

CRAIN'S

CHICAGO BUSINESS

SMALL BUSINESS
ADVISER

Laurie Kahn's employment agency has taken some twists and turns with the economy, but she hopes to broaden offerings and hike revenues. Ramond Silverstein and Paul J. Gavejian offer tips. By Barbara B. Buchholz

DEPLOYING EMPLOYEES

Laurie Kahn had changed jobs at radio stations several times after new managers wanted to build their own teams. She eventually decided to start her own business to gain long-term stability.

Having temporarily replaced a pregnant senior account executive at WBBM-FM in Chicago, Ms. Kahn recognized the need for a temporary staffing agency that would focus on advertising sales for radio, television, magazines, the Internet and new media.

Despite some outside skepticism about her idea, Ms. Kahn reasoned that because she was single, had enough money saved and was only 38, she could take the risk, and if the venture failed, she could start over.

Before she and a partner started Rep Temps in 1993, "a lot of high-level men didn't understand how a temporary salesperson could come in and do the necessary job well," she says. "But a lot of these people were in the business before the advent of so many new media and before there was high unemployment."

The partners leased an office on West Superior Street, filling jobs ranging from a day to 18 months and funding operations from their own pockets.

Within a few months, they had received requests to find people for permanent jobs. But a difference in operating styles caused the partners to part ways.

Ms. Kahn relocated to a shared office suite on North Michigan Avenue. Before the end of the year, she had realized annual revenues of \$180,000, hired an administrative assistant and opened a New York office with a part-time salesperson.

As business grew, she moved again in 1995 to 150 E. Huron St., but still shared an office to contain costs. Three years later, in 1998, she relocated again to larger quarters in the same building and renamed her business Media Staffing Network Inc. because it more accurately reflected the company's full line of services.

She now employs eight people in Chicago, three in Manhattan and one part-time in Phoenix, and she has a virtual office outside Detroit. Her revenues were \$1.7 million in 1999 and \$2 million last year, and she projects a big leap to \$3.5 million this year. "A possible recession could mean a hiring freeze, which would make temps much more appealing," she says.

She knows she wants to hit \$9 million in annual revenues within five years, possibly through an acquisition. She also might want to sell the business within 10 years. To reach these goals, she thinks she needs to find the right business balance between

temporary and permanent placements, and the right clients.

Until two years ago, temporary jobs represented 70% of company assignments, and permanent jobs the rest. But temporary work has dropped to 40% because of low unemployment. Ms. Kahn wants to push that percentage higher.

"Temp placements are more valuable because they're more regular assignments. We might get a permanent job once or twice and never hear from that client again," she says. But she's not sure how to rejigger the percentages and the workload.

She would like each industry her clients represent to reflect no more than 30% of the company's total placements and for no more than 20% of each recruiter's business to stem from a single client. "We need greater diversity as media changes," she says. In addition, she wants more business from existing clients.

Ms. Kahn knows she needs to take these actions as well:

Deal with changes in the Internet's appeal. Although the Internet's allure may have diminished, many still view it as a possible route to fast riches and autonomy. Yet Ms. Kahn is concerned about business from some Internet companies. Some people she placed at Internet companies have been disappointed because the firms were disorganized and the work highly cyclical.

She thinks there are enough strong Internet companies to justify staying in this niche, however. She knows that to make good matches, she needs to talk to human resources personnel at the firms, learn more about the companies' structure and policies and walk around their offices. But she wonders what else she can do.

Attract candidates to new-media opportunities. It is still easy to attract candidates to well-known radio and TV stations and magazines, but it has become harder to find people for companies that sell ads on gasoline pumps or kiosks or in grocery stores.

"There are lots of these opportunities, but it's hard to convince people to take them," Ms. Kahn says. So far, she has tried to learn more about the jobs, keeps the facts accessible and offer an attractive package.

She also would like candidates to consider switching to a type of media outside of their experience to expand their horizons.

Compete with bigger players for staff. The giant media companies have gobbled up radio sta-

tions and other competitors, leaving a handful of potential clients, Ms. Kahn says. While she initially thought this consolidation would make it harder for her to attract top recruits for some clients, it hasn't dried up the pool.

"Before, companies could raid competitors for staff. With fewer to raid, they're looking to me," she says. But she has had to make her company more visible by pursuing candidates whom others might ignore. Many competitors require candidates to have media experience, for example, but she prefers sales experience, since she thinks it's easier to teach media skills on the job.

Ms. Kahn has found most candidates through national advertising, her company's Web site (www.mediastaffingnetwork.com), attendance at industry and network functions and payment of referral bonuses to outsiders. She would like to try other routes such as direct mail and e-mail campaigns.

Figure out how to pay her staff. Growing from three employees to 12-plus in seven years has proved hard. Ms. Kahn has tried to recruit from colleges and offer attractive benefits, flexible work schedules and solid training.

Her media staff members are used to making a "lot of money," and she had to adjust her compensation budget to stay competitive. She hired a compensation consultant to develop a plan for motivating staff and justifying the salaries.

But another issue arose. If one office receives an assignment but another office fills it, "how do we motivate the manager of the office where the order came in to participate?" Ms. Kahn says. One solution is to tie both managers' bonuses to total company revenues rather than to what each office produces.

Train her staff better. She has created training programs for her staff and her clients' hires. But she also thinks it would be smart to bring in outside training experts. A problem, however, is the \$20,000 cost, which she doesn't think her budget will allow.

Build a management team. Ms. Kahn has tapped her vice-president/director of finance and administration as next-in-command. She recently hired an experienced salesperson. Last month, she began offering a stock appreciation plan to her five top employees. Her estate plan would allow her managers to buy the company if she died.

"I think I have all my ducks in a row," she says, "but I'm not certain. I'm not sure what's missing, particularly when it comes to my own finances."

For more information visit: www.mediastaffingnetwork.com



Job finder: Laurie Kahn, president of Media Staffing Network Inc., has built a \$2-million business matching people with positions, both permanently and part time, but she wants to do more.
Photo: Steve Leonard