

BI INTERNATIONAL CASE COMPETITION

CASE – JOBZONE

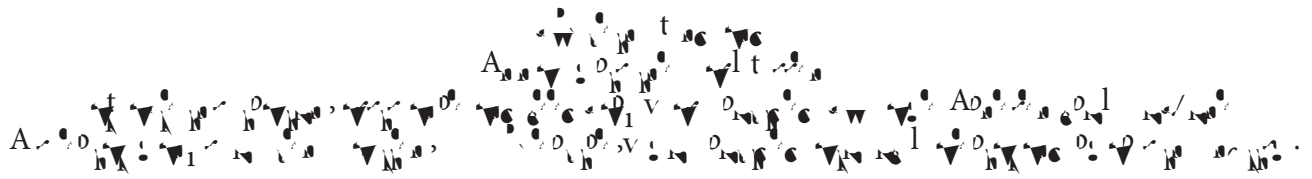
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Jobzone - Embracing digital change



BI International Case Competition
2017

This case was written for the 2017 BIIC



Introduction and challenge

It is January 2017. The founders of the staffing and recruiting company Jobzone Norge AS were reviewing the result for 2016, which was another good year for Jobzone.

Actually, 2016 was the best year ever since the company was founded back in 2002. Jobzone Norge AS is now the largest Norwegian-owned recruitment and staffing company and the third largest player in the Norwegian market, with a market share of 7% (2016).

In 2015 the Jobzone AS group had a turnover of NOK 1.19 billion in total and supplied more than 2000 clients with approximately 8000 employees. In 2016, the turnover grew to NOK 1.38 billion, with a net result after tax of NOK 27.25 million.

Staffing and recruiting in the world of increasing digitalization

The Jobzone founders discussed the future. To quote Bob Dylan, the recent Nobel Prize laureate; "The times they are a-changin' " and Jobzone is looking to take the company into the digital world. New technologies are creating new opportunities and changing the way business is being done in most industries. Employer behaviour as well as candidate and temp behaviour is changing accordingly. How is this affecting the staffing and recruiting industry and the temp industry? What kind of services do clients (companies), temps (temporary staff) and candidates (people applying to become a temporary worker) expect from a staffing and recruiting company the next 3 to 5 years?

The Jobzone founders have decided that they need a fresh and new look at the situation. They want their products and services to be scrutinized and improved by young people, digital natives, the people who are future candidates and clients. People who know the digital world, but not necessarily the staffing and recruitment business.

The solution to their dilemma: Let 48 of the brightest bachelor students in the world study the problem and present a solution at the BI International Case Competition in 2017.

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The solution(s) you present should enable continued growth and Jobzone's competitiveness in the future.

Here are some of the questions that need answers:

- What are the candidates', temps' and clients' expectations to digital recruiting processes in this digital age?
- How can new services enabled by technology or new/better use of accessible data enhance the user experience for Jobzone's clients, temps and candidates, and what kind of services would that be?
- How can digitalization and new or better use of data help build and maintain the loyalty of Jobzone's clients, temps and candidates in the future?
- What kind of functionality or digital services will provide added value for Jobzone's clients, temps and candidates?
- What would be the ultimate digital job application process for candidates and temps in the future?
- How can Jobzone use digital tools in the recruiting process?

Please keep in mind that Jobzone is not looking for sharing economy platforms like Uber and Airbnb, and unless you have very good arguments for that being part of your suggested solution, they should not be considered.

Norwegian law prevents sta ng and recruiting services to charge the candidates/temps a fee – so the business value in your suggested solutions cannot be based on that as a source of revenue.

Good luck.

Jobzone Norge AS

Jobzone Norge AS is a staffing and recruiting company supplying clients with temporary staff and assisting in hiring and recruiting processes. The head office is in Oslo.

The company is run as a nation-wide franchise company with Jobzone Norge AS as franchisor. There are 35 franchises, 5 of these self-owned, at 40 local offices spread all over Norway. The franchise model enhances the success of the operations. The local offices are locally owned. Jobzone's consultants are either owners

Jobzone delivers as part of the sta ng service, such as advertising for candidates, the interview process and all the nancial and legal matters involved.

Jobzone's income is the di erence between the wage paid to the Jobzone employee (the temp) and the amount billed the client, where the fee for all the extra services is added.

The critical success factors in this model is:

- Understanding the needs of the client and the skills needed to do the job in question
- Finding the best quali ed person, who usually needs to be available on short notice
- Make sure the temporary sta performs well and is a good match with the company culture in the client company
- Following up the temporary sta closely and being a good and supportive employer
- Making everything as easy and e cient as possible for the clients



Figure 1 Jobzone's Business Model

B. Recruiting services:

Jobzone Norge AS provides traditional recruiting services for companies looking to hire someone for a permanent position.

The main reasons for companies hiring Jobzone to handle this for them are:

1. Because the company does not have the necessary resources or experience to handle the recruiting process themselves
2. Letting Jobzone handle the process saves time.
3. They want a professional and neutral approach

The clients can choose between letting Jobzone handle the entire process, or they can choose to only use Jobzone for parts of the process, for example testing or checking references. The gure below shows the di erent parts of a typical recruiting process.



Figure 2 The typical recruiting process

The typical temporary worker

How do we describe the typical temporary worker? What type of work do they do? What is their educational background, and are they satisfied with the work they do?

NHO Service did a survey in 2015/2016 with a representative sample of 2137 temporary workers. Here are some of the results from the survey:

Figure 3 shows the distribution of the type of work they do.

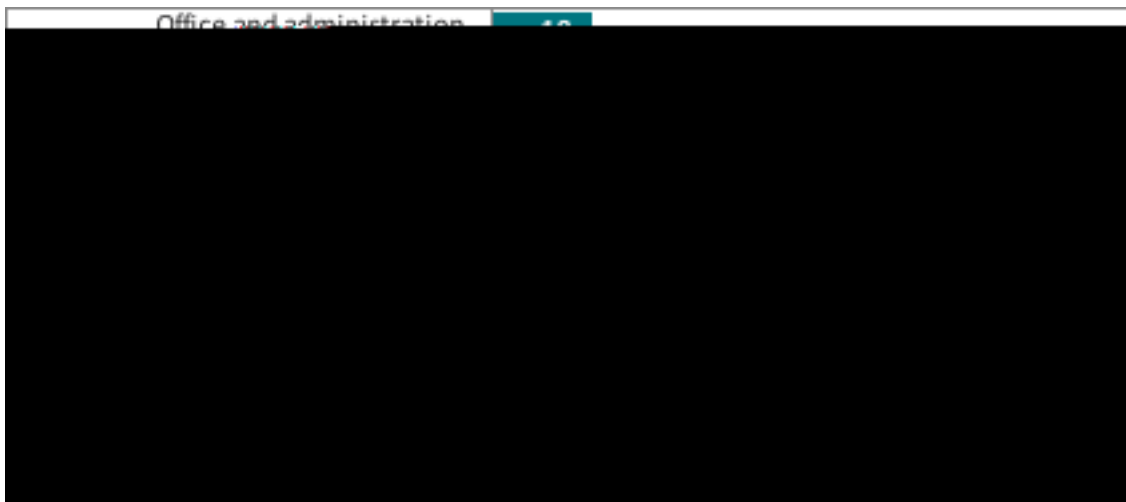


Figure 3 Type of work performed by temporary staff

These are the numbers for the branch as a whole. As we see from the table below, this is not quite representative for Jobzone. We see that a great part of their business is in the construction industry. They also supply a number of temporary workers to kindergartens.

Jobzone does not regard this as a static situation and has a dynamic approach to the market. Jobzone will pursue any major opportunities appearing in other areas of the market.

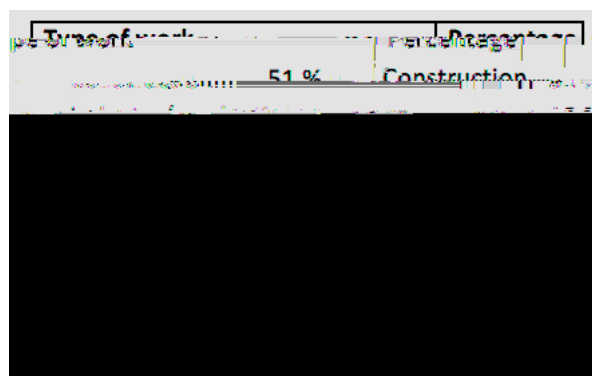


Figure 4 Distribution of work done by Jobzone temps

The survey from NHO Service also shows that people working as temporary sta , on average, are generally better educated than the normal work force. Again, this is not the case for Jobzone employees as they primarily work in the construction business and kindergartens.

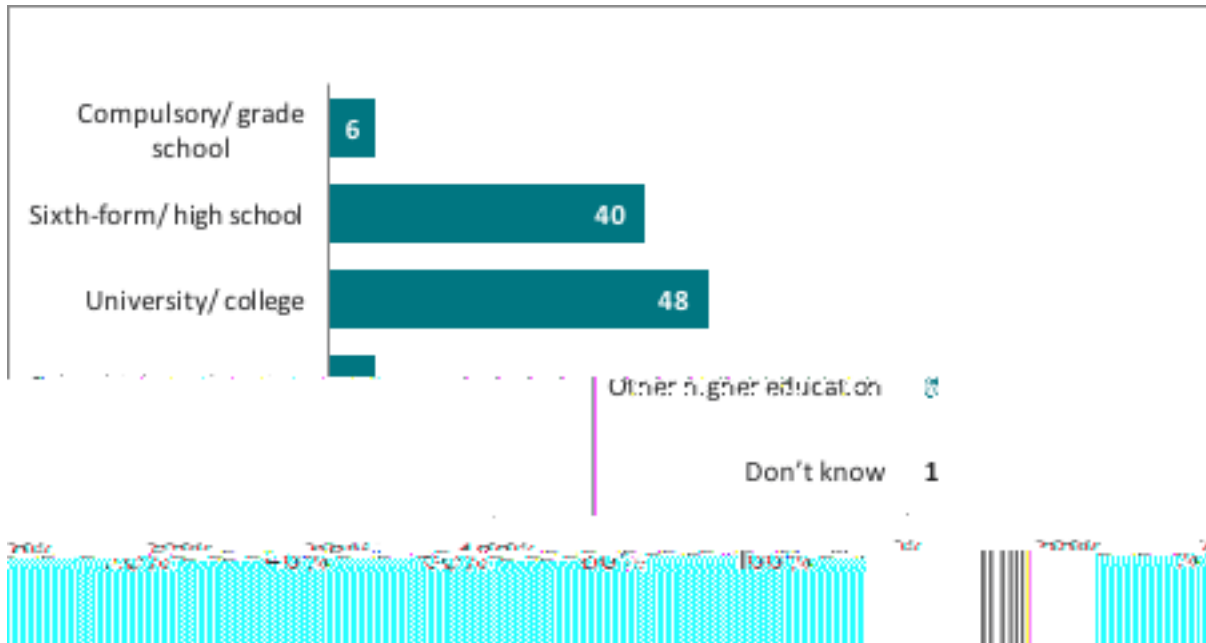


Figure 5 Level of completed education for temporary workers

The majority of those employed by sta ng and recruitment companies are Norwegian citizens, about 38% of the hired sta had citizenship other than Norwegian in 2015. 63% of all the 80 000 who worked as temps in 2015 were under 34 years old, and only 6% were over 55 years old. There is a large turnover people working as temps so the need for recruitment is large. The people working as temporary sta are in general very satisfied with the work they are o ered as temporary sta . This is the case for Jobzone temps as well.

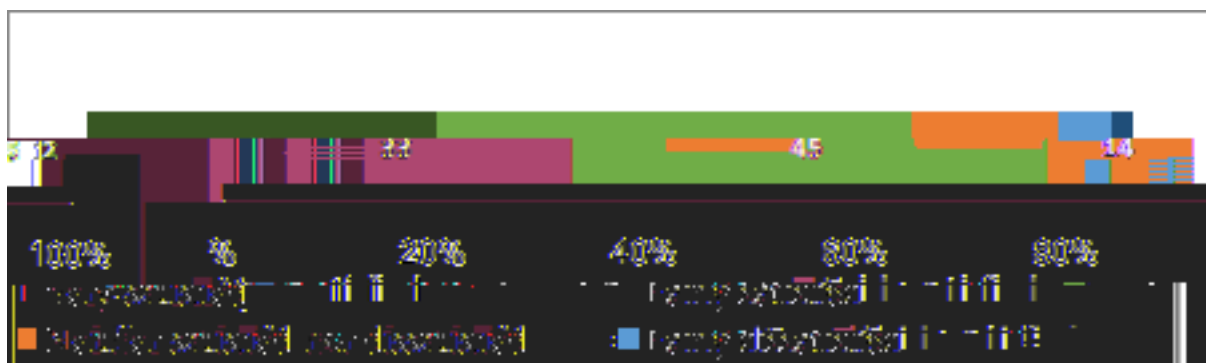


Figure 6 Overall - how satisfied are you with the content of your work as an agency worker

The market

The staffing and recruitment industry has an important role to ensure flexibility and employment in the labour market and reduce unemployment. It is a valuable door opener for many employees, as average time of employment is four months. Annually, around 25 000 FTEs (a FTE is the hours worked by one employee on a full-time basis) are produced from around 80 000 people (job seekers) within the staffing and recruitment industry in Norway, accounting for around 1% of the total FTE in Norway.

In 2015, around 41.2 million hours were billed by the staffing and recruitment industry in Norway. This is a decrease of 9.8% since 2014. The whole industry had a revenue of NOK 15 billion in 2015, 6% less than 2014. The figure below shows the development of the number of billed hours per quarter.

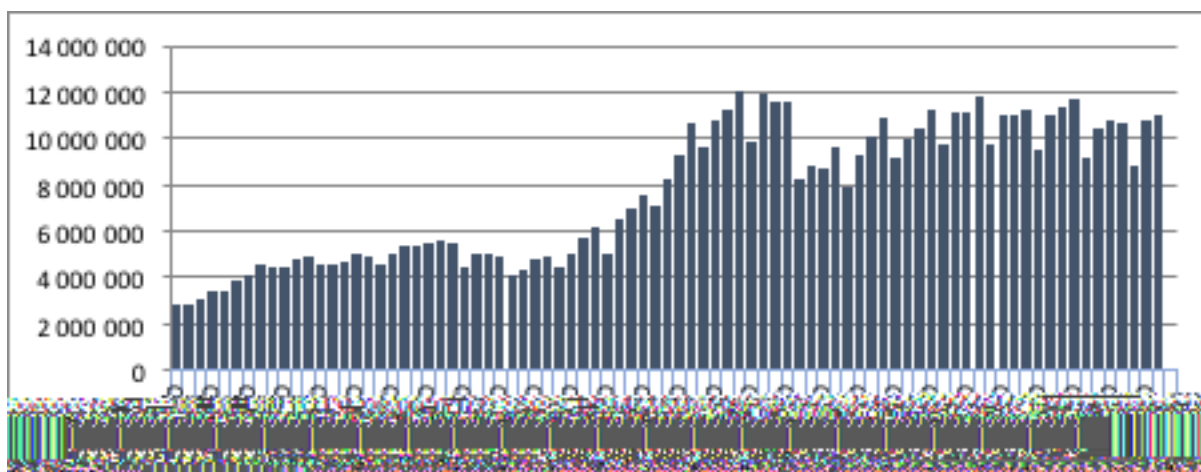


Figure 7 Work hours billed, per quarter

The activity in the industry has decreased, which is partly related to the downsizing in the Norwegian oil industry. There are also large regional differences in Norway.

Figure 8 shows the development of sales revenue from the different sectors.

2015 was a challenging year for the staffing and recruitment industry. This industry is typically characterised by being highly influenced by macroeconomic changes in the economy. During recessions, markets hold back in investments and employment. Therefore, the staffing and recruitment industry is an important buffer for the Norwegian macro economy and will normally be affected both strongly and early by the economic cycles.

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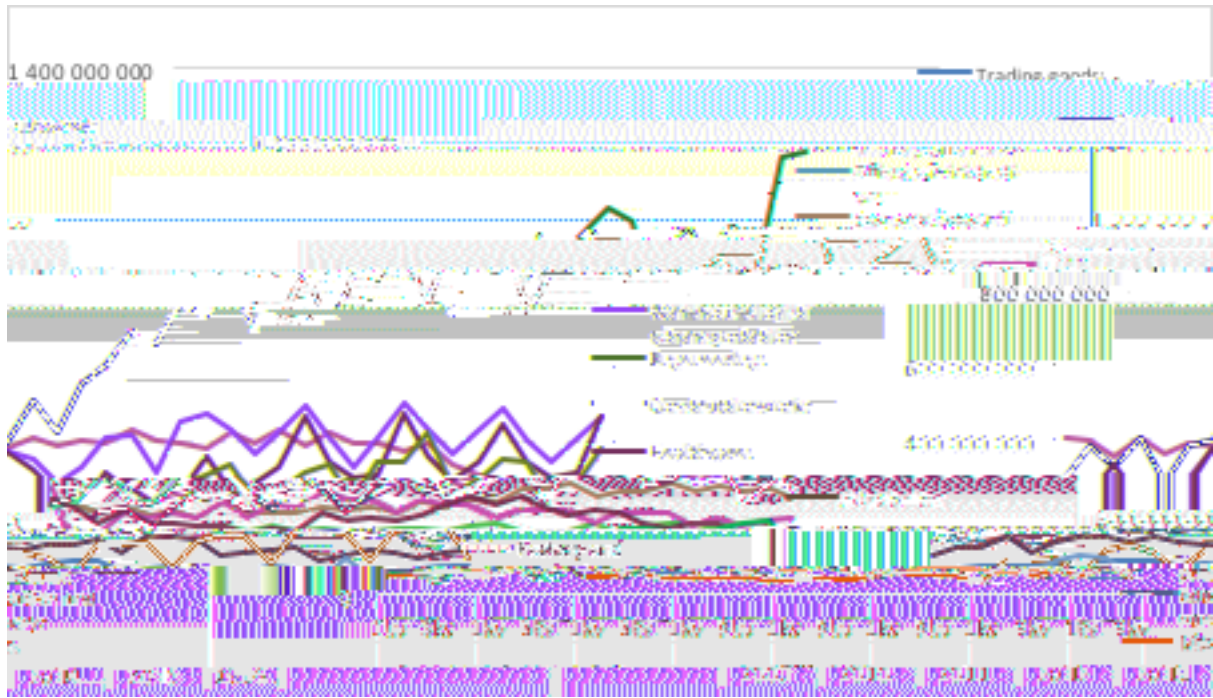


Figure 8 Revenue per sector



Figure 10 Distribution of hours worked by temps in 2015



Figure 11 Percentage annual change in work hours in the different work areas

The competition

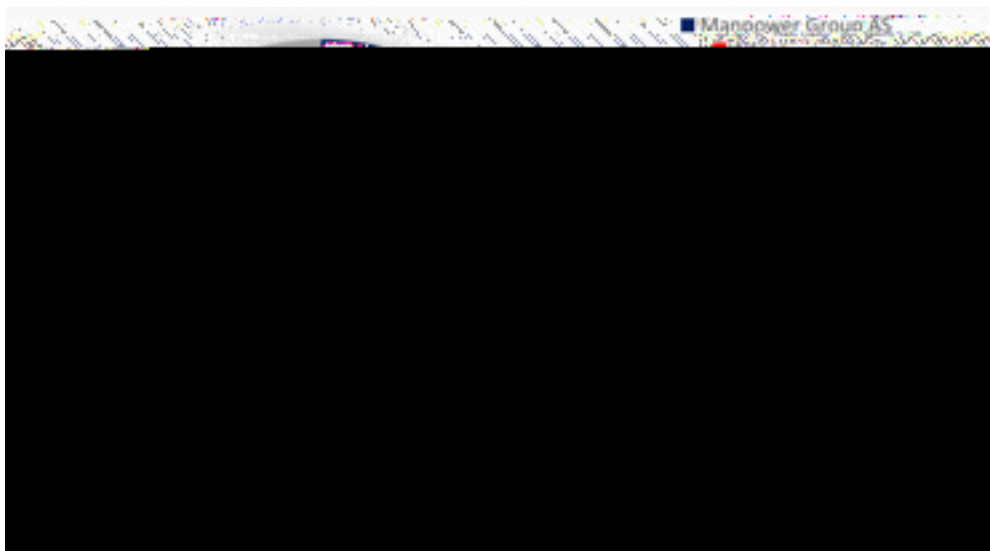


Figure 12 Market share in 2015 (by turnover)

In 2015 around 800 companies delivered staffing and recruitment services in Norway. As we see from the figure above Jobzone is the third largest recruiting and staffing company in Norway (7% market share) measured in turnover. We also see that the two main competitors are Manpower Group AS (21% market share) and Adecco Norge AS (17% market share).



Manpower was founded in Milwaukee, Wisconsin, U.S., in 1948 by attorneys Elmer Winter and

Embracing the digital change

As stated before, 63% of all the 80 000 who worked as temps in 2015 were under 34 years old, and only 6% were over 55 years old. There is a large turnover of people working as temps so the need for recruitment is large.

Jobzone needs to be actively embracing and utilizing the new product and market possibilities enabled by the digital development and the change in client and temp/candidate behaviour.

Let us remind you of the challenge presented in the introduction:

Your challenge is to help Jobzone make the transition into the digital age. How can digital solutions, and a new or better use of data from internal and external sources improve their existing products and services, or even be the base of entirely new services that add value for their clients, temps and candidates?

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