

Transitioned to a Fixed Cost Per Unit



SITUATION

Leading cosmetic manufacturer customer had a need for manual work content that was not part of their core operations. They were outsourcing packaging functions to a 3rd party for promotional work. If they performed the work internally, they would have had to invest in capex expenses, and the work content was temporary in nature, combined with the cost of change overs. Their challenges included:

1

Ability to scale quickly

2

Speed to market lagging

3

Transportable waste issues – time and environmental

4

High growth labor market with wage pressures and employee turnover due to increased demand.

SOLUTIONS

Staffmark presented an “insourced” model to manage the operation within the customer’s facility on a cost per unit basis. Customer pays only for work performed – not hours of employees at facility.

- Our engineering team designed and implemented a Cost Per Unit Labor Model with pricing structures that factor size, quantity, travel time and weight.
- Dedicated Onsite performance manager manages the work content and team.
- End-to-end solution – recruiting, training, leadership.
- Established work processes and standards.
- Customized training and onboarding processes.
- Implemented incentive plan based on productivity efficiency goals.

RESULTS

\$145,000

ANNUAL SAVINGS

Compared to a staffing model based on a pay and bill rate

102%

PRODUCTION TO PLAN

Achieved while also meeting other KPI goals

14.9%

HIGHER AVERAGE WAGES

Employee earning higher average wage without increasing labor costs

+\$1.38

Improved pay rate over hourly average

2.2X

Times Better Retention

224

CPU Employee Average Days Worked