Case Study

Part 1: Metro Services, Inc. Background

Metro Services has been in existence fifteen years providing a wide range of human resources to companies such as manufacturing, transportation, retail sales, and lately to governmental organizations. While Metro may appear to be a temporary (temp) personnel provider, they do not see themselves in that light, but rather more like temporary specialists serving in a full time position for at least six months. They provide supervisors who are experienced in operations, building performance review systems, and information management.

The typical Metro employee is twenty five to thirty five years of age, either male or female and may come from a variety of racial/ethnic backgrounds. Metro has deliberately hired, trained, and groomed this particular class of employees. Over 90% of the 70 employees in Metro have at least a bachelor's degree, and many have associate degrees in a technical area (such as medical emergency or management information systems).

The average annual salary for this unique type of temporary staff ranges from $40,000–$50,000 depending on the nature of the agreement between Metro and the employers. Because the Metro employee group is well educated and trained, they are able to fit in at a company's program very quickly—a key feature of Metro's marketing strategy. They claim, "one of our highly flexible supervisor temps will be up and running in two weeks time or we will not charge the employer Find and Place fee."

The Find and Place fee is 10% of the agreed upon annual salary. The fee structure is as follows:

- ☐ Position salary is $50,000 for employee plus a 10% placement fee ($5,000) to Metro. This is a guaranteed annual fee to Metro. If the position is filled by the company with a regular full time employee in less than one year, they can still use the Metro temp in another slot until the contract ends or an extension is sought by the company. If the company chooses not to continue with the temp supervisor, they must pay whatever remains of the 6 month contract. Extensions are at least 6 months.

As a way to prevent companies from stealing the Metro temp supervisors from Metro itself, an agreed upon $5,000 is paid to Metro (which is really a finder's fee) when a Metro employee leaves Metro and joins the company with whom he/she has been contracted.

One of the ways the Metro owners have met their profit goals is to find and groom supervisors knowing very well the companies they work with are always looking for high performance supervisors. In this manner, Metro not only gains the Find and Place Fee of $5,000, but also the placement fee of $5,000 if the temporary supervisor is offered a full time position.

Metro is owned jointly by three persons: Mrs. R. Isley, Mrs. Duane Reynolds, and Mr. William Barcell. They started the company having designed the vision of an organization staffed with highly capable people who were quick learners and could fit in many different kinds of corporate culture.

Metro has been a phenomenal success. Turnover is low and most of the personnel prefer to stay with Metro than change to another company. The company has recently purchased a small school that was sold under bid very cheaply. It has been remodeled and now has space for training facilities, conferences, and offices to lease.

About a month ago an open letter was circulated to the employees by one of the staff who had recently taken a full time position with Cornell Corporation. The letter follows under separate cover.

A meeting has been called between the principles and an employee group to initiate communication and hopefully find a first step to resolution of a situation that seems not that big a deal, but may just be an indicator of more than meets the eye.

Part 2: Letter from Mr. James Baker

May 25, 2008

To: METRO Employees

Hello, everyone. You may remember me (James Baker). I write this letter with mixed feelings. While working with Metro, I was treated very well and learned a great deal about supervision. The owners are good business partners and manage the company very well. In fact, Metro has been making excellent profits as witnessed by the purchase of the new building and extensive remodeling that has taken place.

I have approached the owners twice with a proposal that Metro should find a way to share some of the profits, which I believe are in excess of 30% after taxes. This is done by the accomplishments of you and me.

I am simply telling everyone of my feelings and believe this information is in your best interest.

Respectfully,

James Baker

Chicago, IL.

Part 3: Instructions to the Principles

1. You started this business with a small business loan of $150,000 and have developed it into gross sales revenue of in excess of 8 million annually.
2. Your credibility and record as a high performing company is without a blemish.
3. You treat your employees very well. They have a great benefits package including a 40IK after five years served.
4. You did have a confrontation with Mr. Baker in 1999 when he requested a bonus for his work that year. Upon refusal, he became irate.
5. You anticipate the employees may ask for an annual bonus, but you believe completely you are paying better than most companies. You are sure they won't attempt to form a union, as that would be a great detriment to all concerned.
6. Mr. Barcell (vice president of operations) cannot believe there is a movement by the employees. In fact, he is very upset by this underhanded move.
7. Mrs. Isley (president and CEO), always an optimist, assumes a meeting with some uninvested mediators will solve the problems.
8. Mrs. Reynolds (business manager) is of the mind the employee group is doing quite well with the salary and benefits package that Metro provides.

Part 4: Instructions to the Employees

You have been selected as spokespersons for the 72 employees who are classified as temporary specialists. Although there has been some grumbling in the past, it was not until Mr. Baker's letter was received by the employees that individuals began to contact fellow workers and suggest that the employee group should create a united front in terms of what needs to be done.

Your task is to create a plan and strategy to get your needs met. You did contact the employee group by phone and discussions off company premises with an apparent consensus that something needs to be done.

Although you are not hostile to the owners, you wonder why there have been no employee/owner meetings for the past three years. Before that, an annual supper meeting was held between Thanksgiving and Christmas. This meeting was two fold: business report / feedback and a nice supper provided by the company.

After talking with the employees, more than a few complaints were aired:

1. The principles were always checking to see if the contracting company was adhering to the contract, which put the temporary specialists between the Metro owners and the contracting company.
2. The Metro owners would continually ask the temporary specialists if the contracting company was making offers of full time employment.
3. The owners would call the contracting companies asking for performance information above and beyond that which was agreed to in the employment contract.

Part 5: Metro Services, Inc. Employee Survey Results (N = 65)

1. The opportunity to demonstrate individual performance: 90% said agree or strongly agree.
2. The opportunity to work with various companies: 78% said agree or strongly agree.
3. The owners' attitudes toward the specialists: 92% said positive or very positive.
4. Metro offers job security: 64% said agree or strongly agree.
5. Colleagues appreciate my performance: 56% said agree or strongly agree.
6. There are many opportunities to give advice to my colleagues: 77% said agree or strongly agree.
7. The salary is fair and comparable: 80% said agree or strongly agree.
8. There are many opportunities for promotion: 18% said agree or strongly agree.
9. The specialist positions provide me with ample opportunity to make use of my knowledge and skills: 74% said agree or strongly agree.
10. Owners allow specialists to help negotiate fees with a firm before contract is let: 6% said agree or strongly agree.