

sireview

STAFFING INDUSTRY REVIEW

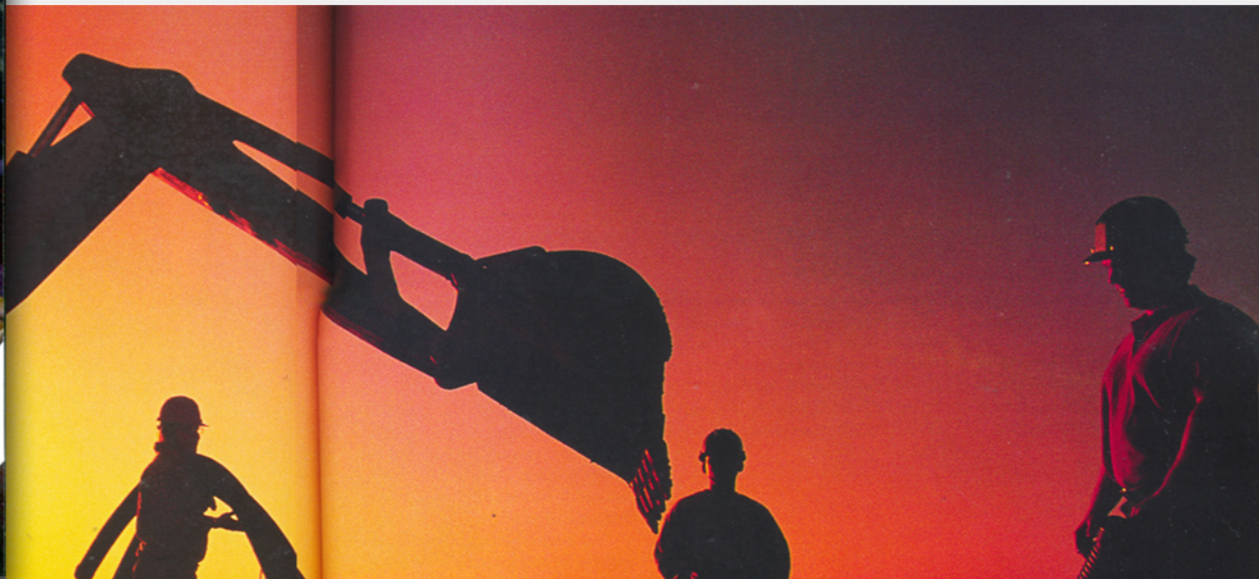
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Where Risk Management is a **Priority**

By Jeff Reeder

**The majority of your
business is light
industrial. In California.
And yet you consider workers
comp a cost center and not
a loss center. Are you crazy?**

Not if you're John Porrello, CEO of Priority Business Services, a California-based staffing firm with approximately 70% light industrial in its makeup.

Porrello insists that if you have a good risk management plan, workers comp will indeed be a cost center because you will be managing it better than your competitors, and you'll beat them at the bottom line.

Porrello does acknowledge that workers comp insurance is one of the highest costs to running a staffing business, and that while the insurance market is softening, players are hesitant to come to California. But he has taken

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steps to ensure that Priority has safety plans in place to keep costs under control. Other staffing firms would do well to follow Porrello's model.

Safety First

Priority has been in business since 1989 and has a strong presence in Southern California, with nine offices (including one in Mesa AZ). The company has several service lines, including accounting and finance staffing and

people to work in safe places, you'll be in good shape," says Porrello. Candidate selection involves careful screening, and Priority uses that same approach with clients: "Have they worked with us before? Do we know them?" Porrello says he meets with not just the executives but the supervisors who will be managing his workers. He also meets with management and discusses past losses and open claims. And if Porrello doesn't like what he sees or hears, he's not afraid to walk away from a potential client. "I've turned

safety programs, Priority will send people out at two in the morning. The next two steps get to an even higher level. In step four, Priority will serve as a broker consultant, connecting clients with brokers. It's also where it will get the client up to speed on all state and federal compliance.

The last and fifth step is to customize training programs for the client at all levels. Again, Porrello points out, this is easier said than done. "Lots of staffing firms say they have safety programs," he says, "but you can't just say you have forklift training. There are nine different forklifts! You need to be qualified to train each of those."

This is also the area where Priority will step in and train the trainer.

To get a risk management program in place, says Porrello, you need to start at the top. "Everyone understands that safety is our #1 priority," he says. He gets reports not just on revenue, margins, etc., but safety. He might get an e-mail, for example, that shows that the company had fewer injuries in June of this year than June of the previous year.

Fruits of Success

Besides an enviable modification rating, there are other rewards that Priority enjoys. There is also the benefit of a safe workplace which is good for everyone.

Not only that, but the company is in a consultant role with numerous clients, something every staffing firm strives for. Priority has many long-term relationships where it partners for safety.

Another benefit is ancillary but equally valuable. In the inland empire there is "staffing row" with six firms back to back. Porrello says that with word out that safety is first at Priority, the company gets less walk-ins than its competitors, but more qualified candidates. That's a ratio that Porrello doesn't mind at all. **SI**

The company (Priority) has several service lines, including accounting and finance staffing and payroll services, but the majority of business is light industrial.

payroll services, but the majority of business is light industrial. Priority is growing at a steady pace and is set to make just under \$100 million in revenue this year. Porrello himself has been in staffing 16 years, and he says that when it comes to workers comp, "It's my money, and it hits home." For this reason, he's made safety a major focus, and he says the company knows that this "comes from the top down."

His emphasis on safety is working. The company is on its third renewal with AIG, and has an ex mod rate of less than 100%, which is almost unheard of in light industrial. Porrello listed five key steps that he takes to make sure that he has workers comp and safety under control.

Priority's Program: A Five-Step Process

According to Porrello, the right approach starts at the beginning, with both client and candidate selection, with steps one and two. "If you put good

business away, and I've terminated business," says Porrello. It's about recognizing "this is not a good piece of business to have," he says. "And you have to be disciplined. Someone will always be there to pick up bad business."

Step three is to let your risk management team go to work (Priority has a team of six). This is where the team will evaluate and manage claims and look at safety programs. In one particular case, Porrello said, a client had two safety programs - one for permanent employees and one for contractors. What is that going to do to morale?

You also have to look at how to incentivize, stresses Porrello, who says that everyone incentivizes temps on safety, but asks, What about their supervisors? One internationally known client said, "I don't get it - you want to incentivize our supervisors?" recounts Porrello, but that's exactly what Priority did.

You also have to be willing to go the extra mile. To get managers who work the graveyard shift on board with their