside contract, or a payroll account, or an affiliate as one of their top customers.

Grant and Subsidy Income

Each of the four ASOs relies at least to some extent on grants and subsidies to either sustain their operations or to expand them. Grant income is an important distinction between an ASO and a conventional staffing company. As mentioned earlier in this report, the grant funds received for this demonstration from the Mott Foundation were used to cover expenses like worker supports and marketing and sales activities. ASOs also utilize some subsidy income. For example, a county or a municipality might subsidize wages paid to workers through an ASO because it places people facing particular labor market barriers. Table 7 shows the amount of grant and subsidy income received by each ASO as a percentage of its selling, general, and administrative (SG&A) expenses. The grant amounts include the Mott grant for both 2006 and 2007—by far the largest income stream second to sales revenue; and any smaller secondary grants and subsidies. We attributed the entire Mott grant for GSS-Idaho to the Nampa office. GSS-Idaho and GTS do not report any subsidy income. It also appears that the smaller ASOs rely more heavily on grant and subsidy income to sustain operations (to be discussed in more detail later in this section of the report).

What kind of expenses can ASOs account for?

What does it cost to run an enterprise that brokers and supports workers in temporary jobs? An ASO cost structure is unique in at least two important ways. First, an ASO incurs additional

TABLE 6: DESCRIPTION OF ASSIGNMENTS FOR TOP THREE ASO CUSTOMER BUSINESSES

	Type of Assignments	Contribution to Sales Revenue of Top 3 Customers over 18 Months
Emerge	A mix of clerical, production, and building and grounds positions with for-profit and nonprofit customers; one customer is an affiliate of PUC	41.6%
FSS	Clerical positions with nonprofit employers and legal services; one customer includes a payrolling account	34.9%
GSS-Boise	Clerical positions with for-profit employers and one large government payrolling contract	66.0%
GSS-Nampa	Customer service and some light industrial work with for-profit employers	89.9%
GTS	Mostly clerical positions at government agencies	52.9%

TABLE 7: GRANT AND SUBSIDY INCOME AS A PERCENTAGE OF SG&A, 2006 AND 2007

	2006 Grants/Subsidies as % of SG&A	2007 Grants/Subsidies as % of SG&A
Emerge	46%	35%
FSS	42%	22%
GSS-Boise	2%	0%
GSS-Nampa	62%	52%
GTS	14%	15%

expenses (beyond that of conventional staffing firms) to support workers. We define these costs and provide some estimates of them. Second, ASOs are most often embedded in a larger nonprofit parent organization. These affiliations shape many aspects of an ASO's operations, including whether the ASO can minimize or share administrative costs through its parent.

Defining Support Costs

Because they have a dual agenda—offering job-brokering services to businesses while also providing employment services to job seekers with employment barriers—ASOs incur two categories of expenses. First, they absorb the expenses related to administering the job-brokering function per se. These tasks include: generating assignments, recruiting, placing, and overseeing workers; customer service; and keeping track of orders and invoices. Primarily incurred as staffing costs through sales, administration, and account executive positions, these costs usually are reported under the accounting expense category called Selling, General & Administrative (SG&A).

Second, ASOs absorb another type of cost that is not incurred by conventional staffing companies—these are the value-added support services provided to workers as part of the ASO's mission. These mission-related costs are attributed to the explicit commitment of ASOs to support workers who face barriers in the labor market. ASOs incur additional costs because they are committed to meeting the needs of workers as they navigate the workplace. The ASO's goal to help workers succeed on assignment is not just market-driven. A conventional staffing company may be committed to helping workers successfully complete assignments, but only to the extent that too many failed assignments threaten to weaken their market position. An ASO holds an expressed commitment to a particular neighborhood or group of job seekers and seeks out solutions to the problems these people face in the job market.

For the ASOs in this demonstration, the mission-related costs include both direct and indirect expenditures connected with supporting job candidates. Each of the ASOs provides different levels and types of supports to their

Employee Assistance Programs Within ASOs

Employee Assistance Programs (EAPs) are an external benefit for employees who seek assistance for personal issues that can affect their job performance. FSS and GTS started an EAP-style service for their workers with part of their grant. They hired a full-time staff person to serve as case manager whose duties included running or participating in orientations for potential workers, meeting with workers to resolve issues affecting job performance, conducting needs assessments, and providing referrals to community resources (e.g., childcare subsidies, GED preparation). Unlike a conventional EAP, FSS and GTS ran their program out of their staffing offices. This limited anonymity for their workers (although there were clear guidelines about privacy protection), yet it allowed case managers to get face-time with workers. The in-house EAP was an easily accessible resource to which staffing specialists and account executives could refer workers. Overall, locating the service in-house helped integrate the case manager into the day-to-day activities of the business operation, according to staff. At GTS in particular, the EAP case manager provided some cash assistance on a one-time-need basis in addition to transportation assistance, and the other services. According to GTS staff, 13 percent of workers accessed the EAP during the 18-month monitoring period. Over two years (2006-07), expenses averaged $886.60 per worker assisted, of which $111.76 was cash assistance.

workers. Direct expenditures can be significant expenditures like providing transportation to job sites, as Emerge has done over the years, or providing a subsidized, or free, public transportation pass. More often, direct expenditures include items such as short-term cash assistance for car repairs, parking tickets, or other items essential to immediate job access.

Indirect expenditures come from ASO staff who spend extra time understanding all factors about the workplace setting (physical layout, supervision, nature of the task) in order to anticipate any difficulty the worker might encounter. Also, staff, usually the account executive, spends time assessing skills and referral needs for potential candidates, preparing job candidates for the position, and monitoring their performance while on assignment. In short, these are coaching and troubleshooting activities. While a number of these activities would be labeled "customer service" in conventional staffing, they are more extensive with an ASO because the workforce needs are known. Additionally, in two of the demonstration sites, an Employee Assistance Program staff member was hired (box above). Much of this staff time was specifically dedicated to supporting workers. These support activities also are more extensive because the ASO needs the assignment

to succeed both because of its commitment to job candidate success but also because cultivating customer contact, and securing assignments, is costly in terms of staff time.

Measuring Indirect Support Costs

The largest expenditures on supports are indirect and are the result of staff time spent in small increments of coaching and troubleshooting. Staff support is the key ingredient making the cost structure of ASOs unique. Support costs are tallied in the hours of core staff, that of account executives, sales staff, and managers, in addition to their other business activities. These costs are also seen as a means to ensure quality customer service and, thus, are also seen as a business practice. From our standpoint, however, they are primarily support-related costs, the costs of the alternative staffing difference.

We set out to estimate these costs that are indirect and "buried" in total staff costs. We asked all staff with contact with job seekers to keep track of the time spent in two key categories of support activities: preparing workers for assignment; and troubleshooting/mediating/coaching workers while on assignments (see box at right). Because this data collection was onerous for site staff, this time study was conducted only twice during the project for two weeks at a time. (As a result, these estimates are affected by activities during the time period during which reporting took place.) Table 8 shows the estimated percent of total staff time over the 18 months spent in support activities at each ASO site.

Staff time spent on supports covers a wide range, from 18 percent at FSS to 87 percent for the GSS-Nampa office. There are a few variables to keep in mind. First, the size of the staff at each ASO is different. For example, the GSS-Nampa office had the least staff at any one time during the demonstration (one or two

Deriving an Estimate of Staff Time Spent on Support Activities

ASO staff were provided with examples of the type of activities to keep track of:

- Assessing and identifying barriers to employment and assisting in developing solutions

- Identifying, making, and following up on referrals for social assistance programs

- Helping people finds ways to secure child care or transportation in order to get and/or maintain a job

- Getting people to understand the importance of training and helping to identify training opportunities, supporting the development of interviewing skills and résumé building

- Identifying, making, and following through with referrals for computer training or other similar programs

- Providing training or advice on soft skills

- Maintaining contact with job developers, such as providing them with test scores, and problem solving around life issues that the worker has brought up

- Checking in with workers during a placement, either on the phone or when they come in for pay checks

- Troubleshooting problems on the job, encouraging people to keep jobs, helping them navigate different supervisors and work arrangements. Mediate misunderstandings with supervisors

- Providing assistance or advice on job advancement or securing permanent work

- "Debriefing" around terminations or helping to direct someone who is not "work-ready" to other resources.

people). Although its staff reported using a higher percentage of their time than other sites, this amounted to a lower cost because the total salaries are a small amount. Second, different staff at different sites may be more or less conservative in how they accounted for their time. For example, the director of FSS reported that 18 percent seemed low and the reality may be that staff is using more of its time on supports activities. Conducting more time studies could help reduce this uncertainty. Third, there is actual difference in the amount of time staff at one ASO spends on supports compared to others. For example, the Emerge office is very

TABLE 8: ESTIMATED PERCENTAGE OF TOTAL STAFF TIME SPENT ON SUPPORT ACTIVITIES FOR 18-MONTH PERIOD					
	Emerge	**FSS**	**GSS-Boise**	**GSS-Nampa**	**GTS**
Staff Time Spent on Supports	53%	18%	31%	87%	22%

accessible to workers—many of whom come in once a week to pick up paychecks, ride the vans to get to work, or are required to meet at the office before the work day begins. These workers get more face time with staff (therefore more access to indirect supports) than workers at other ASOs in the demonstration. And, finally, ASOs are located in regions with networks of human service providers that are more or less dense, and with varying capacity for providing services to job seekers. Having access to, and relationships with, a dense network of service providers can alleviate some of the staff time spent in support activities.

Estimating the Total Cost of Supports

Direct and indirect support expenses, as well as all other administrative expenses, are accounted for in the SG&A portion of total expenses. Across the four sites, SG&A as share of total annual expenses range from 10 to 41 percent during 2006-07. Larger ASOs can take advantage of the scale of their operations, whereas smaller ASOs have a higher share of SG&A in total expenses. There is a fixed personnel cost in running an ASO regardless of business size. The number of account executives can vary but each ASO requires a basic administrative structure and sales capacity. Overall, the largest administrative expense for an ASO is personnel salaries and benefits. Other major expenditures (much of which can also be viewed as fixed costs) for the four ASOs include professional services, office and equipment, and marketing and advertising. These expenses constitute 20 to 40 percent of SG&A for each ASO.

FIGURE 9: DIRECT AND INDIRECT SUPPORT COSTS AS A PERCENTAGE OF SG&A (18 MONTHS)
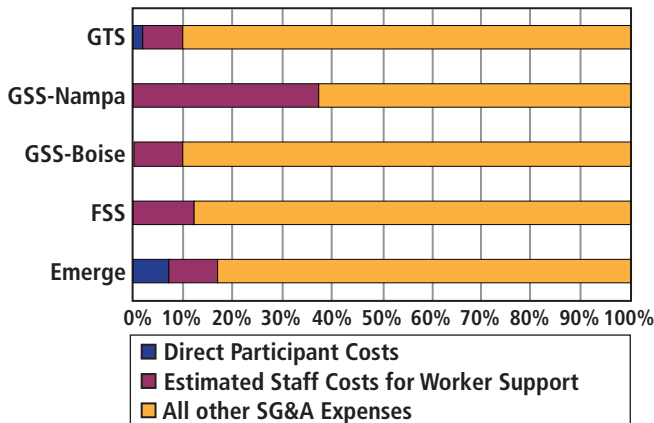
Figure 9 illustrates the share of total SG&A that is accounted for by direct and indirect support costs. Direct support costs are represented by the direct participant costs (Blue) which is significant at Emerge where they provide transportation, and at GTS where part of the Mott grant was used as direct, small, emergency cash assistance (in addition to filling an EAP position). Estimated staff costs (Red) are the indirect costs calculated by multiplying the percentage of staff time with personnel salaries. Relatively speaking, indirect costs as share of the total are about the same for each organization, with the exception of GSS-Nampa, which has a high share. In start-up mode, a significant share of the first director's time was spent on providing support to job candidates.

We do not show actual costs in the figure above, but there are some important differences between the ASOs that we should note. GSS-Idaho runs a very lean operation compared to the other sites. GSS-Idaho covers fewer administrative salaries; their rents are lower, they spend less on advertising, and they purchase fewer professional services than the other ASOs in the demonstration. In actual dollars, Emerge spends the most on supports (both direct and indirect). Relative to other sites, Emerge spends 30 percent more than GTS, 150 percent more than FSS, and 400 percent more than GSS-Idaho in total support expenditures.

Shared Costs with the Parent Organization

Each of the four ASOs is embedded in its parent organization in a unique way, and shares staff, expenses, and services in different ways. While each ASO keeps track of direct, visible, expenses within its own cost structures, there is some resource sharing and economies of scale that can be facilitated by being embedded in a larger parent organization. Examples of ways that the parent organization can absorb some of an ASOs costs, directly or indirectly, include: rent subsidy, discounted rates for using the advertising and design services of an internal department, and staff sharing (see Table 9). Otherwise, the ASOs in this demonstration covered expenditures for professional services, staff training and development, and worker supports within the cost structure of the independent enterprise.

	Emerge	FSS	GSS	GTS
Personnel	Paid for by ASO through management allocation	In-kind (administration, IT, and HR)	In-kind (administration, IT, and development)	In-kind (IT and HR)
Office and Equipment	In-kind (shared space)	In-kind (shared space; subsidized rent)	In-kind (shared space)	In-kind (shared space)
Marketing and Advertising	Paid for by ASO through management allocation	In-kind (visibility of parent organization, e.g., annual reports)	In-kind (visibility of parent organization, e.g., annual reports)	Subsidized through internal marketing department

Among the four ASOs in the demonstration, Emerge seems to have kept the closest accounting of shared expenses. This happens for two reasons. First, Emerge aimed to create financial reports that capture all costs of administering the ASO and, second, they pay a management allocation to the parent organization that covers shared administrative, human resource, and marketing costs. In addition to expending more on supports for workers, this may be the reason why Emerge carries a large SG&A compared to other ASOs in the demonstration.

What do "profit margins" look like for the ASOs?

ASOs generally seek to break even or generate some positive net revenue. When ASOs do generate positive net revenue they most often use it as income for other programs run by

the parent organization or they use it to help "float" their accounts receivable. Over the two-year period, Emerge and the GSS-Nampa office were close to, but not quite, breaking even and FSS, the GSS-Boise office, and GTS generated some positive net revenue. Table 10 (next page) lists the average profit margins from 2006 through 2007, as calculated from the financial reports provided by each site and GSS office.

As seen in previous sections of this report, Emerge expanded their operations during the 2006-07 time period. As an enterprise, they are working toward breaking even. FSS reported a positive margin, which they keep as reserves to float receivables. GSS-Idaho (both offices) had an average profit margin of 4 percent (not shown in table 10). This means that the margin at the Boise office (4.7 percent) was more than sufficient to cover the loss at the Nampa office (-6.1 percent). The Nampa office, a start-up, has not yet grown large enough to cover its fixed costs. Finally, GTS maintains positive net revenue, some of which is shared with other programs through Goodwill Industries of Central Texas.

How Grants, Subsidies, and Support Costs Impact Net Revenue

Using the 2006 financial reports provided by the ASOs in the demonstration, we display what the profit rate looks like under three different scenarios (see Figure 10 next page). This enables us to show that there are different ways to finance and operate an ASO. This exercise also illustrates the important role of grants and subsidies.

Scenario 1 (Dark Red) shows profit margins when income includes grants and expenses encompass total support costs discussed above. This is the way ASOs in the demonstration

Breaking Even with a New Office

GSS-Idaho opened its Nampa office in February 2006. Business development included generating light industrial and some clerical accounts with large businesses as well as local "mom and pops." From July to September 2006, the office broke even. It had generated several accounts, one of which was large. It was staffing 800 to 1,000 billable hours per week during that time period (or approximately 20 to 25 FTE workers). In subsequent quarters, business dropped off. The large account had reduced its overall hiring needs and new sales activity was insufficient to replace the lost business. A break-even analysis of the Nampa office confirms the guidelines provided by the Alternative Staffing Alliance for starting up an ASO operation. The Nampa office needs to generate $500,000 to $600,000 in annual sales revenue to cover its fixed costs and break even. This takes into account its average markup during the monitoring period and a staffing structure of two full-time staff members that have the capacity to place up to 20 to 25 FTE workers. To break even once again, Nampa needs to replace the large account that was reduced or triple the number of small accounts that it has (or achieve some balance of the two).

TABLE 10: ASO PROFIT MARGIN—NET REVENUE AS A PERCENTAGE OF TOTAL REVENUE (2006–07)					
	Emerge	FSS	GSS-Boise	GSS-Nampa	GTS
2-Year Average Profit Margin	-4.2%	6.0%	4.7%	-6.1%	10.1%

operate now; it is similar to the average profit margins discussed above. In 2006, the ASOs were either close to breaking even or had positive profit margins.

Scenario 2 (Blue) shows profit margins when income only includes business revenue (grants and subsidies excluded) and expenses only include administrative expenses (direct and indirect support costs excluded). This is what the ASOs in the demonstration would look like were they operating like a conventional staffing service (no grant and no mission related expenses) providing "bare-bones" brokering, with the caveat that it is likely that we have underestimated total support costs. Net revenue declines for all the sites except for the GSS-Boise office. Particularly, Emerge and the GSS-Nampa office are organizations that operate with a grant-driven model; the ASO is one of several grant funded programs of the organization. There is an expectation that only part of the costs will be met with revenue. Net revenue for the GSS-Boise office increased after subtracting total support costs because it did not use grants in this period.

Scenario 3 (Green) shows profit margins when income only includes business revenue but expenses encompass both administrative expenses and direct as well as indirect support costs. This is what happens to ASO operations in the absence of any grant or subsidy income. Only the two largest ASOs show a positive margin in this scenario. In other words, ASOs incur costs that are mission-related with grant or subsidy income playing a vital role in covering these costs, most of which would not be covered by business revenue.

Hence, grant and subsidy income enables ASOs to meet their social-mission goals. Conversely, sales revenue finances the administrative costs of job brokering (reaching out to customer businesses, skill testing, administering payroll) thus enabling organizations to earmark grant resources to participant/job seeker-centered activities and spread the impact of these resources to a larger number of job seekers. It is worth noting that, in the absence of grant resources, ASOs look for ways to reduce mission-related costs by providing fewer services in house and referring out instead. They may also

FIGURE 10: COMPARISON OF PROFIT MARGINS UNDER THREE DIFFERENT SCENARIOS (2006)
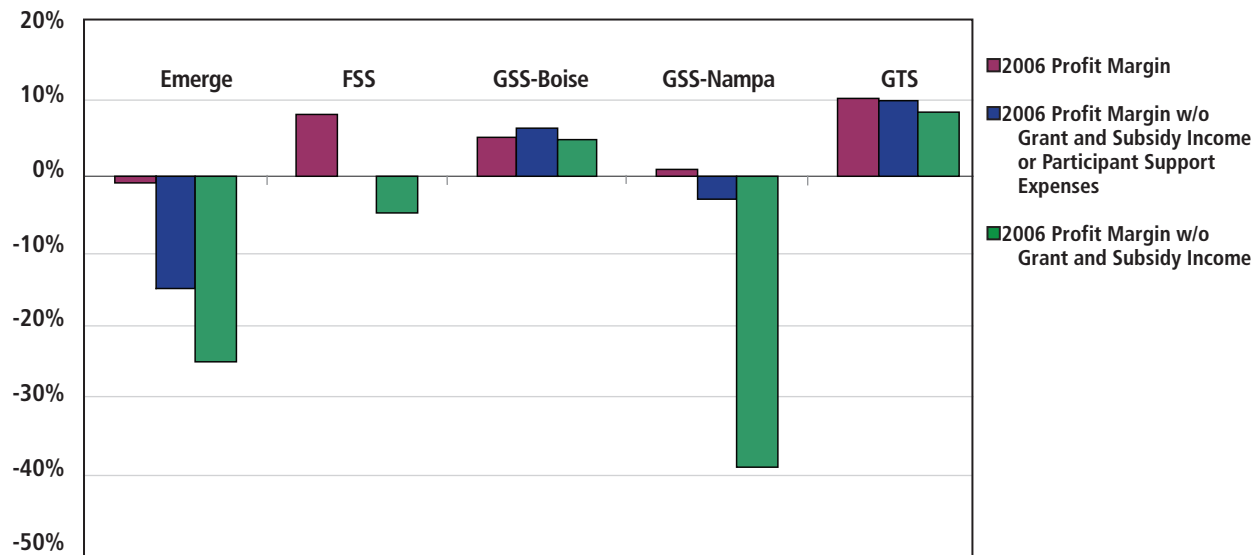
TABLE 11: UNIT COSTS OF ALTERNATIVE STAFFING—OVER 18 MONTHS	Cost Per Hour Billed	Cost Per Worker	Cost Per Assignment
Emerge	$7.56	$1,839	$1,023
FSS	$7.08	$1,881	$ 988
GSS-Boise	$1.14	$ 575	$ 340
GSS-Nampa	$5.48	$ 931	$ 804
GTS	$2.36	$1,186	$ 642

Note: These costs were normalized using the Consumer Price Index —All Urban Consumers, Customized Tables for 2006. Available through the U.S. Department of Labor, Bureau of Labor Statistics.

be unable to serve job seekers with multiple needs for supports.

What does it cost to use the ASO model for brokering "up"?

The unit costs of alternative staffing are relevant to different concerns. The Table 11 above provides the cost per hour billed, per worker, and per assignment. Costs include the total SG&A expenditures for each site over an 18-month period. The costs have been normalized with a consumer price index for an "average" U.S. city so as to remove differences due to cost of living across urban areas where sites are located.

The cost per hour billed is a unit cost measure of business volume. It allows us to see the cost of operating an ASO regardless of assignment duration or number of workers. The cost per hour billed ranges from $1.14 to $7.56.[36] Cost differences result from scale effects; for ex-

ample, GTS is a large operation and can spread its fixed costs across a larger number of billable hours. Differences result from leaner operating costs. As mentioned earlier, the GSS-Boise office, has a proportionally lower SG&A than other sites in the demonstration.

The cost per worker placed is the average of all SG&A costs over an unduplicated count of workers over the 18-month monitoring period. The cost per worker placed is the measure most likely to be used in comparing alternative staffing to other forms of job placement in the workforce development field. The unit cost ranges from $575 to $1,881. Cost differences relate to the number of workers and the amount of support they require. For example, FSS has the highest cost per worker. It has the fewest workers across whom to spread its fixed costs in addition to incurring direct costs from providing supports through its EAP (employee assistance program). Emerge, GTS, and the GSS-Nampa office may have higher worker costs that are associated with the supports they provide.

The cost per assignment takes into account the fact that each unit of cost requires an investment of sales and recruitment efforts, administrative time, and employment support resources. Cost per assignment ranges from $340 to $1,023. These unit costs follow a similar pattern to that of workers placed. The main difference across sites in cost per assignment is due to costs dropping proportionally to the likelihood of a worker being placed on more than one assignment (sites where each worker gets multiple assignments on average have lower cost per assignment).

[36]Occasionally, an ASO will not bill for hours worked in order to resolve a difficulty with a customer business or because the worker did not perform adequately.

Selling Alternative Staffing

The dual goal of an ASO is, first, to align business strategy, sales capacity, and marketing efforts by building knowledge and expertise of the "employer side" of the job market and, second, to create opportunities for job seekers. Selling staffing services is the foundation for doing business as an ASO. Sales produce immediate feedback from the market, and sales capacity helps drive the business volume necessary to sustain or grow operations. Financial sustainability depends on the ability of the ASO to sell its services. In this section, we review business, sales, and marketing strategies formulated by the four ASOs in the demonstration and highlight some important distinctions.

Business strategy

For the ASOs in the demonstration, business strategies have evolved over the study period. Business strategy includes defining the market segments that the ASO would like to operate in, what resources it needs to compete, and how it wants to organize its business. Although we did not observe the four ASOs developing formal business plans, we did note that at any one time an ASO was evaluating and planning tactics for acquiring the types of employer customers needed to build and sustain its enterprises. Sales and marketing activities, which are described later in this section with a particular focus on the role of dedicated sales staff, are important components of ASO business strategy.

In addition to sales and marketing, some ASOs (like GTS) access and use state set-aside programs, which allow them to generate predictable and large income streams. For GTS, the state set-aside program functions as a public subsidy and ensures operational and financial health. Therefore, when considering business strategy, GTS competes in a very different world than an ASO like Emerge or FSS. The ASOs in the demonstration that did not have state set-aside contracts utilized other account strategies, but with less income stability. These strategies include offering payroll services and staffing to large employers. In addition to providing predictable income, these arrangements can come with lower costs because these accounts do not require recruitment and sup-

ports or new sales efforts. Also, some ASOs in the demonstration provide staffing services as a subcontractor to a national staffing company—an effort to expand work settings, hence training opportunities, for workers as well as generate revenue.

The four ASOs varied in their sales and marketing activities. Prior to the start of the demonstration, Emerge's business had relied very heavily on a single customer business. By using grant resources to hire new sales staff and improve marketing efforts, Emerge diversified its customer base (see Box "Using Grant Resources to Diversify an ASO's Customer Base"). FSS has the most diversified customer base and relies on the ongoing sale of small assignments with private employers to sustain its business and to compete in the New York staffing market. GSS-Boise combines payrolling contracts (which generate almost one-half of the Boise office's sales revenue) with a strong record of selling clerical staff to for-profit customer businesses. GSS-Nampa has not yet developed the sales capacity needed to sustain its operations. At the end of the demonstration, a new, full-time sales person was ramping up. GTS relies on its state set-aside program to generate almost all of its revenue. GTS has encountered challenges with developing a sustainable sales strategy in the private sector due to staff turnover, but it is currently increasing the sale of staffing services to a large healthcare system in the area.

Sales

The four ASOs in the demonstration relied on in-person sales to grow and sustain the enterprise. We tracked how ASOs define and fill sales positions, the range of strategies used by sales staff to gain new accounts, and some parameters that help define sales staff productivity. Our findings are summarized below.

Hiring Sales Staff

During the demonstration, all four ASOs maintained or created a new, full-time sales position that focused on securing business with mostly for-profit and/or nonprofit customers. Recruiting, hiring, and retaining sales staff was challenging for all four sites, as has been observed in other studies (Carré and Seavey 2006; Carré et al. 2003).

There was consensus on what characterized a good sales person among the ASOs in the demonstration. Candidates best suited to an ASO sales position are seasoned and come with significant skills and knowledge of the conventional staffing industry (both as it relates to staffing and the local/regional job market). When hiring for a sales position, sales experience was considered a far more important quality in a candidate than experience in the nonprofit, workforce development, or human services field. ASO staff considered it harder to train nonprofit and human services personnel to do sales (some said even impossible) than to teach sales people how to incorporate the organization's mission goals into their work. This means ASOs need to be willing to pay competitive salaries and implement bonus structures that properly reward improvements in sales activity.

Basic Selling Strategies

Selling ASO services to employers requires a fair amount of cold calling and setting appointments with prospective customers (especially when an ASO is developing a new sales position). In order to compete with local and national for-profit staffing services, sales staff proactively support customers in solving their staffing issues, also guarantee their customer service, and show perseverance in asking for orders and convincing prospects to at least try their services once. During the demonstration, sales staff most often described their interpersonal skills as their biggest asset in the field.

> *"I'm a good cold call . . . . My gift is I can get in and get people to sit down and listen." (Emerge).*

> *"Honestly, when I sell, I sell myself first, then I sell my service." (GSS).*

Additionally, ASO sales involve developing partnerships within the workforce development community, participating in professional networks, making presentations and sending out targeted mailings, conducting company-specific and industry research, and following up on assignments (customer service) as well as reactivating old accounts.

The ASOs also use less intensive sales strategies including providing placements within the parent organizations and having directors and board members use their contacts to open doors to potential customers. ASOs also set up longer-term contracts and work guarantee arrangements that decreased the need for new sales efforts. For example, an ASO will sign a contract with a large employer that gives the ASO exclusive rights to staffing part of the operation in exchange for guaranteeing the work will be staffed.

Estimating the Workload for Sales Staff

Based on the sites' sales data, we provide some estimates of productivity for a full-time, seasoned sales person selling alternative staffing services. We observed sales staff that could carry an account portfolio that was generating approximately $200,000 to $250,000 in revenue per quarter through private, competitive orders. Based on the demonstration, we estimated that, each quarter, 15 to 25 percent of those accounts would turn over and need to be replaced (see also "New Employers" in the chapter above entitled Generating Job Opportunities). We saw full-time, seasoned sales people generating 5 to15 new private accounts each quarter. FSS may be an exception to this as it relies on generating a high volume of smaller employers. FSS had 40 to 60 percent of its accounts turn over each quarter while signing on 20 to 40 new employers each quarter.

For the ASOs that experienced turnover in sales positions, we observed that it took at least six months for a new sales person to ramp up. Moreover, new sales staff that leave in six to nine months will add very little value to the operation and will delay revenue growth for at least another six months while a new person is hired and learning the ropes. Heavy turnover in sales positions is obviously not desirable and can threaten an organization's sustainability (especially in the absence of other account-generating strategies such as set-asides and payrolling mentioned above). Our site interviews and sales data indicate that a sales person should be operating in full force within two years. Additional enterprise growth must come from hiring additional sales staff.

Marketing

During the demonstration, each ASO conducted marketing efforts to acquire new accounts. Through site interviews we collected information to identify the types of marketing activities that ASOs engaged in and to gauge how valuable the ASOs found those activities to be in generating business.

Table 12 provides a summary list of the marketing tools and venues used by the sites. All the ASOs engaged in basic advertising through phone book listings and printed materials for mailings and presentations. Newspaper advertisements were viewed as the least valuable. Sites preferred to advertise through electronic newspapers and search lists. Two of the ASOs took a public relations approach and hired consultants to work with the media to run features on the organizations. It was hard to get media attention, but when features did run, the ASO reported receiving an enthusiastic response from community stakeholders and potential customers.

Three distinctions

Below, we draw three important distinctions from the Alternative Staffing Demonstration: how the ASO differentiated its services, how the ASO balanced business needs with a social mission, and the key role played by sales staff in the ASO. These highlights represent the issues that the four ASOs faced during the monitoring period with respect to sales and marketing activities. These highlights also mirror the findings from previous research conducted by Carré and Seavey (2006) for the C. S. Mott Foundation on marketing and sales capacity for a cluster of ASOs.

ASOs Differentiate Services Through Social Mission and Customer Service

There was considerable discussion among the ASO participants about when to sell alternative staffing services by emphasizing social mission and when to sell by focusing on "top notch" customer service. In fact, each of the ASOs in the demonstration focused sales pitches differently and some changed the emphasis on social mission over time or depending on the type of customer that was being pursued.

Different emphases also seemed to depend on the sales person's personality, the overall business strategy for the organization, and conditions in the local market. Differentiating the staffing service is crucial when trying to "get a foot in the door" or negotiating a contract for services. For example, Emerge sales staff in Minneapolis recognized and leveraged a social

TABLE 12 : MARKETING TOOLS AND VENUES USED

Emerge	FSS
• Phone book listings and advertisements (print and online) • Printed material and mailings • Rebranding (new marketing materials as well as changing name and office location) • Parent organization (Emerge has allocated a portion of its revenue to Pillsbury United Communities and Metropolitan Alliance of Connected Communities) • Word-of-mouth • Public relations consultant • Website • Newspaper advertisements	• Phone book listings and advertisements (print and online) • Newsletters, mailings, and emails • Google Ads and other search lists • Website • Public relations consultant • Visibility of parent organization (this includes annual reports and the dissemination of other printed materials through Fifth Avenue Committee) • Word-of-mouth • Newspaper advertisements
GSS	GTS
• Phone book listings and advertisements (print and online) • Printed material • Radio advertisements • Holiday gift bags (Nampa office) • Marketing plan • Newspaper advertisements	• Marketing and outreach through the state set-aside program • Printed material • Visibility of parent organization (this includes annual reports and the dissemination of other printed materials through Goodwill Industries of Central Texas)

responsibility perspective among many companies in the area. The sales person often tied the mission into her sales pitch with a line like "Here's a way of taking care of business while taking care of the community" (Emerge). The GSS sales staff in Idaho, on the other hand, reported that mission did not work as a sales pitch. "I don't really tell [customers] who our employees are . . . they're no bigger, badder or better than anybody else's. . . . I have to sell on service only" (GSS). Selling on service for an ASO means seeking a competitive advantage through being responsive—assisting with customized orders and taking the time to address specific customer needs.

ASOs Balance Business Needs with the Social Mission

When signing on a new customer, sales staff needed to consider not just whether a sale made good business sense, but whether it met the ASO's mission (e.g., serving the needs of low-income workers in the immediate neighborhood or employing people with disabilities). Meeting mission meant different things to each ASO. Accounts may be considered if they improve job opportunities for target workers: if jobs meet certain standards in terms of pay rate, location, and prospects for advancement; or if customer employers are involved in community-based or socially responsible initiatives.

ASOs in the demonstration do not necessarily require all accounts to meet the social mission. Minimum wage assignments and lower markups were acceptable if they helped build the customer base and/or if the target workers would benefit. Accounts might also be considered if they generated substantial profit (e.g., high-end clerical and executive searches) and contributed to financial stability for the ASO without interfering with mission goals.

Sales Staff with Significant Sales Experience and an Entrepreneurial Bent Are Key to Achieving ASO Mission and Business Goals

During the demonstration we learned from the ASOs that an ideal candidate for a sales position has sales experience, views sales as their career choice, is knowledgeable about staffing,

understands the job market, is entrepreneurial, and has some interest in providing a service with a social mission.

All the ASOs reported challenges in finding the right person for a sales position. "I can fill any position you throw at me but my own. Staffing is not easy" (GSS). As stated before, ASOs implemented new salaries and bonus schemes—higher than standard nonprofit service positions—to attract and retain sales staff. But these measures created an equity problem across all the staff at the ASO, and often fell short of expectations of sales people coming from the conventional industry.

> *"If you're going to . . . identify folks from within the [conventional staffing] industry, . . folks that are good are going to be looking at a significant pay cut, because our scale is small . . . and because, on a skill level, what we are selling are not expensive staff. Therefore, the margin that you are making doesn't throw off a lot. . . . Therefore, your commission structure is not that much." (FSS).*

Further, with respect to bonus structures, ASOs were challenged to develop compensation systems that aligned overall business strategy with generating new accounts. ASOs in this demonstration are still working to balance the reward between signing on a new employer versus generating a large volume of assignments.

Using Grant Resources to Diversify an ASO's Customer Base

Emerge started the grant period with a primary focus on hiring a new sales person to develop and diversify the customer base. Emerge also planned to revamp marketing pieces (e.g., for mailing), launch a Web site, use a public relations consultant, and do some rebranding. Emerge hired a seasoned sales person who had worked in the Twin Cities area since 1982 and had owned her own staffing agency for ten years. This new hire had extensive experience in sales and management and was paid a competitive starting salary plus incentive pay based on a commission structure.

The primary sales strategy was to make initial contacts through cold calls and networks, provide a 30-second "elevator speech" and try to get an appointment. The appointment and being able to visit the business helped the sales person get a sense of who the employer was, how they use temporary workers, and to elaborate on Emerge's mission-oriented customer service model. During the demonstration, the sales person's strategies evolved to include more partnerships and the use of professional and sector-based networks. For example, the salesperson was a member of a moving network—a network of companies that provide services (including IT, shredding, and realtors) for businesses that change their locations. This network has provided several leads for Emerge placements.

At the beginning of the grant, Emerge was very reliant on its top customer—a food production and packaging plant. This single customer generated more than 65 percent of total sales revenue. By the end of the monitoring period, Emerge had 57 customers, 40 of them were new accounts. Some of the new customers included a large nonprofit work program, a hotel chain, a financial services company, and a large retailer. Additionally, new accounts included a subcontract with a conventional staffing company.

Perspectives of Customer Businesses

In order to understand how and why customer businesses used ASO services, we conducted interviews with regular and occasional customers of each participating ASO. Our questions aimed to identify what they value about the ASO approach, the main factors that differentiate ASO services from conventional staffing services, and the different patterns of use of each ASO's services. ASO staff arranged interviews for the research team with key personnel such as human resources or operations manager staff who were directly responsible for hiring, monitoring, and dealing with the workers and ASO personnel.

We conducted hour-long interviews with 18 customer businesses including a variety of private (for-profit, nonprofit) and public entities.[37] To a degree, findings are influenced by which businesses agreed to be intervieweCustomers that were interviewed tended to be those that have maintained longer-standing business relationships with ASOs and that are satisfied with their services. Nevertheless, respondents did not hesitate to point out some service quality issues and for this reason we find their responses useful in understanding ASO services.

Types of staffing services used

ASOs interact on a daily basis with customer businesses and other staffing companies. We identified patterns of use of ASO services that are similar to those of conventional staffing services, but also inherent characteristics related to the kinds of services offered by ASOs. Like all staffing companies, ASOs enable customer businesses to save some transactional costs in hiring and/or firing: "our advantage [is] to try someone out at no cost, if it doesn't work out, we just call [them]." (Emerge)[38] Beyond this basic use, the patterns described below correspond to specific reported uses of ASO services. Patterns are:

---

[37] Interview Distribution: In total, 4 nonprofits, 11 for-profits, and 3 state agencies were interviewed. For Emerge, it meant 2 nonprofits were 3 for-profit customers. For FSS, it entailed 2 nonprofits and 2 for-profit customers. For GSS, 5 for-profit customers were interviewed. For GTS, 1 for-profit customer and 3 state agencies were interviewed.

[38] We indicate which staffing service the customer refers to in the quotation.

- **"Staffing up"** occurs when a business customer experiences growth and ramps up its hiring for a new shift, or for a new contract. It can occur, for example, when an outsourced function is brought in-house, thereby creating a need to increase staff quickly and an expectation that regular employment will grow. It is often conducted with temp to hire arrangements, with a good possibility of roll-over/conversion to permanent hiring. The hiring arrangements vary across customers. For instance, while some companies keep workers for an extended period of time of trial before considering them for permanent hiring, others make this arrangement explicit from the start.

  Staffing up may also be needed for filling vacancies created by regular employment churn/turnover, therefore, for a smaller volume. Using temporary staffing as a means to screen potential regular hires is one of the key reasons for using temporary staffing overall, both alternative and conventional services (Houseman et al. 2001).

- **High-volume temp staffing** occurs where the standard operating procedure for a production organization is to use temporary workers provided by a service to fill an entire shift or all entry-level positions. This is a pattern of staffing found in some manufacturing and warehousing companies. The intent is to use temps and not convert them to a regular position.

- **Disability state set-aside programs:** In particular, GTS has historically generated most of its business through placing job seekers with a documented disability in state government temporary positions. It is competing with one other state-accredited vendor. GSS-Idaho also has a line of business through a set-aside program but it is competing with a broader field of vendors for state business.

- **Gap filling:** Customers use temporary staffing for short term, or seasonal, peaks in workload, e.g., tax season. A GTS customer pointed out: "if we're unable to hire regular employees, we at least are able to hire temporary employees that will help us get through . . . increases in workloads or special

projects. So it . . . helps out as far as meeting the goals of the agency." A GSS customer stated: "our cab operator may be going back to Iraq for the second time. We will maybe be looking for a temp for that six months to cover while he's gone. So we have an engineer part-time that covers last year. He may not be available. So those types of things are available through temp agencies generally."

- **Temporary payrolling services:** Some companies use a staffing service to payroll workers they have themselves recruited and selected. They may do so because they have unpredictable contract business and face the risk of needing to suddenly shed workers quickly. They are willing to pay a markup to obtain an arm's length relationship with the workers.

Overall, we find that the volume of assignments and workers at each customer location is not high, except for the assignments in state agencies for GTS.

Use of ASO services closely aligned with business imperatives

Business customers use ASO services in order to meet their business imperatives. When asked why they use the services of a particular ASO, the customers interviewed for this study identified the following reasons, in order of importance: understanding of their business priorities, quality of candidate screening, responsiveness, and supported workers.

First, customers stated that ASO **staff understands their business priorities**. This ASO knowledge and understanding of business requirements is perceived as greater than that displayed by conventional staffing companies with which they interact. They reported that the ASO staff understands their specific production and staffing needs. In particular, the ASO staff invests in acquiring knowledge about the production setting and job requirements. A GSS customer stated that the ASO cares about its business, finding the right people to satisfy their job demands, and in accordance with workers' skills and preparation. Statements such as: "They understand our environment, [we are] not just going to a placement agency," "[they] care about the effort and the outcome," "[they] tailor the situation to us individually," "[they] customize"

43

were very common ways to describe the approach of the ASO in the interviews.

"[We get] value in spite of cost difference . . . [she] seems to know and care about our business . . . [has] done a very good job for finding people at the front desk." (GSS)

In addition, customer businesses highlighted the broad variety of candidates available to the ASOs and the capacity of the ASO to choose the best fit for them, especially if the candidate shares the organization's mission or goals. For instance a FSS customer with a public policy orientation reported to us that "[there is a] sense that . . . [it] has a variety of different candidates. Has [found people] who want to work in this kind of environment and care about this work."

An Emerge customer employer, which contracts temporary service for snow removal, noted the reliability of the service: "Emerge was the only one that came through for us on a holiday." In a snow event, the company needs to send 50 percent more employees out to work and "finding a staffing agency to handle this [sic] they start to struggle."

"they have 24/7 service and they have the transportation. They have a great client [worker] base. We really have not had any problems with their clients that we've worked with." (Emerge)

The same customer commented on the need for improvements in service, but that, as in the case of candidate screening, these issues are common to all kinds of staffing services: "It's like an agency. . . . We have to work out some communication bugs now and then but I have that with any agency."

Some respondents note that the ASO staff helps them clarify their workforce need— the skills and kind of worker needed for the particular work setting. Because the ASO needs to identify where good job matches are and because it needs to give workers the best chance to perform well, the staff have a stake in creating a good match. Knowing the business needs increases the chances of success for the worker, and the ASO, and is also perceived as quality customer service.

Second, the **quality of candidate screening** was given as an important reason for retaining the ASO as vendor. Most business respondents noted that ASOs effectively match the candidates with their available job opportunities, reducing the cost of hiring or of training them in the future. In fact, the quality of screening was reported as usually higher than that done by conventional staffing agencies.

In most interviews, the ASO knowledge of the candidates' skills, capacities, and limitations prior to placement was stressed. Customers noted that the entry-level workers whom they encounter in hiring come with limitations or specific challenges; they appreciate knowing in advance what these are. One customer noted that the seasonal nature of his business led him to have difficulty with finding qualified workers and appreciated the screening provided by FSS: "I always said seasonal help is seasonal for a reason, and usually not a good one. Whether they have issues with not fitting in or not taking direction or whatever, it's just hard to get good seasonal help, especially at the [tax] preparer level."

Candidates that are otherwise good prospects may have a background that hinders their employability. For customers that require a background check for temps, the ASO will arrange for it. If the assignment is in view of permanent hiring, the company may conduct the background check and interview itself, as was the case with a maintenance company that we interviewed.

A customer that uses the ASO to fill entry-level positions in view of converting candidates to a permanent hire noted: "GSS screens people better, I don't just get a warm body, they will drug screen without fee. They're not the fastest…but the wait provides quality." (The wait is a couple of days.) Similarly, a customer who looks for temps that are prospects for long-term hiring relies on GTS to do initial screening for these candidates. Another customer noted that the ASO assigned workers turned over less rapidly in their jobs: "Other agencies let things turn over more. [Emerge] knows the people [they are] trying to place."

A GTS customer noted they were willing to pay a higher billing rate once the costs of recruiting were carefully gone over with her because "I don't want the warm body syndrome. . . . Paying more has helped bring down the turnover."

There were a few exceptions; screening sometimes came up short. A couple of respondents commented that screening was not always thorough, but no worse than conventional staffing companies. One noted that: "[This is] something common to all staffing organizations . . . that background screening of candidates is not done well. Inflated résumés from candidates are a problem across the temps placed by staffing organizations." Another customer who was otherwise satisfied recalled a mismatch between her expectations and the worker match provided: "I don't think their background checks are through enough. . . . I've hired temps that their mother brought them to work. . . . A 30-year-old man comes to work and his mom is driving because he's had a DUI. He doesn't have a vehicle. . . . Those are situations that need to be found out."

Criminal background is an issue that customers and ASOs face jointly, although in many cases the ASO will perform a background check if the job warrants it. A customer stated: "We hired one temp that looked to be a good welder…had a little background, not too much. I was gonna […] train him. Then we find out that he couldn't start on Monday because he had to go to court. He had been arrested on a felony drug charge. [He] had not gone to court yet. He had not mentioned any of it on his application." But a business customer stated that these kinds of issues are a problem in the workforce in general, especially at the entry level, and not particular to the ASO.

Third, the **responsiveness of the ASO staff** is a factor in using its services. ASOs invest staff time in responsiveness. The following statements illustrate what is valued in the working relationship between ASOs and their customers: "if we say we're having a problem, she accepts that there is a problem," or "she takes an extra step to provide full-time employment for people," or "she pushes a little more than a regular service" (Emerge). A customer noted

"they work very hard to fill the orders and they are compassionate" and that the service is "where it needs to be."

ASOs work with site supervisors to manage workers, to handle problematic supervisory issues, and to perform troubleshooting: "[He] leaves an open door. If [worker is] not working out, he'll find someone else" (FSS). A private customer of GTS appreciated most the ASO's "willingness to go beyond the general call of duty to get things done."

The customers' common perception is that ASOs know best and have more contact with their workers. The ASO staff also takes responsibility for firing the worker and, although this is expected of all staffing services, it is appreciated.

Fourth, the fact that the ASO connects workers to **supportive services** is seen as connected to job performance. Supportive services include connecting workers to services and subsidies through a form of basic case management, providing transportation or coaching. Supportive services, according to the respondents, enable the workforce to perform better, to be more reliable. For example, a GSS customer stated that "their support structure is their safety net. . . . We can't provide it." A manager noted the support services: "Helps me get my work done." The welfare to work services that are available to some of the workers placed through the GSS-Nampa office were seen by a manager as making a critical difference in getting his work done because they addressed parenting needs of workers on site.[39]

The presence of case management capacity is seen by some customers as making a difference in the staffing service. One noted "for GTS they have case workers and that's a plus." Of all support services, transportation, particularly comprehensive transportation services like Emerge was able to provide for a good part of the monitoring period, was seen as a valuable service to the business as well.

Several customer businesses stated that ASOs place workers that have characteristics that are similar to those of job seekers that the busi-

[39] The GSS-Nampa office worked in conjunction with a Working Solutions office that had a state contract to provide welfare to work services (case management, job readiness training, job search support, and counseling) to people transitioning from public assistance.

ness would normally encounter in their hiring pool, facing similar challenges in their personal life and labor market experience. For example, an FSS customer pointed out that most workers need to develop soft skills like attention to detail, thoroughness, accuracy, diligence, persistence, patience, and the like, to perform clerical and/or administrative jobs: "They can't relate to people, they can't talk to people, they can't interact with people. I mean, sometimes that's more important than the accounting skill" (FSS).

The difference the customer businesses see between a worker placed by the ASO and one they recruited on their own is that the ASO workers come with supports to keep them working—the supports and ASO interventions address tardiness, absences, and workplace conflicts more readily than when workers are hired directly by the customer and not supported.

Social-mission-related activities enhance the ASO services

Among the reasons provided by customer businesses for using ASO services, we find the social mission—and the priorities it creates in terms of preparing and monitoring workers—is "part of the whole." Meeting the mission and the business goals is seen as integrated tasks and priorities, rather than as constant trade-offs. This is an important finding in terms of how ASOs may choose to present their services and how they expect to retain customer loyalty.

Nevertheless, we asked explicitly about the customer business knowledge of, and interest in, the social mission of the ASO with which they deal. Some respondent businesses reported they want to give back to the community:

> *"I personally like that. I think he has the right values in terms of what he wants to achieve. I found that he was for the most part transparent when he was dealing with something. I liked that about the organization. I do like the fact that they work with people that had troubled pasts." (FSS)*

Some ASO customers have their own social responsibility programs and using ASO services is another way to meet their responsibility toward the community in which they are located. Others say they "know the disadvan-

taged" from their knowledge of the neighborhood, and are willing to give an opportunity to neighborhood residents. Some observe that they find little difference with workforces they recruit through other channels (newspapers, referrals) and therefore prefer hiring those that are supervised by the ASO.

Interviewed customers find the ASO difference lies in the supervision and support that come with ASO services, as noted above. For community-based organizations, using ASO staffing services is another form of workforce development activity. For example, it is part of the organization's core values to hire people with disabilities or others with major barriers to employment

ASO services used for specific needs

The practices and motives that animate businesses that use ASO services warrant close scrutiny because they provide insight into how best to target and market staffing services. We highlight customer behaviors that have clear implications for how ASOs position themselves as enterprises.

Business customers employ conventional staffing agencies as concurrent vendors with the ASO, most often using the ASO for specific needs and services. In fact, when they need a high number of workers, they tend to go to national companies, not to ASOs. Moreover, many of the for-profit companies have national contracts with staffing companies offering them a lower cost/markup. In addition, conventional companies can usually provide a quicker turn around in matching a worker to the assignment because they are larger, and have large pools of job applicants.

But if the conventional staffing agency does not provide a satisfactory candidate or displays insufficient responsiveness then the customer goes to the ASO. A recurrent remark about conventional staffing companies was: "they just send us bodies." With the ASO services, the customer companies are willing to pay a little more to get a lot more in terms of quality of screening and matching. This is particularly true when customer businesses are using staffing

services to find workers they are considering for permanent hiring. All the comments of customer businesses about ASO service characteristics are informed by their experience with the conventional staffing industry.

When a customer has special recruiting needs, for example needing an unusual profile or workers who perform better than average, they will tend to use the ASO with whom they already have a business relationship. They report the national companies will not take the time to deal with their specific need.

Brokering "up" in market segments

ASOs identify segments of the staffing market where their distinctive approach to staffing services is valued and meets the priorities of customer businesses. Based on what we have observed with these four sites and prior research, we anticipate that ASOs for the most part are not likely to dislodge high-volume conventional staffing vendors from large customer businesses with which they deal and that often have a national or regional contract with a national staffing company. Instead, they complement, and occasionally substitute for, the less-customized services provided by conventional companies. There are exceptions, of course. Some of the ASOs in this demonstration, as well as others we have studied, have become the top-ranked vendor, even the exclusive vendor, to some customer businesses.

It is also important to bear in mind that job brokering per se is valued by customer businesses. Customers value the arm's length relationship with workers that is achieved with staffing; that is, the buffering on the customer and worker sides is valued. Customer businesses report that this buffering is performed more effectively by the ASO than by conventional companies. Some who are cognizant of the ASO mission recognize this is because the ASO has a stake in the particular worker remaining in the assignment. As mentioned earlier, the quality of candidate screening and the follow up provided by ASO staff are perceived as making this difference in the quality of the candidate fit with the position and in job performance. Screening and follow up were rated favorably by the respondents. Delivering the quality of screening and follow up is time consuming for the ASO staff. The delivery of quality screening and follow-up is reflected in staff costs and is part of the costs of what we have termed the "alternative staffing difference" noted in our discussion of financial results.

Worker Perspectives on Alternative Staffing

Some notions are fairly well established about alternative staffing. First, in the process of brokering workers into assignments, the "arms'-length" relationship is valued by both customer businesses and workers alike, although for different reasons. While businesses value having a buffer in terms of responsibility toward the workers, job seekers appreciate the entry into employment and having someone represent their skills. Second, troubleshooting of supervisory and performance issues, and the occasional mediation, are processes that tend to both sides of the brokering relationship. Mediation in particular is seen as customer service by both employer and worker. Supports provided workers are perceived as a dimension of business service.

Supports directly targeted at workers come in many forms. They can be services that are directly provided by the ASO or for which the worker is referred out. Depending upon the needs of the target populations, the organizational capacities of the home organization, and the characteristics of the regional network of human services, the ways that workers are connected to services will vary. (See report by P/PV for worker-level details, www.ppv.org.)

Two ways of supporting workers

ASOs follow one of two approaches to supporting job candidates. We outline them here because they have different implications for the cost structure of each ASO. We call one model the "troubleshooting" model and the other the "intensive support" model. The latter goes beyond troubleshooting and usually is available when the ASO is part of a larger organization.

The troubleshooting model entails the following:

- A focus on "quick fixes" of barriers to employment (help with résumé, work clothing) or referral to other social or mental health agencies: These quick fixes are by no means unimportant and can be key for job performance early on in an assignment

- Providing information to the worker about what to expect in the worksite and about appropriate behaviors

- Explaining possibly unfamiliar workplace norms, social norms, or addressing small misunderstandings between workplace supervisors and workers. Both worker and ASO staff noted the need to address explicitly the fact that behavior that is functional in the home or neighborhood setting may not be so in some workplaces

- Crisis management: when the ASO staff mediates significant conflicts between the worker and supervisor.

The intensive support model entails the following:

- Some of the characteristics of a case management model at the beginning (screening and job matching stage) and throughout the time period in which the worker is affiliated with the ASO

- Staff may refer workers to substance abuse treatment and verify worker status at program exit in some cases

- Supports that facilitate the reentry of ex-offenders are provided

- There may be active staff involvement with workers before and during assignment, an involvement that entails coaching rather than specific supports (for example, staff helps workers to be ready for work on time)

- Organizing access to multiple services for worker: The ASO staff draws in other services from within the agency (child care, résumé building, skill building, and the like) or from area agencies.

In previous work, we have noted that staffing services that are located in large human service organizations, like homeless shelters, that deal with vulnerable populations tend to follow the intensive support model. Conversely, organizations with a broad recruiting practice that yields candidates facing significant barriers, but also others that are close to job ready, tend to follow the troubleshooting approach (Carré et al. 2003, Seavey 1998). Among the participating ASOs, we found that FSS and the GSS-Boise office, tend to follow the trouble shooting

approach while Emerge tends to follow the intensive support model. All ASOs modulate the amount of support services and staff time to concentrate resources where they are most needed.

Perspectives from worker focus groups

How do job candidates/workers perceive the alternative staffing difference? Does the staff involvement and connection to support services matter? How does their experience differ from a conventional temporary staffing experience? In this section, we focus on job candidate perceptions on their interactions with alternative staffing as compared to conventional staffing. (For details on candidate satisfaction see P/PV report, www.ppv.org.)

Information comes from focus groups of workers who have had a fairly strong involvement with the ASO or who are waiting for assignments. In each site, four rounds of 90-minute focus groups were conducted.[40] Because the recruitment was conducted by ASO staff, we expect that participants would represent more of the satisfied candidates, but contents of group discussions included criticisms and disappointments as well.

What is valued, noticed, and relied upon are the following practices. First, the provision of information, that is, making clear what each assignment entails in terms of job tasks but also dress code, behavior and supervisory style, is appreciated and valued. One worker said: "they give you all the information you need, so you won't be surprised." This information allays anxiety, particularly for workers on their first few assignments.

Second, the ASO staff making the time to be available and offer understanding is valued as well, particularly in contrast to other job brokers workers may have used. Comments allude to being seen "as people, not problems" and that staff "have not given up on us" or "will pick you up when you fall." Where in many parts of the conventional staffing industry, job candidates will have only fleeting contact with staff, primarily by telephone, contact with ASOs is described as more personal, described

as "face to face with people." One worker stated about the ASO, "Here they are more efficient about getting people jobs. They don't like seeing people out of work. . . . They are not in it just for the dollar; but help this person to succeed."

Third, a number of candidates and workers mentioned, in particular, the translation of workplace norms that the ASO staff provides. In some cases, workers are new to structured work settings, or require explanation of supervisor expectations, or of communication styles. Related to this, outright mediation is occasionally needed and valued. Most often it is the difficulties with supervision that occur although occasionally with coworkers as well. "Decoding" situations where the site supervisor came across as disrespectful to the worker or, conversely, where the worker came across similarly disrespectful is handled by ASO staff. Occasionally, ASO staff intervenes directly on behalf of the worker, where a supervisor is clearly overstepping roles. Most often, the ASO staff act as supervisor, translating workplace expectations of performance, and behavior.

Finally, regarding access to support services, workers in focus groups who have used a referral, or directly provided supports, mention that having one entry point for these supports is helpful. The assistance from staff in helping locate services or subsidies is valued; it simplifies the task while they are also searching for work.

The patterns mentioned in these focus groups are what workers notice as distinctive and particularly valuable. They do not hesitate to note that there is not always consistency in these patterns, across staff, or across time in their interaction with particular ASOs. A few even note that some offices of conventional staffing companies treat them similarly to their experience with ASOs. Nevertheless, when compared to conventional staffing, workers report they notice the difference in the ASO advocating for a better job for them. One noted: "You start out at low entry but she [staffing specialist of the ASO] pushes and pushes to [a job] where you are best suited; other staffing companies don't push."

---

[40] Focus groups were conducted jointly with the P/PV team.

A number of other issues came up in focus groups with workers, but also in discussion with ASO staff, regarding worker experience. These issues are prevalent and pertain to working in temporary staffing; they are not distinctive of alternative staffing per se. Access to skill training sometimes has to come second; the worker needs immediate earnings. Training time is difficult for the worker (and the organization) to finance. Access to transportation is a challenge in all regions but the densely settled New York area. The lack of access to health insurance, which is the case for most in staffing, is a source of concern, as for many U.S. workers. Workers would like to know in advance that a temporary assignment will turn permanent; this is often not possible because it is at the discretion of the customer employer. Even companies that have been in "staffing up" mode may slow down their hiring and an assignment with good prospect of conversion may turn out to be temporary after all. Job candidates also report wishing that a broader range of jobs in terms of skill levels be available to them; this is particularly true of those whose single labor market barrier is a disability but who otherwise have a relatively high level of education. Needless to say, this is a concern for ASO staff as well. ASO staff also report that the range of assignments open to staffing with ex-offenders is getting narrower as companies adopt corporate-wide policies prohibiting such hiring and removing discretion from the local HR staff.

Conclusion

With this project, we have used the experiences of four Alternative Staffing Organizations over an 18-month monitoring period to gain a deeper understanding of the ASO model and how it is adapted in different organizational contexts and labor market environments. We have examined: how each ASO structures the services it provides; how it handles day-to-day management issues and how it sells its services. We made observations based on the experiences of a group of ASOs that is diverse in terms of parent organization (two Goodwill Industries International affiliates, and two community-based organizations), market (two with access to state set-aside business), types of job seeker populations served, and jobs accessed.

We find that the diverse parent organizations in the demonstration adapted the ASO model to meet the specific needs of their target population and used it to complement other approaches they follow to serve this population. They adapt the model to fit with organizational resources and constraints. They also adapt the ASO model to meet varied goals for their service population: to generate short-term employment as an immediate source of earnings; as a means to build work experience or a work record, as a step to more stable, and better, employment; and/or as a means to overcome the effects of discrimination.

Aligning organizational goals and constraints with labor market context

Regarding how ASOs function within their organizational context, we have observed the following patterns and variations from patterns.

Behind every job matching process that entails checking a database of recruited and screened job candidates for a match to a job order lies a set of decisions and choices made by the ASO staff and the organization as a whole.

- There are decisions to be made about pursuing and acquiring business contacts through sales activities. These, in turn, reflect decisions about the business strategy and identi-

fying employers that are likely prospects and a good match as customers for the ASO.

- There is an organizational commitment to a particular workforce, or group of workers as primary target group.

- There is a model of what makes up an acceptable job opportunity.

Feedback on the "fit" between business strategy and mission, as well as the alignment of the ASO operations to goals, is immediate. Workers perform or not; customer businesses are satisfied or not. The assignment works out or not. For this reason, the ASO model is interactive (with workers, customers, and a network of other service organizations) and iterative. It is iterative in that adjustments to the service are possible because of frequent interaction with the customer business. Also, a single worker may be sent multiple times on assignments, some of which may bring him closer to desired longer-term jobs.

For each ASO, when we observe job opportunities generated, we examine the alignment between assignments, populations served, and customer business characteristics.

- The volume and kind of assignments as well as the frequency of churn in assignments are affected by the composition of the customer base.

- Concurrently, the kinds of job assignments that the ASO seeks to fill are related to the target population and, therefore, the job candidates.

- The ability of each ASO to turn the target population of job seekers into candidates for assignments is, in turn, affected by its organizational context:

  - Some ASOs have internal resources for support

  - Some are affiliated with large organizations that have the in-house capacity to provide support services

  - Some are embedded in a dense regional network of human services organizations to which they can make referrals, while others have less opportunity to refer out for services

- The type of customer businesses that place "job orders" with each ASO affects the nature of jobs, the duration of assignments, and the amount of "temp to hire/temp-to-perm" opportunities.

This close alignment between assignments, target population, and customer business characteristics is tempered somewhat by adjustments necessary for the sustainability of the enterprise.

- ASOs mix the kinds of assignments they fill, including some higher-paying assignments with low-pay assignments, in order to protect revenues. They cross-subsidize assignments and people that are more demanding of staff time. They may also take higher-level assignments from a steady customer business simply to maintain the service relationship.

- As a result, ASOs may serve people—particularly those that have higher skills—who do not fit the profile of their target population.

Forging a path to better jobs

The job assignments that ASOs in the study have been able to locate for job candidates generally pay an hourly wage in a range somewhat above the minimum wage and below the urban area's median wage (50 to 71 percent of the median across the sites). Not surprisingly, the sites that serve job seekers who have more barriers find assignments that are lower-paying blue-collar work. Conversely, the site that places candidates primarily in state agencies (GTS), and primarily in clerical positions, has, on average, higher-paying assignments. Staff and job candidates in focus groups assess assignments in terms of the hourly wage but also in terms of the quality of the work environment—the supervision and the opportunities for the assignment to possibly convert to regular hiring. All concur that access to health insurance while on assignments (only a minority of workers have it) would greatly improve the employment experience.

On the whole, the four ASOs in the demonstration do "broker up"; they avoid the pitfalls of the practices of conventional, low-end staffing, the segment of the industry to which job seekers they serve are likely to be exposed.

Seavey (1998) had noted that alternative staffing enables job seekers to sample jobs and, progressively, build a track record and find a path to better jobs. The ASOs in this demonstration do seek to forge a path to better jobs. The preferred and most direct means to do so is converting the temporary job to a "permanent" job while the worker is on assignment. ASOs seek customers whose regular/permanent jobs provide predictable work hours and key employment benefits such as health insurance. But options to convert to a regular job are not always available due to employer hiring constraints; employers that have been "staffing up" may suddenly slow their hiring. Furthermore, many employers do not promote from within as frequently as in the past. So ASOs forge a path to other jobs, too. With their customers, ASO staff will tend to push for the candidate to have access to a better job. The stance of the ASO is that the workers' best interest is served when they are placed in the most advanced position for which they are qualified. According to some workers in focus groups, this "advocacy" stance—within the constraints of a vendor relationship—is distinctive. Workers in focus groups refer to the ASO as their advocate, something they have not experienced with other brokers. In pushing for the best assignment a candidate can access given his level of skill, the ASO ensures that the candidate will have a track record that will enable him or her to apply for better and better positions.

The ability to use one's employment record with the ASO and the work experience on assignment to build a bridge to other jobs is an integral part of how ASOs believe they broker job seekers "up" the labor market from low entry-level positions. In addition, they usually teach workers how to search for and apply for work on their own. In this study, both staff and job seekers reported that moving to other jobs does happen as frequently, if not more frequently, than conversion while on assignment. We have only partial information on this pattern, however, because there is no systematic follow-up of job seekers no longer registered with the ASO. This promising pattern warrants further exploration.

Different ways to finance ASO operations

We have shown that parent organizations can set up the financing structure of the ASO in a number of ways. Even within the small group of ASOs in this demonstration, we found varied degrees of reliance on grants, public contracts, and public subsidies to cover mission-related costs. By mission-related costs, we mean the direct expenses and "hidden costs" incurred by ASOs because they place job seekers who may need supports and focused staff attention. Also, we found varied levels of expenditure on mission-related costs as a share of total costs across the sites.

We have identified "hidden costs" of personnel time spent in preparing candidates for assignments and in monitoring and troubleshooting while workers are on assignment. For the most part, these staff-time costs are incorporated in "General & Administrative" costs in accounting. They represent, however, mission-related activities and a significant difference between ASOs and most conventional staffing companies, particularly those that tend to employ workers who face labor market barriers.

We have also found that the ability of an ASO to sustain its mission goals and provide access to support services to job candidates depends partly on whether the ASO has a service referral network. An ASO embedded in a rich network of human service providers is better able to support job candidates than one that must rely on a thin regional network of providers (constrained by resources for such services) or must provide the services itself and finance them.

In all, revenue generated by the markup on assignments helps pay the administrative costs of the job-brokering function of the ASO (e.g., testing, job matching, payrolling). This income stream enables ASOs to reserve private grants and public resources—when they have access to them—for supporting job candidates and meeting mission-related costs. This choice is deliberate. In so doing ASOs stretch grant resources targeted at job preparation and other support services across a larger group of workers.

For ASOs that generate a net revenue, the option is there to invest this revenue in more extensive wrap-around services (e.g., taking on job seekers with greater need for support). Alternatively, some ASOs are expected by the parent organization to turn net revenue over to another service unit (human or workforce development) within the broad organization.

Enterprise selling strategy

In the long-standing debate on whether to sell service quality or the social mission, all sites vary. Some stress one more than the other but most acknowledge that each particular selling conversation requires a different emphasis. All concur that service quality, and being able to present the ASO's ability to deliver it, are key to getting and, importantly, retaining business. The social-mission angle can provide a positive edge in an otherwise equal competition with another staffing vendor. The social mission can sometimes be used to "open the door" and start a conversation with a potential customer business. Ultimately, without differentiating their service on quality, ASOs do not see how customers can be retained. They usually cannot compete with very low prices, as low-end staffing companies do, so service quality is key.

The ability to deliver workers who are better supported and thus better able to perform seems to be appreciated by long-standing customer businesses in particular. On the whole, interviewed customer businesses have specific reasons for using an ASO as a vendor, often along with another larger national vendor company. They report that, when quality screening and a well-prepared worker are important, the ASO is more likely to deliver than a larger company. Responsiveness, attention to candidate preparation, and follow-up while the worker is on assignment—all tasks the ASO undertakes to ensure candidate success—are perceived as contributing new dimensions to customer service by customers.

Questions for future research

A great deal of exploration was accomplished and knowledge gained with this demonstration. Most notably, we identified the core elements of the ASO model and how it is adapted in different organizations, workforces, and customer contexts. Furthermore, we reported on what customer businesses value in ASO services and convey how they perceive job candidates. From the start, we knew important areas would require deeper investigation than was possible with this study. We identify the following as particularly important areas for further exploration:

- The follow-up of the employment status of job seekers/workers in the months following their interaction with the ASO work assignment would contribute important information about how ASOs forge paths to other, better, jobs. This information would address the concerns of those seeking to thoroughly evaluate alternative staffing's role as a tool in workforce development services.

- Similarly, an appropriate basis for comparing the flow of job candidates (working or not, available or not) through an ASO over time and across ASOs needs to be refined.

- A closer examination of customer businesses' motivations is needed. Under what conditions do they consider using, or not, ASO services? The examination would provide insights into the "tipping" points in customer decisions. Such insights would help ASOs better market their services and would help fledgling ASOs develop their sales pitches.

- Better record keeping on needs for services, particularly needs related to substance abuse, would help better assess and address the obstacles some job seekers face.

- A more in-depth look at options to improve access to wraparound services as well as access to training resources would substantially improve the ASO track record in forging paths to better quality jobs. Importantly, improving candidate access to wraparound services may enable ASOs to consider job seekers with more serious barriers to employment.

- A look at experiments with local collaborations between Workforce Investment Board–sponsored training and ASO parent organizations might identify new mechanisms for connecting job seekers to training resources.

The field of Alternative Staffing has developed significant knowledge about helping groups of job seekers who experience difficulty on their own in the labor market. It has acquired a close, in-depth, understanding of the employer side of the employment relationship. The experiences of the four ASOs in this demonstration have provided rich material for other practitioners to reflect upon and raise further questions for research to address.

References

Alternative Staffing Alliance. *History/Background 2008* [Available from http://altstaffing.org/aboutus. html.]

Andersson, Fredrik, Harry J. Holzer, and Julia Lane. *Moving up or Moving On: Who Advances in the Low-Wage Labor Market?* New York: The Russell Sage Foundation., 2005.

———. "Temporary Help Agencies and the Advancement Prospects of Low Earners." Paper presented at the NBER Labor Market Intermediation Conference, May 17-18, 2007.

Autor, David H., and Susan N. Houseman. "Do Temporary Help Jobs Improve Labor Market Outcomes for Low-Skilled Workers? Evidence from Random Assignments." In *NBER Working Paper No. 11743*. Cambridge, MA: National Bureau of Economic Research, 2005.

———. "Temporary Agency Employment as a Way out of Poverty?" *In MIT Department of Economics Working Paper No. 05-25 2005*.

Berchem, Stephen P. *American Staffing 2008: Uncharted Territory* American Staffing Association, 2008 [Accessed on August 6, 2008 at http://www.americanstaffing.net/statistics/economic2008. cfm#11.]

Capelli, Peter, Laurie Bassi, Harry Katz, David Knoke, Paul Osterman, and Michael Useem. *Change at Work*. New York: Oxford University Press, 1997.

Carré, Françoise, Joaquin Herranz, Dorie Seavey, and Carlha Vickers. "Alternative Job Brokering: Addressing Labor Market Disadvantages, Improving the Temp Experience, and Enhancing Job Opportunities." In *Report of the National Study of Alternative Staffing Services*. University of Massachusetts Boston: Center for Social Policy, John W. McCormack Graduate School for Policy Studies, 2003.

Carré, Françoise, and Dorie Seavey. "The Impact of Marketing & Sales on Alternative Staffing." Report to the C. S. Mott Foundation, 2006.

Doeringer, Peter B., Kathleen Christensen, Patricia M. Flynn, Douglas T Hall, Harry C. Katz, Jeffrey H. Keefe, Christopher J. Ruhm, Andrew M. Sum, Michael Useem. *Turbulence in the American Workplace*. New York: Oxford University Press, 1991.

Elling, Duane M. "Project Seeks to Help 'Temps' Achieve Long-Term Job Stability." *Mott Mosaic*, Fall 2006, 18-21.

Elling, Duane M. *Alternative Staffing Connects People with Jobs* Charles Stewart Mott Foundation, June 2004 [http://www.mott.org/Home/recentnews/news/2004/alternativestaffing.aspx.]

Henson, Kevin. *Just a Temp*. Philadelphia: Temple University Press, 1996.

Houseman, Susan N. "Why Employers Use Flexible Staffing Arrangements: New Evidence from an Employer Survey." *Industrial and Labor Relations Review 55*, no. 1 (2001): 149-70.

Kalleberg, Arne, Barbara Reskin, and Ken Hudson. "Bad Jobs in America: Standard and Nonstandard Employment Relations and Job Quality in the United States." *American Sociological Review 65* (2000): 256-78.

Kanter, Rosabeth Moss. "Employability Security." *Business and Society Review* 87 (1993): 11-14.

Osterman, Paul, Thomas A. Kochan, Richard M. Locke, and Michael J. Piore. *Working in America: A Blueprint for the New Labor Market*. Cambridge, MA: MIT Press, 2001.

Parker, Robert E. *Flesh Peddlers and Warm Bodies: The Temporary Help Industry and Its Workers*. New Brunswick: Rutgers University Press, 1994.

Peck, Jamie, and Nik Theodore. "The Business of Contingent Work: Growth and Restructuring in Chicago's Temporary Employment Industry." *Work, Employment and Society* 12 (1998): 655-74.

Seavey, Dorie. "New Avenues into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers." Center for Community Change. Washington, DC, 1998.

U.S. Census Bureau. *American Community Survey* 2006 [Available from http://www.census.gov/acs/www/index.html.]

U.S. Department of Labor - Bureau of Labor Statistics. *Consumer Price Index -All Urban Consumers, Customized Tables* 2006. [accessed 1/15/08 at http://www.bls.gov/cpi/home.htm.]

———."Contingent and Alternative Employment Arrangements, February 2005." Washington, DC., 2005.

———.*Occupational Employment Statistics*, Metropolitan Area Cross-Industry Tables (May 2006), [Accessed 1/8/08 at http://www.bls.gov/oes/current/oessrcma.htm.]

Center for Social Policy

John W. McCormack Graduate School of Policy Studies

University of Massachusetts Boston

100 Morrissey Boulevard
Boston, MA 02125
Tel: 617-287-5550
Fax: 617-287-5566
www.mccormack.umb.edu/csp/