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STAFFING INDUSTRY ANALYSTS

Americas

Market Information and Forecasts

North America Staffing Company Survey 2019

Insights Into Staffing Companies' Attitudes, Practices and Strategies
& Cumulative Index to 2009-2018 Surveys

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Section 1: Executive summary

This report – 475 pages in all – represents the aggregation and distillation of staffing industry knowledge derived from eleven separate surveys of North American staffing firms, conducted over 2009-2019. It includes a wide variety of best practices, benchmark data and industry trends. Below are a few examples of the questions you will find answered herein:

People are still #1 investment, but technology now a close second. In 2015, 44% of staffing firms said adding more staff was their top investment and 9% said technology was their top investment (a gap of 35 percentage points). Today, the share citing staff additions as their top investment has fallen to 31% and the share for technology has risen to 26% (a gap of just 5 percentage points).

The effect of increased technology investments can be seen in increased automated functionality. Although the share of traditional staffing firms involved in human cloud services is still limited, most have been automating elements of the staffing process, particularly on the worker side. Across all the individual worker functions queried, a median 54% of staffing firms reported automation; across buyer functions, a median 26% reported automation. A comparison of functions automated over 2017-2019 showed small but widespread increases across the various functions surveyed.

Highest-return recruiting tactics. Staffing firms reported the temporary worker and direct hire recruiting tactics with the highest return on spend/effort to be: recruiting from their existing candidate databases, LinkedIn, other online job listings such as (Indeed, Monster and Careerbuilder), and referral bonuses.

Typical referral bonus amounts. Two-thirds or more of staffing firms offer bonuses for referring temporary worker and direct hire candidates. *Temporary worker* referral bonuses offered by professional staffing firms were substantially larger (median of $500) than those offered by commercial firms (median of <$100). *Direct hire* referral bonuses offered by professional staffing firms were also substantially larger (median of $500) than those of commercial firms (median of $200).

Vendors staffing execs would recommend. Respondents were asked to name the two vendors they would be most likely to recommend. LinkedIn and Bullhorn were most frequently recommended, and by a wide margin. Additional vendors that received six or more recommendations were: Indeed, Avionte Staffing Software, Salesforce.com, Microsoft, ADP, JobDiva, CareerBuilder, and Zipwhip.

Predictions. Staffing executives were asked what staffing trend they thought would have the most impact on their business over the next 10 years. Predictions were dominated by eight broad themes: An increased role for technology/artificial intelligence (AI), expansion of gig work and staffing convergence with human cloud, a continuation of talent shortages, more legislative/regulatory involvement in staffing, increased VMS/MSP use, clients doing more in-house recruiting, negative economic trends, and increased use of flexible/remote work.

Section 2: About the research and respondents

Results are based on findings of our 2019 Staffing Company Attitudes, Practices & Strategies survey, conducted in the summer of 2019, and reflect the opinions of respondents from 441 staffing firms. Many of the questions asked were also asked in previous research efforts from 2009 to 2018. Previous survey results are available in the sections following the 2019 survey.

Over 17,000 individuals were invited (via e-mail) to complete the online survey, and 969 ultimately participated (a response rate of 5.7%). Of these 969 responses, 340 were removed due to duplicate company responses, incomplete responses, or other reasons. Of the remaining 629 companies, 441 generated at least half of their revenue from North America.

These 441 companies comprise the final set of respondents for this report, representing firms of various sizes, industries served and staffing services offered. Further detail on the types of firms that participated in the survey—in terms of sizes, segments offered, etc., may be found in Section 14, "Survey questions and summary statistics," on page 91.

The individuals representing these companies come from various levels (from CEOs to regional VPs) and years of experience. Where appropriate, we report on the differences between individual decision-makers and types of staffing firms. No weighting or other statistical adjustments were necessary.

The overall market data presented in this report are statistically accurate, although the segment data should be viewed as directional rather than precise.

All currency is in US dollars.

Section 3. Human cloud and use of automation in traditional staffing

Key Findings:

<u>Human cloud/online staffing</u>

- Thirteen percent -- one in eight -- of staffing firms are either "currently partnering with a human cloud service" (4%) or "currently own or have invested in such a service" (9%). Another 34% were "considering building, acquiring, or partnering over the next 2 years." Forty-six percent said they were "aware of such services, but not interested in pursuing." Only 7% of staffing firms were not aware of such services. Larger firms showed greater enthusiasm and involvement (likely reflecting their easier access to the levels of capital that would be required for such investment).

- Although interest in this space has continued to increase over the last several years, actual involvement has plateaued in the 13%-14% range from 2017-2019.

- Those staffing firms invested in the human cloud typically reported investments to be small, in a mid-range of $300,000 to $1 million.

<u>Process automation</u>

- Although the share of traditional staffing firms involved in human cloud services is still limited, most have been automating elements of the staffing process, particularly on the worker side. Across all the individual worker functions queried, a median 54% of staffing firms reported automation; by contrast, across buyer functions a median 26% reported automation.

- A comparison of functions automated over 2017-2019 showed small but widespread increases across the various functions surveyed. On the worker side, the functions that have seen the greatest expansion are: "create/update online profile," "download tax documents," and "be pre-qualified and select and confirm specific assignments or shifts at will." On the buyer side, the functions that have seen the greatest expansion are: "select temporary workers" and "assign temporary worker shifts."

Staffing firm awareness of and involvement in human cloud services

- Survey respondents were asked: "How is your firm responding to the opportunity/competitive threat represented by human cloud services (such as online staffing, freelancer management systems, etc.)?"

- As can be seen in the chart at right, thirteen percent -- one in eight -- of staffing firms are either "currently partnering with such a service" (4%) or "currently own or have invested in such a service" (9%).

- Another 34% were "considering building, acquiring, or partnering over the next 2 years."

- Forty-six percent said they were "aware of such services, but not interested in pursuing."

- Only 7% of staffing firms were not aware of such services.

Percent share of staffing firms aware of and/or involved in human cloud services [N=386]
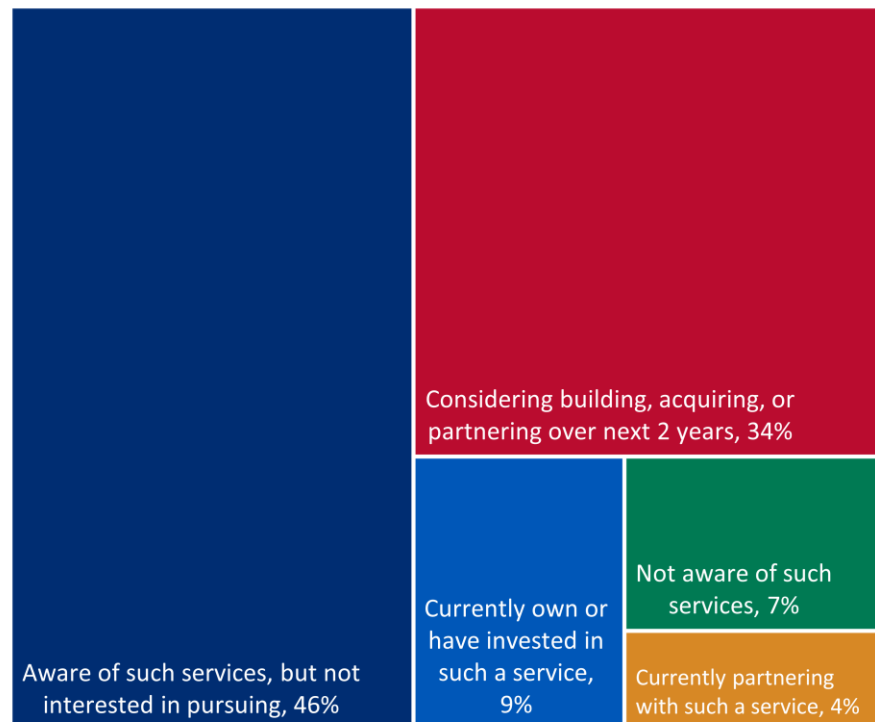
Staffing firm awareness of and involvement in human cloud services, as a function of staffing firm size and primary segment

- There was little variation in magnitude of awareness and interest in human cloud services as a function of staffing firm demographics. The most noticeable aberration is that larger firms, of $100 million or more in revenue, show greater enthusiasm and involvement (likely reflecting their easier access to the levels of capital that would be required for such investment).

Percent of staffing firms aware/involved in human cloud services, by staffing firm primary skill segment and firm size

	Not aware of such services	Aware of such services, but not interested in pursuing	Considering building, acquiring, or partnering over next 2 years	Currently own or have invested in such a service	Currently partnering with such a service	N
Commercial	10%	37%	42%	8%	3%	118
Professional	6%	50%	33%	8%	3%	214
<=$10m	11%	51%	27%	8%	2%	142
$11m-$100m	6%	47%	39%	7%	2%	160
>$100m	1%	37%	37%	13%	12%	68
All	7%	46%	34%	9%	4%	386

Trend in staffing firm awareness of and involvement in human cloud services, 2012-2019

- In 2012 and 2013, we asked staffing firms about awareness of and involvement in "online staffing;" in 2017, 2018, and 2019, we asked about awareness of and involvement in the "human cloud." Although the two subjects are not identical, they are related (online staffing is a subset of the human cloud, see note below). The trend in these questions is shown in the table and chart at right.

- The percent "not aware of such services" dropped sharply, from 34% in 2012, to 25% in 2013, to single digits in 2017-2019.

- Although interest in this space has continued to increase -- with the percent "considering building, acquiring, or partnering over the next 2 years" increasing from 9% in 2012, to 13% in 2013, to 30% in 2017 and 2018 and finally 34% in 2019 -- staffing firms have lately been slow to follow through. The share of staffing firms currently involved, either partnering or owning such a service rose from 5% in 2012, to 7% in 2013, to 14% in 2017, but roughly plateaued at that level in 2018-2019.

- Note: More information on how online staffing and human cloud services are related may be found in the SIA report "Workforce Solutions Ecosystem: 2018 Update."

Percent of staffing firms aware of and/or involved in online staffing and human cloud services, 2012-2019

	Online Staffing		Human Cloud		
	2012	2013	2017	2018	2019
Not aware of such services	34%	25%	4%	9%	7%
Aware of such services, but not interested in pursuing	52%	55%	52%	48%	46%
Considering building, acquiring, or partnering over next 2 years	9%	13%	30%	30%	34%
Currently partnering with such a service	2%	2%	9%	5%	4%
Currently own/invest in such a service	3%	5%	5%	9%	9%
Total	100%	100%	100%	100%	100%
	N=449	N=534	N=437	N=373	N=386
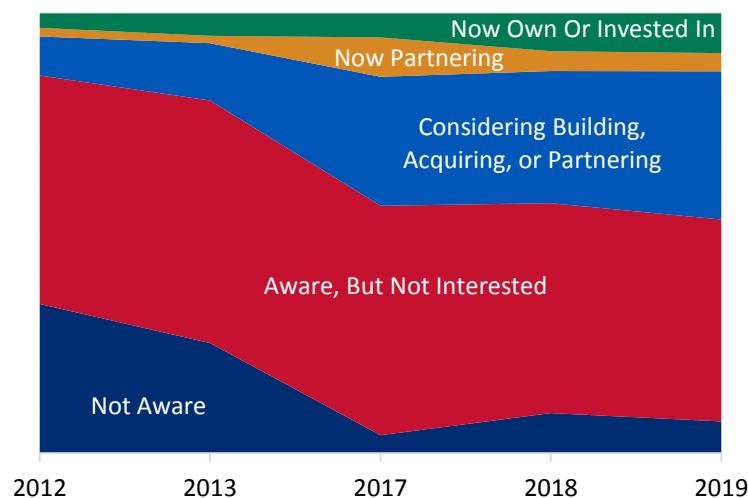
Staffing executive comments: The "human element" of traditional staffing gives edge over online staffing

Note: The analysis given on this page is from the 2012 Staffing Company Survey, in which staffing executives were asked about attitudes with respect to online staffing. It is included here for the convenience of the reader as it is related to this topic.

- "[Online staffing will not] replace the human-to-human touch needed to staff large projects. It's for needs best suited to an individual contributor where the work is highly contained and easily separated from others' work in the group."

- "Relationships are such a huge part of our business and, therefore, the level of value, quality, and primary point of contact we offer speak volumes [compared] to online, automated services."

- "The human element can't be replaced, period. Recruiting falls within 'HUMAN' Resources. There are just too many variables present, especially on the direct hire side of staffing, to eliminate the screening, matching process that professional recruiters provide."

- "We sell value and capabilities, not bodies."

- "I don't think they offer value at all where we compete."

- "Quality is left out of these services. While we work with them, we do not feel a long-term threat from them. Often, they do not fully understand the market."

- "We focus on the relationship aspect."

- "We have not competed with these; our clients are interested in personalized service."

- "When we see a threat, we focus on the fact that people are humans and they need a personal relationship in a job change."

- "Our clients come to us for people and talent levels different than what they would find [through online staffing]. Online staffing serves a different need."

Staffing firm investments in the human cloud

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey, in which staffing executives were asked if their company had built, acquired, or invested in a human cloud company, and if so, to offer some detail. It is included here for the convenience of the reader as it is related to this topic.*

- Only 35 respondents reported their investments in the human cloud.

- Investments were typically small, with a mid-range (25th percentile to 75th percentile) of $300,000 to $1 million, representing between 20% and 100% ownership of the respective human cloud companies, and generating between "<$1 million" and $7 million in revenue.

- The human cloud companies were primarily business-related online staffing companies (63%). An additional 17% were consumer-related online staffing, 11% were freelancer management systems, and 9% were "other."

If your staffing firm has built, acquired, or invested in a human cloud company…

	25th Percentile	Median	75th Percentile	N
How much money did your staffing firm invest in the human cloud company?	$300,000	$500,000	$1 Million	26
What share does your staffing firm own of the human cloud company?	20%	100%	100%	24
What is the approximate revenue of the human cloud company?	<$1 Million	$2 Million	$7 Million	20

What does the human cloud company do?

	Percent
Online staffing -- business related	63%
Online staffing -- consumer related	17%
Freelancer management system	11%
Other	9%
	N=35

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Process automation related to <u>temporary and permanent worker candidates</u>

- Survey respondents were asked: "Which of the following does your firm's current technology (website or app) enable temporary and permanent candidates to do mostly without the aid of a human? (select all that apply)." The results of that question can be seen in the table at right. Percentages do not add to 100% as multiple options could be selected.

- The most common automation features were: "submit resume document" (93%), "view available jobs," (89%), and "apply for available jobs" (87%).

- The least common automation features were: "indicate desired job type and be automatically accepted for temp assignments" (12%), "rate client," (14%), and "be pre-qualified and select and confirm specific assignments or shifts at will" (16%).

- The general pattern across these offered features is gradual increase. The three that have seen the greatest expansion are: "create/update online profile," "download tax documents," and "be pre-qualified and select and confirm specific assignments or shifts at will."

Functions worker candidates can perform mostly without the aid of a human

	2017	2018	2019	Avg Change*
Create/update online profile	59%	63%	65%	2.6%
Download tax documents	53%	59%	58%	2.4%
Be pre-qualified and select and confirm specific assignments or shifts at will	11%	15%	16%	2.4%
Indicate availability for shifts	27%	30%	31%	2.1%
Set up direct deposit	50%	53%	54%	2.0%
View payroll information	65%	64%	69%	2.0%
View available jobs	86%	86%	89%	1.3%
Rate client	12%	14%	14%	1.0%
Take relevant assessment tests	44%	44%	46%	0.7%
Apply for available jobs	85%	85%	87%	0.6%
Select benefits/sign up for insurance	41%	43%	42%	0.5%
Submit resume document (pdf, Word, etc.)	92%	92%	93%	0.5%
Record hours	62%	61%	63%	0.3%
Indicate desired job type and be automatically accepted for temp assignments	14%	16%	12%	-0.5%
View available benefits	49%	48%	46%	-1.9%
N	437	378	386	

*Average annual increase, as calculated by linear regression.

Process automation related to <u>temporary and permanent worker candidates</u>, as a function of staffing firm primary segment and firm size

- For the most part, the propensity for staffing firms to automate various processes related to temporary and permanent worker candidates is fairly consistent across staffing firm demographics.

- However, there is a noticeable overall pattern of larger firms being more active in automation. Likely this reflects the advantages of scale, as larger firms have the volume of activity to make investments in automation worthwhile. Also, commercial firms reported a greater degree of automation in ten of the fifteen categories, though many of the variances were small.

Percent of staffing firms automating worker process functions, by staffing firm primary skill segment and firm size

	Submit resume document (pdf, Word, etc.)	View available jobs	Apply for available jobs	View payroll information	Create/ update online profile	Record hours	Download tax documents	Set up direct deposit	N
Commercial	94%	93%	93%	82%	78%	62%	69%	57%	117
Professional	94%	89%	86%	72%	61%	71%	60%	61%	215
<=$10m	94%	87%	84%	53%	57%	49%	40%	41%	141
$11m-$100m	93%	89%	87%	77%	69%	68%	65%	59%	161
>$100m	94%	94%	91%	85%	75%	85%	79%	74%	68
All	93%	89%	87%	69%	65%	63%	58%	54%	386

	View available benefits	Take relevant assessment tests	Select benefits/ sign up for insurance	Indicate availability for shifts	Be pre-qualified and select and confirm specific assignments or shifts at will	Rate client	Indicate desired job type and be automatically accepted for temp assignments	N
Commercial	55%	60%	47%	45%	17%	10%	14%	117
Professional	48%	41%	47%	27%	16%	16%	12%	215
<=$10m	27%	34%	23%	26%	12%	11%	8%	141
$11m-$100m	53%	53%	49%	29%	14%	12%	11%	161
>$100m	69%	53%	66%	43%	29%	24%	28%	68
All	46%	46%	42%	31%	16%	14%	12%	386

Process automation related to <u>staffing buyers</u>

- Survey respondents were asked: "Which of the following does your firm's current technology (website or app) enable staffing buyers to do mostly without the aid of a human? (select all that apply)." The results of that question can be seen in the table at right. Percentages do not add to 100% as multiple options could be selected.

- The most common automation features were: "view billing information" (62%) and "create descriptions for available positions/request staff" (50%). No other automation feature scored more than a 33% share.

- The least common automation features were: "assign temporary worker shifts" (19%), "communicate directly with temporary workers via messaging system" (17%), "view work samples from temporary workers" (15%), and "have temporary workers auto-assigned to shifts or assignments" (10%).

- Eight of the eleven categories averaged low single-digit increases over 2017-2019, though many of the increases were slight. The two that have seen the greatest expansion are: "select temporary workers" and "assign temporary worker shifts."

Functions staffing buyers can perform mostly without the aid of a human

	2017	2018	2019	Avg Change*
Select temporary workers	21%	24%	28%	3.4%
Assign temporary worker shifts	13%	17%	19%	3.1%
Automatically receive profiles of temporary workers recommended or shortlisted for specific open positions	30%	31%	33%	1.4%
Communicate directly with temporary workers via messaging system	15%	17%	17%	1.4%
Create descriptions for available positions/request staff	47%	51%	50%	1.3%
View billing information	61%	56%	62%	0.7%
View work samples from temporary workers	14%	14%	15%	0.6%
Have temporary workers auto-assigned to shifts or assignments	9%	10%	10%	0.1%
Search temporary worker profiles/resumes	26%	27%	26%	-0.2%
Video interview temporary workers	25%	26%	23%	-1.4%
Rate temporary workers	31%	30%	26%	-2.2%
N	275	244	248	

*Average annual increase, as calculated by linear regression.

Process automation related to <u>staffing buyers</u>, as a function of staffing firm primary segment and firm size

- For the most part, the propensity for staffing firms to automate various processes related to temporary and permanent worker candidates is fairly consistent across staffing firm demographics.

- However, there is a slight overall pattern of larger staffing firms being more active in automation. Likely this reflects the advantages of scale, as larger firms have the volume of activity to make investments in automation worthwhile. Also, professional firms reported a greater degree of automation in seven of the eleven categories, though some of the variances were small.

Percent of staffing firms automating buyer process functions, by staffing firm primary skill segment and firm size

	View billing information	Create descriptions for available positions/request staff	Automatically receive profiles of temporary workers recommended or shortlisted for specific open positions	Select temporary workers	Rate temporary workers	N
Commercial	76%	44%	24%	23%	28%	80
Professional	57%	50%	39%	32%	26%	137
<=$10m	62%	51%	27%	26%	24%	74
$11m-$100m	65%	51%	30%	27%	25%	102
>$100m	64%	44%	46%	31%	31%	61
All	62%	50%	33%	28%	26%	248

	Search temporary worker profiles/resumes	Video interview temporary workers	Assign temporary worker shifts	Communicate directly with temporary workers via messaging system	View work samples from temporary workers	Have temporary workers auto-assigned to shifts or assignments	N
Commercial	20%	11%	19%	11%	9%	9%	80
Professional	31%	32%	19%	23%	18%	9%	137
<=$10m	22%	19%	22%	18%	15%	8%	74
$11m-$100m	25%	20%	16%	15%	13%	8%	102
>$100m	33%	30%	21%	23%	16%	15%	61
All	26%	23%	19%	17%	15%	10%	248

Process automation related to <u>temporary and permanent worker candidates</u> vs. automation related to <u>staffing buyers</u>

- Automation of worker processes is far more common than is the case for buyer processes. Across all the worker functions queried, a median 54% of staffing firms reported automation; by contrast, across buyer functions a median 26% reported automation.

- The table below compares, for selected functions that were similar, the propensity for staffing firms to automate worker process functions vs. buyer process functions. In almost every case, staffing firms were more likely to automate the worker processes than the buyer processes.

Propensity for staffing firms automate worker process functions vs. buyer process functions

Worker Process Automation	Percent	Buyer Process Automation	Percent
Submit resume document (pdf, Word, etc.)	93%	Create descriptions for available positions/request staff	50%
View available jobs	89%	Search temporary worker profiles/resumes	26%
Apply for available jobs	87%	Select temporary workers	28%
View payroll information	69%	View billing information	62%
Create/update online profile	65%	Create descriptions for available positions/request staff	50%
Take relevant assessment tests	46%	View work samples from temporary workers	15%
Indicate desired job type and be automatically accepted for temp assignments	12%	Have temporary workers auto-assigned to shifts or assignments	10%
Rate client	14%	Rate temporary workers	26%
Be pre-qualified and select and confirm specific assignments or shifts at will	16%	Assign temporary worker shifts	19%
Median percentage across all processes (including some not listed here)	54%	Median percentage across all processes (including some not listed here)	26%

Projected effect of automation on internal staff levels over next ten years

- *Note: The analysis given on this page is from the 2017 Staffing Company Survey, in which staffing executives were asked about attitudes with respect to online staffing. It is included here for the convenience of the reader as it is related to this topic.*

- Survey respondents were asked: "Over the next 10 years, what will be the likely effect of automation on your internal staff levels?"

  - Greatly increase need for staff: automation will enable our business to offer a better service and grow much faster.
  - Increase need for staff: automation will enable our business to offer a better service and grow faster.
  - No change: automation will enhance staff capability, improve efficiency and lower costs.
  - Decrease need for staff: automation will replace some roles.
  - Greatly decrease need for staff: automation will replace most roles."

- As can be seen in the chart at right, respondents were evenly split on the likely long-term effect of automation on internal staff levels, with the share expecting automation to increase staff roughly comparable to the share expecting automation to decrease staff.

Projected change in staff levels due to automation [N=439]

Category	Percent
Greatly increase need for staff	4%
Increase need for staff	25%
No change	46%
Decrease need for staff	24%
Greatly decrease need for staff	2%
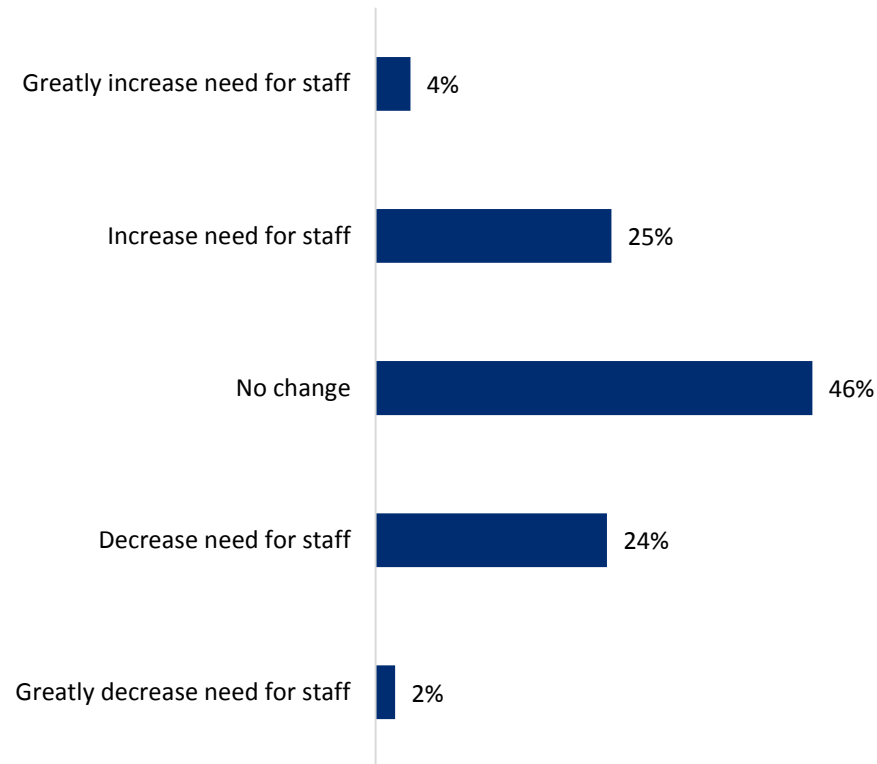
Section 4. Revenue by skill, industry, sources, customer characteristics

Key Findings:

- Respondents were asked to detail their staffing firm's revenue by a variety of categories. The respective distributions are given in this report. Data from previous surveys on this subject is also included. All currency is in US dollars.

Current survey

- Propensity to offer services varies by firm type. Seven services were offered more often by commercial firms: human resources consulting services, payrolling/independent contractor classification, direct hire/permanent placement, RPO, temporary help, HRO, and ongoing services outsourcing. Only one of the selected services was offered more often by professional firms: SOW/solutions. Six services were offered more often by larger firms than by smaller firms: SOW/solutions, MSP, payrolling/independent contractor classification, master supplier, RPO, and human cloud/online staffing. None of the selected services were offered more often by smaller firms.

- Revenue derived from clients with internal staff based on-site. About half of staffing firms generate revenue from clients where internal staff have been based on site. Among those, the median reported share of such revenue was 30%.

Earlier surveys

- Top clients. The median revenue share contributed by a staffing firm's top client was 20%, with a mid-range of 10% to 30%.

- Repeat business. The median share contributed by repeat business was 70%, with a mid-range of 50% to 80%.

- Customer size. Small business customers (<100 employees) contributed an average of 23% of revenue; medium businesses (100-1,000 employees) contributed an average of 37%; and large businesses (>1,000 employees) contributed an average of 40%.

- Segment and customer market breakdown for direct hire and temporary help. Estimates are provided for the direct hire and temporary help markets by cross-section of skill segments and customer markets. The largest direct hire market, at $1.2 billion, is the sale of healthcare skills to the healthcare sector; the largest temporary market, at $14 billion, is the sale of industrial/logistics skills to the manufacturing sector.

Frequency of offering selected services, by primary staffing firm skill set

- Staffing firm respondents were asked: "Which of the following services does your company currently offer?" The propensity for firms to offer the selected services is shown in the table below, as a function of staffing firm primary skill set.

- Seven services were offered more often by commercial firms: human resources consulting services, payrolling/independent contractor classification, direct hire/permanent placement, RPO, temporary help, HRO, and ongoing services outsourcing. Only one of the selected services was offered more often by professional firms: SOW/solutions.

- Propensity to offer the remaining five services -- master supplier, direct-to-consumer, human cloud/online staffing, MSP, and retained search -- were not materially different between commercial and professional firms.

Frequency of offering selected services, by primary staffing firm skill set

	Commercial	Professional	More common among…
Human resources consulting services	27%	9%	Commercial Firms
Payrolling/independent contractor classification	50%	34%	Commercial Firms
Direct hire/perm placement	98%	84%	Commercial Firms
Recruitment process outsourcing (RPO)	30%	17%	Commercial Firms
Temporary help	98%	89%	Commercial Firms
Human resources outsourcing (HRO)	11%	3%	Commercial Firms
Ongoing services outsourcing (e.g., janitorial, landscaping)	8%	1%	Commercial Firms
Master supplier	14%	15%	--
Direct-to-consumer (e.g., home healthcare, repairmen, etc.)	3%	4%	--
Human cloud/online staffing (similar to UpWork, Freelancer.com, etc.)	0%	3%	--
Managed service provider (MSP)	19%	23%	--
Retained search	21%	25%	--
SOW/solutions (your firm responsible for deliverable)	13%	35%	Professional Firms
Median number of services offered	4	3	
N	120	235	

Frequency of offering selected services, by staffing firm size

- The propensity for firms to offer the same selected services is shown in the table below, as a function of staffing firm size.

- Six services were offered more often by larger firms than by smaller firms: SOW/solutions, MSP, payrolling/independent contractor classification, master supplier, RPO, and human cloud/online staffing. None of the selected services were offered more often by smaller firms.

- Propensity to offer the remaining seven services -- temporary help, direct-to-consumer, human resources consulting services, HRO, ongoing services outsourcing, retained search, and direct hire/permanent placement -- did not vary materially by firm size.

Frequency of offering selected services, by staffing firm size (annual revenue)

	<=$10m	$11m-$100m	>$100m	More common among…
SOW/solutions (your firm responsible for deliverable)	13%	22%	55%	Larger firms
Managed service provider (MSP)	9%	20%	49%	Larger firms
Payrolling/independent contractor classification	25%	41%	54%	Larger firms
Master supplier	5%	16%	30%	Larger firms
Recruitment process outsourcing (RPO)	15%	25%	34%	Larger firms
Human cloud/online staffing (similar to UpWork, Freelancer.com, etc.)	2%	1%	8%	Larger firms
Temporary help	79%	91%	85%	--
Direct-to-consumer (e.g., home healthcare, repairmen, etc.)	1%	5%	4%	--
Human resources consulting services	16%	16%	18%	--
Human resources outsourcing (HRO)	7%	6%	8%	--
Ongoing services outsourcing (e.g., janitorial, landscaping)	5%	2%	5%	--
Retained search	32%	23%	27%	--
Direct hire/perm placement	92%	87%	86%	--
Median number of services offered	3	3	4	
N	150	174	74	

Revenue derived from clients with internal staff based on-site

- We asked staffing firms: "Approximately what share of your company's staffing revenue is derived from clients where you have internal staff based on-site at the client's premises?"

- As can be seen in the chart at upper right, about half of staffing firms -- 47% -- generate revenue from clients where internal staff have been based on site.

- Among such firms, the share of revenue so generated varies a great deal. The chart lower right shows the distribution, with 45% of staffing firms reporting that on-site revenue was in the 1% to 20% range, 21% reporting on-site revenue was in the 81% to 100% range, and the remaining third of staffing firms with on-site revenue reporting such revenue share somewhere in between.

Does your firm derive any revenue from clients where you have internal staff based on-site at the client's premises? [N=434]

No, 53%

Yes, 47%
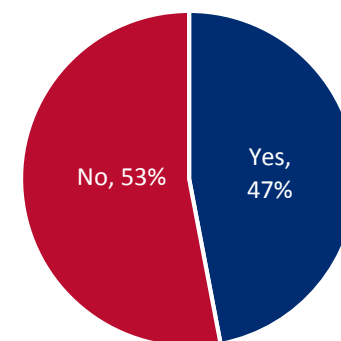
Among staffing firms with revenue from clients with on-site internal staff, distribution of revenue so generated [N=434]

Share Of Revenue				
45%	14%	14%	6%	21%
1%-20%	21%-40%	41%-60%	61%-80%	81%-100%
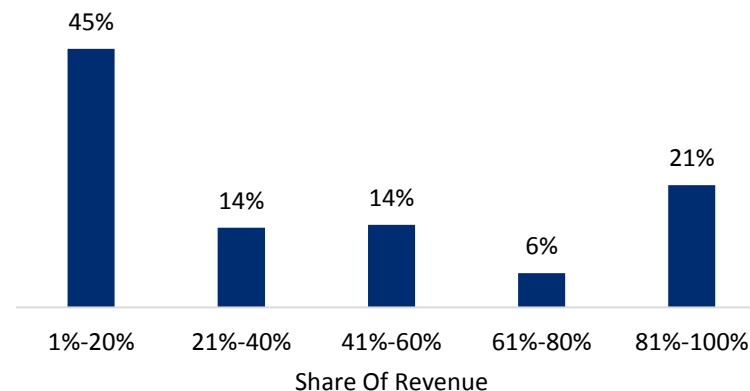
Revenue derived from on-site clients, by staffing firm type

- The share of staffing firms that generated revenue from on-site clients and, among them, the proportion of revenue that was so generated varied as a function of staffing firm type, as can be seen in the table at right.

- Sixty-four percent of commercial staffing firms generated revenue from on-site clients, with a 25% median share of total revenue so generated. Although on-site revenue was somewhat less common among professional staffing firms, with 41% so reporting, the share of revenue so generated was 50%, double that of commercial firms.

- Such revenue also varied by staffing firm size. Smaller firms were less likely to generate revenue from on-site clients, but median share of total revenue was lower among larger firms.

Distribution of staffing firm revenue generated by on-site clients, as a function of staffing firm type

	Percent of staffing firms generating revenue from on-site clients	Among staffing firms generating such revenue, the share of total revenue so generated			N
		25th Percentile	Median	75th Percentile	
Commercial	64%	12%	25%	50%	128
Professional	41%	10%	50%	90%	240
<=$10m	25%	10%	50%	90%	151
$11m-$100m	51%	12%	35%	75%	180
>$100m	78%	8%	20%	50%	81
All	47%	10%	30%	70%	434

Staffing firm average revenue by category

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Respondents were asked to break down their company revenue by category. The distribution of average revenue shares is given in the table at right.

- Across all staffing firms surveyed, temporary staffing accounted for an average of 76% of revenue, direct hire for 17%, SOW/Solutions/Project Work for 5%, and other revenue for 2%.

- Staffing firms tend to be specialized by revenue category. Among firms that primarily sold temporary staffing, that was their *overwhelming* focus, with 86% of revenue for commercial staffing firms derived from temp sales, and 81% of revenue for professional staffing firms derived from temp sales. Likewise, among firms that primarily sold direct hire, 82% of revenue was derived from direct hire.

- On average, direct hire accounted for a larger share of revenue at smaller firms, not surprising inasmuch as direct hire firms tend to be smaller than temporary staffing firms.

Average share of revenue derived from…

	Temporary Staffing	Direct Hire	Statement of Work/ Solutions/ Non-Hourly Project Work	Other	Total	N
Commercial	86%	10%	2%	2%	100%	118
Professional	81%	10%	6%	2%	100%	254
Direct Hire	14%	82%	2%	1%	100%	41
<=$10m	70%	24%	5%	1%	100%	164
$11m-$100m	84%	9%	4%	2%	100%	161
>$100m	82%	7%	6%	5%	100%	67
All	76%	17%	5%	2%	100%	437

Note: Numbers may not add due to rounding.

Revenue conducted through VMS and fees charged to staffing firms by VMS

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Respondents were asked "What percentage of your company's revenue is conducted through Vendor Management Systems (VMS)?" Response distributions are given in the upper right table.

- Revenue. Twenty-five percent of staffing firms reported no revenue at all through a VMS. Among the remaining 75% of staffing firms, the mid-range (25th to 75th percentile) VMS share of total revenue was 10% to 40%. Commercial staffing firms and staffing firms with $10 million or less in revenue were notable for relatively low VMS revenue share, with, respectively, 36% and 41% reporting no VMS revenue at all. Professional staffing firms and larger staffing firms tended to have larger VMS share.

- Fees. Respondents were also asked to state the VMS fees charged to them as a percent of revenue. The median fee charged was 2.5%, with a mid-range of 1.5% to 3.0%. Fees did not vary by much primary segment, but did vary as a function of firm size, with large firms paying less. Firms of $10 million in revenue or less were charged a median 3.0%, firms of $11 million to $100 million were charged a median 2.5%, and firms of greater than $100 million were charged 2.0%.

Share of revenue conducted through VMS

	Percent Reporting Zero VMS Revenue	Among Staffing Firms With Non-Zero VMS Revenue, Share Of Revenue From VMS…			N
		25th Percentile	Median	75th Percentile	
Commercial	36%	4%	10%	19%	99
Professional	15%	10%	20%	49%	228
<=$10m	41%	6%	10%	30%	131
$11m-$100m	13%	10%	18%	40%	149
>$100m	3%	10%	20%	40%	61
All	25%	10%	18%	40%	369

Fees charged to staffing firm by VMS

	25th Percentile	Median	75th Percentile	N
Commercial	1.5%	2.5%	3.0%	59
Professional	1.5%	2.5%	4.0%	189
<=$10m	2.0%	3.0%	4.0%	74
$11m-$100m	1.5%	2.5%	3.0%	126
>$100m	1.0%	2.0%	3.0%	57
All	1.5%	2.5%	3.0%	268

Revenue conducted through MSP and fees charged to staffing firms by MSP

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Respondents were asked "What percentage of your company's revenue is conducted through Managed Service Provider(MSP)?" Response distributions are given in the upper right table.

- Revenue. Thirty-three percent of staffing firms reported no revenue at all through an MSP. Among the remaining 75% of staffing firms, the mid-range (25th to 75th percentile) MSP share of total revenue was 6% to 40%. Commercial staffing firms and staffing firms with $10 million or less in revenue were notable for relatively low MSP revenue share, with, respectively, 48% and 60% reporting no MSP revenue at all. Professional staffing firms tended to have larger MSP share than commercial staffing firms.

- Fees. Respondents were also asked to state the MSP fees charged to them as a percent of revenue. The median fee charged was 2.5%, with a mid-range of 2.0% to 3.5%. Fees ranged slightly higher for professional staffing firms and firms with $10 million or less in revenue.

Share of revenue conducted through MSP

	Percent Reporting Zero MSP Revenue	Among Staffing Firms With Non-Zero MSP Revenue, Share Of Revenue From MSP…			N
		25th Percentile	Median	75th Percentile	
Commercial	48%	4%	10%	12%	89
Professional	20%	10%	20%	40%	207
<=$10m	60%	9%	20%	30%	114
$11m-$100m	19%	6%	12%	35%	134
>$100m	3%	10%	20%	40%	58
All	33%	6%	16%	40%	332

Fees charged to staffing firm by MSP

	25th Percentile	Median	75th Percentile	N
Commercial	2.0%	2.5%	3.0%	48
Professional	2.0%	3.0%	4.0%	176
<=$10m	2.0%	3.0%	3.8%	63
$11m-$100m	1.5%	2.5%	3.5%	112
>$100m	2.0%	2.5%	3.0%	55
All	2.0%	2.5%	3.5%	246

Staffing firm revenue share from top clients

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Respondents were asked to state the share of company revenue contributed by their top client and by their top 5 clients. The distribution of revenue shares is given in the tables at right.

- Top client. The median share contributed by the top client was 20%, with a mid-range of 10% to 30%. Not surprisingly, top client share was lower at larger firms than smaller firms. Top client share was not much different between commercial and professional staffing firms.

- Top 5 clients. Among all respondents, the median share contributed by the top 5 clients was 40%, with a mid-range of 25% to 74%. Again, top client share was lower at larger firms than smaller firms. Top 5 clients' share was slightly lower at commercial staffing firms than professional staffing firms.

Share of revenue derived from top client

	25th Percentile	Median	75th Percentile	N
Commercial	8%	20%	30%	109
Professional	10%	20%	35%	218
<=$10m	15%	20%	35%	135
$11m-$100m	10%	18%	35%	147
>$100m	4%	10%	16%	59
All	10%	20%	30%	368

Share of revenue derived from top 5 clients

	25th Percentile	Median	75th Percentile	N
Commercial	20%	40%	60%	113
Professional	25%	45%	75%	226
<=$10m	40%	55%	80%	148
$11m-$100m	20%	38%	65%	150
>$100m	12%	25%	40%	61
All	25%	40%	74%	390

Staffing firm revenue share from repeat business

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Respondents were asked to state the share of revenue their company derived from repeat business. The distribution of shares is given in the table at right.

- The median share contributed by repeat business was 70%, with a mid-range of 50% to 80%. The share contributed by repeat business did not vary consistently by firm size. Likewise, repeat business share was not much different between commercial and professional staffing firms.

Share of revenue derived from repeat business

	25th Percentile	Median	75th Percentile	N
Commercial	54%	75%	85%	112
Professional	50%	70%	80%	226
<=$10m	50%	65%	80%	149
$11m-$100m	60%	75%	85%	145
>$100m	49%	70%	85%	60
All	50%	70%	80%	392

Staffing firm revenue share by customer size

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Respondents were asked to break down their company revenue share by size of customer. The distribution of shares is given in the table at right.

- Across all firms, small business customers (<100 employees) contributed an average of 23% of revenue, medium businesses (100-1,000 employees) contributed an average of 37%, and large businesses (>1,000 employees) contributed an average of 40%.

- Commercial staffing firms derived a larger share of revenue from small and medium-sized businesses and a smaller share from large businesses than did firms generally. Conversely, professional staffing firms derived a larger share of revenue from larger businesses and a smaller share from small businesses.

- With respect to staffing firm size, there was a correlation between size of staffing firm and size of customer. Smaller staffing firms tended to derive a disproportionate share of revenue from small businesses, and large staffing firms tended to derive a disproportionate share of revenue from larger businesses.

Average share of revenue as a function of customer size

	Small businesses (<100 employees)	Medium businesses (100-1000 employees)	Large businesses (>1000 employees)	Total	N
Commercial	33%	42%	25%	100%	114
Professional	16%	34%	50%	100%	249
<=$10m	26%	37%	37%	100%	155
$11m-$100m	18%	39%	43%	100%	159
>$100m	16%	31%	53%	100%	63
All	23%	37%	40%	100%	422

Note: Numbers may not add due to rounding.

Distribution of reported direct hire staffing sales by skill segments

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Staffing firm executives were asked to state: "About what percent of your direct hire revenue is generated in each of the following skill segments?"

- Among staffing firms surveyed (generally firms primarily focused on temporary staffing), IT and healthcare alone accounted for 45% of direct hire revenue; about half of the firms offering direct hire in these skill segments were mostly specialized in these same segments.

- Direct hire was most commonly offered in IT, finance/accounting, and office/clerical.

- Two segments stood out for specialization with respect to direct hire. Among firms with *any* direct hire revenue in IT and healthcare, respectively 47% and 61% derived a majority of their direct hire revenue from these segments.

Distribution of reported direct hire staffing sales by segment; prevalence of staffing firm participation; and degree of specialization

	Average Percent of Direct Hire Revenue By Segment	Percent of Firms Selling This Segment	Degree of Specialization*
IT	27%	49%	47%
Healthcare	18%	28%	61%
Office/Clerical	12%	37%	20%
Industrial/Logistics	10%	25%	30%
Finance/Accounting	9%	39%	10%
Engineering/Design	9%	30%	19%
Creative/Marketing	3%	17%	9%
Clinical/Scientific	3%	15%	11%
Legal	1%	7%	8%
Education	1%	3%	22%
Other	5%	14%	26%
			N=324

* Degree of specialization = among firms with *any* direct hire revenue in this segment, the percent reporting it to be a *majority* of direct hire revenue.

Distribution of reported direct hire sales by customer industries

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Staffing firm executives were asked: "Approximately what percent of your direct hire revenue is derived from sales to the following customer industries or sectors?"

- Among staffing firms surveyed, five sectors—healthcare services, manufacturing, business services, tech/telecom, and finance/insurance—accounted for nearly three-quarters of reported direct hire sales.

- Nonetheless, staffing firm direct hire sales touched, at least in some degree, all major industries; no industry suggested in the question choices scored fewer than 5% of staffing firms serving it with direct hire. The industries most commonly sold to included: business services, manufacturing, finance/insurance, tech/telecom, and healthcare services.

- One industry was notable for being served by a high percentage of specialist firms: healthcare services, where 52% of staffing firms serving it were so specialized.

Distribution of reported direct hire sales by customer sector; prevalence of staffing firm participation; and degree of specialization

	Average Percent of Direct Hire Revenue By Customer Sector	Percent of Firms Selling to This Sector	Degree of Specialization*
Healthcare Services (Not Insurance)	21%	36%	52%
Manufacturing	15%	39%	26%
Business/Professional Services	15%	47%	18%
Technology/Telecom	12%	36%	16%
Finance/Insurance	10%	38%	11%
Transport/Warehousing/Packaging	5%	18%	17%
Pharma/Biotech/Medical Equipment	5%	16%	14%
Energy (Including Oil & Gas) & Mining	3%	15%	4%
Marketing/PR/Media/Advertising	2%	11%	6%
Construction	2%	9%	4%
Education (Private & Government)	2%	7%	15%
Government (Excluding Education)	2%	8%	12%
Restaurant/Hospitality	1%	6%	6%
Retail Trade	1%	7%	0%
Entertainment	1%	5%	7%
Utilities	1%	5%	0%
Other	4%	11%	18%
			N=299

*Degree of specialization = among firms with *any* direct hire revenue in this sector, the percent reporting it to be a *majority* of direct hire revenue.

Cross-distribution of direct hire staffing sales: customer industry X skill segment and customer industry/sector

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Based on unweighted staffing firm responses with respect to their individual breakdown of direct hire staffing revenue by skill segment and by customer industry served, a cross-distribution of the staffing industry was calculated. These results were rebalanced against skill segment projections from the SIA 2018 U.S. Staffing Industry Forecast to force segment totals across industry to add to their known segment size. The result of this analysis, rounded to the nearest billions of dollars, is given below. These estimates should not be considered definitive, but rather the first such attempt by SIA based on this one data source. Nonetheless, for the most part they comport with expectations and may be considered useful "ballpark" estimates.

Distribution of direct hire staffing revenue, customer industry x skill segment ($ billions, totals do not add due to rounding)

	IT	Industrial/ Logistics	Finance/ Accounting	Healthcare	Engineering/ Design	Office/ Clerical	Marketing/ Creative	Clinical/ Scientific	Legal	Education	Other	Total
Manufacturing	0.2	0.7	0.2		0.3	0.2	0.1	0.1			0.2	2.1
Business/Professional Services	0.4	0.2	0.4		0.1	0.3	0.2	0.1	0.1		0.1	2.0
Healthcare Services (Not Insurance)	0.3		0.1	1.2		0.1		0.1				1.8
Technology/Telecom	0.8	0.1	0.2		0.1		0.1				0.1	1.5
Finance/Insurance	0.6		0.3		0.1	0.1	0.1	0.1			0.2	1.4
Pharma/Biotech/Medical Equipment	0.2	0.1	0.1		0.1			0.2				0.7
Transport/Warehousing/Packaging	0.1	0.3	0.1			0.1						0.7
Energy (Including Oil & Gas), Mining	0.1	0.1			0.1							0.4
Marketing/PR/Media/Advertising							0.2					0.3
Education (Private & Government)								0.1		0.1		0.3
Construction		0.1										0.2
Restaurant/Hospitality											0.1	0.2
Government (Excluding Education)	0.1											0.2
Retail Trade	0.1											0.1
Entertainment												0.1
Utilities												0.1
Other	0.1		0.1								0.3	0.6
Total	3.1	1.8	1.4	1.4	0.9	0.9	0.9	0.8	0.3	0.2	1.1	12.8

Distribution of reported temporary staffing sales by skill segments

- *Note: The analysis given on this page is from the 2015 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firm executives were asked: "About what percent of your temporary staffing revenue is generated in each of the following skill segments?" Four segments—industrial/logistics, IT, healthcare, and office/clerical—accounted for three-quarters of reported sales. The percentages reported are roughly consistent with official SIA estimates, which are based on a much more thoroughgoing analysis and multiple data sources.

- Three segments of temporary staffing stand out as being both commonly offered, and disproportionately so by "specialist firms" (those primarily offering one skill): Forty-six percent of staffing firms offer IT, 41% offer industrial, and 29% offer healthcare skills. In each case, roughly half or more of the staffing firms involved derive a majority of revenue from just that one skill.

- Three other popular skills—office/clerical, finance/accounting, and engineering/design—were also widely offered, but were much less dominated by specialist firms.

Distribution of reported temp staffing sales by segment; prevalence of staffing firm participation; and degree of specialization

	Average Percent of Temp Revenue	Percent of Firms Selling This Segment	Degree of Specialization*
Industrial/Logistics	24%	41%	58%
IT	23%	46%	48%
Healthcare	16%	29%	50%
Office/Clerical	12%	51%	8%
Finance/Accounting	8%	35%	11%
Engineering/Design	6%	26%	11%
Clinical/Scientific	4%	11%	25%
Creative/Marketing	2%	10%	13%
Legal	1%	7%	NA
Education	1%	4%	NA
Other	2%	7%	NA
			N=320

* Degree of specialization = among firms with any *temporary staffing revenue in this segment, the percent reporting it to be a* majority *of temporary staffing revenue.*

Distribution of reported temporary staffing sales by customer industries

- *Note: The analysis given on this page is from the 2015 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firm executives were asked to state: "Approximately what percent of your temporary staffing revenue is derived from sales to the following customer industries or sectors?" Five sectors— manufacturing, healthcare services, finance/insurance, business services and tech/telecom—accounted for two-thirds of reported temporary staffing sales.

- Nonetheless, staffing firms seem to touch, at least in some degree, all major industries; no industry suggested scored fewer than 7% of staffing firms serving it. The industries most commonly sold to included: manufacturing, business services, healthcare, finance/insurance, tech/telecom, and packaging/transport.

- In no customer industry/sector were more than 36% of the firms serving it specialist staffing firms.

Distribution of reported temporary staffing sales by customer sector; prevalence of staffing firm participation; and degree of specialization

	Average Percent of Temp Staffing Revenue	Percent of Firms Selling to This Sector	Degree of Specialization*
Manufacturing	20%	51%	27%
Healthcare Services (Not Insurance)	18%	40%	36%
Finance/Insurance	11%	39%	16%
Business Services	10%	50%	6%
Technology/Telecom	9%	37%	13%
Packaging/Transport/Warehousing	8%	29%	11%
Pharma/Biotech/Medical Equipment	5%	21%	9%
Government (excluding education)	4%	18%	11%
Oil, Gas & Minerals, Mining	2%	15%	4%
Education (private & government)	2%	11%	9%
Construction	2%	14%	5%
Retail Trade	2%	12%	5%
Restaurant/Hospitality	1%	9%	NA
Utilities	1%	12%	NA
Entertainment	1%	7%	NA
Marketing/Public Relations/Media	1%	8%	NA
Other	2%	8%	21%
			N=307

* Degree of specialization = among firms with *any* temporary staffing revenue in this sector, the percent reporting it to be a *majority* of temporary staffing revenue.

Cross-distribution of temporary staffing sales: customer industry X skill segment and customer industry/sector

- *Note: The analysis given on this page is from the 2015 Staffing Company Survey. It is included here as it is related to this topic.*

- Based on unweighted staffing firm responses with respect to their individual breakdown of temporary staffing revenue by skill segment and by customer industry served, a cross-distribution of the staffing industry was calculated. These results were rebalanced against skill segment projections from the SIA September 2015 U.S. Staffing Industry Forecast to force segment totals across industry to add to their known segment size. The result of this analysis, rounded to the nearest billions of dollars, is given in the table below. These estimates should not be considered definitive, but rather the first such attempt by SIA based on this one data source. Nonetheless, for the most part they comport with expectations and may be considered useful "ballpark" estimates.

Distribution of 2015 U.S. temporary staffing revenue, customer industry x skill segment ($ billions, totals do not add due to rounding)

	Industrial/ Logistics	IT	Office/ Clerical	Healthcare	Engineering/ Design	Finance/ Accounting	Clinical/ Scientific	Creative/ Marketing	Legal	Education	Other	Total
Manufacturing	14	2	5		3	1						26
Healthcare Services (Not Insurance)	1	2	1	10								16
Finance/ Insurance	1	5	2			2					1	13
Business/Professional Services	3	3	3		1	1						12
Technology/Telecom	1	6	1		2						1	11
Transport/Warehousing/Packaging	7	1	2									10
Government (Excluding Education)	1	2	1	1								5
Pharma/Biotech/Medical Equipment	1	1	1		1		1					5
Energy (Including Oil & Gas), Mining	1	1	1									3
Construction	2		1									3
Retail Trade	1	1										2
Education (Private & Government)				1								2
Restaurant/ Hospitality	1											2
Utilities		1										2
Other	1	1	1									5
Total	33	27	19	13	8	7	2	1	1	1	3	116
												N=306

Staffing firms mostly specialized by segment and customer industry/sector

- *Note: The analysis given on this page is from the 2015 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- The two charts below illustrate the distribution of staffing firms in terms of share of temporary staffing revenue derived from their single largest segment (survey respondents had a choice of ten skill segments) and single largest customer industry/sector (survey respondents had a choice of sixteen customer industry/sectors), respectively.

- Temporary staffing firms are typically highly specialized by skill segment. Thirty percent of temporary staffing firms derive their revenue from one skill segment only; the majority of temporary staffing firms derive 80% or more of revenue from just one segment.

- Temporary staffing firms are somewhat less specialized by customer industry. Twenty-two percent derive their revenue from only one customer industry; the majority derive 55% or more of revenue from just one industry.
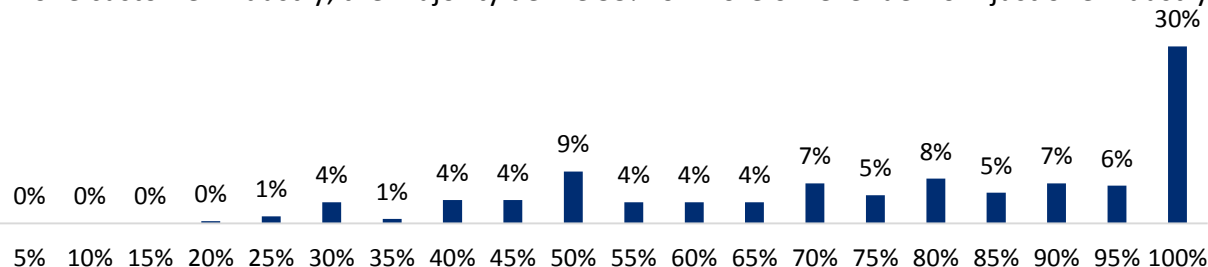
Distribution of staffing firms in terms of share of revenue derived from single largest segment
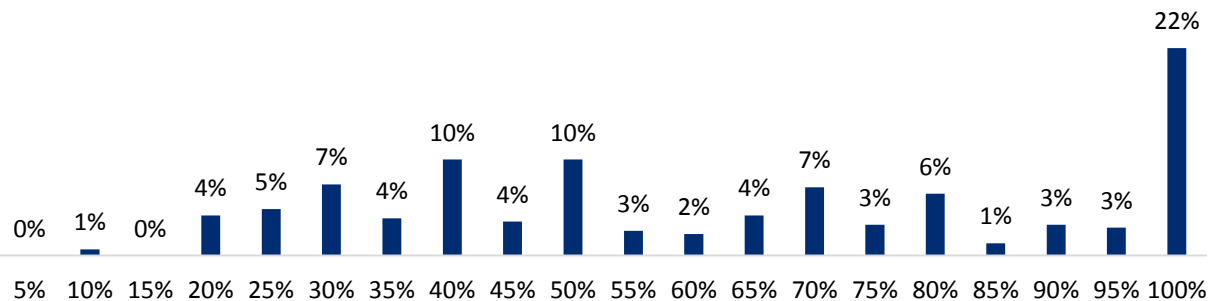
Distribution of staffing firms in terms of share of revenue derived from single largest customer industry/sector

Section 5. Terms of service: days payable, discounts, indemnification

Key Findings:

- Staffing firm executives were asked about various terms of service offered to clients. Their responses are summarized below.

- Days payable. Most staffing firms -- 58% -- offer 30 days to pay invoices. About a quarter of firms offered shorter terms, and about a quarter offered longer terms.

- Discounts for early payment. Only a minority of staffing firms -- 23% -- offer a discount for early payment, though such discounts are more common among larger firms. The amount of discount is typically very small, between 1% and 2%.

- Consistency of terms. Staffing firms varied in their consistency with regard to offering standard days payable and early payment discounts to clients, with a quarter of firms offering standard terms to 50% of clients or less, a quarter of firms offering standard terms to 95% of clients or more, and the rest in between.

- Indemnification agreements. Eighty percent of staffing firms reported signing indemnification agreements at least some of the time. However, there is an extremely wide variance among staffing firms as to *share* of clients covered by such agreements, with a mid-range of 5% of clients to 95% of clients.

- Service guarantees. [From SIA's 2017 survey.] Nearly half (47%) offered "a complete money-back guarantee;" another 32% did not offer a guarantee at all; and the remaining 21% offered some other type of guarantee and/or a guarantee only under specific circumstances. Among those respondents who said their firm offered a money-back guarantee, time limits on such guarantees were typically short. Roughly two-thirds (65%) chose either "within 1 week" or volunteered a specific time between "1 hour" and "3 days." Other common responses were "within 2 weeks" (14%), "within 4 weeks" (6%), and "no time limit" (5%).

Client payment terms, as defined in days payable from invoice date

- Staffing firms were asked "What are your most common client payment terms, as defined in days payable from invoice date?" The distribution of days payable terms is given in the upper chart at right.

- More than half of staffing firms -- 58% -- offer 30 days to pay invoices.

- About a quarter of firms offered shorter terms, and about a quarter offered longer terms.

- There is little variation in days payable as a function of staffing firm type, as can be seen in the table, lower right. The median of 30 days payable is consistent across skill sets and firm sizes. In terms of the broader mid-ranges, 25th percentile to 75th percentile, ranges for commercial firms and for smaller firms of $10 million or less in revenue were slightly shorter than average, and ranges for professional firms and for firms larger than $10 million in revenue were slightly longer.

Distribution of days payable terms offered [N=437]

Client Payment Terms
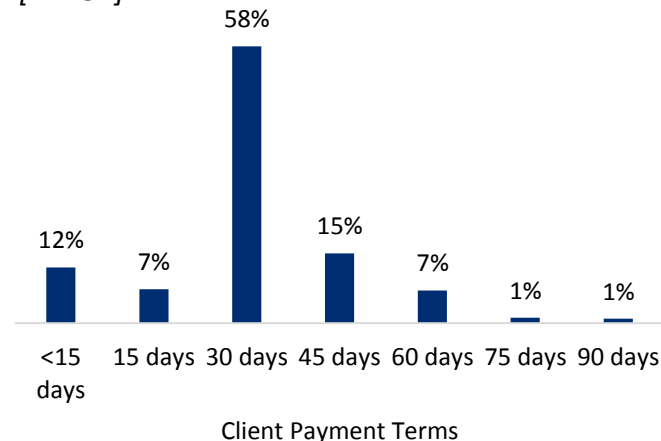
Distribution of days payable terms offered, as a function of staffing firm type

	25th Percentile	Median	75th Percentile	N
Commercial	15 days	30 days	30 days	128
Professional	30 days	30 days	45 days	244
<=$10m	15 days	30 days	30 days	154
$11m-$100m	30 days	30 days	45 days	182
>$100m	30 days	30 days	45 days	81
All	30 days	30 days	30 days	437

Propensity of staffing firms to offer an early discount for early payment

- Staffing firms were asked "If you give a discount for early payment, what is the percentage discount?"

- As can be seen in the chart at right, only a minority of staffing firms -- 23% -- offer a discount for early payment.

- A similar question was asked in 2010 with comparable results.

- As shown in the table at right, the share of firms offering a discount varies to some degree by staffing firm type, particularly as a function of firm size, with larger firms offering such discounts more frequently. Among firms of $10 million or less, 15% offer an early payment discount; among firms of $11 million and $100 million, 22% offer a discount; and among firms of greater than $100 million, 41% offer a discount.

- The amount of discount is typically very small, between 1% and 2%, and as can be seen in the table varies little by staffing firm type, although commercial firm early discounts were slightly lower.

Do you offer a discount for early payment? [N=437]

Yes, 23%

No, 77%
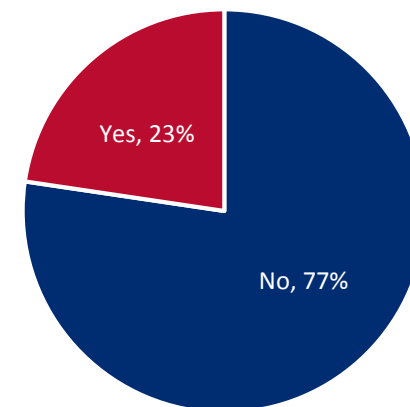
Among staffing firms offering discounts, amount of discount offered, as a function of staffing firm type

	Our firm offers an early payment discount	Among staffing firms offering discounts, amount of discount offered			N
		25th Percentile	Median	75th Percentile	
Commercial	15%	1.0%	1.0%	1.5%	127
Professional	28%	1.0%	1.5%	2.0%	245
<=$10m	15%	1.0%	1.5%	2.0%	153
$11m-$100m	22%	1.0%	1.5%	2.0%	180
>$100m	41%	1.0%	1.5%	2.0%	82
All	23%	1.0%	1.5%	2.0%	437

Consistency of payment terms and discounts

- Staffing firms were asked "About how often do clients get the payment terms and discount you stated in this survey?"

- As can be seen the in table at right, the typical (median) staffing firm offers the same terms to clients about 80% of the time. However, there is nonetheless some variance, with a quarter of staffing firms (25th percentile) offering the same terms only about half the time.

- Consistency varies as a function of firm size, with smaller firms more consistent (a mid-range of 65% to 100% consistent), and larger firms less consistent (a mid-range of 30% to 90% consistent). This likely reflects the wider variety of customers with which larger staffing firms are likely to do business.

Frequency of offering standard days payable terms and early payment discount, as a function of staffing firm type

	25th Percentile	Median	75th Percentile	N
Commercial	50%	80%	95%	96
Professional	50%	80%	95%	215
<=$10m	65%	90%	100%	119
$11m-$100m	50%	80%	95%	152
>$100m	30%	75%	90%	76
All	50%	80%	95%	364

How often do staffing firms offer indemnification agreements?

- Staffing firms were asked "About what percent of your clients have you signed an indemnification agreement with?"

- As shown in the chart at right, eighty percent of staffing firms reported signing such agreements at least some of the time.

- A similar question was asked in 2010 with comparable results.

- However, as can be seen the in lower right table, there is a very wide variance among staffing firms as to *share* of clients covered by such agreements. Even within each demographic category, the mid-range of such shares -- 25th percentile to 75th percentile -- is more than fifty percentage points.

- Additionally, there is a large variance by type of staffing firm. Professional staffing firms reported signing agreements with a median 75% of clients, more than double the median 30% of clients reported for commercial staffing firms. Likewise, larger staffing firms of greater than $10 million in revenue signing indemnification agreements 70%-75% of the time, more than double the median 30% of clients reported by firms of less than $10 million.

Does your firm ever sign indemnification agreements with clients? [N=433]

No, 20%

Yes, 80%
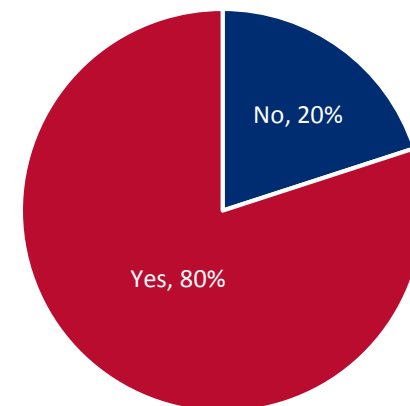
Distribution of frequency of staffing firms offering indemnification agreements to clients

	25th Percentile	Median	75th Percentile	N
Commercial	5%	30%	80%	126
Professional	20%	75%	100%	240
<=$10m	0%	30%	90%	153
$11m-$100m	10%	70%	95%	179
>$100m	40%	75%	95%	80
All	5%	55%	95%	433

Propensity of staffing firms to offer a service guarantee

- *Note: The analysis given on this page is from the 2017 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firms were asked whether they offered their clients a service guarantee.

- Nearly half (47%) offered "a complete money-back guarantee;" another 32% did not offer a guarantee at all; and the remaining 21% offered some other type of guarantee and/or a guarantee only under specific circumstances.

- The dominant types of "other" guarantees included:

  – Replacement only, no money back

  – Client-specific arrangements

  – A promise simply to work things out and make them right

Do you offer a service guarantee? [N=418]

Pie chart: Other, 21%; Yes, a complete money-back guarantee, 47%; No, 32%
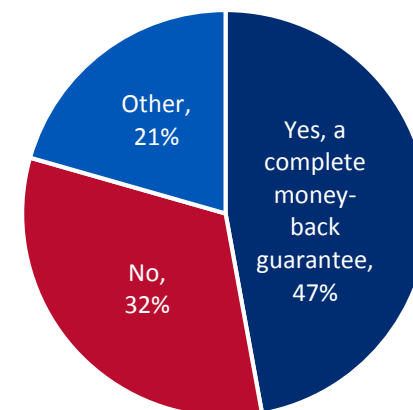
Time limits on money-back guarantees

- *Note: The analysis given on this page is from the 2017 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firms were asked "What is the time limit, if any, on your guarantee?" Answer options included: "Within 1 week of temp starting assignment," "Within 2 weeks of temp starting assignment" -- etc., with weekly increments through 12 weeks -- followed by "Within >12 weeks of temp starting assignment," and "No time limit."

- However, in the "other, please specify" option to the previous question, about whether respondent staffing firms had a service guarantee at all, a quarter of respondents volunteered additional options on the lower end, ranging from "1 Hour" to "3 Days." These additional answers were included in the overall analysis. The full distribution is shown in the chart at right.

- Among those respondents who said their firm offered a money-back guarantee, roughly two-thirds (65%) chose either "Within 1 week" or volunteered a specific time between "1 Hours" and "3 Days."

- Other common responses were "Within 2 weeks" (14%), "Within 4 weeks" (6%), and "No time limit" (5%).

Distribution of time limits on money-back guarantees [N=194]

Category	Percent
No time limit	5%
>12 Weeks	3%
≤12 Weeks	3%
≤9 Weeks	1%
≤8 Weeks	2%
≤6 Weeks	1%
≤5 Weeks	1%
≤4 Weeks	6%
≤3 Weeks	1%
≤2 Weeks	14%
≤1 Week	43%
3 Days	1%
2 Days	1%
1 Day	9%
4 Hours	12%
1 Hour	1%
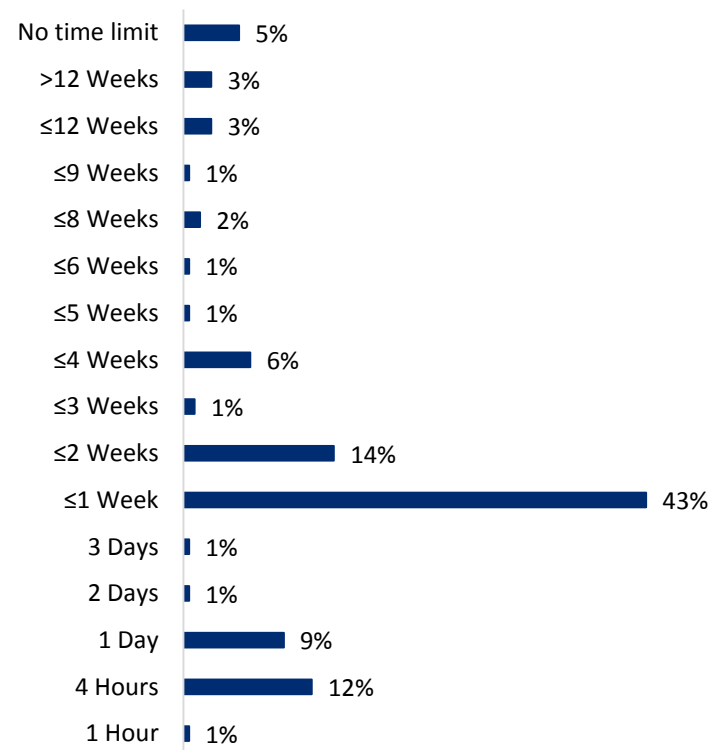
How service guarantees vary by type of staffing firm

- *Note: The analysis given on this page is from the 2017 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- In general, commercial staffing firms were more likely to offer a money-back service guarantee than professional staffing firms; but such guarantees, when offered, were typically shorter than those of professional staffing firms.

Propensity to offer a service guarantee

- The table at upper right shows the propensity of staffing firms to offer a money-back guarantee, by type of staffing firm.

- Sixty-two percent of commercial staffing firms reported offering a money-back guarantee vs. 38% of professional staffing firms. Propensity to offer a service guarantee did not vary consistently by firm size.

Time limits on money-back guarantees

- The table at lower right shows the mid-range distribution of time limits on money-back guarantees, by type of staffing firm.

- The most notable variation observed is that time limits at commercial staffing firms tended to be shorter. In particular, time limits at commercial staffing firms ranged from "4 Hours" to "Within 1 week." By contrast, time limits at professional staffing firms ranged from "Within 1 week" to "Within 3 weeks."

- Median time limits were largely consistent across firm sizes.

Propensity to offer a service guarantee, by segment focus and size of staffing firm

	Yes, a complete money-back guarantee	No	Other	N
Commercial	62%	21%	18%	130
Professional	38%	39%	23%	229
<=$10m	45%	37%	19%	161
$11m-$100m	53%	29%	18%	177
>$100m	41%	31%	28%	58
All	47%	32%	21%	418

Time limits on money-back guarantees, by segment focus and size of staffing firm

	25th Percentile	Median	75th Percentile	N
Commercial	4 Hours	≤1 Week	≤1 Week	79
Professional	≤1 Week	≤2 Weeks	≤3 Weeks	89
<=$10m	1 Day	≤1 Week	≤2 Weeks	72
$11m-$100m	≤1 Week	≤1 Week	≤2 Weeks	91
>$100m	≤1 Week	≤1 Week	≤2 Weeks	25
All	≤1 Week	≤1 Week	≤2 Weeks	194

Section 6. Highest bang-to-buck temporary and direct hire recruiting tactics

Key Findings:

- Temporary worker recruiting tactics. Staffing firms reported the temporary worker recruiting tactic with the highest bang-to-buck return on spend/effort to be recruiting from their existing candidate databases (44% reported it among top two tactics). A significant portion of respondents also selected: LinkedIn, other online job listings, and referral bonuses.

- Direct hire recruiting tactics. Staffing firms reported the direct hire recruiting tactic with the highest bang-to-buck return on spend/effort to be Linkedin (57% reported it among top two tactics). A significant portion of respondents also selected: recruit from existing candidate list, other online job listings, and referral bonuses.

- Changes since 2013. Comparisons between the current survey results and those of a similar survey in 2013 are slightly obscured by a change in the wording of the question, from (single) "top tactic" in 2013 to "top two tactics" in 2019. Nonetheless a change in relative values for one recruiting tactics was apparent. In 2013, referral bonuses were cited by just 7% as a top temp recruiting tactic and by just 3% as a top direct hire recruiting tactic. In 2019, referral bonuses were cited as among "top two tactics" by 32% for temp recruiting and by 22% for direct hire recruiting.

Highest-return <u>temporary worker</u> recruiting tactics

- We asked staffing firms: "Of the following temporary worker recruiting tactics, which <u>two</u> would you say have the highest bang-to-buck return on spend/effort?"

- The top four most popular tactics were: recruiting from existing candidate databases (44%), online job advertising other than LinkedIn (35%), paying referral bonuses (32%), and LinkedIn (25%).

- Three additional tactics scored low double-digit percentages: investing in enhanced automation tools (17%), offering more generous benefits (16%), and listing jobs on staffing firm websites (14%).

- No other temporary worker recruiting tactic scored more than 7% among survey respondents.

- Versus a similar survey in 2013, a change in relative values for one temporary worker recruiting tactics was apparent -- referral bonuses have become more highly valued. In 2019, referral bonuses were cited as a "top two" temporary worker recruiting tactic by 32%, versus just 7% citing it as a top tactic in 2013.

Percent of respondents reporting selected temporary worker recruiting tactics among highest return methods [N=374]

Tactic	%
Recruit from existing candidate database	44%
Online job advertising other than LinkedIn (i.e. Indeed, Monster, Careerbuilder, etc.)	35%
Referrals: Pay referral bonuses	32%
LinkedIn	25%
Invest in enhanced automation tools to identify candidates	17%
Offering more generous pay/benefits	16%
List jobs on staffing firm website	14%
Use offshore sourcers	7%
Advertise your firm	6%
Standardize job postings to conform to Google schema/SEO	5%
Re-train/upskill candidates from existing database	5%
Other	6%

Highest-return <u>temporary worker</u> recruiting tactics, as a function of staffing firm type

- In a few cases, reported top temporary worker recruiting tactics varied by type of staffing firm. The chart on the left shows cases where preferred tactics varied by *primary skill segment*. In particular, commercial staffing firms were more likely to cite as top tactics: online job advertising other than LinkedIn, recruiting from existing candidate database, and referral bonuses; professional staffing firms were more likely to cite offshore sourcers, enhanced automation tools, and LinkedIn. The chart on the right shows the cases where top tactics varied by *firm size*. Larger firms were more likely to benefit from job postings conforming to Google schema, offshore sourcers, and enhanced automation tools.

Selected temporary worker recruiting tactics, as a function of <u>primary skill segment</u>
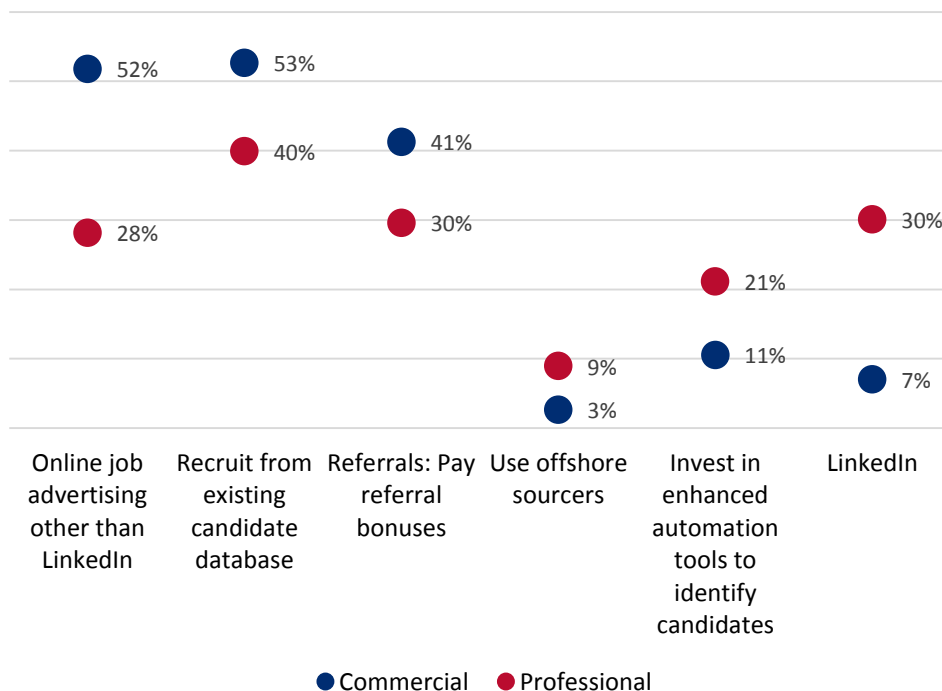
● Commercial   ● Professional

Selected temporary worker recruiting tactics, as a function of <u>firm size</u>

● <=$10m   ● $11m-$100m   ● >$100m
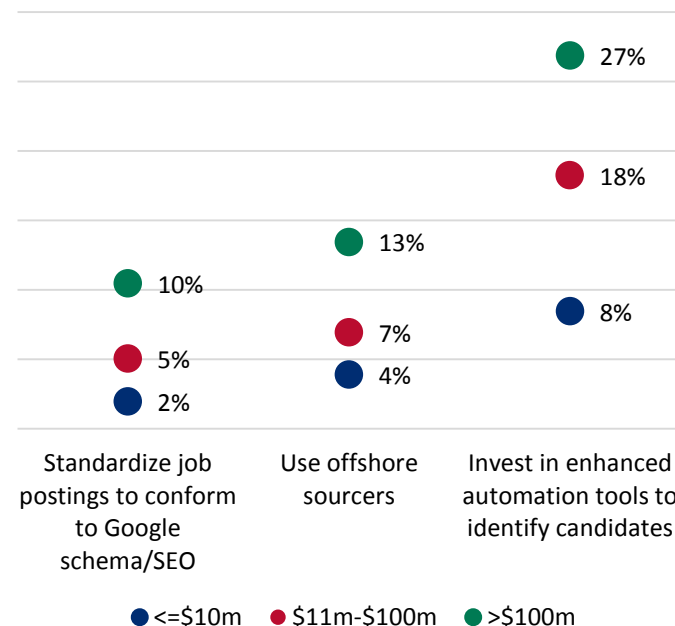
Highest-return <u>direct hire</u> recruiting tactics

- We asked staffing firms: "Of the following direct hire recruiting tactics, which <u>two</u> would you say have the highest bang-to-buck return on spend/effort?"

- The top four most popular tactics were: LinkedIn (57%), recruiting from existing candidate databases (39%), online job advertising other than LinkedIn (25%), and paying referral bonuses (22%).

- Three additional tactics scored low double-digit percentages: offering more generous benefits (12%), investing in enhanced automation tools (12%), and listing jobs on staffing firm websites (10%).

- No other temporary worker recruiting tactic scored more than 6% among survey respondents.

- Versus a similar survey in 2013, a change in relative values for one direct hire recruiting tactics was apparent -- referral bonuses have become more highly valued. In 2019, referral bonuses were cited as a "top two" direct hire recruiting tactic by 22%, versus just 3% citing it as a top tactic in 2013.

Percent of respondents reporting selected direct hire recruiting tactics among highest return methods [N=358]

Tactic	%
LinkedIn	57%
Recruit from existing candidate database	39%
Online job advertising other than LinkedIn (i.e. Indeed, Monster, Careerbuilder, etc.)	25%
Referrals: Pay referral bonuses	22%
Offering more generous pay/benefits	12%
Invest in enhanced automation tools to identify candidates	12%
List jobs on staffing firm website	10%
Standardize job postings to conform to Google schema/SEO	6%
Advertise your firm	6%
Use offshore sourcers	5%
Re-train/upskill candidates from existing database	2%
Other	8%

Highest-return <u>direct hire</u> recruiting tactics, as a function of staffing firm type

- In a few cases, reported top direct hire recruiting tactics varied by type of staffing firm. The chart on the left shows cases where preferred tactics varied by *primary skill segment*. In particular, commercial staffing firms were more likely to cite as top tactics: LinkedIn, online job advertising other than LinkedIn, standardizing job postings, and listing jobs on staffing firm website; professional staffing firms were more likely to cite referral bonuses and recruiting from their existing candidate database. The chart on the right shows the cases where top tactics varied by *firm size*. Smaller and mid-sized firms were more likely to cite LinkedIn; larger firms were more likely to benefit from referral bonuses, standardized job postings, and enhanced automation tools.

Selected direct hire recruiting tactics, as a function of <u>primary skill segment</u>

Selected direct hire recruiting tactics, as a function of <u>firm size</u>
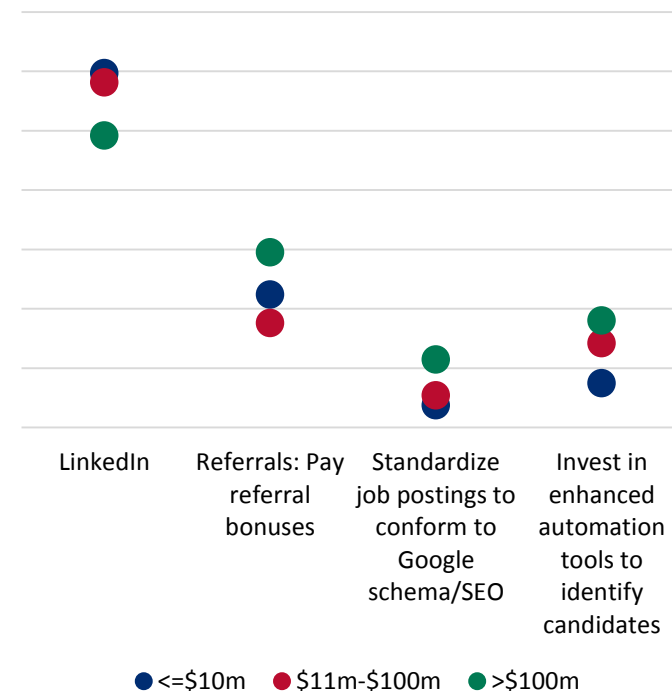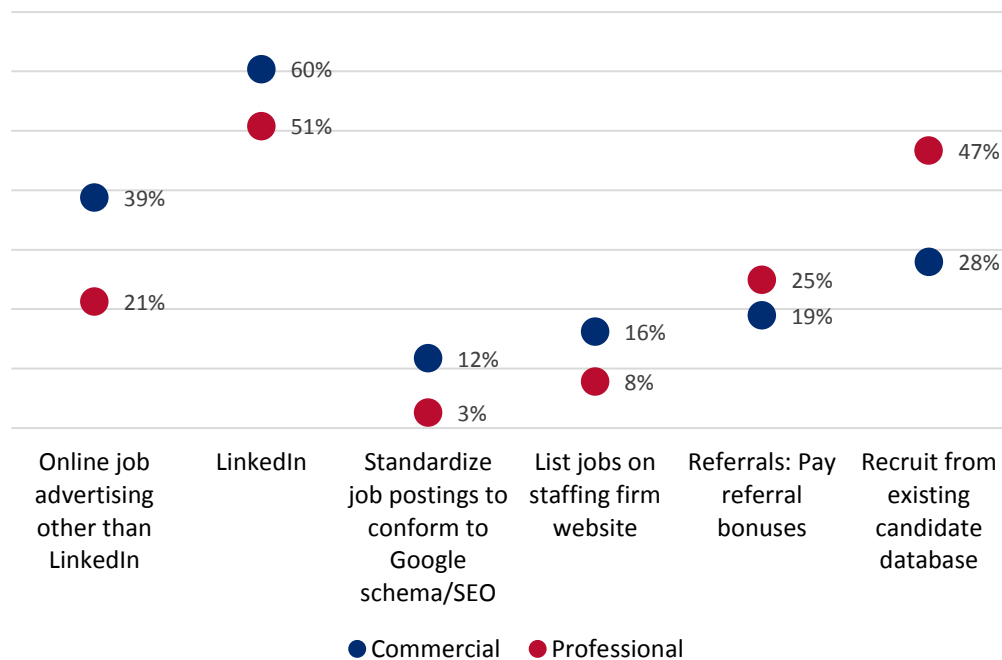
Section 7. Bonuses for temporary worker and direct hire referrals

Key Findings:

- Bonuses for temporary worker referrals. More than three-quarters of staffing firms -- 78% -- offer bonuses for referring temporary worker candidates. Professional staffing firms offered substantially larger bonuses (median of $500) than commercial firms (median of <$100).

- Optimal bonus amount for temporary worker referrals. Among *commercial* staffing firms, small bonuses of $100 or less were both more common and more often cited as a high-return temporary staffing recruiting tactic, suggesting that small bonuses are preferred. However, among *professional* staffing firms, there was no consistent relationship between size of bonus and these factors, suggesting the optimal level for such temporary worker referral bonuses is situational.

- Bonuses for direct hire referrals. Two-thirds of staffing firms offer bonuses for referring direct hire candidates. Professional staffing firms were more likely to offer such bonuses than were commercial staffing firms, and bonuses offered by professional staffing firms were also substantially larger (median of $500) than those of commercial firms (median of $200).

- Optimal bonus amount for direct hire referrals. Among *professional* staffing firms, large bonuses of $500 or more were both more common and more often cited as a high-return direct hire recruiting tactic, suggesting that higher bonuses are more preferred. Among *commercial* staffing firms, however, there was no consistent relationship between size of bonus and these factors, suggesting the optimal level for such direct hire bonuses is situational.

- Referral bonuses a high-return recruiting tactic. Respondents cited referral bonuses as one of their highest-return temporary worker and direct hire recruiting tactics in the previous section of this report.

Bonuses for __temporary worker__ referrals

- We asked staffing firms: "Does your firm offer referral bonuses for referring temporary worker candidates, and if so, approximately what is the typical amount of the bonus?"

- More than three-quarters of staffing firms -- 78% -- offer bonuses for referring temporary worker candidates.

- The amount of the bonuses offered is bimodal, with about half offering bonuses of $200 or less, and about half offering bonuses of $500 or more; only 7% of staffing firms offered bonuses in the $300-$400 mid-range.

Does your firm offer referral bonuses for referring temporary worker candidates? N=371

No, 22%

Yes, 78%
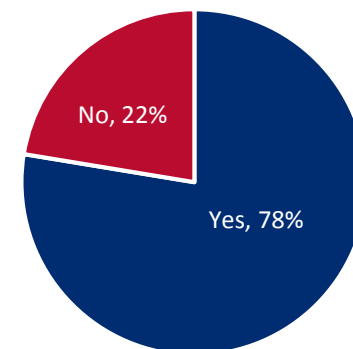
If your firm offers referral bonuses for referring temporary worker candidates, what is the amount of the bonus? N=371
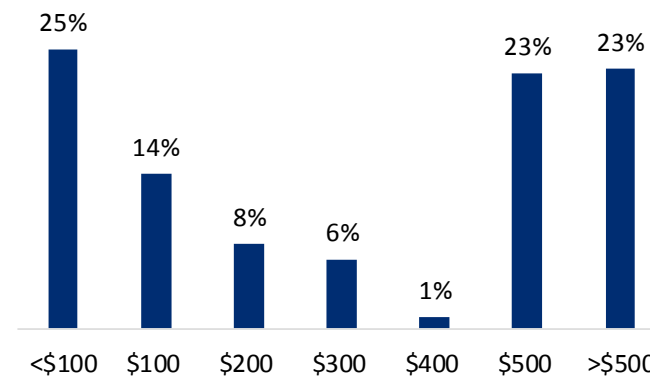
<$100	$100	$200	$300	$400	$500	>$500
25%	14%	8%	6%	1%	23%	23%

Temporary worker referral bonuses, as a function of staffing firm type

- The table at right shows how temporary worker referral bonuses vary as a function of staffing firm type.

- Professional staffing firms offered substantially larger bonuses (median of $500) than commercial firms (median of <$100).

- Propensity to offer temporary worker referral bonuses varied directly as a function of staffing firm size. Sixty-four percent of staffing firms of $10 million or less in revenue offered such bonuses, 82% of staffing firms in the $11 million to $100 million range did so, and 91% of firms of greater than $100 million did so.

- Additionally, larger firms also tended to offer larger bonuses. Among staffing firms of $10 million or less in revenue, the median size of bonuses was $200, among staffing firms in the $11 million to $100 million range the median was $350, and among staffing firms of greater than $100 million the median bonus was $500.

Temporary worker referral bonuses, as a function of staffing firm type

	Our firm offers referral bonuses	25th Percentile	Median	75th Percentile	N
Commercial	81%	<$100	<$100	$100	112
Professional	84%	$300	$500	>$500	210
<=$10m	64%	<$100	$200	$500	132
$11m-$100m	82%	$100	$350	>$500	158
>$100m	91%	$100	$500	$500	67
All	78%	<$100	$300	$500	371

Is there an optimal level for <u>temporary worker</u> referral bonuses?

- We also asked staffing firms "Of the following temporary worker recruiting tactics, which TWO would you say have the highest bang-to-buck return on spend/effort?" One of the twelve options to this question was "Referrals: Pay referral bonuses."

- Two factors were examined relative to bonus size -- propensity to use bonuses of various amounts (x axis in the charts below) and propensity to cite referral bonuses among the firm's top two highest-return recruiting tactics (y axis). Where a given bonus size is more often used and also more often seen as high-return, it might be presumed to be generally preferred.

- Among <u>commercial staffing firms (left chart)</u>, small bonuses of $100 or less were both more common and more often cited as a high-return temporary staffing recruiting tactic, suggesting that small bonuses are preferred. However, among <u>professional staffing firms (right chart)</u>, there was no consistent relationship between size of bonus and these factors, suggesting the optimal level for such bonuses is situational.

Propensity and effectiveness of temporary worker referral bonuses, as a function of size of bonus
Among commercial staffing firms   N=112   *Among professional staffing firms   N=207*
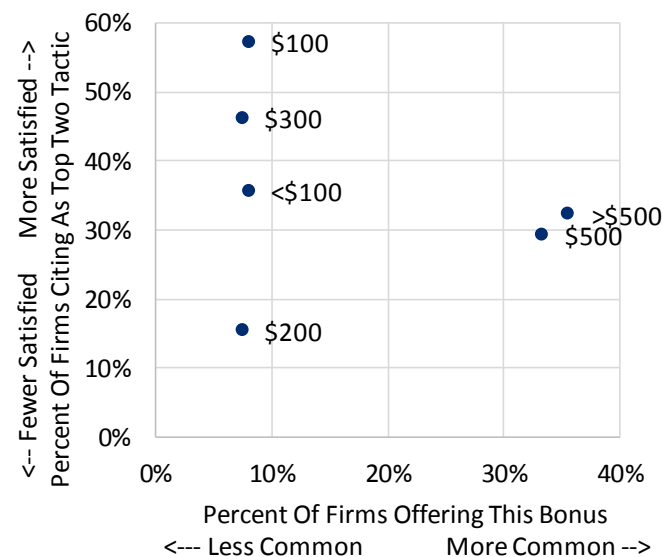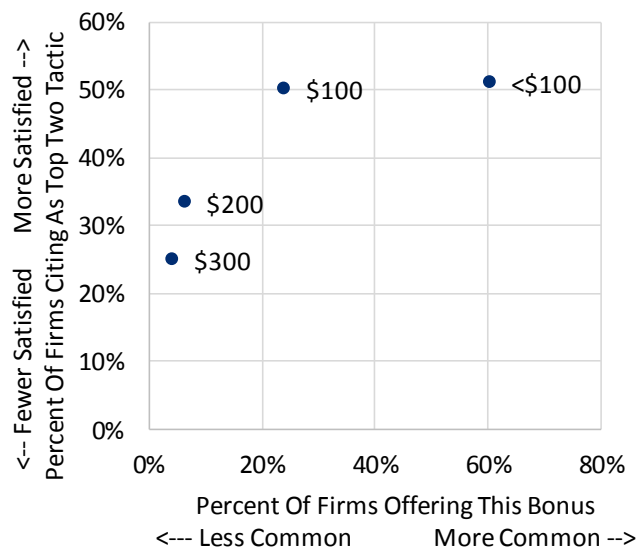
Bonuses for <u>direct hire</u> referrals

- We asked staffing firms: "Does your firm offer referral bonuses for referring direct hire candidates, and if so, approximately what is the typical amount of the bonus?"

- Two-thirds of staffing firms offer bonuses for referring direct hire candidates.

- Bonuses for direct hire candidates were typically large: roughly two-thirds of staffing firms offered bonuses of at least $500.

Does your firm offer referral bonuses for referring direct hire candidates? N=369

No, 33%

Yes, 67%
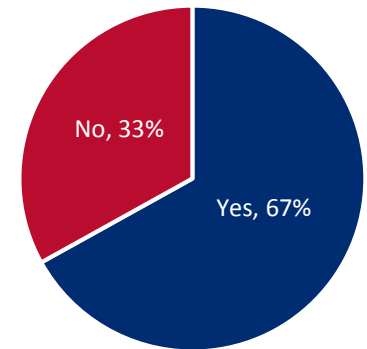
If your firm offers referral bonuses for referring direct hire candidates, what is the amount of the bonus? N=369
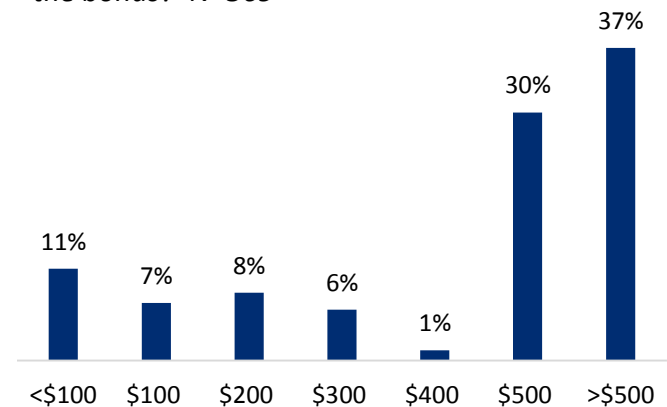
<$100	$100	$200	$300	$400	$500	>$500
11%	7%	8%	6%	1%	30%	37%

Direct hire referral bonuses, as a function of staffing firm type

- The table at right shows how direct hire referral bonuses vary as a function of staffing firm type.

- Professional staffing firms were more likely to offer such bonuses (78%) than were commercial staffing firms (58%). Bonuses offered by professional staffing firms were also substantially larger (median of $500) than those of commercial firms (median of $200).

- Propensity to offer direct hire referral bonuses varied directly as a function of staffing firm size. Sixty percent of staffing firms of $10 million or less in revenue offered such bonuses, 68% of staffing firms in the $11 million to $100 million range did so, and 77% of firms of greater than $100 million did so. For the most part, direct hire bonuses did not vary much by staffing firm size.

Referral bonuses, as a function of staffing firm type

	Our firm offers referral bonuses	25th Percentile	Median	75th Percentile	N
Commercial	58%	<$100	$200	$500	110
Professional	78%	$500	$500	>$500	205
<=$10m	60%	$200	$500	>$500	134
$11m-$100m	68%	$300	$500	>$500	154
>$100m	77%	$333	$500	>$500	65
All	67%	$200	$500	>$500	369

Is there an optimal level for <u>direct hire</u> referral bonuses?

- We also asked staffing firms "Of the following direct hire recruiting tactics, which TWO would you say have the highest bang-to-buck return on spend/effort?" One of the twelve options to this question was "Referrals: Pay referral bonuses."

- Two factors were examined relative to bonus size -- propensity to use bonuses of various amounts (x axis in the charts below) and propensity to cite referral bonuses among the firm's top two highest-return recruiting tactics (y axis). Where a given bonus size is more often used and *also* more often seen as high-return, it might be presumed to be generally preferred.

- Among <u>commercial staffing firms (left chart)</u>, there was no consistent relationship between size of bonus and these factors, suggesting the optimal level for such bonuses is situational. Among <u>professional staffing firms (right chart)</u>, however, large bonuses of $500 or more were both more common and more often cited as a high-return direct hire recruiting tactic, suggesting that higher bonuses are more preferred.

Propensity and effectiveness of direct hire referral bonuses, as a function of size of bonus
Among commercial staffing firms N=110   *Among professional staffing firms N=205*
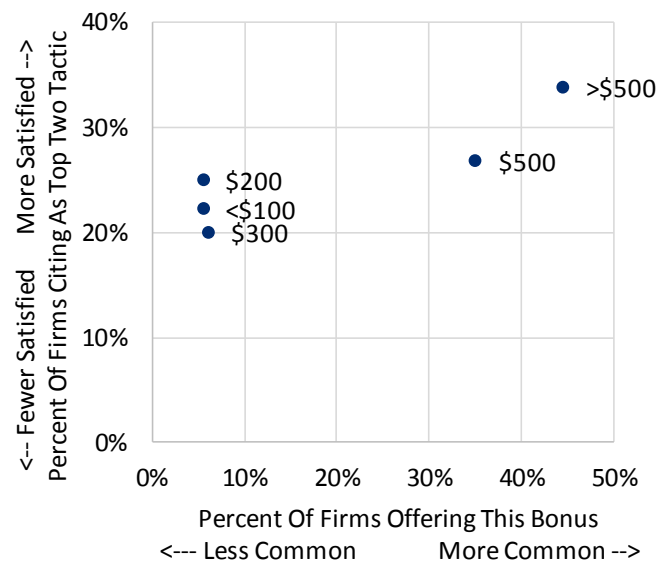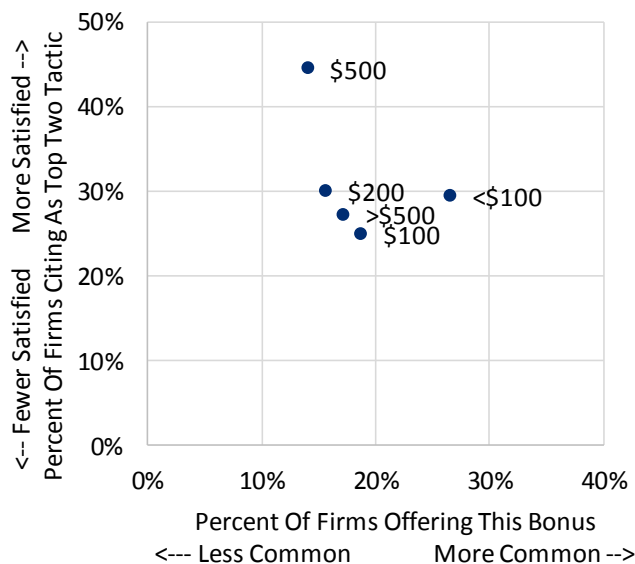
Section 8. How do staffing firms determine temporary worker wages?

Key Findings:

- Staffing executives were asked "When considering wages to offer temporary workers, what data do you use?"

- <u>Temp wages often determined without data</u>. About half of respondents said that their pay rates were mostly dictated by their customers, and others said they just negotiated the bill rate first and worked backward into the pay rate (based on a target margin) or just negotiated wages the best they could without using any data.

- <u>When using data, one source dominated</u>. By far, the most popular method for determining temporary worker wages was using "wage rates we paid for similar temporary positions in the past." This was also the top choice when executives were asked this same question in 2009.

- <u>Three additional sources</u>. A minority of staffing executives also reported using three other sources for temporary wage data: hourly wage rates based on reported annual "permanent" worker wages; third-party data sources such as VMS or the Talent Data Exchange (TDX); and government temporary wage data.

Staffing firm methods of determining temporary worker wages

- The chart at right shows the share of staffing firms using various methods of determining temporary worker wages. Percentages do not add to 100% as firms could use more than one method.

- The most common answer, selected by 59% of respondents, was that the data they use to determine temporary wages is their own—that is, temporary wages paid by the staffing firm for similar positions in the past.

- Nearly as many staffing firms -- 51% -- said that their pay rates were mostly dictated by their customers. A related answer, selected by 19%, was that their firm negotiated the bill rate first and worked backward into the pay rate based on a target markup or margin.

- Other respondents reported using outside sources of data: 32% said they calculated hourly wage rates based on reported permanent worker wages; 22% cited third-party data sources such as VMS or the Talent Data Exchange (TDX); and 19% cited government temporary wage data.

- Another 13% said they didn't use any data and just negotiated wages the best they could.

Percent of staffing firms using selected methods of determining temporary worker wages [N=367]

Method	Percent
Wage rates we paid for similar temporary positions in the past	59%
Our pay rates are mostly dictated by our customers	51%
Calculated hourly wage rates based on permanent worker annual salary data from salary.com or other third-party sources	32%
Third - party data (e.g. VMS, Talent Data Exchange TDX)	22%
Government temporary wage data (e.g. Bureau of Labor Statistics, Department of Labor)	19%
We don't use wage data--we negotiate the bill rate first and work backward into the pay rate based on our target markup/margin	19%
We don't use any data--we just negotiate wages the best we can	13%
Other	12%

Changes in methods of determining temporary worker wages, 2019 vs. 2009

- Staffing executive respondents were also asked in 2009 about methods of determining temporary worker wages. Answers from that survey are compared with those of the current survey in the table at right.

- Reported changes were mostly small, so the most notable conclusion from the table is simply that methods used have been fairly stable over time.

- Among the larger changes reported: the share of respondents reporting that pay rates were mostly dictated by their customers rose 10 percentage points, from 41% to 51%; use of third-party data also rose 10 percentage points, from 12% to 22%; and the share of respondents who reported that they don't use wage data but just negotiate the bill rate first and work backward based on a target markup or margin declined by 14 percentage points, from 33% to 19%.

Percent of staffing firms using selected methods of determining temporary worker wages, 2019 vs. 2009

	2009	2019	Change
Our pay rates are mostly dictated by our customers	41%	51%	+10%
Third-party data (e.g. VMS, Talent Data Exchange TDX)	12%	22%	+10%
Calculated hourly wage rates based on permanent worker annual salary data from salary.com or other third-party sources	27%	32%	+5%
Government temporary wage data (e.g. Bureau of Labor Statistics, Department of Labor)	15%	19%	+4%
We don't use any data--we just negotiate wages the best we can	17%	13%	-4%
Wage rates we paid for similar temporary positions in the past	65%	59%	-6%
We don't use wage data--we negotiate the bill rate first and work backward into the pay rate based on our target markup/margin	33%	19%	-14%
Other	--	12%	--
N		367	

Methods of determining temporary worker wages, as a function of staffing firm type

- In a few cases, reported methods of determining temporary worker wages varied by type of staffing firm. The chart on the left shows cases where preferred methods varied by *primary skill segment*. In particular, commercial staffing firms were relatively more likely to say that their pay rates were mostly dictated by customers; professional staffing firms were relatively more likely to say they just negotiate bill rates first and work backwards into pay rates. The chart on the right shows the cases where methods varied by *firm size*. Larger firms were relatively more likely to calculate temp wages based on permanent worker salaries or to use third-party wage data; smaller firms were relatively more likely say they don't use any data but just negotiate wages the best they can.

Methods of determining temporary worker wages, as a function of <u>primary skill segment</u>

Methods of determining temporary worker wages, as a function of <u>firm size</u> (annual revenue)

Left chart values: 66%, 47%, 23%, 14%
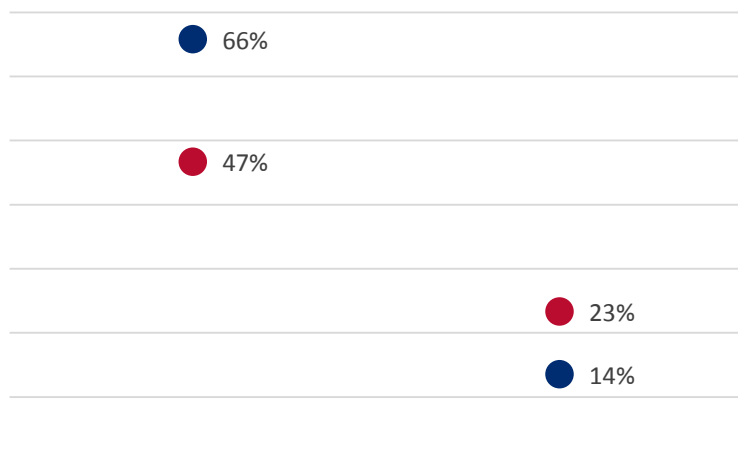
X-axis labels: "Our pay rates are mostly dictated by our customers" / "We don't use wage data--we negotiate the bill rate first and work backward into the pay rate based on our target markup/margin"

Legend: ● Commercial ● Professional

Right chart values: 46%, 37%, 34%, 24%, 21%, 18%, 13%, 12%, 6%
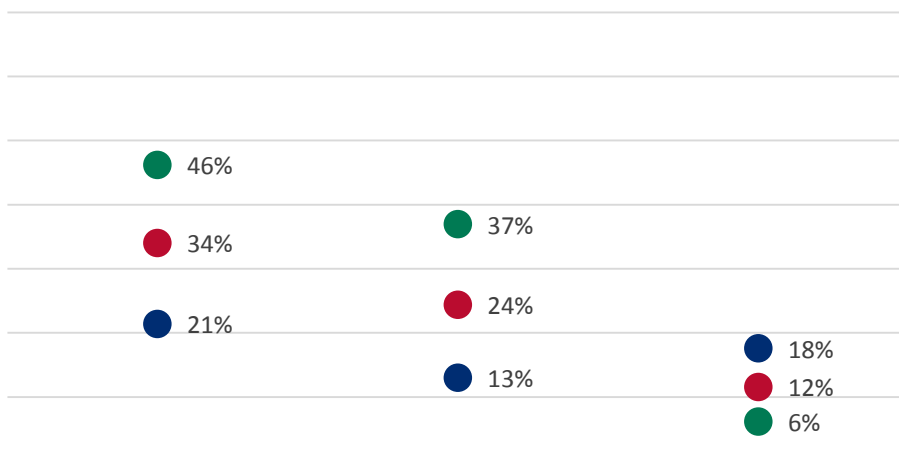
X-axis labels: "Calculated hourly wage rates based on permanent worker annual salary data from salary.com or other third-party sources" / "Third - party data (e.g. VMS, Talent Data Exchange TDX)" / "We don't use any data--we just negotiate wages the best we can"

Legend: ● <=$10m ● $11m-$100m ● >$100m

Section 9. Staffing firm investments and management priorities

Key Findings:

- <u>People are still #1 investment</u>. The majority of staffing firms said that historically their highest return investments have been about people -- either adding more staff or training/improving the quality of staff; nearly as many staffing firms say their top investments over the next two years will continue to be in those two people categories.

- <u>But technology investments are on the rise</u>. Technology was the investment next most often cited as historically earning the highest return, and staffing executives' investment plans indicate rising enthusiasm. The share of staffing firms citing it as a primary planned investment (26%) was double the percentage citing it as their best investment historically and triple the percentage citing it as primary investment four years ago in a similar survey. This suggests staffing firm managements are seeing potential higher returns to investments in newer staffing-related technologies.

- <u>Current management top priorities</u>. In addition to investments, executives were also asked about general management priorities. The three staffing firm management priorities cited most often were all about sales: growing revenue, growing market share, and expanding/diversifying number of clients. Together these three accounted for more than half of all responses. The next most commonly cited priorities were about internal staff and temporary worker candidates: recruiting/retaining quality internal staff, recruiting quality candidates to place, and training/developing internal employees.

Historical best investments and primary planned investments

- We asked staffing firms two questions: "Historically, which kind of investment has given your company the highest return?" and "Over the next two years, what is the primary investment your company will make?"

- The majority of staffing firms said that adding more staff (36%) and/or training/improving the quality of staff (21%) were historically the best investments.

- Technology (13%) was the next most often cited as best historical investment. No other investment scored more than 8% of responses in this regard.

- For the most part, planned investments correlated strongly to perception of historical best investment, with percentages cited roughly equal in almost all categories.

- The notable exception was technology, where the percentage citing it as a primary planned investment (26%) was *double* the percentage citing it as their best investment historically. This suggests staffing firm managements are seeing potential higher returns to investments in newer staffing-related technologies.

Percentage of respondents citing selected investments as "historically best investment" and "primary investment planned"

	Historically Best Investment	Primary Investment Planned	Difference
Adding more staff	36%	31%	-5%
Training/improving the quality of our staff	21%	18%	-3%
Technology/automation	13%	26%	13%
Launching a new business/division	8%	5%	-3%
An acquisition	7%	10%	3%
Marketing/social media	7%	6%	-1%
Adding more branches/offices	6%	4%	-2%
Other	1%	0%	-1%
N	414	417	

Percentage of respondents citing selected primary planned investments, as a function of staffing firm type

- In a few cases, reported planned investments varied by type of staffing firm. The chart on the left shows cases where investments varied by *primary skill segment*. In particular, professional staffing firms were more likely to cite adding more staff as a top investment; commercial staffing firms were more likely to cite training/improving the quality of staff. The chart on the right shows the cases where top investments varied by firm size. Smaller firms were more likely to invest in adding more staff; larger firms were more likely to invest in an acquisition or technology/automation.

Percentage of respondents citing selected top investments, as a function of <u>primary skill segment</u> [N=354]

Percentage of respondents citing selected top investments, as a function of <u>firm size</u> [N=398]
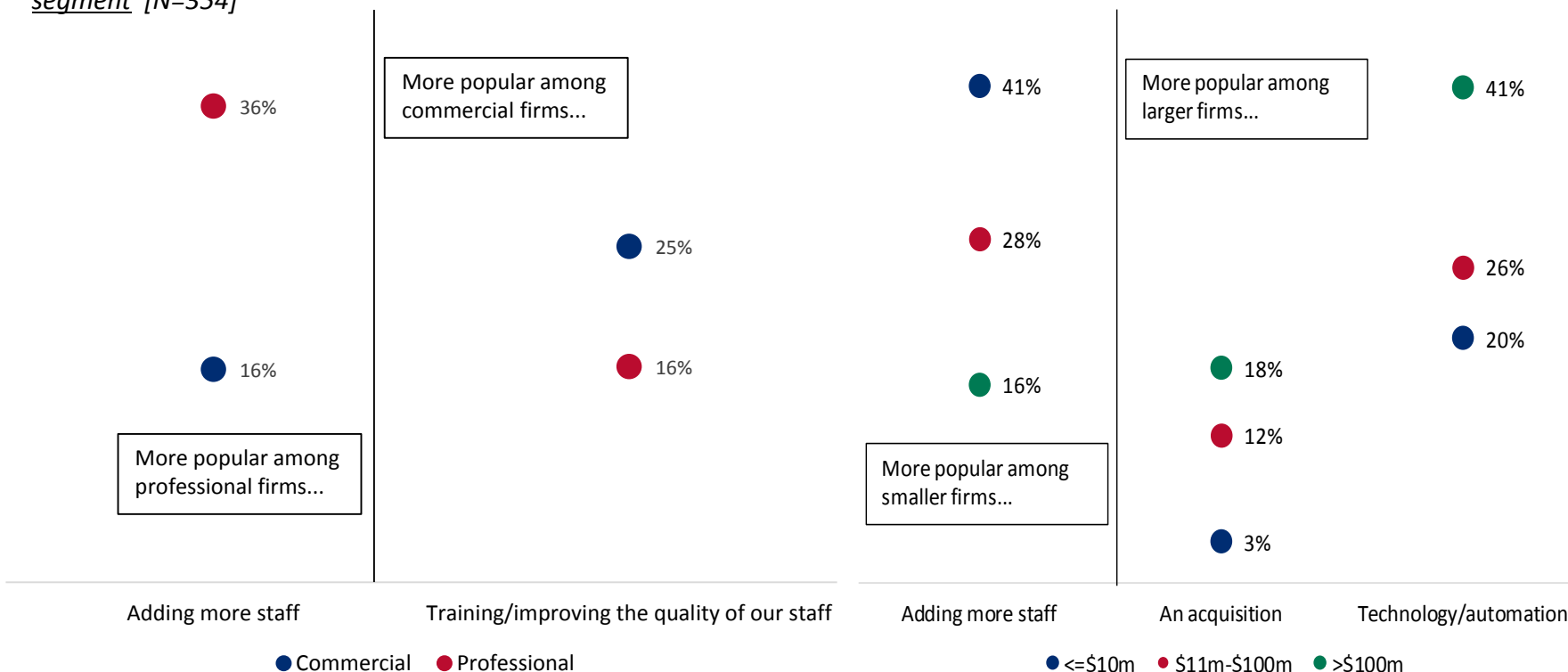
How investment priorities have changed

- Staffing firm executives were also asked about investments that were planned priorities in 2015. The table and chart at right show how investment plans have changed since that time.

- Technology is the investment seeing the greatest increase in management interest, rising from just 9% of staffing firms planning to make it their priority in 2015 to 26% in 2019.

- To a lesser degree, training/improving the quality of staff also rose, from 13% of staffing firms making it a priority in 2015 to 18% in 2019.

- Although adding more staff is still the top investment priority among staffing firms, it saw the greatest *relative* decline in prioritization, falling from 44% of staffing firms planning to make it their priority in 2015 to 31% in 2019, just barely ahead of the 26% scored by technology.

- Adding more branches also fell out of favor, declining from 10% citing it as an investment priority in 2015 to just 4% in 2019.

Primary investment priorities, 2015 and 2019

	2015	2019	Difference
Technology/automation	9%	26%	17%
Training/improving the quality of our staff	13%	18%	5%
An acquisition	9%	10%	1%
Other	1%	0%	-1%
Marketing/social media	8%	6%	-2%
Launching a new business/division	7%	5%	-2%
Adding more branches/offices	10%	4%	-6%
Adding more staff	44%	31%	-13%
N	358	417	

Changes in percentages of staffing firms prioritizing investments, 2015 vs. 2019
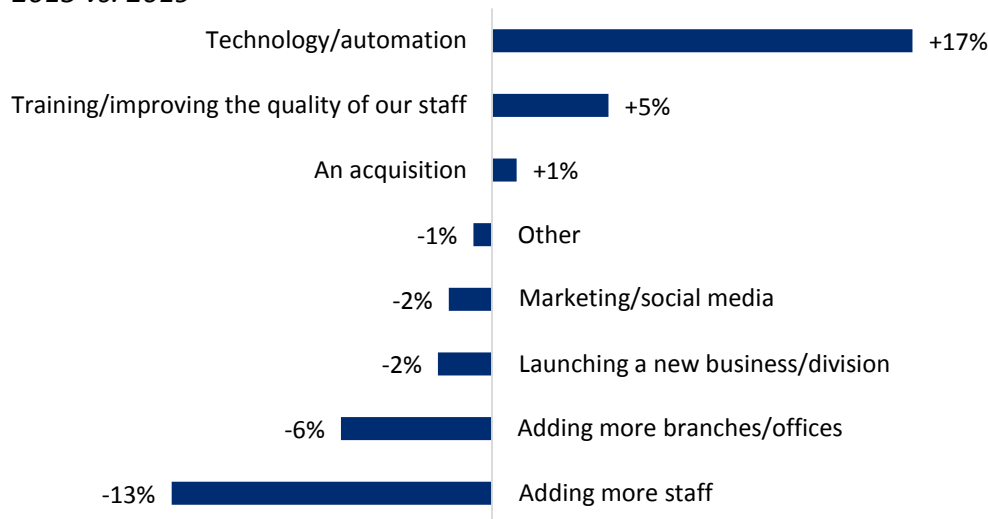
Top management priorities

- We asked staffing firms: "Which of the following is your company's top management priority today?"

- The top three priorities were all about sales: growing revenue (29%), growing market share (16%), and expanding/diversifying number of clients (11%).

- The next three were about internal staff and temporary worker candidates: recruiting/retaining quality internal staff (11%), recruiting quality candidates to place (10%), and training/developing internal employees (6%).

- These top six priorities constituted 83% of the top priorities cited. No other priority scored more than 5% of respondents' selections.

Percentage of respondents citing selected priorities as top management priority [N=414]

Priority	Percentage
Growing revenue	29%
Growing market share	16%
Expanding/diversifying number of clients	11%
Recruiting/retaining quality internal staff	11%
Recruiting quality candidates to place	10%
Training/developing internal employees	6%
Improving gross margins	5%
Harnessing new technology/automation	4%
Providing excellent customer service	3%
Creating a positive company culture	2%
Retaining existing clients	1%
Acquiring other firms	1%
Reducing/controlling costs	0%
Dealing with legal and regulatory issues	0%
Other	0%

Percentage of respondents citing selected top priorities, as a function of staffing firm type

- In a few cases, reported top priorities varied by type of staffing firm. The chart on the left shows cases where top priorities varied by *primary skill segment*. In particular, commercial staffing firms were more likely to cite recruiting quality candidates to place as a top priority; that was the only priority that varied notably by segment. The chart on the right shows the cases where top priorities varied by firm size. Smaller firms were more likely to prioritize expanding/diversifying number of clients and growing revenue; larger firms were more likely to prioritize harnessing new technology and improving gross margins.

Percentage of respondents citing selected top priorities, as a function of primary skill segment [N=351]
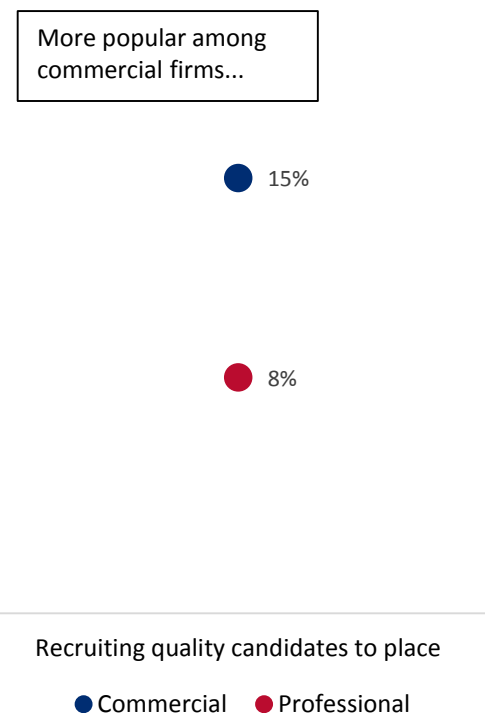
More popular among commercial firms...

15%

8%

Recruiting quality candidates to place

● Commercial   ● Professional

Percentage of respondents citing selected top priorities, as a function of firm size [N=393]

33%

27%
25%

More popular among larger firms...

14%

12%

More popular among smaller firms...

4%

7%

5%

3%

7%
6%

1%

| Expanding/diversifying number of clients | Growing revenue | Harnessing new technology/automation | Improving gross margins |

● <=$10m   ● $11m-$100m   ● >$100m
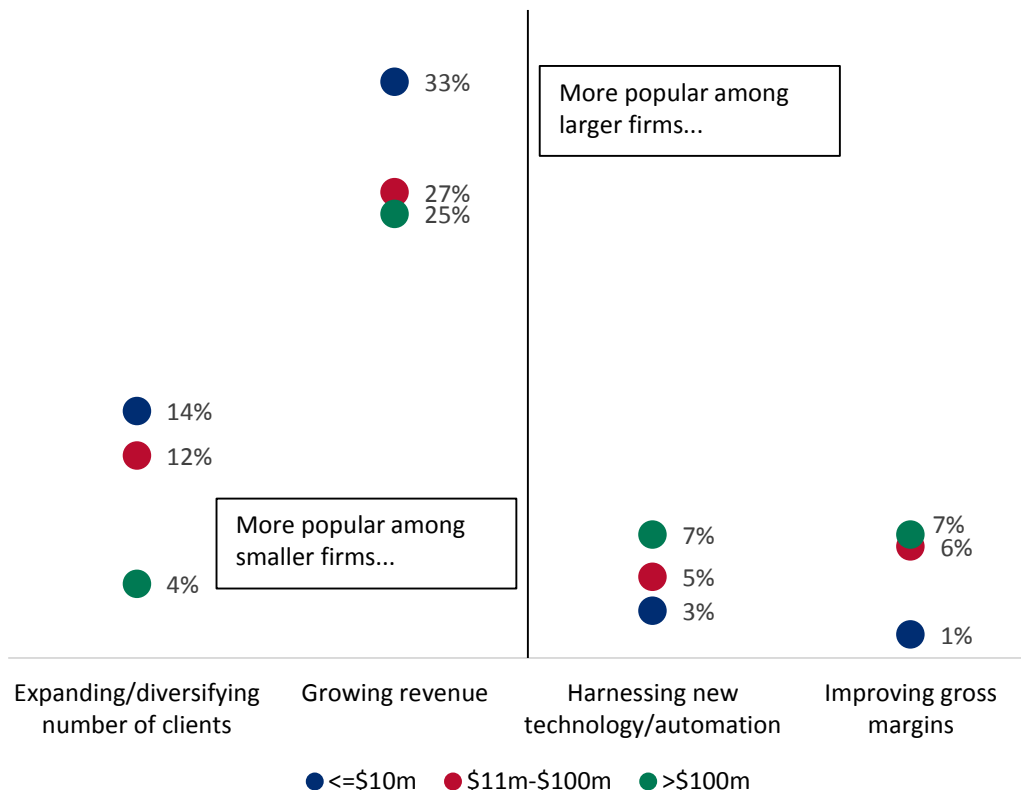
How investment priorities have changed

- *Note: The analysis given on this page is from the 2017 Staffing Company Survey, and refers to a key set of broad priorities presented in the SIA book and staffing company growth strategy plan "Breaking Through." It is included here as it is related to this topic and for the convenience of the reader.*

- The priority most emphasized by management, as indicated by its earning the most favorable average score (2.5), was "driving sales and recruiting performance." Fifty-five percent of respondents gave this a priority ranking either of #1 or #2. Only 10% gave it the lowest rank, #5.

- Three other priorities -- "commitment to growth," "high performance culture," and "alignment of strategy and operations" -- earned fairly comparable average ranks of 2.9, 3.0, and 3.2, respectively.

- The priority earning the least favorable average emphasis rank (3.4) was "excellence in internal talent management."

- These priorities did not vary materially by skill segment and firm size.

Company priorities, as ranked by respondents, from most emphasized by management (1) to least emphasized by management (5)

	1	2	3	4	5	Weighted Average Score	N
Driving sales and recruiting performance. [Focus on managing the metrics, productivity and output of the sales and recruiting teams.]	31%	24%	19%	16%	10%	2.5	401
Commitment to growth. [The extent that leadership of your organization is willing and able to make the investments and sacrifices needed to grow the business for the long term.]	21%	24%	19%	18%	17%	2.9	397
High performance culture. [The extent to which the informal policies, rules and expectations of your organization drive high performance.]	21%	17%	22%	23%	17%	3.0	399
Alignment of strategy and operations. [The degree that your business operations and policies fit the markets and customers that your strategy is focused on.]	14%	20%	22%	22%	22%	3.2	398
Excellence in internal talent management. [The ability to grow and develop the next generation of leaders of the business.]	12%	16%	20%	21%	32%	3.4	389

Section 10. Metrics used to measure staffing company performance

Key Findings:

- *Note: for the purposes of this section, the survey sample was expanded to include staffing firms globally (not just those operating primarily in North America).*

- This report is based on responses to the following question: "What is the #1 most important metric you use to measure the success of your business with regard to *each* of: sales/marketing, recruiting/sourcing, operational efficiency, and profitability."

- The staffing industry uses a wide variety of measures. Answers within each category were generally based on income statement measures (revenue, expenses, net income) or operational measures (submittals, interviews, client meetings, etc.). However, for each of these, multiple ratios were cited, with each typically accounting for only a small portion of overall responses. Inasmuch as the question asked for the "#1 most important metric" in each of the four categories, it seems there is little agreement among staffing executives as to what the optimal measures are.

- Sales/marketing. Top measures were based on: revenue (16%), new clients or accounts (12%), client meetings (10%), job orders (9%), gross margin/gross profit (8%), lead count or pipeline activity (6%), and placements (5%).

- Recruiting/sourcing. Top measures were based on: placements (18%), submittals (17%), interviews arranged or completed (13%), fill rate (10%), and candidate count (total or new) (9%).

- Operational efficiency. Top measures were based on: expenses (15%), gross margin or gross profit (11%), time-based metrics (10%), net income (8%), fill rate (7%), and submittals (5%).

- Profitability. Top measures were based on just two categories: net income (40%) and gross margin (35%). That said, within these two categories there were a wide variety of ratios used.

Sales/marketing measures of performance

- The table at the right lists popular measures of sales and marketing performance, in descending order of frequency.

- About a quarter of reported sales/marketing measures were based on revenue (16%) or gross margin (8%).

- Another third were client-related: new clients or accounts (12%), client meetings (10%), lead count or pipeline activity (6%), call count (3%), and closed deals and contract wins (2%).

- Other noteworthy measures were job orders (9%), placements (5%), and website hits or social media activity (4%).

- No other individual measure accounted for more than 3% of responses.

Percent of staffing firms using selected ratios as primary measure [N=391]

	Percent
Revenue or revenue growth	16%
Total amount | 15%	
Ratios, various | 1%	
New clients or new accounts count	12%
Client meetings count	10%
Job orders or new job orders count	9%
Gross margin or gross profit	8%
Total amount | 6%	
Comparison versus budget | 1%	
Ratio per salesperson | 1%	
Lead count or pipeline activity	6%
Total count | 4%	
Ratio to orders | 1%	
Ratio to placements | 1%	
Placements	5%
Total count | 4%	
Ratios, various | 1%	
Website hits or leads or social media activity	4%
Call count or activity	3%
ROI, various	3%
Closed deals or contract wins count	2%
Candidate count	2%
Expense ratios, various	2%
Other	18%
Total	100%

Recruiting/sourcing measures of performance

- The table at the right lists popular measures of recruiting and sourcing performance, in descending order of frequency.

- Measures based on three stages of recruiting together accounted for about half of responses: submittals (17%), interviews arranged or completed (13%), and placements (18%).

- Fill rate or fill ratio was cited by 10% of respondents and time to fill by 3%.

- Candidate inventory measures included candidate count (4%) and new candidate count (5%).

- No other individual measure accounted for more than 3% of responses.

Percent of staffing firms using selected ratios as primary measure [N=397]

	Percent
Placements	18%
Total count | 14%	
Ratios, various | 3%	
Ratios, per internal staff (employee, recruiter) | 1%	
Submittals	17%
Total count | 12%	
Ratios to hire | 2%	
Ratios to interview | 2%	
Ratio per recruiter | 1%	
Interviews arranged or completed	13%
Total count | 10%	
Ratio to hires | 3%	
Fill rate or fill ratio	10%
New candidate count	5%
Candidate count	4%
Total count | 3%	
Ratios, various | 1%	
Gross margin or gross profit	3%
Total amount | 2%	
Ratios, various | 1%	
Time to fill	3%
Other	28%
Total	100%

Operational efficiency measures of performance

- The table at the right lists popular measures of operational efficiency, in descending order of frequency.

- Expense-based metrics as a measure of operational efficiency accounted for only 15% of responses.

- Another 19% of reported measures were based on gross margin (11%) or net income (8%).

- Activity-based measures -- time-based metrics (10%), fill rate (7%), and submittals (5%) -- together accounted for another 22% of responses.

- No other individual measure accounted for more than 4% of responses.

- "Other" in this category totaled 41% of responses, as the variety of answers was greater for this question. About a third of these "other" answers were one of: customer satisfaction, days sales outstanding, interview/hire ratio, payroll and/or billing error rate, or retention percentage.

Percent of staffing firms using selected ratios as primary measure [N=347]

	Percent
Expenses or SG&A	15%
Ratios, various | 5%	
Total amount | 4%	
Ratio to revenue | 4%	
Ratio to gross margin or gross profit | 2%	
Gross margin or gross profit	11%
Total amount | 4%	
Ratio to internal staff count | 3%	
Ratios, various | 2%	
Ratios to EBITDA | 2%	
Time	10%
…to fill | 7%	
Other time-based ratios, various | 3%	
Profit, net income, or EBITDA	8%
Ratios, various | 3%	
Total count | 3%	
Ratio to revenue | 1%	
Ratio to internal staff | 1%	
Fill rate or fill ratio	7%
Submittals	5%
Ratio to hires | 4%	
Ratio to interviews | 1%	
Internal staff KPIs	4%
Other	41%
Total	100%

Profitability measures of performance

- The table at the right lists popular measures of profitability, in descending order of frequency.

- Staffing executives expressed a much greater consensus about how to measure profitability. Three-quarters of responses were based on various metrics related to net income (40%) or metrics related to gross margin (35%). That said, within these two categories there was a large variety of ratios used.

- Another 8% of reported measures were based on revenue (4%) or expenses (4%).

Percent of staffing firms using selected ratios as primary measure [N=366]

	Percent
Profit, net income, or EBITDA	40%
Total amount | 26%	
Ratio to revenue | 8%	
Ratio to gross margin or gross profit | 2%	
Ratios, various | 2%	
Ratio to expenses or SG&A | 1%	
Ratio to to internal staff (employee, salesperson) | 1%	
Gross margin or gross profit	35%
Amount or ratio to revenue | 28%	
Ratios, various | 2%	
Per time period (hour, day, week) | 2%	
Per person (desk, recruiter, employee) | 2%	
Ratio to placements | 1%	
Revenue	4%
Amount or growth | 3%	
Ratios, various | 1%	
Expenses or SG&A	4%
Ratios, various | 3%	
Ratio to revenue | 1%	
Other	18%
Total	100%

Section 11. Vendors recommended by staffing executives

Key Findings:

- *Note: for the purposes of this section, the survey sample was expanded to include staffing firms globally (not just those operating primarily in North America).*

- <u>Thirty-one vendors recommended</u>. Staffing firm executives were asked: "Of all the vendors that you use -- including front-office and back-office software providers, job boards, background checking services, M&A, funding providers, etc. -- which are the top two vendors you would be most likely to recommend to a friend or colleague?" This was an open-ended question with no suggested answers. Over 300 executives submitted at least one recommendation. Vendors had to be recommended by at least three executives from *different* staffing firms to be included in this report.

- <u>Vendors most frequently recommended in 2019</u>. LinkedIn and Bullhorn were most frequently recommended, and by a wide margin. Additional vendors that received six or more recommendations were: Indeed, Avionte Staffing Software, Salesforce.com, Microsoft, ADP, JobDiva, CareerBuilder, and Zipwhip. The following vendors received between 3 and 5 recommendations: AkkenCloud, Asurint, Call-Em-All, Cube19, DocuSign, erecruit, Fieldglass, Intuit QuickBooks, JobAdder, Lockton Insurance, Monster, PCRecruiter, SEEK, SenseHQ, Sterling National Bank, Sterling Talent Solutions, TempWorks, Universal Background Screening, Volcanic, Zoho Recruit, Zoominfo.

- <u>Vendors earning repeated recommendations over 2012-2019</u>. Eighteen of the vendors recommended this year were also recommended in previous surveys: ADP, AkkenCloud, Avionte Staffing Software, Bullhorn, CareerBuilder, erecruit, Fieldglass, Indeed, Intuit QuickBooks, JobAdder, JobDiva, LinkedIn, Microsoft, Monster, Salesforce.com, SEEK, Sterling Talent Solutions, TempWorks.

- <u>Additional vendor lists</u>. In 2018, rank and file internal staff of staffing firms were likewise asked to name <u>their top two most recommended vendors</u>. SIA also maintains a comprehensive <u>list of vendors by service offered</u>.

- <u>Not an SIA endorsement</u>. This report should not be construed as an official SIA endorsement; SIA does not rate or evaluate staffing firm vendors. However, results reported here do reflect the opinions of senior executives from over 300 staffing firms.

The ten vendors most frequently recommended by staffing executives

- The chart at right lists the ten vendors that received six or more recommendations from staffing firms.

- LinkedIn and Bullhorn were the vendors most frequently recommended, and by a wide margin, with, respectively, 56 and 54 staffing firms endorsing them. LinkedIn was also the most recommended vendor in both the previous 2014 survey and 2016 survey. Bullhorn ranked second in 2016.

- Nine additional vendors received six or more recommendations: Bullhorn (54), Indeed (20), Avionte Staffing Software (12), Salesforce.com (10), Microsoft (8), ADP (7), JobDiva (7), CareerBuilder (6), and Zipwhip (6).

Number of times vendors were recommended by staffing executives in 2019

Vendor	Recommendations
LinkedIn	56
Bullhorn	54
Indeed	20
Avionte Staffing Software	12
Salesforce.com	10
Microsoft	8
ADP	7
JobDiva	7
CareerBuilder	6
Zipwhip	6
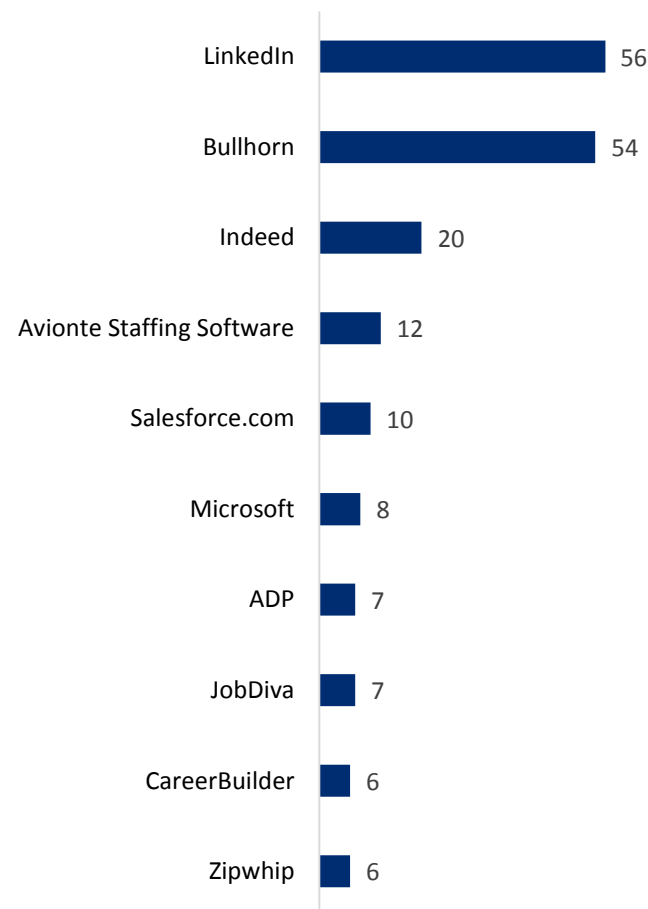
Reasons given for recommending vendors, in selected quotes

LinkedIn

- "They are hands down the most reliable source of candidates and associate information."

- "Great for both sales and recruiting passive candidates."

Bullhorn

- "Ease of use. Made specifically for the staffing industry."

- "Their integrated solution provides for the full life cycle of temporary staffing, from candidate search, job intake, placement, onboarding, time tracking, etc."

Indeed

- "Greatest return on investment."

- "Consistently delivers better results than peers."

Avionte Staffing Software

- "Easy to use and allows us to track many aspects of our business including applicants, clients, financials, taxes. It also integrates well with our vendors."

- "Great customer service, speed, ease of use."

Salesforce.com

- "A great CRM system."

- "Easily customized to our unique business needs."

Microsoft

- "User friendly and synced across all devices."

- "Comprehensive, collaboration suite with myriad tools."

ADP

- "Easy to use, functional, reasonable cost, expanding into more integrated suite, cloud based."

- "Provides good value and products."

JobDiva

- "Job Diva's ATS is cutting edge and always improving."

- "Good value for money."

CareerBuilder

- "Excellent support and customer service."

- "Offers a good balance of services and cost effective solutions."

Zipwhip

- "Allows us to communicate at all hours regarding schedules, locations, shifts, contacts, etc."

- "Good pricing, ease of use and effectiveness."

Twenty-one additional vendors received between three and five recommendations

- The chart at right lists 21 additional vendors that received between three and five recommendations from staffing firm executives.

- The list is topped by seven firms that received five recommendations: Cube19, Fieldglass, Intuit Quickbooks, PCRecruiter, SenseHQ, and TempWorks.

- Six additional vendors received four recommendations: Asurint, erecruit, Monster, Sterling Talent Solutions, Universal Background Screening, and Zoho Recruit.

- Nine vendors received between three recommendations: AkkenCloud, Call-Em-All, DocuSign, JobAdder, Lockton Insurance, SEEK, Sterling National Bank, Volcanic, and ZoomInfo.

Number of times vendors were recommended by staffing executives in 2019

Vendor	Count
Cube19	5
Fieldglass	5
Intuit QuickBooks	5
PCRecruiter	5
SenseHQ	5
TempWorks	5
Asurint	4
erecruit	4
Monster	4
Sterling Talent Solutions	4
Universal Background Screening	4
Zoho Recruit	4
AkkenCloud	3
Call-Em-All	3
DocuSign	3
JobAdder	3
Lockton Insurance	3
SEEK	3
Sterling National Bank	3
Volcanic	3
Zoominfo	3
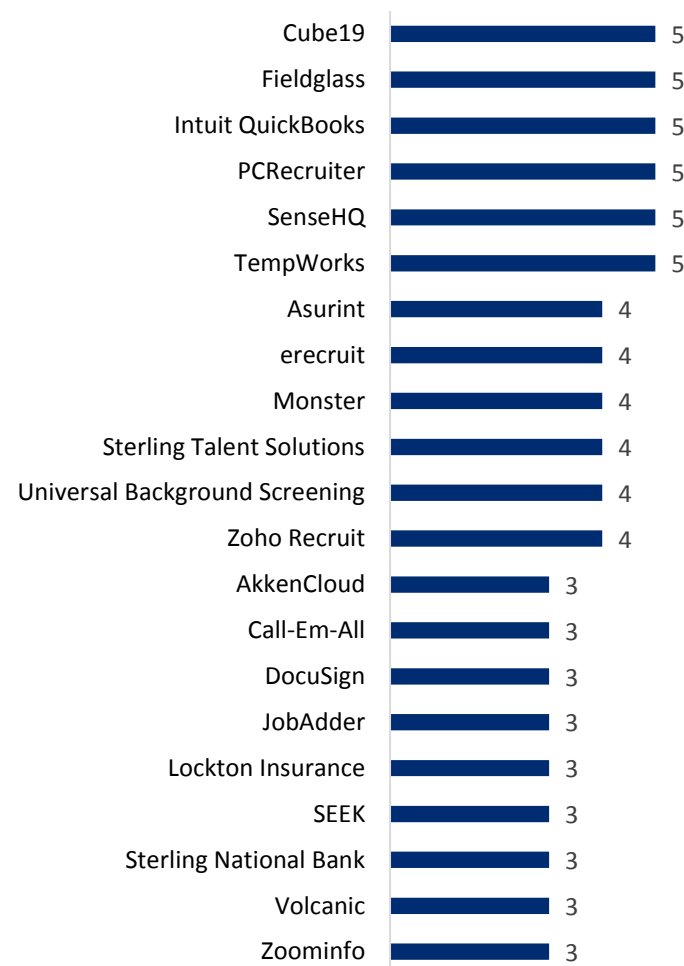
2019 recommended vendors: have they been recommended before?

- The table at right lists the 18 vendors recommended by staffing firms in 2019 that were also recommended previously.

- In all four surveys, vendors had to be recommended by at least three staffing firm executives from different staffing firms to be included in the respective lists.

- Twelve vendors were recommended in all four years: ADP, Avionte Staffing Software, Bullhorn, CareerBuilder, erecruit, Indeed, Intuit Quickbooks, JobDiva, LinkedIn, Monster, Salesforce.com, and Sterling Talent Solutions.

- Five additional vendors were recommended in three of the four surveys: AkkenCloud, Fieldglass, JobAdder, SEEK, and TempWorks.

- One vendor, Microsoft, was recommended in two of the four surveys.

Years that vendors were recommended

	2012	2014	2016	2019	# Years
ADP	x	x	x	x	4
Avionte Staffing Software	x	x	x	x	4
Bullhorn	x	x	x	x	4
CareerBuilder	x	x	x	x	4
erecruit	x	x	x	x	4
Indeed	x	x	x	x	4
Intuit QuickBooks	x	x	x	x	4
JobDiva	x	x	x	x	4
LinkedIn	x	x	x	x	4
Monster	x	x	x	x	4
Salesforce.com	x	x	x	x	4
Sterling Talent Solutions	x	x	x	x	4
AkkenCloud	x		x	x	3
Fieldglass	x		x	x	3
JobAdder		x	x	x	3
SEEK		x	x	x	3
TempWorks	x		x	x	3
Microsoft			x	x	2

Section 12. Concerns about current and upcoming legislation

Key Findings:

- This report is based on responses to the following two survey questions:
    - "What current legislation or regulation is having the most negative effect on your business this year?"
    - "What forthcoming legislation or regulation are you most concerned about?"

- <u>Three issues dominated, together accounting for half of all reported concerns</u>. The Affordable Care Act (ACA) took the top spot for the sixth year in a row. Compliance with ACA was the main concern, but a few also expressed anxiety about potential changes in the law and/or repeal. Immigration issues, such as uncertainty about changes in rules governing immigration and limitations on H-1B visas, were the second most frequently cited current and upcoming concern. Time off in various forms -- mandatory sick leave (time off for illness), PTO, and family leave -- were also a commonly noted current concern and the top forthcoming concern.

- <u>Note</u>: In many cases, as the average number of mentions for each of the issues was sometimes small, the rank order in the tables should not be given too much weight. Nonetheless, items toward the very top of the tables were typically cited disproportionately.

Which laws and regulations are North American staffing firms most concerned about?

- In our North American sample, 237 staffing firms expressed opinions on legislation or regulation that is affecting their business currently or is expected to do so in the future. The table at the right lists the most frequently cited concerns, in descending order of frequency.

- Three issues dominated, together accounting for half of all reported concerns. The Affordable Care Act (ACA) alone accounted for nearly a quarter of all responses regarding current regulation, taking the top spot in such concerns for the sixth year in a row. Compliance with ACA was the main concern, but a few also expressed anxiety about potential changes in the law and/or repeal. However, ACA only took third place in *upcoming* legislative concerns. Immigration issues, such as uncertainty about changes in rules governing immigration and limitations on H-1B visas, were the second most frequently cited current and upcoming concern. Time off in various forms -- mandatory sick leave (time off for illness), PTO, and family leave were also a commonly noted current concern and the top forthcoming concern.

- Less common concerns included 1099 compliance, minimum wage increases, a variety of local regulations, a salary history ban, tax issues, privacy regulations, marijuana legalization and drug testing exclusions, and co-employment and joint employment issues.

- For the most part, the same top issues cited by respondents this year were cited last year as well.

- Note: More information on the latest North America legal developments affecting the staffing industry may be found here.

What current or forthcoming legislation or regulation are you most concerned about? [N=237]

Current Legislation/Regulation
Affordable Care Act/Healthcare issues
Immigration/Visas/H1-B
Paid sick time/PTO/Family leave
1099/Independent contractor issues
Minimum wage increase
Local regulations
Salary history ban
Tax issues
Upcoming Legislation/Regulation
Paid sick time/PTO/Family leave
Immigration/Visas/H1-B
Affordable Care Act/Healthcare issues
Local regulations
Minimum wage increase
1099/Independent contractor issues
Privacy regulations
Tax issues
Marijuana legalization/Drug testing exclusion
Salary history ban
Co-employment/Joint employer issues

Section 13. Staffing executive predictions

Key Findings:

- <u>Predictions about staffing trends</u>. Staffing executives were asked "What staffing trends do you think will have the most impact on your business over the next 10 years?" The question was open-ended, with no prompts to suggest answers. Predictions were dominated by eight broad themes:
    - An increased role for technology/artificial intelligence (AI)
    - Expansion of gig work and staffing convergence with human cloud
    - A continuation of talent shortages
    - More legislative/regulatory involvement in staffing
    - Increased VMS/MSP use
    - Clients doing more in-house recruiting
    - Negative economic trends
    - Increased use of flexible/remote work

- <u>Predictions about changes in service offerings over next ten years</u>. Respondents predicted that three services would make up a greater share of revenue in the future: SOW/solutions, MSP, and human cloud; three other services were expected to decline as a share of revenue: payrolling/IC classification, direct hire, and temporary help.

- <u>Predictions from 2018 survey</u>. Asked about <u>factors inhibiting growth</u>, respondents overwhelmingly said that the main factor inhibiting growth currently was the talent shortage -- both for temporary workers and for internal staff. Respondents expected the talent shortage to recede somewhat over the next ten years, and for other factors -- decline in jobs due to automation, changes in economic trends, and legislation -- to become relatively greater challenges in terms of staffing growth. Executives were also asked about <u>recruiter productivity</u>, as measured by job orders filled per recruiter per week, and predicted it to double over the next ten years.

- <u>Predictions from 2014 survey</u>. Ten-year predictions were also made in 2014, regarding recruiting and sales and are noted in the back pages of this report. Some of these predicted changes are well under way.

10-year trends predicted by staffing firm executives

Increased role for technology/artificial intelligence (AI)

- "New recruitment models that include AI/machine learning will continue to be introduced."

- "AI will reduce the need for workers."

- "Traditional recruiter activities will be augmented with technology to increase efficiencies."

- "Things like AI and machine learning will make us more efficient so we can spend more time on personal interaction."

- "Technology will streamline the process and allow for more remote recruiting."

Gig work expands, human cloud transforms staffing model

- "Gig workers will become the norm."

- "The trend is toward a gig mentality."

- "Because of increased virtual recruiting, the need for brick and mortar buildings will be lessened."

- "Cloud platforms will reduce the human touch in recruiting."

- "Staffing will be provided on demand like Uber."

- "Temp services will be accessed via a cell phone app."

Talent shortage continues

- "It will become harder to find candidates that are willing to do industrial type of work, given the new educated workforce coming in."

- "The supply of well-trained and qualified IT and healthcare talent will not be enough for these ever growing industries."

- "There will be talent shortages especially in new technologies."

- "Boomer retirement will continue to mean the loss of some kinds of talent, and so latent shortages."

Legislative/regulatory involvement in staffing grows

- "The cost of employing someone, with all the reporting that is needed, will continue to grow."

- "Legislation around contingent workers will tighten."

- "Increases in burdensome employment laws will cause customers to rely more heavily on staffing."

- "Regulation will cause more disruption and change."

- "There will be more legislation similar to sick pay laws."

10-year trends predicted by staffing firm executives (continued)

VMS/MSP use increasingly dominates

- "Clients will continue to move toward the MSP model."

- "VMS/MSP will dominate the market."

- "VMS/MSP will continue to increase as a percent of total revenue within our mix."

- "VMS/MSP will keep driving down margins."

- "Clients will move from MSPs associated with their vendor to non-vendor MSPs."

Clients do more in-house recruiting

- "Businesses will increase internal staff for finding hires and placements."

- "Recruiting will go in-house, assisted by automated sourcing/recruitment."

- "Customers will use AI to recruit their own staff."

Economic trends will be a challenge

- "The economy will slow down in 2020. Fewer direct placements and more contracting will result."

- "Recession is likely."

- "Manufacturing will keep moving almost completely overseas."

Flexible/remote work becomes more common

- "Remote work will become more common."

- "Flexible working will be the biggest impact and we will have a lot more remote workers."

- "Businesses will have to adjust to using a more remote/cloud-based workforce."

- "The new talent pools are coming to the table with expectations of varied ways for them to engage. Providing them with flexible options will be a key to continued success."

Staffing firm projections for revenue share by product over 2019-2029

- Staffing firms were asked to name their top three sources of revenue today and to speculate on what their top three sources will likely be 10 years from now. The table below indicates the percent of firms that expected to derive more (or less) of their revenue from each of the listed revenue sources. For instance, 12% of firms expect SOW/solutions to make up a greater share of revenue ten years from now than such revenue contributes today; and 4% expect SOW/solutions to contribute a smaller share.

- On net, more staffing firms expect an increased share of revenue from: SOW/solutions, MSP, and human cloud/online staffing. A decreased share of revenue is expected by more staffing firms, on net, from: payrolling/independent contractor classification, direct hire/permanent placement, and temporary help. Other sources of revenue -- such as RPO, human resources consulting services, direct-to-consumer, HRO, retained search, and ongoing services outsourcing -- did not score large differences between those expecting share to increase and those expecting share to decrease.

Percent of staffing firms that will derive more (or less) of their revenue from selected sources over the course of the next ten years

	More	Less	Net Projection
SOW/solutions (your firm responsible for deliverable)	12%	3%	Increased revenue contribution
Managed service provider (MSP)	10%	3%	Increased revenue contribution
Human cloud/online staffing (similar to UpWork, Freelancer.com, etc.)	7%	0%	Increased revenue contribution
Recruitment process outsourcing (RPO)	8%	4%	--
Human resources consulting services	3%	1%	--
Direct-to-consumer (e.g., home healthcare, plumbers, etc.)	2%	1%	--
Human resources outsourcing (HRO)	1%	0%	--
Retained search	3%	2%	--
Ongoing services outsourcing (e.g., janitorial, landscaping)	1%	2%	--
Payrolling/independent contractor classification	2%	10%	Decreased revenue contribution
Direct hire/perm placement	10%	25%	Decreased revenue contribution
Temporary help	4%	21%	Decreased revenue contribution
			N=345

Biggest inhibitors preventing staffing businesses from growing

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Staffing executives were asked: "What do you think is the #1 biggest inhibitor preventing your business from growing faster today, and what will it be 10 years from now?" The distribution of answers is given in the table at right.

- More than half of respondents (52%) cited "talent scarcity" as the top growth inhibitor *currently*. Twenty-two percent cited "shortage of quality internal staff," and another 14% cited "market competition." No other individual answer option accounted for more than 5% of responses.

- With regard to expectations for *future* growth inhibitors ten years from now, "talent scarcity" was still the top choice, but with a less dominant 28% of responses. Otherwise, future growth inhibitors were in a similar ordinal ranking to the current inhibitors ranking with one notable exception -- "decline in jobs due to automation" rose to 21% of responses, the second most common choice.

- As can be seen in the difference column of the table, talent shortages are expected to recede, as suggested by the twenty-three percentage-point decline in "talent scarcity" and twelve percentage-point decline in "shortage of quality internal staff" selections; this likely reflects at least in part another large change that is expected, a decline in jobs due to automation, the option for which increased by twenty percentage points.

Share of staffing firms citing selected growth inhibitors

	Today	10 Years From Now	Difference
Talent scarcity	52%	28%	-23%
Shortage of quality internal staff	22%	10%	-12%
Market competition	14%	14%	0%
Economy	5%	11%	6%
Legislation	3%	9%	5%
Weak technology	2%	5%	3%
Decline in jobs due to automation	1%	21%	20%
Decline in jobs due to offshoring	1%	3%	2%

N=399

Biggest inhibitors preventing staffing businesses from growing -- as a function of primary skill segment

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Nearly three-quarters of commercial staffing firms -- 73% -- cited "talent scarcity" as their top current growth inhibitor; such firms seem to think this problem will moderate, however, as only 25% of such firms cited it as a future inhibitor. Among professional staffing firms, "talent scarcity" was also a fairly dominant choice, with 43% selecting it.

- Professional staffing firms perceived "shortage of quality internal staff" and "market competition" as bigger growth inhibitors, both currently and in the future, than did commercial staffing firms.

- While both commercial and professional staffing firms saw "decline in jobs due to automation" as increasing over the next ten years, commercial staffing firms expected it to be a greater future challenge, with 29% selecting it vs. 17% of professional staffing firms.

Share of staffing firms citing selected growth inhibitors, by primary staffing firm skill segment

	Commercial			Professional		
	Today	10 Years From Now	Difference	Today	10 Years From Now	Difference
Talent scarcity	73%	25%	-48%	43%	31%	-12%
Shortage of quality internal staff	13%	5%	-7%	26%	11%	-15%
Market competition	7%	11%	4%	18%	14%	-4%
Decline in jobs due to automation	3%	29%	26%	0%	17%	17%
Economy	2%	12%	10%	6%	11%	5%
Legislation	2%	11%	9%	4%	9%	5%
Weak technology	1%	6%	5%	3%	4%	1%
Decline in jobs due to offshoring	1%	2%	1%	1%	2%	1%
			N=112			N=235

Biggest inhibitors preventing staffing businesses from growing -- as a function of firm size

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Staffing firm perception of *current* growth inhibitors were, at least in an ordinal sense, fairly consistent across firm size; in every size group, "talent scarcity," "shortage of quality internal staff," and "market competition" were the top three choices.

- Likewise, staffing firm perception of *future* growth inhibitors were also ordinally consistent across firm size; in every size group, "talent scarcity," "decline in jobs due to automation," "market competition," and "economy" were the top four choices.

Share of staffing firms citing selected growth inhibitors, by staffing firm size

	<=$10m			$11m-$100m			>$100m		
	Today	10 Years From Now	Difference	Today	10 Years From Now	Difference	Today	10 Years From Now	Difference
Talent scarcity	48%	26%	-21%	57%	27%	-30%	59%	40%	-19%
Shortage of quality internal staff	24%	11%	-14%	22%	9%	-13%	14%	8%	-6%
Market competition	18%	15%	-3%	11%	13%	2%	12%	10%	-2%
Legislation	5%	9%	4%	2%	9%	7%	5%	6%	2%
Economy	4%	11%	6%	4%	13%	9%	6%	10%	4%
Decline in jobs due to automation	1%	24%	23%	1%	20%	20%	0%	15%	15%
Decline in jobs due to offshoring	1%	2%	1%	0%	3%	3%	2%	2%	0%
Weak technology	0%	3%	3%	4%	7%	3%	3%	10%	7%
			N=148			N=152			N=62

Average number of job orders per recruiter filled in a week (i.e. candidates placed in a week)

- *Note: The analysis given on this page is from the 2018 Staffing Company Survey. It is included here as it is related to this topic.*

- Staffing executives were asked: "Given automation, talent shortages, and other trends -- how will your temporary staffing recruiters' productivity change over the next ten years? Please state your firm's average number of job orders per recruiter filled in a week (i.e. candidates placed in a week) today, and what you expect it will be 10 years from now." The distribution of answers is given in the table at right.

- Across all firms, the median weekly job orders filled currently per recruiter was four, with a mid-range of one to ten. Ten years out, the median is expected to rise to six, and the mid-range to increase to three to fifteen.

- Commercial staffing firms reported a median ten job orders filled per recruiter per week, and professional staffing firms reported a median of two. Ten years from now, commercial firms expect that median to increase to fifteen, and professional staffing firms expect it to increase to a median of four.

- Weekly job orders filled per recruiter, current and projected, did not vary strictly consistently as a function of firm size.

- Large percentage increases are expected in recruiter productivity, particularly by professional staffing firms and staffing firms of $10 million or less in revenue, both of which projected median recruiter productivity increases of 100%.

Average number of job orders per recruiter filled in a week, by primary skill segment and firm size

Today	25th Percentile	Median	75th Percentile	N
Commercial	5	10	15	93
Professional	1	2	5	208
<=$10m	1	3	8	123
$11m-$100m	1	5	10	132
>$100m	1	4	10	51
All	1	4	10	327
10 Years From Now	25th Percentile	Median	75th Percentile	N
Commercial	8	15	20	88
Professional	2	4	10	202
<=$10m	2	6	13	122
$11m-$100m	3	6	15	127
>$100m	2	5	15	51
All	3	6	15	318
Change	25th Percentile	Median	75th Percentile	
Commercial	0%	50%	100%	
Professional	50%	100%	200%	
<=$10m	0%	100%	200%	
$11m-$100m	50%	100%	100%	
>$100m	5%	77%	100%	
All	25%	100%	105%	

*Percentages are not calculated from the metrics above but from the original survey data, a more precise methodology for measuring the differences.

Staffing firm expectations with regard to how recruitment of temporary workers will change over 2014-2024

- *Note: The analysis given on this page is from the 2014 Staffing Company Survey. It is included here as it is related to this topic.*

- Staffing firms were asked "Approximately what percent share of your firm's placed temporary workers 1) are recruited from the following sources today, and 2) what percent will be recruited from these sources ten years from now." Results of the survey question are given in the table below.

- The most notable changes are with regard to location of recruiters. Significantly more are expected to be working from home or remotely and fewer from the traditional branch network.

- Also noteworthy is an expected increase in automated recruiting that does not involve recruiters. The nature of that automation was left undefined, but it seems likely that over the next ten years new automated recruiting options will be developed.

How temporary workers will be recruited in 2024 vs. 2014—average

	2014	2024	Change
By our recruiters working from home/remotely	10%	18%	8%
Automated (no recruiters)	3%	7%	4%
By outsourced/offshored recruiters	3%	6%	2%
Other	1%	2%	1%
By our recruiters in centralized facility	28%	27%	-1%
By our recruiters in traditional branch network	55%	40%	-15%

Staffing firm expectations with regard to how generation of sales will change over 2014-2024

- *Note: The analysis given on this page is from the 2014 Staffing Company Survey. It is included here as it is related to this topic.*

- Staffing firms were asked "Approximately what percent share of your firm's sales 1) are generated by the following sources today and 2) what percent will be generated by these sources ten years from now." Results of the survey question are given in the table below.

- Similar to expectations for recruiters, the most notable changes are with regard to location of sales staff. Significantly more are expected to be working from home or remotely and fewer from the traditional branch network.

- Likewise, also noteworthy is an expected increase in automated sales that do not involve staff.

How sales will be generated in 2024 vs. 2014—average share by method

	2014	2024	Change
By our salespeople working from home/remotely	12%	19%	7%
Automated (no salespeople)	3%	6%	3%
By outsourced/offshored salespeople	1%	2%	1%
Other	3%	3%	1%
By our salespeople in centralized facility	25%	23%	-2%
By our salespeople in traditional branch network	57%	47%	-10%

Section 14. Survey questions and summary statistics

Key Findings:

- This section contains the initial findings of the 2019 Staffing Company Survey for staffing firms primarily operating in North America. It includes the complete survey questions and summary statistics.

- The survey was conducted in the summer of 2019 and reflects the opinions of 441 staffing firms. This sample is disproportionately composed of firms with greater than $10 million in revenue, so aggregate results reported are more reflective of these larger staffing firms. Where responses vary significantly by size, such differences will be noted in the analysis.

- Data includes: client contract terms; staffing company participation in online staffing; web and app enabled technology; internal staff benefits; sources of revenue; priorities and investments; referral bonuses; wages paid to temporary workers; and recruiting tactics.

Survey questions and summary statistics

With respect to the business unit(s) of your company for which you are responsible, approximately what share of revenue is derived from each of the following regions?

	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Percent
US/Canada/Mexico						1%	2%	1%	2%	4%	90%	100%
United Kingdom	94%	5%	1%									100%
Europe excluding UK	94%	5%	1%									100%
Australia/New Zealand	100%											100%
India	96%	3%	1%									100%
Asia/Pacific (i.e., China, Japan, Philippines, Thailand, Malaysia, etc.)	97%	3%										100%
South America	100%											100%
Africa/Middle East	100%											100%
												N = 441

What is your job title?

	Percent
Founder/CEO/Chairman/Managing Director	35%
President/COO/General Manager	21%
VP/SVP/EVP, Sales	15%
VP/SVP/EVP, Finance/CFO	11%
Region/Division Head (VP/Pres)	5%
VP/SVP/EVP, HR/CHRO/People Officer	2%
VP/SVP/EVP, Marketing/CMO	2%
CTO/CIO/VP/Director, Information Services/Chief Digital Officer	1%
Branch Manager	1%
Recruiter/Placement Specialist	0%
Other	7%
	N = 429

Survey questions and summary statistics

Approximately how much total revenue did your company generate in 2018?

Revenue in US Dollars	Percent	Revenue in US Dollars	Percent
$2 Million	14%	$175 Million	1%
$4 Million	6%	$200 Million	3%
$6 Million	8%	$250 Million	1%
$8 Million	4%	$300 Million	1%
$10 Million	5%	$350 Million	2%
$15 Million	7%	$400 Million	1%
$20 Million	6%	$450 Million	0%
$25 Million	11%	$500 Million	1%
$50 Million	11%	$600 Million	1%
$75 Million	6%	$700 Million	0%
$100 Million	3%	$800 Million	0%
$125 Million	1%	$900 Million	0%
$150 Million	2%	$1 Billion	4%
Median = $25 Million, N = 418			

In which segment did your company generate the most revenue in 2018?

	Percent
IT Temp	23%
Industrial Temp	22%
Healthcare Temp	18%
Direct Hire/Permanent Placement	8%
Office/Clerical Temp	6%
Finance/Accounting Temp	3%
Engineering/Design Temp	3%
Marketing/Creative Temp	2%
Other Temp Help	2%
Life Sciences Temp	2%
Recruitment Process Outsourcing (RPO)	1%
Legal Temp	1%
Independent Contractor Compliance/Payroll Processing	1%
Retained Search	1%
Education Temp	1%
Human Resources Consulting Services	0%
Outplacement	0%
Human Resource Outsourcing (HRO)	0%
Other	5%
	N=437

Approximately what share of your company's staffing revenue is derived from clients where you have internal staff based on-site at the client's premises? (Select closest answer.)

	Percent
0%	53%
1%-10%	14%
11%-20%	7%
21%-30%	4%
31%-40%	3%
41%-50%	4%
51%-60%	3%
61%-70%	1%
71%-80%	1%
81%-90%	3%
91%-100%	7%
Median	0%
N	434

Survey questions and summary statistics

What are your most common client payment terms, as defined in days payable from invoice date? (Select closest answer.)

	Percent
<15 days	12%
15 days	7%
30 days	58%
45 days	15%
60 days	7%
75 days	1%
90 days	1%
	N=439

If you give a discount for early payment, what is the percentage discount? (Select closest answer.)

	Percent
No discount offered	77%
1.0%	10%
1.5%	4%
2.0%	8%
3.0%	0%
Other	1%
N	437

About what percent of your clients have you signed an indemnification agreement with?

	Percent
0%. We don't sign those.	20%
5%-20%	13%
25%-40%	9%
45%-60%	10%
65%-80%	13%
85%-100%	36%
N	433

About how often do clients get the payment terms and discount you stated?

	Percent
10% of the time	13%
15% of the time	1%
20% of the time	2%
25% of the time	2%
30% of the time	1%
35% of the time	0%
40% of the time	1%
50% of the time	10%
55% of the time	0%
60% of the time	2%
65% of the time	2%
70% of the time	2%
75% of the time	9%
80% of the time	7%
85% of the time	4%
90% of the time	10%
95% of the time	10%
Always, 100% of the time	23%
N	364

Survey questions and summary statistics

Which of the following services does your company currently offer? (Check all that apply.)

	Currently Offer This Service	#1 Source of Revenue Today	#2 Source of Revenue Today	#3 Source of Revenue Today	#1 Source of Revenue Ten Years From Now	#2 Source of Revenue Ten Years From Now	#3 Source of Revenue Ten Years From Now
Direct hire/perm placement	89%	12%	52%	29%	12%	40%	30%
Temporary help	85%	74%	14%	4%	60%	19%	10%
Payrolling/Independent contractor classification	37%	3%	7%	19%	3%	4%	13%
Retained search	27%	0%	4%	13%	1%	5%	11%
SOW/solutions (your firm responsible for deliverable)	25%	2%	9%	10%	7%	10%	7%
Recruitment process outsourcing (RPO)	23%	1%	4%	10%	3%	6%	9%
Managed service provider (MSP)	21%	4%	6%	5%	8%	6%	7%
Human resources consulting services	17%	0%	0%	5%	1%	1%	6%
Master supplier	14%	--	--	--	--	--	--
Human resources outsourcing (HRO)	7%	0%	1%	1%	0%	1%	1%
Ongoing services outsourcing (e.g. janitorial, landscaping)	4%	1%	2%	1%	0%	1%	2%
Direct-to-consumer (e.g., home healthcare, repairmen, etc.)	3%	1%	1%	1%	1%	2%	1%
Human cloud/online staffing (similar to UpWork, Freelancer.com, etc.)	3%	0%	1%	0%	2%	4%	3%
N	419	417	380	296	408	371	307

Survey questions and summary statistics

Which of the following does your firm's current technology (website or app) enable TEMPORARY AND PERMANENT CANDIDATES to do mostly without the aid of a human? (select all that apply)

	Percent
Submit resume document (pdf, Word, etc.)	93%
View available jobs	89%
Apply for available jobs	87%
View payroll information	69%
Create/update online profile	65%
Record hours	63%
Download tax documents	58%
Set up direct deposit	54%
View available benefits	46%
Take relevant assessment tests	46%
Select benefits/sign up for insurance	42%
Indicate availability for shifts	31%
Be pre-qualified and select and confirm specific assignments or shifts at will	16%
Rate client	14%
Indicate desired job type and be automatically accepted for temp assignments	12%
	N=386

Which of the following does your firm's current technology (website or app) enable STAFFING BUYERS to do mostly without the aid of a human? (select all that apply)

	Percent
View billing information	62%
Create descriptions for available positions/request staff	50%
Automatically receive profiles of temporary workers recommended or shortlisted for specific open positions	33%
Select temporary workers	28%
Rate temporary workers	26%
Search temporary worker profiles/resumes	26%
Video interview temporary workers	23%
Assign temporary worker shifts	19%
Communicate directly with temporary workers via messaging system	17%
View work samples from temporary workers	15%
Have temporary workers auto-assigned to shifts or assignments	10%
	N=248

Survey questions and summary statistics

Which of the following is your company's top management priority today?

	Offering Now
Acquiring other firms	1%
Creating a positive company culture	2%
Dealing with legal/legislative/regulatory issues	0%
Expanding/diversifying number of clients	11%
Growing market share	16%
Growing revenue	29%
Harnessing new technology/automation	4%
Improving gross margins	5%
Providing excellent customer service	3%
Recruiting quality candidates to place	10%
Recruiting/retaining quality internal staff	11%
Reducing/controlling costs	0%
Retaining existing clients	1%
Training/developing internal employees	6%
Other	0%
	N=414

Historically, which kind of investment has given your company the highest return? Over the next two years, the primary investment our company will make is...

	Historically Best Investment	Primary Investment Planned
Adding more branches/offices	6%	4%
Adding more staff	36%	31%
An acquisition	7%	10%
Launching a new business/division	8%	5%
Marketing/social media	7%	6%
Technology/automation	13%	26%
Training/improving the quality of our staff	21%	18%
Other	1%	0%
N	414	417

How is your firm responding to the opportunity/competitive threat represented by human cloud services (such as online staffing, freelancer management systems, etc.)?

	Offering Now
Aware of such services, but not interested in pursuing	46%
Considering building, acquiring, or partnering over next 2 years	34%
Currently own or have invested in such a service	9%
Currently partnering with such a service	4%
Not aware of such services	7%
	N=386

Survey questions and summary statistics

Does your firm offer referral bonuses for referring temporary worker candidates, and if so, approximately what is the typical amount of the bonus? Does your firm offer referral bonuses for referring direct hire/permanent placement candidates and if so, approximately what is the typical amount of the bonus?

	Temporary Worker Candidates	Direct Hire/Permanent Placement Candidates
<$100	19%	7%
$100	11%	5%
$200	6%	5%
$300	5%	4%
$400	1%	1%
$500	18%	20%
>$500	18%	25%
Our firm doesn't offer referral bonuses.	22%	33%
	N=371	N=369

When considering wages to offer temporary workers, what data do you use? (Select all that apply.)

	Percent
Wage rates we paid for similar temporary positions in the past	59%
Our pay rates are mostly dictated by our customers	51%
We don't use wage data--we negotiate the bill rate first and work backward into the pay rate based on our target markup/margin	19%
Calculated hourly wage rates based on permanent worker annual salary data from salary.com or other third-party sources	32%
We don't use any data--we just negotiate wages the best we can	13%
Government temporary wage data (e.g. Bureau of Labor Statistics, Department of Labor)	19%
Third - party data (e.g. VMS, Talent Data Exchange TDX)	22%
Other	12%
N	367

Survey questions and summary statistics

Of the following temporary worker recruiting tactics, which TWO would you say have the highest bang-to-buck return on spend/effort? Of the following direct hire/permanent placement recruiting tactics, which TWO would you say have the highest bang-to-buck return on spend/effort?

	Temporary Worker Recruiting Tactics	Direct Hire/Permanent Placement Recruiting Tactics
LinkedIn	25%	57%
Other online job advertising (i.e. Indeed, Monster, Careerbuilder, Google for Jobs)	35%	25%
Recruit from existing candidate database	44%	39%
Re-train/upskill candidates from existing database	5%	2%
Invest in enhanced automation tools to identify candidates	17%	12%
Referrals: Pay referral bonuses	32%	22%
List jobs on staffing firm website	14%	10%
Use offshore sourcers	7%	5%
Advertise your firm	6%	6%
Standardize job postings to conform to Google schema/SEO	5%	6%
Offering more generous pay/benefits	16%	12%
Other	6%	8%
	N=374	N=358

Text-based questions:

- What staffing trends do you think will have the most impact on your business over the next 10 years?
- Of all the vendors that you use -- including front-office and back-office software providers, job boards, background checking services, M&A, funding providers, etc. --which is the #1 vendor you would be most likely to recommend to a friend or colleague? Why would you recommend the vendor selected above?
- Likewise, which is your second favorite vendor you would recommend to a friend or colleague? Why would you recommend the vendor selected above?
- What is the #1 most important metric you use to measure the success of your business with regard to...Sales/marketing, Recruiting/sourcing, Operational efficiency, Profitability, Other?
- What current legislation or regulation is having the most negative affect on your business this year?
- What forthcoming legislation or regulation are you most concerned about?

Section 2018-A. Temporary worker healthcare insurance and other benefits

Key Findings:

- Healthcare insurance. Thirty percent of staffing firms either do not offer healthcare insurance or offer only unsubsidized healthcare insurance (entirely paid for by workers). Forty-one percent offer policies subsidized just adequately to meet ACA minimum (no penalty) standards. The remaining 29% offer policies subsidized more than adequately to meet ACA minimum standards; 3% go so far as to offer free healthcare insurance.

- Other benefits. Dental insurance, vision insurance, 401-Ks, life insurance, and disability insurance were each offered by more than half of staffing firms. Less common were flexible spending accounts and tuition reimbursement. Benefits were mostly offered at sign-up, but a quarter of firms or more (varying by benefit) offered them only after a tenure or performance threshold.

- Holidays and PTO time off. With respect to paid holidays, forty-eight percent of staffing firms offered none. Among the staffing firms offering paid holidays, the median was six. Likewise, with respect to PTO, forty-six percent of staffing firms offered none. Among the staffing firms offering PTO, the median was five.

- Variations by type of staffing firm. In general, professional staffing firms and large staffing firms were more generous with healthcare and other benefits. However, with respect to holidays and PTO, commercial staffing firms typically offered more.

- Benefits getting more generous. Benefit offerings were compared over time (2009-2018) for the items for which data was available. In almost all cases, the percentage of staffing firms offering the selected benefits increased.

- Sources of temp healthcare benefits. Sixty-one percent of staffing firms source temporary worker healthcare insurance through conventional vendors, but 21% self-insure. Self-insurance is much more common among large firms and commercial firms.

- Additional incentives. The majority of staffing firms also offer additional incentives to temporary workers including bonuses, tenure-based time off, and various perquisites.

Healthcare insurance for temporary workers

- Respondents were asked about their healthcare insurance offering for temporary workers in terms of the degree to which it was paid for by the staffing firm. The distribution of healthcare insurance offerings is given in the table at right.

- Thirty percent of staffing firms either do not offer healthcare insurance at all (15%) or offer only unsubsidized healthcare insurance (entirely paid for by workers, at no cost to the company) (15%).

- Forty-one percent of staffing firms offer healthcare insurance subsidized just adequately to meet ACA minimum (no penalty) standards.

- The remaining 29% offer healthcare insurance subsidized more than adequately to meet ACA minimum (no penalty) standards; 3% even go so far as to offer fully-paid (entirely free) healthcare insurance.

With respect to healthcare insurance for temporary workers…

	Percent
We do not offer healthcare insurance to temporary workers.	15%
We offer to temporary workers unsubsidized healthcare insurance (entirely paid for by workers, no cost to company).	15%
We offer to temporary workers healthcare insurance subsidized adequately to meet ACA minimum (no penalty) standards.	41%
We offer to temporary workers healthcare insurance subsidized more than adequately to meet ACA minimum (no penalty) standards.	26%
We offer to temporary workers fully-paid (entirely free) healthcare insurance.	3%
	N=342

How healthcare insurance offerings vary as a function of staffing firm primary segment and size

- About the same share of commercial (29%) and professional staffing firms (28%) offered either no healthcare insurance or just unsubsidized healthcare insurance. However, among those that did offer subsidized insurance, professional staffing firms were more generous, with 33% offering either insurance subsidized more than adequately to meet ACA minimum standards or entirely free insurance, versus 21% of commercial staffing firms doing so.

- Healthcare insurance offerings varied notably as a function of firm size, with larger firms being more generous. Among staffing firms of $10 million in revenue or less, 61% offered subsidized healthcare insurance; among firms in the $10 million to $100 million range, that percentage increased to 78%; and among firms of greater than $100 million, it increased to 85%. The *degree* to which such insurance was subsidized did not vary consistently as a function of firm size.

Healthcare insurance offerings, as a function of staffing firm primary segment and size

	No healthcare insurance	Unsubsidized healthcare insurance (entirely paid for by workers, no cost to company)	Healthcare insurance subsidized adequately to meet ACA minimum (no penalty) standards	Healthcare insurance subsidized more than adequately to meet ACA minimum (no penalty) standards	Fully-paid (entirely free) healthcare insurance	N
Commercial	9%	20%	50%	19%	2%	96
Professional	15%	13%	38%	30%	3%	215
<=$10m	24%	15%	36%	21%	4%	127
$11m-$100m	4%	18%	42%	33%	3%	136
>$100m	4%	12%	60%	25%	0%	52
All	15%	15%	41%	26%	3%	342

Other benefits offered to temporary workers

- Respondents were asked about other benefits offered to temporary workers by their staffing firm. Answer frequencies are given in the table at right.

- Dental insurance, vision insurance, 401-Ks, life insurance, and disability insurance were each offered by more than half of staffing firms.

- Less common were flexible spending accounts, offered by just 33% of staffing firms, and tuition reimbursement, offered by just 13%.

Which of the following benefits do you offer to your temporary workers?

	Percent
Dental insurance	82%
Vision insurance	75%
401-K (US Only)	71%
Life insurance	64%
Short- and long-term disability insurance	62%
Flexible spending accounts	33%
Tuition reimbursement	13%
	N=275

How other benefits vary as a function of staffing firm primary segment and size

- Professional staffing firms were more generous with respect to other benefits. The share of professional staffing firms offering the selected benefits was higher than the share of commercial staffing firms in all cases, most notably with respect to 401-Ks and flexible spending accounts.

- Larger staffing firms were also more generous than smaller firms. This applied across all the selected benefits, most notably with respect to life insurance and disability insurance.

Other benefits, as a function of staffing firm primary segment and size

	Dental insurance	Vision insurance	401-K	Life insurance	Short- and long-term disability insurance	Flexible spending accounts	Tuition reimbursement	N
Commercial	79%	71%	52%	64%	59%	20%	11%	75
Professional	84%	77%	80%	65%	66%	36%	15%	179
<=$10m	76%	71%	70%	47%	45%	30%	13%	91
$11m-$100m	82%	72%	74%	65%	61%	30%	13%	119
>$100m	92%	84%	73%	90%	90%	47%	18%	51
All	82%	75%	71%	64%	62%	33%	13%	275

To what degree are benefits offered on sign-up vs. after tenure or performance threshold?

- *Note: The analysis given on this page is from the 2014 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firms were asked if they offered selected benefits, and if so, whether the benefits were offered at temporary worker sign-up or after tenure or performance threshold. The breakdown in such polices for each benefit is given in the table at right.

- Among staffing firms that offered the selected benefits, the various forms of insurance were offered on sign-up about three-quarters of the time.

- Flexible spending accounts were offered on sign-up by 61% of staffing firms that offered that benefit.

- Tuition reimbursement plans were offered on sign-up by about half of staffing firms.

Among staffing firms that offer selected benefits, percent offering them on sign-up vs. after tenure or performance threshold

	Offered on sign-up	Offered after tenure or performance threshold	Total
Short- and long-term disability insurance	75%	25%	100%
Dental insurance	73%	27%	100%
Vision insurance	72%	28%	100%
Life insurance	72%	28%	100%
Flexible spending accounts	61%	39%	100%
401-K	55%	45%	100%
Tuition reimbursement	48%	52%	100%
			N=255

Holiday and paid time off (PTO) days offered to temporary workers

- With respect to paid holidays, forty-eight percent of staffing firms offered none. Seventeen percent offered one to five paid holidays, 32% offered six to ten, and the remaining 4% offered more than ten. Among the staffing firms offering paid holidays, the median was six.

- With respect to PTO, forty-six percent of staffing firms offered none. Thirty-two percent offered one to five PTO days, 17% offered six to ten, and the remaining 4% offered more than ten. Among the staffing firms offering PTO, the median was five.

If a temporary worker worked a full year on an assignment for your company, about how many paid days would they get for holidays and PTO?

Holidays		PTO	
Days	**Percent**	**Days**	**Percent**
0	48%	**0**	46%
1-5	17%	**1-5**	32%
6-10	32%	**6-10**	17%
11-15	3%	**11-15**	4%
16-20	1%	**16-20**	0%
	N=308		N=269

How holiday and paid time off (PTO) days vary as a function of staffing firm primary segment and size

- Commercial staffing firms were more generous with respect to both holidays and PTO. In both cases, commercial staffing firms offered a median five days; professional staffing firms at the median offered no days.

- Holiday and PTO days off did not vary consistently as a function of staffing firm size.

Holiday and PTO days, as a function of staffing firm primary segment and size

	Holidays			PTO			N
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	
Commercial	0	5	6	0	5	5	73
Professional	0	0	6	0	0	6	177
<=$10m	0	3	6	0	3	5	99
$11m-$100m	0	2	6	0	3	5	110
>$100m	0	5	6	0	1	5	43
All	0	2	6	0	3	5	269

Are benefits getting more generous?

- Benefit offerings were compared over time for the items for which data was available, as given in the table below.

- In almost all cases, the percentage of staffing firms offering the selected benefits increased. From 2009 to 2014, the increase was typically just a few percentage points, but the increase from 2014 to 2018 was typically much larger. This likely reflects the tightening labor market.

- Tuition reimbursement was the most notable exception to this trend, remaining in the mid- to low-teens throughout the nine years covered in the three surveys.

- From 2014 to 2018, for both commercial staffing firms and professional staffing firms the share of staffing firms offering benefits increased in almost all benefit categories. The magnitude of increase was, on average, larger for commercial staffing firms.

Trend in other benefits, 2009-2018

	Dental insurance	Vision insurance	Life insurance	Short- and long-term disability insurance	Flexible spending accounts	Tuition reimbursement	N
All staffing firms							
2018	82%	75%	64%	62%	33%	13%	275
2014	56%	57%	50%	47%	26%	17%	255
2009	51%	42%	45%	42%	23%	14%	--
Commercial staffing firms							
2018	79%	71%	64%	59%	20%	11%	75
2014	50%	51%	45%	38%	10%	5%	49
Change	29%	20%	19%	21%	10%	6%	--
Professional staffing firms							
2018	84%	77%	65%	66%	36%	15%	179
2014	61%	62%	56%	55%	32%	22%	135
Change	23%	15%	9%	11%	4%	-7%	--

Sources of temporary worker healthcare benefits

- *Note: The analysis given on this page is from the 2016 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Respondents were asked: "How do you source the healthcare benefits you offer your temporary workers?" Answer options were:

  - Conventional Fully-Outsourced Healthcare Insurance, No Self-Insurance: Our staffing firm purchases health insurance for temps and does not bear any direct risk for temp healthcare costs.

  - Self-Insured: Our staffing firm directly bears some risk for temp healthcare costs but uses a vendor to provide reinsurance for aggregate healthcare costs above a certain level.

  - No Temp Insurance: Our staffing firm doesn't offer health insurance to temporary workers.

  - Other (please specify).

- Sixty-one percent of staffing firms reportedly use conventional fully-outsourced healthcare insurance (with no self-insurance) to provide healthcare benefits for their temporary workers.

- Another 21% of staffing firms self-insure, bearing some risk for temp healthcare costs, with an upper bound on that risk by using a vendor to provide reinsurance for the firm.

- Fifteen percent of staffing firms do not offer healthcare benefits to temporary workers. (The percent of temporary workers not offered insurance is likely higher than this, inasmuch as even staffing firms that offer insurance may not do so for all temporary workers.) The remaining three percent of staffing firms chose the "other" option.

How do you source the healthcare benefits you offer your temporary workers?

	Temporary Workers
Conventional Fully-Outsourced Healthcare Insurance, No Self-Insurance	61%
Self-Insured	21%
No Temp Insurance	15%
Other	3%
Total	100%
	N=317

Differences in healthcare coverage sources by segment and company size

- *Note: The analysis given on this page is from the 2016 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firm sources of temporary worker healthcare coverage vary by primary segment and size of firm, as shown in the table at right.

- Conventional fully-outsourced healthcare is the dominant choice across commercial and professional segments as well as across staffing firm sizes up to the $100 million category. Professional staffing firms in particular have the highest usage of conventional fully-outsourced healthcare, with 72% of such firms choosing that source.

- Self-insurance is a more common choice for commercial firms than for professional, and usage increases notably with firm size, from a 5% usage rate among firms of $10 million or less in annual revenue, to 27% among firms of $11 million to $100 million, to 51% among firms of greater than $100 million in annual revenue. Larger firms are more likely have the resources needed to administer self-insured plans, and their larger scale may also help to diversify risk.

- The Affordable Care Act exempts very small firms, and it appears that some are taking advantage of the option to not offer healthcare coverage to temporary workers. Twenty-seven percent of staffing firms of $10 million or less in revenue reported that they do not offer insurance.

Healthcare insurance sources, as a function of staffing firm size and primary segment

	Conventional Fully-Outsourced Healthcare	Self-Insured	No Temp Insurance	Other	Total
Commercial	55%	33%	8%	4%	100%
Professional	72%	17%	10%	2%	100%
<=$10m	64%	5%	27%	4%	100%
$11m-$100m	63%	27%	4%	5%	100%
>$100m	49%	51%	0%	0%	100%
					N=275

Satisfaction with healthcare insurance arrangements

- *Note: The analysis given on this page is from the 2016 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firms were asked about satisfaction with conventional and self-insured healthcare arrangements. In general, satisfaction is comparable between the two, as can be seen in the distribution at right.

- On a scale of zero to ten, respondents gave conventional healthcare an average satisfaction score of 5.3, and self-insurance an average satisfaction score of 5.8.

How satisfied are you overall with this healthcare insurance arrangement, with respect to cost and service? [N=252]

Score	Self-Insured	Conventional Fully-Outsourced
10-Extremely satisfied	11%	11%
9	5%	4%
8	12%	10%
7	17%	16%
6	3%	7%
5	26%	20%
4	9%	5%
3	5%	7%
2	3%	6%
1	3%	3%
0-Not satisfied at all	6%	11%

■ Self-Insured ■ Conventional Fully-Outsourced
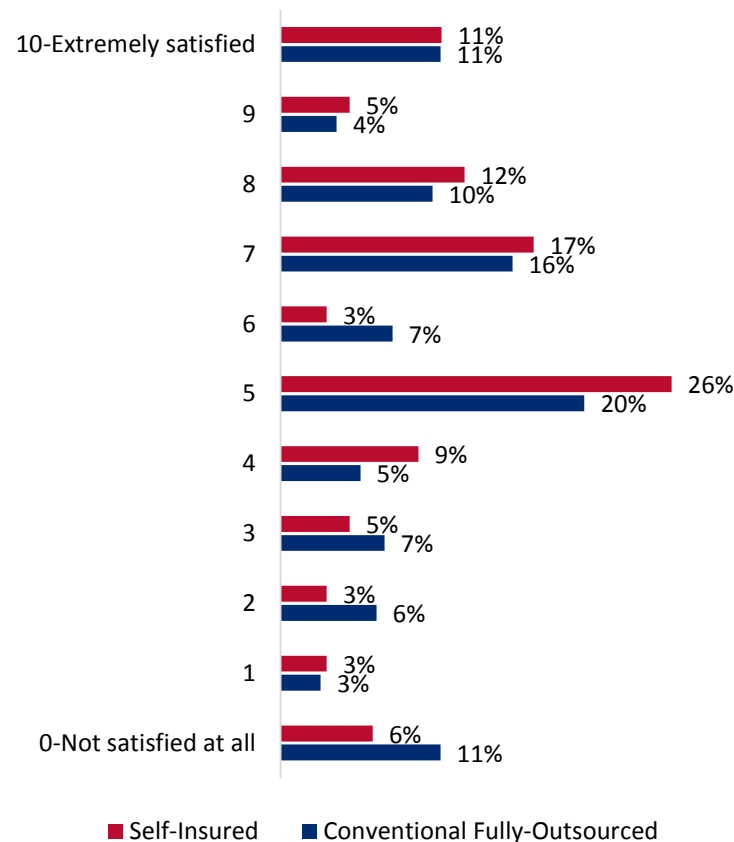
Additional incentives offered to temporary workers

Note: The analysis given on this page is from the 2012 Staffing Company Survey, in which staffing executives were asked about incentives offered to temporary workers to complete their assignment and/or to perform well. It is included here as it is related to this topic and for the convenience of the reader.

- Nearly two-thirds of respondents said their firm provided additional incentives (apart from regular pay) to their temporary workers. The types of incentives fell into three categories, as given below.

Bonuses

- "We offer sign-on bonuses, attendance bonuses, and performance bonuses."

- "We offer a quarterly safety bonus for certain employees who maintain an exemplary safety record and perform well in their assigned duties."

- "Stay bonus, project completion bonuses."

- "Some receive stay bonuses."

- "Service bonus."

- "Retention Bonus."

- "Select group receives 8% bonus at the end of each year."

- "Referral bonus for new hires, and new projects."

Tenure-based holiday and vacation pay, paid time off

- "We offer both vacation time and holiday pay based on hours worked."

- "Vacation pay after a certain number of hours."

- "Vacation and holiday bonuses based on time in service."

- "The longer they work, the more additional benefits they qualify for, including vacation, and holiday pay."

- "Vacation trip incentive."

- "Tenure pay."

- "PTO for completion of hours."

Perquisites

- "Associate of the month, gift cards, bus passes, thank you cards."

- "Safety lunches, gift cards, raffles, lunch coolers, photo and name recognition."

- "Movie tickets, suite awards at Honda Center, gift cards, temp of the month award, plus others."

- "Employee of the month, holiday parties, birthday cards, completion bonuses, job well done cards, etc."

- "Employee of the month recognition, gift cards, monthly parties, weekly donuts/bagels."

Section 2018-B. Reported M&A multiples, activity volume, best practices

Key Findings:

- This report is based on responses to the following two survey questions:

  - "EBITDA is defined as earnings before interest, taxes, depreciation and amortization. If your company closed or will close any acquisitions in 2017 or 2018, approximately what was the multiple of the sale price relative to EBITDA?"
  - "What was the approximate revenue of the firm(s) acquired?"

- The mid-range (25th percentile to 75th percentile) reported Price/EBITDA multiples were 3.0x to 5.0x. Current valuations are at the high end of post-2009 trends.

- Larger acquisition targets generally earned a higher reported Price/EBITDA multiple. In particular, acquisitions of companies $10 million or less earned a median multiple of 3.0; companies of $11 million to $25 million earned a median multiple of 4.0; and companies of greater than $25 million were valued at a median multiple of 5.0.

- Included in this report is M&A-related data from previous SIA staffing surveys:

  - Larger staffing firms are far more active in acquiring.
  - A ballpark estimate of annual acquisition activity in the staffing industry annually is around 500.
  - Staffing acquirers are typically modestly well-satisfied with their acquisitions.
  - The vast majority of acquisitions occur without a professional M&A advisor; most staffing firms either get no advice at all or turn to an accountant or lawyer. Type of advisor was not associated with differences in overall reported acquisition satisfaction, but those using professional advisors were the least likely to report being disappointed.

Trend in acquired staffing firm revenue and EBITDA multiples, 2009-2018

- The table at right gives the full trend from 2009 to 2018 for acquisition Price/EBITDA multiples, in terms of 25th percentile, median and 75th percentile. The mid-range (25th percentile to 75th percentile) reported Price/EBITDA multiples were 3.0x to 5.0x.

- Current valuations are at the high end of the post-2009 range. Both the 3.0x at the 25th percentile and the 4.0x at the median are at the high end of their post-2009 range. At the 75th percentile, however, the 5.0x is about average.

- Note: While the multiples at right reflect substantial data from six separate staffing surveys--and are therefore useful for trend purposes--individual company valuations will vary significantly based on factors such as size of firm, client concentration, segment specialty, margin, etc. For more information about how to value your firm, see the SIA report "Selling Your Staffing Firm: M&A Advisors, Valuations, List of Acquirers & Contact Information."

Price/EDITDA multiples, 2009-2018

	2009	2011	2012	2013	2014	2015-2016	2017-2018
25th	0.5x	2.0x	2.0x	2.5x	2.5x	3.0x	3.0x
Median	2.0x	3.5x	3.0x	3.0x	3.5x	3.5x	4.0x
75th	5.0x	5.5x	4.0x	4.5x	4.5x	5.0x	5.0x
N	NA	26	41	35	47	50	84

Size of acquired firm and multiple paid

- The table below (left) shows the distribution of revenue sizes of acquisitions reported in this survey. About half of the acquisitions were $10 million or less; another quarter were in the range of $11 million to $25 million; the remaining quarter were greater than $25 million in revenue.

- The chart below (right) shows the relationship between size of acquisition and median Price/EBITDA multiple paid. Larger acquisition targets generally earned a higher multiple. In particular, acquisitions of companies $10 million or less earned a median multiple of 3.0; companies of $11 million to $25 million earned a median multiple of 4.0; and companies of greater than $25 million were valued at a multiple of 5.0.

Approximate revenue of reported

($Millions)	Percent
<1	8%
1-5	29%
6-10	15%
11-15	9%
16-20	6%
21-25	9%
26-30	1%
31-35	4%
36-40	1%
41-45	3%
46-50	5%
>50	10%
	N=79

Median Price/EBITDA as a function of revenue of acquired firm (N=74)

Revenue of Acquired Firm ($ Millions)
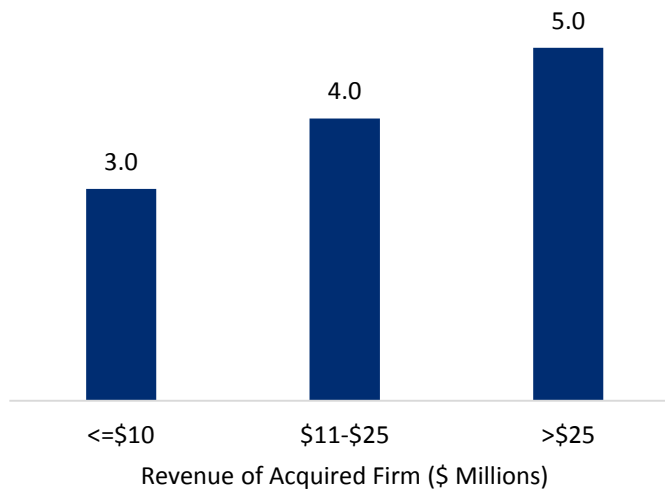
Frequency of acquisitions has strong relationship with firm size

- *Note: The analysis given on this page is from the 2012 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- The table below (left) shows how acquisition activity varies as a function of firm size. Only 10% of firms with less than $10 million in revenue made an acquisition in the three year period 2010-2012, while on average, about half of firms with more than $100 million in revenue made acquisitions in the same period.

- In the chart below (right), we separated firms by revenue, and divided number of acquisitions made in 2010-2012 by number of firms. At the extremes, firms with revenue above $1 billion made an average of 1.8 acquisitions in the three-year period, while firms with less than $10 million in revenue made an average of 0.2 acquisitions.

Percent of respondents that closed at least one acquisition in 2010-2012

Company Size ($Millions)	Percent	N
<10	10%	269
10-25	23%	88
25-50	26%	46
50-100	49%	49
100-250	53%	34
250-500	47%	15
500-999	27%	11
1,000+	57%	21

Average number of acquisitions made in 2010-2012, as a function of firm size
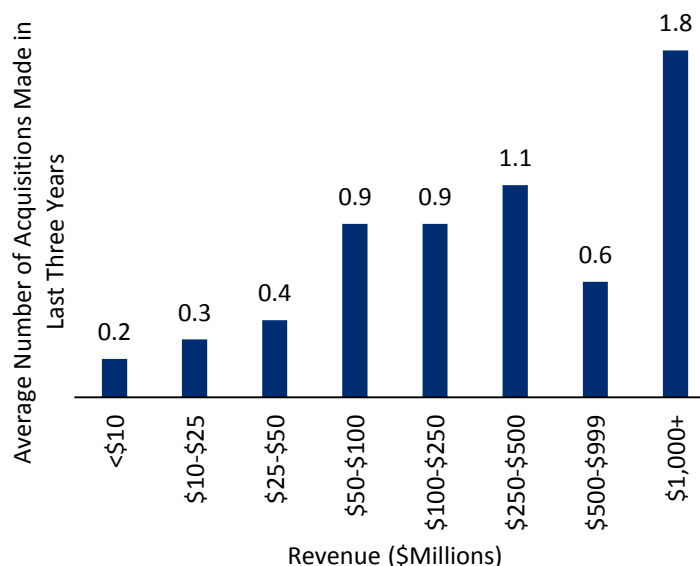
Estimation of annual US staffing industry acquisition activity

- *Note: The analysis given on this page is from the 2012 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Combining data from this survey and the U.S. Census, shown in the table at right, we were able to estimate overall U.S. temporary staffing industry M&A activity, which we put at roughly 500 acquisitions (assuming the 6,549 number of temporary staffing firms in 2007), or 8% of temporary staffing firms.

- We show the reported number of acquisitions made by temporary staffing firms in each size category, and divide this number by number of firms to estimate M&A rates for each firm size. We then multiply these percentages by figures from the 2007 U.S. economic census to estimate the annual number of acquisitions in the U.S. temporary staffing industry.

- The volume of acquisition activity likely varies from year to year, based on economic trends and other factors, so this estimate should be seen as a "ballpark" figure.

Calculation of acquisition activity estimate

A	B	C	D	E	F
Company Size ($Millions)	Number of Acquisitions Reported* (survey)	Number of Firms (survey)	Acquisitions Per Firm Per Year [B/C]	Number of Temporary Staffing Firms in U.S. (2007 Economic Census)**	Estimated Number of Acquisitions Per Year*** [D*E]
$1-$2.5	2	63	3.2%	2,466	78
$2.6-$5	3	44	6.8%	1,652	113
$6-$10	7	56	12.5%	1,156	145
$11-$25	6	80	7.5%	777	58
$26-$50	5	31	16.1%	274	44
$51-$100	13	64	20.3%	114	23
>$100	34	75	45.3%	110	50
Total	70	413	16.9%	6549	511

*This annualized number is based on a survey question that asked for the total number of acquisitions made over three years, and thus assumes a constant number of acquisitions made per year over three years.

**The U.S. Economic Census is conducted once every five years. This analysis excludes companies that did not operate for the entire year, or that had under $1,000,000 in revenue.

***Estimated by Staffing Industry Analysts. Note that the total "estimated number of acquisitions per year" is not equal to 16.9% of 6,549. This is because the distribution of firm sizes reported by the Economic Census differed from that of the companies that participated in the Staffing Company Survey.

How satisfied are acquirers with their staffing acquisitions?

- *Note: The analysis given on this page is from the 2012 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firm survey respondents were asked: "Please rate how satisfied you have been overall with the effect of [acquisitions made within the last three years] on your company's performance."

- Staffing firms rated their experiences on a scale from 0 to 10, zero indicating "disastrous, wish we hadn't done any of them", and 10 indicating "a huge boost to company's success, no downside".

- The median score given to acquisitions was a 7, implying moderate satisfaction. Nearly a third of respondents (30%) gave their acquisitions a fairly enthusiastic score of 8-10. Relatively few regretted their acquisitions, with just 12% scoring their acquisition 0-4.

Reported satisfaction with acquisitions made in the previous three years

Score	Percentage
0	0%
1	1%
2	2%
3	6%
4	3%
5	17%
6	14%
7	27%
8	13%
9	12%
10	5%
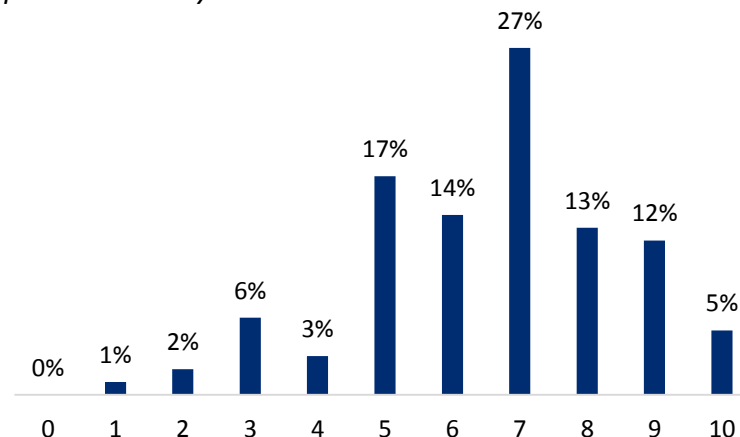
Distribution of advisor selection by type of advisor

- *Note: The analysis given on this page is from the 2012 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firm survey respondents were asked the question: "With respect to acquisitions [made in the last three years], who primarily advised you?"

- Thirty-five percent of 109 staffing firms reported that no one had advised them with respect to acquisitions made over the last three years. Twenty-six percent of respondents were advised by a lawyer, 15% by an accountant, 17% by an M&A advisory service specializing in staffing, and 7% by an M&A advisory service not specializing in staffing.

- Surprisingly, there did not appear to be a material relationship between firm size and type of advisor used (or whether the firm used an advisor at all). Only the probability of 'using an M&A advisory service not specialized in staffing' increased significantly as a function of firm size.

With respect to acquisitions you closed over the last three years, who primarily advised you?

Advisor	Percent
No one	35%
Lawyer	26%
M&A advisor specialized in staffing	17%
Accountant	15%
M&A advisor not specialized in staffing	7%
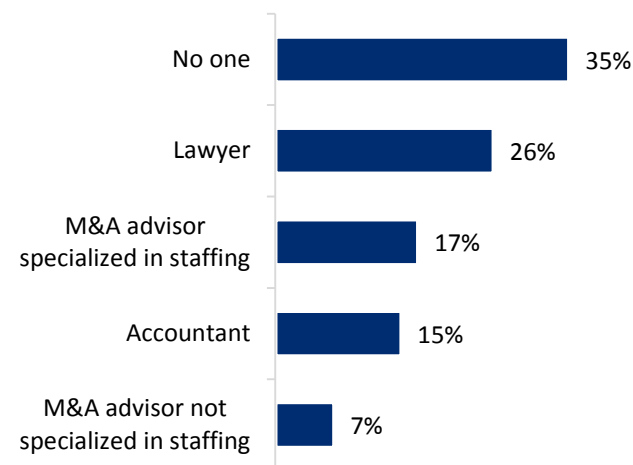
Degree of satisfaction with acquisitions not strongly related to advisory method used, but professional M&A advice may avoid worst case scenarios

- *Note: The analysis given on this page is from the 2012 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- In the table on the right, we divide staffing firms by type of advisor used. Then, for each type of advisor, we give the distribution of staffing firms' reported satisfaction with acquisitions made over the last three years.

- Although overall satisfaction levels were not markedly different as a function of advisor used, it is nonetheless noteworthy that *none* of the staffing firms using professional M&A advisors scored less than a five in terms of satisfaction, suggesting that professional M&A advice may at the very least avoid worst case scenarios.

Satisfaction scores by advisor method

Rating	No one	Lawyer	Accountant	M&A advisor (staffing)	M&A advisor (non-staffing)
0	0%	0%	0%	0%	0%
1	0%	0%	6%	0%	0%
2	5%	4%	0%	0%	0%
3	3%	14%	13%	0%	0%
4	3%	7%	0%	0%	0%
5	16%	11%	6%	21%	25%
6	21%	4%	19%	21%	13%
7	26%	32%	19%	26%	13%
8	8%	14%	25%	16%	25%
9	16%	11%	13%	11%	13%
10	3%	4%	0%	5%	13%
Average	6.5	6.3	6.3	6.9	7.3
N	38	28	16	19	8

Acquisition multiple paid not correlated with acquisition satisfaction

- *Note: The analysis given on this page is from the 2012 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- In the graphs below, we plot firms' reported satisfaction with recent acquisitions against reported Price/Revenue multiples and reported Price/EBITDA multiples.

- No material relationship was found between either acquisition multiple and satisfaction; that is, neither bargain purchases nor premium purchases were notably more likely to be associated with acquisition satisfaction.

Revenue multiple versus reported satisfaction
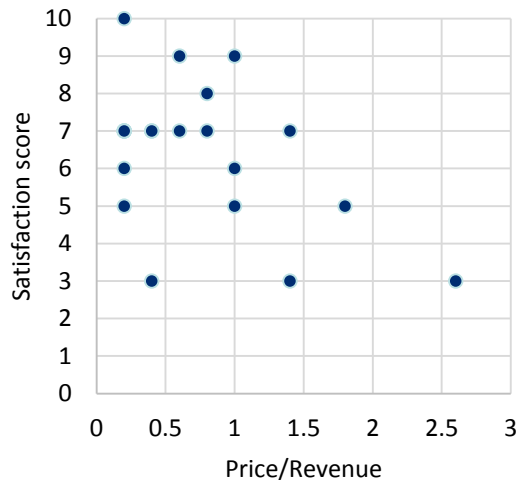
Profitability multiple versus reported satisfaction
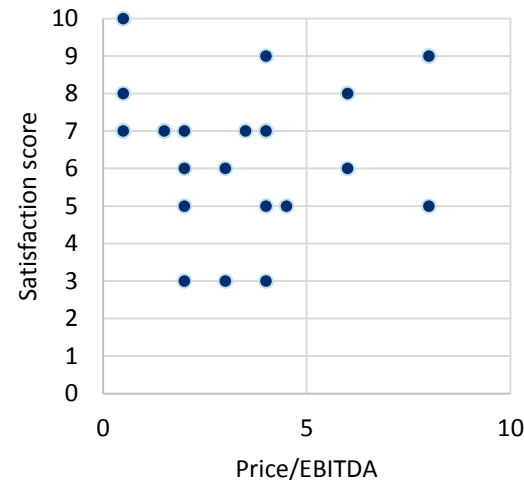
Section 2018-C. Training options offered to temporary workers

Key Findings:

- <u>More than half of staffing firms offer training options to temporary workers</u>. The most common type is free online training, offered by 40% of staffing firms.

- <u>Active training is less common.</u> Thirteen percent use paid vendors to actively train, test and/or certify workers; 12% use on-staff trainers.

- <u>Training can be fairly extensive.</u> Thirteen percent of firms gave some workers a full day of organized paid training or more, and 5% gave workers a full week or more of organized paid training.

- <u>Commercial firms and large firms most active</u>. Commercial staffing firms reported more training options for temporary workers than professional staffing firms, and large staffing firms reported more training options than smaller firms.

- <u>Specific types of training offered</u>. Among commercial firms, the most common type of training offered, cited by 24 firms, was safety/OSHA (US Occupational Safety & Health Administration). The second most common type of training offered, cited by 17 firms, was IT/software training. Among professional staffing firms, the most common types of training offered were IT, cited by 30 firms, and medical skills, cited by 15 firms.

Types of training offered by staffing firms

- Respondents were asked "Does your firm offer any training to temporary workers? (Select all that apply.)" Answer response frequencies are given in the table at right. Percentages don't add to 100% as respondents could choose more than one option.

- Forty-three percent of respondents offered no training at all for temporary workers.

- Forty-percent offered free online training.

- Thirteen percent use paid vendors to actively train, test and/or certify workers; 12% use on-staff trainers.

- Thirteen percent of firms gave some workers a full day of organized paid training or more, and 5% gave workers a full week or more of organized paid training.

Types of training offered by staffing firms

	Percent
No, we don't offer any training options for temporary workers.	43%
We offer optional free online training resources.	40%
We pay vendors to actively train, test, and/or certify temporary workers.	13%
We have trainers on staff to actively train temporary workers.	12%
We give some temporary workers a full day or more of organized paid training.	13%
We give some temporary workers a full week or more of organized paid training.	5%
Other	5%
	N=401

Types of training offered by staffing firms, by staffing firm primary segment and revenue size

- Commercial staffing firms reported more training options for staffing firms than professional firms. In particular, commercial firms were more likely to offer free online training resources, more likely to have trainers on staff, and more likely to offer a full day of training or more.

- Training also varied notably by firm size, with large firms offering more options. This was particularly noticeable with respect to free online training resources. Among firms of $10 million in size or smaller, 32% offered free online training; among firms of $11 million to $100 million, 41% did so; and among firms of greater than $100 million, 59% did so. The difference likely reflects the advantages of scale, with fixed costs being spread more economically over larger numbers of workers.

Types of training offered by staffing firms, by staffing firm primary segment and revenue size

	No, we don't offer any training options for temporary workers.	We offer optional free online training resources.	We pay vendors to actively train, test, and/or certify temporary workers.	We have trainers on staff to actively train temporary workers.	We give some temporary workers a full day or more of organized paid training.	We give some temporary workers a full week or more of organized paid training.	Other	N
Commercial	29%	49%	14%	21%	17%	5%	8%	111
Professional	46%	40%	14%	8%	12%	5%	3%	241
<=$10m	52%	32%	11%	8%	7%	3%	6%	154
$11m-$100m	40%	41%	13%	14%	15%	4%	5%	149
>$100m	27%	59%	17%	11%	16%	10%	2%	63
All	43%	40%	13%	12%	13%	5%	5%	401

Specific skills trained, as a function of staffing firms primary segment

- Respondents were also asked "In what skills, if any, do you typically train temporary workers?"

- Among commercial firms, the most common type of training offered, cited by 24 firms, was safety/OSHA (US Occupational Safety & Health Administration). The second most common type of training offered, cited by 17 firms, was IT/software training.

- Commercial staffing firms also offered work/industry specific training (9 firms), training related to the use of forklifts (8 firms), office/administrative work (4 firms), and customer service (3 firms).

- Among professional staffing firms, the most common types of training offered were IT/software, cited by 30 firms, and medical skills, cited by 15 firms.

- Professional staffing firms also offered work/client specific training (8 firms), training related to safety (6 firms), human resources/compliance (4 firms), communications (3 firms), and office/accounting (3 firms).

Specific skills trained, as a function of staffing firms primary segment

Commercial Staffing Firms
Safety/OSHA (24)
Computers/software/MS Office (17)
Work/industry specific (9)
Forklift (8)
Office/administrative (4)
Customer service (3)
Professional Staffing Firms
Computers/software/MS Office/technology (30)
Medical skills (15)
Work/client specific (8)
Safety (6)
Human Resources/compliance (4)
Communications (3)
Office/accounting (3)

Section 2018-D. Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2018 Staffing Company Survey, for staffing firms primarily operating in North America.

- The survey was conducted in the summer of 2018 and reflects the opinions of 439 staffing firms. This sample is disproportionately composed of firms with greater than $10 million in revenue, so aggregate results reported are more reflective of these larger staffing firms. Where responses vary significantly by size, such differences will be noted in the analysis.

- Data includes: temporary worker benefits; staffing company participation in online staffing; web and app enabled technology; internal staff benefits; revenue breakdowns in terms of primary type of staffing offered, sources of business, VMS and MSP fees, direct hire segment and customer segment revenue breakdowns; ten year projections; and temporary worker training.

Survey questions and summary statistics

With respect to the business unit(s) of your company for which you are responsible, approximately what share of revenue is derived from each of the following regions?

	0%	10%-20%	30%-40%	50%-60%	70%-80%	90%-100%	Percent
US/Canada/Mexico				1%	3%	96%	100%
UK	96%	4%					100%
Europe excluding UK	97%	3%					100%
Australia/New Zealand	100%						100%
India	99%	1%					100%
China/Japan/Other Asia/Pacific	100%						100%
South America	99%	1%					100%
Africa/Middle East	100%						100%
							N = 439

What is your job title?

	Percent
Founder/CEO/Chairman/ Managing Director	41%
President/COO/General Manager	18%
VP/SVP/EVP, Sales	12%
VP/SVP/EVP, Finance/CFO	11%
Region/Division Head (VP/Pres)	4%
VP/SVP/EVP, HR/CHRO/People Officer	2%
Recruiter/Placement Specialist	2%
VP/SVP/EVP, Marketing/Chief Marketing Officer	2%
Branch Manager	1%
Other	6%
	N = 430

Survey questions and summary statistics

Approximately how much total revenue did your company generate in 2017?

Revenue in US Dollars	Percent	Revenue in US Dollars	Percent
$2 Million	14%	$175 Million	2%
$4 Million	9%	$200 Million	2%
$6 Million	6%	$250 Million	1%
$8 Million	6%	$300 Million	2%
$10 Million	6%	$350 Million	2%
$15 Million	7%	$400 Million	0%
$20 Million	6%	$450 Million	1%
$25 Million	10%	$500 Million	1%
$50 Million	8%	$600 Million	0%
$75 Million	6%	$700 Million	0%
$100 Million	4%	$800 Million	0%
$125 Million	2%	$900 Million	0%
$150 Million	2%	$1 Billion	3%
Median = $20 Million, N = 397			

Approximately what percent of your company's revenue is derived from...

	Temporary Staffing	Direct Hire	Statement of Work/ Solutions/ Non-Hourly Project Work	Other
0%	6%	25%	75%	92%
1%-5%	1%	27%	8%	3%
6%-10%	2%	14%	6%	1%
11%-15%	2%	7%	2%	0%
16%-20%	1%	7%	2%	1%
21%-25%	0%	3%	2%	0%
26%-30%	1%	2%	1%	0%
31%-35%	0%	2%	0%	0%
36%-40%	1%	3%	0%	0%
41%-45%	1%	0%	0%	0%
46%-50%	2%	1%	1%	0%
51%-55%	0%	0%	0%	0%
56%-60%	4%	0%	1%	0%
61%-65%	2%	0%	0%	0%
66%-70%	4%	0%	0%	0%
71%-75%	3%	0%	0%	0%
76%-80%	8%	1%	1%	1%
81%-85%	10%	1%	0%	0%
86%-90%	12%	1%	0%	0%
91%-95%	19%	1%	0%	0%
96%-100%	19%	3%	0%	0%
Median	90%	5%	0%	0%
N=436				

Survey questions and summary statistics

Approximately what percent of your company's revenue is derived from…

	Conducted through Vendor Management System (VMS)	Conducted through Managed Service Provider (MSP)	Generated from repeat business	Generated from your top client	Generated from your top 5 clients
0%	25%	33%	1%	2%	1%
1%-5%	13%	14%	0%	10%	1%
6%-10%	20%	17%	3%	26%	6%
11%-15%	2%	2%	0%	5%	4%
16%-20%	9%	8%	4%	18%	14%
21%-25%	3%	4%	3%	6%	5%
26%-30%	5%	3%	4%	10%	7%
31%-35%	2%	2%	1%	4%	6%
36%-40%	4%	3%	4%	5%	7%
41%-45%	1%	0%	2%	1%	3%
46%-50%	4%	5%	13%	3%	9%
51%-55%	0%	0%	2%	1%	2%
56%-60%	3%	1%	8%	4%	6%
61%-65%	0%	1%	3%	1%	2%
66%-70%	1%	2%	10%	3%	3%
71%-75%	2%	1%	10%	1%	3%
76%-80%	1%	1%	13%	2%	8%
81%-85%	1%	2%	6%	0%	4%
86%-90%	1%	1%	9%	0%	4%
91%-95%	1%	1%	4%	0%	2%
96%-100%	1%	0%	4%	0%	4%
Median	10%	6%	70%	20%	40%
N	369	332	392	368	390

Survey questions and summary statistics

Approximately what percent of your company's revenue is derived from…

	Small businesses (<100 employees)	Medium businesses (100-1000 employees)	Large businesses (>1000 employees)
0%	25%	8%	18%
1%-5%	7%	2%	2%
6%-10%	18%	10%	8%
11%-15%	2%	1%	2%
16%-20%	13%	16%	10%
21%-25%	6%	4%	5%
26%-30%	6%	9%	5%
31%-35%	2%	3%	2%
36%-40%	5%	8%	5%
41%-45%	0%	3%	1%
46%-50%	3%	14%	10%
51%-55%	1%	1%	1%
56%-60%	1%	6%	4%
61%-65%	0%	1%	1%
66%-70%	2%	6%	6%
71%-75%	1%	1%	2%
76%-80%	3%	2%	7%
81%-85%	0%	2%	1%
86%-90%	1%	1%	5%
91%-95%	1%	0%	1%
96%-100%	2%	3%	4%
Median	10%	30%	35%
			N=422

In the VMS and MSP programs you're involved with, what is the typical fee charged to staffing firms?

	Typical VMS Fee	Typical MSP Fee
No Fee	13%	14%
<1%	5%	1%
1.0%	5%	4%
1.5%	9%	9%
2.0%	10%	15%
2.5%	16%	10%
3.0%	20%	19%
3.5%	2%	6%
4.0%	8%	5%
4.5%	1%	2%
5.0%	7%	12%
>5%	2%	2%
Median	2.5%	2.5%
N	332	285

Survey questions and summary statistics

About what percent of your direct hire revenue is generated in each of the following skill segments?

	Clinical/ Scientific	Education	Engineering/ Design	Finance/ Accounting	Healthcare	Industrial/ Logistics	IT	Legal	Marketing/ Creative	Office/ Clerical	Other
0%	86%	97%	70%	61%	72%	75%	51%	93%	83%	63%	86%
1%-5%	4%	1%	5%	8%	4%	2%	4%	2%	6%	7%	1%
6%-10%	4%	0%	7%	10%	3%	5%	5%	2%	5%	6%	3%
11%-15%	0%	0%	2%	2%	1%	1%	1%	2%	1%	2%	1%
16%-20%	2%	0%	3%	5%	1%	3%	5%	1%	2%	2%	3%
21%-25%	2%	0%	2%	2%	1%	0%	3%	0%	1%	2%	0%
26%-30%	1%	0%	4%	2%	0%	2%	3%	0%	0%	3%	0%
31%-35%	1%	0%	1%	0%	0%	0%	0%	0%	0%	1%	1%
36%-40%	0%	0%	1%	2%	0%	1%	2%	0%	0%	3%	0%
41%-45%	0%	0%	0%	1%	0%	0%	1%	0%	0%	1%	0%
46%-50%	1%	0%	2%	2%	1%	2%	3%	0%	1%	3%	1%
51%-55%	0%	0%	0%	0%	0%	0%	1%	0%	0%	1%	0%
56%-60%	0%	0%	1%	1%	1%	1%	1%	0%	0%	1%	0%
61%-65%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
66%-70%	0%	0%	1%	0%	0%	0%	2%	0%	0%	1%	0%
71%-75%	0%	0%	0%	0%	0%	1%	1%	0%	0%	1%	0%
76%-80%	0%	1%	1%	1%	0%	1%	2%	0%	0%	1%	0%
81%-85%	1%	0%	0%	0%	0%	1%	1%	0%	0%	0%	0%
86%-90%	0%	0%	1%	0%	1%	1%	2%	0%	0%	2%	0%
91%-95%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%
96%-100%	1%	0%	1%	1%	14%	2%	12%	1%	1%	2%	2%
											N=326

Survey questions and summary statistics

Approximately what percent of your direct hire revenue is derived from sales to the following customer industries or sectors? [Continued on next page]

	Business/ Professional	Construction	Education	Energy & Mining	Entertainment	Finance/ Insurance	Government	Healthcare Services	Manufacturing
0%	53%	91%	93%	85%	95%	62%	92%	64%	61%
1%-5%	5%	3%	1%	3%	1%	5%	2%	3%	3%
6%-10%	10%	1%	3%	6%	2%	8%	4%	4%	7%
11%-15%	3%	1%	1%	1%	1%	2%	0%	2%	1%
16%-20%	6%	2%	0%	2%	0%	8%	1%	4%	7%
21%-25%	4%	1%	0%	0%	0%	3%	0%	0%	1%
26%-30%	3%	0%	0%	0%	0%	3%	0%	1%	3%
31%-35%	1%	0%	0%	0%	0%	1%	0%	1%	1%
36%-40%	3%	0%	0%	0%	0%	3%	0%	1%	2%
41%-45%	0%	0%	0%	0%	0%	0%	0%	0%	1%
46%-50%	3%	0%	0%	2%	0%	2%	0%	0%	3%
51%-55%	1%	0%	0%	0%	0%	0%	0%	0%	0%
56%-60%	1%	0%	0%	0%	0%	1%	0%	1%	2%
61%-65%	0%	0%	0%	0%	0%	0%	0%	0%	1%
66%-70%	1%	0%	0%	0%	0%	0%	0%	0%	2%
71%-75%	1%	0%	0%	0%	0%	0%	0%	0%	1%
76%-80%	2%	0%	0%	0%	0%	0%	0%	1%	1%
81%-85%	1%	0%	0%	0%	0%	0%	0%	0%	1%
86%-90%	0%	0%	0%	0%	0%	1%	0%	1%	1%
91%-95%	0%	0%	0%	0%	0%	0%	0%	0%	0%
96%-100%	2%	0%	1%	0%	0%	1%	0%	17%	2%
									N=300

Survey questions and summary statistics

Approximately what percent of your direct hire revenue is derived from sales to the following customer industries or sectors? [Continued from previous page]

	Marketing/ PR	Pharma/ Biotech	Restaurant/ Hospitality	Retail Trade	Technology/ Telecom	Transportation/ Warehousing	Utilities	Other
0%	89%	84%	94%	93%	64%	82%	95%	89%
1%-5%	5%	2%	2%	2%	3%	4%	1%	1%
6%-10%	2%	4%	2%	2%	7%	2%	3%	3%
11%-15%	1%	1%	0%	1%	3%	1%	0%	1%
16%-20%	1%	3%	0%	0%	6%	3%	0%	2%
21%-25%	1%	1%	0%	0%	3%	2%	0%	1%
26%-30%	0%	1%	1%	1%	2%	1%	0%	0%
31%-35%	0%	1%	0%	0%	0%	0%	0%	0%
36%-40%	0%	1%	0%	0%	2%	1%	0%	1%
41%-45%	0%	0%	0%	0%	0%	0%	0%	0%
46%-50%	0%	0%	0%	0%	4%	1%	0%	0%
51%-55%	0%	0%	0%	0%	0%	0%	0%	0%
56%-60%	0%	0%	0%	0%	1%	0%	0%	0%
61%-65%	0%	0%	0%	0%	0%	0%	0%	0%
66%-70%	0%	0%	0%	0%	1%	0%	0%	0%
71%-75%	0%	0%	0%	0%	0%	0%	0%	0%
76%-80%	0%	0%	0%	0%	1%	1%	0%	0%
81%-85%	0%	0%	0%	0%	0%	0%	0%	0%
86%-90%	0%	0%	0%	0%	0%	1%	0%	0%
91%-95%	0%	0%	0%	0%	0%	0%	0%	0%
96%-100%	0%	2%	0%	0%	3%	1%	0%	2%
								N=300

Survey questions and summary statistics

What do you think is the #1 biggest inhibitor preventing your business from growing faster TODAY, and what will it be 10 YEARS FROM NOW?

	Today	10 Years From Now
Decline in jobs due to automation	1%	21%
Decline in jobs due to offshoring	1%	3%
Economy	5%	11%
Legislation	3%	9%
Market competition	14%	14%
Shortage of quality internal staff	22%	10%
Talent scarcity	52%	28%
Weak technology	2%	5%
N	429	399

Given automation, talent shortages, and other trends -- how will your temporary staffing recruiters' productivity change over the next ten years?

Average number of job orders per recruiter filled in a week (i.e. candidates placed in a week)		
	Today	**10 Years From Now**
1	31%	9%
2	10%	14%
3	7%	7%
4	5%	7%
5	10%	8%
6	3%	5%
7	2%	1%
8	3%	3%
9	1%	1%
10	11%	13%
11-15	5%	9%
16-20	5%	10%
21-25	2%	1%
26-30	1%	3%
>30	4%	9%
Median	4	6
		N=318

Survey questions and summary statistics

Which of the following does your firm's current technology (website or app) enable TEMPORARY AND PERMANENT CANDIDATES to do mostly without the aid of a human?

	Percent
Submit resume document (pdf, Word, etc.)	92%
View available jobs	86%
Apply for available jobs	85%
View payroll information	64%
Record hours	61%
Create/update online profile	63%
Download tax documents	59%
Set up direct deposit	53%
View available benefits	48%
Take relevant assessment tests	44%
Select benefits/sign up for insurance	43%
Indicate availability for shifts	30%
Indicate desired job type and be automatically accepted for temp assignments	16%
Rate client	14%
Be pre-qualified and select and confirm specific assignments or shifts at will	15%
	N=378

Which of the following does your firm's current technology (website or app) enable STAFFING BUYERS to do mostly without the aid of a human?

	Percent
View billing information	56%
Create descriptions for available positions/request staff	51%
Automatically receive profiles of temporary workers recommended or shortlisted for specific open positions	31%
Rate temporary workers	30%
Search temporary worker profiles/resumes	27%
Video interview temporary workers	26%
Select temporary workers	24%
Assign temporary worker shifts	17%
Communicate directly with temporary workers via messaging system	17%
View work samples from temporary workers	14%
Have temporary workers auto-assigned to shifts or assignments	10%
	N=244

Survey questions and summary statistics

How is your firm responding to the opportunity/competitive threat represented by human cloud services (such as online staffing, freelancer management systems, etc.)?

	Percent
Aware of such services, but not interested in pursuing	48%
Considering building, acquiring, or partnering over next 2 years	30%
Currently own or have invested in such a service	9%
Currently partnering with such a service	5%
Not aware of such services	9%
	N=373

If your staffing firm has built, acquired, or invested in a human cloud company…

	25th Percentile	Median	75th Percentile	N
How much money did your staffing firm invest in the human cloud company?	$300,000	$500,000	$1 Million	26
What share does your staffing firm own of the human cloud company?	20%	100%	100%	24
What is the approximate revenue of the human cloud company?	<$1 Million	$2 Million	$7 Million	20

What does the human cloud company do?

	Percent
Online staffing -- business related	63%
Online staffing -- consumer related	17%
Freelancer management system	11%
Other	9%
	N=35

Survey questions and summary statistics

FOR US STAFFING FIRMS ONLY: With respect to healthcare insurance for temporary workers…

	Percent
We <u>do not offer</u> healthcare insurance to temporary workers.	15%
We offer to temporary workers <u>unsubsidized</u> healthcare insurance (entirely paid for by workers, no cost to company).	15%
We offer to temporary workers healthcare insurance <u>subsidized adequately</u> to meet ACA minimum (no penalty) standards.	41%
We offer to temporary workers healthcare insurance <u>subsidized more than adequately</u> to meet ACA minimum (no penalty) standards.	26%
We offer to temporary workers <u>fully-paid (entirely free)</u> healthcare insurance.	3%
	N=342

Which of the following benefits do you offer to your temporary workers?

	Percent
Dental insurance	82%
Vision insurance	75%
401-K (US Only)	71%
Life insurance	64%
Short- and long-term disability insurance	62%
Flexible spending accounts	33%
Tuition reimbursement	13%
	N=275

FOR US STAFFING FIRMS ONLY: If a temporary worker worked a full year on an assignment for your company, about how many paid days would they get for holidays and PTO?

Holidays		PTO	
Days	**Percent**	**Days**	**Percent**
0	48%	**0**	46%
1-5	17%	**1-5**	32%
6-10	32%	**6-10**	17%
11-15	3%	**11-15**	4%
16-20	1%	**16-20**	0%
	N=308		N=269

Survey questions and summary statistics

If your company closed or will close any acquisitions in 2017 or 2018, approximately what was the multiple of the <u>sale price relative to revenue</u>?

	Percent
<0.2x revenue	13%
0.2x	9%
0.4x	22%
0.6x	8%
0.8x	4%
1.0x	6%
1.2x	6%
1.4x	3%
2.0x	12%
2.2x	1%
2.4x	1%
2.8x	3%
3.0x	4%
>3.0x revenue	8%
	N=77

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. If your company closed or will close any acquisitions in 2017 or 2018, approximately what was the multiple of the <u>sale price relative to EBITDA</u>?

	Percent
<0.5x EBITDA	1%
0.5x	1%
1.0x	4%
1.5x	1%
2.0x	10%
2.5x	5%
3.0x	15%
3.5x	7%
4.0x	18%
4.5x	7%
5.0x	10%
5.5x	4%
6.0x	5%
7.0x	1%
8.0x	4%
>8.0x EBITDA	8%
	N=84

What was the approximate revenue of the firm(s) acquired?

($Millions)	Percent
<1	8%
1-5	29%
6-10	15%
11-15	9%
16-20	6%
21-25	9%
26-30	1%
31-35	4%
36-40	1%
41-45	3%
46-50	5%
>50	10%
	N=79

Survey questions and summary statistics

Does your firm offer any training to temporary workers?

	Percent
No, we don't offer any training options for temporary workers.	43%
We offer optional free online training resources.	40%
We pay vendors to actively train, test, and/or certify temporary workers.	13%
We have trainers on staff to actively train temporary workers.	12%
We give some temporary workers a full day or more of organized paid training.	13%
We give some temporary workers a full week or more of organized paid training.	5%
Other	5%
	N=401

Text-based questions:

- What current legislation or regulation is having the most negative affect on your business this year? What forthcoming legislation or regulation are you most concerned about?

- In what skills, if any, do you train temporary workers?

Section 2017-A: Staffing firm management rates of compensation

Key Findings:

- We asked respondents: "For you personally, what was your approximate total annual compensation in 2016? (Salary + bonus + other incentive compensation)."

- Median compensation for CEOs, President/COOs, CFOs, and Sales VP/SVP/EVPs was, respectively: $250,000, $200,000, $200,000, and $195,000.

- In general, executives are paid more at larger firms.

- Although the data presented is not strictly comparable between years (as different individuals completed the annual surveys), it appears that the four management titles all scored significant improvement in compensation over the period 2009-2017.

Founder/CEO/Chairman: Total compensation

- Respondents to our 2017 Staffing Firm Survey were asked to note their total annual compensation (including bonuses and other incentives). Respondents were also asked to choose from a list of job titles. Results for those who selected "Founder/CEO/Chairman" are shown here.

- The bottom quartile of respondents in this category earned $150,000 or less; the median respondent earned $250,000; and the top quartile of respondents earned $400,000 or more.

- Some of the variation in compensation can be explained by company size. CEOs from larger firms received much higher compensation than those from smaller firms. The median compensation for firms with $10 million or less in annual revenue was $200,000; the median for firms with $11 million to $100 million was $250,000; and the median for firms with revenue greater than $100 million was greater than $500,000.

Distribution of compensation: Founder/CEO/Chairman

	25th Percentile	Median	75th Percentile	N
Firms with revenue <=$10M	$120,000	$200,000	$375,000	77
Firms with revenue $11M-$100M	$170,000	$250,000	$425,000	60
Firms with revenue >$100M	$200,000	>$500,000	>$500,000	7
All firms	$150,000	$250,000	$400,000	150
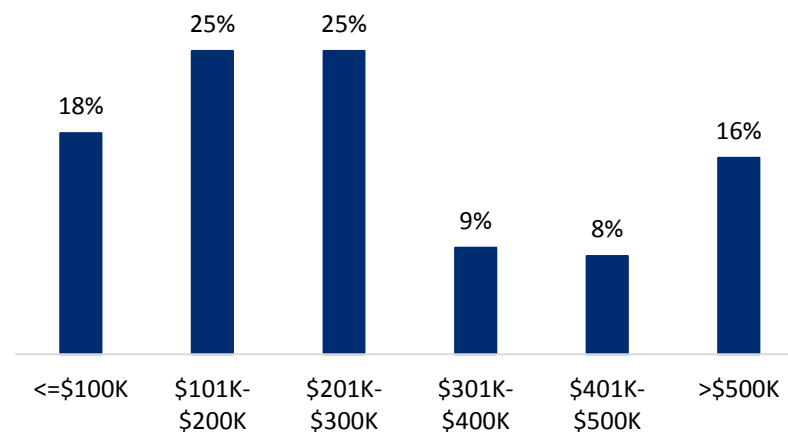
President/COO: Total compensation

- Results for those who selected "President/COO" as their job title are shown here.

- The bottom quartile of respondents in this category earned $140,000 or less; the median respondent earned $200,000; the top quartile of respondents earned $350,000 or more.

- Presidents from larger firms received higher compensation than those from smaller firms. The median compensation for firms with $10 million or less in annual revenue was $150,000; the median for firms with $11 million to $100 million was $250,000; and the median for firms with revenue greater than $100 million was $400,000.

Distribution of compensation: President/COO

	25th Percentile	Median	75th Percentile	N
Firms with revenue <=$10M	$90,000	$150,000	$200,000	29
Firms with revenue $11M-$100M	$200,000	$250,000	$400,000	37
Firms with revenue >$100M	$300,000	$400,000	$500,000	8
All firms	$140,000	$200,000	$350,000	78
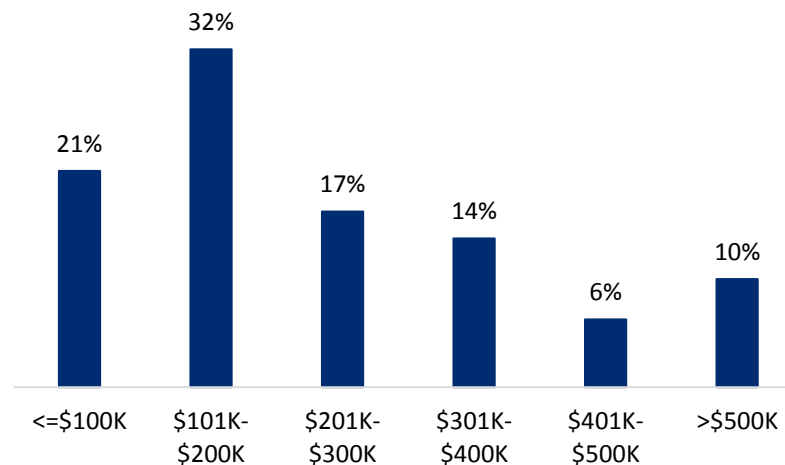
CFO/VP, Finance: Total compensation

- Results for those who selected "CFO/VP, Finance" as their job title are shown here.

- The bottom quartile of respondents in this category earned $140,000 or less; the median respondent earned $200,000; and the top quartile of respondents earned $250,000 or more.

- CFOs from larger firms received higher compensation than those from smaller firms. The median compensation for firms with $10 million or less in annual revenue was $80,000; the median for firms with $11 million to $100 million was $170,000; and the median for firms with revenue greater than $100 million was $275,000.

Distribution of compensation: CFO/VP, Finance*

	25th Percentile	Median	75th Percentile	N
Firms with revenue <=$10M	NA	NA	NA	5
Firms with revenue $11M-$100M	$140,000	$170,000	$200,000	23
Firms with revenue >$100M	$200,000	$275,000	$300,000	16
All firms	$140,000	$200,000	$250,000	44

*Data insufficient to report for firms of $10M or less.
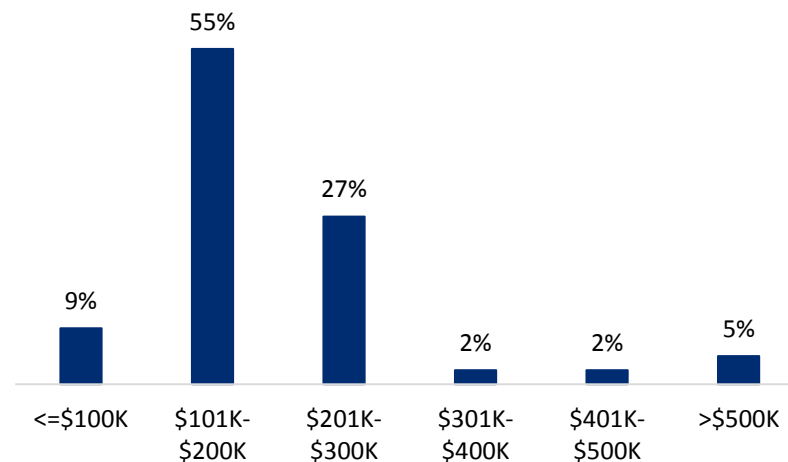
VP/SVP/EVP, Sales: Total compensation

- Results for those who selected "VP/SVP/EVP, Sales" as their job title are shown here.

- The bottom quartile of respondents in this category earned $125,000 or less; the median respondent earned $195,000; and the top quartile of respondents earned $225,000 or more.

- Sales VPs from larger firms received higher compensation than those from smaller firms. The median compensation for firms with $10 million or less in annual revenue was $115,000; the median for firms with $11 million to $100 million was $200,000; and the median for firms with revenue greater than $100 million was $225,000.

Distribution of compensation: VP/SVP/EVP, Sales

	25th Percentile	Median	75th Percentile	N
Firms with revenue <=$10M	$85,000	$115,000	$180,000	14
Firms with revenue $11M-$100M	$175,000	$200,000	$250,000	19
Firms with revenue >$100M	$225,000	$225,000	$250,000	9
All firms	$125,000	$195,000	$225,000	42
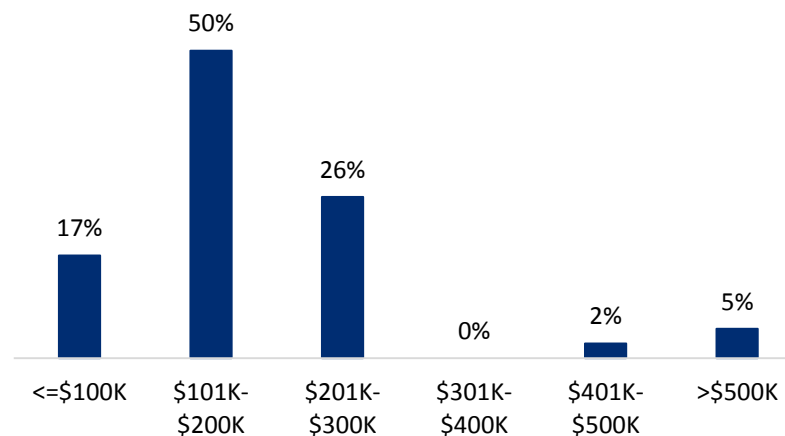
Compensation across occupations

- Compensation varied widely for each of the four occupations in the table on the right. The 75th percentile was more than twice as much as the 25th percentile for Founder/CEOs (2.7x) and President/COOs (2.5x), and just under twice as much (1.8x) for CFOs and Sales VPs.

Distribution of compensation: Across executive occupations

	25th	Median	75th	N
Founder/CEO/Chairman/ Managing Director	$150,000	$250,000	$400,000	150
President/COO/General Manager	$140,000	$200,000	$350,000	78
VP/SVP/EVP, Finance/ CFO	$140,000	$200,000	$250,000	44
VP/SVP/EVP, Sales	$125,000	$195,000	$225,000	42

Executive compensation 2009-2017

- The table below shows 2009, 2010, 2011, 2014, and 2017 median executive compensation.

- Although the data presented is not strictly comparable (as different individuals completed the surveys), it appears that the four management titles all scored significant improvement in compensation over the period 2009-2017.

Comparing executive compensation: 2009-2017

	2009		2010		2011		2014		2017	
	Median	N	Median	N	Median	N	Median	N	Median	N
Founder/CEO/Chairman/ Managing Director	$152,500	168	$177,500	131	$172,500	188	$212,500	125	$250,000	150
President/COO/General Manager	$147,500	107	$157,500	78	$177,500	145	$185,000	70	$200,000	78
VP/SVP/EVP, Finance/ CFO	$125,000	24	$185,000	24	$182,500	39	$177,500	29	$200,000	44
VP/SVP/EVP, Sales	$152,500	56	$162,500	60	$162,500	49	$160,000	32	$195,000	42

Section 2017-B: Benefits offered to internal staff

Key Findings:

- Staffing firm executives were asked about propensity to offer various benefits to internal staff, including healthcare insurance, time off, 401-Ks and other perks.

- Healthcare Benefits. Only 9% of staffing firms offered their internal staff no healthcare insurance at all; another 4% offered unsubsidized healthcare insurance (entirely paid for by staff, with no cost to the company). Fourteen percent offered healthcare insurance subsidized adequately to meet ACA minimum (no penalty) standards, and 62% offered healthcare insurance more than adequately subsidized to meet those standards. The remaining 11% of staffing firms offered fully-paid (entirely free) healthcare insurance.

- Holidays and PTO. The median number of holidays offered to internal staff was 8 and the median number of PTO days offered was 15.

- 401-Ks. Thirty-two percent of staffing firms said they did not offer a 401-K for internal staff; 23% offered 401-Ks but with employee contributions only (no employer matching); and 45% offered 401-Ks with employer matching.

- Other benefits. Ninety-four percent of staffing firms offered dental insurance; 85% offered vision insurance; 80% offered life insurance; and 76% offered short- and long-term disability insurance. About half of staffing firms (51%) offered flexible spending accounts, and about a third (32%) offered tuition reimbursement.

- Variations in benefit offerings by type of firm. In general, benefit offerings at smaller staffing firms were somewhat less generous than those at larger staffing firms.

- What staff appreciate the most. The benefits most appreciated by internal staff were: generous time off, work/life balance, generous healthcare benefits, charity-related time off, and financial benefits.

Healthcare insurance offered by staffing firms to internal staff

- Staffing firms were asked whether they offered health insurance benefits to internal staff; answer options were as listed in the table at right.

- Only 9% of staffing firms offered no healthcare insurance at all to their internal staff; another 4% offered unsubsidized healthcare insurance (entirely paid for by staff, with no cost to the company).

- Fourteen percent offered healthcare insurance subsidized adequately to meet ACA minimum (no penalty) standards, and 62% offered healthcare insurance more than adequately subsidized to meet those standards. The remaining 11% of staffing firms offered fully-paid (entirely free) healthcare insurance.

- As can be seen in the table below, in general smaller firms were slightly less generous in their healthcare benefit offerings, being more likely to offer no such insurance at all and, if offering it, less likely to offer insurance that exceeds ACA minimum standards.

With respect to healthcare insurance for internal staff…

	Percent
We do not offer healthcare insurance to internal staff.	9%
We offer to internal staff unsubsidized healthcare insurance (entirely paid for by staff, no cost to company).	4%
We offer to internal staff healthcare insurance subsidized adequately to meet ACA minimum (no penalty) standards.	14%
We offer to internal staff healthcare insurance subsidized more than adequately to meet ACA minimum (no penalty) standards.	62%
We offer to staff fully-paid (entirely free) healthcare insurance.	11%
	N=417

Healthcare insurance offered, as a function of type of staffing firm

	No Healthcare Insurance Offered	Unsubsidized Healthcare Insurance, Entirely Paid by Staff	Healthcare Insurance Satisfies ACA Minimum Standards	Healthcare Insurance More Than Satisfies ACA Minimum Standards	Healthcare Insurance Fully Paid (Entirely Free)	N
Commercial	8%	3%	14%	64%	11%	131
Professional	4%	3%	13%	67%	12%	223
<=$10m	14%	5%	20%	48%	13%	161
$11m-$100m	2%	2%	10%	75%	10%	173
>$100m	2%	0%	14%	78%	7%	59
All	9%	4%	14%	62%	11%	417

Volume of holidays and PTO offered by staffing firms to internal staff

- Staffing firms were asked "On average, about how many days per year do your internal staff get for...

  - Days Off - Holidays
  - Days Off - Total Paid Days Off (PTO | Vacation | Sick Days)

- The distribution of responses can be seen in the upper right table. The median number of holidays offered was 8 and the median number of PTO days offered was 15.

- As can be seen in the lower right table, the median number of holiday and PTO days offered did not vary materially by primary segment offering or size of staffing firms.

On average, about how many days per year do your internal staff get for holidays and PTO

Holidays		PTO	
Days	**Percent**	**Days**	**Percent**
0-5	8%	**0-5**	6%
6-10	74%	**6-10**	22%
11-15	15%	**11-15**	38%
16-20	1%	**16-20**	24%
>20	1%	**21-25**	7%
		26-30	2%
		>30	1%
			N=415

Median holiday and PTO days offered, as a function of type of staffing firm

	Median Number of Holidays Offered	Median Number of PTO Days Offered	N
Commercial	7	15	132
Professional	8	15	230
<=$10m	8	14	163
$11m-$100m	8	15	178
>$100m	8	15	63
All	8	15	415

Propensity of staffing firms to offer 401-Ks to internal staff

- Staffing firms were asked whether they offered 401-K retirement accounts for internal staff and, if so, whether they also matched 401-K contributions.

- Thirty-two percent of staffing firms said they did not offer a 401-K for internal staff; 23% offered 401-Ks but with employee contributions only (no employer matching); and 45% offered 401-Ks with employer matching.

- As can be seen in the table below, in general smaller firms were somewhat less generous with regard to their 401-K offerings. In particular, smaller firms were less likely to offer a 401-K, and if they did offer a 401-K, they were also less likely to provide employer matching.

With respect to 401-Ks for internal staff...

	Percent
We don't offer a 401-K for internal staff.	32%
We offer a 401-K with employee contributions only (no employer matching).	23%
We offer a 401-K with employer matching.	45%
N=410	

401-K offerings, as a function of type of staffing firm

	We don't offer a 401-K for internal staff.	We offer a 401-K with employee contributions only (no employer matching).	We offer a 401-K with employer matching.	N
Commercial	43%	12%	46%	129
Professional	21%	32%	46%	219
<=$10m	50%	17%	33%	156
$11m-$100m	19%	29%	52%	170
>$100m	3%	25%	71%	59
All	32%	23%	45%	410

Propensity of staffing firms to offer other benefits to internal staff

- Staffing firms were asked whether they offered a number of common benefits, as listed in the table at right.

- Ninety-four percent of staffing firms offered dental insurance; 85% offered vision insurance; 80% offered life insurance; and 76% offered short- and long-term disability insurance.

- About half of staffing firms (51%) offered flexible spending accounts, and about a third (32%) offered tuition reimbursement.

- As can be seen in the table below, in general smaller firms were somewhat less generous in their benefit offerings. For instance, only 32% of staffing firms of $10M or less in revenue offered flexible spending accounts, versus 56% among staffing firms $11M to $100M in size, and 79% among staffing firms of greater than $100M.

Which of the following benefits do you offer to your internal staff?

	Percent
Dental insurance	94%
Vision insurance	85%
Life insurance	80%
Short- and long-term disability insurance	76%
Flexible spending accounts	51%
Tuition reimbursement	32%
	N=376

Selected benefits as a function of type of staffing firm

	Dental Insurance	Vision Insurance	Life Insurance	Short- & Long-Term Disability Insurance	Flexible Spending Accounts	Tuition Reimbursement	N
Commercial	96%	89%	84%	74%	49%	34%	110
Professional	96%	85%	80%	80%	51%	33%	223
<=$10m	87%	72%	60%	59%	32%	22%	131
$11m-$100m	99%	94%	89%	81%	56%	33%	172
>$100m	98%	95%	98%	97%	79%	52%	63
All	94%	85%	80%	76%	51%	32%	376

Benefits most appreciated by internal staff

- Staffing executives were asked: "What about your benefits package for internal staff do they most appreciate? Do you offer any unique benefits?" This was an open-ended text question. Comments are summarized below and on the next page.

- In general, the benefits most appreciated by internal staff were: generous time off, work/life balance, generous healthcare benefits, charity-related time off, and financial benefits.

Generous time off policies

- "No set number of sick or personal days. If you need personal time, take it as long as your work is covered."

- "We don't track PTO. We trust our team."

- "Unlimited time off."

- "Fridays off based on hitting performance goals (potential to get 2 Fridays off per month)."

- "Summer Fridays (6 during summer, work Fridays 9-1PM)."

- "Can earn up to 33 PTO days per year."

- "Extra PTO for birthday/work anniversary."

- "Birthday off, closed at Christmas for the week."

- "Two floater days per year."

- "Floating holidays for top performing teams."

- "Paid sabbatical after 5 years."

- "Local holidays: Mardi Gras, Texas Independence Day."

Work/life balance & work from home

- "Four weeks PTO combined with work from home privileges and flexible start/end times to accommodate personal appointments and work/life balance."

- "Flex work hours, remote work and also the ability to take time off as and when they want."

- "Flex time. We do not use time cards or require people (officially) to work certain hours. We are open to have internal employees work from home when needed for personal reasons."

- "Ability to work from home/remotely. Flexible hours for work -- we expect our people to work hard, but we don't have set office hours."

- "100% virtual work environment. Unlimited vacation."

- "Flexibility - everyone works from home."

- "Flexible schedule and ability to take personal time whenever needed."

- "Very flexible with last minute time off. Let them bring children to work if in a bind."

- "Flexible with time. In childcare/family emergencies, people generally come and go as required, can work from home, etc. within reason."

Benefits most appreciated by internal staff (continued)

Healthcare & wellness benefits

- "Full coverage for health insurance (individual)."

- "Company paid medical, vision and dental."

- "Best available medical insurance."

- "Company pays 85% of premium. Wellness benefit of $1,000/year."

- "Wellness reimbursement."

- "Compass, a healthcare concierge type service."

- "We offer a wellness program through Vitality. Team really enjoys the competition and camaraderie of the program."

- "Gym reimbursement."

- "Teledoc."

- "HSA employer contribution."

Charity-related contributions/time off

- "Workplace giving (8 hours/quarter for philanthropic community work)."

- "We pay them for volunteer time."

- "We allow people a number of hours to volunteer for their charity of choice."

Financial perks: 401(k), profit-sharing, insurance

- "401(k) matching and profit share."

- "Very generous 401(k) match."

- "STD/LTD and AD&D/Life (up to $500,000) paid for 100%. Full open architecture 401(k) plan."

- "Safe Harbor 401K, $100,000 guaranteed life and a $100,000 long term care life plan."

- "Most unique benefit is our ESOP."

Other perks

- "Microsoft Office licensing for personal devices."

- "Car + Insurance."

- "Leadership training."

- "Financial support for education."

- "Sams/Costco membership, AAA membership."

- "Reimbursement for trains. Mileage reimbursement."

- "Casual dress code."

- "Pet friendly office."

- "Free food/cafeteria, concierge services, massage therapists access."

- "Discounts on cell phone service/part reimbursement."

Section 2017-C: Which types of training for staff have the highest return?

Key Findings:

- Respondents to our 2017 Staffing Firm Survey were asked:

  - "Of the training you have offered internal staff, which type would you say had the highest bang-to-buck return on spend/effort? (Pick up to three.)"

Most highly-valued types of training

- The two types of training most commonly perceived as highest-return were both related to the central functions of staffing: "sourcing and/or recruiting tactics"(63%) and "sales/marketing tactics" (54%).

- The next tier of popularity was a near tie between four other types of training: "operational processes of our firm" (37%), "management/leadership" (36%), "social media" (35%), and "our firm's front office and/or back office software" (33%).

How value of training types vary by staffing firm demographics

- With respect to staffing firm primary segment, sourcing and/or recruiting tactics and management/leadership training were more valued by professional staffing firms than commercial. Legal/regulatory and software training was more highly valued by commercial staffing firms.

- With respect to staffing firm size, training in sales/marketing tactics, management/leadership and front office/back office software were all more frequently cited as high return among larger firms than smaller firms.

- With respect to staffing firm age, sales/marketing tactics were more commonly rated high return by younger firms than older firms. The enthusiasm for sales/marketing tactics training is particularly notable among staffing firms of four years old or younger. In two other cases -- operational processes and front office and/or back office software -- training was more commonly rated high return by older firms than younger firms.

Types of internal staff training ranked by perceived return on spend/effort

- The chart at right ranks common types of internal staff training by perceived return on spend/effort. (Percentages do not add to 100%, as respondents could pick up to three options.)

- The two types of training most commonly perceived as highest-return were both related to the central functions of staffing: "sourcing and/or recruiting tactics"(63%) and "sales/marketing tactics" (54%).

- The next tier of popularity was a near tie between four other types of training: "operational processes of our firm" (37%), "management/leadership" (36%), "social media" (35%), and "our firm's front office and/or back office software" (33%).

- The three remaining options scored well below those six previously mentioned. Only 13% of respondents said "legal and regulatory aspects of contingent work" earned a high return; nine percent selected "occupations and/or markets our firms serves;" and 5% selected "contingent buyer processes and methods."

- Among the 4% who said "other" was highest return, the two dominant themes in the details they specified were technology and culture.

Of the training you have offered internal staff, which type would you say had the highest bang-to-buck return on spend/effort? (Pick up to three.) [N=419]

Type	Percentage
Sourcing and/or recruiting tactics	63%
Sales/marketing tactics	54%
Operational processes of our firm	37%
Management/leadership	36%
Social media (LinkedIn, Facebook, etc.)	35%
Our firm's front office and/or back office software	33%
Legal and regulatory aspects of contingent work	13%
Occupations and/or markets our firm serves	9%
Contingent buyer processes and methods	5%
Other	4%

How perceived value of training varies by staffing firm type

- The types of training most commonly considered high return varied in some cases by primary segment and by firm size.

- In several cases, these differences were statistically significant (using a Chi-square test):

  - With respect to <u>staffing firm primary segment</u>, sourcing and/or recruiting tactics and management/leadership training were more valued by professional staffing firms than commercial. Legal/regulatory and software training was more highly valued by commercial staffing firms.

  - With respect to <u>staffing firm size</u>, training in sales/marketing tactics, management/leadership and front office/back office software were all more frequently cited as high return among larger firms than smaller firms.

Percent of respondents selecting given types of training as high return, as a function of staffing firm type

	Sourcing and/or recruiting tactics	Sales/ marketing tactics	Operational processes of our firm	Management/ leadership	Social media (LinkedIn, Facebook, etc.)	Our firm's front office and/or back office software	Legal and regulatory aspects of contingent work	Occupations and/or markets our firm serves	Contingent buyer processes and methods	N
Commercial	50%	54%	41%	27%	31%	46%	23%	6%	3%	131
Professional	68%	56%	38%	40%	33%	31%	7%	10%	6%	227
<=$10m	70%	51%	36%	29%	40%	27%	11%	8%	4%	160
$11m-$100m	62%	50%	37%	38%	30%	37%	13%	9%	5%	175
>$100m	53%	74%	42%	52%	31%	44%	15%	8%	8%	62
All	63%	54%	37%	36%	35%	33%	13%	9%	5%	419

How perceived value of training varies by age of staffing firm

- In three cases, the value of training varied to a statistically significant degree (using a linear regression) as a function of staffing firm age:

  - Sales/marketing tactics were more commonly rated high return by younger firms than older firms. The enthusiasm for sales/marketing tactics training is particularly notable among staffing firms of four years old or younger.

  - In two other cases -- operational processes and front office and/or back office software -- training was more commonly rated high return by older firms than younger firms.

Percent of staffing firms that consider selected types of training as high return, as a function of firm age [N=419]

Sales/marketing tactics

Operational processes of our firm

Our firm's front office and/or back office software
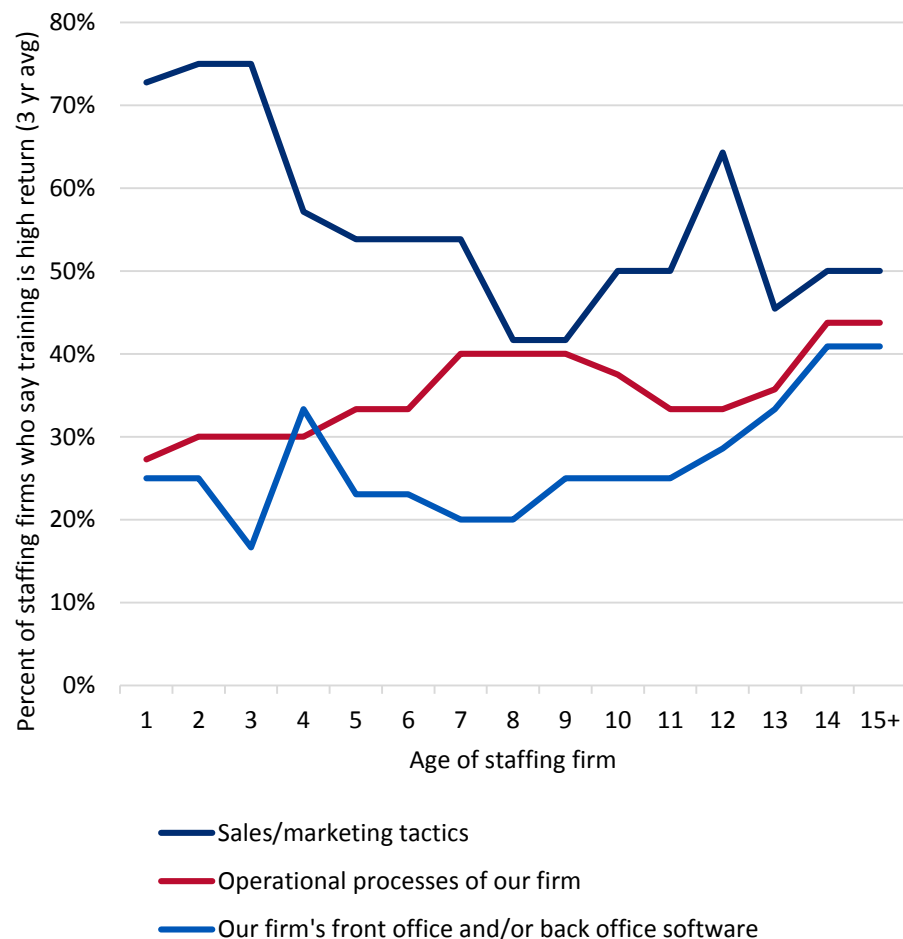
Section 2017-D: Trend analysis of new firms entering the staffing industry

Key Findings:

- Respondents to our 2017 Staffing Firm Survey were asked:

  o Please provide the following as best you can recall: the year in which your company was founded.

- From 2001 through 2016, the share of new staffing firms founded in any given year ranged from 1%-5% per year of the total.

- There are two apparent cycles in this trend data, 2001-2008 and 2009-2016, with firms entering the industry at a relatively high rate immediately following or near the end of the two US recessions (2001, and 2007-2009) and gradually decelerating in rate of entry thereafter.

- New firms were also examined with respect to choice of primary segment. Direct hire is particularly noteworthy for increase in share, rising from 4% of new firms before 2009, to 17% thereafter. At the other end of the spectrum the share of new firms choosing as primary segment IT temp and engineering temp both decelerated over the three periods examined ("before 2001," "2001-2008," and "2009-2016").

Rate of new firm entry into the staffing industry

- From 2001 through 2016, the share of staffing firms founded in any given year ranged from 1%-5% per year. There are two apparent cycles in this trend data, 2001-2008 and 2009-2016, with firms entering the industry at a relatively high rate immediately following or near the end of the two US recessions (2001, and 2007-2009) and gradually decelerating in rate of entry thereafter.

- From 2001 to 2008, the share of new firms entering the industry declined from a high of 3.9%/5.1% in 2001/2002 to 2.8%/1.2% in 2007/2008.

- In 2009, the share of new firms entering the industry spiked from the 2008 low, and decelerated thereafter, though more gradually, from a high of 3.9%/3.0% in 2009/2010 to 2.1%/3.0% in 2015/2016.

- The remaining fifty-three percent of staffing firms surveyed were founded before 2001.

When was your company founded? [N=205]
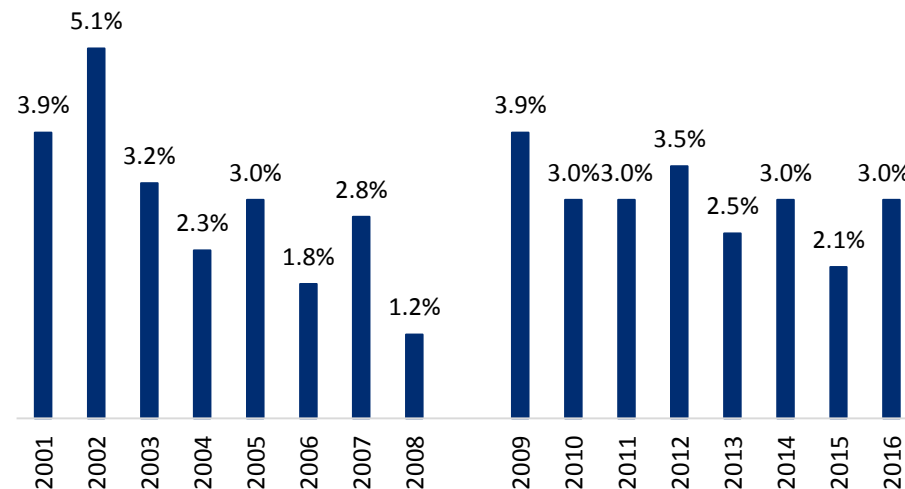
When was your company founded? [N=433]
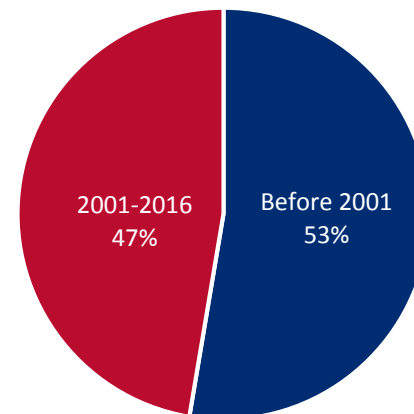
Trends in selection of primary segment by new firms entering staffing industry

- The table below shows the percent of new staffing firms entering the industry in selected primary segments, as a function of the year in which they were founded. Segments listed to the left side of the table were ones in which share increased over time (as determined by regression over the three periods), and segments listed to the right side were ones in which share decreased over time.

- Direct hire is particularly noteworthy for increase in share, rising from 4% of new firms before 2009, to 17% thereafter.

- At the other end of the spectrum -- over the three periods before 2001, 2001-2008, and 2009-2016 -- share of industrial temp firms declined from 29% before 2001, to 11% in 2001-2008 and 16% in 2009-2016; share of IT temp firms declined from 27% before 2001, to 22% in 2001-2008 and 18% in 2009-2016; and share of engineering firms declined from 6% before 2001, to 3% in 2001-2008 and 0% in 2009-2016.

Percent of new staffing firms entering selected primary segments as a function of year founded [N=431]

	Direct Hire	Other-NonTemp	Healthcare Temp	Retained Search	Clinical/Scientific Temp	RPO	HR Consulting	Other Temp Help	Mktg/Creative Temp	Education Temp	Finance/Acc Temp	Legal Temp	Office/Clerical Temp	Engineering/Design Temp	IT Temp	Industrial Temp	N
Before 2001	4%	3%	11%	0%	1%	1%	0%	2%	1%	0%	2%	1%	11%	6%	27%	29%	228
2001-2008	4%	3%	35%	1%	2%	1%	0%	3%	4%	1%	3%	1%	6%	3%	22%	11%	100
2009-2016	17%	7%	15%	3%	4%	4%	2%	3%	2%	1%	2%	0%	8%	0%	18%	16%	103

Segments **increasing** in share of new firms over time

Segments **decreasing** in share of new firms over time
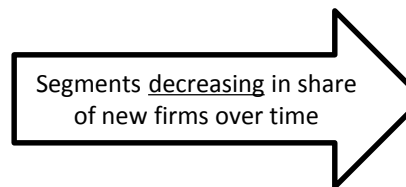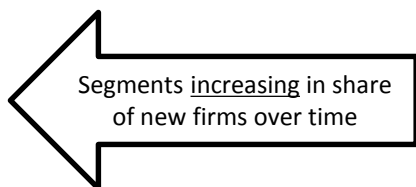
Section 2017-E: How long does it take staffing firms to get big and profitable?

Key Findings:

- Respondents to our 2017 Staffing Firm Survey were asked:
    - Please provide the following years as best you can recall.
        - The year in which your company was founded.
        - The first year in which your company experienced a bottom line net profit.
- Staffing firm age was calculated by subtracting the year in which the company was founded from 2017.
- Strong growth is typical for staffing firms in the early years. In their first two years after founding, ninety-four percent of staffing firms are in the <$2M or smallest size category, but that share drops by about half in the next two years and by half again in the two years following, as firms rapidly move into larger size categories.
- Staffing firms also rapidly achieve profitability. Of those founded in the years 2001-2016, thirty-nine percent of firms reported they were profitable within their first year of operation. Within two years 72% had become profitable and none took longer than eight years to achieve profitability. (This excludes, of course, firms that may have entered the industry and dropped out and therefore did not participate in the survey.)

How long does it take to get big?

- The table below depicts staffing firm size as a function of number of years in operation. For example, among staffing firms that were in their first two years of operation, 94% were $2M in revenue or smaller, 6% were in the $4M-$6M size range, and none were larger than $6M in size.

- Strong growth is typical for staffing firms in the early years. Ninety-four percent of staffing firms are in the <$2M or smallest size category in their first two years, but that drops by about half in the next two years and by half again in the two years following, as firms rapidly move into larger size categories.

- Note, however, that data here is limited. In any individual two-year category of operation, the typical number of firms reporting was only about 20. Nonetheless, the expected overall directional pattern is evident.

- The same analysis was performed in the 2010 SIA survey, with comparable results.

Distribution of staffing firms by size and number of years in operation [N=412]

Size	Number of years in operation								Total	N
	<=$2M	$4M-$6M	$8M-$10M	$15M-$25M	$50M-$100M	$125M-$250M	$300M-$500M	>$500M		
Years 1-2	94%	6%	0%	0%	0%	0%	0%	0%	100%	16
Years 3-4	52%	24%	5%	14%	5%	0%	0%	0%	100%	21
Years 5-6	22%	26%	19%	26%	4%	0%	4%	0%	100%	27
Years 7-8	28%	21%	7%	28%	10%	7%	0%	0%	100%	29
Years 9-10	18%	35%	6%	29%	6%	6%	0%	0%	100%	17
Years 11-12	10%	10%	30%	10%	40%	0%	0%	0%	100%	20
Years 13-14	8%	21%	13%	21%	29%	8%	0%	0%	100%	24
Years 15-16	5%	21%	13%	24%	13%	16%	5%	3%	100%	38
Years >16	8%	10%	8%	28%	25%	10%	6%	5%	100%	220

How long does it take to get profitable?

- The chart at right shows the cumulative distribution of staffing firms founded in the years 2001-2016 in terms of the number of years it took to experience initial profitability. (This excludes, of course, firms that may have entered the industry and dropped out and therefore did not participate in the survey.)

- Thirty-nine percent of firms reported they were profitable within their first year of operation. Within two years 72% had become profitable, and none took longer than eight years to achieve profitability.

- The same analysis was performed in the 2010 SIA survey, with comparable results.

Percent of new firms profitable, as a function of number of years in operation [N=180]

Years to Profitability
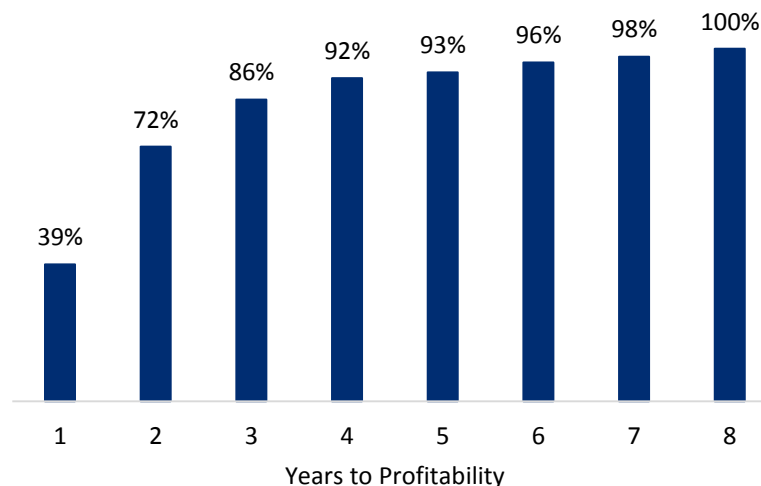
Section 2017-F: What's different about consistently profitable staffing firms?

Key Findings:

- In five separate surveys -- taken in 2010, 2011, 2012, 2014, and 2017 -- staffing firms were asked for the year in which they were founded, the last year in which their revenue declined, and the last year in which they experienced a bottom line net loss. We combined this data with other survey questions to gather insights with regards to drivers of profitability.

- In general, staffing firms have had more success in maintaining profitability than revenue growth, likely reflecting business structures designed for rapid ramping up and down in this highly cyclical sector. Only half of staffing firms have been both consistently profitable and consistently growing over the last five years; only 17% maintained both consistent growth and consistent profitability for ten years or more.

Characteristics associated with profitability

- Consistency of staffing firm profitability increases by firm size, up to the range of $50 to $100 million, and then flattens out or diminishes thereafter. This result was apparent across four separate surveys.

- In the latest survey, high-level management priorities were tested for correlation with profitability, but in general, relationships observed were unimpressive. However, in several previous surveys where more specific management priorities were cited, those related to development and care of internal staff were most associated with consistency of profitability.

Characteristics not associated with profitability

- It would seem likely that diversifying by skill segment or market sector served would diversify risk and therefore increase stability of profitability, but survey results do not support this conclusion.

- Likewise, it might be thought that avoiding low-margin business such as VMS would improve stability of profits, but if anything data suggested the opposite.

Trends in staffing firm profitability and revenue growth

- In the table at right, we show the percent of "established staffing firms" (which we define to be those at least 10 years old) that reported consistent revenue growth, consistent profitability, and *both* consistent revenue growth and profitability over the last 10 years.

- Staffing firms have had more success in maintaining profitability than revenue growth, likely reflecting business structures designed for rapid ramping up and down in this highly cyclical sector.

- Only half of staffing firms have been both consistently profitable and consistently growing over the last five years; only 17% maintained consistent growth and consistent profitability for ten years or more.

How long has your staffing firm been continuously growing and continuously profitable? [N=279]

At least...	Consistent Growth	Consistent Profitability	Both
1 year	77%	94%	75%
2 years	67%	88%	65%
3 years	59%	86%	57%
4 years	56%	83%	54%
5 years	51%	80%	48%
6 years	49%	79%	46%
7 years	47%	75%	43%
8 years	31%	65%	27%
9 years	22%	60%	19%
10+ years	19%	59%	17%

Consistency of profitability across segments, over four surveys

- The table at right shows average number of years of continuous profitability (for staffing firms at least ten years old), as a function of primary segment, for surveys taken in 2011, 2012, 2014, and 2017.

- The overall moderation of profitability differences by segment can be seen in the steady decline in standard deviation of this measure across the five segments, from 1.1 in 2011, to 1.0 in 2012, 0.9 in 2014, and 0.6 in 2017.

- For instance, in the 2011 survey, consistency of profitability varied materially, from an average of 2.5 years for staffing firms primarily selling office clerical to 5.2 years for staffing firms primarily selling industrial/logistics skills. By contrast, consistency of profitability varied little in the 2017 survey, from an average of 7.1 years for staffing firms primarily selling engineering/design to 8.6 for staffing firms primarily selling IT temp.

- The changes in standard deviation likely reflect degree of proximity to the 2007-2009 recession, which affected the segments differently, as well as secular trends within each segment.

Average number of years of continuous profitability, by primary temp segment offered

	2011 Survey	2012 Survey	2014 Survey	2017 Survey
IT Temp	4.6	5.5	7.7	8.6
Industrial/Logistics Temp	5.2	5.0	7.1	8.4
Engineering/Design Temp	4.5	5.6	5.9	7.1
Healthcare Temp	3.3	4.5	6.5	7.7
Office/Clerical Temp	2.5	3.2	5.5	8.0
Standard Deviation	1.1	1.0	0.9	0.6
N	191	--	209	235

Consistency of profitability increases with firm size, but only up to a point

- The table at right shows average number of years of continuous profitability (for staffing firms at least ten years old), as a function of staffing firm size, for surveys taken in 2011, 2012, 2014, and 2017.

- In the lower right graph, data from the table is plotted to show visually how consistency of profitability has varied with firm size for the four surveys.

- A similar relationship between size and profitability emerged this year as in previous years, that is, consistency of profitability increases up to about to the $50 to $100 million range, and then flattens out or diminishes thereafter.

- It might be noted that the average number of years profitable increases over time across the four surveys. This reflects the changing degree of proximity to the 2007-2009 recession.

Average number of years of continuous profitability, as a function of firm size

	2011 Survey	2012 Survey	2014 Survey	2017 Survey	4 Survey Median
<$10M	3.0	4.1	5.3	7.0	4.7
$10M-$24M	4.0	5.0	6.8	7.4	5.9
$25M-$49M	5.1	6.2	7.1	8.8	6.6
$50M-$99M	7.0	6.7	8.0	8.9	7.5
$100M-$249M	5.9	6.2	7.9	8.9	7.1
$250M+	6.2	4.5	7.4	8.6	6.8
All Firms	4.6	4.9	6.6	8.1	5.7
N	239	--	207	278	
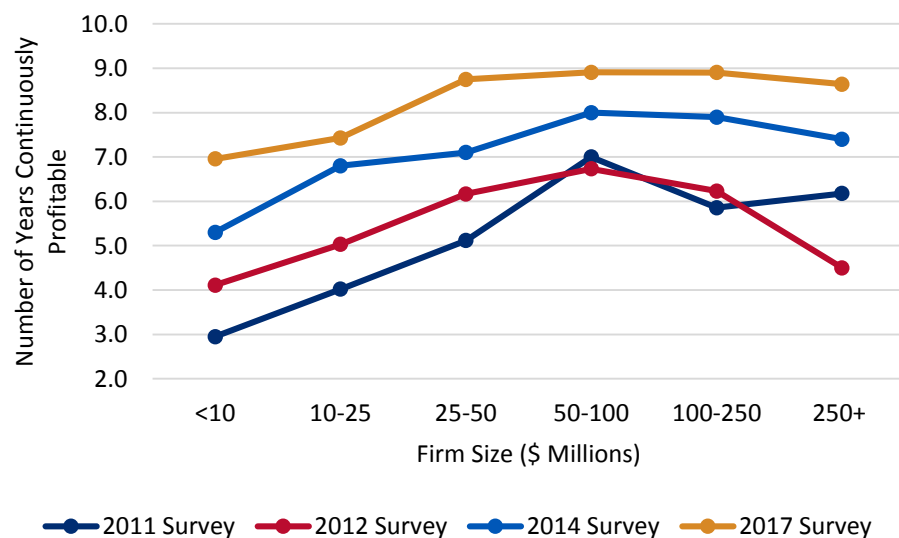
Effect of management priorities on consistency of profitability

- Staffing firm respondents were asked: "With respect to your company please rank the following, from most emphasized by your management (1) to least emphasized by your management (5).

  o   Commitment to growth.

  o   Alignment of strategy and operations.

  o   High performance culture.

  o   Excellence in internal talent management.

  o   Driving sales and recruiting performance."

- The table below shows the average number of years of consistent profitability for each of these priorities as a function of staffing firm degree of emphasis on the priority. So, for instance, among staffing firm respondents who said their firm most emphasized "alignment of strategy and operations" (ranking it #1), the average number of years of consistent profitability was 7.3.

- In general, relationships between such high-level priority emphasis and consistency of profitability were unimpressive. In three cases there was no material correlation between the selected priorities and consistency of profitability; and in two cases only a weak correlated pattern emerged, in particular, staffing firms that most emphasized "alignment of strategy and operations" had less consistent profitability than those that did not, but staffing firms that emphasized a "high performance culture" had more consistent profitability.

Average number of years of continuous profitability, by degree management priority is emphasized

	1-Most Emphasized	2	3	4	5-Least Emphasized	N
Commitment to growth	8.0	8.6	8.4	7.3	8.0	261
Alignment of strategy & operations	7.3	7.9	8.0	8.0	8.6	261
High performance culture	9.1	7.7	8.3	7.8	7.1	262
Excellence in internal talent management	7.9	7.8	7.7	8.5	8.4	254
Driving sales & recruiting performance	7.8	8.4	7.9	9.1	7.4	259

Effect of management priorities on consistency of profitability (earlier surveys)

- *Note: The analysis given on this page is from the 2014 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firm respondents were asked to name their firm's top three management priorities. In the table below, the average number of years of consistent profitability was calculated for those staffing firms selecting each respective priority. For purposes of comparability across the four surveys, the number of standard deviations from the average was then calculated. The table is sorted by median standard deviation across the four surveys, with priorities most associated with outperformance near the top.

- The three priorities most associated with continuous profitability – recruiting/retaining internal staff, creating a positive company culture, and training/developing internal staff – are all related to the development of internal staff.

Average number of years of continuous profitability, by management priority selected

	Average Number of Yrs Consistently Profitable				Number of Standard Deviations From Average				
	2010 Survey	2011 Survey	2012 Survey	2014 Survey	2010 Survey	2011 Survey	2012 Survey	2014 Survey	4 Survey Median
Recruiting/retaining quality internal staff	4.0	5.0	6.4	6.7	0.9	0.9	1.7	0.0	0.9
Creating a positive company culture	4.1	4.8	4.6	8.0	1.1	0.5	-0.3	1.6	0.8
Training/developing internal employees	4.4	5.0	5.3	6.1	1.4	0.9	0.5	-0.8	0.7
Providing excellent customer service	3.8	4.6	5.1	7.6	0.7	0.2	0.2	1.1	0.5
Improving gross margins	3.7	4.7	4.7	6.8	0.6	0.3	-0.2	0.1	0.2
Growing market share	3.1	4.2	6.0	7.2	-0.2	-0.5	1.2	0.6	0.2
Recruiting quality candidates to place	3.5	4.0	4.8	6.6	0.3	-0.9	-0.1	-0.1	-0.1
Reducing/controlling costs	2.7	4.5	4.7	--	-0.7	0.0	-0.2	--	-0.2
Retaining existing clients	3.0	4.1	5.5	--	-0.3	-0.7	0.7	--	-0.3
Expanding/diversifying number of clients	3.2	4.2	4.3	6.6	-0.1	-0.5	-0.7	-0.1	-0.3
Growing revenue	3.1	3.9	4.4	6.2	-0.2	-1.0	-0.5	-0.6	-0.6
Ensuring business survival	1.9	3.7	2.9	--	-1.7	-1.4	-2.2	--	-1.7
Acquiring other firms	1.7	5.8	--	5.2	-1.9	2.3	--	-1.9	-1.9
Average	3.2	4.5	4.9	6.7					
N	380	193	--	216					

Diversification by skill segment or market not materially associated with increased stability of profitability

- It would seem likely that diversifying by skill segment or market sector served would diversify risk and therefore increase stability of profitability, but survey results do not support this conclusion. The lack of such advantage through diversification has been confirmed in three surveys -- in 2012, 2014, and 2017.

- For this analysis, staffing firms were divided into two groups: "concentrated," meaning that they derived a majority of revenue from just one skill segment, and "diversified," meaning that no skill segment accounted for a majority of revenue. In 2012 and 2014, this analysis was repeated for industry focus as well, comparing staffing firms that derived a majority of revenue from one industry market with those that were more diversified. Average number of years of continuous profitability was then calculated for each sub-group, as indicated in the tables at right.

- Differences in consistency of profitability between concentrated and diversified firms were not material. This applied both to comparisons by segment concentration and comparisons by industry focus.

Average number of years of continuous profitability, diversified firms vs. concentrated firms

2017	Diversified	Concentrated	Difference	N
By segment	8.2	8.1	0.1	280

2014	Diversified	Concentrated	Difference	N
By segment	7.2	6.6	0.6	209
By industry	6.9	6.5	0.4	211

2012	Diversified	Concentrated	Difference	N
By segment	6.9	7.1	-0.2	--
By industry	7.1	7.2	-0.1	--

Firms that avoid VMS tend to be less continuously profitable

- *Note: The analysis given on this page is from the 2012 Staffing Company Survey. It is included here as it is related to this topic and for the convenience of the reader.*

- Staffing firms were examined by proportion of revenue flowing through VMS, to see if participation or lack thereof was correlated with profitability. While VMS participation was not strongly correlated with profitability overall, we did observe that firms with a very low proportion of revenue through VMS tended to be less consistently profitable.

- In the table on the right, we divided companies by percent of revenue flowing through VMS, holding firm size constant. For firms in each of the two categories -- "low proportion of revenue via VMS" and "all other staffing firms" -- we calculated the percent of firms that were more consistently profitable than average within that size range.

- Example: Among firms that had less than $10 million in revenue, and that had more than 5% of their revenue flowing through VMS, 33% were consistently profitable for a longer period of time than the average firm.

- Within each size group, fewer of the "low proportion of revenue via VMS" staffing firms outperformed than among "all other staffing firms."

Percent of firms with above average profitability[1], by VMS usage and firm size

Revenue	Low proportion of revenue via VMS[2]	All other staffing firms	Difference	N1	N2
<$10M	18%	33%	-15%	54	27
$10M-$50M	25%	43%	-18%	20	30
$50M+	27%	39%	-11%	9	31

[1] We compared the number of years individual companies were continuously profitable with the *average* number of years all companies were continuously profitable, within each revenue band.
[2] We defined companies with a "low proportion of revenue via VMS" as those with 5% or less of their revenue flowing through a VMS.
Note: N1, N2 refer to the sample sizes of firms with a "low proportion of revenue via VMS", and "all other staffing firms" respectively.

Section 2017-G: Candidate declines, firings, quits, extensions, conversions

Key Findings:

- Respondents to our 2017 Staffing Firm Survey were asked about rates at which temporary worker candidates: declined an offer, were fired, quit an assignment early, had their assignment extended (or were offered another assignment at the same client), converted to a permanent job, upon completion of their original assignment requested another assignment, and/or were actually placed in another assignment.

- <u>Offer Declines</u>. A median 12% of commercial temporary worker candidates decline their offer, vs. 10% for professional temporary worker candidates.

- <u>Firings, Quits, Assignment Extensions</u>. Commercial temporary workers are twice as likely to quit or be fired vs. professional temporary workers, and half as likely to have their assignments extended/offered another assignment at same client. Among commercial temps, a median 10% either get fired due to poor performance or quit the assignment early; by contrast, among professional temporary workers the median rate for these two measures was just 5%. A median 20% of commercial workers had their assignment extended/offered another assignment at same client vs. 40% for professional.

- <u>Conversions</u>. A median 24% of commercial temps convert to a permanent job vs. 10% for professional. The rate at which temporary workers convert to a permanent job also varies inversely as a function of staffing firm size. The median rate of conversion was 20% for firms of $10 million or less, 18% for firms of $11 million to $100 million, and 10% for firms of greater than $100 million.

- <u>Getting Placed Again</u>. Upon completion of their assignments, a median 60% of both commercial and professional temps request another assignment. However, a median 50% of commercial temps actually get placed again vs. 30% for professional.

How often temporary worker candidates decline offers

- Staffing firms were asked how often temporary worker candidates decline an offer. The distribution of answers is given in the chart at right.

- The mid-range (25th percentile to 75th percentile) of offer decline rates was 5% to 20%, with a median answer of 10%.

- The table lower right shows how candidate decline rates vary by primary skill segment and firm size.

- Decline rates were generally similar across firm types. Nonetheless, the slight difference between decline rates for commercial firms (12%) and professional firms (10%) was statistically significant (at the 95% confidence level, Mann-Whitney test).

When you offer potential candidates a temporary job, approximately what percent decline the offer? [N=390]

	>50%	3%
	46%-50%	3%
	41%-45%	0%
	36%-40%	2%
	31%-35%	1%
	26%-30%	10%
	21%-25%	2%
	16%-20%	20%
	11%-15%	5%
	6%-10%	27%
	0%-5%	27%
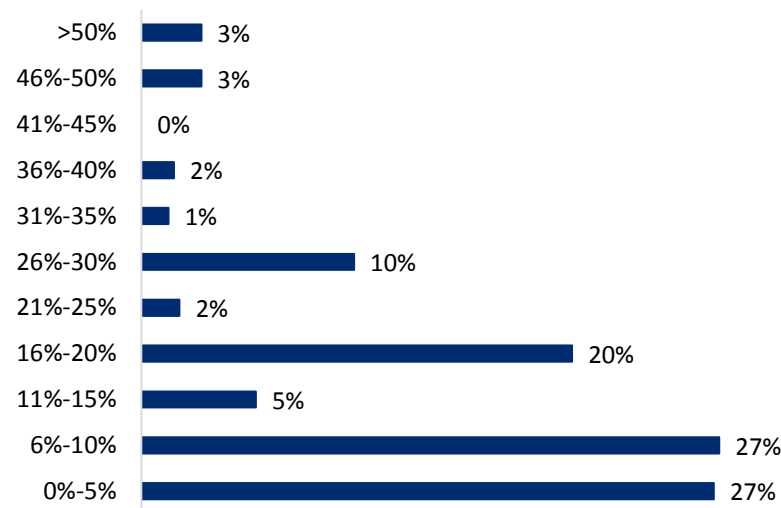
	25th Percentile	Median	75th Percentile	N
Commercial	8%	12%	20%	128
Professional	5%	10%	20%	218
<=$10m	5%	10%	20%	144
$11m-$100m	7%	10%	20%	173
>$100m	10%	14%	20%	55
All	5%	10%	20%	390

Rates of temporary worker firing, quits, extensions, conversions, returns

- Staffing firms were also asked about frequency of selected events in temporary worker flow, as listed in the table at right.

- Respondents reported that temporary workers were fired a median 5% of the time, and another median 5% quit their assignments early.

- Having a temporary worker assignment extended (or followed up with an offer for another assignment at same client) by the client was much more common, with a median reported rate of 30%.

- Temp-to-hire conversions occurred at a median rate of 18%.

- Upon completion of their assignment, typically 60% of workers request another assignment and 40% successfully get placed again.

Of the temporary workers you place, approximately what percent...

	25th Percentile	Median	75th Percentile
Get fired by client due to poor performance (i.e., leave an assignment involuntarily).	2%	5%	10%
Quit an assignment early voluntarily.	3%	5%	10%
Have the assignment extended by client, or upon completion get offered another assignment at same client.	20%	30%	60%
Convert to a permanent position.	5%	18%	30%
Upon completion of the assignment, request another assignment.	20%	60%	84%
Upon completion of the assignment, successfully get placed by your firm in another assignment.	20%	40%	70%
N=386			

Rates of temporary worker firing, quits, extensions, conversions, returns -- as a function of primary skill segment

- The candidate flow events listed on the previous page varied by staffing firm primary skill segment, as shown in the table at right.

- In all cases where there was a difference between commercial and professional medians, the difference was statistically significant (at the 95% confidence level, Mann-Whitney test).

- Commercial temporary workers are twice as likely to quit or be fired vs. professional temporary workers, and half as likely to have their assignments extended/offered another assignment at same client. Among commercial temps, a median 10% either get fired due to poor performance or quit the assignment early; by contrast, among professional temporary workers the median rate for these two measures was just 5%. A median 20% of commercial workers had their assignment extended/offered another assignment at same client vs. 40% for professional.

- A median 24% of commercial temps convert to a permanent job vs. 10% for professional.

- Upon completion of their assignments, a median 60% of both commercial and professional temps request another assignment. However, a median 50% of commercial temps actually get placed again vs. 30% for professional.

Of the temporary workers you place, approximately what percent...

		25th Percentile	Median	75th Percentile	N
Get fired by client due to poor performance (i.e., leave an assignment involuntarily).	Commercial	5%	10%	14%	124
	Professional	2%	5%	5%	218
Quit an assignment early voluntarily.	Commercial	5%	10%	20%	124
	Professional	2%	5%	10%	218
Have the assignment extended by client, or upon completion get offered another assignment at same client.	Commercial	10%	20%	40%	119
	Professional	20%	40%	70%	214
Convert to a permanent position.	Commercial	10%	24%	50%	123
	Professional	5%	10%	20%	218
Upon completion of the assignment, request another assignment.	Commercial	26%	60%	90%	120
	Professional	24%	60%	80%	215
Upon completion of the assignment, successfully get placed by your firm in another assignment.	Commercial	30%	50%	80%	121
	Professional	14%	30%	60%	213

Rates of temporary worker firing, quits, extensions, conversions, returns -- as a function of firm size

- Candidate flow events varied in some cases by staffing firm size, as shown in the table at right.

- In three cases there were differences as a function of firm size that were statistically significant (at the 95% confidence level, Mann-Whitney test):

  - Most notably, the rate at which temporary workers convert to a permanent job varies inversely as a function of staffing firm size. The median rate of conversion was 20% for firms of $10 million or less, 18% for firms of $11 million to $100 million, and 10% for firms of greater than $100 million.

  - The rate at which temporary workers have their assignment extended/offered another assignment at same client was a median 24% among staffing firms of greater than $100 million vs. 30% to 40% for smaller firms.

  - The rate at which temporary workers, upon completion of their assignment, request another assignment was a median 50% among staffing firms of greater than $100 million, vs. 60% to 70% for smaller firms.

- Rates did not vary consistently or significantly as a function of firm size for getting fired, quitting an assignment early, or being successfully placed in a new assignment.

Of the temporary workers you place, approximately what percent...

		25th Percentile	Median	75th Percentile	N
Get fired by client due to poor performance (i.e., leave an assignment involuntarily).	<=$10	2%	5%	10%	142
	$11-$100	2%	5%	10%	169
	>$100	2%	5%	10%	55
Quit an assignment early voluntarily.	<=$10	3%	5%	10%	142
	$11-$100	4%	5%	10%	167
	>$100	4%	5%	10%	56
Have the assignment extended by client, or upon completion get offered another assignment at same client.	<=$10	16%	30%	68%	141
	$11-$100	20%	40%	60%	159
	>$100	18%	24%	40%	56
Convert to a permanent position.	<=$10	7%	20%	50%	142
	$11-$100	5%	18%	30%	166
	>$100	5%	10%	20%	56
Upon completion of the assignment, request another assignment.	<=$10	26%	70%	90%	140
	$11-$100	24%	60%	80%	163
	>$100	20%	50%	70%	56
Upon completion of the assignment, successfully get placed by your firm in another assignment.	<=$10	20%	50%	70%	141
	$11-$100	20%	40%	70%	160
	>$100	20%	34%	60%	56

Section 2017-H: How often do staffing firms turn down clients, and why?

Key Findings:

- Respondents to our 2017 Staffing Firm Survey were asked three questions regarding propensity to turn down clients:

  o "When staffing buyers request to become your client, about how often do you turn them down?

  o Over the last year, have you terminated any existing clients?

  o When you turn down a potential client or terminate an existing one, what are the most common reasons? (Pick up to three.)"

- Respondents reported turning down a median of 10% of potential clients. Only 7% of staffing firms said that they never turn down business.

- Seventy-four percent of staffing firms said that they had terminated some existing clients over the last year.

- The two most common reasons for turning down clients were aggressive pricing and poor communication.

- In the 2009 SIA Staffing Company Survey, executives were asked: "If you could offer anonymous constructive advice to buyers, what would you say?" Common themes in the responses included:

  o Be a real business partner

  o Better communicate what you need

  o Don't be penny wise and pound foolish

  o Educate yourself

  o Show some respect to temp workers and agencies

Staffing firm propensity to turn down/terminate clients

- The upper right chart shows the share of potential clients declined, in the form of a distribution of the response frequencies. Only 7% of staffing firms said that they never turn down business; 37% reported that they turned down 5% of potential clients; 26% said they turned down 10% (the median response); another 22% declined between 15% and 25% of business; and the remaining 8% of respondents declined more than 25%.

- Additionally, as can be seen in the lower right chart, 74% of staffing firms reported terminating at least some existing clients over the last year.

- Responses for both questions were also examined as a function of firm size and professional segments vs. commercial segments to see if some types of companies were more (or less) inclined to turn down business. However, the propensities were roughly consistent across company categories.

Distribution of responses: Share of potential clients declined
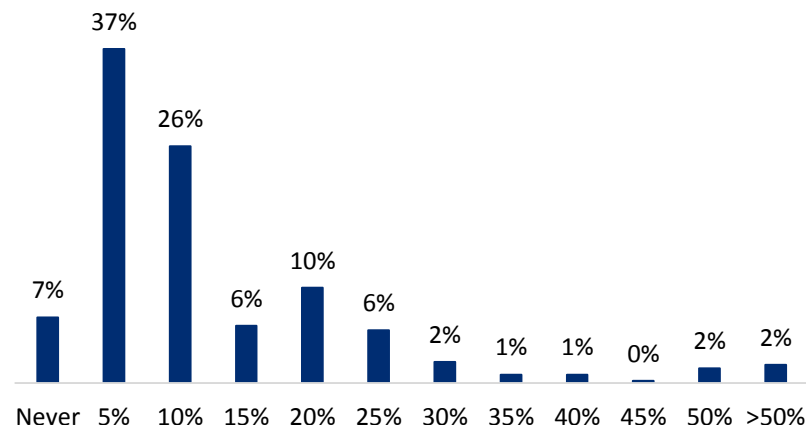
Over the last year, have you terminated any existing clients?
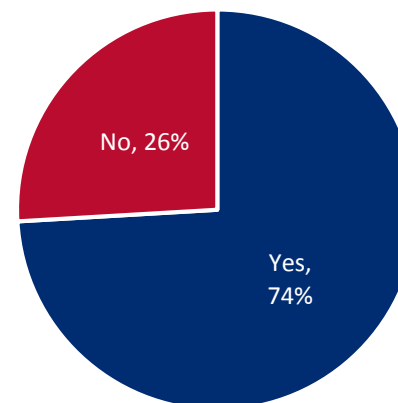
Why staffing firms turn down/terminate clients

- Respondents were also asked: "When you turn down a potential client or terminate an existing one, what are the most common reasons? (Pick up to three.)"

- The two most common reasons for turning down clients were aggressive pricing (54%) and poor communication (52%).

- The third most common reason was "our firm's front office and/or back office software" (33%).

- The next two most common reasons had to do with the terms under which staffing firms were being asked to do business, in particular, having to deal with a VMS/MSP (29%), and being required to sign an aggressively written indemnification agreement (28%).

- Staffing firms also said that sometimes they simply didn't trust the customer (22%) or that the customer's program was "difficult to work with" (27%).

- The remaining reasons were: "didn't think we could adequately fill the kinds of positions they wanted filled" (23%), "the volume of business was too small" (11%), and "they wanted ancillary services we don't offer" (4%).

- Among the 21% that cited "other," two reasons dominated the explanations given: safety concerns about the workplace and poor credit/slow bill payment.

Most common reasons for turning down or terminating clients

	Percent
Their pricing was too aggressive.	54%
Poor communication/Lack of responsiveness (e.g., resumes sent with no response, interviews occur with no feedback, etc.).	52%
Our firm's front office and/or back office software.	33%
Didn't want to deal with their VMS/MSP.	29%
They required us to sign an indemnification agreement that put too much legal risk on our firm.	28%
Their program was difficult to work with.	27%
Didn't think we could adequately fill the kinds of positions they wanted filled.	23%
Didn't trust them.	22%
Their volume of business was too small.	11%
They wanted ancillary services we don't offer (e.g. RPO, IC Compliance, etc.).	4%
Other	21%
	N=428

Staffing firms' anonymous advice to buyers

Note: The analysis given on this page is from the 2009 Staffing Company Survey, in which staffing executives were asked for their "anonymous advice to buyers." It is included here as it is related to this topic and for the convenience of the reader.

Be a real business partner

- "Allow staffing suppliers the ability to make a profit. Too often, procurement organizations drive profit margins so low that quality of service suffers and the relationship becomes strained."

- "Please treat staffing firms as a valued partner instead of a commodity."

- "Be fair and help keep us in business."

- "Work together with us more, and you will get better results."

- "Consider a win-win scenario when working with vendors. These are long-term relationships that will pay more dividends when both sides are invested."

Better communicate what you need

- "Don't assume a job title will work for a job description. Communicate the intangibles as well, like company culture and expectations. Be clear about the skill level needed."

- "Please take the time to respond to calls/contacts and get timely feedback on submitted resumes."

- "Stay in communication with the staffing company's recruiters once engaged."

- "Be clear on what you really believe to be necessary."

- "Communicate honestly the prospective budget/salary or bill rate for the position."

- "Provide feedback during the recruiting process to help fine tune the candidates referred."

- "Contact us as far in advance of assignment start as possible."

Don't be penny wise and pound foolish

- "You get what you pay for. Staffing is not a commodity."

- "Price is NOT everything."

- "Companies that pay less to their employees generally have lower quality temps and less stringent hiring practices."

- "Pay a little more to get what you really need."

Staffing firms' anonymous advice to buyers

Educate yourself

- "Understand what you are looking for."

- "Do your homework first."

- "Regularly research the labor market for skills you need (price and availability); also shop your competition for salary data."

- "Keep up with the bill rates!"

- "Get a better understanding of the benefits of contingent staffing."

- "Take the time to understand how a flexible work force could potentially be beneficial to your organization."

- "Clearly understand your needs, budget and priorities."

- "Take the time to analyze overall costs of the hiring process."

- "Know your true costs to staff internally."

Show some respect to temp workers and agencies

- "Don't treat temporary staff as 2nd class citizens. Treat temp staff well, or they will not choose to come to your facility again."

- "Do not treat temporary staff in a less than professional manner."

- "Don't treat us as 'used car salesman,' and don't treat our temporary staff as outsiders."

- "Be professional. Return phone calls. Don't act as if you are on a power trip."

- "Stop treating staffing firms as the enemy. Treat the vendors with respect. We are you partner. Be nice; you need us!"

- "Be nice to the recruiters. Someday you'll need a job, and we remember those who treat us poorly."

Section 2017-I: To what degree do US staffing firms use E-Verify?

Key Findings:

- Respondents to our 2017 Staffing Firm Survey were asked:
    - "For companies operating in US: Does your company use E-Verify?"

- Nearly all staffing executives surveyed -- 97% -- had heard of E-Verify, and 75% said their firm used it. Of the remaining respondents, 20% reported that their firm did not use it, and 2% were not sure.

- Smaller staffing firms, of $10 million or less in revenue, reported the lowest rate of E-Verify usage (63%); usage at firms of $11 million to $100 million was higher (85%); and almost all (96%) of the firms of greater than $100 million in size reported using it. A similar pattern of increased usage as a function of size was also observed in SIA's 2009 survey.

- Awareness of E-Verify among staffing executives was nearly universal both in 2009 (93%) and 2017 (97%). Usage, however, has changed markedly, increasing from 42% in 2009 to 75% in 2017.

US staffing firms: Does your company use E-Verify?

- E-Verify is an online eligibility verification program in the US of the Department of Homeland Security and the Social Security Administration.

- Nearly all staffing executives surveyed -- 97% -- had heard of E-Verify, and 75% said their firm used it. Of the remaining respondents, 20% reported that their firm did not use it, and 2% were not sure.

Does your company use E-Verify? [N=403]

Never heard of it. 3%

Heard of it; Not sure if we use it. 2%

No, we don't use it. 20%

Yes, we use it. 75%
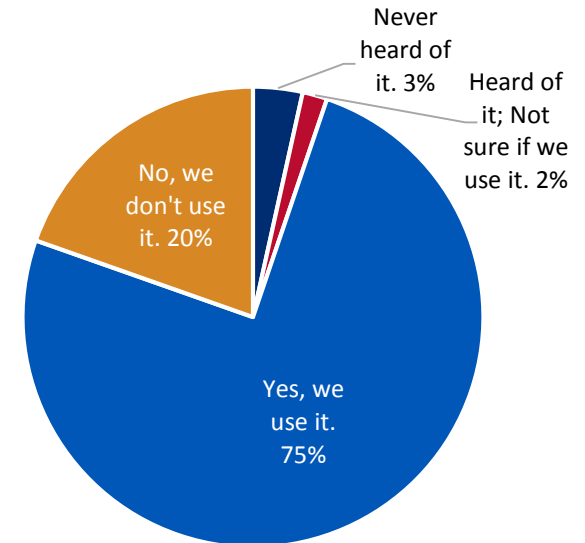
Use of E-Verify, by staffing firm primary segment and firm size

- The table at right shows the percent of staffing firms using E-Verify, within selected staffing firm demographics.

- Among commercial staffing firms, 84% reported using E-Verify; among professional staffing firms, 78% used it.

- Smaller staffing firms, of $10 million or less in revenue, reported the lowest rate of E-Verify usage (63%); usage at firms of $11 million to $100 million was higher (85%); and almost all (96%) of the firms of greater than $100 million in size reported using it. A similar pattern of increased usage as a function of size was also observed in SIA's 2009 survey.

- The correlation of E-Verify use with firm size likely reflects three causes: 1) that larger firms are more likely to have sufficient scale to justify the investment, which can confer a competitive advantage, 2) that larger firms are more likely to participate in government programs that require it, and 3) that larger firms are more likely to operate in multiple local jurisdictions, some of which will by law require participation in the E-Verify system.

Use of E-Verify, by staffing firm primary segment and firm size

	Percent Using eVerify	N
Commercial	84%	128
Professional	78%	219
<=$10m	63%	155
$11m-$100m	85%	171
>$100m	96%	55
All	75%	403

Changes in awareness and use of E-Verify over time

- The table at right compares awareness and use of E-Verify by staffing firms in 2009 vs. 2017.

- Awareness of E-Verify among staffing executives was nearly universal both in 2009 (93%) and 2017 (97%).

- Usage, however, has changed markedly, increasing from 42% in 2009 to 75% in 2017.

Awareness & use of E-Verify, 2009 vs. 2017

	2009	2017
Never heard of it	7%	3%
No, we don't use it	45%	20%
Heard of it; Not sure if we use it	6%	2%
Yes, we use it	42%	75%
Total	100%	100%
N	803	403

Section 2017-J: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2017 Staffing Company Survey, for staffing firms primarily operating in North America.

- The survey was conducted in the summer of 2017 and reflects the opinions of 439 staffing firms. This sample is disproportionately composed of firms with greater than $10 million in revenue, so aggregate results reported are more reflective of these larger staffing firms. Where responses vary significantly by size, such differences will be noted in the analysis.

- Data includes: executive compensation, management priorities, projected effect of automation, participation in online staffing, web and app enabled technology, internal staff benefits, turning down clients, service guarantees, and more.

Survey questions and summary statistics

With respect to the business unit(s) of your company for which you are responsible, approximately what share of revenue is derived from each of the following regions?

	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Percent
US/Canada/Mexico						1%		1%	1%	4%	93%	100%
UK	54%	26%	10%	3%	5%	3%						100%
Europe excluding UK	65%	29%	6%									100%
Australia/New Zealand	92%	8%										100%
India	85%	12%	4%									100%
China/Japan/Other Asia/Pacific	87%	13%										100%
South America	83%	17%										100%
Africa/Middle East	95%		5%									100%
												N = 439

What is your job title?

	Percent
Founder/CEO/Chairman/ Managing Director	42%
President/COO/General Manager	22%
VP/SVP/EVP, Finance/CFO	13%
VP/SVP/EVP, Sales	11%
VP/SVP/EVP, Marketing/ Chief Marketing Officer	2%
Region/Division Head (VP/Pres)	4%
VP/SVP/EVP, HR/CHRO/People Officer	1%
CTO/CIO/VP/Director, Information Services/Chief Digital Officer	0%
Branch Manager	1%
Recruiter/Placement Specialist	1%
Other	4%
	N = 436

Survey questions and summary statistics

In which <u>segment</u> did your company generate the most revenue in 2016?

	Percent
IT Temp	24%
Industrial Temp	22%
Healthcare Temp	18%
Office/Clerical Temp	9%
Direct Hire/Permanent Placement	7%
Engineering/Design Temp	4%
Finance/Accounting Temp	2%
Other Temp Help	2%
Clinical/Scientific Temp	2%
Marketing/Creative Temp	2%
Recruitment Process Outsourcing (RPO)	2%
Retained Search	1%
Education Temp	1%
Human Resources Consulting Services	1%
Legal Temp	1%
Human Resource Outsourcing (HRO)	0%
Independent Contractor Compliance/Payroll Processing	0%
Online Staffing/Human Cloud	0%
Other	3%
	N=433

Did your company generate more than half of its 2016 revenue from the top <u>segment</u> selected?

	Percent
Yes	91%
No	9%
	N=432

Approximately how much total revenue did your company generate in 2016?

Revenue in US Dollars	Percent	Revenue in US Dollars	Percent
$2 Million	16%	$175 Million	1%
$4 Million	8%	$200 Million	1%
$6 Million	7%	$250 Million	1%
$8 Million	4%	$300 Million	1%
$10 Million	6%	$350 Million	1%
$15 Million	9%	$400 Million	1%
$20 Million	4%	$450 Million	0%
$25 Million	11%	$500 Million	0%
$50 Million	13%	$600 Million	0%
$75 Million	3%	$700 Million	0%
$100 Million	4%	$800 Million	0%
$125 Million	3%	$900 Million	0%
$150 Million	2%	$1 Billion	2%
Median = $20 Million, N = 414			

Survey questions and summary statistics

Please provide the following years as best you can recall.

	Company Founded	First Year of Profit	Most Recent Year of Revenue Decline	Most Recent Year of Bottom Line Loss
Before 2001	51%	48%	1%	8%
2001	4%	3%	0%	1%
2002	5%	4%	0%	1%
2003	3%	3%	1%	0%
2004	3%	3%	0%	1%
2005	4%	3%	1%	1%
2006	2%	2%	0%	0%
2007	3%	4%	2%	1%
2008	1%	2%	7%	4%
2009	5%	2%	12%	8%
2010	4%	4%	1%	2%
2011	4%	4%	1%	1%
2012	4%	2%	4%	3%
2013	3%	4%	3%	4%
2014	3%	4%	6%	3%
2015	1%	3%	9%	7%
2016	1%	4%	22%	7%
N/A	0%	0%	27%	47%
				N=342

For you personally, what was your approximate total annual compensation in 2016? (Salary + bonus + other incentive compensation)

Revenue in US Dollars	Percent	Revenue in US Dollars	Percent
<$30,000	4%	**$155,000**	1%
$30,000	0%	**$160,000**	1%
$45,000	1%	**$165,000**	0%
$50,000	1%	**$170,000**	1%
$55,000	1%	**$175,000**	2%
$60,000	0%	**$180,000**	2%
$65,000	1%	**$185,000**	1%
$70,000	1%	**$190,000**	1%
$75,000	1%	**$195,000**	1%
$80,000	1%	**$200,000**	11%
$85,000	1%	**$225,000**	5%
$90,000	1%	**$250,000**	9%
$95,000	0%	**$275,000**	3%
$100,000	5%	**$300,000**	5%
$105,000	1%	**$325,000**	1%
$110,000	1%	**$350,000**	3%
$115,000	0%	**$375,000**	1%
$120,000	2%	**$400,000**	3%
$125,000	3%	**$425,000**	2%
$130,000	1%	**$450,000**	2%
$135,000	1%	**$475,000**	0%
$140,000	2%	**$500,000**	1%
$145,000	0%	**>$500,000**	10%
$150,000	5%		
		Median = $200,000, N = 353	

Survey questions and summary statistics

With respect to your company please rank the following, from most emphasized by your management (1) to least emphasized by your management (5).

	1	2	3	4	5	Total	N
Commitment to growth. [The extent that leadership of your organization is willing and able to make the investments and sacrifices needed to grow the business for the long term.]	21%	24%	19%	18%	17%	100%	397
Alignment of strategy and operations. [The degree that your business operations and policies fit the markets and customers that your strategy is focused on.]	14%	20%	22%	22%	22%	100%	398
High performance culture. [The extent to which the informal policies, rules and expectations of your organization drive high performance.]	21%	17%	22%	23%	17%	100%	399
Excellence in internal talent management. [The ability to grow and develop the next generation of leaders of the business.]	12%	16%	20%	21%	32%	100%	389
Driving sales and recruiting performance. [Focus on managing the metrics, productivity and output of the sales and recruiting teams.]	31%	24%	19%	16%	10%	100%	401

Survey questions and summary statistics

Over the next 10 years, what will be the likely effect of automation on your internal staff levels?

	Percent
GREATLY DECREASE NEED FOR STAFF: automation will replace most roles	2%
DECREASE NEED FOR STAFF: automation will replace some roles	24%
NO CHANGE: automation will enhance staff capability, improve efficiency and lower costs	46%
INCREASE NEED FOR STAFF: automation will enable our business to offer a better service and grow faster	25%
GREATLY INCREASE NEED FOR STAFF: automation will enable our business to offer a better service and grow much faster	4%
Total	100%
	N=439

How is your firm responding to the opportunity/competitive threat represented by human cloud services (such as online staffing, freelancer management systems, etc.)?

	Percent
Aware of such services, but not interested in pursuing	52%
Considering building, acquiring, or partnering over next 2 years	30%
Currently own or have invested in such a service	5%
Currently partnering with such a service	8%
Not aware of such services	4%
Total	100%
	N=437

Survey questions and summary statistics

Which of the following does your firm's current technology (website or app) enable TEMPORARY AND PERMANENT CANDIDATES to do mostly without the aid of a human? (select all that apply)

	Percent
Submit resume document (pdf, Word, etc.)	92%
View available jobs	86%
Apply for available jobs	85%
View payroll information	65%
Record hours	62%
Create/update online profile	59%
Download tax documents	53%
Set up direct deposit	50%
View available benefits	49%
Take relevant assessment tests	44%
Select benefits/sign up for insurance	41%
Indicate availability for shifts	27%
Indicate desired job type and be automatically accepted for temp assignments	14%
Rate client	12%
Be pre-qualified and select and confirm specific assignments or shifts at will	11%
	N=437

Which of the following does your firm's current technology (website or app) enable STAFFING BUYERS to do mostly without the aid of a human? (select all that apply)

	Percent
View billing information	61%
Create descriptions for available positions/request staff	47%
Rate temporary workers	31%
Automatically receive profiles of temporary workers recommended or shortlisted for specific open positions	30%
Search temporary worker profiles/resumes	26%
Video interview temporary workers	25%
Select temporary workers	21%
Communicate directly with temporary workers via messaging system	15%
View work samples from temporary workers	14%
Assign temporary worker shifts	13%
Have temporary workers auto-assigned to shifts or assignments	9%
	N=275

Survey questions and summary statistics

FOR US STAFFING FIRMS ONLY: With respect to healthcare insurance for internal staff...

	Percent
We do not offer healthcare insurance to internal staff.	9%
We offer to internal staff unsubsidized healthcare insurance (entirely paid for by staff, no cost to company).	4%
We offer to internal staff healthcare insurance subsidized adequately to meet ACA minimum (no penalty) standards.	14%
We offer to internal staff healthcare insurance subsidized more than adequately to meet ACA minimum (no penalty) standards.	62%
We offer to staff fully-paid (entirely free) healthcare insurance.	11%
	N=417

FOR US STAFFING FIRMS ONLY: With respect to 401-Ks for internal staff...

	Percent
We don't offer a 401-K for internal staff.	32%
We offer a 401-K with employee contributions only (no employer matching).	23%
We offer a 401-K with employer matching.	45%
	N=410

About how many days per year do your internal staff get for holidays & PTO?

Holidays		PTO	
Days	**Percent**	**Days**	**Percent**
0-5	8%	**0-5**	6%
6-10	74%	**6-10**	22%
11-15	15%	**11-15**	38%
16-20	1%	**16-20**	24%
>20	1%	**21-25**	7%
		26-30	2%
		>30	1%
			N=415

Which of the following benefits do you offer to your internal staff?

	Percent
Dental insurance	94%
Vision insurance	85%
Life insurance	80%
Short- and long-term disability insurance	76%
Flexible spending accounts	51%
Tuition reimbursement	32%
	N=376

Survey questions and summary statistics

When staffing buyers request to become your client, about how often do you turn them down?

	Percent
We never turn down business	7%
We turn down about 5%	37%
We turn down about 10%	26%
We turn down about 15%	6%
We turn down about 20%	10%
We turn down about 25%	6%
We turn down about 30%	2%
We turn down about 35%	1%
We turn down about 40%	1%
We turn down about 45%	0%
We turn down about 50%	2%
We turn down about 55%	0%
We turn down about 60%	0%
We turn down about 65%	0%
We turn down about 70%	0%
We turn down about 75%	0%
We turn down about 80%	0%
We turn down about 85%	0%
We turn down about 90%	0%
We turn down about 95%	0%
We turn down more than 95%	0%
	N=431

Over the last year, have you terminated any existing clients?

	Percent
Yes	74%
No	26%
	N=432

When you turn down a potential client or terminate an existing one, what are the most common reasons? (Pick up to three.)

	Percent
Their pricing was too aggressive.	54%
Poor communication/Lack of responsiveness (e.g., resumes sent with no response, interviews occur with no feedback, etc.).	52%
Our firm's front office and/or back office software.	33%
Didn't want to deal with their VMS/MSP.	29%
They required us to sign an indemnification agreement that put too much legal risk on our firm.	28%
Their program was difficult to work with.	27%
Didn't think we could adequately fill the kinds of positions they wanted filled.	23%
Didn't trust them.	22%
Their volume of business was too small.	11%
They wanted ancillary services we don't offer (e.g. RPO, IC Compliance, etc.).	4%
Other	21%
	N=428

Survey questions and summary statistics

Of the training you have offered internal staff, which type would you say had the highest bang-to-buck return on spend/effort? (Pick up to three.)

	Percent
Sourcing and/or recruiting tactics	63%
Sales/marketing tactics	54%
Operational processes of our firm	37%
Management/leadership	36%
Social media (LinkedIn, Facebook, etc.)	35%
Our firm's front office and/or back office software	33%
Legal and regulatory aspects of contingent work	13%
Occupations and/or markets our firm serves	9%
Contingent buyer processes and methods	5%
Other	4%
	N=419

Do you offer a service guarantee?

	Percent
Yes, a complete money-back guarantee	33%
No	32%
Other	34%
	N=418

What is the time limit, if any, on your guarantee?

	Percent
Within 1 week of temp starting assignment	42%
Within 2 weeks of temp starting assignment	14%
Within 3 weeks of temp starting assignment	1%
Within 4 weeks of temp starting assignment	7%
Within 5 weeks of temp starting assignment	1%
Within 6 weeks of temp starting assignment	1%
Within 7 weeks of temp starting assignment	0%
Within 8 weeks of temp starting assignment	1%
Within 9 weeks of temp starting assignment	0%
Within 12 weeks of temp starting assignment	3%
Within >12 weeks of temp starting assignment	4%
No time limit	26%
	N=300

Survey questions and summary statistics

FOR COMPANIES OPERATING IN US: Does your company use eVerify?

	Percent
Never heard of it.	3%
Heard of it. Not sure if we use it.	2%
Yes. We use it.	75%
No. We don't use it.	20%
	N=403

When you offer potential candidates a temporary job, approximately what percent decline the offer?

	Percent
0%-5%	27%
6%-10%	27%
11%-15%	5%
16%-20%	20%
21%-25%	2%
26%-30%	10%
31%-35%	1%
36%-40%	2%
41%-45%	0%
46%-50%	3%
>50%	3%
	N=390

Of the temporary workers you place, approximately what percent...

	25th Percentile	Median	75th Percentile
Get fired by client due to poor performance (i.e., leave an assignment involuntarily)…	2%	5%	10%
Quit an assignment early voluntarily…	3%	5%	10%
Have the assignment extended by client, or upon completion get offered another assignment at same client…	20%	30%	60%
Convert to a permanent position…	5%	18%	30%
Upon completion of the assignment, request another assignment…	20%	60%	84%
Upon completion of the assignment, successfully get placed by your firm in another assignment…	20%	40%	70%
			N=386

Section 2016-A: Internal staff and temporary worker satisfaction surveys

Key Findings:

- This report is based on responses to the following survey question:
  - "What survey (if any) do you use to measure the satisfaction of internal staff and/or temporary workers?
    - We don't formally survey internal staff/temporary worker satisfaction
    - An internally-generated survey
    - A survey from a non-SIA vendor
    - SIA's 'Best Place to Work For' Survey"

Internal staff

- Sixty-six percent of staffing firms survey internal staff regarding work satisfaction, though this varied notably by firm size, with larger firms more likely to survey.
- In terms of survey method, 39% of staffing firms said they surveyed internal staff via an internally-generated survey. The remaining 27% use an outside vendor -- either Staffing Industry Analysts or another vendor -- with the larger staffing firms doing so more commonly.

Temporary workers

- Sixty-six percent of staffing firms survey internal staff regarding work satisfaction, though this varied notably by firm size, with larger firms more likely to survey.
- In terms of survey method, 43% of staffing firms said they surveyed internal staff via an internally-generated survey. The remaining 23% use an outside vendor -- either Staffing Industry Analysts or another vendor -- with the larger staffing firms doing so more commonly.

By what method, if any, do firms survey <u>internal staff</u> about satisfaction?

- Sixty-six percent of staffing firms survey internal staff regarding work satisfaction. Thirty-nine percent of staffing firms survey internal staff regarding work satisfaction directly, through an internally-generated survey; 11% survey internal staff via Staffing Industry Analysts' "Best Place to Work For" survey; and 15% use another vendor.

- The remaining 34% of staffing firms do not survey internal staff at all regarding work satisfaction.

What survey (if any) do you use to measure the satisfaction of internal staff? [N=331]

An internally-generated survey	39%
We don't formally survey internal staff satisfaction	34%
A survey from a non-SIA vendor	15%
SIA's "Best Place to Work For" Survey	11%
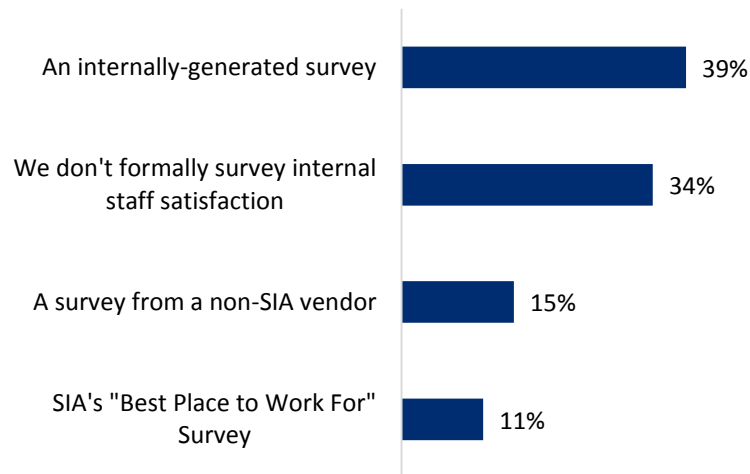
Internal staff survey methods, by firm size and skill segment

- The table at right depicts the percent of staffing firms choosing the various survey methods, as a function of staffing firm size and skill segment.

- The most notable result of this analysis is that larger firms are more likely to survey internal staff regarding satisfaction than are smaller firms. In particular, among firms of $10 million or less in revenue, only 48% said they surveyed their internal staff; among firms $11 million to $100 million, that percent rose to 75%; and among firms greater than $100 million, that percent rose to 89%.

- The method by which staffing firms choose to survey also varies by firm size, with larger firms more likely to choose an outside vendor, either Staffing Industry Analysts or another vendor.

- Across all firm types, about 40% of staffing firms said they surveyed internal staff via an internally-generated survey.

Use of satisfaction surveys for internal staff, as a function of primary skill segment and firm size

	An internally-generated survey	We don't formally survey internal staff satisfaction	A survey from a non-SIA vendor	SIA's "Best Place to Work For" survey	N
Commercial	40%	38%	12%	10%	100
Professional	39%	28%	20%	13%	189
<=$10m	39%	52%	4%	5%	126
$11m-$100m	40%	25%	22%	13%	148
>$100m	39%	11%	26%	24%	46

By what method, if any, do firms survey <u>temporary workers</u> about satisfaction?

- Sixty-six percent of staffing firms survey internal staff regarding work satisfaction. Forty-three percent of staffing firms survey temporary workers regarding work satisfaction directly, through an internally-generated survey; 6% survey temporary workers via Staffing Industry Analysts' "Best Place to Work For" survey; and 16% use another vendor.

- The remaining 34% of staffing firms do not survey temporary workers at all regarding work satisfaction.

What survey (if any) do you use to measure the satisfaction of temporary workers? [N=296]

An internally-generated survey	43%
We don't formally survey temporary worker satisfaction	34%
A survey from a non-SIA vendor	16%
SIA's "Best Place to Temp For" Survey	6%
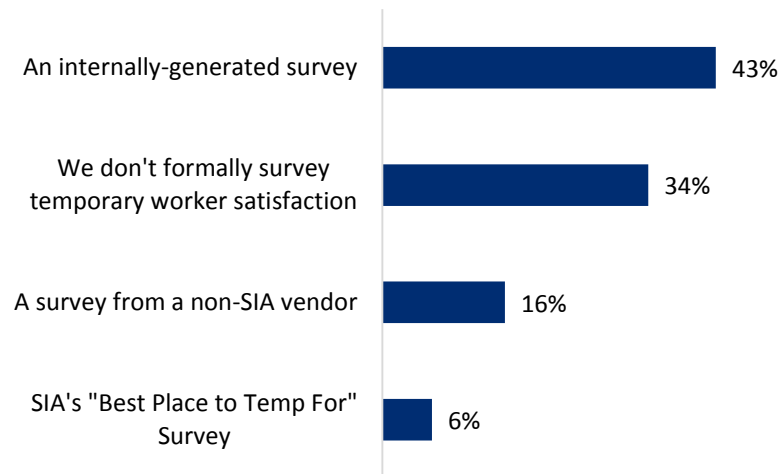
Temporary worker survey methods, by firm size and skill segment

- The table at right depicts the percent of staffing firms choosing the various survey methods, as a function of staffing firm size and skill segment.

- Two notable results of this analysis are that larger firms are more likely to survey internal staff regarding satisfaction than are smaller firms, and professional staffing firms are more likely to survey than are commercial staffing firms.

- In particular, among firms of $10 million or less in revenue, only 54% said they surveyed their internal staff; among firms $11 million to $100 million, that percent rose to 72%; and among firms greater than $100 million, that percent rose to 82%.

- Seventy-four percent of professional staffing firms reported surveying temporary workers vs. 58% of commercial staffing firms.

- The method by which staffing firms choose to survey also varies by firm size, with larger firms more likely to choose an outside vendor, either Staffing Industry Analysts or another vendor.

Use of satisfaction surveys for temporary workers, as a function of primary skill segment and firm size

	An internally-generated survey	We don't formally survey temporary worker satisfaction	A survey from a non-SIA vendor	SIA's "Best Place to Temp For" survey	N
Commercial	31%	42%	20%	7%	90
Professional	50%	26%	17%	8%	173
<=$10m	44%	46%	8%	2%	115
$11m-$100m	44%	28%	20%	8%	137
>$100m	39%	18%	26%	16%	38

Section 2016-B: "Bench model" usage rates and best practices

Key Findings:

- This report is based on responses to the following three survey questions:
  - "On any given day, about what percent of your workers on temporary assignment are 'bench-model', i.e., employed by your firm on a salaried permanent basis but placed outside your firm on temporary assignments?"
  - "Under what circumstances has the bench model made sense for you?"
  - "What advice can you give others considering using the bench model?"
- Twenty-five percent of staffing firms reported using the bench model, roughly comparable to the 29% reporting using it in 2012. Looking forward, however, nearly twice as many staffing firms – 45% – expect to use it in 2026. Of those reporting using it, the median percent of temporary workers on bench was 10%; that was the case in 2012, 2016, and among those projecting usage in 2026.
- Propensity to use the bench model was higher among professional staffing firms than commercial, and increased as well as a function of firm size.
- <u>When to use the bench model</u>: Staffing firms commented that the bench model made sense under several circumstances: when client demand was reliably high-volume and/or long-term; for highly marketable skills, consulting, and SOW; for the purpose of retaining and recruiting hard-to-recruit talent; for supporting key clients; and for talent working on visas.
- <u>How to use the bench model</u>: With regard to best practices in using the bench model, staffing firms recommended: maintaining high utilization of bench talent; using the bench model selectively, only for highly marketable skill sets and highly skilled workers; watching the financial side carefully and managing bench model usage rates closely; and arranging special agreements with clients and bench model staff to minimize risk.

A quarter of staffing firms use the bench model to some degree

- Three-quarters of staffing firms reported not using the bench model at all.

- Of the remaining quarter, degree of usage varied widely. Eleven percent of staffing firms reported 1%-5% of their temporary workers were bench, six percent reported 6% to 10%, three percent reported 16%-20%, and five percent reported more than 25% were bench.

- Among those using the bench model, the median percent of temporary workers on bench was 10%.

On any given day, about what percent of your workers on temporary assignment are 'bench-model'? [N=232]
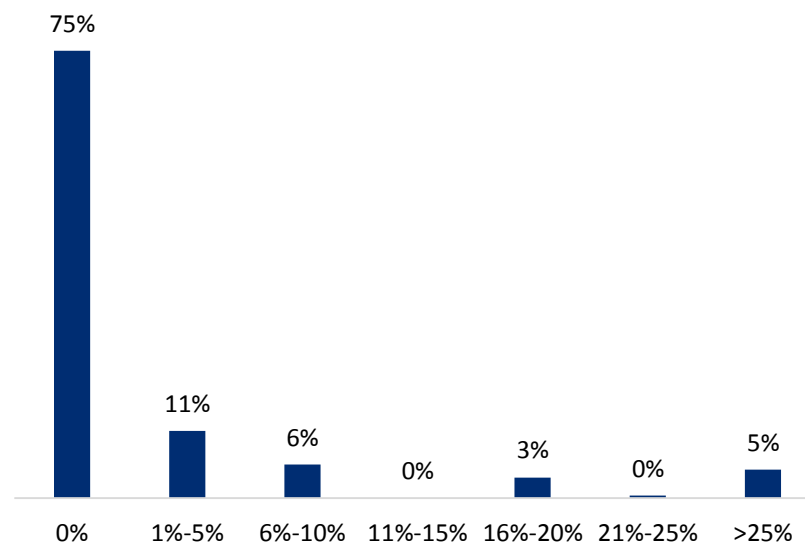
Propensity to use bench model not rising yet, but more staffing firms *expect* to use it

- Twenty-five percent of staffing firms reported using the bench model in 2016, down slightly from the 29% reported in 2012, though the difference could easily reflect sample variance.

- Looking forward, however, nearly twice as many staffing firms – 45% – expect to use it in 2026.

- Of those reporting using it, the median percent of temporary workers on bench was 10%; that was the case in 2012, 2016, and among those projecting usage in 2026.

Percent of staffing firms using bench model: 2012, 2016, and projected 2026 [N=232]

29%	25%	45%
Percent in 2012	Percent in 2016	Percent in 2026 (Projected)
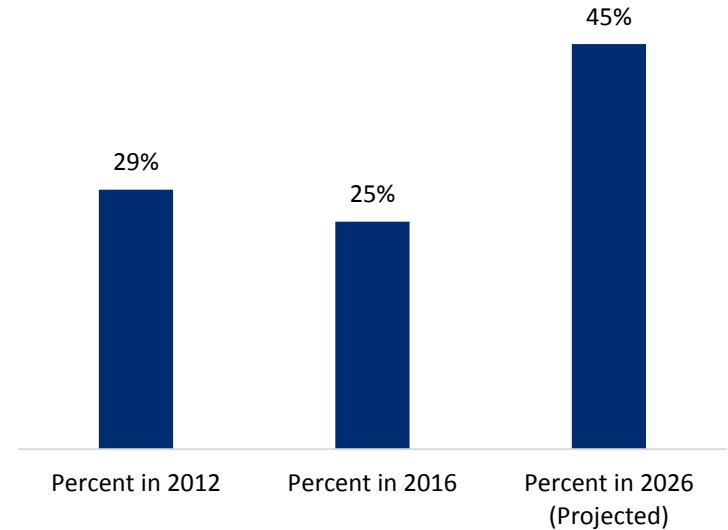
Use of bench model, by type of staffing firm

- Propensity of bench model use varies by staffing firm primary segment and by firm size.

- Professional staffing firms were nearly twice as likely to report using the bench model as commercial staffing firms. Twenty-eight percent of staffing firms use the bench model to some degree versus just 15% of commercial staffing firms.

- Use of the bench model also varied directly as a function of firm size. Eighteen percent of staffing firms with $10 million or less in revenue use the bench model; 24% of staffing firms in the $11 million to $100 million report doing so; and 27% of staffing firms with revenue greater than $100 million do so.

Use of bench model, as a function of primary skill segment and firm size

	Using Bench Model	N
Commercial	15%	84
Professional	28%	182
<=$10m	18%	119
$11m-$100m	24%	133
>$100m	27%	44

Under what circumstances has the bench model made sense for you?

Long-term and/or high-volume client demand

- "If our client base assured re-deployment on a consistent basis."

- "A large enterprise-level client with consistent short term temp needs--enough to keep several workers busy."

- "Long-term assignments in agreement with the client."

- "Multiple large, multi-year projects."

- "Used only for engagements of 1 year or longer."

- "Very technical projects that tend to have longer durations."

In-demand skills

- "Only high-skilled IT talent."

- "Marketable, 'hot' skill sets."

- "With specialist ITC resources such as telecommunications engineers and business analysts."

For consulting & SOW

- "High margin, consultative engagements."

- "Client requirements for W-2 technical consultants."

- "The bench model has made sense on SOW-type work where we bid and deliver the project on a fixed price."

- "For project-based work, where they can work on multiple projects or clients to deliver marketing programs."

Recruitment/retention

- "It allows us to retain a top performing employee to ensure that after the temporary assignment is finished, we can then place him somewhere else."

- "Keeping great talent from looking around."

- "Retaining a capable staff to deploy as needed based on client demand."

Support key clients

- "For servicing key strategic accounts."

- "To make sure the pipeline has current viable talent to service premier customers."

- "Emergency last minute staffing of key clients."

Visas/H-1b

- "We almost exclusively use the bench model to sponsor H-1b candidates for employers that will only accept them on our W-2."

- "Visa transfers and people who want salaries and benefits."

Operational reasons

- "They fill in for vacancies until a qualified person is assigned to a specific position."

- "Where legislation does not recognize contingent workers."

What advice can you give others considering using the bench model?

The key to success is high rate of utilization

- "Drive utilization!"

- "Must be able to have 90% billing utilization."

- "Make sure you have a pipeline of work available."

- "Multiple large, multi-year projects."

- "You need to have several clients where you can place anyone you have 'on the bench'."

- "Have a strong, proven sales team that can deliver volume."

- "Land the business first."

Use only for limited number of in-demand skill sets

- "Choose the skill sets wisely."

- "Bench model works in high-tech services."

- "Focus on a limited number of capabilities."

- "Only hire in your 'core competencies' where you know that the likelihood to redeploy them is high."

Select bench model workers wisely

- "Focus on workers with multiple highly marketable skillsets."

- "Hire the best resources. Pay well."

- "Make sure you have high quality consultants to justify bench investment."

Examine financial side thoroughly

- "Make sure the finances make sense to cover your downtime."

- "Price it accordingly for profitability."

- "Make sure you consider the impact of all hidden costs associated with permanent staffing such as holidays and training etc., and that you run a high margin."

- "Need a strong balance sheet/funding capability and accounting team."

Manage use of bench model closely

- "Keep it lean. Set a percentage. And know markets change and you will need to adjust."

- "Be proactive and willing to switch a project for an employee, for technical, monetary or personal reasons."

- "Prioritize any staff that hit the bench and make sure they adhere to pre-determined bench rules."

- "Put in strict criteria that has to be met around any permanent hires."

Make special agreements

- "Get agreement from all parties and have contracts that match the agreement to minimize risk."

- "Differentiated value proposition, both for clients and the 'bench model' talent."

Section 2016-C: Best practices in managing at-home recruiters

Key Findings:

- *Note: for the purposes of this section, the survey sample was expanded to include staffing firms globally (not just those operating primarily in North America).*

- Staffing firm executives were asked two questions:
  - "What's the #1 most important consideration in making an at-home/remote recruiter situation effective? (Choose one.)
    - Identifying the right recruiters; it won't work for just anyone.
    - Managing and measuring the recruiter's performance closely.
    - Training the recruiter thoroughly.
    - Other (please specify)"
  - "What advice would you give a staffing firm manager on how to make an at-home/remote recruiter situation work?" This was an open-ended question with no suggested answers.

- More than half of staffing executives – 57% – said that the #1 consideration in making an at-home recruiter situation effective is simply "identifying the right recruiters; it won't work for just anyone." An additional 37% said "managing and measuring the recruiter's performance" is most important.

- In the open-ended question, staffing executives offered additional advice:
  - Have the recruiter work in-house first before working at home.
  - Set expectations, and get buy-in to those terms.
  - Use commissions to drive performance.
  - Keep recruiters connected to team, and communicate frequently.
  - Get the technology needed to make the situation work.

Top consideration in making at-home recruiter situation effective: "identify the right recruiters; it won't work for just anyone"

- More than half of staffing executives – 57% – said that the #1 consideration in making an at-home recruiter situation effective is simply "identifying the right recruiters; it won't work for just anyone."

- Another 37% said that "managing and measuring the recruiter's performance closely" is the top consideration.

- An additional 4% said "training the recruiter thoroughly" is the top consideration, and the remaining 2% chose "other."

What's the #1 most important consideration in making an at-home/remote recruiter situation effective?

Identifying the right recruiters; it won't work for just anyone	57%
Managing and measuring the recruiter's performance closely	37%
Training the recruiter thoroughly	4%
Other	2%

Staffing executive advice on how to make at-home recruiter situation effective

Be selective about which recruiters can work from home

- "Choose recruiters who are used to working alone and independently."

- "You have to have experienced recruiters who know what they are doing and have a strong reputation. They need self-motivation and minimal supervision. This is our business model, and we have operated it now for 10 years."

- "Choose carefully; it's all about attitude."

- "It's the individual's work ethic and values. They must have integrity."

- "Pick people that have a strong need to work at home, e.g., parents of young children."

- "Make sure the person is self-motivated as well as organized and can prioritize his work with little direction."

- "Should be a known resource who has established credibility as a successful performer internally."

Have recruiter work in-house first before working at home

- "All our remote recruiters had originally worked in our office, so the training and trust were pre-established."

- "In our experience, it has only been successful when we have had that individual work within a branch for an extended period of time first."

Set expectations, and get buy-in to those terms

- "Both manager and recruiter need to understand the model/expectations for this to work."

- "Find what motivates the person and craft an agreement around that."

- "Complete buy-in from both parties on the manager/recruiter relationship -- cadence of communication, expectations, team coordination, etc."

- "Ensure that they have drunk the Kool-aid on your culture."

- "Have a structured plan/procedure in place."

- "KPIs and billing expectations must be clearly communicated and measured."

Staffing executive advice on how to make at-home recruiter situation effective

Closely measure and monitor performance

- "Make accountability number one. Require systematic reporting of results."

- "Measure performance on a weekly basis with achievable goals to properly evaluate performance and profitability."

- "Monitor your stats. Look at outcomes, not activity."

- "Focus on the output; don't worry about the rest."

- "Put very specific KPIs and metrics in place; reporting is key, and accountability must be in place."

- "There are some 'bad apples' out there. Implement a monitoring process from Day 1."

- "Have the same metrics and KPIs as in-house recruiters ."

- "Establish metrics that directly correlate to business and individual success."

Use commissions to drive performance

- "Tie the compensation to performance."

- "Put performance incentives in place; do what it takes to keep the culture of your company."

- "Have a high commission on the back-end."

Keep them connected to team, communicate frequently

- "Aside from hiring the right person, it is important to keep the remote recruiter connected to their team and invested in the company culture."

- "Work to incorporate them as much as possible into your team through technology, and have them out to the office as much as possible. Make them feel that they are included."

- "Definitely the most important aspect is making sure they feel really part of the team; if they don't share in the company culture, they won't feel included, and they are at a greater risk for large swings in production."

- "Communication with remote workers is key. This should be done by video conference, phone and instant messaging so they can communicate quickly and effectively and be seen visually to feel part of the team."

Get the technology needed to make situation work

- "The key to utilizing remote/at-home recruiters is to give them the technology needed to be successful."

- "Provide the technology to manage and measure activity."

- "Have the technology that allows you to look them in the eye everyday."

Section 2016-D: Job order productivity metrics

Key Findings:

- This report is based on responses to the following survey questions:

  - "For your <u>temporary staffing recruiters</u>, on average, approximately what is the number of job orders per recruiter filled in a week (i.e. candidates placed in a week)?

  - For your <u>direct hire recruiters</u>, on average, approximately what is the number of job orders filled per recruiter in a month (i.e. candidates placed in a month)?

  - For your company, on average, approximately what is the number of job orders generated per <u>account manager or salesperson</u> in a week, for <u>temporary staf</u>fing?

  - For your company, on average, approximately what is the number of job orders generated per <u>account manager or salesperson</u> in a week, for <u>direct hire</u>?

- The mid-range (25th percentile to 75th percentile) for each of these metrics is as follows:

  - 1-10 for job orders per <u>temporary staffing recruiter </u>filled per week

  - 1-2.5 for job orders per <u>direct hire staffing recruiter </u>filled per month

  - 3-10 for <u>temporary staffing job orders generated per account manager</u> or salesperson in a week

  - 1-3 for <u>direct hire staffing job orders generated per account manager</u> or salesperson in a week

- These metrics are displayed in detail in the following pages, as a function of staffing firm primary segment and firm size.

- Metrics were generally higher for temporary staffing than for direct hire. Additionally, metrics varied materially by primary temporary staffing segment, but did not vary consistently by firm size.

Temporary staffing recruiter job order productivity metrics

- The table at right shows the distribution of the metric 'job orders per temporary staffing recruiter filled per week', for staffing firms primarily selling selected skill segments and as a function of staffing firm size.

- Among firms primarily selling commercial staffing, the mid-range (25th percentile to 75th percentile) for this metric is 5-17, with a median of 10. However, within the office/clerical sub-segment, firms reported lower results for this metric, with a mid-range of 4-10 and a median of 5.5.

- Among firms primarily selling professional staffing, the mid-range (25th percentile to 75th percentile) for this metric is 1-4, with a median of 2. Healthcare temp recruiter productivity was higher, with a mid-range of 2-10 and a median of 3.5; IT temp recruiter productivity was lower, with a mid-range of 1-1.3 and a median of 1.

- Temporary staffing recruiter job order productivity did not vary consistently as a function of firm size.

Number of job orders per temporary staffing recruiter filled in a week (i.e. candidates placed in a week), by staffing firm primary segment and firm size

	25th Percentile	Median	75th Percentile	N
Commercial	5.0	10.0	17.0	94
Industrial	7.0	10.5	20.0	74
Office/Clerical	4.0	5.5	10.0	20
Professional	1.0	2.0	4.0	178
Healthcare	2.0	3.5	10.0	42
IT	1.0	1.0	1.3	88
<=$10m	1.0	3.0	6.0	118
$11m-$100m	1.0	4.0	10.0	139
>$100m	1.0	3.0	9.0	39
All Firms	1.0	3.0	10.0	306

Direct hire staffing recruiter job order productivity metrics

- The table at right shows the distribution of the metric 'job orders per direct hire staffing recruiter filled per month', for staffing firms primarily selling selected skill segments and as a function of staffing firm size.

- Among firms primarily selling commercial staffing, the mid-range (25th percentile to 75th percentile) for this metric is 1-3, with a median of 2. Within commercial staffing sub-segments, metrics for industrial staffing and office/clerical staffing were similar.

- Among firms primarily selling professional staffing, the mid-range (25th percentile to 75th percentile) for this metric is 0.5-2, with a median of 1.5. Healthcare temp recruiter productivity was higher than IT, with a mid-range of 1-2 and a median of 1.5, vs. 0.5-2 and a median of 1 for IT.

- Direct hire recruiter job order productivity did not vary consistently as a function of firm size.

Number of job orders per direct hire staffing recruiter filled in a month (i.e. candidates placed in a month), by staffing firm primary segment and firm size

	25th Percentile	Median	75th Percentile	N
Commercial	1.0	2.0	3.0	84
Industrial	1.0	2.0	3.0	65
Office/Clerical	1.1	2.0	2.5	18
Professional	0.5	1.5	2.0	146
Healthcare	1.0	1.5	2.0	25
IT	0.5	1.0	2.0	79
<=$10m	0.5	1.5	2.0	111
$11m-$100m	1.0	1.5	2.5	111
>$100m	1.0	1.5	2.5	35
All Firms	1.0	1.5	2.5	269

Account manager/salesperson temporary staffing job order productivity metrics

- The table at right shows the distribution of the metric 'temporary staffing job orders generated per account manager or salesperson in a week', for staffing firms primarily selling selected skill segments and as a function of staffing firm size.

- Among firms primarily selling commercial staffing, the mid-range (25th percentile to 75th percentile) for this metric is 5-15, with a median of 8. However, within the office/clerical sub-segment, firms reported much lower results for this metric, with a mid-range of 4.5-8 and a median of 6. (As noted previously, office/clerical *recruiter* job order productivity was also lower.)

- Among firms primarily selling professional staffing, the mid-range (25th percentile to 75th percentile) for this metric is 3-10, with a median of 5. Healthcare temp salesperson productivity was higher, with a metric of 5 at the 25th percentile and 15 at the median; the 75th percentile was ">15," meaning that a quarter of healthcare staffing firms reported higher productivity in this regard than the highest option given in the survey. In the entire survey sample of 298 staffing firms, only 18% reported this metric at ">15%"; among the sample of 41 healthcare staffing firms, double that share -- 35% -- reported it at ">15%."

- Although productivity did not vary consistently as a function of firm size, firms of $10 million or less in revenue reported lower productivity than larger firms.

Number of temporary staffing job orders generated per account manager or salesperson in a week, by staffing firm primary segment and firm size

	25th Percentile	Median	75th Percentile	N
Commercial	5.0	8.0	15.0	87
Industrial	5.0	10.0	>15	68
Office/Clerical	4.5	6.0	8.0	19
Professional	3.0	5.0	10.0	179
Healthcare	5.0	15.0	>15	41
IT	3.0	5.0	10.0	91
<=$10m	2.0	5.0	10.0	116
$11m-$100m	4.8	8.0	15.0	136
>$100m	5.0	6.0	15.0	37
All Firms	3.0	5.0	10.0	298

Account manager/salesperson direct hire job order productivity metrics

- The table at right shows the distribution of the metric 'direct hire staffing job orders generated per account manager or salesperson in a week', for staffing firms primarily selling selected skill segments and as a function of staffing firm size.

- Among firms primarily selling commercial staffing, the mid-range (25th percentile to 75th percentile) for this metric is 1-3, with a median of 1. Metrics for office/clerical and industrial sub-segments were fairly consistent with this result.

- Among firms primarily selling professional staffing, the mid-range (25th percentile to 75th percentile) for this metric is 1-3, with a median of 2. Metrics for healthcare and IT sub-segments were also fairly consistent with this result.

- Direct hire salesperson job order productivity did not vary consistently as a function of firm size.

Number of direct hire job orders generated per account manager or salesperson in a week, by staffing firm primary segment and firm size

	25th Percentile	Median	75th Percentile	N
Commercial	1.0	1.0	3.0	62
Industrial	1.0	1.0	2.0	46
Office/Clerical	1.0	2.0	3.0	16
Professional	1.0	2.0	3.0	126
Healthcare	1.0	1.0	4.0	19
IT	1.0	2.0	3.0	69
<=$10m	1.0	2.0	3.0	89
$11m-$100m	1.0	1.0	3.0	93
>$100m	1.0	2.0	3.0	29
All Firms	1.0	2.0	3.0	221

Section 2016-E: Time-to-fill rates and methods of calculation

Key Findings:

- This report is based on responses to the following survey questions:

  o "How does your company define 'time-to-fill'?

    - Date that request is received to date that <u>candidate accepts offer</u>.

    - Date that request is received to date that <u>candidate clears background check</u>.

    - Date that request is received to date that <u>candidate is onboarded</u>.

    - Date that request is received to date that <u>candidate starts on job</u>.

    - Other."

  o "Based on the definition you gave above, please estimate your firm's overall time-to-fill."

- The vast majority of staffing firms -- 89% -- used just two of these definitions. Forty-nine percent of staffing firms defined time-to-fill as "date of request to the date on which the worker <u>starts on job</u>." Another forty percent defined it as "date of request to the date on which the worker <u>accepts offer</u>."

- Among commercial staffing firms, there is essentially no difference between time-to-fill based on these two most common definitions. The reported median time-to-fill for commercial positons was 3 days under both definitions.

- Among professional staffing firms, definitional differences were more consequential. Firms that defined time-to-fill by when a candidate accepts an offer reported a median time-to-fill of 9 days. Firms that defined time-to-fill by when a candidate starts on a job reported a median time-to-fill of 16 days.

Usage by staffing firms of selected time-to-fill measures

- The chart at right represents the frequency with which staffing firms employ various measures of time-to-fill, in terms of time elapsed from date of request, to some event triggering closure of that period.

- Forty-nine percent of staffing firms defined time-to-fill as "date of request to the date on which the worker starts on job."

- Another forty percent defined it as "date of request to the date on which the worker accepts offer."

- Only 7% used onboarding, and only 2% clearing a background check, as the closing event of the time-to-fill period.

- As can be seen in the table at right, commercial staffing firms more commonly measured time-to-fill in terms of "date of request to the date on which the worker starts on job." However, among commercial placements there is typically very little time elapsed between acceptance of an offer and starting on a job (see next page), so for commercial firms the definitional distinction is less material.

How staffing firms define time-to-fill, in terms of event triggering closure of time-to-fill period
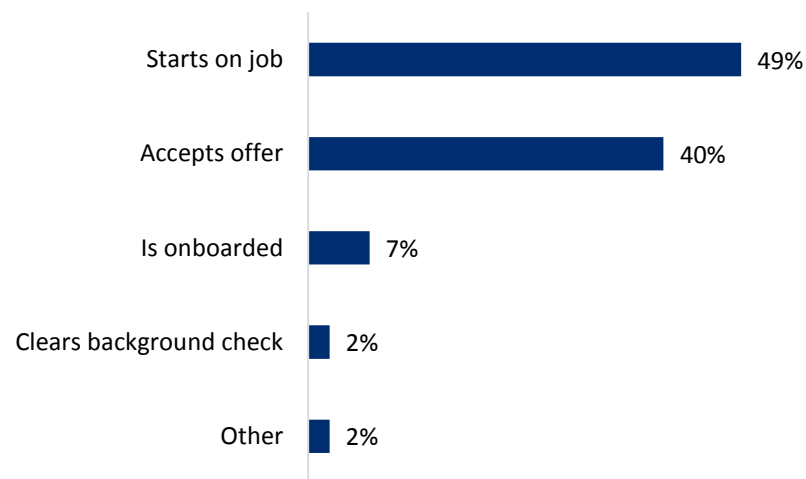
How staffing firms define time-to-fill, in terms of event triggering closure of time-to-fill period, as a function of primary segment

	Accepts Offer	Starts on Job	Other	Sum	N
Commercial	21%	68%	11%	100%	97
Professional	48%	40%	12%	100%	190
All Firms	40%	49%	12%	100%	333

Time-to-fill rates, as a function of primary segment and method of calculation

- The tables at right show the distribution of time-to-fill rates, for staffing firms primarily selling commercial staffing and for those primarily selling professional staffing.

- Among commercial staffing firms (top table), there is essentially no difference in time-to-fill rates based on the two most common definitions. For both time-to-fill based on when a candidate accepts an offer and for time-to-fill based on when a candidate starts a job, the median answer was 3 days. Likewise, for both definitions, the bottom quartile of firms reported time-to-fill at 2 days. At the top quartile, firms reported time-to-fill at 7 days for offer acceptance and 5 days for starting on the job; however, inasmuch as offers are accepted before starting on the job, this difference is nonsensical and likely reflects sample variance (there were only 17 commercial firms using offer acceptance as their definition of time-to-fill).

- Among professional staffing firms (lower table), definitional differences were more consequential. Among firms that defined time-to-fill by when a candidate accepts an offer, the mid-range (between the 25th and 75th percentile) was 5 days to 15 days, with a median of 9 days. Among firms that defined time-to-fill by when a candidate starts on a job, the mid-range was 10 days to 20 days, with a median of 16 days.

Commercial staffing firms: Distribution of time-to-fill rates, as a function of event terminating time-to-fill period

	25th Percentile	Median	75th Percentile	N
From date that request is received to date that candidate accepts offer.	2 days	3 days	7 days	17
From date that request is received to date that candidate starts on job.	2 days	3 days	5 days	57

Professional staffing firms: Distribution of time-to-fill rates, as a function of event terminating time-to-fill period

	25th Percentile	Median	75th Percentile	N
From date that request is received to date that candidate accepts offer.	5 days	9 days	15 days	83
From date that request is received to date that candidate starts on job.	10 days	16 days	20 days	70

Section 2016-F: Temporary worker payroll -- W-2 vs. 1099 payment methods

Key Findings:

- This report is based on responses to the following survey question:

  o "Approximately what percent of your temporary worker payroll is typically paid via W-2 vs. 1099? (Combined answers should total to 100%.)"

- Staffing firms primarily compensate their workers via W-2, but about half also use 1099s though typically only to a small degree.

- Staffing firms primarily selling commercial skill segments (industrial and/or office/clerical) nearly universally pay their temporary workers via W-2. On average, only 1% of workers were reported to be compensated via 1099 and only 15% of commercial staffing firms used 1099s at all.

- By contrast, on average across professional staffing firms, while 79% of temporary workers were paid via W-2, the remaining 21% were paid via 1099. The majority of professional staffing firms -- 74% -- reported paying at least some of their temps via 1099.

- IT staffing firms were most notable for use of 1099s. Ninety-five percent of IT staffing firms reported using 1099s to at least some degree, and on average 28% of IT workers were paid so. A quarter of IT staffing firms reported paying 40% of their temporary workers or more via 1099.

- Note: The W-2 and 1099 are US Internal Revenue Service tax forms, by which US worker compensation is tracked. Employees for whom payroll taxes are deducted are paid using a form W-2; independent contractors are paid using a form 1099.

Propensity of W-2 vs. 1099 payment methods, by staffing firm type

- The share of temporary workers paid via W-2 vs. 1099 varies by staffing firm type, as can be seen in the table at right.

- Staffing firms primarily selling commercial segments (industrial and/or office/clerical) nearly universally pay their temporary workers via W-2. On average across these firms, 99% of temporary workers were paid via W-2, and only 1% were paid via 1099. Only 15% of commercial staffing firms reported using 1099s to pay any of their temporary workers at all.

- By contrast, on average across professional staffing firms, while 79% of temporary workers were paid via W-2, the remaining 21% were paid via 1099. The majority of professional staffing firms -- 74% -- reported paying at least some of their temps via 1099.

- Larger staffing firms were more likely to report paying at least some temps via 1099, likely reflecting more diverse product offerings vs. that of smaller firms, but the average share of temporary workers paid via 1099 was not very different among firm size categories.

Propensity of W-2 vs. 1099 payment methods, by staffing firm primary segment and firm size

	Average share of temporary workers paid via…			Percent of staffing firms reporting <u>any</u> temps paid via 1099	N
	W-2	**1099**	**Sum**		
Commercial	99%	1%	100%	15%	111
Professional	79%	21%	100%	74%	202
<=$10m	84%	16%	100%	42%	139
$11m-$100m	86%	14%	100%	56%	158
>$100m	87%	13%	100%	72%	50
All Firms	85%	15%	100%	53%	357

Propensity of W-2 vs. 1099 payment methods, by staffing firm primary segment

- Among commercial staffing firms, there was little difference between industrial staffing firms and office/clerical staffing firms in terms of propensity of W-2 and 1099 payment methods. Both types of staffing firms overwhelmingly paid their temporary workers via W-2.

- About half of healthcare staffing firms used 1099s to at least some degree. On average, healthcare staffing firms said 82% of their temporary workers were paid via W-2 and 18% paid via 1099.

- IT staffing firms nearly universally use 1099s to at least some degree; 95% of surveyed firms said they did so. On average, IT firms pay 72% of temporary workers via W-2 and 28% via 1099.

Propensity of W-2 vs. 1099 payment methods, by staffing firm primary segment

	Average share of temporary workers paid via...			Percent of staffing firms reporting any temps paid via 1099	N
	W-2	1099	Sum		
Commercial	99%	1%	100%	15%	111
Industrial	99%	1%	100%	15%	88
Office/Clerical	99%	1%	100%	17%	23
Professional	79%	21%	100%	74%	202
Healthcare	82%	18%	100%	48%	50
IT	72%	28%	100%	95%	98
All Firms	85%	15%	100%	53%	357

Share of temporary workers paid via 1099, among healthcare and IT staffing firms using 1099s

- Among healthcare staffing firms compensating at least some temporary workers via 1099, the share of temporary workers so compensated varies by a large degree. At the lower end, the bottom quartile of such firms paid 4% or fewer of their workers via 1099; at the higher end, the top quartile of such firms paid 85% or more of their workers via 1099 (locum tenens physicians are paid via 1099). The median proportion paid via 1099 was 12%.

- Among IT staffing firms compensating at least some temporary workers via 1099, the share of temporary workers so compensated varies less. At the lower end, the bottom quartile of such firms paid 10% or fewer of their workers via 1099; at the higher end, the top quartile of such firms paid 40% or more of their workers via 1099. The median proportion paid via 1099 was 20%.

Among staffing firms that compensate at least some temporary workers via 1099, distribution of share of temporary workers so compensated

	25th Percentile	Median	75th Percentile	N
Healthcare	4%	12%	85%	24
IT	10%	20%	40%	92

Section 2016-G: Benchmark ratios: temps/branch, temps/staff, staff/branch

Key Findings:

- This report is based on responses to the following survey question:
  - "Approximately how many of each of these does your staffing firm have?
    - # Temporary Workers Out on Assignment
    - # Internal Staff
    - # Branches"
- For the purposes of this analysis, data was restricted to responses from staffing firms primarily selling temporary labor; those primarily focused on direct hire or other services were excluded.
- Temporary workers/branch. The median number of temporary workers/branch reported by recipients was 105, with a mid-range -- from the 25th percentile to the 75th percentile -- of 50 to 200. Commercial firms reported higher such ratios than professional firms, and larger firms reported higher ratios than smaller firms.
- Temporary workers/internal staff. For temporary workers/internal staff, the median reported by recipients was 10, with a mid-range of 5 to 20. Likewise, commercial firms reported higher such ratios than professional firms, and larger firms reported higher ratios than smaller firms.
- Internal staff/branch. The median number of internal staff/branch reported by recipients was 9, with a mid-range of 5 to 19. In this case, commercial firms reported lower such ratios than professional firms, though larger firms again reported higher ratios than smaller firms.

Temps/branch, temps/internal staff, and internal staff/branch

- The chart at right shows the three ratios addressed in this report -- temporary workers/branch, temporary workers/internal staff, and internal staff/branch -- as reported by survey participants, at the 25th percentile level, the median, and the 75th percentile.

- Temporary workers/branch. The median number of temporary workers/branch reported by recipients was 105, with a mid-range -- from the 25th percentile to the 75th percentile -- of 50 to 200.

- Temporary workers/internal staff. For temporary workers/internal staff, the median reported by recipients was 10, with a mid-range of 5 to 20.

- Internal staff/branch. The median number of internal staff/branch reported by recipients was 9, with a mid-range of 5 to 19.

Three benchmark ratios: 25th percentile, median, and 75th percentile

	25th Percentile	Median	75th Percentile	N
Temps/Branch	50	105	200	305
Temps/Internal Staff	5	10	20	317
Internal Staff/Branch	5	9	19	310

Temporary workers/branch
-- as a function of primary segment and by firm size

- The temporary workers/branch ratio varies sharply as a function of firm type, both in terms of primary segment offered and firm size.

- Commercial firms reported a median 140 temporary workers/branch, nearly double that of the 83 temporary workers/branch reported by professional staffing firms.

- In terms of firm size, those of $10 million or less reported a median 43 temporary workers/branch, those of $11 million to $100 million reported a median 140, and those of greater than $100 million reported a median of 177.

Temporary workers/branch, as a function of primary segment and by firm size

	25th Percentile	Median	75th Percentile	N
Commercial	89	140	211	109
Professional	36	83	173	193
<=$10m	25	43	100	127
$11m-$100m	81	140	250	157
>$100m	110	177	365	48
All	50	105	200	305

Temporary workers/internal staff
-- as a function of primary segment and by firm size

- The temporary workers/internal staff ratio also varies sharply as a function of firm type.

- Commercial firms reported a median 24 temporary workers/internal staff, four times that of the 6 temporary workers/internal staff reported by professional staffing firms.

- In terms of firm size, those of $10 million or less reported a median 8 temporary workers/internal staff, those of $11 million to $100 million reported a median 10, and those of greater than $100 million reported a median of 13.

Temporary workers/internal staff, as a function of primary segment and by firm size

	25th Percentile	Median	75th Percentile	N
Commercial	15	24	31	111
Professional	4	6	10	202
<=$10m	5	8	16	113
$11m-$100m	6	10	24	146
>$100m	7	13	23	46
All	5	10	20	317

Internal staff/branch
-- as a function of primary segment and by firm size

- The internal staff/branch ratio also varies sharply as a function of firm type.

- Commercial firms reported a median 6 internal staff/branch, less than half of the median 14 internal staff/branch reported by professional staffing firms.

- In terms of firm size, those of $10 million or less reported a median 5 internal staff/branch, those of $11 million to $100 million reported a median 13, and those of greater than $100 million reported a median of 17.

Internal staff/branch, as a function of primary segment and by firm size

	25th Percentile	Median	75th Percentile	N
Commercial	4	6	9	111
Professional	6	14	26	198
<=$10m	4	5	9	120
$11m-$100m	6	13	23	157
>$100m	6	17	37	49
All	5	9	19	310

Section 2016-H: Direct hire fees

Key Findings:

- This report is based on responses to the following survey question:
  - "Please give the following approximate metric for your staffing firm: Average direct hire fee"

- Across all surveyed staffing firms, the median direct hire fee reported was 20% of salary. At the low end, the bottom quartile of staffing firms charged 18% or less; at the high end, the top quartile of staffing firms charged 21% or more.

- Direct hire fees are remarkably consistent across staffing firm types and staffing firm sizes, with a reported median 20% fee across all sub-groups examined.

- Likewise, in three separate surveys taken in 2011, 2013, and 2016, the median reported direct hire fee as a percent of salary in all time periods was 20%. The mid-range – i.e., the 25th percentile to the 75th percentile – has also been fairly steady, at 16%-18% at the low end and 21%-22% at the high end.

How much do staffing firms typically charge for direct hire?

- Across all surveyed staffing firms, the median direct hire fee reported was 20% of salary. At the low end, the bottom quartile of staffing firms charged 18% or less; at the high end, the top quartile of staffing firms charged 21% or more.

- Direct hire fees are remarkably consistent across staffing firm types. Staffing firms for whom the top source of revenue was commercial temporary staffing, professional temporary staffing, and direct hire itself all reported a median direct hire fee of 20%.

- Likewise, 20% was the median direct hire fee across all three sizes of staffing firms.

- Median reported temp-to-hire fees were half that level, at 10%; temp-to-hire fees also exhibit a wider range around the median reflecting varying length of assignment before conversion.

Average direct hire fee (% of salary), as a function of staffing firm primary segment and firm size

	25th Percentile	Median	75th Percentile	N
Commercial	15%	20%	20%	81
Professional	20%	20%	22%	148
Direct Hire	20%	20%	25%	19
<=$10m	16%	20%	20%	107
$11m-$100m	18%	20%	22%	123
>$100m	18%	20%	20%	33
All	18%	20%	21%	269

Average direct hire fee (% of salary) vs. average temp-to-hire fee (% of salary)

	25th Percentile	Median	75th Percentile	N
Direct Hire Fees	18%	20%	21%	269
Temp-to-hire Fees	4%	10%	15%	272

Trend in direct hire fees, 2010-2016

- The chart at right shows the trend in direct hire fees as reported in three SIA surveys, taken in 2010, 2013, and 2016.

- The median reported direct hire fee as a percent of salary across all three time periods was 20%.

- Likewise, the mid-range – i.e., the 25th percentile to the 75th percentile – has also been fairly steady, at 16%-18% at the low end and 21%-22% at the high end.

Direct hire fees as a percent of salary, ranges from 25th percentile to 75th percentile, 2010-2016
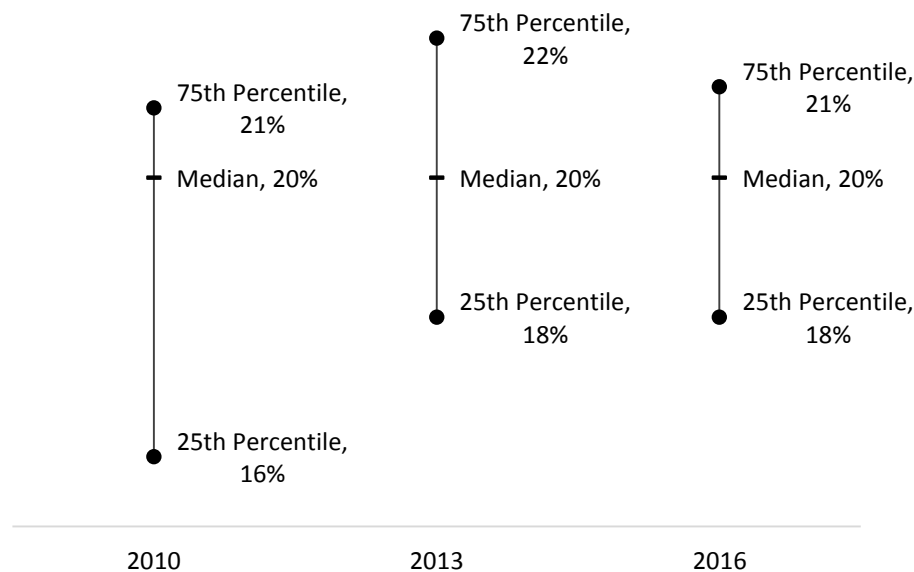
Section 2016-I: Temp-to-hire conversion rates, fees, and policies

Key Findings:

- This report is based on responses to the following three survey questions:
  - "Please give the following approximate metrics for your staffing firm...
    - Of placed temps, percent that convert to permanent positions
    - Average temp-to-hire conversion fee (% of salary)"
  - "When you charge a conversion fee for a temp-to-hire requisition how do you calculate the fee? (Select the one policy closest to your own.)"
  - "If a temporary worker you have placed converts to permanent status, at what juncture of completed service for that worker do you no longer charge a temp-to-hire conversion fee?"
- The median temp-to-hire conversion rate at commercial staffing firms is 30%, three times that of the median 10% rate reported by professional staffing firms. Conversion rates also varied as a function of firm size, with higher rates at smaller firms.
- The overall median temp-to-hire conversion fee is 10% of salary. At the low end, the bottom quartile of staffing firms charged 4% or less; at the high end, the top quartile of staffing firms charged 15% or more. These fees are notably lower than previously reported by staffing firms in 2009, when the median conversion fee was 16%-20%.
- Three-quarters of staffing firms use one of two methods to calculate temp-to-hire conversion fees. Forty-five percent of staffing firms use "a sliding scale based upon discount applied after they work a certain period of time," and 31% reported using a fixed percent of salary.
- Likewise, three-quarters of staffing firms forego conversion fees after a temporary worker completes a specified number of days or hours on assignment, with the most common cut-offs at 3 months and 6 months.

How often do temporary workers convert to permanent positions?

- Across all staffing firms, the median percent of temporary workers who ultimately convert to a permanent position is 20%.

- At the low end of conversion rates, a quarter of staffing firms reported such rates at 7% or less; at the high end, a quarter of staffing firms reported such rates at 32% or higher.

- Conversion rates at commercial staffing firms were substantially higher, with a median 30% rate, versus a median 10% rate at professional staffing firms.

- Conversion rates also varied notably as a function of firm size, with higher rates at smaller firms. At firms of $10 million or less in revenue, the median reported conversion was 20%; at $11 million to $100 million, median conversion was 16%; and at firms of $100 million or greater, median conversion was 8%.

Of placed temps, percent that convert to permanent positions, as a function of staffing firm primary segment and firm size

	25th Percentile	Median	75th Percentile	N
Commercial	16%	30%	60%	88
Professional	4%	10%	24%	172
<=$10m	10%	20%	54%	117
$11m-$100m	6%	16%	30%	131
>$100m	4%	8%	12%	36
All	7%	20%	32%	290

How much do staffing firms typically charge when a temporary worker converts to a permanent position?

- Across all staffing firms (excluding those that do not charge conversion fees), the median temp-to-hire conversion fee is 10%. At the low end, the bottom quartile of staffing firms charged 4% or less; at the high end, the top quartile of staffing firms charged 15% or more.

- For the most part, temp-to-hire conversion fees are roughly consistent across staffing firm types.

- However, there was a slight difference in reported fees between commercial and professional staffing firms, with professional firms higher at both the 25th percentile and median.

- Conversion fees are notably lower than those reported in a similar SIA survey in 2009, when the median reported fee was 16%-20%.

Average temp-to-hire conversion fee (% of salary)

	25th Percentile	Median	75th Percentile	N
Commercial	5%	10%	15%	66
Professional	10%	13%	15%	134
<=$10m	3%	10%	15%	110
$11m-$100m	5%	10%	15%	122
>$100m	5%	10%	15%	35
All	4%	10%	15%	272

How so staffing firms calculate temp-to-hire conversion fees?

- Three-quarters of staffing firms use one of two methods to calculate temp-to-hire conversion fees. Forty-five percent of staffing firms use "a sliding scale based upon discount applied after they work a certain period of time," and 31% reported using a fixed percent of salary.

- An additional 15% of staffing firms set fees on a case-by-case basis, 5% use a fixed dollar fee, and 4% use a sliding fee scale based upon higher percentage at higher levels of salary.

- Out of the 320 staffing firms responding to this question, only one firm (0.3%) reported using "a sliding scale based upon volume of workers converting to permanent status at one time or per annum."

How does your firm calculate temp-to-hire fees? [N=320]

Category	Percent
A sliding fee scale based upon discount applied after they work a certain period of time	45%
A fixed percent of salary	31%
We determine conversion fee on a case-by-case basis depending on client, position, skill, market, contract requirement etc.	15%
A fixed dollar or euro fee	5%
A sliding fee scale based upon higher percentage at higher levels of salary	4%
A sliding fee scale based upon volume of workers converting to permanent status at one time or per annum	0%

Temp-to-hire conversion fee calculation methods, by staffing firm primary segment and firm size

- The table below shows variations in staffing firm policies with respect to conversion fee calculation methods, as a function of both staffing firm primary segment and by firm size.

- While there were reported differences in conversion fee calculation methods among staffing firm types, for the most part the variations were not particularly notable in magnitude and the general pattern seems to be that such calculations don't vary a great deal by firm type.

- One exception is that the percent of staffing firms using a fixed percent of salary as a basis for conversion fees increased as a function of firm size, from 23% of firms of $10 million or less in revenue, to 31% of firms $11 million to $100 million in revenue, to 44% of firms of greater than $100 million. The converse pattern was also apparent, with larger firms less likely to use a sliding scale.

Variations in conversion fee calculation methods, by staffing firm primary segment and firm size

	A sliding fee scale based upon discount applied after they work a certain period of time	A fixed percent of salary	We determine conversion fee on a case-by-case basis depending on client, position, skill, market, contract requirement, etc.	A fixed dollar or euro fee	A sliding fee scale based upon higher percentage at higher levels of salary	A sliding fee scale based upon volume of workers converting to permanent status at one time or per annum	N
Commercial	42%	24%	23%	5%	5%	1%	100
Professional	47%	35%	10%	4%	3%	0%	182
<=$10m	52%	23%	15%	6%	3%	0%	128
$11m-$100m	44%	31%	14%	5%	6%	1%	140
>$100m	37%	44%	20%	0%	0%	0%	41

At what assignment length do conversion fees no longer apply?

- Seventy-six percent of staffing firms forego conversion fees after a temporary worker completes a specified number of days or hours on assignment. The cutoffs vary widely, but the two most common were 6 months, reported by 38% of staffing firms, and 3 months, reported by an additional 23% of staffing firms.

- Eighteen percent of staffing firms reported determining whether or not to charge fees on a case-by-case basis; five percent reported they always charge a conversion fee, and 1% reported they never charge a fee.

When do your staffing firm's conversion fees no longer apply? [N=327]
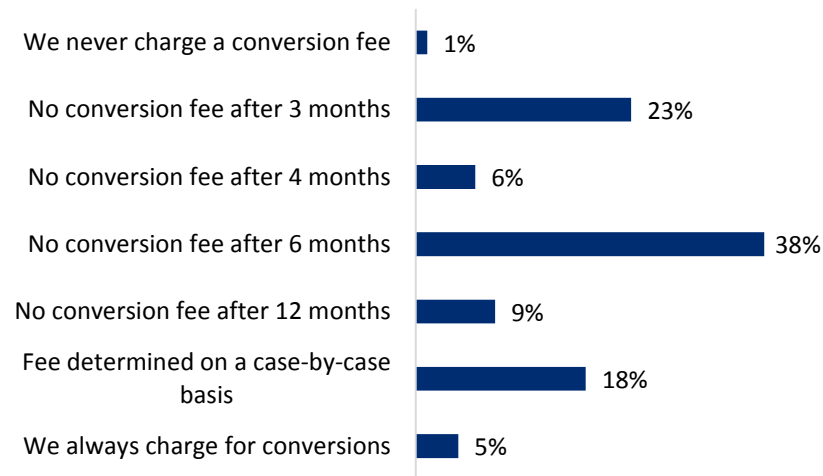
We never charge a conversion fee	1%
No conversion fee after 3 months	23%
No conversion fee after 4 months	6%
No conversion fee after 6 months	38%
No conversion fee after 12 months	9%
Fee determined on a case-by-case basis	18%
We always charge for conversions	5%

Conversion fee time limits, by staffing firm primary segment and firm size

- The table below shows variations in staffing firm policies with respect to conversion fee time limits, as a function of both staffing firm primary segment and by firm size.

- The most notable variation is that – among firms using time limits to decide when to stop charging conversion fees – commercial firms typically drop conversion fees at a much earlier point in temporary worker tenure than do professional firms. In particular, among commercial staffing firms, the median point at which conversion fees are dropped is 3 months; among professional staffing firms, the median is 6 months.

Variations in conversion fee time limits, by staffing firm primary segment and firm size

	We never charge a conversion fee	No conversion fee after 3 months	No conversion fee after 4 months	No conversion fee after 6 months	No conversion fee after 12 months	We determine conversion fee on a case-by-case basis	We always charge for conversions regardless of time worked	N
Commercial	1%	53%	8%	12%	1%	20%	5%	100
Professional	2%	7%	5%	50%	14%	18%	4%	188
<=$10m	1%	25%	9%	36%	9%	15%	6%	129
$11m-$100m	1%	24%	5%	41%	9%	17%	2%	143
>$100m	2%	17%	5%	36%	5%	29%	7%	42

Section 2016-J: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2016 Staffing Company Survey, for staffing firms primarily operating in North America. Additional detailed reports will follow this summary report.

- The survey was conducted in the summer of 2016 and reflects the opinions of 382 staffing firms. This sample is disproportionately composed of firms with greater than $10 million in revenue, so aggregate results reported are more reflective of these larger staffing firms. Where responses vary significantly by size, such differences will be noted in the analysis.

- Data includes: acquisition multiples and acquisition interest, self-insurance of healthcare benefits, time-to-fill, job order productivity, temp-to-hire rates and policies, employee satisfaction surveys, use of the bench model, and work-at-home policies.

Survey questions and summary statistics

With respect to the business unit(s) of your company for which you are responsible, approximately what share of revenue is derived from each of the following regions?

	25%	50%	75%	100%	Percent
US/Canada/Mexico	0%	2%	7%	91%	100%
Europe	2%	1%	0%	0%	3%
Australia/New Zealand	0%	0%	0%	0%	0%
China/Japan/Other Asia/Pacific	4%	1%	0%	0%	4%
South America	1%	0%	0%	0%	1%
Africa/Middle East	1%	0%	0%	0%	1%
					N = 382

What is your job title?

	Percent
Founder/CEO/Chairman/Managing Director	35%
President/COO/General Manager	24%
VP/SVP/EVP, Finance/CFO	12%
VP/SVP/EVP, Sales	12%
VP/SVP/EVP, Marketing/Chief Marketing Officer	4%
Region/Division Head (VP/Pres)	3%
VP/SVP/EVP, HR/CHRO/People Officer	2%
CTO/CIO/VP/Director, Information Services/Chief Digital Officer	1%
Branch Manager	1%
Recruiter/Placement Specialist	1%
Other	4%
	N = 381

Survey questions and summary statistics

In which <u>segment</u> did your company generate the most revenue in 2015?

	Percent
IT Temp	27%
Industrial/Logistics Temp	23%
Healthcare Temp	13%
Direct Hire/Permanent Placement	8%
Engineering/Design Temp	7%
Office/Clerical Temp	6%
Finance/Accounting Temp	4%
Other Temp Help	3%
Clinical/Scientific Temp	2%
Creative/Marketing Temp	1%
Human Resources Consulting Services	1%
Legal Temp	1%
Recruitment Process Outsourcing (RPO)	1%
Education Temp	0%
Independent Contractor Compliance/Payroll Processing	0%
Outplacement	0%
Retained Search	0%
Other	1%
	N=380

In which <u>industry</u> did your company generate the most revenue in 2015?

	Percent
Healthcare (Hospital/Clinical not including Insurance)	16%
Finance/Insurance	12%
Technology/Telecom	11%
Manufacturing--Other	11%
Manufacturing--Consumer Products	9%
Business/Professional Services	9%
Transportation/Warehousing/Packaging	5%
Energy (incl. Oil & Gas) & Mining	3%
Manufacturing--Automotive	3%
Government--Federal, State & Local (Excluding Education)	3%
Pharma/Biotech/Medical Equipment	3%
Construction	2%
Marketing/PR/Media/Advertising	2%
Utilities	1%
Agricultural	1%
Entertainment	1%
Education--Private & Government	1%
Restaurant/Hospitality	1%
Publishing/Printing/Information Services	0%
Retail Trade	0%
Other	5%
	N=380

Did your company generate more than half of its 2015 revenue from the top <u>segment</u> selected?

	Percent
Yes	90%
No	10%
	N=376

Did your company generate more than half of its 2015 revenue from the <u>industry</u> selected above?

	Percent
Yes	66%
No	34%
	N=359

Survey questions and summary statistics

Approximately how much total revenue did your company generate in 2015?

Revenue in U.S. Dollars	Percent	Revenue in U.S. Dollars	Percent
$2 Million	14%	$175 Million	1%
$4 Million	9%	$200 Million	1%
$6 Million	6%	$250 Million	2%
$8 Million	4%	$300 Million	1%
$10 Million	7%	$350 Million	1%
$15 Million	6%	$400 Million	1%
$20 Million	7%	$450 Million	0%
$25 Million	12%	$500 Million	1%
$50 Million	10%	$600 Million	0%
$75 Million	6%	$700 Million	1%
$100 Million	4%	$800 Million	0%
$125 Million	2%	$900 Million	0%
$150 Million	1%	$1 Billion	3%
Median = $20 Million, N = 365			

Approximately how many of each of these does your staffing firm have?

# Temporary Workers Out on Assignment	Percent	# Internal Staff	Percent	# Branches	Percent
<100	29%	<5	9%	1	36%
100-499	33%	5-19	32%	2	15%
500-999	10%	20-99	37%	3-5	21%
1000-1499	8%	100-199	12%	4-10	11%
1500+	20%	200+	11%	11+	17%
Total	100%	Total	100%	Total	100%
					N = 370

Approximately how many of each of these does your staffing firm have?

Percent of Temporary Workers Paid Via W-2	Percent	Percent of Temporary Workers Paid Via 1099	Percent
0%-25%	8%	0%-25%	81%
26%-50%	5%	26%-50%	8%
51%-75%	7%	51%-75%	4%
76%-100%	80%	76%-100%	7%
Total	100%	Total	100%
			N=360

Survey questions and summary statistics

If your company closed or will close any acquisitions in 2015 or 2016, approximately what was the multiple of the sale price relative to revenue?

	Percent
<0.2x revenue	3%
0.2x	3%
0.4x	3%
0.6x	3%
0.8x	0%
1.0x	2%
1.4x	0%
2.0x	1%
2.4x	0%
2.8x	0%
2.6x	0%
3.0x	1%
>3.0x revenue	1%
No acquisitions	81%
	N=194

If your company closed or will close any acquisitions in 2015 or 2016, approximately what was the multiple of the sale price relative to EBITDA?

	Percent
<0.5x EBITDA	0%
1.0x	1%
1.5x	0%
2.0x	0%
2.5x	2%
3.0x	3%
3.5x	5%
4.0x	4%
4.5x	0%
5.0x	3%
5.5x	0%
6.0x	1%
6.5x	1%
>8.0x EBITDA	1%
No acquisitions	78%
	N=186

If you are open to making an acquisition over the next two years, in which segment would you most be interested?

	Percent
IT Temp	30%
Healthcare Temp	20%
Industrial/Logistics Temp	10%
Clinical/Scientific Temp	6%
Office/Clerical Temp	5%
Engineering/Design Temp	4%
Finance/Accounting Temp	4%
Direct Hire/Permanent Placement	3%
Recruitment process outsourcing (RPO)	3%
Creative/Marketing Temp	2%
Human resources consulting services	2%
Legal Temp	2%
Education Temp	1%
Independent contractor compliance/payroll processing	1%
Online staffing/Human Cloud	1%
Other Temp Help	0%
Retained Search	0%
Other	5%
	N=239

Survey questions and summary statistics

Excluding acquisitions, approximately what was your firm's organic average annual growth from…

How do you source the healthcare benefits you offer your temporary workers?

2015 vs. 2014

Annual Growth	Percent	Annual Growth	Percent
<-30%	0%	2%	6%
-30%	1%	4%	6%
-28%	0%	6%	3%
-26%	0%	8%	4%
-24%	0%	10%	9%
-22%	0%	12%	5%
-20%	0%	14%	3%
-18%	0%	16%	4%
-16%	1%	18%	2%
-14%	1%	20%	6%
-12%	1%	22%	2%
-10%	2%	24%	1%
-8%	1%	26%	3%
-6%	1%	28%	1%
-4%	2%	30%	5%
-2%	3%	>30%	24%
0%	5%		
			N = 349

2015 vs. 2012 (annual average)

Annual Growth	Percent	Annual Growth	Percent
<-30%	1%	2%	2%
-30%	0%	4%	6%
-28%	0%	6%	4%
-26%	0%	8%	5%
-24%	0%	10%	8%
-22%	0%	12%	5%
-20%	1%	14%	4%
-18%	0%	16%	4%
-16%	0%	18%	3%
-14%	0%	20%	7%
-12%	0%	22%	1%
-10%	1%	24%	3%
-8%	1%	26%	3%
-6%	1%	28%	0%
-4%	1%	30%	6%
-2%	2%	>30%	27%
0%	3%		
			N = 317

	Temporary workers
Conventional Fully-Outsourced Healthcare Insurance, No Self-Insurance	61%
Self-Insured	21%
No Temp Insurance	15%
Other	3%
Total	100%
	N=317

How satisfied are you overall with this healthcare insurance arrangement, with respect to cost and service?

	Percent
10-Extremely satisfied	12%
9	4%
8	10%
7	14%
6	6%
5	20%
4	5%
3	7%
2	5%
1	3%
0-Not satisfied at all	14%
	N=305

Survey questions and summary statistics

How does your company define "time-to-fill?"

	Percent
Date that request is received to date that candidate starts on job	49%
Date that request is received to date that candidate accepts offer	40%
Date that request is received to date that candidate is onboarded	7%
Date that request is received to date that candidate clears background check	2%
Other	2%
Total	100%
	N=334

Based on the definition you gave above, please estimate your firm's overall time-to-fill.

Days	Percent	Days	Percent
1	4%	**14**	7%
2	9%	**16**	2%
3	11%	**18**	4%
4	6%	**20**	7%
5	9%	**22**	4%
6	2%	**24**	1%
7	7%	**26**	1%
8	3%	**28**	1%
9	2%	**30**	4%
10	9%	**>30**	6%
12	2%		
			N=295

For your temporary staffing recruiters, on average, approximately what is the number of job orders per recruiter filled in a week (i.e. candidates placed in a week).

#Job Orders Per Temp Recruiter In a Week	Percent	#Job Orders Per Direct Hire Recruiter In a Week	Percent
1	31%	**0.5-1**	41%
2-5	34%	**1.5-2**	33%
6-10	18%	**2.5-3**	14%
>10	17%	**>3**	13%
Total	100%	**Total**	100%
			N=269

For your company, on average, approximately what is the number of job orders generated per account manager or salesperson in a week...

#Job Orders Per Temp Acct Manager or Salesperson In a Week	Percent	#Job Orders Per Direct Hire Acct Manager or Salesperson In a Week	Percent
1-5	51%	**1-5**	93%
6-10	25%	**6-10**	4%
11-15	6%	**11-15**	1%
>15	18%	**>15**	2%
Total	100%	**Total**	100%
			N=221

Survey questions and summary statistics

Please give the following approximate metrics for your staffing firm...

Percent of Temps That Convert to Permanent Positions	Percent	Average Temp-to-Hire Conversion Fee (% of Salary)	Percent	Average Direct Hire Fee (% of Salary)	Percent
0%-4%	20%	0%	18%	0%-14%	11%
6%-12%	25%	1%-10%	39%	15%-19%	20%
14%-20%	19%	11%-20%	39%	20%-23%	54%
22%+	36%	22%+	4%	25%+	15%
Total	100%	Total	100%	Total	100%
					N=269

If a temporary worker you have placed converts to permanent status, at what juncture of completed service for that worker do you no longer charge a temp-to-hire conversion fee?

	Percent
We always charge for conversions regardless of time worked	5%
No conversion fee after 12 months	9%
No conversion fee after 6 months	38%
No conversion fee after 4 months	6%
No conversion fee after 3 months	23%
We never charge a conversion fee	1%
We determine conversion fee on a case-by-case basis depending on client, position, skill, market, contract requirement etc.	18%
Total	100%
	N=327

When you charge a conversion fee for a temp-to-hire requisition, how do you calculate the fee?

	Percent
A fixed percent of salary	31%
A sliding fee scale based upon discount applied after they work a certain period of time	45%
A sliding fee scale based upon higher percentage at higher levels of salary	4%
A sliding fee scale based upon volume of workers converting to permanent status at one time or per annum	0%
A fixed dollar or euro fee	5%
We determine conversion fee on a case-by-case basis depending on client, position, skill, market, contract requirement etc.	15%
Total	100%
	N=321

Survey questions and summary statistics

What survey (if any) do you use to measure the satisfaction of internal staff and/or temporary workers?

	Internal staff	Temporary workers
A survey from a non-SIA vendor	15%	16%
An internally-generated survey	39%	43%
SIA's "Best Place to Work For" Survey	11%	6%
We don't formally survey internal staff satisfaction	34%	34%
Total	100%	100%
		N=296

On any given day, about what percent of your workers on temporary assignment are 'bench-model'?

Estimated Percent Today	Percent	Projected Percent 10 Years From Now (Best Guess)	Percent
0%	77%	0%	54%
1%-5%	11%	1%-5%	14%
6%-10%	5%	6%-10%	15%
>10%	7%	>10%	17%
Total	100%	Total	100%
			N=234

If your satisfaction survey is a Net Promoter Score (NPS)-based survey, approximately what was your firm's NPS score? (All answers are confidential.)

Internal staff	Percent	Temporary workers	Percent
0%-25%	5%	0%-25%	5%
26%-50%	7%	26%-50%	11%
51%-75%	19%	51%-75%	40%
76%-100%	69%	76%-100%	44%
Total	100%	Total	100%
			N=88

Text-based questions:

- Of all the vendors that you use--including front-office and back-office software providers, job boards, background checking services, M&A, funding providers, etc.--which are the #1 and #2 vendors you would be most likely to recommend to a friend or colleague? Why would you recommend these two vendors?

- Under what circumstances has the bench model made sense for you? What advice can you give others considering using the bench model?

- What's the #1 most important consideration in making an at-home/remote recruiter situation effective? What advice would you give a staffing firm manager on how to make an at-home/remote recruiter situation work?

- What current legislation or regulation is having the most negative affect on your business this year? What forthcoming legislation or regulation are you most concerned about?

Section 2015-A: Outsourced services: usage rates, satisfaction & best practices

SIA
STAFFING INDUSTRY ANALYSTS

Key Findings:

- Thirty-nine percent of surveyed staffing firms reported that they outsource back-office functions to some degree. Among firms of less than $100 million in revenue, nearly half do so. Satisfaction levels with back-office outsourcing were also high--on a scale of 0-10, where 0 is "extremely unsatisfied" and 10 is "extremely satisfied," only 2% of staffing firms rated it less than a 5, and a majority rated it in the 8-10 range.

- Likewise, thirty-eight percent of respondents reported outsourcing marketing/social media to some degree. Satisfaction with this type of outsourcing was more moderate, with 15% rating it less than a 5 and 31% rating it in the 8-10 range.

- Least common and least well-rated was outsourced sourcing/recruiting. Only nineteen percent of firms outsource this function. Satisfaction with this type of outsourcing was also weakest, with 26% rating it less than a 5 and 20% rating it in the 8-10 range.

- Staffing firms using outsourcing were asked to offer best practice advice. From their comments several themes emerged:

  o Choose your outsourcing partner carefully and check references.

  o Focus on sales & recruiting, and/or whatever is core, and outsource the rest.

  o Outsource payroll.

  o Manage your partner closely--monitor, measure & communicate.

  o Scope the project carefully, define success.

  o Think twice about offshore outsourcing.

  o Outsource to get superior help, not to cut costs.

  o Weigh costs and benefits.

Degree of outsourcing use of specific functions

- Staffing firms were asked: "For your company, to what degree are the following functions outsourced, if at all?" The answer options were those given in the table below.

- Thirty-nine percent of staffing firms used outsourced services in support of their back-office/finance/payroll function; 38% used outsourced services for marketing/social media; and 19% used outsourcing for sourcing/recruiting.

- With few exceptions, outsourcing was generally used to supplement these functions, not replace them.

Degree of outsourcing of specific functions

	Entirely Outsourced	Mostly an Outsourced Function	Some Outsourced Assistance	No Outsourcing Used	Total
Sourcing/ Recruiting	0%	0%	19%	81%	100%
Marketing/ Social Media	3%	6%	29%	62%	100%
Back-Office Support/ Finance, Payroll, Etc.	5%	8%	26%	61%	100%
					N=276

Percent using outsourcing, as a function of firm size

- As can be seen in the table at right, propensity to use outsourcing varies by firm size.

- In particular, among firms with revenue of less than $15 million, 16% outsourced sourcing/recruiting to some degree; among firms of $15 million to $99 million, that percentage increased to 21%; and among firms with $100 million in revenue or more, the percentage rose to 33%. This result is consistent with that of our 2010 survey, which also found that the use of outsourced/offshored recruiters was more common among larger firms.

- Use of marketing/social media also seemed to increase slightly with firm size, though the effect was less pronounced.

- Use of back-office outsourcing, on the other hand, was inversely related to firm size. Nearly half of firms with less than $100 million in revenue used back-office outsourcing, but that percentage dropped sharply among firms with $100 million or more, to just 10%. This result is consistent with the highly-scalable nature of many back-office tools, which smaller firms may be better served accessing on a more economical shared basis.

Percent using outsourcing, as a function of firm size

	Sourcing/ Recruiting	Marketing/ Social Media	Back-Office Support/ Finance, Payroll, Etc.	N
<$15M	16%	36%	47%	132
$15-$99M	21%	43%	42%	90
$100M+	33%	48%	10%	39

Satisfaction with outsourcing of specific functions

- When staffing firms used outsourcing, they were asked to rate their satisfaction on a 0-10 scale, from "0-extremely unsatisfied" to "10-extremely satisfied."

- The full distribution of answers for each outsourced function is depicted in the charts at right.

- On this 0-10 basis, outsourcing of sourcing/recruiting scored the lowest satisfaction, with an average score of 5.8.

- Staffing firms rated marketing/social media outsourcing a bit higher, with an average score of 6.6.

- Satisfaction with back-office outsourcing was highest, with an average score of 7.6. Only 2% of staffing firms rated it less than a 5, and a majority rated it in the 8-10 range.

Satisfaction with outsourcing of sourcing/recruiting, N=45
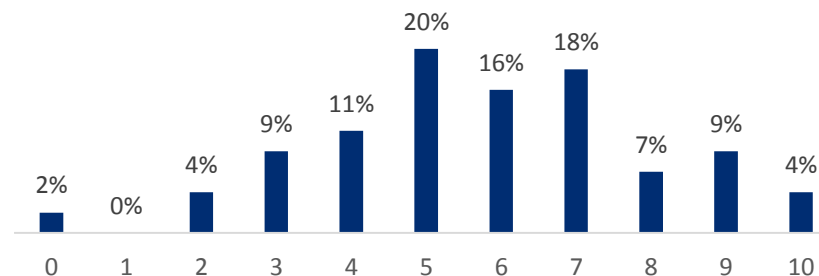
Satisfaction with outsourcing of marketing/social media, N=84
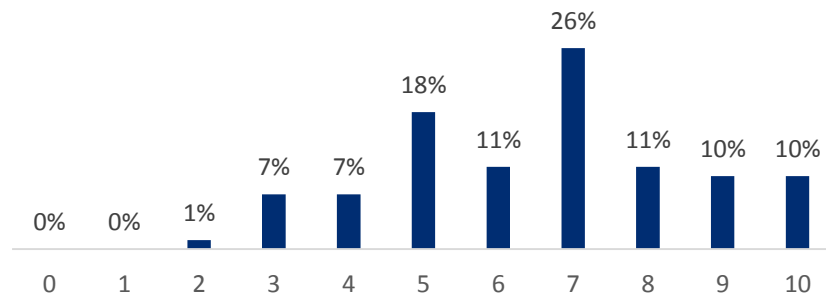
Satisfaction with outsourcing of back-office support/ finance, payroll, etc., N=88
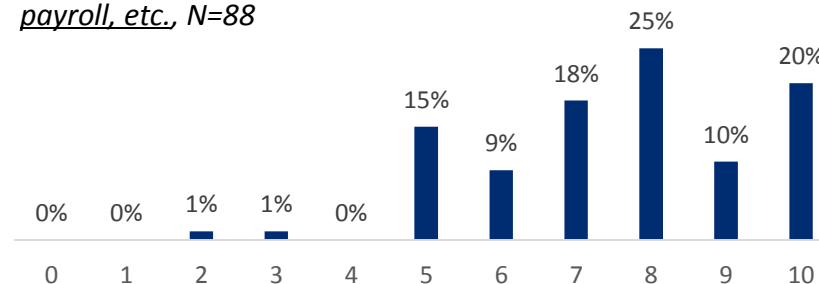
Best-practice outsourcing advice

- Staffing firms were asked: "What advice would you give other staffing firm managers who are considering fully or partially outsourcing some functions?" Themes are summarized below.

- *Note: for the purposes of determining best practices, the survey sample was expanded to include staffing firms globally (not just those with programs in North America).*

Choose outsourcing partner carefully/check references

- "Speak with as many sourcing/recruiting BPO client references as possible. Request a trial of service offered; most offered are too short to draw a fair conclusion."

- "Talk with a variety of sources to gain a better idea of the services and pricing that is offered. Also, reference check anyone you are considering signing with."

- "Carefully vet those services, references are important."

- "Check references very closely."

- "Don't be lazy, get more than one quote."

- "Get truly great references and a test period."

- "Make sure you are diligent in your selection process."

Focus on sales & recruiting, outsource the rest

- "Outsource whatever you can that keeps you off the phones with clients and candidates."

- "You need to define what is core in your business. We decided that recruiting and sales were the core functions to our delivering services; as such we outsourced all back office."

- "Your time is much better spent on recruiting and sales, vs. trying to balance your books or do your own taxes."

Outsource whatever is non-core & focus on core

- "Focus on what you do best and hire professionals to do the rest."

- "Let someone else handle the stuff you don't know about or don't want to do and focus on what can make you money."

- "Focus on what you're good at and outsource the other functions."

Outsource payroll

- "Definitely outsource payroll to remove the liability from your company. It's not worth the headache."

- "If you are a small business, outsource payroll. It's too cost effective not to."

Best-practice outsourcing advice

Manage closely--monitor, measure & communicate

- "Be prepared to help implement and manage the partner. Communication is key - both at the beginning and on-going."

- "Stay on top of what they are doing!"

- "Stay on top of the outsourcing company."

- "Do NOT be out of sight, out of mind. Constant contact and communication is crucial as well as clearly defined metrics along with clearly defined job specifications."

Scope the project carefully, define success

- "Be sure to clearly define what constitutes success. You and your partner need to be completely clear and in agreement on the service requirements."

- "Limit project scope and know exactly what you are paying for and how billing is calculated. All agreements on billing and scope should be in a written proposal for your approval. Hold vendor accountable."

- "Hold a cost/benefit review of each relationship quarterly."

Think twice about offshore outsourcing

- "Avoid off-shoring in India."

- "We tried India. Our competitors received the same resumes that we received for the same clients. Our job-board memberships were being shared for sourcing for other companies."

- "Open your own offshore location. Do not use a third party. It takes longer and can be painful to establish but the long term benefits are worth the time."

Outsource to get superior help, not to cut costs

- "Use outsourcing for capability enhancement rather than just cost reduction."

- "I outsource where we don't have the scale to afford the quality that I need."

Weigh costs/benefits

- "Don't focus purely on cost, but how it impacts the client/candidate experience and your firm's DNA/culture."

- "Do your research, know your current costs and balance your business needs and wants."

Use of outsourced and offshore recruiters increases as a function of staffing firm size

- *Note: The responses given on this page are from the 2010 Staffing Company Survey. They are included here as they are related to this topic and for the convenience of the reader.*

- Among staffing firms of less than $10MM in size, typically just 10%-15% use US-based outsourced recruiters, and very few use offshore recruiters. However, use of outsourced and offshore recruiter increases with staffing firm size, and by the time a staffing firm reaches the $1 billion+ size category, nearly half use outsourced and/or India-based offshore recruiters and 17% use other offshore recruiters.

Percent of staffing firms using outsourced/offshore recruiters, as a function of firm size

Legend: ■ U.S. outsourced   ■ India-based   ■ Other offshore

Firm size	U.S. outsourced	India-based	Other offshore
<$2.5M	15%	3%	1%
$2.5M-$4.9M	12%	2%	0%
$5M-$9.9M	11%	10%	0%
$10M-$24.9M	18%	3%	5%
$25M-$49.9M	15%	9%	7%
$50M-$99.9M	19%	26%	6%
$100M-$249.9M	29%	25%	9%
$250M-$499.9M	31%	31%	8%
$500M-$999.9M	42%	18%	18%
$1 billion+	45%	46%	17%
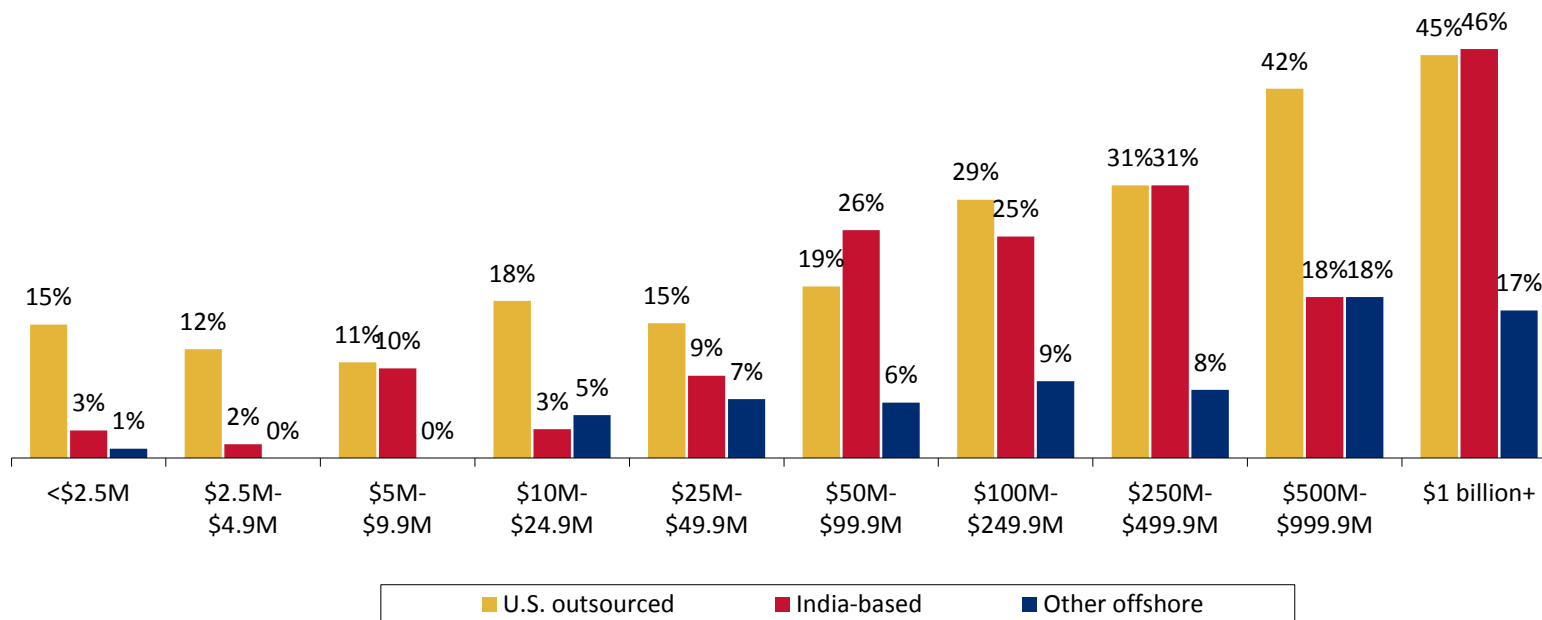
Section 2015-B: Social media use, metrics, & preferred venues

Key Findings:

- Social media contributes only moderately to the business success of most staffing firms. When asked to rate the importance of social media to their firm on a scale of '0-Not at all' to '10-A huge help', respondent ratings clustered toward the middle of the range, with a median response of five.

- Staffing firms use social media much more for recruiting than for sales. Fifty-five percent said their firm used social media primarily for recruiting; that compares with just 5% who said their firm primarily used social media for sales. The remaining 45% used social media equally for recruiting and sales. There was little difference in satisfaction among staffing executives with respect to how they used social media. Median scores were in the 5-6 range across the three options of recruiting, sales or equally sales and recruiting.

- Where significant differences in satisfaction appeared, however, was in the degree to which staffing firms tracked social media metrics. Satisfaction levels varied directly with number of metrics followed. In particular, not tracking any metrics at all was associated with markedly lower satisfaction, and even beyond that more metrics tracked correlated with improvement.

- Ninety-five percent of staffing firms use Linkedin; 84% use Facebook; and 66% use Twitter. In all three cases, staffing firms used these social media venues more for recruiting than sales, but their use for sales was also notable, particularly with respect to Linkedin.

Staffing firm satisfaction (and lack thereof) with social media efforts

- Staffing firm executives were asked: "To what degree would you say your firm's use of social media contributes to its business success?" Answer option ranged from "0-Not at all" to "10-A huge help." The distribution of answers is given in the table at right.

- The median answer was 5 and roughly two-thirds scored in the 3-7 range, suggesting that for the majority of staffing firms the contribution of social media to business success is just moderate.

- Social media satisfaction did not vary materially as a function of company size or commercial vs. professional focus.

How much does social media help your business?

0	1	2	3	4	5	6	7	8	9	10
3%	8%	5%	10%	9%	19%	10%	15%	9%	5%	7%

<-- Not at all   A huge help -->
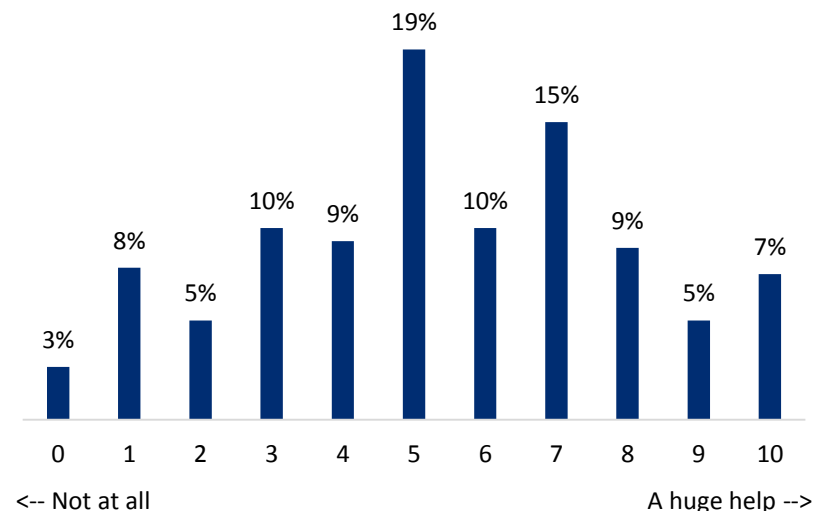
Staffing firm social media focus: more recruiting than sales

- Staffing firm executives were also asked: "Are your firm's overall social media efforts focused more on recruiting or more on sales?" Answer options included: a) Recruiting, b) Equally Recruiting and Sales, and c) Sales.

- Staffing firms use social media much more for recruiting than for sales. Fifty-five percent said their firm used social media primarily for recruiting; that compares with just 5% who said their firm used social media primarily for sales. The remaining 40% used social media equally for recruiting and sales.

- Differences in focus did not seem to make much difference in program satisfaction—median satisfaction scores between those using social media for recruiting and those using it for sales or sales/recruiting were not materially different.

Are your firm's overall social media efforts focused more on recruiting or more on sales?

Sales 5%

Equally Recruiting and Sales, 40%
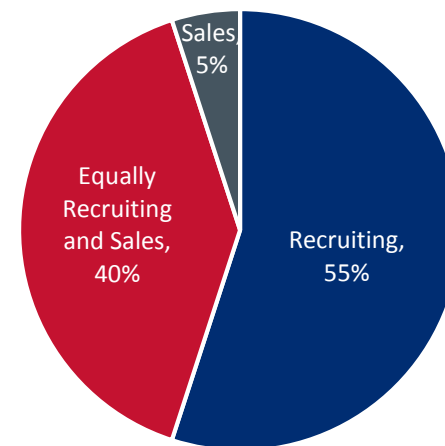
Recruiting, 55%

Median and average satisfaction with social media program (on a 0-10 scale) as a function of program focus

	Median	Average	N
Recruiting	5	4.9	164
Equally Recruiting and Sales	6	5.9	119
Sales	6	5.8	13

Tracking social media metrics associated with higher program satisfaction

- Staffing firm executives were also asked: "Which of the following metrics (if any) do you use to measure the effectiveness of your social media efforts? (Select all that apply.)" The question's answer options are those given in the table at right.

- About a third of respondents followed no social media metrics at all. Of the four metrics available to select, each were tracked by roughly half of the respondents; 'number of respondents' was most popular, at 54%, and 'website conversions' was least popular, at 40%. There did not appear to be a material difference in satisfaction between respondents as a function of individual metrics tracked.

- However, as can be seen in the chart at right, satisfaction with the effectiveness of the company's social media program did vary as a function of aggregate *number* of metrics tracked. The correlation is statistically significant both for the full 0-4 range and the less steep 1-4 partial range.

- Number of metrics tracked could be the driver itself of satisfaction—you get what you measure—or it could simply be a marker for overall seriousness of a company's social media program.

Which social media metrics do you use?

	Response Percent	Average Satisfaction
Number of followers	54%	6.0
Clicks through to your website	49%	6.3
Social engagement (comments, likes, etc.)	44%	6.3
Website conversions (applications, form submissions)	40%	6.6
We don't track social media metrics	31%	3.9
		N=282

Average satisfaction as a function of number of metrics followed

Number of Metrics Followed
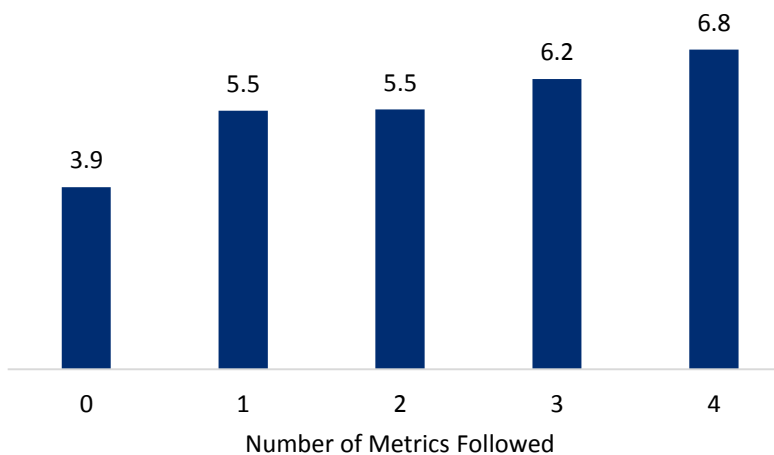
Staffing firms use different social media sites for different purposes

- Staffing firm executives were also asked: "With respect to the following social media venues, for what do you primarily use them?" The social venues selected were Twitter, Facebook and LinkedIn. The answer options were: Recruiting, Sales, Equally Recruiting & Sales, and 'We don't use this venue.'

- Ninety-five percent of staffing firms use Linkedin; 84% use Facebook; and 66% use Twitter.

- Linkedin is the most multi-purpose site, with 52% using it equally for sales and recruiting. Another 37% said they use it primarily just for recruiting, and another 6% said they use it primarily for sales.

- Facebook and Twitter are seen more as recruiting tools. Fifty-one percent said they primarily use Facebook for recruiting, 30% use it equally for recruiting and sales, and 2% use it primarily for sales. Likewise, 39% use Twitter primarily for recruiting, 23% use it equally for recruiting and sales, and 4% use it primarily for sales.

For which function do you primarily use these social media venues?

	Twitter	Facebook	LinkedIn
Recruiting	39%	51%	37%
Sales	4%	2%	6%
Equally Recruiting & Sales	23%	30%	52%
We don't use this venue	34%	16%	5%
Total	100%	100%	100%
			N=273

Section 2015-C: RFPs—Response rates, hours to complete, percent successful

Key Findings:

- The typical staffing firm responds to about half of RFPs (Requests for Proposal), and about 25% of the time those completed RFPs turn into business.

- That said, the distribution around those medians is broad, suggesting that staffing firms vary widely in both their inclination and aptitude with respect to pursuing RFP business.

- RFPs are a significant investment of time, with a mid-range time to complete of 6-20 hours and a median of 10 hours.

- Staffing firms that spent more than 12 hours per RFP had a higher success rate (40%) than firms that spent 12 hours or less per RFP (25%); but within the >12 hours group, there was no correlation between hours spent and success, suggesting that spending significantly more than 12 hours/RFP, on average, was not associated with improved odds of success.

- This data suggests two strategies with respect to RFPs:

  o First, because success rates were 25% even for those who spent just 2-6 hours per RFP, in most cases it pays to respond even if it's just with a "light touch."

  o Second, for more valuable contracts and/or those with higher perceived odds of success, a slightly greater investment of time would seem to be justified, but only up to a point.

Staffing firm RFP response rates, hours to complete, & percent successful

- Staffing firm executives were asked: "With respect to Requests for Proposals (RFPs)...

    o About what percent of RFPs do you respond to?

    o How many hours does it typically take to write a response?

    o Of those RFPs that you respond to, about what percent turn into business?

- As can be seen in the table at right, staffing firm RFP response rates cover the full spectrum of possibilities, with a quarter of firms responding to almost no RFPs (10% or less), a quarter of firms responding to the vast majority of them (75% or more) and everyone else in between.

- RFPs are a significant investment of time, with a mid-range time to complete of 6-20 hours and a median of 10 hours.

- Staffing firms vary widely in RFP success rates as well, with a mid-range success rate of 10%-50%, and a median of 25%. It might be thought that larger firms, with presumably more specialized staff, would tend to be more successful but there was no correlation between RFP success and firm size.

RFP response rates, hours to complete, & percent successful

	25th Percentile	Median	75th Percentile	N
Percent of RFPs Responded To	10%	50%	75%	328
Typical Hours to Complete an RFP	6	10	20	299
Percent of RFPs Successful	10%	25%	50%	283

How long does it take, on average, to win RFP business—and at what cost?

- Average time to win an RFP contract was imputed for each respondent by dividing their reported average time to complete an RFP by their reported average success rate.

- So for instance, if a firm reported that they typically spend 6 hours per RFP, and about one in four of those are successful, then on average they spend 24 hours per *successful* RFP. The distribution of the imputed hours per win are given in the table at right.

- There is a wide distribution of RFP-win efficiency between staffing firms: with a median of 40 hours/win, and a six-fold difference in hours/win between the top quartile (100 hours or more) and bottom quartile of staffing firms (16 hours or fewer).

- Sample costs per win are also imputed in the table at right, by multiplying hours/successful RFP by selected employee costs/hour.

- Assuming the cost of the employee completing an RFP to be, say, $50/hour, the median imputed cost per successful RFP would $2,000 (40 hours x $50/hour). Whether this expense could be justified would depend on particular contracts, of course, but in general this seems a small investment relative to the size of most RFP contracts.

Imputed hours to win an RFP contract

	25th Percentile	Median	75th Percentile	N
Imputed Typical Hours/ Successful RFP	16	40	100	263
Imputed Cost/ Successful RFP @$25/Hour	$400	$1,000	$2,500	263
Imputed Cost/ Successful RFP @$50/Hour	$800	$2,000	$5,000	263
Imputed Cost/ Successful RFP @$75/Hour	$1,200	$3,000	$7,500	263

Is there an optimal amount of time to spend on an RFP?

- Spending more time on RFPs does seem to improve odds of success, up to a point. As can be seen in the table at right, staffing firms that said they spent between 2-6 hours on average per RFP scored a median success rate of 25%; those that said they spent more than 8-12 hours scored the same 25% success rate; and those that said they spent more than 12 hours on average per RFP scored a median success rate of 40%.

- *Within* this last group of >12 hours, there was no correlation between hours spent and success, suggesting that spending significantly more than 12 hours/RFP, on average, was not associated with improved odds of success.

- Spending more time per RFP also increased average hours per success--from 13 to 40 to 80--across the three rows of this same table, as increased odds of success were not sufficient to offset increased hours.

- This data suggests two strategies with respect to RFPs:

  - First, in general it pays to respond to applicable RFPs even if it's just with a "light touch." Assuming the cost of the employee completing an RFP to be $50/hour, a minimal average RFP investment of 2-6 hours would imply a cost of $650/win (13 hours x $50/hour). Few RFP contracts would be so small as to not justify such a cost.

  - Second, for more valuable contracts and/or those with higher perceived odds of success, a greater investment of time does seem to pay off, but only up to a point.

RFP success rates and imputed hours/success, as a function of average time spent per completed RFP

	Median Success Rate	Imputed Hours/Success	N
Average of 2-6 hours/RFP	25%	13	80
Average of 8-12 hours/RFP	25%	40	79
Average of >12 hours/RFP	40%	80	100

Section 2015-D: Staffing firm operational structures

Key Findings:

- Sixty-nine percent of staffing firms said recruiting and sales were mostly separate; forty-three percent of staffing firms reported mostly separating temp and perm businesses.

- The two types of operational decisions queried—whether to combine or separate temp and perm business, and whether to combine or separate recruiting and sales—seem to be treated as independent decisions.

- In general, staffing firms were well satisfied with the efficiency of their operational structures, regardless of what those structures were, suggesting that either there is not a large difference in performance of the suggested options or that staffing firms gravitate to whichever structure is optimal. On a satisfaction scale ranging from "0-Extremely unsatisfied" to "10-Extremely satisfied," the median answer was 7. Half of respondents scored in the 8-10 range, indicating strong satisfaction; only 6% scored less than 5.

- Nonetheless, larger staffing firms are more likely than smaller firms to separate recruiting and sales. Likewise, though to a lesser degree, larger staffing firms are also more likely to separate temp and perm businesses. That staffing firms—when they have the scale necessary to accommodate separation—commonly do so suggests that separation has advantages.

- SIA's 2009 Staffing Company Survey found that staffing firms are increasingly apt to separate direct hire staff from temp staff as direct hire revenue increases, but creating separate offices was much less common.

Distribution of operational structures

- Staffing firm executives were asked: "With respect to your operational structure...

    - Do you mostly separate recruiting and sales, or do employees typically do both?

    - Do you separate your perm and temporary staffing businesses or are they mostly combined?"

- Answers to this question are given in the table at right.

- Sixty-nine percent of staffing firms said recruiting and sales were mostly separate; 31% combined these functions.

- Staffing firms were more evenly divided with respect to the separation or combination of temp and perm business. Forty-three percent of staffing firms said temp and perm business was mostly separate; 57% combined these functions.

- The two types of operational decisions queried—whether to combine or separate temp and perm business, and whether to combine or separate recruiting and sales—seem to be treated as independent decisions. Fifty-two percent of staffing firms either combined both or separated both, and 48% combined one and separated another, a roughly 50/50 split. Among the four possible operational combinations, none was dominant.

Percent of staffing firms with selected operational structures

	Recruiting and Sales Mostly Separate	Recruiting and Sales Mostly Combined	Total
Temp and Perm Businesses Mostly Separate	32%	11%	43%
Temp and Perm Businesses Mostly Combined	37%	20%	57%
Total	69%	31%	100%
			N = 343

Satisfaction with operational structures

- Staffing firm executives were asked: "With respect to your operational structure, how satisfied are you with the operational efficiency of the way you are separating/combining these?" Answer options ranged from "0-Extremely unsatisfied" to "10-Extremely satisfied." The distribution of answers is given in the table at right.

- The median answer was 7. Half of respondents scored in the 8-10 range, indicating strong satisfaction; only 6% scored less than 5.

- The table at lower right depicts the average satisfaction score reported by respondents for their respective operational structures. Average satisfaction is notably similar across the four quadrants of structures, suggesting that either there is not a large difference in performance of the suggested options or that staffing firms gravitate to whichever structure is optimal.

How satisfied are you with the efficiency of your firm's operational structure?

0	1	2	3	4	5	6	7	8	9	10
1%	0%	1%	1%	3%	14%	9%	23%	21%	8%	20%
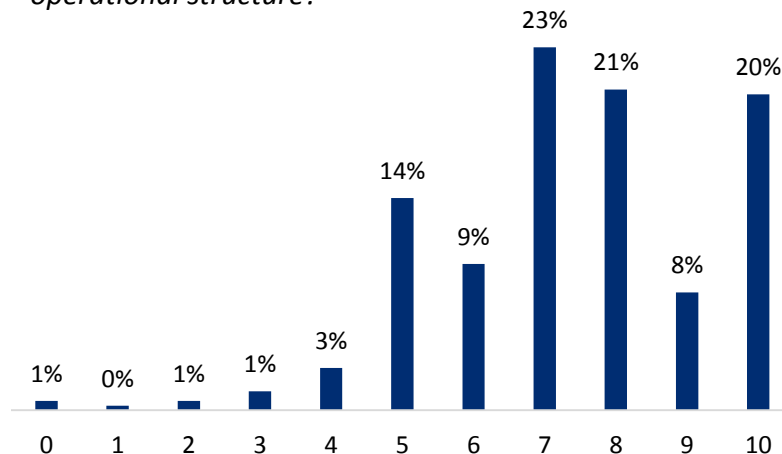
Average satisfaction as a function of operational structure

	Recruiting and Sales Mostly Separate	Recruiting and Sales Mostly Combined	Total
Temp and Perm Businesses Mostly Separate	7.6	7.1	7.5
Temp and Perm Businesses Mostly Combined	7.4	7.3	7.3
Total	7.5	7.2	7.4
			N=333

Operational structures and firm size

- Larger staffing firms are more likely than smaller firms to separate recruiting and sales. Among staffing firms of less than $10 million in revenue, 59% separated recruiting and sales functions; that percent rose to 74% among firms of $10-$49 million; and rose again to 83% among firms of $50 million or greater in revenue. The correlation is statistically significant at a 95% confidence level.

- Larger staffing firms were also more likely to report separating temp and perm businesses, but to a lesser degree. Among staffing firms of less than $10 million in revenue, 34% separated temp and perm businesses; that percent rose to 43% among firms of $10-$49 million; and rose again to 61% among firms of $50-$99 million; but slipped back slightly to 49% among firms of $100 million or greater in revenue. The difference between firms of less than $10 million in revenue and those $10 million and greater is statistically significant at the 95% confidence level.

- Satisfaction levels did not vary notably between the various categories, again suggesting that either there is not a large difference in performance of the suggested options or that staffing firms gravitate to whichever structure is optimal.

Staffing firm operational structures and structure satisfaction as a function of firm size

	Recruiting and Sales Mostly Separate	Recruiting and Sales Mostly Combined	Total	Temp and Perm Businesses Mostly Separate	Temp and Perm Businesses Mostly Combined	Total	N
<$10M	59%	41%	100%	34%	66%	100%	131
$10-49M	74%	26%	100%	43%	57%	100%	88
$50-99M	83%	17%	100%	61%	39%	100%	46
$100M+	83%	17%	100%	49%	51%	100%	47
<$10M	7.6	7.4	7.5	7.5	7.5	7.5	131
$10-49M	7.6	7.0	7.4	7.6	7.3	7.4	88
$50-99M	7.3	6.6	7.2	7.5	6.7	7.2	46
$100M+	7.3	6.9	7.2	7.3	7.1	7.2	47

To what degree do staffing firms use separate staff and offices for direct hire?

- *Note: The responses given on this page are from the 2009 Staffing Company Survey. They are included here as they are related to this topic and for the convenience of the reader.*

- Sixty-seven percent of respondents fully integrate their direct hire and temporary staffing operations, using the same staff and offices for direct hire and temporary hire. Twenty-seven percent use different staff but in the same offices for the two services. The least common model is to entirely separate direct hire and temporary staffing, with different staff in different offices. Only 6% of staffing firms report such degree of separation.

- Among firms with less than $1 million in direct hire revenue, 74% use both the same staff and same offices. However, as direct hire revenue increases, staffing firms increasingly separate direct hire staff, rising from 26% among firms of less than $1 million in direct hire revenue to 79% among firms with $20 million or more in direct hire revenue. The correlation is statistically significant at a 95% confidence level.

- Entirely separating direct hire operations— with separate staff and offices—is relatively rare and does not consistently vary with magnitude of the direct hire operation.

Use of staff and offices for direct hire, as a function of total direct hire revenue ($ Millions)

	Fully Combined: Use the Same Staff and Offices	Use Different Staff, but in the Same Offices	Fully Separate: Use Different Staff and in Separate Offices	N
<$1 M	74%	24%	2%	140
$1-$1.9 M	59%	37%	5%	63
$2-$4.9 M	65%	33%	3%	40
$5-$19.9 M	50%	38%	13%	32
$20 M+	21%	74%	5%	19
All firms	67%	27%	6%	294

Section 2015-E: Temporary worker assignment lengths & tenure discounts

Key Findings:

- The median assignment length reported at professional staffing firms was 26 weeks, with a mid-range (25th to 75th percentile) of 13 weeks to 38 weeks. Assignment lengths at commercial staffing firms were considerably shorter, with a median length of 13 weeks and a mid-range of 8 weeks to 18 weeks.

- Seventy-eight percent of staffing firms reported no tenure discount at all. For the remaining 22% that offered a tenure discount, the amount typically ranges between 1% and 3%.

- Professional staffing firms are more likely than commercial staffing firms to offer tenure discounts, and the probability increases with size of the professional staffing firm.

Distribution of typical assignment lengths reported by staffing firms

- Staffing firm executives were asked: "Please estimate for your firm the following metric: The typical assignment length for temporary workers." The distribution of answers is given in the table at bottom.

- The median assignment length reported was 16 weeks, with a mid-range (25th to 75th percentile) of 12 weeks to 27 weeks.

- The distribution is notable for its wide dispersion.

Temporary worker assignment lengths (weeks)
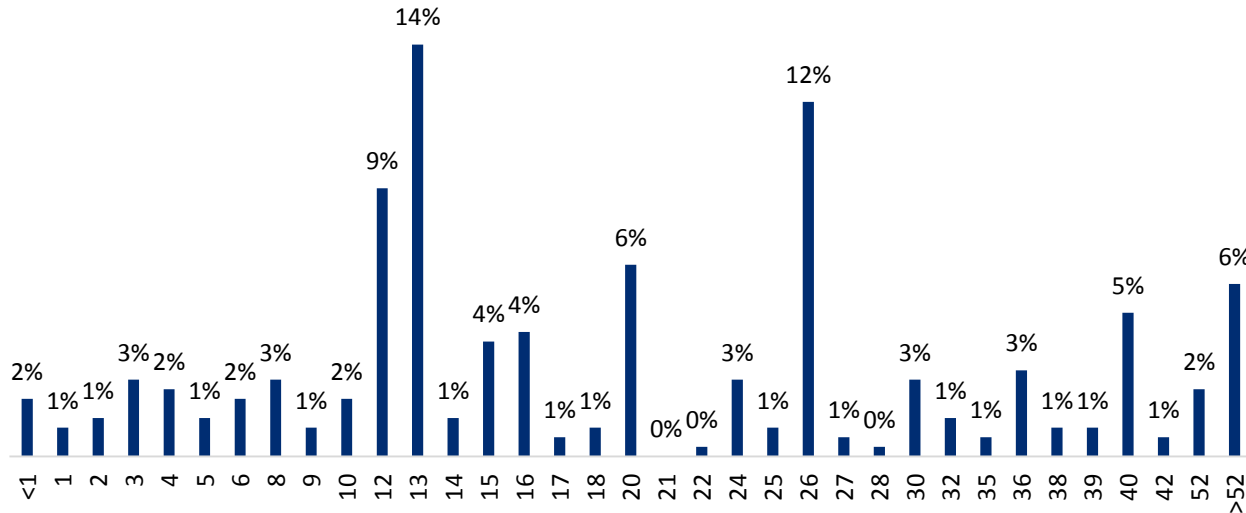
Distribution of assignment lengths by staffing firm size and segment focus

- Staffing firm executives were asked:
  "Please estimate for your firm the following metric: The typical assignment length for temporary workers." The distribution of answers is given in the table at right.

- The median assignment length reported at professional staffing firms was 26 weeks, with a mid-range (25th to 75th percentile) of 13 weeks to 38 weeks. Assignment lengths at commercial staffing firms were considerably shorter, with a median length of 13 weeks and a mid-range of 8 weeks to 18 weeks.

- There was no consistent relationship between size of staffing firm and assignment lengths.

Temporary worker assignment lengths (weeks), as a function of staffing firm size and segment focus

	Professional			Commercial			N
	25th	Median	75th	25th	Median	75th	
<$10M	13	20	30	8	13	20	125
$10-49M	16	26	40	9	12	17	86
$50-99M	13	13	24	11	13	25	40
$100M+	24	26	39	6	12	13	49
All	13	26	38	8	13	18	300

Only one in five staffing firms offer a tenure discount, typically 1%-3%

- Staffing firm executives were asked: "Do you offer tenure discounts on bill rates to your clients based on temp assignment length and if so, how much is the typical tenure discount?"

- Seventy-eight percent of staffing firms offered no tenure discount at all.

- For the remaining 22% that offered a tenure discount, the timing and magnitude of the discount is given in the table at right. Discounts typically range between 1% and 3%, and for the most part hit a maximum at a tenure of 24 months, beyond which incrementally higher discounts are rare.

Distribution of tenure discounts among staffing firms offering them

	25th	Median	75th
At 6 months completed...	0.0%	0.0%	1.0%
At 12 months completed...	0.5%	1.0%	2.0%
At 18 months completed...	1.0%	1.5%	3.0%
At 24 months completed...	1.0%	2.0%	3.0%
At 30 months completed...	1.0%	2.0%	3.0%
At 36 months completed...	1.0%	2.0%	3.4%
			N=320

Larger professional staffing firms more likely to offer tenure discounts

- Professional staffing firms are more likely than commercial staffing firms to offer tenure discounts. Twenty-five percent of firms primarily offering professional skills offer such discounts, versus 15% of firms primarily offering commercial skills. The difference is statistically significant at a 95% confidence level.

- Among professional staffing firms, the probability of offering tenure discounts increases with firm size, from a low of 15% among firms of less than $10 million in revenue to a high of 47% among firms with $100 million in revenue or more. The correlation is statistically significant at a 95% confidence level. No such pattern was observed among commercial staffing firms.

Percent of staffing firms offering a tenure discount, as a function of staffing firm size and segment focus

	Professional	Commercial	N
<$10M	15%	22%	132
$10-49M	25%	6%	89
$50-99M	30%	12%	41
$100M+	47%	21%	47
All	25%	15%	309

Section 2015-F: Two recruiting ratios: Submittals/interviews, submittals/hires

Key Findings:

- Staffing firm executives reported a median submittals/interviews ratio of 3, with a mid-range (25th to 75th percentile) of 2-4. The median submittals/hires ratio reported was 5, with a mid-range (25th to 75th percentile) of 3 to 10.

- Submittals/interviews were roughly comparable between professional and commercial staffing firms, but submittals/hires ratios for professional staffing firms were roughly double those of commercial staffing firms.

- Interviews/hires ratios were also imputed. On that basis, the median interviews/hires ratio among professional staffing firms was 2.0; the median interviews/hires ratio among commercial staffing firms was 1.3.

Distribution of resume submittals/interviews and resume submittals/hires

- Staffing firm executives were asked to state: "Your best estimate: Temp resume submittals/interviews, temp resume submittals/hires." The distribution of answers is given in the tables at bottom.

- The median submittals/interviews ratio reported was 3, with a mid-range (25th to 75th percentile) of 2 to 4.

- The median submittals/hires ratio reported was 5, with a mid-range (25th to 75th percentile) of 3 to 10.

Distribution of resume submittals/interviews ratios
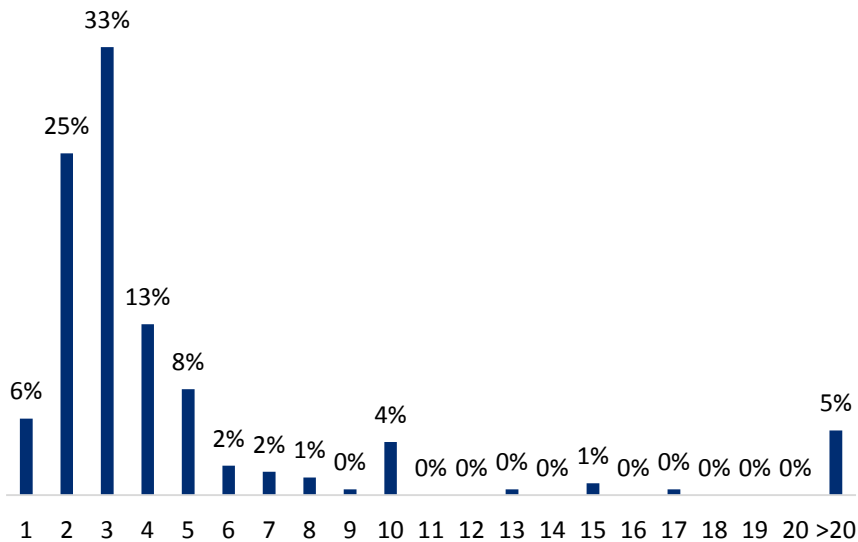
Distribution of resume submittals/hires ratios
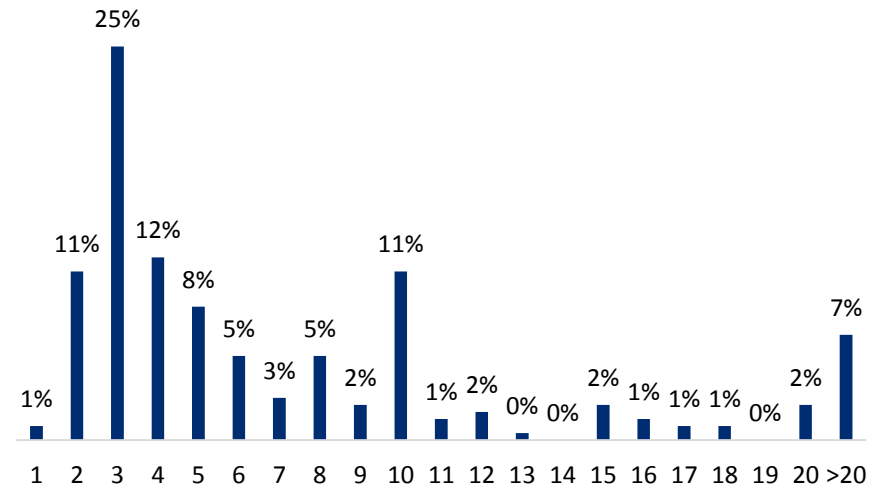
Submittals/interviews, submittals/hires, & interviews/hires, by segment focus

- The submittals/interviews and submittals/hires ratios provided by respondents were subdivided for analysis, by commercial staffing firms versus professional staffing firms, as given in the table at right.

- Submittals/interviews were roughly comparable between commercial and professional staffing firms, with each scoring a median of 3 and a roughly comparable mid-range of 2-3 and 2-4, respectively.

- However, submittals/hires ratios were much higher for professional staffing firms, with a median of 6 and a mid-range of 3-10; commercial staffing firms reported a median of 3 and a mid-range of 3-5.

- Also given in the table are interviews/hires ratios, imputed by dividing each respondent's reported 'submittals/hires' ratio by their reported 'submittals/interviews' ratio. On that basis, the median interviews/hires ratio among professional staffing firms was 2.0; the median interviews/hires ratio among commercial staffing firms was 1.3.

- These ratios were also examined with respect to potential differences as a function of staffing firm size, but no relationship was observed.

Selected recruiting ratios, as a function of segment focus

All	25th	Median	75th
Submittals/Interviews	2	3	4
Submittals/Hires	3	5	10
Interviews/Hires (imputed)	1.0	1.5	2.5
Commercial	25th	Median	75th
Submittals/Interviews	2	3	3
Submittals/Hires	3	3	5
Interviews/Hires (imputed)	1.0	1.3	1.7
Professional	25th	Median	75th
Submittals/Interviews	2	3	4
Submittals/Hires	3	6	10
Interviews/Hires (imputed)	1.0	2.0	3.0

Section 2015-G: Industry perception of gender advantage/disadvantage

Key Findings:

- This report is based on responses to the following two survey questions:
  - "With respect to your staffing career, do you feel your gender is an advantage, neutral, or a disadvantage: a) within the working world generally, b) within the staffing industry, and c) within your specific company?"
  - "What gender are you?"
- The overwhelming majority of both male and female executives in the North American staffing industry feel their gender is neither an advantage nor disadvantage in the working world generally, in the staffing industry in particular, or in their own company.
- Of the remaining North American executives…
  - Men sense that while being male is an advantage in the working world generally, the advantage doesn't seem to carry into the staffing industry or into their own companies.
  - Women are evenly split as to whether being female is an advantage in the working world or a disadvantage; but with respect to the staffing industry and their companies, those same female executives overwhelmingly see their gender as an advantage.
  - This suggests that the North American staffing industry is more hospitable to female executives than most other industries.

Perception of gender advantage/disadvantage among North American staffing executives

- The vast majority of male staffing executives in North America – 80% to 90% of them – feel their gender is neither an advantage nor disadvantage in the working world generally, in the staffing industry in particular, or in their own company. Of the remaining male executives, on net, almost all of them sense that while being male is an advantage in the working world generally, the advantage doesn't seem to carry into the staffing industry or into their own companies.

- Nearly as many female executives – 70% to 80% – likewise feel their gender is neither an advantage nor disadvantage in the working world, in the staffing industry in particular, or in their own company. Of the remaining female executives, there is an even split between those who see being female as an advantage in the working world, and those who perceive it being a disadvantage; but with respect to the staffing industry and their companies, those same female executives overwhelmingly see their gender as an advantage.

With respect to your staffing career, do you feel your gender is an advantage, neutral, or a disadvantage?

Male	Advantage	Neutral	Disadvantage	Net
Within the working world generally	14%	84%	1%	Advantage
Within the staffing industry	8%	84%	8%	Neutral
Within your specific company	8%	91%	1%	Neutral
				N=202

Female	Advantage	Neutral	Disadvantage	Net
Within the working world generally	16%	69%	16%	Neutral
Within the staffing industry	19%	78%	2%	Advantage
Within your specific company	18%	82%	0%	Advantage
				N=83

Section 2015-H: Prevalence of certifications among staffing industry executives

Key Findings:

- This report is based on responses to the following survey question:
    - Through which of the following organizations are you certified?
        - ASA Certified Staffing Professional--American Staffing Association
        - NAPS Certified--National Association of Personnel Services
        - Certified Contingent Workforce Professional (CCWP)--Staffing Industry Analysts
        - AIRS Certified--Advanced Internet Recruitment Strategies
        - REC Certified--Recruitment & Employment Confederation
        - MARS Certification--Master Accreditation in Recruiting and Sourcing
        - APSCo Certified--Recruitment Practice Standard
        - Other (Please specify)
- Roughly a quarter of surveyed North American staffing executives were certified by the American Staffing Association; another quarter were certified by at least one of the other organizations.

Most popular certifications among executives at North American staffing firms

- More than a quarter of surveyed North American staffing executives were certified by the American Staffing Association, "ASA Certified Staffing Professionals." This was by far the most common certification reported.

- An additional 9% were certified by the National Association of Personnel Services, "NAPS Certified;" 6% were "Certified Contingent Workforce Professionals," a Staffing Industry Analysts designation; 4% were certified by Advanced Internet Recruitment Strategies, "AIRS Certified;" and 4% were certified by the Society for Human Resource Management.

- Additional certifications that were cited in the "other" option included: HRCI Professional in Human Resources, WRC - for safe practices, Joint Commission, Certified Public Accountant, Active Member of MS Bar, NMSDC, NATHO, and Woman Owned and Veteran Owned Certified.

- In total, 47% of staffing executives at North American staffing firms cited at least one certification.

Through which of the following organizations are you certified?

	Response Percent
ASA Certified Staffing Professional--American Staffing Association	27%
NAPS Certified--National Association of Personnel Services	9%
Certified Contingent Workforce Professional (CCWP)--Staffing Industry Analysts	6%
AIRS Certified--Advanced Internet Recruitment Strategies	4%
SHRM Certified--Society for Human Resource Management	4%
REC Certified--Recruitment & Employment Confederation	1%
MARS Certification--Master Accreditation in Recruiting and Sourcing	1%
APSCo Certified--Recruitment Practice Standard	0%
	N=191

Section 2015-I: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2015 Staffing Company Survey, for staffing firms primarily operating in North America. Additional detailed reports will follow this summary report.

- The survey was conducted in the summer of 2015 and reflects the opinions of 361 staffing firms. This sample is disproportionately composed of firms with greater than $10 million in revenue, so aggregate results reported are more reflective of these larger staffing firms. Nonetheless, where responses vary significantly by size, such differences are noted in the analysis.

- Data includes: revenue sources, assignment lengths, RFP metrics, tenure discounts, operational structure, resume submittals/interviews and resume submittals/hires, how staffing firms are handling the Affordable Care Act, and social media use.

Survey questions and summary statistics

With respect to the business unit(s) of your company for which you are responsible, approximately what share of revenue is derived from each of the following regions?

	25%	50%	75%	100%	Response Percent
US/Canada/Mexico	0%	1%	4%	95%	100%
Europe	2%	0%	0%	0%	2%
Australia/New Zealand	0%	0%	0%	0%	0%
China/Japan/Other Asia/Pacific	2%	0%	0%	0%	2%
South America	1%	0%	0%	0%	1%
Africa/Middle East	1%	0%	0%	0%	1%
					N = 361

What is your job title?

	Response Percent
Founder/CEO/Chairman/Managing Director	41%
President/COO/General Manager	24%
VP/SVP/EVP Sales	11%
CFO/VP, Finance	11%
Region/Division Head (VP/Pres)	2%
VP/SVP/EVP, Marketing	3%
CTO/CIO/VP/Director, Information Services	1%
Branch Manager	1%
Recruiter/Placement Specialist	1%
Other	4%
	N = 361

Survey questions and summary statistics

Approximately how much total revenue did your company generate in 2014?

Revenue in U.S. Dollars	Response Percent	Revenue in U.S. Dollars	Response Percent
$2 Million	20%	$175 Million	1%
$4 Million	10%	$200 Million	1%
$6 Million	8%	$250 Million	2%
$8 Million	6%	$300 Million	1%
$10 Million	6%	$350 Million	1%
$15 Million	6%	$400 Million	0%
$20 Million	6%	$450 Million	0%
$25 Million	10%	$500 Million	0%
$50 Million	9%	$600 Million	0%
$75 Million	4%	$700 Million	0%
$100 Million	3%	$800 Million	0%
$125 Million	3%	$900 Million	0%
$150 Million	1%	$1 Billion	1%
		Median = $13 Million, N = 343	

Please estimate for your firm the typical assignment length for temporary workers.

Typical Assignment Length	Response Percent	Typical Assignment Length	Response Percent
<1	2%	21	0%
1	1%	22	0%
2	1%	24	3%
3	3%	25	1%
4	2%	26	12%
5	1%	27	1%
6	2%	28	0%
8	3%	30	3%
9	1%	32	1%
10	2%	35	1%
12	9%	36	3%
13	14%	38	1%
14	1%	39	1%
15	4%	40	5%
16	4%	42	1%
17	1%	52	2%
18	1%	>52	6%
20	6%		
	Median = 16 weeks, N = 308		

Survey questions and summary statistics

About what percent of your temporary staffing revenue is generated in each of the following skill segments?

	Average Percent of Temp Revenue
Industrial/Logistics	24%
IT	23%
Healthcare	16%
Office/Clerical	12%
Finance/Accounting	8%
Engineering/Design	6%
Clinical/Scientific	4%
Other	2%
Creative/Marketing	2%
Legal	1%
Education	1%
	N=320

Approximately what percent of your temporary staffing revenue is derived from sales to the following customer industries or sectors?

	Average Percent of Temp Revenue
Manufacturing	20%
Healthcare Service sector (not including insurance)	18%
Finance/Insurance	11%
Business Services	10%
Technology/Telecom	9%
Packaging/Transportation/Warehousing/Cargo	8%
Pharma/Biotech/Medical Equipment	5%
Government (excluding education)	4%
Oil, Gas & Minerals, Mining & Extraction	2%
Other	2%
Education (private & government)	2%
Construction	2%
Retail Trade	2%
Restaurant/Hospitality	1%
Utilities	1%
Entertainment	1%
Marketing/Public Relations/Media	1%
	N=307

Survey questions and summary statistics

About what percent of your direct hire/perm revenue is generated in each of the following skill segments?

	Average Percent of Direct Hire Revenue
IT	28%
Healthcare	15%
Office/Clerical	11%
Industrial/Logistics	11%
Engineering/Design	11%
Finance/Accounting	11%
Other	5%
Clinical/Scientific	4%
Creative/Marketing	3%
Legal	2%
Education	0%
	N=255

Approximately what percent of your direct hire/perm revenue is derived from sales to the following customer industries or sectors?

	Average Percent of Direct Hire Revenue
Manufacturing	17%
Healthcare Service sector (not including insurance)	17%
Business Services	15%
Finance/Insurance	12%
Technology/Telecom	12%
Pharma/Biotech/Medical Equipment	5%
Other	4%
Packaging/Transportation/Warehousing/Cargo	4%
Oil, Gas & Minerals, Mining & Extraction	3%
Marketing/Public Relations/Media	2%
Retail Trade	2%
Construction	1%
Utilities	1%
Government (excluding education)	1%
Entertainment	1%
Education (private & government)	1%
Restaurant/Hospitality	1%
	N=247

Survey questions and summary statistics

With respect to Requests for Proposals (RFPs), about what percent of RFPs do you respond to?

Percent of RFPs Responded To	Response Percent	Percent of RFPs Responded To	Response Percent
0%	9%	45%	0%
2%	5%	50%	14%
4%	3%	55%	1%
6%	2%	60%	2%
8%	0%	65%	1%
10%	9%	70%	3%
15%	1%	75%	9%
20%	4%	80%	5%
25%	5%	85%	2%
30%	3%	90%	5%
35%	2%	95%	4%
40%	4%	100%	8%
		Median = 50%, N = 328	

With respect to Requests for Proposals (RFPs), how many hours does it typically take to write a response?

Typical Hours Needed to Write an RFP Response	Response Percent	Typical Hours Needed to Write an RFP Response	Response Percent
2	11%	24	5%
4	12%	26	0%
6	8%	28	0%
8	14%	30	3%
10	11%	32	0%
12	7%	34	0%
14	1%	36	2%
16	3%	38	0%
18	2%	40	4%
20	9%	>40	7%
22	0%		
		Median = 10, N = 299	

Survey questions and summary statistics

With respect to Requests for Proposals (RFPs), of those RFPs that you respond to, about what percent turn into business?

Percent of RFP Responses That Turn into Business	Response Percent	Percent of RFP Responses That Turn into Business	Response Percent
0%	7%	45%	0%
2%	7%	50%	17%
4%	4%	55%	1%
6%	2%	60%	2%
8%	1%	65%	0%
10%	14%	70%	4%
15%	2%	75%	7%
20%	8%	80%	2%
25%	10%	85%	1%
30%	5%	90%	1%
35%	1%	95%	1%
40%	3%	100%	2%
		Median = 25%, N = 283	

Do you offer tenure discounts on bill rates to your clients based on temp assignment length and if so, how much is the typical tenure discount?

78% offer no tenure discount; among those who do offer discount, this is the amount...

	25th	Median	75th
At 6+ months completed...	0.0%	0.0%	1.0%
At 12+ months completed...	0.5%	1.0%	2.0%
At 18+ months completed...	1.0%	1.5%	3.0%
At 24+ months completed...	1.0%	2.0%	3.0%
At 30+ months completed...	1.0%	2.0%	3.0%
At 36+ months completed...	1.0%	2.0%	3.4%
			N=320

Survey questions and summary statistics

With respect to your operational structure, a) do you separate recruiting and sales, or do employees typically do both? and b) do you separate your perm and temporary staffing businesses or are they mostly combined?

	Recruiting and Sales Mostly Separate	Recruiting and Sales Mostly Combined	Total
Temp and Perm Businesses Mostly Separate	32%	11%	43%
Temp and Perm Businesses Mostly Combined	37%	20%	57%
Total	69%	31%	100%
			N = 343

With respect to your operational structure, how satisfied are you with the operational efficiency of the way you are separating/combining these?

	Response Percent
10	20%
9	8%
8	21%
7	23%
6	9%
5	14%
4	3%
3	1%
2	1%
1	0%
0	1%
Median = 7, N=331	

Survey questions and summary statistics

Please estimate for your firm the following metric:
Temp resume submittals/ interviews.

Temp Resume Submittals/ Interviews	Response Percent	Temp Resume Submittals/ Interviews	Response Percent
1	5%	12	0%
2	22%	13	0%
3	30%	14	0%
4	13%	15	1%
5	9%	16	0%
6	3%	17	0%
7	2%	18	0%
8	2%	19	0%
9	0%	20	0%
10	6%	More than 20	4%
11	0%		
			Median = 3, N = 269

Please estimate for your firm the following metric:
Temp resume submittals/ hires.

Temp Resume Submittals/ Hires	Response Percent	Temp Resume Submittals/ Hires	Response Percent
1	2%	12	2%
2	13%	13	0%
3	26%	14	0%
4	12%	15	2%
5	8%	16	1%
6	5%	17	1%
7	2%	18	1%
8	5%	19	0%
9	2%	20	2%
10	9%	More than 20	6%
11	1%		
			Median = 4, N = 262

Survey questions and summary statistics

Are your firm's overall social media efforts focused more on recruiting or more on sales?

	Response Percent
Recruiting	55%
Equally Recruiting and Sales	40%
Sales	5%
	N=296

To what degree would you say your firm's use of social media contributes to its business success?

	Response Percent
10	7%
9	5%
8	9%
7	15%
6	10%
5	19%
4	9%
3	10%
2	5%
1	8%
0	3%
Median = 5, N=295	

Which of the following metrics (if any) do you use to measure the effectiveness of your social media efforts?

	Response Percent
Number of followers	54%
Clicks through to your website	49%
Social engagement (comments, likes, etc.)	44%
Website conversions (applications, form submissions)	40%
We don't track social media metrics	31%
	N=290

With respect to the following social media venues, for what do you primarily use them?

	Twitter	Facebook	LinkedIn
Recruiting	39%	51%	37%
Sales	4%	2%	6%
Equally Recruiting & Sales	23%	30%	52%
We don't use this venue	34%	16%	5%
Total	100%	100%	100%
			N=273

Survey questions and summary statistics

With respect to your staffing career, do you feel your gender is an advantage, neutral, or a disadvantage?

Male	Advantage	Neutral	Disadvantage	Net
Within the working world generally	14%	84%	1%	Advantage
Within the staffing industry	8%	84%	8%	Neutral
Within your specific company	8%	91%	1%	Neutral
				N=202

Female	Advantage	Neutral	Disadvantage	Net
Within the working world generally	16%	69%	16%	Neutral
Within the staffing industry	19%	78%	2%	Advantage
Within your specific company	18%	82%	0%	Advantage
				N=83

The primary investment our company will make over the next two years is...

	Response Percent
Adding more staff	44%
Training/ improving the quality of our staff	13%
Adding more branches/offices	10%
An acquisition	9%
Buying better/more technology	9%
Marketing/social media	8%
Launching a new business/division	7%
Other	1%
	N = 358

Survey questions and summary statistics

For your company, to what degree are the following functions outsourced, if at all?

	Entirely Outsourced	Mostly an Outsourced Function	Some Outsourced Assistance	No Outsourcing Used	Total
Sourcing/ Recruiting	0%	0%	18%	81%	100%
Marketing/ Social Media	3%	6%	29%	62%	100%
Back-Office Support/ Finance, Payroll, Etc.	5%	8%	26%	61%	100%
					N=276

Through which of the following organizations are you certified?

	Response Percent
ASA Certified Staffing Professional--American Staffing Association	26%
NAPS Certified--National Association of Personnel Services	9%
Certified Contingent Workforce Professional (CCWP)--Staffing Industry Analysts	6%
AIRS Certified--Advanced Internet Recruitment Strategies	4%
REC Certified--Recruitment & Employment Confederation	1%
MARS Certification--Master Accreditation in Recruiting and Sourcing	1%
APSCo Certified--Recruitment Practice Standard	0%
	N=191

Survey questions and summary statistics

Which of the following strategies is the *closest description* of how you plan to comply in 2016 with the Affordable Care Act?

	Response Percent
Exempt--Our firm has fewer than 50 FTE (including temps) so we will be exempt.	18%
Exempt--Our firm mostly places temps on very short-term assignments or seasonal work, so we will be exempt.	3%
Exempt--We will alter our business model in order to be exempt--focusing on just short-term assignments or seasonal work, limiting the assignment lengths of temps and/or limiting temp hours to less than 30 hours/week.	2%
Cost minimize--Our strategy is to participate but cost minimize, so we will offer inexpensive limited/skinny benefit plans and just pay the $3,000 penalty when/if it occurs.	8%
Cost minimize--Our strategy is to participate but cost minimize, so we will not offer insurance at all for temporary workers and will just pay the $2,000 penalty for each qualifying worker.	3%
Full benefits--We will offer all temps major medical insurance and will avoid all penalties, but these healthcare benefits will not be as good as those offered internal staff.	33%
Full benefits--We will offer all temps and internal staff identical major medical insurance and will avoid all penalties.	28%
Other (please specify)	5%
	N=295

If you are planning to offer major medical insurance, what kind of insurance will you buy and what does your insurance carrier say it will cost?

		Response Percent
	Haven't found a carrier yet	12%
	Found a carrier but no price quote yet	12%
Conventional Major Medical, monthly cost per covered worker:	<$300	17%
	$300	11%
	$400	16%
	$500	11%
	$600	5%
	$700	0%
	$800	1%
	$900	0%
	$900	1%
Self-Insurance, monthly cost per covered worker:	<$300	5%
	$300	4%
	$400	4%
	$500	1%
	$600	0%
	$700	0%
	$800	0%
	$900	0%
	$900	0%
		N=222

Survey questions and summary statistics

In 2016 our temporary workers will mostly get...

	Commercial temps	Professional temps
Major medical Insurance, but not equal to internal staff	40%	32%
Major medical Insurance, fully equal to internal staff	23%	39%
Limited/skinny benefit plan	16%	13%
No healthcare benefits from us	20%	15%
	N = 197	N = 247

Looking forward over the next two years, what do you think will be the effect of the Affordable Care Act on your firm's...

	Large decrease	Small decrease	Not much effect	Small increase	Large increase
Revenue	5%	15%	40%	33%	6%
Profit	11%	42%	29%	13%	5%
Bill Rates	2%	3%	19%	66%	10%
Temp Wage Rates	2%	14%	55%	25%	4%
					N = 279

The following non-quantitative questions were analyzed in separate reports:

- *Taking into account both spend and effort, what was the single highest-return investment of any kind -- (technology, formal training, acquisition, etc.) your firm ever made?*

- *What current legislation or regulation is having the most negative affect on your business this year?*

- *What forthcoming legislation or regulation are you most concerned about?*

- *What advice would you give other staffing firm managers who are considering fully or partially outsourcing some functions?*

Section 2014-A: Are staffing firms selling what buyers are buying?

Key Findings:

- In two separate surveys, staffing firm managers and contingent staffing buyers at large companies (1000+ employees) were asked two related questions, with the intention of determining if staffing firm sales and marketing efforts were well-targeted in terms of focus. It was determined that for the most part staffing firms are not selling what buyers are buying and such efforts could be considerably improved.

- Staffing firm managers were asked to identify what qualities of their service offering they most emphasize in their sales and marketing efforts. Answers varied broadly; twelve different characteristics of service were selected, and no single characteristic of service scored more than 27%.

- In a separate survey, contingent staffing buyers were asked what criteria was most important to them when selecting staffing suppliers. The options they were given were identical to those given to staffing firm managers when asked what their firm most emphasized in sales and marketing efforts.

- Buyers overwhelmingly selected just one service characteristic: worker quality. Fifty-three percent said it was their single top criteria and 78% said it was among their top three most important service characteristics.

- By contrast, only 18% of staffing firms emphasize worker quality; 82% emphasize something else.

What staffing firms emphasize in sales and marketing efforts

- Respondents to our 2014 Staffing Firm Survey were asked to identify what qualities of their service offering they most emphasize in their sales and marketing efforts. Results are shown in the chart at right.

- Answers varied broadly; twelve different characteristics of service were selected, and no single characteristic of service scored more than 27%.

- Four options accounted for the majority of responses: individualized business relationship focus, general service quality, worker quality and knowledge of client industry.

In your company's sales and marketing efforts, which of the following is most emphasized?

Category	Percentage
Individualized business relationship focus	27%
General service quality	19%
Worker quality	18%
Knowledge of client industry	14%
Workforce strategy/ consulting expertise	5%
Breadth of value-added services	4%
Speed of placement	4%
Breadth of temp skillsets available	3%
Your firm's diversity status (if applicable)	2%
Ability to minimize risk to buyer	2%
Geographic coverage	1%
Low bill and fee rates	1%

Buyers overwhelmingly select staffing firms based on worker quality, a service characteristic only 18% of staffing firms emphasize

- In a separate survey, contingent staffing buyers were asked what criteria was most important to them when selecting staffing suppliers. The options they were given were identical to those given to staffing firm managers when asked what their firm most emphasized in sales and marketing efforts (on previous page).

- Buyers overwhelmingly selected just one service characteristic: worker quality. Fifty-three percent said it was their single top criteria (x axis in chart at right) and 78% said it was among their top three most important service characteristics (y axis).

- The gap between what staffing firms emphasize in sales and marketing efforts and what buyers typically emphasize in supplier selection is notable. Only 18% of staffing firms emphasize worker quality; 82% emphasize something else.

Contingent buyer top criteria for selecting suppliers
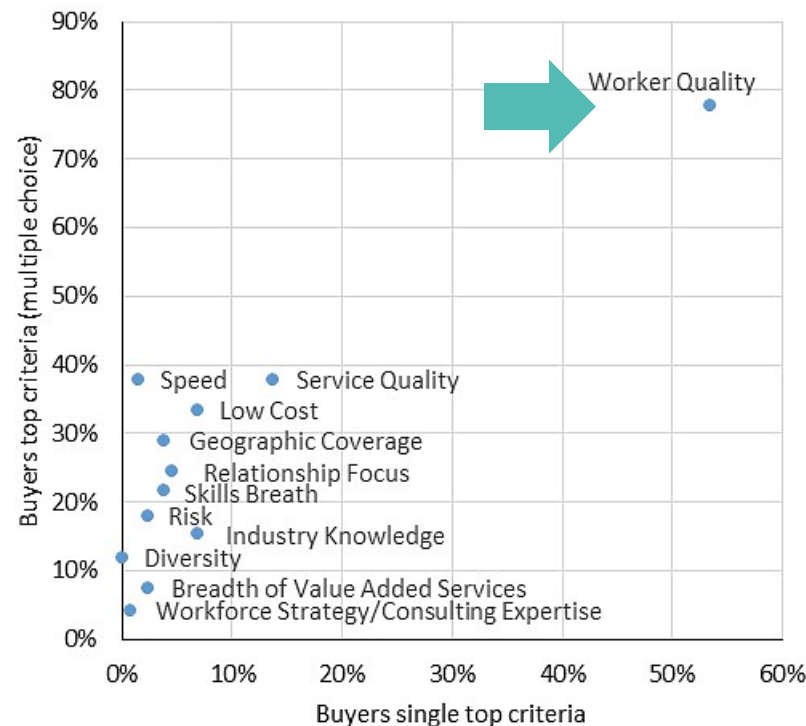
What staffing firms primarily emphasize in sales & marketing

Worker Quality	Something Else
18%	82%

Section 2014-B: Most effective marketing & sales tactics for staffing firms

Key Findings:

- The top three marketing tactics cited by staffing firms as high return relative to spend/effort are: 1) company web site, 2) attend/sponsor conferences and 3) social media.

- Notably, six of the eight marketing tactics said to be most effective are internet-related. Perceived effectiveness of selected marketing tactics varied by staffing firm size.

- By far, the sales tactic staffing firms rated most effective is "existing account penetration and development." A full 56% of respondents cited existing account penetration as their most effective sales tactic, and another 26% cited it as second most effective tactic. Combined with "focus on recurring business," the third most frequently cited sales tactic, getting more out of an existing customer base would seem to be the overwhelming top choice for sales method. Existing account penetration has become much more popular since our last (2010) survey on this question, when just 34% said it was their top choice.

- The second most effective tactic was telephone sales cold calling, with 14% of respondents citing it as their top sales tactic and another 19% citing it as second most effective tactic. Combined with "door-to door cold calling," the sixth most effective tactic on the list, cold calling in aggregate is in a solid position for second most effective sales tactic.

- Given that there are differences between large firms and small firms in preferred tactics; and given that large firms have the option of engaging in any tactic currently used by smaller firms, but smaller firms have fewer options; it seems likely that the tactics preferred by larger buyers are ultimately the more effective. In particular, smaller staffing firms are much more likely to say that cold-calling, for instance, is their most effective sales method. Given that few large staffing firms cite cold-calling as their most effective method despite having that option open to them, it can be presumed that the use of cold-calling, etc. is eclipsed by better tactics as scale increases.

Marketing tactics with highest return: company web site, attend/sponsor conferences, social media

- Staffing firms were asked the following question: "For your company, which marketing tactics would you say have the highest return on spend/effort?"

- The top three marketing tactics cited by staffing firms as high return relative to spend/effort are: 1) company web site, 2) attend/sponsor conferences and 3) social media.

- "Other" was also a popular choice; however, when asked to explain what the "other" tactic was, most respondents cited sales tactics (e.g., "cold calling," "entertaining clients," etc.) or the passive effect of reputation (e.g., "referrals," "word of mouth").

- Email blasts and search engine optimization were also frequently cited as most effective marketing tactics.

- Email newsletters, search engine ads and direct mailings were least frequently cited as effective marketing tactics.

- The same question was asked of staffing firm managers in 2010 and results were similar.

Highest return marketing tactics

Tactic	Highest Return Tactic	Second Highest Return Tactic
Company web site	22%	24%
Attend/sponsor conferences	17%	15%
Social media	13%	14%
Other	16%	10%
Email blast	13%	11%
Search engine optimization	9%	9%
Email newsletters	3%	7%
Search engine ads	3%	6%
Direct mailings	4%	4%

■ Highest Return Tactic ■ Second Highest Return Tactic
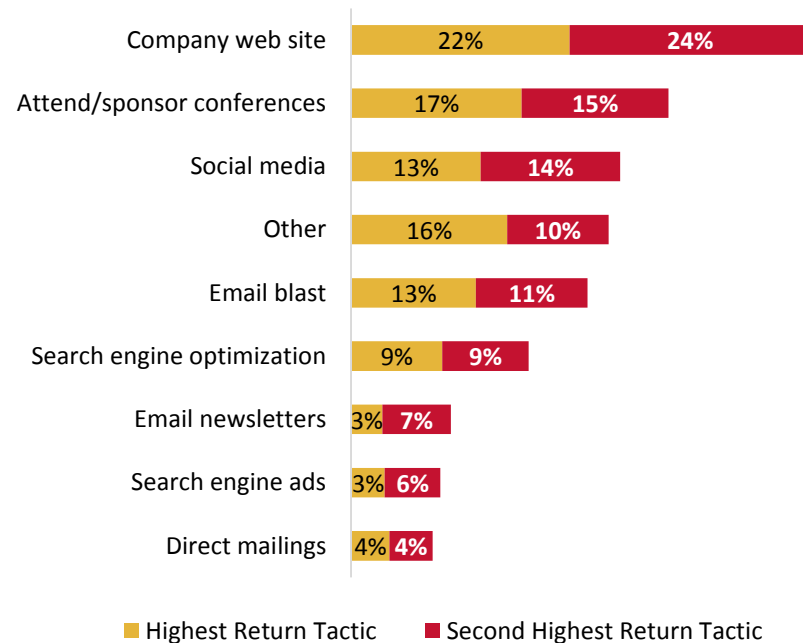
Highest-return marketing tactics vary notably by firm size

- Across all firms sizes, company web site is most frequently cited as highest return marketing tactic. However, the order of preference in tactics otherwise varies notably by firm size.

- Five tactics were relatively more likely to be cited as high-return among smaller firms: direct mailings, email blast, search engine optimization, search engine ads and email newsletters.

- Three tactics were relatively more likely to be cited as high-return among larger firms: attend/sponsor conferences, company web site and social media.

How highest-return marketing tactics vary as a function of firm size

	≤10MM	$11MM- $100MM	>$100MM	This tactic more popular among…
Direct mailings	8%	4%	0%	Smaller firms
Email blast	18%	14%	11%	Smaller firms
Search engine optimization	12%	11%	8%	Smaller firms
Search engine ads	5%	5%	2%	Smaller firms
Email newsletters	5%	2%	2%	Smaller firms
Attend/sponsor conferences	16%	24%	19%	Larger firms
Company web site	25%	27%	34%	Larger firms
Social media	12%	14%	25%	Larger firms
Total	100%	100%	100%	

Sales tactics with highest return: existing account penetration, cold calling

- Staffing firms were asked the following question: "For your company, which sales tactics would you say have the highest return on spend/effort?"

- A full 56% of respondents cited existing account penetration as their most effective sales tactic, and another 26% cited it as second most effective tactic. Combined with "focus on recurring business," the third most frequently cited sales tactic, getting more out of an existing customer base would seem to be the overwhelming top choice for sales method. Existing account penetration has become much more popular since our last (2010) survey on this question, when just 34% said it was their top choice.

- The second most effective tactic was telephone sales cold calling, with 14% of respondents citing it as their top sales tactic and another 19% citing it as second most effective tactic. Combined with "door-to-door cold calling," the sixth most effective tactic on the list, cold calling in aggregate is in a solid position for second most effective sales tactic. The only other tactic in the same league as the above is "hiring local sales staff." No other tactic scored more than a few percentage points.

Highest return sales tactics

Tactic	Highest Return	Second Highest
Existing account penetration	56%	26%
Telephone sales cold calling	14%	19%
Focus on recurring business	11%	20%
Hiring local sales staff	10%	13%
Answering RFPs/RFIs/RFQs		7%
Door-to-door cold calling	6%	
Hiring national/regional sales staff		
Other		
Channel partnership sales		

■ Highest Return Tactic ■ Second Highest Return Tactic
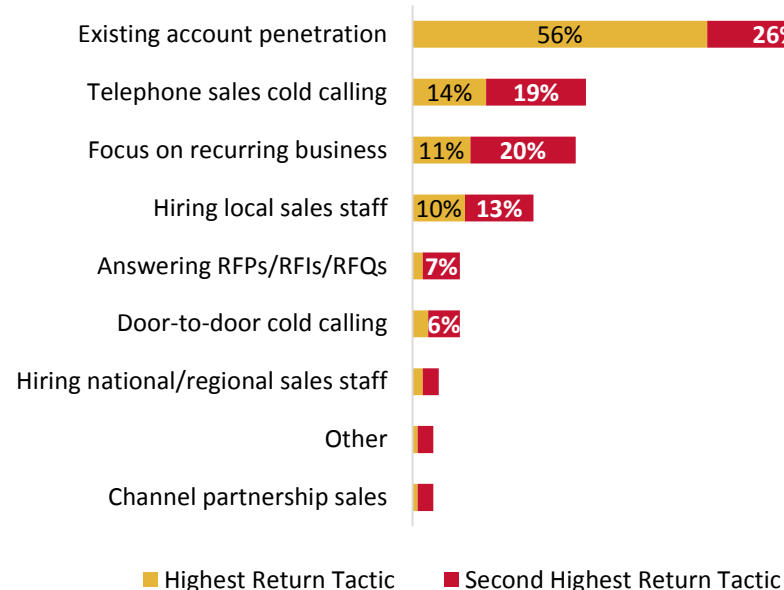
Highest-return sales tactics vary slightly by firm size

- Across all firms sizes, existing account penetration is most frequently cited as highest return sales tactic. However, the order of preference in tactics otherwise varies slightly by firm size.

- Two tactics were relatively more likely to be cited as high-return among smaller firms: focus on recurring business and telephone sales cold calling.

- Three tactics were relatively more likely to be cited as high-return among larger firms: hiring national/regional sales staff, door-to-door cold calling and existing account penetration.

How highest-return sales tactics vary as a function of firm size

	≤10MM	$11MM- $100MM	>$100MM	This tactic more popular among…
Focus on recurring business	14%	8%	5%	Smaller firms
Telephone sales cold calling	14%	15%	5%	Smaller firms
Hiring local sales staff	9%	11%	9%	
Channel partnership sales	1%	0%	2%	
Answering RFPs/RFIs/RFQs	1%	3%	2%	
Hiring national/regional sales staff	1%	5%	4%	Larger firms
Door-to-door cold calling	2%	3%	5%	Larger firms
Existing account penetration	59%	55%	68%	Larger firms
Total	100%	100%	100%	

Section 2014-C: What's a typical order fill rate for staffing firms?

Key Findings:

- Fill rates vary considerably among temporary staffing firms, ranging from 30% at the 25th percentile to 90% at the 75th percentile.

- Not surprisingly, order fill rates vary inversely by skill level. By far, order fill rates are highest in the competitive industrial staffing space. In industrial staffing, the average order fill rate percentage is 90%. In IT staffing, at the other end of the spectrum, the average order fill rate percentage is only 24%.

- Direct hire fill rates are generally lower than those for temporary staffing; this can possibly be explained by extra scrutiny on the part of companies that use direct hire services, as direct hire placements are considered to be more of a "permanent" addition to a company, or it may simply be that direct hire is more likely to be used for hard-to-fill positions.

- While fill rates vary significantly by skill segment, as would be expected, the relationship between such metrics and firm size was less clear. On the commercial side, there seemed to be no relationship at all between firm size and either fill rates. However, among professional staffing firms, there was a more consistent pattern—smaller companies tended to have slightly higher average fill ratios. One possible explanation could be diseconomies of scale. Small specialized professional staffing firms may simply have greater command of their local skill supply. But given that the differences are not very large, sample variance could also be contributing to this observation.

Benchmark order fill rates — across all staffing firms

- Fill rates vary considerably among temporary staffing firms, ranging from 30% at the 25th percentile to 90% at the 75th percentile. With such a wide range of fill rates across many different staffing segments, it would be inaccurate to speak of a typical fill rate—nevertheless, the median fill rate among the companies in our sample is 70%.

- Direct hire companies have lower order fill rates; the median fill rate for direct hire companies is 40%, compared to 70% for temporary staffing firms. This can possibly be explained by extra scrutiny on the part of companies that use direct hire services, as direct hire placements are considered to be more of a "permanent" addition to a company, or it may simply be that direct hire is more likely to be used for hard-to-fill positions.

Order fill rates for temporary staffing and direct hire

	25th Percentile	Median	75th Percentile
Temporary staffing order fill rates	30%	70%	90%
Direct hire order fill rates	20%	40%	70%

Benchmark order fill rates — commercial staffing firms

- Industrial temporary staffing firms have, by far, the highest order fill rates—typically ranging from 86% to 96% (at least half of industrial staffing firms fall within these ranges). Industrial staffing direct hire fill rates more closely resemble the broader direct hire staffing industry; the median industrial direct hire fill rate is 60%.

- Office/clerical staffing fill rates are slightly lower than fill rates for industrial staffing, but are higher than the rest of the staffing industry. The median office/clerical temporary staffing fill rate is 80%, and the median direct hire fill rate is just over 50%.

Order fill rates for industrial staffing firms

	25th Percentile	Median	75th Percentile
Temporary staffing order fill rates	86%	90%	96%
Direct hire order fill rates	30%	60%	80%

Order fill rates for office/clerical staffing firms

	25th Percentile	Median	75th Percentile
Temporary staffing order fill rates	62%	80%	90%
Direct hire order fill rates	32%	52%	76%

Benchmark order fill rates — IT & healthcare staffing firms

- Responses from IT staffing firms are remarkably different than responses for other skill segments, and reflect the extreme shortage of IT labor. The median temporary staffing fill rate is just 24% - far lower than fill rates for other skills. Fill rates for IT direct hire are roughly in the same range as for IT temporary positions.

- Fill rates in healthcare staffing vary considerably, reflecting the size and variety of the sector. The median fill rate for temporary healthcare staffing is 62%, and is 50% for direct hire healthcare.

Order fill rates for IT staffing firms

	25th Percentile	Median	75th Percentile
Temporary staffing order fill rates	14%	24%	34%
Direct hire order fill rates	16%	24%	40%

Order fill rates for healthcare staffing firms

	25th Percentile	Median	75th Percentile
Temporary staffing order fill rates	30%	62%	80%
Direct hire order fill rates	20%	50%	70%

Benchmark order fill rates — engineering staffing firms

- Fill rates in engineering staffing also vary a great deal, but the spread in this case could also reflect the relatively small sample size in this case, of 28 firms. The median fill rate for temporary engineering staffing is 40%, and is 26% for direct hire engineering.

Order fill rates for engineering staffing firms

	25th Percentile	Median	75th Percentile
Temporary staffing order fill rates	28%	40%	68%
Direct hire order fill rates	14%	26%	50%

Do order fill rates vary as a function of firm size?

- With respect to commercial staffing firms, differences as a function of firm size in median fill ratios were minimal and most likely reflect ordinary sample variance.

- Among professional staffing firms, however, there was a more consistent pattern—smaller companies tended to have slightly higher median fill ratios. It's unclear why that would be the case. One possible explanation could be diseconomies of scale. Small specialized professional staffing firms may simply have greater command of their local skill supply. But given that the differences are not very large, sample variance could also be contributing to this observation.

Commercial staffing firms: Order fill rates as a function of firm size

	Median Fill Ratio
≤$10 Million	86%
$11-$100 Million	90%
>$100 Million	90%

Professional staffing firms: Order fill rates as a function of firm size

	Median Fill Ratio
≤$10 Million	39%
$11-$100 Million	30%
>$100 Million	28%

Section 2014-D: Staffing firm networking groups

Key Findings:

- We asked staffing firms "Does your firm participate in any staffing networking groups and if so, which have you joined?"

- The American Staffing Association (ASA) was commonly cited by respondents. Staffing Industry Analysts and Techserve were also commonly cited. The table on the following page gives a complete listing of the groups mentioned.

- As the number of mentions per group was small (an average of five), the rank order in the tables should not be given too much weight; nonetheless, those toward the very top of the tables were typically cited disproportionately.

Which staffing networking groups were cited by firms in North America?

- The American Staffing Association (ASA) was the most commonly mentioned networking group, followed by various regional and state groups and by Staffing Industry Analysts.

- Among IT staffing firms, TechServe was popular and respondents who mentioned TechServe spoke very highly of it.

- Among Canadian staffing firms, ACSESS was commonly noted.

Staffing networking groups cited by North American staffing firms

American Staffing Association
Regional/state groups
Staffing Industry Analysts
TechServe
Industry groups (non-staffing)
ACSESS (Canadian)
Tempnet
Private groups
National Association of Personel Services (NAPS)
Top Echelon Network
National Independent Staffing Association (NISA)
Society for Human Resource Management (SHRM)
Affilliated Staffing Group

Section 2014-E: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2014 Staffing Company Survey, for staffing firms primarily operating in North America.

- The survey was conducted in the summer of 2014 and reflects the opinions of 422 staffing firms. This sample is disproportionately composed of firms with greater than $10 million in revenue, so aggregate results reported are more reflective of these larger staffing firms. Nonetheless, where responses vary significantly by size, such differences are noted in the analysis.

- Data includes: management priorities; benchmark data on order fill rates, time-to-fill, quit rates and management compensation; highest-return marketing and sales tactics; staffing firm 10-year plans; how staffing firms are handling the Affordable Care Act; and staffing firm market valuations.

Survey questions and summary statistics

Which best describes your company?

	Response Percent	Response Count
Staffing company (temporary staffing, permanent placement, executive search, etc.)	100.0%	419
Provider of products/services for staffing companies (VMS, job board, software, financing, consulting, etc.)	0.0%	0
Client of staffing company (buyer of staffing company services)	0.0%	0
Analysts/bankers/consultants	0.0%	0
Other (please specify)	0.0%	0
		N = 419

What is your job title?

	Response Percent	Response Count
Founder/CEO/Chairman/Managing Director	43%	180
President/COO/General Manager	24%	102
VP/SVP/EVP Sales	11%	47
CFO/VP, Finance	10%	42
Other	3%	13
Region/Division Head (VP/Pres)	3%	12
VP/SVP/EVP, Marketing	3%	11
CTO/CIO/VP/Director, Information Services	1%	4
Branch Manager	1%	4
Recruiter/Placement Specialist	1%	4
		N = 419

With respect to the business unit(s) of your company for which you are responsible, approximately what share of revenue is derived from each of the following regions?

	0%	25%	50%	75%	100%	Response Count
US/Canada/Mexico	0%	0%	1%	4%	95%	419
Europe	81%	19%	0%	0%	0%	64
Australia/New Zealand	96%	4%	0%	0%	0%	57
China/Japan/Other Asia/Pacific	87%	11%	2%	0%	0%	61
South America	90%	10%	0%	0%	0%	59
Africa/Middle East	100%	0%	0%	0%	0%	55
						N = 419

Survey questions and summary statistics

Which of the following is your company's top management priority today?

	Response Percent	Response Count
Growing revenue	30%	127
Expanding/diversifying number of clients	14%	59
Growing market share	14%	57
Recruiting quality candidates to place	12%	49
Recruiting/retaining quality internal staff	7%	30
Improving gross margins	7%	28
Providing excellent customer service	5%	19
Training/developing internal employees	4%	18
Creating a positive company culture	2%	9
Acquiring other firms	2%	8
Dealing with legal, legislative, regulatory issues	2%	7
Retaining existing clients	1%	5
Reducing/controlling costs	1%	3
		N = 419

In which segment did your company generate the most revenue in 2013?

	Response Percent	Response Count
IT Temp	23%	94
Industrial/Logistics Temp	22%	90
Healthcare Temp	18%	73
Office/Clerical Temp	8%	34
Direct Hire/Permanent Placement	8%	34
Engineering/Design Temp	7%	28
Other	4%	15
Finance/Accounting Temp	2%	10
Other Temp Help	2%	10
Recruitment process outsourcing (RPO)	1%	6
Clinical/Scientific Temp	1%	4
Creative/Marketing Temp	1%	4
Independent contractor compliance/payroll processing	1%	4
Retained Search	1%	3
Human resource outsourcing (HRO)	1%	3
Education/Training/Library Temp	1%	2
Online staffing	1%	2
Legal Temp	0%	1
Outplacement	0%	0
Human resources consulting services	0%	0
		N = 417

Survey questions and summary statistics

Approximately how much total revenue did your company generate in 2013?

Revenue in U.S. Dollars	Response Percent	Revenue in U.S. Dollars	Response Percent
$2 Million	16%	$175 Million	1%
$4 Million	9%	$200 Million	1%
$6 Million	8%	$250 Million	2%
$8 Million	5%	$300 Million	1%
$10 Million	6%	$350 Million	1%
$15 Million	6%	$400 Million	0%
$20 Million	4%	$450 Million	0%
$25 Million	11%	$500 Million	0%
$50 Million	10%	$600 Million	0%
$75 Million	6%	$700 Million	0%
$100 Million	3%	$800 Million	2%
$125 Million	2%	$900 Million	0%
$150 Million	2%	$1 Billion	2%

Please estimate for your company the percent of temp assignments that are terminated prior to scheduled end date due to:

	Worker Quit		Poor worker performance	
	Response Percent	Response Count	Response Percent	Response Count
0%	5%	17	9%	29
1%-5%	46%	166	63%	215
6%-10%	26%	92	18%	61
11%-15%	11%	39	4%	15
16%-20%	5%	17	3%	10
>20%	8%	27	3%	10
		N = 358		N = 340

Did your company generate more than half of its 2013 revenue from the segment selected above?

	Response Percent	Response Count
Yes	89%	372
No	8%	34
Unsure	3%	11
		N = 417

Survey questions and summary statistics

Please estimate the following metrics for your company.

Average Time to Fill (# Days)	Temporary staffing	Direct hire
1 day	16%	0%
2 days	12%	0%
3 days	13%	1%
4 days	6%	1%
5 days	8%	2%
6 days	3%	1%
7 days	8%	4%
8 days	1%	1%
9 days	0%	0%
10 days	8%	8%
12 days	2%	2%
14 days	8%	12%
16 days	2%	2%
18 days	1%	1%
20 days	4%	10%
22 days	1%	5%
24 days	1%	1%
26 days	0%	2%
28 days	0%	1%
30 days	2%	21%
> 30 days	3%	26%

Average Fill Ratio (%)	Temporary staffing	Direct hire
2-10%	8%	10%
12-20%	10%	16%
22-30%	11%	14%
32-40%	7%	10%
42-50%	5%	13%
52-60%	5%	5%
62-70%	8%	6%
72-80%	11%	9%
82-90%	16%	9%
92-100%	18%	6%

In your company's sales and marketing efforts, which of the following is most emphasized?

	Response Percent	Response Count
Individualized business relationship focus	27%	104
General service quality	19%	75
Worker quality	18%	69
Knowledge of client industry	14%	53
Workforce strategy/ consulting expertise	5%	21
Breadth of value-added services – e.g., RPO, VMS, MSP, etc.	4%	17
Speed of placement	4%	16
Breadth of temp skillsets available	3%	13
Your firm's diversity status (if applicable)	2%	9
Ability to minimize risk to buyer	2%	6
Low bill and fee rates	1%	4
Geographic coverage	1%	4
		N = 391

Survey questions and summary statistics

Approximately what percent of your revenue is derived from sales to the following sectors?

	0%	5-20%	25-40%	45-60%	65-80%	85-100%	N =
Business Services	54%	32%	7%	4%	2%	1%	410
Manufacturing	83%	14%	2%	0%	0%	1%	410
Healthcare Service sector (not including insurance)	90%	10%	0%	0%	0%	0%	410
Technology/Telecom	62%	24%	7%	2%	2%	3%	410
Finance/Insurance	78%	18%	2%	0%	1%	0%	410
Packaging/Transportation/Warehousing/Cargo	56%	21%	3%	1%	1%	17%	410
Government (excluding education)	53%	20%	10%	8%	6%	3%	410
Pharma/Biotech/Medical Equipment	90%	9%	1%	0%	0%	0%	410
Education (private & government)	86%	10%	3%	1%	1%	0%	410
Other	76%	15%	5%	2%	1%	1%	410
Oil, Gas & Minerals, Mining & Extraction	80%	16%	3%	0%	0%	0%	410
Retail Trade	90%	10%	0%	0%	0%	0%	410
Entertainment	87%	11%	1%	1%	0%	1%	410
Restaurant/Hospitality	60%	22%	9%	4%	2%	3%	410
Marketing/Public Relations/Media	82%	10%	3%	2%	1%	2%	410

For your company, which marketing tactics would you say have the highest return on spend/effort?

	Percent	Count
Company web site	22%	91
Attend/sponsor conferences	17%	71
Other	16%	64
Social media	13%	54
Email blast	12%	51
Search engine optimization	9%	37
Direct mailings	4%	16
Search engine ads	3%	14
Email newsletters	3%	13
		N = 411

Survey questions and summary statistics

For your company, which marketing tactics would you say have the 2nd *highest return on spend/effort?*

	Percent	Count
Company web site	24%	95
Attend/sponsor conferences	15%	57
Social media	14%	55
Email blast	11%	44
Other	10%	39
Search engine optimization	9%	34
Email newsletters	7%	27
Search engine ads	5%	21
Direct mailings	4%	17
		N = 389

For your company, which sales tactics would you say have the highest return on spend/effort?

	Percent	Count
Existing account penetration/development	56%	230
Person-to-person telephone sales cold calling	14%	56
Focus on recurring business	11%	45
Hiring local sales staff	10%	41
Door-to-door cold calling	3%	14
Hiring national/regional sales staff	2%	10
Answering RFPs/RFIs/RFQs	2%	8
Other	1%	6
Channel partnership sales	1%	3
		N = 413

For your company, which sales tactics would you say have the 2nd *highest return on spend/effort?*

	Percent	Count
Existing account penetration/development	26%	102
Focus on recurring business	20%	79
Person-to-person telephone sales cold calling	19%	75
Hiring local sales staff	13%	53
Answering RFPs/RFIs/RFQs	7%	27
Door-to-door cold calling	6%	25
Channel partnership sales	3%	12
Hiring national/regional sales staff	3%	11
Other	3%	10
		N = 394

Survey questions and summary statistics

Your top revenue sources today

	#1 rev source	#2 rev source	#3 rev source	N =
Temporary help (conventional)	82%	10%	2%	329
SOW/solutions (your firm responsible for deliverable)	2%	12%	16%	84
Online staffing (similar to Elance/oDesk)	0%	1%	3%	12
Independent contractor management/classification	2%	2%	8%	32
Direct hire/perm placement	7%	56%	26%	255
Retained search	1%	3%	8%	34
Recruitment Process Outsourcing (RPO)	1%	4%	10%	39
Ongoing services outsourcing (e.g. janitorial, landscaping)	1%	3%	4%	23
Direct-to-consumer (e.g., home healthcare, plumbers, etc.)	0%	2%	3%	12
Other: PEO/Payrolling/VMS fees/MSP fees/Other	2%	8%	21%	78

Your top predicted revenue sources 10 years from now

	#1 rev source	#2 rev source	#3 rev source	N =
Temporary help (conventional)	69%	19%	9%	323
SOW/solutions (your firm responsible for deliverable)	7%	17%	10%	101
Online staffing (similar to Elance/oDesk)	3%	5%	9%	46
Independent contractor management/classification	3%	2%	6%	33
Direct hire/perm placement	8%	35%	31%	221
Retained search	2%	3%	6%	35
Recruitment Process Outsourcing (RPO)	3%	5%	9%	50
Ongoing services outsourcing (e.g. janitorial, landscaping)	1%	3%	4%	21
Direct-to-consumer (e.g., home healthcare, plumbers, etc.)	1%	2%	2%	14
Other: PEO/Payrolling/VMS fees/MSP fees/Other	3%	9%	14%	76

Survey questions and summary statistics

Approximately what percent share of your firm's placed temporary workers are recruited from the following sources?

	0%	5-20%	25-40%	45-60%	65-80%	85-100%	N =
By our recruiters in traditional branch network	7%	6%	6%	10%	13%	58%	252
By our recruiters in centralized facility	8%	21%	12%	11%	11%	37%	169
By our recruiters working from home/remotely	18%	48%	10%	6%	2%	15%	126
By outsourced/offshored recruiters	49%	28%	14%	0%	3%	7%	72
Automated (no recruiters)	53%	25%	9%	2%	5%	7%	57
Other	64%	21%	7%	0%	4%	4%	28

Ten years from now, approximately what percent share of your firm's placed temporary workers will be recruited from the following sources?

	0%	5-20%	25-40%	45-60%	65-80%	85-100%	N =
By our recruiters in traditional branch network	3%	12%	18%	29%	19%	19%	243
By our recruiters in centralized facility	5%	18%	27%	26%	16%	9%	202
By our recruiters working from home/remotely	5%	37%	31%	15%	4%	8%	185
By outsourced/offshored recruiters	26%	38%	20%	9%	6%	2%	90
Automated (no recruiters)	24%	37%	17%	8%	5%	9%	92
Other	50%	26%	9%	3%	6%	6%	34

Survey questions and summary statistics

Approximately what percent share of your firm's sales are generated by the following sources?

	0%	5-20%	25-40%	45-60%	65-80%	85-100%	Response Count
By our salespeople in traditional branch network	3%	7%	6%	9%	14%	62%	245
By our salespeople in centralized facility	8%	18%	11%	10%	9%	43%	141
By our salespeople working from home/remotely	15%	38%	11%	9%	5%	23%	109
By outsourced/offshored salespeople	62%	24%	9%	3%	0%	3%	34
Automated (no salespeople)	48%	21%	10%	2%	2%	17%	42
Other	41%	26%	9%	3%	6%	15%	34

Ten years from now, approximately what percent share of your firm's sales will be generated by the following sources?

	0%	5-20%	25-40%	45-60%	65-80%	85-100%	Response Count
By our salespeople in traditional branch network	2%	9%	14%	25%	20%	29%	245
By our salespeople in centralized facility	5%	21%	27%	23%	11%	14%	169
By our salespeople working from home/remotely	4%	30%	27%	21%	7%	11%	168
By outsourced/offshored salespeople	44%	29%	11%	11%	4%	0%	45
Automated (no salespeople)	26%	35%	8%	12%	8%	11%	65
Other	36%	23%	13%	15%	5%	8%	39

Survey questions and summary statistics

The following questions were open-ended and text-based:

What forthcoming legislation are you most concerned about?
156 individuals responded to this question.

With respect to long-term plans for your firm over the next 10 years, how do you think your service model and offerings will change in order to meet the changing needs of your customers?
253 individuals responded to this question.

Of all the vendors that you use, which is the #1 vendor you would be most likely to recommend to a friend or colleague? Which is your second favorite vendor?
278 individuals responded to this question.

Why would you recommend the vendor selected above?
260 individuals responded to this question.

Does your firm participate in any staffing networking groups?
220 individuals responded to this question.

Total Talent Management is an emerging workforce model that integrates an employer's management of "permanently hired" workers with management of "contingent" workers. What changes in your firm's MSP and/or RPO offerings (if any) do you expect your firm will make to meet this workforce evolution? Are there other changes in your organization or offerings that are planned related to Total Talent Management?
180 individuals responded to this question.

What current legislation or regulation is having the most negative affect on your business this year?
166 individuals responded to this question.

If you are closing any acquisitions in 2014, approximately what is the average multiple of the sale price relative to revenue?

	Response Percent	Response Count
We aren't closing any acquisitions in 2014.	78%	198
Unsure	9%	22
<0.2x revenue	1%	3
0.2x	2%	6
0.4x	2%	6
0.6x	1%	3
0.8x	2%	5
1.0x	0%	1
1.2x	0%	1
1.4x	0%	0
1.6x	0%	0
1.8x	0%	1
2.0x	0%	1
2.2x	0%	1
2.4x	0%	1
2.6x	0%	0
2.8x	0%	1
3.0x	1%	2
>3.0x revenue	0%	1
		N = 253

Survey questions and summary statistics

If your company is closing any acquisitions in 2014, approximately what is the average multiple of the sale price relative to EBITDA?

	Response Percent	Response Count
We aren't closing any acquisitions in 2014.	72%	172
Unsure	8%	19
<0.5x EBITDA	2%	4
0.5x	0%	1
1.0x	0%	1
1.5x	1%	3
2.0x	0%	1
2.5x	2%	5
3.0x	2%	5
3.5x	2%	5
4.0x	3%	8
4.5x	1%	3
5.0x	3%	6
5.5x	0%	0
6.0x	1%	2
6.5x	0%	1
7.0x	0%	0
7.5x	0%	1
8.0x	0%	0
>8.0x EBITDA	0%	1
		N =238

Which of the following strategies is the *closest description* of how you plan to ultimately comply with the Affordable Care Act?

	Response Percent	Response Count
Exempt--Our firm has fewer than 50 FTE (including temps) so we will be exempt.	19%	57
Exempt--Our firm mostly places temps on very short-term assignments or seasonal work, so we will be exempt.	4%	13
Exempt--We will alter our business model in order to be exempt--focusing on just short-term assignments or seasonal work, limiting the assignment lengths of temps and/or limiting temp hours to less than 30 hours/week.	1%	4
Cost minimize--Our strategy is to participate but cost minimize, so we will offer inexpensive limited/skinny benefit plans and just pay the $3,000 penalty when/if it occurs.	12%	36
Cost minimize--Our strategy is to participate but cost minimize, so we will not offer insurance at all for temporary workers and will just pay the $2,000 penalty for each qualifying worker.	3%	9
Full benefits--We will offer all temps major medical insurance and will avoid all penalties, but these healthcare benefits will not be as good as those offered internal staff.	33%	98
Full benefits--We will offer all temps and internal staff identical major medical insurance and will avoid all penalties.	22%	67
Other (please specify)	5%	15
		N = 299

Survey questions and summary statistics

If you are planning to offer major medical insurance, what kind of insurance will you buy and what does your insurance carrier say it will cost?

		Response Percent	Response Count
	Haven't found a carrier yet	21%	49
	Found a carrier but no price quote yet	18%	42
Conventional Major Medical, monthly cost per covered worker:	<$300	11%	25
	$300	11%	25
	$400	13%	31
	$500	8%	18
	$600	3%	7
	$700	2%	4
	$800	1%	3
	$900	0%	1
	$900	2%	4
Self-Insurance, monthly cost per covered worker:	<$300	5%	12
	$300	1%	2
	$400	2%	4
	$500	1%	2
	$600	0%	1
	$700	0%	1
	$800	0%	1
	$900	0%	1
	$900	0%	1
			N = 234

Looking forward over the next two years, what do you think will be the effect of the Affordable Care Act on your firm's...

	Large decrease	Small decrease	Not much effect	Small increase	Large increase
Revenue	5%	16%	38%	35%	5%
Profit	12%	45%	31%	11%	1%
Bill Rates	1%	4%	23%	60%	12%
Temp Wage Rates	3%	21%	53%	20%	3%
					N = 293

Once the Affordable Care Act takes effect, our temporary workers will mostly get...

	Commercial temps	Professional temps
Major medical Insurance, but not equal to internal staff	35%	36%
Major medical Insurance, fully equal to internal staff	22%	32%
Limited/skinny benefit plan	24%	18%
No healthcare benefits from us	19%	14%
	N = 188	N = 228

Survey questions and summary statistics

Apart from medical benefits, which of the following benefits do you offer today to your placed temporary workers?

	Not offered	Offered on sign-up	Offered after tenure or performance threshold	Response Count
Paid vacation	43%	20%	37%	277
Paid sick days	61%	17%	22%	262
Dental insurance	44%	41%	15%	274
Vision insurance	43%	41%	16%	272
401K - employee contributions only	52%	26%	22%	262
401K - employer matching	68%	15%	17%	257
Life insurance	50%	36%	14%	269
Short- and long-term disability insurance	53%	35%	12%	269
Flexible spending accounts	75%	15%	10%	259
Tuition reimbursement	83%	8%	9%	253

For you personally, what do you estimate will be your approximate Total Annual Compensation in 2014?

Total annual comp	Response Percent	Total annual comp	Response Percent
$30,000-$39,999	1%	**$180,000-$199,999**	4%
$40,000-$49,000	2%	**$200,000-$224,999**	10%
$50,000-$59,999	2%	**$225,000-$249,999**	6%
$60,000-$69,000	2%	**$250,000-$274,999**	8%
$70,000-$79,999	2%	**$275,000-$299,999**	3%
$80,000-$89,999	2%	**$300,000-$349,999**	5%
$90,000-$99,999	4%	**$350,000-$399,999**	3%
$100,000-$119,999	7%	**$400,000-$449,999**	2%
$120,000-$139,999	8%	**$450,000-$499,999**	1%
$140,000-$159,999	9%	**>$500,000**	11%
$160,000-$179,999	8%		N = 285

Survey questions and summary statistics

Please provide the following years as best as you can recall.

	Before 1990	1990-1995	1996-2000	2001-2005	2006-2010	2011	2012	2013	2014	Never	N =
The year in which your company was founded	32%	14%	20%	14%	14%	3%	1%	1%	0%	0%	311
The most recent year in which your company experienced a revenue decline	0%	0%	0%	3%	49%	4%	6%	18%	7%	13%	287
The most recent year in which your company experienced a bottom line net	3%	1%	2%	5%	32%	3%	7%	11%	2%	35%	265
The year in which you first began working in the staffing industry	27%	21%	22%	13%	12%	1%	2%	2%	1%	0%	308
The year in which you first began working for your current company	10%	10%	15%	16%	27%	7%	6%	6%	2%	0%	310

Section 2013-A: Staffing firms' best and worst strategic decisions

Key Findings:

- We asked staffing firms: "Looking back, what would you say is the single best/worst strategic or tactical decision your firm has ever made, and why?"

- Among staffing firms' best strategic/tactical decisions, trends in responses included: 1) Staying focused on a segment/niche (most common response), 2) diversifying client base, and 3) hiring the right staff, 4) and using offshoring/outsourcing.

- Among staffing firms' worst strategic/tactical decisions, trends in responses included: 1) Hiring the wrong people (most common response), 2) making an uninformed decision, 3) maintaining a high level of client concentration, 4) expanding too quickly, and 5) not expanding quickly enough.

Open ended question: Looking back, what would you say is the single best/worst strategic or tactical decision your firm has ever made, and why?

Single best strategic decision:
1) Staying segment/niche focused:
•"We elected to focus on two primary specialties for healthcare staffing rather than trying to offer a large scale multi-specialty program. We felt it was important to identify an area of staffing that we could become the experts in and offer clients the highest fill rates due to the laser-like focus."

•"Focus on a specific niche in specific states and stay faithful to that single minded focus."

•"Our decision to focus in HIT because it is a growing market for years to come."

•"As a growth strategy we chose only to target non-clinical healthcare opportunities. We passed on the Oil & Gas vertical due to over saturation of competitors. By focusing in a niche market we were able to increase our client base and re-utilize similar recruiting strategies in like geographical areas."

•"Singular focus on targeting MSP/VMS programs and providing them with recruiting delivery model that is successful in this space."

•"Focus on healthcare sector."

Single best strategic decision (continued):
•"To focus more on the 'outsourcing' market & resist the habit of setting up 'office' locations on every street."

•"Focusing on energy oil gas and chemical sector. Valuable companies and customers, very long projects and good revenues."

•"To be niche focused and concentrate only on the manufacturing industry. There are many competitors, but they do manufacturing, HR, I.T., finance, etc. all at once. Our concentration on manufacturing has allowed us to remain a step ahead of those competitors and allowed us to really build a larger network than they are able to."

2) Diversifying client base:
•"To expand to the Texas market 8 years ago as we have been able to develop a strong presence."

•"Expanding from IT into Life Sciences and including Clinical, Scientific, Engineering and operational support in partnership with MSP programs on a national scale thereby diversifying client base through centralized delivery."

•"Developing a very diversified client portfolio that circumvents dramatic economic swings and eliminates having any customer represent more than 5% of revenues."

Open ended question: Looking back, what would you say is the single best/worst strategic or tactical decision your firm has ever made, and why?

Single best strategic decision (continued):
3) Hiring the right staff:
•"To build an experienced team vs. churning and burning recruiters."

•"Continued investment in hiring senior/experienced recruiters."

•"Revamping commission plan for recruiters to make them work harder and stay more incented."

•"Taking an aggressive approach towards hiring an internal-team and using our monies by investing in people first."

•"To develop our own recruiters, because they are able to deliver the best resources to our clients."

4) Offshoring/outsourcing:
•"Building an onshore recruiting center to support MSP/VMS accounts. This has allowed us to expand rapidly and service customers nationally."

•"Reduced operating expenses by 90% by consolidating our offices into one location, automated all applications and outsourced back office functions."

Single best strategic decision (continued):
•"The purchase and buildup of an offshore recruiting office (Philippines). This allowed us to lower our sourcing, recruiting, and early screening costs. This gave us a platform from which to cost effectively serve VMS clients. With this we've also been able to build a new profitable service offering (RPO)."

5) Miscellaneous:
•"In the midst of the Great Recession, we not only kept our current sales team, but also hired more sales reps, while the competition laid off their sales reps."

•"Diversified our service offerings- it has helped build stronger and deeper client relationships."

•"To switch to a fully retained model."

•"To sell on service not on price."

•"SBA 8(a) certification"

•"Redesign of our website. The ROI has been off the charts."

•"Partnering with companies that job seekers want to work for (not just any company)."

Open ended question: Looking back, what would you say is the single best/worst strategic or tactical decision your firm has ever made, and why?

Single worst strategic decision:
1) Hiring the wrong people:
•"Hiring poorly. Valuable resources are wasted when the right sales people are not sourced, vetted and trained."

•"Hiring unmotivated sales professionals."

•"Keeping an incompetent staffing consultant."

•"Hire VP and General manager no experience in the trade not able to manage well."

•"Hiring a sales manager when I needed a salesman. He was not capable of doing sales, only talking theory."

•"Hiring the wrong team."

•"We've made some bad internal hiring decisions… The company still can't figure out why they hired me."

•"Waiting too long to hire a full-time technical recruiter."

•"Keeping the wrong people too long."

•"Not hiring the right recruiters. Diminished our placement efforts."

Single worst strategic decision (continued):
2) Not doing enough research/uninformed decision:
•"Opening a Medical Billing company too quickly and not understanding the laws and potential pitfalls associated with this type business and lost a lot of money."

•"We attempted to expand into federal contracting and discovered as labyrinthine and archaic system that would have cost more to comply with than any potential contract was worth."

•"Opening an office in an area we were not educated in- lost too much money."

•"Pursuit of a VMS contract without fully investigating the dependence of the end users on individual relationships with the contracted providers for the fulfillment of their orders."

•"Trying to start a specialty division from scratch – accounting/finance. Lack of knowledge created poor quality of service to clients. Exited the market quickly when we realized this."

•"Expand into markets not fully researched."

Open ended question: Looking back, what would you say is the single best/worst strategic or tactical decision your firm has ever made, and why?

Single worst strategic decision (continued):
3) Too many eggs in one basket:
• "Getting overly concentrated in one client."

• "Lack of early diversification."

• "Placing a high concentration in one client. Our large client represented over 1/2 of our revenue, and when they closed their doors, we took a staggering hit that took us over a year to rebuild."

• "Putting our eggs in one basket, so to speak. We spent a great amount of time and resources for one national client during a 3 year period. When they decided to bring all recruiting functions in house, we were not given proper notice and lost 25% of our business."

• "Reliance on single source of revenue."

• "To be too dependent on 2-3 major accounts and not work to grow the customer base."

• "We maintained a high concentration of business at one client."

• "Not diversifying earlier...."

Single worst strategic decision (continued):
4) Expanding too quickly:
• "Expanding too quickly."

• "Trying to expand without the proper personnel in place."

• "Outgrew our space faster than we expected."

• "Rapid branch expansion."

• "Growing too fast without a solid plan to scale back."

• "Expanding too fast during the bull run in 2005-2008."

5) Not expanding quickly enough/not growing:
• "Didn't invest soon enough in building a strong Direct Placement division."

• "Not expanding our staff soon enough."

• "Not growing as fast as needed with staff."

• "Not expanding into other markets. Missed opportunities."

• "Not focusing on getting new clients."

• "Not growing business."

Section 2013-B: Website attributes that drive staffing firm business success

Key Findings:

- We asked staffing firms to rate (on a scale from 0 to 10) how much they think their current website contributes to business success. On average, staffing firm websites received a grade of 5.6/10. However, website satisfaction varied significantly as a function of specific features.

- Target audience: Sixty-four percent of staffing firms reported that their website's focus was evenly mixed between candidate and client focus; 24% of staffing firms reported their website was primarily candidate focused; 12% reported their website was mostly client focused. Candidate focused websites were associated with statistically significant higher average satisfaction.

- This was particularly apparent at the segment level. Compared with other temporary staffing segments, healthcare staffing firms stand out as having more candidate focused websites, and the highest level of average satisfaction. On the other hand, IT staffing firms stand out as having more client focused websites, and the lowest level of average satisfaction.

- Features: All 9 website features examined contributed at least some degree of satisfaction. The feature most strongly correlated with satisfaction was active tracking and updating of SEO. Additionally, the number of features that a firm's website possessed is strongly correlated with average satisfaction, up to the first five features.

- Why this matters: In a previous SIA survey, staffing firms reported that the marketing tactic with highest return on investment is– "company website".

Average satisfaction with website 5.6 on scale from 0 to 10

•We asked staffing firms to rate (on a scale from 0 to 10) how much they think their current website contributes to business success.

•On average, within our sample of 496 staffing firms, staffing firm websites received a grade of 5.6/10.

•The bottom quartile of firms rated their website a 4 or below; the top quartile of firms rated their website 7 or above.

To what degree would you say your current website contributes to your business success?
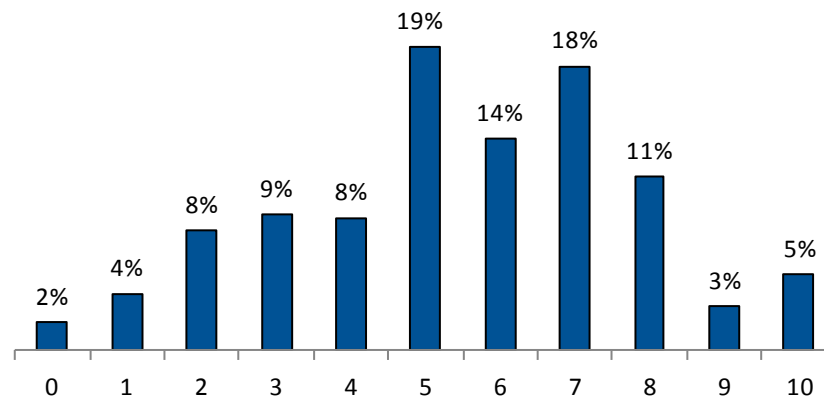
Most staffing websites "evenly mixed" with regard to audience focus

•We asked staffing firms whether their websites were "mostly candidate focused", "mostly client focused", or "evenly mixed (between client and candidate focus)".

•A majority of staffing firms, 64%, reported their website is evenly mixed in terms of candidate versus client focus. Twenty-four percent of staffing firms reported their website is mostly candidate focused. Twelve percent reported their website is mostly client focused.

Is your website primarily focused on candidates or clients?

12%, Mostly client focused

24%, Mostly candidate focused

64%, Evenly mixed
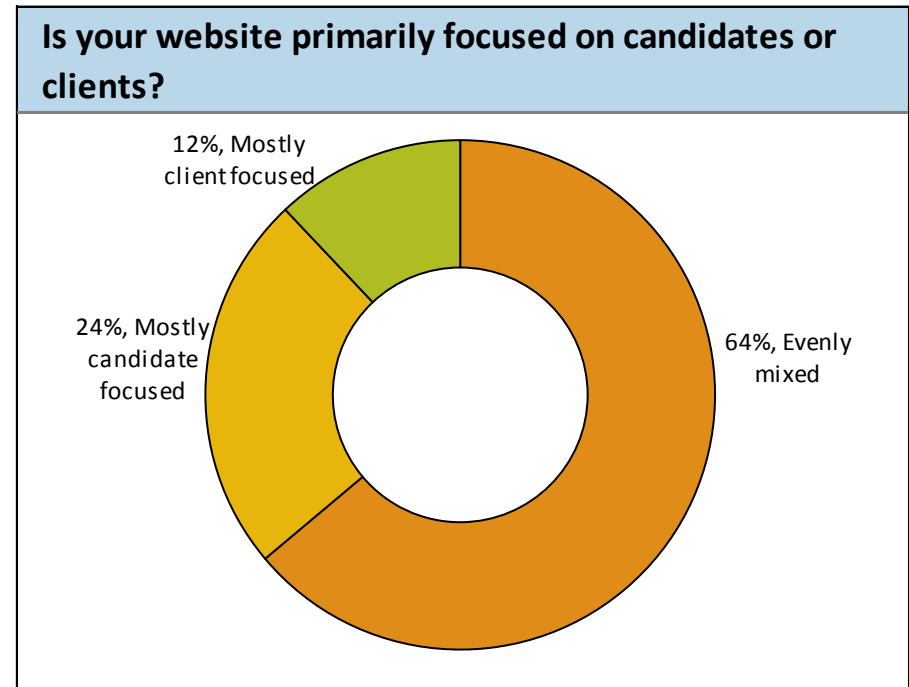
Firms tend to give higher grades to candidate focused websites

•We compared the average grade associated with primarily candidate focused websites with the average grade (satisfaction) associated with primarily client focused websites. These grades, on a 0 to 10 scale, are shown in the upper right chart.

•There is a statistically significant difference (1.3 points), between the average satisfaction associated with *candidate* focused websites versus *client* focused websites, *with candidate focused websites associated with higher average satisfaction.*

•In the chart in the lower right, we compared the average grade for websites in specific temporary staffing segments with the degree to which these segments reported their websites are candidate versus client focused.

•Healthcare temporary staffing firms stand out as having more candidate focused websites, and the highest level of average satisfaction.

•On the other hand, IT temporary staffing firms stand out as having more client focused websites, and the lowest level of average satisfaction.

How satisfied are firms with their websites (0-10)?

Average satisfaction with website (0-10)

Average satisfaction, as a function of degree to which website is "primarily candidate focused"
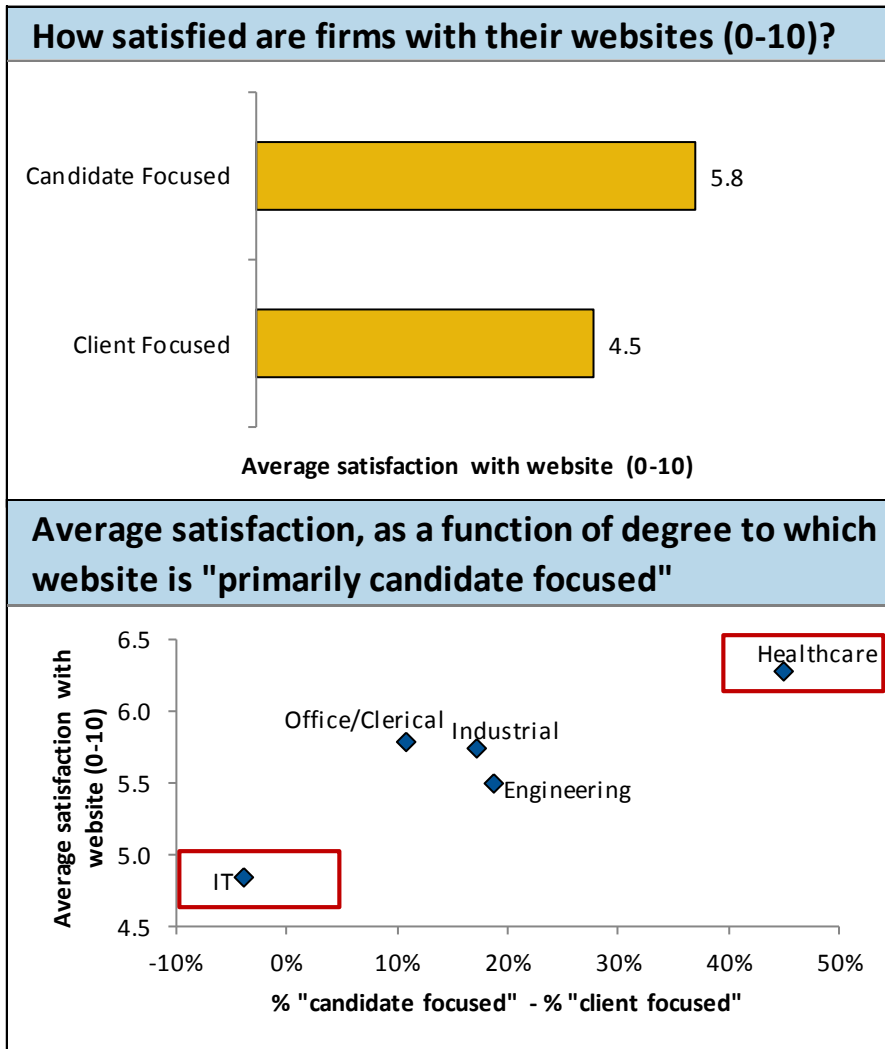
Website features tend to increase satisfaction– SEO tracking, job boards, mobile optimization among most effective tactics

•We asked staffing firms if their websites currently possess any of the following 9 features:
- Actively tracks and updates SEO
- Job board
- Job board optimized for mobile devices
- Optimized for mobile devices
- A regularly updated blog
- Social feed buttons
- A CMS
- The option to comment on blogs, social forums, etc.
- A feature for clients to request staff

•The most common website features were: Job boards (85%), and social feed buttons (73%).

•For each feature, we compared staffing firm websites that possessed the feature with those that did not. In almost all cases, those that possessed the feature reported higher average satisfaction.

•Actively tracking and updating SEO appeared to be the website feature with the greatest satisfaction differential, with firms who did not do this reporting average satisfaction a full 1.7 points below those doing it.

Satisfaction among respondents whose websites had the following features:				
Your website has the following features:	**Percent that do it**	**Average for those who do it**	**Average for those who don't do it**	**Diff.**
Actively tracks and updates SEO	50%	6.5	4.7	1.7
Job board	85%	5.8	4.4	1.4
Job board optimized for mobile devices	43%	6.4	5.0	1.4
Optimized for mobile devices	50%	6.3	4.9	1.4
A regularly updated blog	46%	6.3	5.0	1.3
Social feed buttons	73%	5.9	4.7	1.2
A CMS	43%	6.2	5.0	1.1
The option to comment on blogs, social forums, etc.	38%	6.2	5.1	1.1
A feature for clients to request staff	50%	5.8	5.3	0.5

Degree of active website management strongly correlated with satisfaction

- Based on responses associated with the 9 specified features (see previous page), we assigned firms a score from 0 to 9, representing the number of features their website possessed.

- Shown in the chart in the upper right, the bottom quartile of firms had websites with just 1 or 2 features; the top quartile of firms had websites with 6 or more features.

- The number of features that a firm's website possessed was strongly correlated with average satisfaction (as can be seen in the chart on the lower right), up to about five features; beyond that, additional features produced no additional satisfaction. This suggests that active management of websites produces values, but that such value has diminishing returns.

What percent of staffing firms are actively managing their websites?

Number of features used with website (0-9)

Median satisfaction with website, as a function of number of features

Number of features used with website (0-9)

— 75th Percentile
○ Median
— 25th Percentile

SIA
STAFFING INDUSTRY ANALYSTS
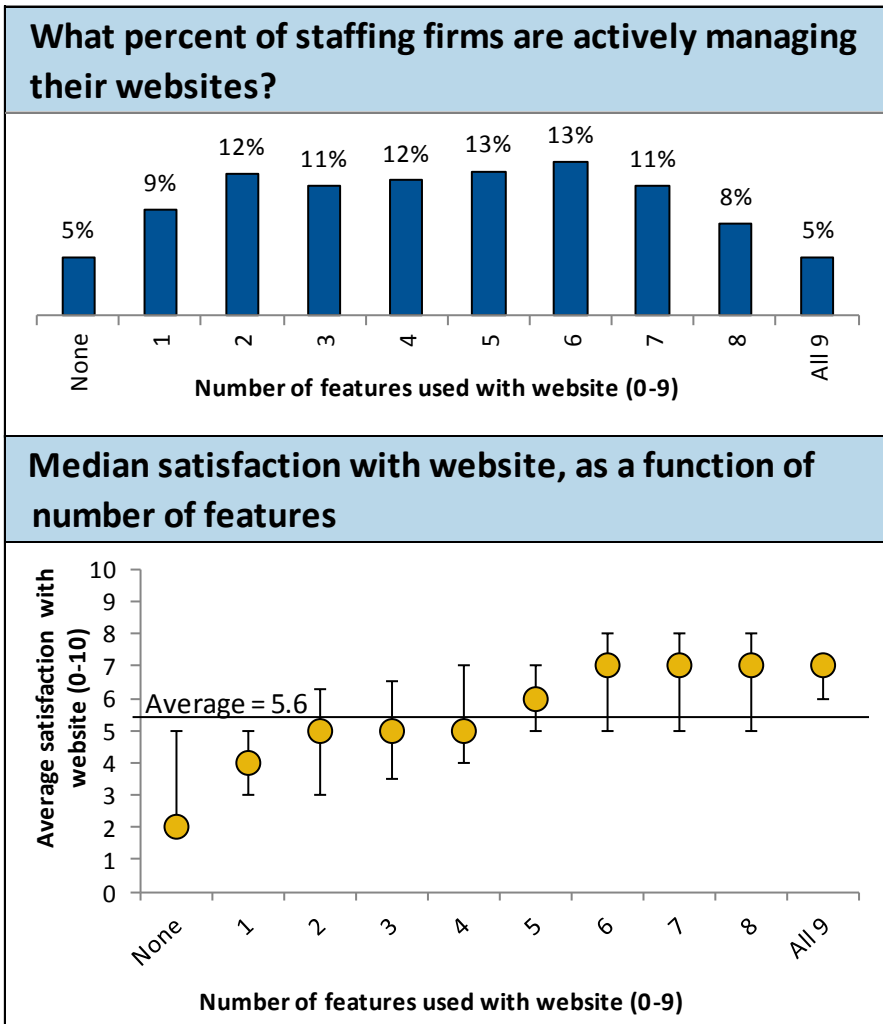
Why this matters: Company website is highest return marketing tactic

•In our 2010 Staffing Firm Survey, we asked staffing firms: "Of the following marketing tactics, which one would you say has the highest bang-to-buck return on spend/effort?"

•The marketing tactics most frequently cited by staffing firms as "highest bang-to-buck" relative to spend/effort are 1) company web site and 2) attend/sponsor conferences. Eighteen percent of staffing firms cited each as highest bang-to-buck marketing tactic.

•Note: The "other" category in chart, right, includes: newspaper/magazine ads (2%), automated calling (2%), white papers (1%), sponsor webinars (1%), phonebook ads (1%), radio/TV ads (1%) and print newsletters (1%).

Which marketing tactic would you say has the highest bang-to-buck return on spend/effort?
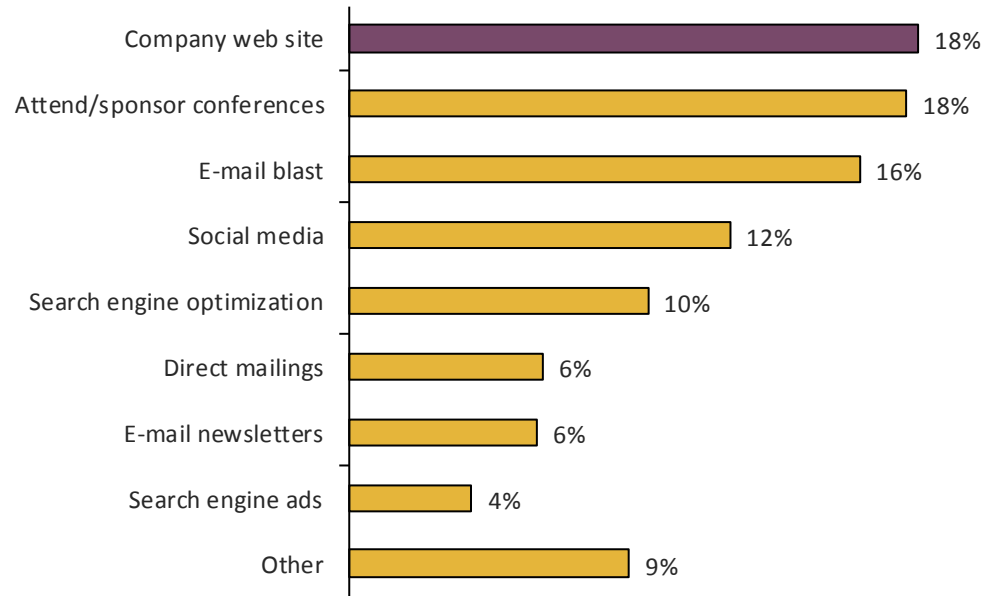
Tactic	Percentage
Company web site	18%
Attend/sponsor conferences	18%
E-mail blast	16%
Social media	12%
Search engine optimization	10%
Direct mailings	6%
E-mail newsletters	6%
Search engine ads	4%
Other	9%

Open ended question: What's the most effective thing you have done to make your website helpful to your business?

Post jobs/have a job board:

•"The ability for our associates to apply online and apply for jobs."

•"Apply for jobs online."

•"Applicant are able to apply online and search for current job openings and attach their applications to the job postings."

•"List openings on our website and candidates can apply directly."

•"Integrate our candidate application system."

•"Posting jobs, etc. Also giving the clients and talent insight to who we are. We want them to walk away knowing who we are, what we do, and how we do it."

•"Send candidates to website for online applications."

•"Direct link from online ads to our online application that is on our website."

•"We are currently renovating our website. Most effective so far has been to post our jobs."

SEO Tracking:

•"Enhance our use of SEO strategies."

•"Improved SEO and streamlined job application process to include a dynamic order matching capability (candidate / client), which further provides the ability for a qualified candidate to self-submit themselves for priority consideration."

•"Employed our own in house search functions as a compiler with SEM/SEO strategies."

•"SEO and Marketing. We drive traffic to our website as part of our day to day business."

•"Continue to update content to improve the SEO."

•"Refreshed the corporate and all divisional web properties the past year to leverage SEO."

•"Improved SEO, look and feel, navigation to drive applicants."

•"SEO optimization has contributed significantly."

•"Increased SEO by creating PR."

Open ended question: What's the most effective thing you have done to make your website helpful to your business?

Maintain/update a blog:

•"Keeping our blogs fresh and up to date to announce new features and benefits to emerging services as well to highlight community activity. Linking with Social Media sites like Twitter, FB and LinkedIn."

•"Weekly articles (helping candidates gain info), blogs, etc."

•"Included content and pictures to give people a feel for our culture and people. Also, we have automatic feeds to and from RSS feeds, web crawlers, etc. that promote our jobs and blog posts."

•"Update with current content, including blogs, becoming B Corp certified, sharing corporate culture."

•"Doing monthly updates and blogs."

•"Weekly articles (helping candidates gain info), blogs, etc."

•"We are currently in the process of updating our website and will be putting in a blog."

•"I have published a Newsletter using paper Li in recent months. It allows me to provided updated content on my site without having to search and post it myself."

Social media:

•"Added social feed buttons."

•"To have a simple, concise and up-to-date website to act as a link between major local job boards and social media sites."

•"Branding, graphics, clean content, social media feeds, blogs."

•"Social feed buttons & networking."

Appearance/look:

•"Make it look fresh, simple to access and use."

•"Refreshed the entire look this year."

•"Recently getting a fresh new look. Availability to apply online. Working on integrating a job board into the website."

•"Changed the look of the website, added blogs, added contents that is helping clients understand exactly what we provide or have to offer them."

•"Updating the website with all the bells and whistles for 2013."

Section 2013-C: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2013 Staffing Company Survey, for firms primarily operating in North America.

- The findings are based on an online survey conducted in July/August 2013, and reflect the opinions of respondents from 649 individual firms.

- Data includes staffing company's expectations regarding key internal benchmarks moving into 2014, top management priorities, website best practices, reactions and responses to the ACA, fees charged for direct hire placements, and much more.

Of the regions in which your firm has significant operations, for which are you responsible? (Select all that apply.)	
US/Canada/Mexico	100%
Europe	9%
Asia/Pacific	8%
South America	2%
Africa/Middle East	2%
	n = 649

What is your job title? (If none of the below, select the position closest to your title/responsibilities.)	
Founder/CEO/Chairman /Managing Director	31%
President/COO/General Manager	23%
VP/SVP/EVP Sales	14%
Other	8%
CFO/VP, Finance	7%
Region/Division Head (VP/Pres)	5%
Recruiter/Placement Specialist	4%
Branch Manager	4%
VP/SVP/EVP, Marketing	2%
CTO/CIO/VP/Director, Information Services	2%
	n = 504

Of the following temporary worker recruiting tactics, which one would you say has the highest bang-to-buck return on spend/effort?	
Job boards	33%
Recruit from existing candidate list	26%
LinkedIn	10%
Other, please specify	8%
Pay referral bonuses	7%
List jobs on company web site	7%
Outsourced/offshore sourcing/recruiting	2%
Advertise your firm	2%
Invest in look/usability of company web site	2%
E-newsletter to existing candidate list	1%
Attend job fair	1%
University recruiting	1%
Facebook	0%
	n = 488

Of the following direct hire/permanent placement recruiting tactics, which one would you say has the highest bang-to-buck return on spend/effort?	
LinkedIn	32%
Job boards	25%
Recruit from existing candidate list	20%
Other, please specify	8%
List jobs on company web site	5%
Pay referral bonuses	3%
Advertise your firm	2%
Attend job fair	1%
Outsourced/offshore sourcing/recruiting	1%
E-newsletter to existing candidate list	1%
Invest in look/usability of company web site	1%
University recruiting	0%
	n = 481

To what degree would you say your current website contributes to your business success?	
10--Our website is a huge contributor to our success	5%
9	3%
8	11%
7	18%
6	14%
5	19%
4	8%
3	9%
2	8%
1	4%
0--Our website doesn't help our business at all	2%
	n = 496

Is the content on your website geared more for candidates or clients?	
Mostly client focused	12%
Mostly candidate focused	24%
Evenly mixed, not focused on one or the other	64%
	n = 490

With respect to your current website...

Is your website optimized for mobile devices (e.g., smartphones, ipads, etc.)?

Yes	46%
No	46%
Don't know	8%
	n = 492

Do you have a job board on your website enabling candidates to apply for jobs?

Yes	84%
No	15%
Don't know	1%
	n = 491

If you have such a job board, is this job board also optimized for mobile devices?

Yes	38%
No	50%
Don't know	12%
	n = 478

Can clients request staff on your website?

Yes	48%
No	49%
Don't know	3%
	n = 490

Does your website have a blog that you regularly update with new content?

Yes	44%
No	53%
Don't know	3%
	n = 486

Are you using a CMS (Content Management System) to update content on your website?

Yes	37%
No	48%
Don't know	15%
	n = 488

Are you actively tracking and updating the SEO on your site?

Yes	43%
No	42%
Don't know	15%
	n = 487

Does your website have social feed buttons, such as for LinkedIn, Facebook or Twitter?

Yes	72%
No	26%
Don't know	2%
	n = 489

Does it have other social features such as ability to comment on blogs, social forums, etc.?

Yes	35%
No	56%
Don't know	10%
	n = 488

What's the most effective thing you have done to make your website helpful to your business?

301 staffing firms responded to this question, their responses are analyzed in a separate report.

In which staffing segment did your company generate the most revenue in 2012?	
IT Temp	27%
Industrial/Logistics Temp	23%
Office/Clerical Temp	11%
Healthcare Temp	9%
Direct Hire/Permanent Placement	7%
Engineering/Design Temp	7%
Finance/Accounting Temp	3%
Retained Search	2%
Other	2%
Clinical/Scientific Temp	2%
Other Temp Help	2%
Creative/Marketing Temp	2%
Don't know	1%
Independent contractor compliance/payroll processing	1%
Outplacement	1%
Education/Training/Library Temp	1%
Human resource outsourcing (HRO)	0%
Legal Temp	0%
PEO/Staff Leasing	0%

Recruitment process outsourcing (RPO)	0%
Human resources consulting services	0%
	n = 589

Did your company generate more than half of its 2012 revenue from the segment selected above?	
Yes	83%
No	13%
Unsure	4%
	n = 585

In which industry did your company generate the most revenue in 2012?	
Manufacturing--Non-Automotive	19%
Healthcare Service Sector (not including insurance)	14%
Finance/Insurance	11%
Technology/Telecom	10%
Other/Don't Know	9%
Business/Professional Services	6%
Packaging/Transportation/Warehousing/Cargo	5%
Manufacturing--Automotive	5%
Pharma/Biotech/Medical Equipment	5%
Oil, Gas & Minerals, Mining & Extraction	4%
Construction	3%
Government (excluding education)	3%
Retail Trade	2%
Utilities	1%
Non-Profit	1%
Marketing/Public Relations/Media/Advertising	1%

Education--Private & Government	1%
Restaurant/Hospitality	1%
Wholesale Trade	1%
Entertainment	0%
Environmental Services	0%
Real Estate and Rental and Leasing	0%
	n = 588

Did your company generate over half of its 2012 revenue from the industry selected above?

Yes	64%
No	29%
Unsure	7%
	n = 578

Approximately what percent of your revenue is derived from...

Your top client - Percent

91%-100%	0%
71%-80%	3%
61%-70%	2%
51%-60%	5%
41%-50%	6%
31%-40%	10%
21%-30%	15%
11%-20%	24%
0%-10%	33%
Don't know	3%
	n = 551

Your top 5 clients - Percent	
91%-100%	4%
81%-90%	6%
71%-80%	14%
61%-70%	11%
51%-60%	8%
41%-50%	11%
31%-40%	12%
21%-30%	10%
11%-20%	12%
0%-10%	9%
Don't know	2%
	n = 566

Sales to government (not including education) - Percent	
91%-100%	1%
81%-90%	0%
71%-80%	1%
51%-60%	1%
41%-50%	1%
31%-40%	0%
21%-30%	2%
11%-20%	5%
0%-10%	86%
Don't know	4%
	n = 515

Sales to the education sector (private & government) - Percent	
91%-100%	1%
81%-90%	0%
31%-40%	0%
21%-30%	1%
11%-20%	3%
0%-10%	90%
Don't know	4%
	n = 509

Sales to the oil & gas sector - Percent	
91%-100%	0%
81%-90%	1%
71%-80%	0%
61%-70%	0%
51%-60%	1%
41%-50%	1%
31%-40%	1%
21%-30%	3%
11%-20%	4%
0%-10%	84%
Don't know	4%
	n = 513

Sales to small businesses (i.e., fewer than 100 employees) - Percent	
91%-100%	0%
81%-90%	2%
71%-80%	4%
61%-70%	2%
51%-60%	3%
41%-50%	7%
31%-40%	7%
21%-30%	11%
11%-20%	16%
0%-10%	43%
Don't know	6%
	n = 522

Sales to medium-sized businesses (i.e., 100-1,000 employees) - Percent	
91%-100%	1%
81%-90%	2%
71%-80%	3%
61%-70%	3%
51%-60%	7%
41%-50%	10%
31%-40%	11%
21%-30%	17%
11%-20%	18%
0%-10%	23%
Don't know	5%
	n = 533

Statement of work/ solutions/ non-hourly project work - Percent	
91%-100%	0%
81%-90%	0%
71%-80%	1%
61%-70%	1%
41%-50%	1%
31%-40%	1%
21%-30%	5%
11%-20%	7%
0%-10%	77%
Don't know	7%
	n = 501

On average, what is the typical percent of salary your company charges	
>50%	0%
41%-50%	1%
31%-40%	2%
21%-30%	25%
11%-20%	62%
0%-10%	5%
We charge a flat fee only.	4%
Don't know/not applicable	2%
	n = 583

If your preferred currency is U.S. dollars, approximately how much total revenue in U.S. dollars did your company generate in 2012? (Choose closest value.)	
$1,000,000,000	3%
$900,000,000	0%
$800,000,000	1%
$700,000,000	1%
$600,000,000	1%
$500,000,000	0%
$400,000,000	1%
$350,000,000	0%
$300,000,000	1%
$250,000,000	1%
$200,000,000	1%
$175,000,000	1%
$150,000,000	1%
$125,000,000	2%
$100,000,000	3%
$75,000,000	4%
$50,000,000	8%
$25,000,000	8%
$20,000,000	5%
$15,000,000	5%
$10,000,000	5%
$8,000,000	6%
$6,000,000	6%
$4,000,000	9%
$2,000,000	16%
Don't know	11%
	n = 558

If your preferred currency is Euro, approximately how much total revenue in Euro did your company generate in 2012? (Choose closest value.)	
€1,000,000,000	4%
€900,000,000	1%
€500,000,000	1%
€450,000,000	1%
€400,000,000	1%
€175,000,000	1%
€50,000,000	2%
€25,000,000	2%
€15,000,000	2%
€10,000,000	1%
€4,000,000	2%
€2,000,000	4%
Don't know	82%
	n = 131

With regard to the following services, what is your company's status? Master supplier	
Not Likely to Offer w/i 2 yrs	42%
Likely to Offer w/i 2 yrs	13%
Currently Offer	46%
	n = 498

Provider of vendor management systems (VMS)	
Not Likely to Offer w/i 2 yrs	67%
Likely to Offer w/i 2 yrs	17%
Currently Offer	17%
	n = 495

Managed service provider (MSP)	
Not Likely to Offer w/i 2 yrs	56%
Likely to Offer w/i 2 yrs	18%
Currently Offer	25%
	n = 496

Human resource outsourcing (HRO)	
Not Likely to Offer w/i 2 yrs	59%
Likely to Offer w/i 2 yrs	17%
Currently Offer	24%
	n = 492

Recruitment process outsourcing (RPO)	
Not Likely to Offer w/i 2 yrs	45%
Likely to Offer w/i 2 yrs	19%
Currently Offer	36%
	n = 500

Human resources consulting services	
Not Likely to Offer w/i 2 yrs	48%
Likely to Offer w/i 2 yrs	16%
Currently Offer	36%
	n = 503

Employer of record for client-identified workers (payrolling)	
Not Likely to Offer w/i 2 yrs	27%
Likely to Offer w/i 2 yrs	7%
Currently Offer	65%
	n = 510

Independent contractor evaluation & compliance service	
Not Likely to Offer w/i 2 yrs	57%
Likely to Offer w/i 2 yrs	14%
Currently Offer	29%
	n = 487

How is your firm responding to the opportunity/competitive threat represented by fully-automated online staffing services such as Elance/oDesk etc.?	
Currently partnering with such a service	1%
Currently own a fully-automated online staffing service comparable to Elance/oDesk	2%
Currently building such a service	2%
Currently acquiring such a service	0%
Considering partnering with such a service over	5%
Considering building such a service over the next two years	6%
Considering acquiring such a service over the next two years	1%
Aware of such services, but not interested/concerned	49%
Not aware of such services	22%
Don't know	12%
	n = 534

Looking back, what would you say is the single best strategic or tactical decision your firm has ever made, and why?	
361 staffing firms responded to this question, their responses are analyzed in a separate report.	
Looking back, what would you say is the single worst strategic or tactical decision your firm has ever made, and why?	
308 staffing firms responded to this question, their responses are analyzed in a separate report.	
If you are closing any acquisitions in 2013, approximately what is the average multiple of the sale price relative to revenue?	
>3.0x revenue	0%
3.0x	0%
2.0x	1%
1.8x	0%
1.6x	0%
1.2x	0%
1.0x	0%
0.8x	0%
0.6x	2%
0.4x	0%
0.2x	1%
<0.2x revenue	1%
We aren't closing any acquisitions in 2013.	77%
Unsure	15%
	n = 355

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. If your company is closing any acquisitions in 2013, approximately what is the average multiple of the sale price relative to EBITDA?	
>8.0x EBITDA	0%
6.0x	1%
5.5x	1%
5.0x	1%
4.5x	1%
4.0x	1%
3.5x	0%
3.0x	2%
2.5x	2%
2.0x	2%
1.5x	1%
<0.5x EBITDA	0%
We aren't closing any acquisitions in 2013.	71%
Unsure	17%
	n = 302

Approximately what percentage of your current book of business is conducted through...	
Vendor Management System (VMS) - Percent	
91%-100%	2%
81%-90%	2%
71%-80%	3%
61%-70%	2%
51%-60%	3%
41%-50%	5%
31%-40%	5%
21%-30%	8%
11%-20%	11%
0%-10%	55%
Don't know	3%
	n = 477
Managed Service Provider (MSP) - Percent	
91%-100%	2%
81%-90%	2%
71%-80%	3%
61%-70%	2%
51%-60%	3%
41%-50%	5%
31%-40%	4%
21%-30%	7%
11%-20%	10%
0%-10%	61%
Don't know	4%
	n = 463

In the MSP and VMS programs you're involved with, what is the typical fee charged to staffing firms (select closest answer)?

For VMS - Percent

More than 5.0%	0%
4%-5%	1%
3%-4%	35%
2%-3%	33%
1%-2%	14%
Less than 1%	3%
No fee	12%
	n = 364

For MSP - Percent

More than 5.0%	2%
4%-5%	3%
3%-4%	38%
2%-3%	32%
1%-2%	10%
Less than 1%	1%
No fee	12%
	n = 327

Of the current legislative and/or regulatory issues affecting your business, which most concern you, and why?

356 staffing firms responded to this question, their responses are analyzed in a separate report.

Looking forward over the next two years, what do you think will be the overall revenue effect on your firm of the following legislative initiatives? (Answer only for countries in which your business operates.)

US Affordable Care Act - Effect on Revenue

Greatly increase our revenue	6%
Modestly increase our revenue	29%
Not much effect either way	14%
Modestly decrease our	19%
Greatly decrease our revenue	11%
Don't know	21%
	n = 446

EU Agency Worker Directive - Effect on Revenue

Modestly increase our	2%
Not much effect either way	36%
Modestly decrease our revenue	4%
Greatly decrease our revenue	0%
Don't know	57%
	n = 241

UK Pensions Act - Effect on Revenue	
Modestly increase our revenue	0%
Not much effect either way	40%
Modestly decrease our revenue	2%
Greatly decrease our revenue	1%
Don't know	57%
	n = 230

French Introduction of CDI Contracts for agency workers - Effect on	
Modestly increase our	1%
Not much effect either way	38%
Modestly decrease our revenue	2%
Greatly decrease our revenue	0%
Don't know	58%
	n = 226

German Collective Labour Agreements - Effect on Revenue	
Modestly increase our	0%
Not much effect either way	39%
Modestly decrease our revenue	3%
Greatly decrease our revenue	1%
Don't know	57%
	n = 222

Chinese Dispatch Law reforms - Effect on Revenue	
Modestly increase our	0%
Not much effect either way	39%
Modestly decrease our revenue	0%
Greatly decrease our revenue	1%
Don't know	59%
	n = 221

Japanese Dispatch Law reforms - Effect on Revenue	
Modestly increase our	1%
Not much effect either way	39%
Modestly decrease our revenue	1%
Greatly decrease our revenue	0%
Don't know	59%
	n = 220
Other legal changes (please describe below) - Effect on Revenue	
Greatly increase our revenue	1%
Modestly increase our revenue	3%
Not much effect either way	26%
Modestly decrease our revenue	3%
Greatly decrease our revenue	1%
Don't know	67%
	n = 159

How does the recently announced delay in employer mandates for the Affordable Care Act to 2015, affect your plans for eventual compliance?	
We had plans, but will now wait and see what changes	59%
We hadn't yet made a plan anyway	27%
We had plans, and will go forward rather than wait and start all over again	14%
	n = 437

Which of the following strategies is the *closest description* of how you plan to ultimately comply with the Affordable Care Act?	
Full benefits--We will offer all temps fully compliant healthcare benefits and will avoid all penalties, but these healthcare benefits will not be as good as those offered internal staff	31%
Full benefits--We will offer all temps and internal staff identical fully compliant healthcare benefits and will avoid all penalties	21%
Cost minimize--Our strategy is to participate but cost minimize, so we will offer inexpensive limited benefit plans and just pay the $3,000 penalty when/if it occurs	8%

Cost minimize--Our strategy is to participate but cost minimize, so we will not offer insurance at all for internal or temporary workers and will just pay the $2,000 penalty for each qualifying worker	5%
Exempt--Our firm mostly places temps on very short-term assignments or seasonal work, so we will be exempt.	5%
Exempt--Our firm has fewer than 50 FTE (including temps) so we will be exempt.	17%
Exempt--We will alter our business model in order to be exempt--focusing on just short-term assignments or seasonal work, limiting the assignment lengths of temps and/or limiting temp hours to less than 30 hours/week.	2%
Other (please specify)	11%

Regardless of who will ultimately pay for the Affordable Care Act, what's your best guess as to the actual additional dollar cost for the required healthcare insurance and/or penalties per hour of temp time on average across all your temps?	
>$4.00/hour	4%
$4.00/hour	4%
$3.75/hour	1%
$3.50/hour	1%
$3.25/hour	0%
$3.00/hour	7%
$2.75/hour	1%
$2.50/hour	5%
$2.25/hour	2%
$2.00/hour	12%
$1.75/hour	2%
$1.50/hour	7%
$1.25/hour	6%
$1.00/hour	15%
$0.75/hour	8%
$0.50/hour	8%
$0.25/hour	6%
$0/hour	9%
	n = 364

For each of the following factors, please indicate whether you think they are a net positive, neutral, or net negative with regard to your company today.

Economy	
Neutral	37%
Net positive	35%
Net negative	29%
	n = 454
Legal environment	
Neutral	48%
Net positive	4%
Net negative	48%
	n = 451
Immigration issues/visas	
Neutral	64%
Net positive	11%
Net negative	25%
	n = 448
Healthcare for internal staff or temps	
Neutral	35%
Net positive	18%
Net negative	47%
	n = 452
VMS	
Neutral	43%
Net positive	14%
Net negative	43%
	n = 449
Offshoring	
Neutral	54%
Net positive	8%
Net negative	38%

Skills shortage	
Neutral	24%
Net positive	32%
Net negative	44%
	n = 453

Gross margin trends	
Neutral	36%
Net positive	20%
Net negative	44%
	n = 452

Workers comp costs	
Neutral	37%
Net positive	5%
Net negative	58%
	n = 454

Pay rates	
Neutral	57%
Net positive	19%
Net negative	24%
	n = 453

Influence of procurement departments	
Neutral	44%
Net positive	8%
Net negative	48%
	n = 448

Government regulation	
Neutral	32%
Net positive	6%
Net negative	63%

Outsourcing trend	
Neutral	43%
Net positive	33%
Net negative	24%
	n = 448

HR Outsourcing (HRO)	
Neutral	69%
Net positive	15%
Net negative	16%
	n = 442

Recruitment Process Outsourcing (RPO)	
Neutral	64%
Net positive	20%
Net negative	15%
	n = 449

Globalization	
Neutral	64%
Net positive	21%
Net negative	15%
	n = 447

The Internet	
Neutral	28%
Net positive	68%
Net negative	4%
	n = 452

State unemployment taxes (SUTA)	
Neutral	42%
Net positive	3%
Net negative	55%

Which of the following is your company's top management priority today?	
Growing revenue	26%
Expanding/diversifying number of clients	15%
Growing market share	10%
Improving gross margins	10%
Recruiting quality candidates to place	10%
Recruiting/retaining quality internal staff	9%
Providing excellent customer service	8%
Training/developing internal employees	3%
Reducing/controlling costs	3%
Creating a positive company culture	2%
Dealing with legal/legislative/regulatory issues	2%
Retaining existing clients	2%
Acquiring other firms	0%
	n = 462

Section 2012-A: Bonus compensation for salesforce and recruiters

Key Findings:

- We asked staffing firms: "On average, roughly what percent of your sales force and recruiters' compensation is bonus?"

- Among survey respondents, the median percent of sales force compensation derived from bonus was 26%, and the median percent of recruiters' compensation derived from bonus was 20%.

- Staffing firms primarily serving the finance/insurance industry, and those primarily offering healthcare temporary staffing typically had the most bonus-driven compensation for both salespeople and recruiters.

- There was a strong relationship between the percent of total compensation derived from bonus and firm size for both sales force and recruiters. Larger firms tended to offer more bonus driven compensation than smaller firms.

Bonus plans remarkably widespread for both salespeople and recruiters

• We asked staffing firms: "On average, roughly what percent of your sales force and recruiters' compensation is bonus?"

• Among survey respondents, the median percent of sales force compensation derived from bonus was 26%. The median percent of recruiters' compensation derived from bonus was 20%.

• In both cases, however, the distribution of bonus schemes was remarkably widespread, with roughly 10%-12% offering no bonus at all, and 19%-25% reporting compensation to be 50% bonus or more.

On average, roughly what percent of your salesforce compensation is bonus?

0%	1%-9%	10%-19%	20%-29%	30%-39%	40%-49%	50%+
10%	11%	15%	16%	14%	9%	25%

Percent of salesforce compensation from bonus

On average, roughly what percent of your recruiters' compensation is bonus?

0%	1%-9%	10%-19%	20%-29%	30%-39%	40%-49%	50%+
12%	14%	17%	17%	13%	8%	19%
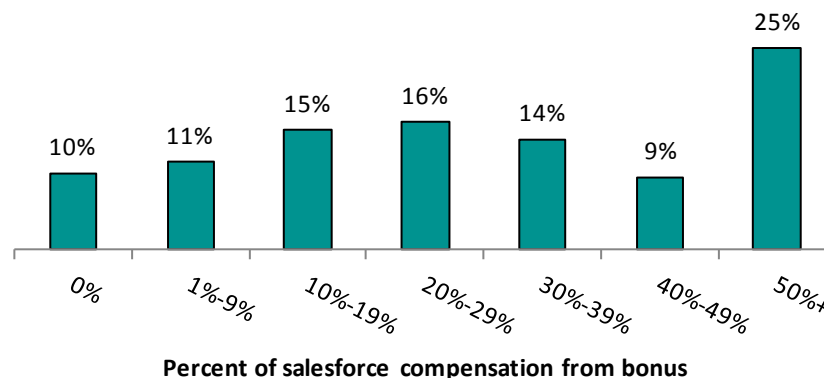
Percent of recruiter compensation from bonus
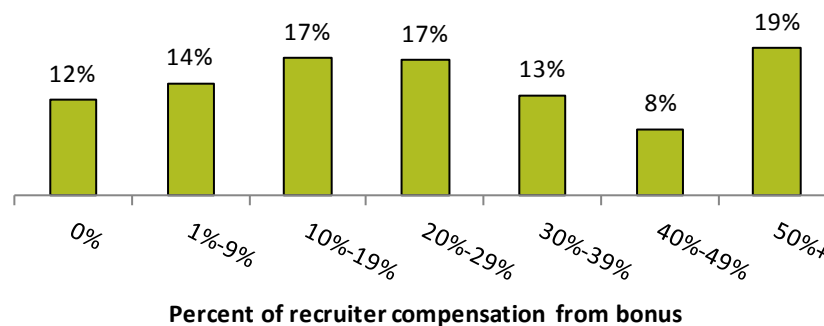
Bonus share of salesforce compensation by firm demographics

• In the table on the right, we divided staffing firms by primary industry served and primary temp segment offered. For each of these divisions, we show the 25th percentile, median, and 75th percentile values of the percent of sales force compensation derived from bonus.

• Comparing staffing firms by primary industry served, those serving the finance/insurance industry had the most bonus-driven compensation for salespeople; those in manufacturing were the least bonus-driven.

• Comparing staffing firms by primary temp segment offered, those offering healthcare temporary staffing had the most bonus-driven compensation for salespeople; those in office/clerical and industrial/logistics were the least bonus driven.

• Additionally, there was a strong relationship between firm size and the percent of sales force compensation derived from bonus. Larger firms tended to offer more bonus driven compensation than smaller firms.

Percent of salesforce compensation that is bonus, by primary industry served, primary segment offered, and revenue

Industry	25th	Median	75th	N
Finance/Insurance	30%	50%	50%	26
Energy/Chemical	20%	40%	50%	12
Healthcare service sector	20%	30%	50%	78
Packaging/Transportation/ Warehousing/Cargo	14%	30%	50%	13
Technology/Telecom	20%	30%	40%	30
Automotive	18%	30%	50%	11
Business Services	6%	20%	40%	16
Government	10%	17%	30%	20
Manufacturing	4%	10%	33%	72
Segment	**25th**	**Median**	**75th**	**N**
Healthcare Temp	20%	30%	50%	76
IT Temp	10%	30%	50%	114
Finance/Accounting Temp	3%	30%	40%	18
Engineering/Design Temp	10%	30%	45%	15
Direct Hire	0%	26%	50%	25
Office/Clerical Temp	10%	20%	30%	43
Industrial/Logistics Temp	10%	20%	40%	115
Revenue ($M)	**25th**	**Median**	**75th**	**N**
<10	8%	20%	40%	256
10-25	18%	30%	50%	86
25-50	20%	30%	50%	41
50-100	16%	30%	50%	42
100-250	20%	30%	47%	31
250+	20%	40%	50%	43

Bonus share of recruiter compensation by firm demographics

• In the table on the right, we divided staffing firms by primary industry served and primary temp segment offered. For each of these divisions, we show the 25th percentile, median, and 75th percentile values of the percent of recruiter compensation derived from bonus.

• Comparing staffing firms by primary industry served, those serving the finance/insurance industry had the most bonus-driven compensation for recruiters; those in the automotive industry were the least bonus-driven. .

• Comparing staffing firms by primary temp segment offered, those offering healthcare temporary staffing had the most bonus-driven compensation for recruiters; those in office/clerical and industrial/logistics were the least bonus driven.

• Additionally, there was a strong relationship between firm size and the percent of recruiter compensation derived from bonus. Larger firms tended to offer more bonus driven compensation than smaller firms.

Percent of recruiter compensation that is bonus, by primary industry served, primary segment offered, and revenue

Industry	25th	Median	75th	N
Finance/Insurance	25%	40%	50%	27
Healthcare service sector	10%	32%	50%	79
Technology/Telecom	20%	30%	40%	29
Energy/Chemical	20%	24%	40%	11
Packaging/Transportation/ Warehousing/Cargo	13%	22%	30%	12
Business Services	4%	20%	27%	16
Government	7%	10%	20%	20
Manufacturing	2%	10%	20%	72
Automotive	10%	10%	22%	11
Segment	**25th**	**Median**	**75th**	**N**
Healthcare Temp	10%	30%	50%	78
IT Temp	10%	30%	50%	114
Finance/Accounting Temp	7%	30%	45%	18
Direct Hire	2%	30%	50%	25
Engineering/Design Temp	15%	28%	35%	15
Office/Clerical Temp	8%	18%	24%	43
Industrial/Logistics Temp	4%	10%	20%	113
Revenue ($M)	**25th**	**Median**	**75th**	**N**
<10	4%	20%	34%	256
10-25	10%	20%	50%	85
25-50	10%	20%	35%	42
50-100	8%	26%	50%	41
100-250	18%	24%	40%	31
250+	19%	34%	50%	40

Section 2012-B: How to make staff engaged, motivated and productive

Key Findings:

- We asked survey respondents the open-ended question: "Apart from compensation, what's the #1 most effective thing you have done to make your internal staff engaged, motivated and productive?"

- We identified and ranked the seven most common themes among responses we received from 446 individual staffing firms.

- The single most common theme, mentioned in 15% of responses, was frequent, ongoing training for internal staff.

- After training, company culture, teamwork, communication, flexibility, competition and incentives, and employee recognition (in order) were the most frequently cited strategies used to keep employees engaged and motivated.

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#1 Provide training for employees

The single most common theme among responses was employee training. Sixty-six of our 446 responses, about 15%, contained the word "train", and more than half of these responses were simply the word itself: "Training."

•"Training, pats on the back, team atmosphere."

•"Increased training around social mobile recruiting tools and allowed more access to such tools."

•"Provided fun teambuilding activities and additional training."

•"Training, detailed work descriptions, and constant meetings to align team efforts."

•"Recognizing them internally and externally— and training to execute our objectives."

•"Maintain a positive culture that is understood and accepted by all staff. Consistent training and development. Maintain high expectations and standards. Performers value that."

•"Offered to pay for ASA's CSP certification program. Four members of my staff are currently studying for exam and four members are already certified.

•"Hire right, train and coach."

•"Training."

#2 Promote a positive company culture

The second most common theme among responses (10% of all responses) was company culture. Many firms reported cultivating a company culture promoting pride, integrity, a sense of fun, or friendliness as a means of motivating employees.

•"We set the bar very high for who gets on to our internal team. This leads to an environment where there are no weak links, and people are proud of their co-workers. It's a friendly, competitive culture."

•"We are doing a lot of culture building to create a stronger sense of engagement."

•"Provide work life balance and a culture of trust, integrity, fun and compensation for efforts."

•"Positive culture - fun, performance oriented, recognition, integrity, etc."

•"Provide work life balance, and a culture of trust, integrity, fun and compensation for efforts."

•"Establish a positive, ethical, customer- and candidate-focused culture."

•"Build a culture where they are doing work they love and believe in."

•"Open company culture. Have fun at work!"

#3 Team atmosphere and team-building exercises

Another common theme (9% of responses) was teamwork. Many firms described cultivating a team atmosphere at the workplace, as well as holding team-building exercises in and outside the workplace.

- "Treat them as a valued member of the team."

- "Team feeling and fun team events—ongoing support and weekly coaching."

- "Team building exercises, mud runs, meals, happy hours. We also allow recruiters to work out of other offices if they would like to travel."

- "Have team planning meetings 2x a year to plan direction of company for next 6 months."

- "Develop a culture of appreciation for the efforts of the team."

- "Create smaller working teams that are accountable to one another."

- "Team activities and outside fun events."

- "Teamwork."

#4 Communication and transparency

Many companies also reported transparency and communication as important factors.

- "Lots of communication (employee engagement surveys, visible recognition, company meetings, team outings, etc.)"

- "Increased communication and involvement in process improvement."

- "Education and communication; we have daily meetings with all hands even though 80% of our staff is remote."

- "Organizational communication versus directional communication."

- "Open communication, inclusion in company objectives."

- "Increased communications and involvement in process improvement."

- "Regular meetings, daily communication."

- "Better communication and reporting processes."

#5 Flexible working schedules

Giving employees a flexible schedule, and promoting work-life balance was another common theme.

- "Provide a flexible work environment."

- "Increased vacation, flexible work arrangements, staff lunches and perks."

- "Flexibility for those accountable. Dynamic work environment."

- "Treating them like family, providing flexible work hours."

- "Provide them appropriate authority, autonomy, and flexibility to best meet our clients needs."

- "Positive environment, flexible scheduling."

- "Office environment, flexible hours, telecommute."

- "Flexible work hours along with consistently boosting company morale."

- "Work life balance."

#6 Competition and Incentives

Companies reported promoting a competitive environment across the organization, holding contests, and rewarding performance.

- "Promote competition."

- "Contests and incentives."

- "Introduced more competitions."

- "Posting monthly individual results, competitions."

- "Monthly contests, bonuses, and incentives."

- "Happy and competitive offices."

- "Competitive sales, and recruiting contests, with awards and 'President's Club' designation."

- "Performance based contests."

- "Contests and awards (employee recognition, trips, etc)."

- "Ongoing training and peer recognition and fun sales competitions locally and across the organization."

#7 Employee Recognition

Recognizing and awarding employees ranked 7th among the themes listed in this report.

• "Recognition and award programs."

• "Quarterly awards."

• "We promote and individualize key themes of our company culture; and recognize our staff in a variety of ways: formal awards, intranet stories, training/development, special project teams. One example of recognition was an additional personal day with pay after the company received an award."

• "Regularly performed, individual staff recognition!!"

• "Recognizing staff internally and externally—as well as training to execute our objectives."

• "Continuous non-monetary recognition."

• "Awards program. Frequent thank you parties. Great benefits. High end of the comp. great base and bonus."

Section 2012-C: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2012 Staffing Firm survey, for firms primarily operating in North America.

- The findings are based on an online survey conducted in September 2012, and reflect the opinions of respondents from 622 individual staffing firms.

- Data in the report include staffing company's expectations regarding key internal benchmarks moving into 2013, top management priorities, temp-to-hire rates by segment, M&A acquisition multiples and best practices, drivers of profitability, recruiting and sales centralization metrics, and much more.

Question 1: What is your job title? (If none of the below, select the position closest to your title/responsibilities.)	
Founder/CEO/Chairman/Managing Director	38%
President/COO/General Manager	21%
VP/SVP/EVP Sales	14%
CFO/VP, Finance	8%
Other	7%
Recruiter/Placement Specialist	4%
Branch Manager	3%
Region/Division Head (VP/Pres)	2%
VP/SVP/EVP, Marketing	2%
CTO/CIO/VP/Director, Information Services	1%
Grand Total	N=259

Question 2: Over the next 12 months, what are your expectations regarding your company's:

Total internal sales positions	
Decrease	1%
Increase	71%
Stay the same	28%
Grand Total	N=595

Total internal recruiter positions	
Decrease	0%
Increase	76%
Stay the same	24%
Grand Total	N=605

Total internal manager positions	
Decrease	2%
Increase	31%
Stay the same	67%
Grand Total	N=589

Total branch offices	
Decrease	2%
Increase	34%
Stay the same	64%
Grand Total	N=571

Spend on internal staff development/training	
Decrease	1%
Increase	59%
Stay the same	40%
Grand Total	N=606

Spend on technology	
Decrease	3%
Increase	54%
Stay the same	43%
Grand Total	N=607

Spend on tradeshows/conferences	
Decrease	8%
Increase	28%
Stay the same	65%
Grand Total	N=593

Spend on branded materials/promotional items	
Decrease	5%
Increase	40%
Stay the same	55%
Grand Total	N=600

Spend on marketing/advertising	
Decrease	5%
Increase	44%
Stay the same	50%
Grand Total	N=608

Spend on job boards/career sites	
Decrease	9%
Increase	36%
Stay the same	55%
Grand Total	N=602

Spend on insurance/risk management	
Decrease	3%
Increase	28%
Stay the same	69%
Grand Total	N=598

Spend on social media (Linkedin, Facebook, etc.)	
Decrease	2%
Increase	48%
Stay the same	50%
Grand Total	N=597

Question 3: Which of the following are your company's top three management priorities today? (Please select up to three.)	
Growing revenue	53%
Expanding/diversifying number of clients	40%
Growing market share	36%
Recruiting quality candidates to place	31%
Improving gross margins	28%
Recruiting/retaining quality internal staff	27%
Providing excellent customer service	24%
Retaining existing clients	17%
Training/developing internal employees	16%
Creating a positive company culture	14%
Reducing/controlling costs	10%
Improving cash flow/receivables collection	8%
Ensuring business survival	6%
Acquiring other firms	4%
Preparing for sale of the company	2%
Reducing internal staff headcount	1%
Grand Total	N=616*
*Unique companies that selected at least one priority	

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Question 5: Approximately how much total revenue did your company generate in 2011? (Choose closest value.)	
$2 Million	19%
$4 Million	9%
$6 Million	6%
$8 Million	6%
$10 Million	7%
$15 Million	5%
$20 Million	4%
$25 Million	6%
$50 Million	8%
$75 Million	6%
$100 Million	3%
$125 Million	1%
$150 Million	1%
$175 Million	1%
$200 Million	2%
$250 Million	1%
$300 Million	1%
$400 Million	1%
$450 Million	0%
$500 Million	0%
$600 Million	1%
$700 Million	0%
$800 Million	1%
$900 Million	1%
$1 Billion	4%
Don't know	6%
Grand Total	N=566
*Median of 533 respondents who reported a number= $10 Million	

Question 6: In which staffing segment did your company generate the most revenue in 2011?	
Industrial/Logistics Temp	25%
IT Temp	23%
Healthcare Temp	15%
Office/Clerical Temp	12%
Direct Hire/Permanent Placement	7%
Engineering/Design Temp	4%
Finance/Accounting Temp	3%
Other	3%
Other Temp Help	2%
Legal Temp	2%
Creative/Marketing Temp	1%
Independent contractor compliance/payroll processing	1%
PEO/Staff Leasing	1%
Recruitment process outsourcing (RPO)	1%
Retained Search	1%
Don't know	1%
Human resource outsourcing (HRO)	1%
Clinical/Scientific Temp	0%
Human resources consulting services	0%
Grand Total	N=577

Question 7: Did your company generate more than half of its 2011 revenue from the segment selected above?	
No	11%
Unsure	3%
Yes	86%
Grand Total	N=572

Question 8: In which industry did your company generate the most revenue in 2011?	
Manufacturing	21%
Healthcare service sector (not including insurance)	17%
Finance/Insurance	12%
Technology/Telecom	11%
Other	6%
Business Services	6%
Energy/Chemical	5%
Government	5%
Packaging/Transportation/Warehousing/Cargo	4%
Pharma/Biotech/Medical Equipment	4%
Automotive	3%
Construction	2%
Education	1%
Consumer Products	1%
Entertainment	1%
Retail Seller	1%
Environmental Services	0%
Non-profit	0%
Marketing/Public Relations/Media/Advertising	0%
Publishing/Printing	0%
Restaurant/Hospitality	0%
Social Services	0%
Grand Total	N=571

Question 9: Did your company generate over half of its 2011 revenue from the industry selected above?	
No	33%
Unsure	6%
Yes	61%
Grand Total	N=569

Question 10: Approximately what percent of your company revenue flows through VMS?

0%--We don't work through VMS at all.	32%
5%	17%
10%	10%
15%	4%
20%	5%
25%	5%
30%	3%
35%	3%
40%	3%
45%	1%
50%	3%
55%	1%
60%	2%
65%	1%
70%	2%
75%	1%
80%	1%
85%	0%
90%	1%
95%	0%
100%--Our entire revenue stream flows through VMS.	0%
Don't know	4%
Grand Total	N=571
*Median of 546 respondents who reported a number=5%	

Question 11: With regard to the following services, what is your company's status?

Master supplier	
Currently Offer	48%
Likely to Offer w/i 2 yrs	13%
Not Likely to Offer w/i 2 yrs	40%
Grand Total	N=527

Provider of vendor management systems (VMS)	
Currently Offer	15%
Likely to Offer w/i 2 yrs	14%
Not Likely to Offer w/i 2 yrs	71%
Grand Total	N=507

Managed service provider (MSP)	
Currently Offer	26%
Likely to Offer w/i 2 yrs	19%
Not Likely to Offer w/i 2 yrs	55%
Grand Total	N=520

Human resource outsourcing (HRO)	
Currently Offer	19%
Likely to Offer w/i 2 yrs	17%
Not Likely to Offer w/i 2 yrs	64%
Grand Total	N=513

Recruitment process outsourcing (RPO)	
Currently Offer	31%
Likely to Offer w/i 2 yrs	22%
Not Likely to Offer w/i 2 yrs	47%
Grand Total	N=521

Human resources consulting services	
Currently Offer	31%
Likely to Offer w/i 2 yrs	15%
Not Likely to Offer w/i 2 yrs	54%
Grand Total	N=514

Independent contractor compliance services	
Currently Offer	21%
Likely to Offer w/i 2 yrs	14%
Not Likely to Offer w/i 2 yrs	64%
Grand Total	N=512

Payroll processing	
Currently Offer	46%
Likely to Offer w/i 2 yrs	9%
Not Likely to Offer w/i 2 yrs	45%
Grand Total	N=526

Question 12: Please rate the degree to which your recruiting and sales operations are centralized (i.e. operated out of a central location instead of via branch network).

Recruiting	
1-Completely decentralized	19%
2	6%
3	6%
4	3%
5	8%
6	4%
7	6%
8	7%
9	6%
10-Completely centralized	35%
Grand Total	N=562
	*Median=7

Sales	
1-Completely decentralized	21%
2	6%
3	6%
4	3%
5	9%
6	4%
7	6%
8	7%
9	4%
10-Completely centralized	34%
Grand Total	N=567
	*Median=7

Question 13: For you personally, what was your approximate total annual compensation in 2011? (Salary + bonus + other incentive compensation)   (Answers are always confidential.)

Range	%	Range	%
<$30,000	3%		
$30,000-$34,999	1%		
$35,000-$39,999	1%	$155,000-$159,999	2%
$40,000-$44,999	2%	$160,000-$164,999	3%
$45,000-$49,999	0%	$165,000-$169,999	2%
$50,000-$54,999	1%	$170,000-$174,999	2%
$55,000-$59,999	1%	$175,000-$179,999	2%
$60,000-$64,999	1%	$180,000-$184,999	2%
$65,000-$69,999	2%	$185,000-$189,999	1%
$70,000-$74,999	3%	$190,000-$194,999	0%
$75,000-$79,999	1%	$195,000-$199,999	1%
$80,000-$84,999	2%	$200,000-$224,999	9%
$85,000-$89,999	1%	$225,000-$249,999	6%
$90,000-$94,999	2%	$250,000-$274,999	6%
$95,000-$99,999	1%	$275,000-$299,999	3%
$100,000-$104,999	5%	$300,000-$324,999	3%
$105,000-$109,999	2%	$325,000-$349,999	1%
$110,000-$114,999	2%	$350,000-$374,999	1%
$115,000-$119,999	1%	$375,000-$399,999	2%
$120,000-$124,999	3%	$400,000-$424,999	2%
$125,000-$129,999	1%	$425,000-$449,999	0%
$130,000-$134,999	1%	$450,000-$474,999	0%
$135,000-$139,999	2%	$475,000-$499,999	1%
$140,000-$144,999	2%	>$500,000	7%
$145,000-$149,999	2%	Grand Total	N=520
$150,000-$154,999	2%		*Median=$170,000

Question 14: On average, roughly what percent of your salesforce compensation is bonus?	
0%-We don't offer bonuses at all	9%
2%	3%
4%	3%
6%	3%
8%	2%
10%	10%
12%	0%
14%	2%
16%	1%
18%	1%
20%	9%
22%	0%
24%	2%
26%	3%
28%	1%
30%	11%
32%	0%
34%	1%
36%	1%
38%	0%
40%	7%
44%	1%
46%	1%
48%	1%
50%	8%
>50%	16%
Don't know	4%
Grand Total	N=549
*Median of 526 respondents who provided a number=26%	

Question 15: On average, roughly what percent of your recruiters' compensation is bonus?	
0%-We don't offer bonuses at all	12%
2%	5%
4%	4%
6%	3%
8%	2%
10%	13%
12%	1%
14%	1%
16%	1%
18%	1%
20%	11%
22%	0%
24%	3%
26%	2%
28%	0%
30%	9%
32%	1%
34%	0%
36%	1%
38%	1%
40%	7%
44%	1%
46%	1%
48%	0%
50%	5%
>50%	12%
Don't know	4%
Grand Total	N=547
*Median of 523 respondents who provided a number=20%	

Question 16: Apart from compensation, what's the #1 most effective thing you have done to make your internal staff engaged, motivated and productive?

448 individual companies responded to this question. Results will be analyzed in a separate report

Question 17: Of the workers you place on a temporary basis, about what percent convert to permanent full-time positions?

0%	4%		
1%	4%		
2%	3%		
3%	2%		
4%	1%		
5%	13%	27%	0%
6%	0%	28%	0%
7%	0%	30%	4%
8%	1%	33%	3%
9%	0%	35%	2%
10%	14%	37%	0%
11%	0%	38%	0%
12%	1%	39%	0%
15%	7%	40%	3%
16%	0%	44%	0%
17%	1%	45%	1%
18%	0%	49%	0%
19%	0%	50%	3%
20%	7%	>50%	11%
22%	0%	Don't know	3%
25%	8%	Grand Total	N=550
26%	1%	*Median of 532 respondents who provided a number=15%	

Question 18: On any given day, about what percent of your workers on temporary assignment are 'bench-model', i.e. employed by your firm on a salaried permanent basis but placed outside your firm on temporary assignments?	
0%-All our temps are paid hourly for work performed	67%
1%	3%
2%	4%
3%	1%
4%	0%
5%	5%
6%	0%
7%	0%
8%	0%
9%	0%
10%	5%
16%	0%
18%	0%
20%	2%
22%	0%
24%	1%
30%	1%
32%	0%
40%	1%
44%	0%
48%	0%
50%	1%
>50%	3%
Don't know	5%
Grand Total	N=541
*Median of 513 respondents who provided a number=0%	

Question 19: What incentives, if any, do you offer temporary workers to complete their assignment and/or to perform well?

346 individual companies responded to this question. Results will be analyzed in a separate report

Question 20: Of all the vendors that you use--including front-office and back-office software providers, job boards, background checking services, M&A, funding providers, etc.--which is the #1 vendor you would be most likely to recommend to a friend or colleague?

429 individual companies responded to this question. Results will be analyzed in a separate report

Question 21: Why would you recommend the vendor selected above?

392 individual companies responded to this question. Results will be analyzed in a separate report

Question 22: Likewise, which is your second-favorite vendor you would recommend to a friend or colleague?

340 individual companies responded to this question. Results will be analyzed in a separate report

Question 23: Why would you recommend the vendor selected above?

306 individual companies responded to this question. Results will be analyzed in a separate report

Question 24: If you closed any acquisitions in 2012, approximately what was the average multiple of the sale price relative to revenue?	
<0.2x revenue	2%
0.2x	1%
0.4x	1%
0.6x	0%
0.8x	0%
1.0x	1%
1.4x	0%
1.8x	0%
2.0x	0%
2.2x	0%
2.4x	0%
2.6x	0%
>3.0x revenue	0%
Unsure	7%
We haven't closed any acquisitions in 2012.	85%
Grand Total	N=410
*Median of 33 respondents who provided a number=0.6x	

Question 25: EBITDA is defined as earnings before interest, taxes, depreciation and amortization. If your company closed any acquisitions in 2012, approximately what was the average multiple of the sale price relative to EBITDA?	
<0.5x EBITDA	2%
0.5x	1%
1.0x	0%
1.5x	1%
2.0x	2%
3.0x	1%
3.5x	0%
4.0x	2%
4.5x	1%
6.0x	1%
7.5x	0%
>8.0x EBITDA	1%
Unsure	5%
We haven't closed any acquisitions in 2012.	84%
Grand Total	N=380
*Median of 41 respondents who provided a number=3.0x	

Question 26: If your company were to make an acquisition in 2013, in which temporary staffing segment would it be most interested in acquiring?	
IT	32%
Healthcare	21%
Industrial/Logistics	11%
None	9%
Office/Clerical	6%
Unsure	6%
Engineering/Design	5%
Finance/Accounting	5%
Creative/Marketing	2%
Other Temp Help Segment	1%
Clinical/Scientific	1%
Legal	1%
Grand Total	N=481

Question 27: If your company were to make an acquisition in 2013, other than temporary staffing, in which service would it be most interested in acquiring?	
Direct Hire/Placement	20%
None	17%
Unsure	10%
Other Staffing Sector	8%
Solutions/statement of work (SOW) consulting	8%
RPO (recruitment process outsourcing)	6%
MSP (managed service provider)	6%
VMS (vendor management system)	5%
Something outside of staffing	4%
PEO/Staff Leasing	4%
Independent Contractor Compliance/Payroll Processing	3%
Retained Search	3%
HRO (human resource outsourcing)	2%
HR consulting	1%
Online staffing service (e.g., Elance, oDesk, etc.)	1%
Outplacement	1%
Grand Total	N=470

Question 28: Approximately how many acquisitions has your company closed over the last three years?

0	77%
1	12%
2	4%
3	3%
4	0%
5	1%
10	0%
Don't know	2%
Grand Total	N=622

Question 29: With respect to these acquisitions, who primarily advised you?

No one	59%
Don't know	11%
Lawyer	10%
M&A advisory service specialized in staffing	9%
Accountant	6%
M&A advisory service not specialized in staffing	3%
Grand Total	N=325

Question 30: Please rate how satisfied you have been overall with the effect of these acquisitions on your company's performance.

0-Disastrous, wish we hadn't done any of them	8%
1	3%
2	2%
3	4%
4	3%
5	27%
6	11%
7	18%
8	9%
9	8%
10-A huge boost to company's success, no downside	5%
Grand Total	N=204

Question 31: How is your firm responding to the opportunity/competitive threat represented by fully-automated online staffing services such as Elance/oDesk etc.?

Aware of such services, but not interested/concerned	47%
Not aware of such services	31%
Don't know	9%
Considering building such a service over the next two years	4%
Considering partnering with such a service over the next two years	3%
Currently building such a service	2%
Currently partnering with such a service	2%
Considering acquiring such a service over the next two years	1%
Currently own a fully-automated online staffing service	1%
Currently acquiring such a service	0%

Question 32: Please provide the following years as best as you can recall.

The year in which your company was founded - Year	
Before 2002	67%
2002	5%
2003	4%
2004	3%
2005	3%
2006	4%
2007	3%
2008	2%
2009	3%
2010	3%
2011	2%
2012	2%
Grand Total	N=512

The most recent year in which your company experienced a revenue decline - Year	
Before 2002	3%
2002	1%
2003	0%
2004	0%
2005	0%
2006	0%
2007	2%
2008	22%
2009	43%
2010	11%
2011	8%
2012	6%
Unsure	3%
Grand Total	N=409

The most recent year in which your company experienced a bottom line net loss - Year	
Before 2002	14%
2002	1%
2003	2%
2004	1%
2005	1%
2006	1%
2007	3%
2008	12%
2009	28%
2010	14%
2011	9%
2012	4%
Unsure	11%
Grand Total	N=277

The first year in which your company experienced a bottom line net profit - Year	
Before 2002	56%
2002	5%
2003	4%
2004	2%
2005	2%
2006	4%
2007	3%
2008	2%
2009	3%
2010	5%
2011	5%
2012	4%
Unsure	5%
Grand Total	N=478

Question 33: For each of the following factors, please indicate whether you think they are a net positive, neutral, or net negative with regard to your company today.

Economy	
Net negative	41%
Net positive	26%
Neutral	33%
Grand Total	N=510

Legal environment	
Net negative	49%
Net positive	6%
Neutral	45%
Grand Total	N=512

Immigration issues/visas	
Net negative	34%
Net positive	5%
Neutral	62%
Grand Total	N=510

Healthcare for internal staff or temps	
Net negative	54%
Net positive	10%
Neutral	36%
Grand Total	N=511

VMS	
Net negative	52%
Net positive	10%
Neutral	38%
Grand Total	N=504

Offshoring	
Net negative	40%
Net positive	5%
Neutral	55%
Grand Total	N=509

Skills shortage	
Net negative	45%
Net positive	26%
Neutral	29%
Grand Total	N=508

Gross margin trends	
Net negative	50%
Net positive	14%
Neutral	36%
Grand Total	N=508

Workers comp costs	
Net negative	58%
Net positive	4%
Neutral	39%
Grand Total	N=513

Pay rates	
Net negative	27%
Net positive	10%
Neutral	63%
Grand Total	N=510

The Internet	
Net negative	5%
Net positive	63%
Neutral	32%
Grand Total	N=506

Influence of procurement departments	
Net negative	51%
Net positive	5%
Neutral	44%
Grand Total	N=510

State unemployment taxes (SUTA)	
Net negative	61%
Net positive	5%
Neutral	34%
Grand Total	N=506

Government regulation	
Net negative	60%
Net positive	4%
Neutral	36%
Grand Total	N=509

Recruitment Process Outsourcing (RPO)	
Net negative	19%
Net positive	18%
Neutral	62%
Grand Total	N=508

Globalization	
Net negative	15%
Net positive	18%
Neutral	67%
Grand Total	N=504

Section 2011-A: Staffing firm productivity metrics

Key Findings:

- We asked survey respondents to report their total company revenue, total branch offices, and number of internal employees. From this, we calculated their revenue/branch office and revenue/internal employee productivity metrics.

- Staffing firms primarily offering IT staffing reported the highest revenue/branch office, while those offering direct hire reported substantially lower revenue/branch office than the rest. Those primarily serving the finance/insurance and government industries also reported having higher revenue/branch office than other staffing firms.

- Staffing firms primarily offering engineering/design and industrial staffing reported the highest revenue/internal employee, with direct hire again substantially lower than the rest.

- Economies of scale—of at least some degree—were broadly apparent with respect to both sales/branch and sales/employee. That is, within particular staffing firm specialties, larger firms tended to generate more sales per branch and per employee. These economies may reflect increased opportunity, as firm size increases, to centralize scalable functions and/or increased flexibility in staffing structure.

IT has highest revenue/branch; direct hire has lowest

• The table at right depicts revenue/branch for staffing firms as a function of primary industry served and primary segment offered.

• Within particular industry markets served, staffing firms primarily serving the finance/insurance industry reported having the highest revenue/branch office, with a median of $8 million. Closely following finance/insurance were government, at $7.8 million, and energy/chemical, at $7 million.

• As a function of primary segment offered, firms primarily offering IT staffing reported having the highest revenue/branch office among all staffing segments, with a median of just over $7.5 million. The next-highest reported staffing segment, healthcare, had a median of only $4 million. Direct hire firms, with the lowest revenue/branch of all segments, reported a median of $1.6 million.

Revenue/branch office by primary segment offered and primary industry served

Ranked by median

Industry served	25th	Median	75th	N
Finance/Insurance	$5,000,000	$8,000,000	$12,222,222	53
Government	$2,750,000	$7,833,333	$11,666,667	20
Energy/Chemical	$5,250,000	$7,000,000	$11,500,000	19
Pharma/Biotech	$3,700,000	$6,000,000	$14,200,000	11
Technology/Telecom	$1,916,667	$4,412,500	$8,550,000	36
Healthcare	$2,000,000	$4,000,000	$11,000,000	93
Business Services	$1,000,000	$3,666,667	$9,750,000	32
Manufacturing	$2,488,636	$3,535,714	$5,118,182	76
Logistics	$2,500,000	$3,076,923	$5,333,333	17
Automotive	$2,583,333	$3,000,000	$3,852,657	11
Segment offered	25th	Median	75th	N
IT	$4,408,750	$7,583,333	$12,055,556	124
Healthcare	$2,000,000	$4,000,000	$13,392,857	75
Office/Clerical	$1,714,286	$3,333,333	$7,500,000	37
Finance/Accounting	$1,375,000	$3,200,000	$9,000,000	11
Industrial	$2,465,909	$3,076,923	$4,775,815	98
Engineering/Design	$2,637,500	$3,000,000	$7,107,143	18
Direct Hire	$866,071	$1,600,000	$3,125,000	12
All firms	$2,333,333	$4,420,000	$9,065,217	455

Engineering has highest revenue/internal employee; direct hire has lowest

•The table at right depicts revenue/employee for staffing firms as a function of primary industry served and primary segment offered.

•Within particular industry markets served, the highest reported was among those who primarily serve the automotive industry ($778k), followed by technology/telecom ($726k), pharma/biotech ($719k), manufacturing ($714k), finance/insurance ($700k), and government ($671k).

• As a function of primary segment offered, staffing firms primarily offering engineering/design staffing reported having the highest revenue/branch office among all staffing segments ($714k/employee), followed closely by industrial firms ($710k/employee). Direct hire firms, with by far the lowest revenue/employee of all segments, reported a median of $167K.

Revenue/internal employee by primary segment offered and primary industry served

Ranked by median revenue per internal employee

Industry served	25th	Median	75th	N
Automotive	$639,583	$777,778	$826,667	11
Technology/Telecom	$375,000	$726,708	$938,911	36
Pharma/Biotech	$445,000	$719,608	$781,731	12
Manufacturing	$492,500	$714,286	$897,222	74
Finance/Insurance	$500,000	$700,000	$1,116,667	51
Government	$500,000	$671,154	$1,333,333	20
Energy/Chemical	$500,000	$631,579	$1,120,000	17
Logistics	$442,742	$600,000	$900,000	15
Business Services	$225,000	$500,000	$809,615	31
Healthcare	$320,000	$500,000	$666,667	89
Segment offered	25th	Median	75th	N
Engineering/Design	$440,000	$714,286	$1,000,000	17
Industrial	$484,167	$710,084	$870,000	96
IT	$436,508	$650,000	$1,070,455	119
Office/Clerical	$406,250	$600,000	$784,615	35
Finance/Accounting	$366,667	$500,000	$816,667	11
Healthcare	$333,333	$500,000	$666,667	73
Direct Hire	$121,429	$166,667	$220,000	11
All firms	$384,295	$600,000	$859,524	404

Economies of scale broadly apparent in branch sales

• Median revenue per branch office is cut by primary segment offered or primary industry served and company size in the chart at right.

• Revenue per branch increased among all staffing firm types—within all industry and segment cuts—as firm size increased from "<$10MM" to the "$10MM-$99.9MM" group. However, beyond that mid-size grouping, economies were much less certain and appeared only materially for IT staffing firms and for firms primarily serving the finance/insurance market.

•These economies may reflect increased opportunity, as firm size increases, to centralize scalable functions and/or increased flexibility in staffing structure.

Median revenue per branch office by primary segment offered/primary industy served and company size

Industry served	<10	10-99.9	100+
Finance/Insurance	$5,000,000	$8,166,667	$15,571,429
Tech/Telecom	$1,666,667	$7,071,429	$8,250,000
Healthcare	$2,000,000	$11,500,000	$8,250,000
Business Services	$1,000,000	$10,000,000*	
Manufacturing	$2,500,000	$4,016,667	$4,913,043
Segment offered	<10	10-99.9	100+
IT	$3,300,000	$9,226,190	$16,666,667
Healthcare	$2,000,000	$15,000,000	$8,250,000
Office/Clerical	$1,750,000	$5,000,000*	
Industrial	$2,550,000	$3,660,714	$3,448,617
All firms	$2,333,333	$4,420,000	$9,065,217

*Insufficient sample size to provide both ranges; combined into one

Economies of scale even more apparent in revenue per employee

• Median revenue per internal employee is cut by primary segment offered or primary industry served and company size in the chart at right.

•Just as with branch economies, revenue per employee increased among all staffing firm types—within all industry and segment cuts—as firm size increased from "<$10MM" to the "$10MM-$99.9MM" group. However, unlike branch economies, revenue per employee was apparent even beyond that mid-range into the "$100MM+" size firms.

•These economies may reflect increased opportunity, as firm size increases, to centralize scalable functions and/or increased flexibility in staffing structure.

Median revenue per employee by primary segment offered/primary industy served and company size

Industry served	<10	10-99.9	100+
Manufacturing	$500,000	$714,286	$1,050,000
Finance/Insurance	$555,556	$825,000	$770,533
Tech/Telecom	$375,000	$882,353*	
Business Services	$225,000	$850,000*	
Healthcare	$333,333	$628,571	$791,667
Segment offered	<10	10-99.9	100+
Industrial	$500,000	$674,783	$937,500
IT	$467,544	$773,333	$1,091,667
Office/Clerical	$406,250	$687,500*	
Healthcare	$333,333	$547,778	$750,000
All firms	$384,295	$600,000	$859,524

*Insufficient sample size to provide both ranges; combined into one

Section 2011-B: Internal staff structure industry benchmarks

Key Findings:

- We asked survey participants to report their number of branch offices, internal employees, and percent breakdown of internal employees by job function. We also asked when a participants' company was founded and when they first hired a full-time CFO, VP of Marketing, and VP of Sales, from which we calculated the typical age at which a firm hires key executives.

- The median number of employees per branch office was about seven, with professional staffing firms reporting having more employees per branch office than those primarily offering commercial staffing.

- For the overall staffing industry, staffing firms' internal employee structure is 44% recruiters, 22% salespeople, 15% managers, and 19% other. These figures exhibited surprisingly limited variation by primary industry served or segment offered. However, larger firms reported lower recruiting proportion of labor force than smaller firms, offset by greater use of support staff.

- VP of Sales were the first-hired and most common executives, although fewer than 50% reported having a VP of Sales within their company's first ten years in operation. CFOs were the next most common executive hired during a firm's early years, followed by VP of Marketing.

Professional staffing firms have more employees per branch office

• The table at right gives 25th percentile, median, and 75th percentile values for the number of internal employees per branch office, by primary industry served and primary segment offered.

• Staffing firms primarily serving the pharma/biotech industry reported the highest number of employees per branch office, at a ratio of 12.5, followed by finance/insurance, at 11.0.

•Those serving the logistics industry reported the fewest employees per branch office, at 4.0.

• Similarly, among staffing firms primarily offering a particular skill segment, healthcare and IT staffing firms had the highest number of employees per branch office, each with a median of 10.0. Commercial staffing firms had the fewest (industrial: 5.0, office/clerical: 6.0), with direct hire and engineering/design in between.

Internal employees per branch office by primary industry served and primary segment offered

Ranked by median number of employees per branch

Industry served	25th	Median	75th	N
Pharma/Biotech	6.0	12.5	18.0	11
Finance/Insurance	6.1	11.0	16.3	53
Healthcare	5.0	10.0	28.3	91
Energy/Chemical	8.0	9.8	15.5	19
Technology/Telecom	5.0	8.0	10.0	36
Government	5.8	7.6	30.0	20
Business Services	3.1	6.8	11.8	31
Manufacturing	4.0	5.6	8.0	75
Automotive	3.5	5.0	5.9	11
Logistics	3.7	4.0	7.8	15
Segment offered	25th	Median	75th	N
Healthcare	5.0	10.0	29.2	73
IT	6.0	10.0	15.8	122
Finance/Accounting	3.0	7.1	10.0	13
Engineering/Design	4.0	7.1	8.5	17
Direct Hire/Placement	5.0	6.0	13.0	13
Office/Clerical	4.0	6.0	10.5	35
Industrial/Logistics	3.6	5.0	7.4	97
All firms	4.4	7.1	13.0	409

Employees per branch office also varies by company size

• The graph at right gives the number of employees per branch office as a function of company size. The blue dots indicate the median value, while the vertical lines span between the 25th and 75th percentiles.

•Staffing firms of size $50 – 99.9 million reported having the highest number of employees per branch office. Staffing firms reported increasing their employees relative to branch offices until the $100 million mark, at which point employees per branch office declines.

•It's unclear why employees/branch office should vary as a function of firm size, but one possible explanation is that skill segment mix—which does have a rational effect on branch configuration—may vary with firm size ranges.

Internal employees per branch office by company size, median and mid-range*
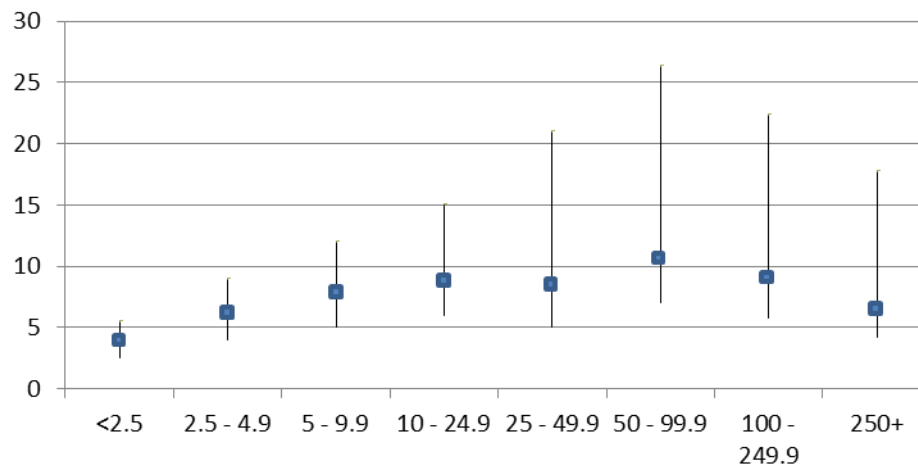
*The mid-range is defined as the range from the 25th percentile to the 75th percentile.

Distribution of internal staff shows surprising consistency

• The chart at right gives the mean distribution of internal employees by primary industry served and primary segment offered.

• The average percent of recruiters, salespeople, managers, and "other" did not vary materially by primary industry served or primary segment offered. Typically the ratio of recruiters to salespeople was in the range of roughly 2:1 across most sectors. This result is notable, as it might be expected that in areas where recruiting is a particularly strong challenge that the mix of staff would be more recruiting heavy, but that result was not observed.

•It's also notable that there is a degree of inverse correlation between percent of recruiters and percent of "other" staff, likely reflecting greater use of support staff in assisting recruiters in some areas.

Mean distribution of internal staff by primary industry served and primary segment offered

Ranked by recruiter percent of total

Industry served	Recruiters	Salespeople	Managers	Other	Total
Business Services	50%	20%	16%	15%	100%
Logistics	48%	23%	14%	15%	100%
Pharma/Biotech	48%	19%	12%	21%	100%
Manufacturing	45%	19%	16%	20%	100%
Energy/Chemical	43%	25%	11%	20%	100%
Finance/Insurance	43%	24%	14%	18%	100%
Technology/Telecom	43%	27%	14%	16%	100%
Healthcare	42%	22%	17%	19%	100%
Government	41%	22%	13%	24%	100%
Automotive	39%	14%	22%	25%	100%
Segment offered	Recruiters	Salespeople	Managers	Other	Total
Direct Hire/Placement	49%	22%	19%	11%	100%
Office/Clerical	47%	21%	15%	17%	100%
Industrial/Logistics	45%	18%	17%	20%	100%
Engineering/Design	43%	25%	15%	17%	100%
IT	42%	27%	13%	17%	100%
Healthcare	41%	21%	16%	21%	100%
Finance/Accounting	39%	25%	18%	19%	100%
All firms	44%	22%	15%	19%	100%

Note: total may not add due to rounding

Recruiter proportion of labor force declines, "other" increases, with firm size

• The chart at right gives the mean distribution of internal employees by company size.

• The frequency of salespeople and managers was somewhat consistent by company size, however there was notable deterioration in the proportion of recruiters as company size increased. In particular, among smaller firms recruiters generally made up more than 40% of staff, but among larger firms that share fell to under 40%.

•On the other hand, the frequency of "other" employees grew with company size, rising from 14% among the smallest firms to 28% among the largest. This change likely reflects larger firms' ability to diversify their internal employees and to possibly supplement recruiters with lower-level, less expensive support staff.

Distribution of internal staff by company size

Revenue in $Millions	Recruiters	Salespeople	Managers	Other
<2.5	44%	27%	15%	14%
2.5 - 4.9	47%	25%	17%	12%
5 - 9.9	49%	19%	15%	16%
10 - 24.9	46%	23%	14%	17%
25 - 49.9	44%	19%	16%	21%
50 - 99.9	37%	21%	15%	27%
100 - 249.9	41%	19%	14%	27%
250 - 999.9	34%	27%	15%	24%
1B+	38%	19%	15%	28%

■ Recruiters ■ Salespeople ■ Managers ■ Other
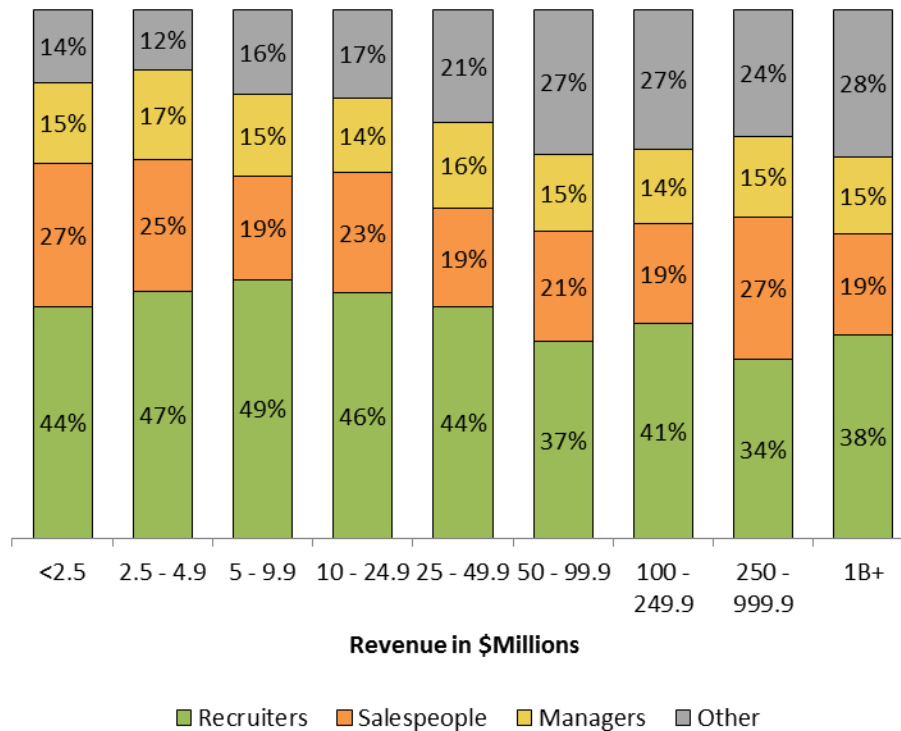
When do companies first hire key executives?

• The graph at right gives the percent of firms who had hired a CFO, VP of Sales, and VP of Marketing as a function of company age.

• VP of Sales were the most common executive position, followed by CFO and VP of Marketing.

• For each of these positions, fewer than half of staffing firms reported having any of these executives during their early years of operation, and even by the tenth year of operation only the VP of sales position approached the 50% mark.

Percent of firms that had hired selected executives by company age

SIA
STAFFING INDUSTRY ANALYSTS
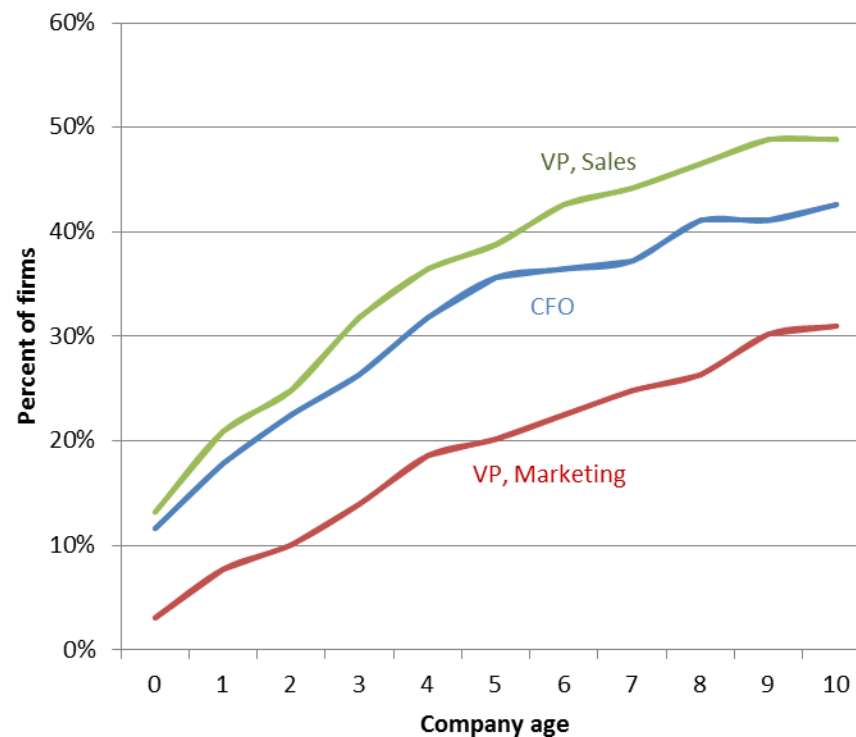
Section 2011-C: To what degree do staffing firms use a board of directors?

Key Findings:

- Just under half (46%) of surveyed staffing firms indicated their firm operates with a board of directors. Among those who did indicate a board of directors, 63% of firms' board members are unpaid (29% of all participants), while 37% are paid (17% of all participants).

- As firms increase in size, they are more likely to both have a board of directors and to have their board members paid. Notably, by the $5MM revenue mark, nearly half—44%--of staffing firms have a board of directors; by the $100MM mark that percent increases to 58%; and by the $250MM mark it increases to 81%.

- Likewise, the number of directors on a board also increases with firm size. Small firms, of less than $5MM in revenue, had a median of three board members; at the other end of the spectrum, among the largest staffing firms, of $1B+ in revenue, median board size was seven.

- The probability of a firm having a board of directors, and the size of the board if they had one, did not depend very heavily on primary industry served or segment offered.

Board of directors summary

• Staffing firm survey respondents were asked if their firm had a board of directors, and if so, if the board members were paid, and for how many years their firm had been operating before establishing a board of directors.

• Just over half (54%) of staffing firms did not have a board of directors.

•Among those who did have a board of directors, 63% were unpaid (29% of all respondents) while 37% were paid (17% of all respondents).

• Board of directors size data was very compact – the median size was four board members, with the 25th and 75th percentiles three and five, respectively.

Do you have a board of directors?

No board 54%
Board paid 17%
Board unpaid 29%
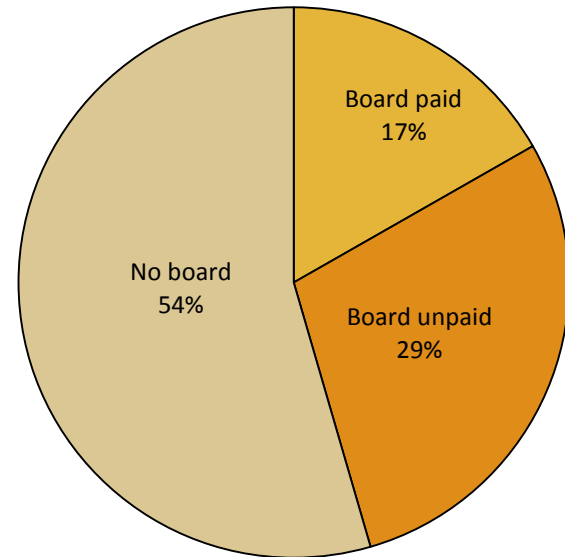
If you have a board, how many members are on your board?

	25th	Median	75th
All Participants	3	4	5

Use of boards of directors increases with firm size

• The chart at right gives the percent of firms that have a paid/unpaid board of directors, as a function of firm size.

•As firms increase in size, they are more likely to both have a board of directors and to have their board members paid. Notably, by the $5MM revenue mark, nearly half—44%--of staffing firms have a board of directors; by the $100MM mark that percent increases to 58%; and by the $250MM mark it increases to 81%.

Percent of staffing firms with a board of directors, as a function of firm size

2010 Revenue ($M)

☐ Paid ☐ Unpaid
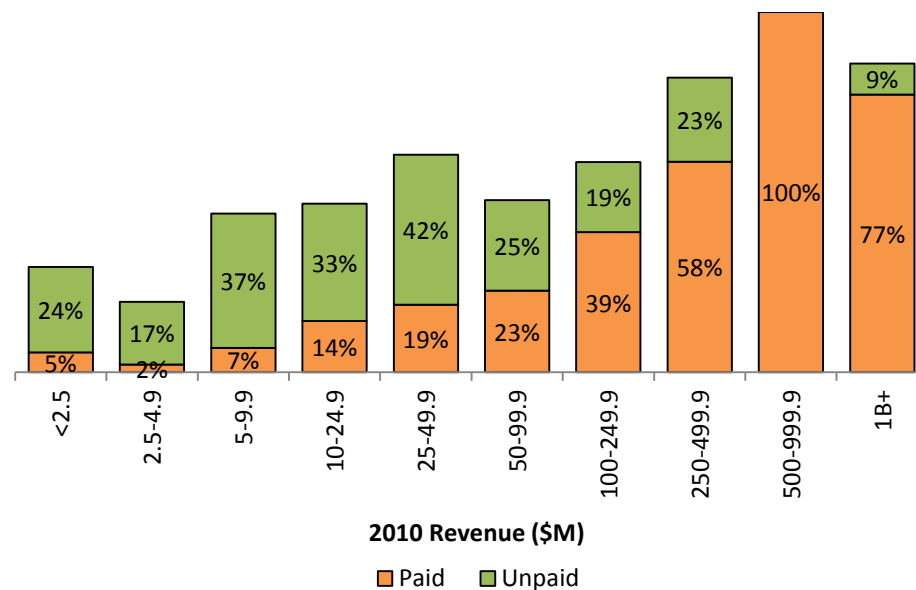
Board size also increases with firm size

•The chart at right gives the median size of boards of directors, as a function of firm size.

•As firms get larger, they are more likely to have larger boards of directors. Small firms, of less than $5MM in revenue, had a median of three board members; at the other end of the spectrum, among the largest staffing firms, of $1B+ in revenue, median board size was seven.

Median number of directors on board, as a function of firm size

Bar chart values by 2010 Revenue ($M):
- <2.5: 3
- 2.5-4.9: 3
- 5-9.9: 4
- 10-24.9: 4
- 25-49.9: 4
- 50-99.9: 4
- 100-249.9: 5
- 250-499.9: 6
- 500-999.9: 6
- 1B+: 7

2010 Revenue ($M)
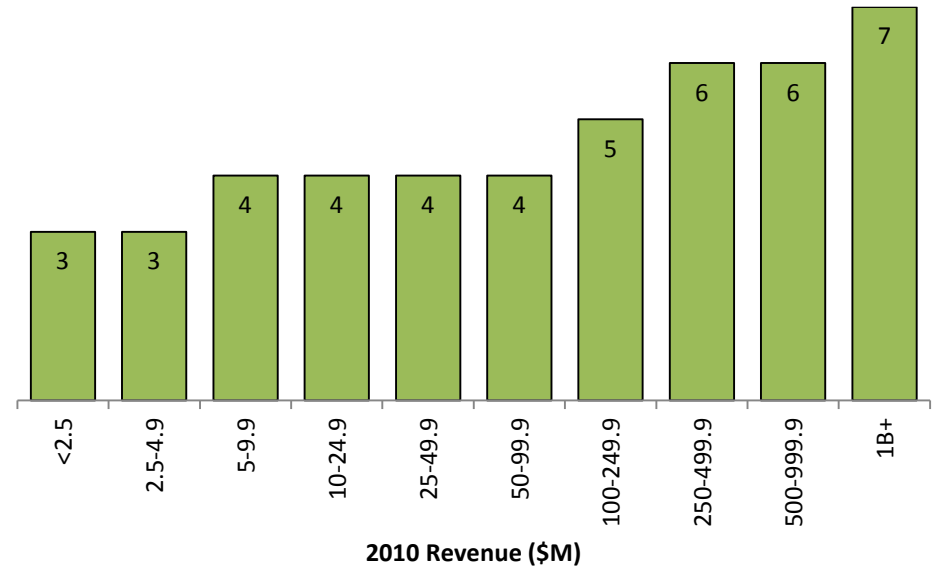
When do staffing firms typically establish a board of directors?

•Of the firms that have a board of directors, 43% established that at the outset. By the end of the third year of operation, an additional 15% had established a board.

•However, the remaining 42% of staffing firms that have a board trickled in over many years, and nearly a quarter waited ten years or more before establishing a board.

If your firm has a board of directors, in what year did you establish it?

Number of years in operation when board established
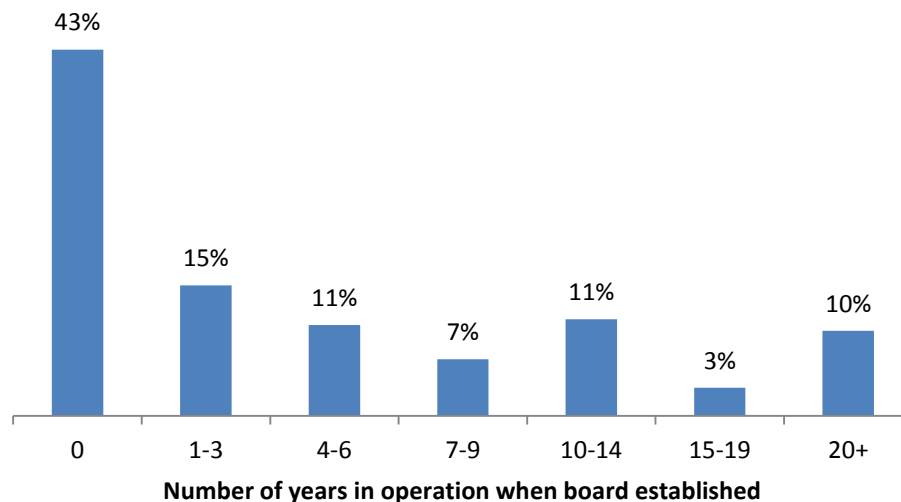
Board of directors detail by industry served and segment offered

• The chart at right provides board of directors detail by primary industry served and primary segment offered.

• Although staffing firms in various segments and industries reported different levels of use of boards of directors, the pattern appears somewhat random and likely reflects differences in size and age of these firms.

• We also examined but did not find material differences in median size of boards by type of staffing firm.

Board of directors detail by primary industry served and primary segment offered

Industry	Board Paid	Board Unpaid	No Board
Automotive	27%	36%	36%
Business Services	14%	25%	61%
Energy/Chemical	18%	12%	70%
Finance/Insurance	25%	30%	45%
Government	20%	25%	55%
Healthcare	18%	28%	54%
Manufacturing	19%	29%	52%
Logistics	0%	33%	67%
Pharma/Biotech	42%	17%	42%
Tech/Telecom	13%	34%	53%
Segment	Board Paid	Board Unpaid	No Board
Direct Hire	0%	0%	100%
Engineering/Design	24%	0%	76%
Finance/Accounting	21%	10%	69%
Healthcare	19%	30%	51%
Industrial	17%	31%	52%
IT	23%	30%	48%
Office/Clerical	19%	25%	56%
All Participants	17%	29%	55%

Section 2011-D: How do staffing firms prioritize speed, price, and quality?

Key Findings:

- We asked survey respondents to rank speed of placement, price of workers, and quality of workers in terms of their priorities when selling staffing services. Separately, in the 2011 Contingent Buyers' Survey, we also asked buyers of staffing services the same question. We then compared the two sets of responses to gauge whether staffing company internal priorities are in sync with those of buyers.

- Overall, staffing firms gave quality of worker the highest priority, with speed and price in a near-tie for the #2 and #3 spots.

- This result held true across staffing firm skill specialties. However, large staffing firms appeared to emphasize quality to a slightly lesser degree than did smaller staffing firms.

- Staffing firm order of priority with respect to speed, price, and quality were largely in sync with those of buyers, who also gave greatest emphasis to quality.

Typical order of priorities: quality is #1, speed #2, and price #3

• The chart at right gives the percentage of staffing firm respondents indicating quality of workers, speed of placement, and price of temporary workers as their top priority, second priority, and third priority when selling staffing services. Weighted average priority is calculated by 1 * (% indicated top priority) + 2 * (% indicated second priority) + 3* (% indicated third priority).

• Quality of workers was, by far, the top priority for staffing firms when selling staffing services. Price and speed were in a near tie for second place, with firms prioritizing speed slightly higher than price.

How do staffing firms prioritize speed, price, and quality?

	Top Priority	Second Priority	Third Priority	Total	Weighted Average Priority
Quality of workers	85%	11%	4%	100%	1.2
Speed of placement	10%	59%	30%	100%	2.2
Price of temporary workers	5%	29%	66%	100%	2.6

Not much variance in order of priority by staffing firm type

• The table at right gives the average priority ranking for staffing firms, cut by primary segment offered and company size.

• The order of priority between quality, price and speed is largely consistent across segments.

• However, large firms valued worker quality somewhat less so than did small- and medium-sized firms. Price and speed did not demonstrate a strong relationship with company size.

Staffing firm priorities as a function of firm size and primary skill segment

Ranked by average priority across all firm sizes

Primary segment	Company size			
Healthcare	**Small**	**Medium**	**Large**	**All**
Quality	1.2	1.2	1.3	1.2
Speed	2.3	2.1	2.2	2.2
Price	2.5	2.7	2.5	2.6
IT	**Small**	**Medium**	**Large**	**All**
Quality	1.2	1.1	1.5	1.2
Speed	2.3	2.2	2.4	2.2
Price	2.5	2.6	2.1	2.6
Industrial	**Small**	**Medium**	**Large**	**All**
Quality	1.1	1.2	1.6	1.2
Speed	2.2	2.2	2.0	2.2
Price	2.7	2.6	2.4	2.6
Office/Clerical	**Small**	**Medium**	**Large**	**All**
Quality	1.1	1.1		1.1
Speed	2.1	2.3		2.2
Price	2.8	2.6		2.7

"Small:" <$10M, "Medium:" $10-99.9M, "Large:" $100M+

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Staffing firm order of priorities in sync with those of buyers

• We asked staffing firms to rank speed of placement, price of temporary workers, and quality of workers in terms of priority when selling staffing services. We also asked buyers the same question when purchasing staffing services. The average ranks for each category, for both buyers and staffing firms, are given at the chart at right.

• Both staffing firms and buyers rated quality of workers as top priority, with nearly identical average ranks of 1.2 and 1.3 respectively Likewise, price and speed were in near tie for second place among both buyers and staffing firms.

Average reported priority rank (on a scale from one to three) for speed, price, and quality

	Average priority for buyers	Average priority for staffing firms	Difference
Quality of workers	1.3	1.2	+ 0.1
Price of temporary workers	2.3	2.6	+ 0.3
Speed of placement	2.4	2.2	- 0.2

Section 2011-E: What saved your business in the last recession?

Key Findings:

- We asked survey respondents the open-ended question, "What was the smartest thing you did in the last downturn? What saved your business? Looking back, what would you do differently?"

- About half of respondents cited cost-related strategies as their firm's key to surviving the recession; thirteen percent of firms took a revenue-related approach; and remaining responses included 'narrowing focus', 'emphasizing flexibility', and 'focusing on the employee'.

- A common theme among responses--independent of strategy--was the need to act quickly. Particularly among those citing a cost-saving strategy, many wished they had responded to the downturn sooner.

Cutting costs most common recession reaction

• About half of respondents cited cost-related strategies as their firm's key to surviving the Great Recession. Specifically, the most common strategy was 'cutting costs', cited by 28% of respondents; similarly, an additional 14% cited 'reducing headcount'.

•Thirteen percent of firms took a revenue-related approach, attempting to emphasize sales efforts and/or increasing marketing.

•The remaining respondents cited other survival strategies, such as 'narrowing focus', 'emphasizing flexibility', and 'focusing on the employee'.

•Only 2% continued 'business as usual'.

Recession Reactions
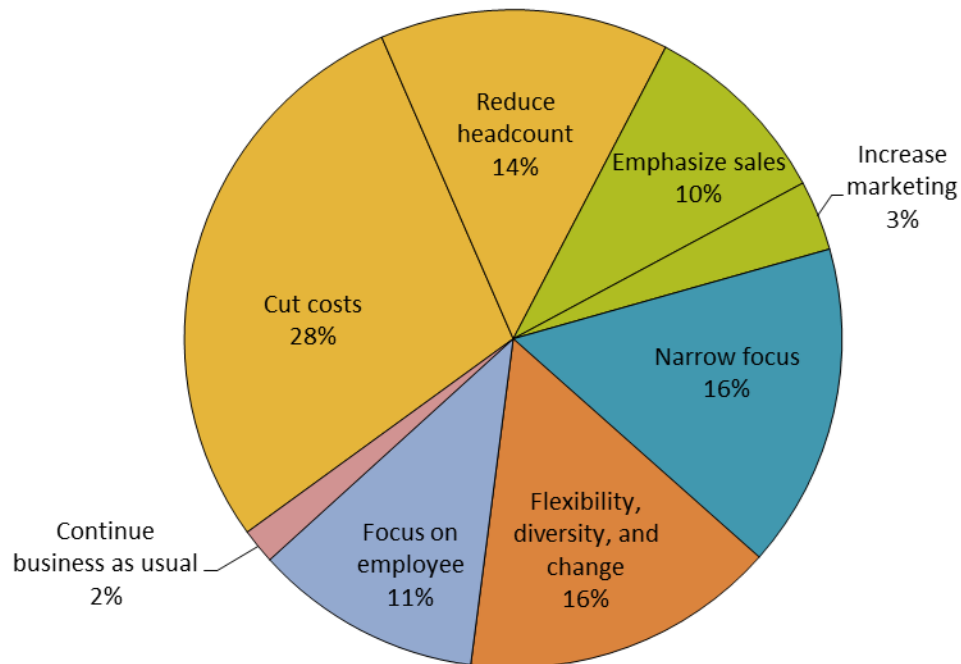
#1 Cut costs

The most commonly-cited responses were related to cutting costs to improve efficiency, getting expenses in line with revenues, etc. Individual responses included:

•"Adjusted cost structure before being forced to."

•"Cutting costs. Would have cut costs sooner."

•"Cut expenses as quickly as possible. Have expenses in line with revenue. Cut back even sooner, didn't realize the length and depth of the downturn."

•"Reduced General & Admin expenses by 50% i.e. cleaning costs, travel, reduced salaries. We should have made changes sooner."

•"We got very lean and focused on maintaining our relationships so when the market rebounded, we would be prepared."

•"Cut expenses and unprofitable or marginal locations. Should have done it sooner."

#2 Narrow focus

Many firms cited getting back to the basics and focusing on their core business and existing reliable clients. Individual responses included:

•"Focused on our core business and accounts. Awarded loyalty both internally and externally."

•"Focus on our core business. Kept focus on margins, sales, recruiting."

•"Only working with good paying clients. We were quick to drop problem clients."

•"Secured our place with existing client base by still treating them like gold - when others stopped calling on them, we continued to court them. I would have hired more good talent who had been victims of company closings or lay-offs."

•"Sold business units that did not align with core business and simplified our business model."

•"Stayed conservative in our growth plan and maintained financial discipline."

•"We went back to the basics."

#3 Flexibility, diversity, and change

Many firms found that a willingness to be flexible, and try new innovative services key to surviving the downturn. Individual responses included:

• "Diversity of clients; don't depend on any client or industry…"

• "We acquired a competitor in 2009. It saved my company as the overhead needed for organic growth was crushing us. We invested heavily in infrastructure projects to be attractive for others to desire partnership with us."

• "We changed our sales approach and went after hurting businesses that need to convert their full time work force to contingent."

• "We started moving to an offshore recruiting model. It has allowed us to increase our horsepower and decrease our costs."

• "Restructured organization."

• "Flexible."

#4 Reduce headcount

In addition to cutting overhead costs, companies frequently cited firing employees that were not contributing enough to revenues. Individual responses included:

• "Terminating unproductive employees."

• "Cut staff early."

• "Laid off all employees, ran company by myself. Made no purchases."

• "Reduce people cost while keeping our set of branches almost stable."

• "Reduced internal staff and executive compensation. We have set aside adequate funds to help with another downturn, and I would reduce staff sooner."

• "Consolidated marginal offices quickly. Cut marginal staff quickly."

#5 Focus on the employee

Recognizing the employee as the company's most valuable asset and therefore focusing on hiring, training, and keeping talented personnel. Individual responses included:

• "I added a person to my staff instead of decreasing. We did not stop spending either. In my opinion it is these types of actions that cause downturns in the first place."

• "Keep our internal staff in place."

• "Kept the team intact. Kept all our top producers and kept them motivated."

• "Maintained focus on employee training and development."

• "Took good care of our top people and those who were new, but showed promise."

• "We elected to take a financial hit and retain our wonderful, trained staff employees."

#6 Emphasize sales

Increasing the sales staff to continue to develop accounts and uncover opportunities in a difficult market. Individual responses included:

• "We ramped up the focus on our sales team, increased our sales tools, and increased our training time and knowledge-sharing with that team, all in an effort to stay in front of our clients and prospects."

• "Built a sales team. We were fortunate to have customers who were growing despite the economy. Looking back, I would have built the sales team even sooner."

• "Everyone became a sales person!"

• "SELL, SELL, SELL."

• "We increased our sales force by 50%. This allowed us to take a much larger market share so when hiring came back we were positioned stronger. Looking back I would have increased our sales force even more."

• "Turned off the news and sold more business."

#7 Increase marketing

Increase marketing and advertising to gain more business despite bad economic conditions. Individual responses included:

- "Continued to market and advertise and show company presence."

- "Increasing our marketing strategies when times were tough."

- "We developed a terrific marketing plan that kept our name in front of decision makers."

- "More advertising; added uniforms."

#8 Continue business as usual

Believing in the business model, remaining calm, not panicking, and being confident that bad times will pass. Individual responses included:

- "Kept plowing."

- "Business as normal. Took advantage of other companies struggles."

- "Remained calm, did not give up, and worked harder each and every day."

- "Not to panic. Realize that the economy is cyclical and plan internal staffing accordingly."

- "Not panic ride out and attempt to predict the hit the downturn could have on bottom line. We would have better estimated the bottom line impact and made structural changes to capture or change any loss."

Section 2011-F: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2011 Staffing Firm survey, for staffing firms primarily operating in North America.

- The findings are based on an online survey conducted in November 2011, and reflect the opinions of respondents from 443 individual staffing firms.

- Data in the report include company size (by revenue, employees, and office branches), company concentration by industry and industry segment, priorities when selling temporary workers, distribution of employees by job function, one-year spending plans, overall company priorities, plans on how to address healthcare reform, direct hire/SOW revenue, individual salary, board of directors data, acquisition sales/EBITDA multiples, industry/geography of acquisition intent, client payment terms, timetables for hiring CFO/VP Sales/VP marketing, and opinions on how various factors affect business.

Question 1: What is your job title?

Founder/CEO/Chairman	36%
President/COO	22%
VP/SVP/EVP Sales	18%
CFO/VP, Finance	7%
Region/Division Head (VP/Pres)	7%
Other	5%
VP/SVP/EVP, Marketing	3%
Branch Manager	1%
Recruiter/Placement Specialist	1%
CTO/CIO/VP/Director, Information Services	1%
	n=423

Question 2: Approximately how much total revenue did your company generate in 2010?

<$2.5MM	17%
$2.5-4.9MM	11%
$5-9.9MM	14%
$10-24.9MM	19%
$25-49.9MM	13%
$50-99.9MM	11%
$100-249.9MM	8%
$250-499.9MM	3%
$500-999.9MM	2%
$1B+	3%
	n=464

Question 3: Approximately how many branches did your company have in 2010?

0	6
1	174
2	72
3	41
4	26
5	30
6-10	49
11-20	27
21-99	27
100-399	11
400+	11
	n=474

Question 4: Please rank the following according to your company's order of priority when selling temporary staffing services.

	Speed of placement	Price of temporary workers	Quality of workers
Most important	11%	5%	86%
Somewhat important	62%	30%	11%
Least important	27%	65%	3%

Question 5: Over the next 12 months, what are your expectations regarding your company's:

	Increase	Stay the same	Decrease			Increase	Stay the same	Decrease
Sales	79%	20%	0%		Spend on tradeshows/ conferences	30%	60%	10%
Recruiters	76%	23%	0%		Spend on branded materials/ promotional items	44%	47%	9%
Managers	37%	62%	1%		Spend on marketing/ advertising	53%	43%	5%
Total branch offices	39%	59%	2%		Spend on job boards/ career sites	35%	54%	11%
Spend on internal staff development/ training	62%	37%	1%		Spend on insurance/ risk management	29%	65%	6%
Spend on technology	62%	36%	3%					

Question 6: Which of the following are your company's top three management priorities today? (Please select up to three.)

Growing revenue	52%
Expanding/diversifying number of clients	34%
Growing market share	32%
Recruiting quality candidates to place	30%
Improving gross margins	29%
Providing excellent customer service	24%
Recruiting/retaining quality internal staff	24%
Training/developing internal employees	17%
Retaining existing clients	16%
Creating a positive company culture	13%
Reducing/controlling costs	8%
Acquiring other firms	6%
Improving cash flow/receivables collection	5%
Ensuring business survival	4%
Preparing for sale of the company	3%
Reducing internal staff headcount	1%
	n=483

Question 7: What percent of the increased cost associated with Healthcare Reform do you expect to successfully pass on to your buyers?

0%	14%	60%	1%
5%	3%	65%	0%
10%	5%	70%	2%
15%	0%	75%	4%
20%	2%	80%	3%
25%	3%	85%	1%
30%	1%	90%	4%
35%	0%	95%	2%
40%	1%	100%	34%
45%	0%	n=411	
50%	18%	Median:	70%
55%	1%		

Question 8: How do you plan to comply with rules associated with Healthcare Reform legislation? (Select all that apply.)	
We are waiting for regulations to be issued before making definite plans.	61%
We have not yet thought about or addressed these problems.	21%
We are making no changes, because we expect judicial or legislative repeal of the law.	15%
We have hired or will hire an outside consulting service and/or attorney for advice.	13%
We will charge buyers for the healthcare penalties generated by the temporary workers that they use.	13%
We will offer all temporary workers the same benefits as our internal staff.	13%
Other	10%
We will adjust the wages of temporary workers to absorb the penalties that they generate.	9%
We will spread the cost of penalties for full-time temporary workers over the rates for all temporary workers.	9%
We will change our mix to more high-dollar professionals instead of clerical/industrial workers.	6%
In some cases, we will limit temporary worker hours to less than 30 hours per week so they will not generate penalties.	6%
We will not offer healthcare benefits to temporary workers and will just pay the penalties.	5%
We will provide more independent contractors instead of temporary employees.	5%
We will absorb the cost of penalties in our margins.	4%
We expect to drop all health care coverage for internal staff and temporary workers.	3%
	n=428

Question 9: In which staffing segment did your company generate the most revenue in 2010?

IT Temp	29%
Industrial/Logistics Temp	23%
Healthcare Temp	18%
Office/Clerical Temp	9%
Engineering/Design Temp	4%
Direct Hire/Placement	3%
Finance/Accounting Temp	3%
Other Temp Help	3%
PEO/Staff Leasing	1%
Creative/Marketing Temp	1%
Legal Temp	1%
Recruitment process outsourcing (RPO)	1%
Clinical/Scientific Temp	1%
Retained Search	1%
Human resource outsourcing (HRO)	0%
Independent contractor compliance/payroll processing	0%
Unsure	0%
	n=441

Question 11: In which industry did your company generate the most revenue in 2010?

Healthcare service sector (not including insurance)	23%
Manufacturing	18%
Finance/Insurance	13%
Technology/Telecom	8%
Business Services	8%
Other	6%
Energy/Chemical	5%
Government	5%
Packaging/Transportation/Warehousing/Cargo	4%
Pharma/Biotech/Medical Equipment	3%
Automotive	3%
Marketing/Public Relations/Media/Advertising	2%
Consumer Products	1%
Entertainment	1%
Education	1%
Construction	0%
Restaurant/Hospitality	0%
Retail Seller	0%
Social Services	0%
	n=440

Question 10: Did your company generate more than half of its 2010 revenue from the segment selected above?

Yes	83%
No	15%
Unsure	2%
	n=439

Question 12: Did your company generate over half of its 2010 revenue from the industry selected above?

Yes	64%
No	32%
Unsure	4%
	n=438

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Question 13: Approximately what percentage of your 2010 revenue was derived from direct hire fees?

0-1%	27%	18-19%	1%	36-37%	0%	70-71%	0%
2-3%	17%	20-21%	3%	38-39%	0%	72-73%	0%
4-5%	16%	22-23%	0%	40-41%	2%	74-75%	0%
6-7%	4%	24-25%	3%	42-43%	0%	80-81%	1%
8-9%	3%	26-27%	1%	44-45%	0%	90-91%	1%
10-11%	10%	28-29%	0%	50-51%	1%	94-95%	0%
12-13%	1%	30-31%	0%	56-57%	0%	100%	2%
14-15%	4%	34-35%	0%	58-59%	0%		n=434
						Median:	6%

Question 14: Approximately what percentage of your 2010 revenue was derived from Statement of Work business?

0-1%	51%	18-19%	0%	36-37%	1%	60-61%	1%
2-3%	5%	20-21%	5%	38-39%	0%	70-71%	1%
4-5%	3%	22-23%	1%	40-41%	1%	72-73%	0%
6-7%	4%	24-25%	0%	42-43%	0%	74-75%	0%
8-9%	2%	26-27%	1%	44-45%	0%	80-81%	0%
10-11%	8%	28-29%	1%	46-47%	0%	90-91%	1%
12-13%	0%	30-31%	3%	50-51%	3%	94-95%	0%
14-15%	1%	32-33%	0%	56-57%	0%	98-99%	0%
16-17%	2%	34-35%	0%	58-59%	0%	100%	2%
							n=442
							Median*: 18%

Question 15: For you personally, what was your approximate total annual compensation in 2010? (Salary + bonus + other incentive compensation)

<$30,000	3%	$85,000-$89,999	1%	$145,000-$149,999	2%	$225,000-$249,999	5%
$30,000-$34,999	0%	$90,000-$94,999	2%	$150,000-$154,999	5%	$250,000-$274,999	5%
$35,000-$39,999	0%	$95,000-$99,999	1%	$155,000-$159,999	3%	$275,000-$299,999	2%
$40,000-$44,999	1%	$100,000-$104,999	4%	$160,000-$164,999	2%	$300,000-$324,999	2%
$45,000-$49,999	1%	$105,000-$109,999	1%	$165,000-$169,999	1%	$325,000-$349,999	0%
$50,000-$54,999	0%	$110,000-$114,999	3%	$170,000-$174,999	2%	$350,000-$374,999	2%
$55,000-$59,999	0%	$115,000-$119,999	2%	$175,000-$179,999	2%	$375,000-$399,999	1%
$60,000-$64,999	1%	$120,000-$124,999	4%	$180,000-$184,999	2%	$400,000-$424,999	1%
$65,000-$69,999	2%	$125,000-$129,999	2%	$185,000-$189,999	1%	$425,000-$449,999	0%
$70,000-$74,999	1%	$130,000-$134,999	1%	$190,000-$194,999	1%	$450,000-$474,999	1%
$75,000-$79,999	1%	$135,000-$139,999	2%	$195,000-$199,999	1%	$475,000-$499,999	1%
$80,000-$84,999	3%	$140,000-$144,999	2%	$200,000-$224,999	8%	>$500,000	8%
							n=412

*Median calculated for those indicating greater than 0% SOW.

Question 16: Approximately how many internal staff employees did your company have in 2010?

0-5	15%
6-10	15%
11-15	12%
16-20	8%
21-25	5%
26-30	5%
30-40	6%
41-50	7%
51-60	3%
61-80	5%
81-100	4%
101-150	5%
151-250	4%
251-500	3%
501-1000	1%
1001-2000	2%
2001+	2%
	n=419

Question 17: Of these internal employees, what was the approximate FTE proportion by function?

Recruiters		Salespeople		Managers	
0-10%	5%	0-10%	23%	0-10%	44%
11-20%	7%	11-20%	28%	11-20%	35%
21-30%	12%	21-30%	25%	21-30%	13%
31-40%	23%	31-40%	14%	31-40%	5%
40-50%	28%	40-50%	9%	40-50%	2%
51-60%	12%	51-60%	1%	51-60%	0%
61-70%	6%	61-70%	1%	61-70%	0%
71-80%	5%	71-80%	0%	71-80%	0%
81-90%	1%	81-90%	0%	81-90%	0%
91-100%	2%	91-100%	0%	91-100%	1%
	n=394		n=376		n=374
Median: 45%		Median: 20%		Median: 15%	

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Question 17: Does your company have a board of directors?

Yes	45%
No	54%
Unsure	1%
	n=414

Question 18: If you company has a board of directors, are the board members paid?

Yes	21%
No	68%
Unsure	11%
	n=290

Question 19: How many members are there on your board of directors?

2	12%
3	16%
4	17%
5	19%
6	6%
7	5%
8+	7%
Unsure	18%
	n=216

Question 20: For how many years had your firm been operating before you established a board of directors?

0	36%
1-3	11%
4-6	7%
7-9	5%
10-14	8%
15-19	3%
20+	7%
Unsure	22%
	n=236

Question 21: If you closed any acquisitions in 2011, approximately what was the average multiple of the sale price relative to revenue?

<0.2x revenue	3
0.2x	6
0.4x	4
0.6x	2
0.8x	1
1.0x	2
1.2x	2
1.6x	1
2.0x	1
Unsure	12
We didn't close any acquisitions in 2011.	244
	n=278
	Median: 0.4x

Question 22: If your company closed any acquisitions in 2011, approximately what was the average multiple of the sale price relative to EBITDA?

<0.5x EBITDA	1
1.0x	2
1.5x	1
2.0x	4
2.5x	2
3.0x	2
3.5x	3
4.0x	1
4.5x	1
5.0x	1
5.5x	2
6.0x	3
7.0x	1
7.5x	1
>8.0x EBITDA	1
Unsure	12
We didn't close any acquisitions in 2011.	205
	n=243
	Median: 3.5x

Question 23: If your company were to make an acquisition in 2012, in which temporary staffing segment would it be most interested in acquiring?

IT	36%
Healthcare	22%
Industrial/Logistics	12%
Office/Clerical	6%
Engineering/Design	4%
Finance/Accounting	4%
Clinical/Scientific	2%
Creative/Marketing	2%
Other Temp Help Segment	1%
None	7%
Unsure	5%
	n=350

Question 24: If your company were to make an acquisition in 2012, other than temporary staffing, in which service would it be most interested in acquiring?

Direct Hire/Placement	19%
None	16%
Unsure	12%
Solutions/statement of work (SOW) consulting	9%
MSP (managed service provider)	7%
Other Staffing Sector	6%
RPO (recruitment process outsourcing)	6%
Something outside of staffing	5%
VMS (vendor management system)	5%
PEO/Staff Leasing	3%
Independent Contractor Compliance/Payroll Pro	3%
HR consulting	3%
Retained Search	3%
HRO (human resource outsourcing)	1%
Outplacement	1%
	n=347

Question 25: If your company were to make an acquisition in 2012, in which geography would it be most interested in acquiring?

Midwest U.S.	19%
Southeast U.S.	18%
West U.S.	17%
Northeast U.S.	16%
South U.S.	12%
Unsure	12%
Other Europe	2%
Canada	1%
Other Asia	1%
Germany	1%
UK	1%
Australia/New Zealand	0%
Brazil	0%
India	0%
Mexico	0%
	n=351

Question 26: What are your most common client payment terms, as defined in days payable from invoice date?

Less than 15 days	10%
15-30 days	38%
30-60 days	48%
60-90 days	3%
90+ days	0%
Other (please specify)	1%
	n=418

Question 27: If you give a discount for early payment, what is the percentage discount?

No discount offered	86%
Terms of discount offered (please specify)	14%
1%	40%
2%	33%
Other	26%
	n=408

Question 28: Please provide the following years as best as you can recall.

28a) The first year in which you became employed in the staffing industry			28b) The year in which your company was founded			28c) The most recent year in which your company experienced a revenue decline	
2001	2%		2001	5%		2001	1%
2002	2%		2002	6%		2002	1%
2003	1%		2003	3%		2003	0%
2004	1%		2004	4%		2004	1%
2005	3%		2005	3%		2005	1%
2006	3%		2006	3%		2006	1%
2007	3%		2007	1%		2007	5%
2008	2%		2008	2%		2008	20%
2009	2%		2009	3%		2009	45%
2010	2%		2010	3%		2010	12%
2011	1%		2011	0%		2011	7%
Before 2001	77%		Before 2001	67%		Before 2001	3%
Unsure	0%		Unsure	0%		Unsure	2%
n=408			n=410			n=348	

28d) The most recent year in which your company experienced a bottom line net loss			**28e)** The first year in which your company experienced a bottom line net profit			**28f)** The most recent year in which your company closed an acquisition	
2001	2%		2001	4%		2001	1%
2002	3%		2002	5%		2002	2%
2003	1%		2003	5%		2003	2%
2004	1%		2004	4%		2004	2%
2005	2%		2005	3%		2005	3%
2006	2%		2006	3%		2006	5%
2007	2%		2007	4%		2007	6%
2008	14%		2008	3%		2008	8%
2009	28%		2009	4%		2009	16%
2010	13%		2010	8%		2010	12%
2011	5%		2011	3%		2011	15%
Before 2001	15%		Before 2001	49%		Before 2001	15%
Unsure	12%		Unsure	7%		Unsure	13%
n=283			n=398			n=184	

28g) The year in which your company first hired a full-time CFO			**28h)** The year in which your company first hired a full-time VP of marketing			**28i)** The year in which your company first hired a full-time VP of sales	
2001	2%		2001	3%		2001	3%
2002	5%		2002	2%		2002	4%
2003	3%		2003	2%		2003	3%
2004	5%		2004	2%		2004	4%
2005	5%		2005	6%		2005	6%
2006	5%		2006	4%		2006	6%
2007	3%		2007	6%		2007	3%
2008	4%		2008	4%		2008	4%
2009	6%		2009	3%		2009	5%
2010	4%		2010	9%		2010	8%
2011	4%		2011	9%		2011	8%
Before 2001	46%		Before 2001	34%		Before 2001	37%
Unsure	9%		Unsure	17%		Unsure	9%
	n=254			n=175			n=259

Question 29: For each of the following factors, please indicate whether you think they are a net positive, neutral, or net negative with regard to your company today.

Economy			Legal environment			Immigration issues/visas			Healthcare for internal staff or temps	
Net Positive	27%		Net Positive	4%		Net Positive	4%		Net Positive	7%
Neutral	27%		Neutral	47%		Neutral	63%		Neutral	33%
Net negative	46%		Net negative	49%		Net negative	33%		Net negative	60%
	n=411			n=410			n=406			n=410

VMS			Offshoring			Skills shortage			Gross margin trends	
Net Positive	15%		Net Positive	8%		Net Positive	28%		Net Positive	16%
Neutral	32%		Neutral	52%		Neutral	30%		Neutral	34%
Net negative	53%		Net negative	39%		Net negative	42%		Net negative	50%
	n=407			n=403			n=406			n=408

Workers comp costs			Pay rates			Influence of			Government regulation	
Net Positive	4%		Net Positive	12%		Net Positive	7%		Net Positive	4%
Neutral	42%		Neutral	63%		Neutral	43%		Neutral	36%
Net negative	55%		Net negative	25%		Net negative	50%		Net negative	60%
	n=409			n=407			n=406			n=406

Outsourcing trend			HR Outsourcing (HRO)			Recruitment Process			Globalization	
Net Positive	25%		Net Positive	16%		Net Positive	20%		Net Positive	18%
Neutral	46%		Neutral	62%		Neutral	55%		Neutral	63%
Net negative	29%		Net negative	23%		Net negative	24%		Net negative	18%
	n=406			n=405			n=407			n=403

The Internet			State unemployment taxes (SUTA)							
Net Positive	74%		Net Positive	2%						
Neutral	21%		Neutral	31%						
Net negative	5%		Net negative	67%						
	n=407			n=403						

Section 2010-A: Staffing firm subcontract work

Key Findings:

- Forty-one percent of staffing firms reported that they subcontracted out at least some business in 2009. On the flip side, 60% of staffing firms reported that they fulfilled at least some subcontract business.

- Based on aggregate responses, we estimate that the total amount of staffing business being subcontracted was about $6 billion in 2009, or 9% of total temporary staffing revenue.

- The highest degree of subcontracting activity appears to be going on among staffing firms primarily serving the government and technology/telecom sectors, and among staffing firms primarily selling IT and/or engineering temporary labor. In general, larger companies tend to both subcontract out more and to fulfill more subcontracts than smaller firms.

How much subcontracting is going on among staffing firms?

• Staffing firm survey respondents were asked two questions regarding subcontracting:

  • "About what percent of your 2009 staffing revenue did you <u>originate and subcontract out</u> to another firm to fulfill?"
  • "About what percent of your 2009 staffing revenue did you <u>receive as a subcontract</u> in which you were a subsidiary provider fulfilling on behalf of a firm that originated the business?"

• Forty-one percent of staffing firms reported that they subcontracted out at least some business in 2009. On the flip side, 60% of staffing firms reported that they fulfilled at least some subcontract business in 2009.

• Based on aggregate responses, we estimate that the total amount of staffing business being subcontracted was about $6 billion in 2009, or 9% of total temporary staffing revenue.

• Roughly a third of staffing firms—32%—*both* subcontracted business out in 2009 and fulfilled a subcontract. An additional 27% fulfilled a subcontract only and did not contract business out, and another 9% only subcontracted business out.

$6 Billion
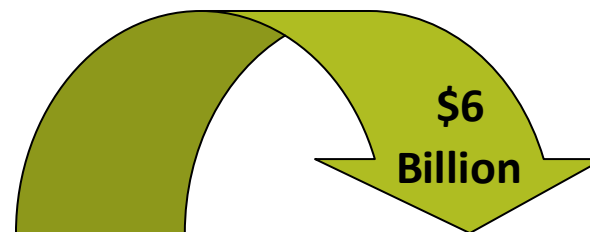
Percent of staffing firms that <u>subcontacted business out</u> to another staffing firm in 2009	Percent of staffing firms that <u>fulfilled a subcontract</u> in 2009
41%	60%

	Fulfilled a subcontract in 2009	Did not fulfill a subcontract in 2009	*Total*
Subcontracted out in 2009	32%	9%	*41%*
Did not subcontract out in 2009	27%	32%	*59%*
Total	*60%*	*40%*	*100%*

Subcontracting highest in firms selling to govt, tech; firms selling IT, engineering

•The highest degree of subcontracting activity appears to be going on among staffing firms primarily serving the government and technology/telecom sectors, and among staffing firms primarily selling IT and/or engineering temporary labor.

•*Note that the numbers reported in the table at right are median answers, not weighted averages. Aggregate, weighted average, activity would typically be larger than median, but was not available at industry and segment level.*

Median percent of revenue subcontracted out and subcontracted in, by primary industry and segment

	Median percent of revenue:	
Industry*	Subcontracted out	Subcontracts fulfilled
Government	11-15%	1%-5%
Technology/Telecom	1%-5%	6-10%
Business Services	0%	1%-5%
Energy/Chemical	0%	1%-5%
Healthcare Temp	0%	1%-5%
Logistics	0%	1%-5%
Pharma/Biotech/MedEqup	--	1%-5%
Finance/Insurance	0%	0%
Manufacturing	0%	0%
Segment/sector*		
IT Temp	6-10%	6-10%
Engineering/Design Temp	0%	6-10%
Office/Clerical Temp	0%	1%-5%
Healthcare Temp	0%	1%-5%
Industrial/Logistics Temp	0%	0%
Finance/Accounting Temp	0%	0%
Direct Hire/Placement	0%	0%
All staffing firms	0%	1%-5%

*Firms deriving a majority of revenue from industries served or segments offered.

Larger firms bigger players in subcontracting business, both in and out

•In general, larger companies tend to both subcontract out more and to fulfill more subcontracts than smaller firms.

•Among firms of less than $50MM in annual revenue, typically business was not contracted out but a small amount—1%-5% of revenue at the median—was generated through contracts fulfilled.

•*Note that the numbers reported in the table at right are median answers, not weighted averages. Aggregate, weighted average, activity would typically be larger than median, but was not available at discrete company size levels.*

Median Percent of Revenue Subcontracted In or Out, as a Function of Staffing Firm Size
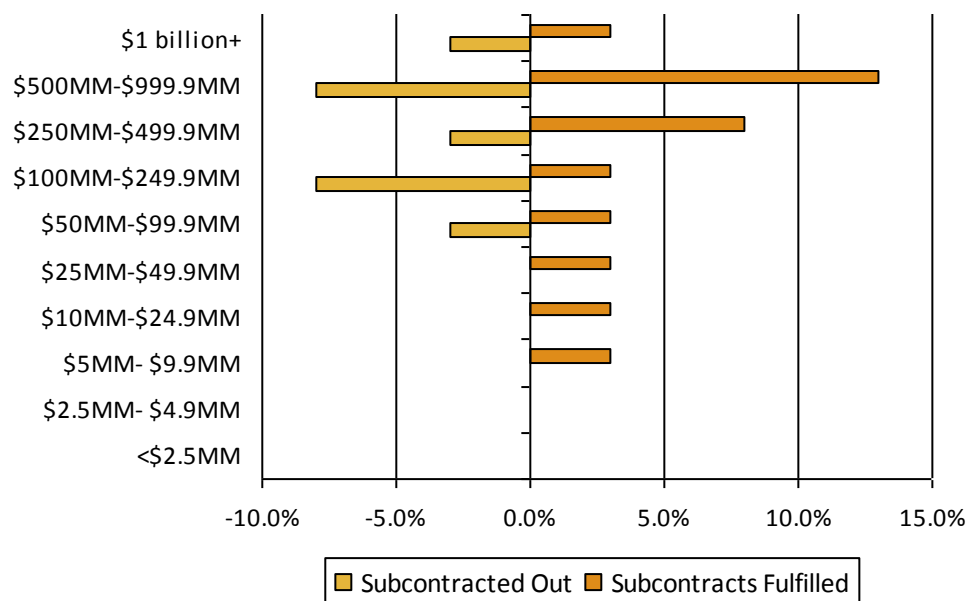
Section 2010-B: How seriously do firms take criminal background checks?

Key Findings:

- Nearly all staffing firms conduct background checks at least some of the time. Sixty percent reported that they always run such checks, and the remaining 38% said they sometimes do so. Staffing firms primarily serving the healthcare sector run such checks most frequently.

- Staffing firms typically see background checks as their responsibility, but nearly a third are less than fully confident of the quality of background check service they use and about half take background checks seriously only if the buyer does.

- In aggregate, only 30% of staffing firms always do criminal background checks, have complete confidence in their background check service, and go out of their way to make sure such checks are thorough even if not requested to do so by the buyer.

- For the most part, staffing firms appear to be taking criminal background checks seriously if the buyer communicates that interest, but it's up to the buyer to do so.

Nearly all staffing firms conduct at least some criminal background checks

•Staffing firms were asked the question, "How frequently, if at all, do you conduct criminal background checks on temporary staffing candidates?
   A) We never do criminal background checks.
   B) We sometimes do them.
   C) We always do them."

•Only 2% of staffing firms reported that they never did criminal background checks.

•Sixty percent reported that they always ran such checks, and the remaining 38% said they sometimes did so.

How often do you conduct criminal background checks on temporary staffing candidates?

Never, 2%
Sometimes, 38%
Always, 60%
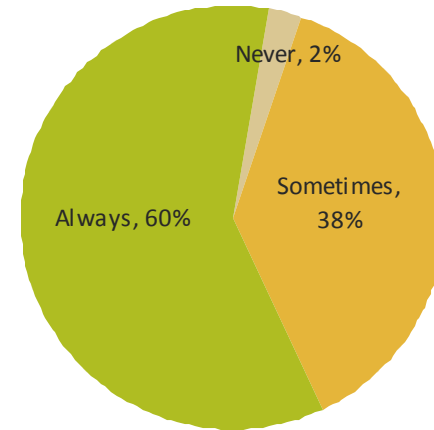
Healthcare staffing firms do criminal background checks most frequently

•Staffing firms primarily operating in the healthcare staffing space were the most likely to say that they "always" do criminal background checks. Roughly nine out of ten such firms always run such a check.

Use of criminal background checks, by primary industry served and primary segment offered
Ranked by percent always doing background checks

Industry*	Always	Sometimes	Never
Healthcare	86%	9%	5%
Logistics	67%	33%	0%
Finance/Insurance	59%	41%	0%
Energy/Chemical	55%	36%	9%
Government	55%	45%	0%
Manufacturing	52%	46%	2%
Pharma/Biotech/MedEquip	50%	50%	0%
Technology/Telecom	50%	41%	9%
Business Services	47%	53%	0%
Segment/sector*			
Healthcare Temp	90%	8%	2%
Finance/Accounting Temp	67%	33%	0%
IT Temp	66%	33%	1%
Industrial/Logistics Temp	55%	44%	2%
Office/Clerical Temp	52%	48%	0%
Engineering/Design Temp	32%	64%	5%
All staffing firms	60%	38%	2%

*Firms concentrated in industry or segment/sector.

Most staffing firms OK with doing criminal background checks

•Staffing firms were asked the question, "Do you agree with the following statement? 'Since buyers are most interested in criminal background checks, they really ought to be the ones doing them.'"

•Roughly three out of four staffing respondents disagreed with that statement; only one in four thought criminal background checks ought to be done by the buyer instead.

Should buyers really be the ones conducting criminal background checks, instead of staffing firms?
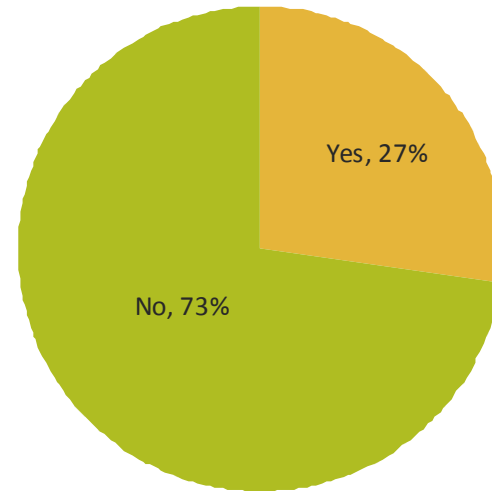
But...a third of firms are not fully confident of their background check service

• Staffing firms were asked the question, "What resources does your company use for criminal background checks?
  • When we do them, we use internal resources only.
  • We use an outside service for criminal background checks, but we're not sure how good it is.
  • We use an outside service and we're pretty sure it does an adequate job.
  • We use an outside service and we're very confident it does a good job."

• Nearly all staffing firms reported using an outside service to perform criminal background checks—only 6% said they use internal resources only for such checks.

• Most staffing firms –59% of them– said they were "very confident" their background check service was doing a good job. However, a significant portion of staffing firms were less than fully confident of the quality of those checks. Thirty-one percent said they were "pretty sure" their background check service was doing an "adequate" job, and another 4% said they were uncertain about the quality of the service.

Resources Used for -- and Quality of -- Criminal Background Checks

Pie chart:
- Outside service - high quality, 59%
- Internal resources only, 6%
- Outside service - uncertain of quality, 4%
- Outside service - adequate quality, 31%
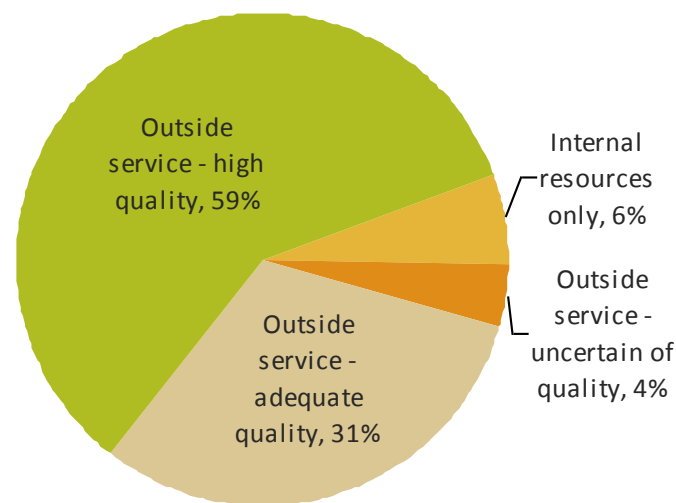
And...about half of firms really take such checks seriously _only if buyer does_

•Staffing firms were asked the question, "How seriously does your company take criminal background checks for temporary staffing candidates?

- • A) With regard to criminal background checks, we are just going through the motions.
- • B) We do as good a job on criminal background checks as the buyer specifies, no more no less.
- • C) We go out of our way to make sure criminal background checks are thorough, even if the buyer doesn't care."

•About half of staffing firms take background checks very seriously, even if the buyer doesn't. But nearly as many reported that they do only as good a job on background checks as the buyer specifies, "no more, no less."

•Virtually all staffing firms took background checks at least somewhat seriously--only 1% of staffing firms said that with regard to background checks they were "only going through the motions."

How seriously does your firm take criminal background checks?

Going through the motions, 1%

No more than what the buyer asks, 45%

We go the distance regardless of buyer's request, 54%
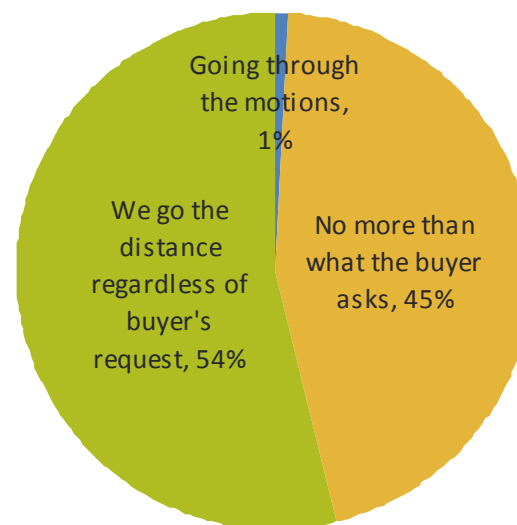
Buyers who want top quality job on criminal background checks need to say so

•In aggregate, only about 30% of staffing firms responded affirmatively to **_all three_** of the following:
- a) they always do criminal background checks,
- b) they are very confident of the background check service they use, **_and_**
- c) they go out of their way to make sure such checks are thorough regardless of whether asked to do so by the buyer.

•This means that 70% of the time there is potential for a given temporary staffing candidate to have *not* been adequately screened for criminal background.

•For the most part, staffing firms appear to be taking criminal background checks seriously *if the buyer communicates that interest*, but it's up to the buyer to do so.

Note: Percentages add to total.

Percent of staffing firms that always do background checks: 61%

Percent who _are not_ also very confident of the quality of their background check service: 22%	Percent who are also very confident of the quality of their background check service: 39%

Percent who _do not_ also go out of their way to make sure background check is thorough: 9%	Percent who also go out of their way to make sure background check is thorough: 30%
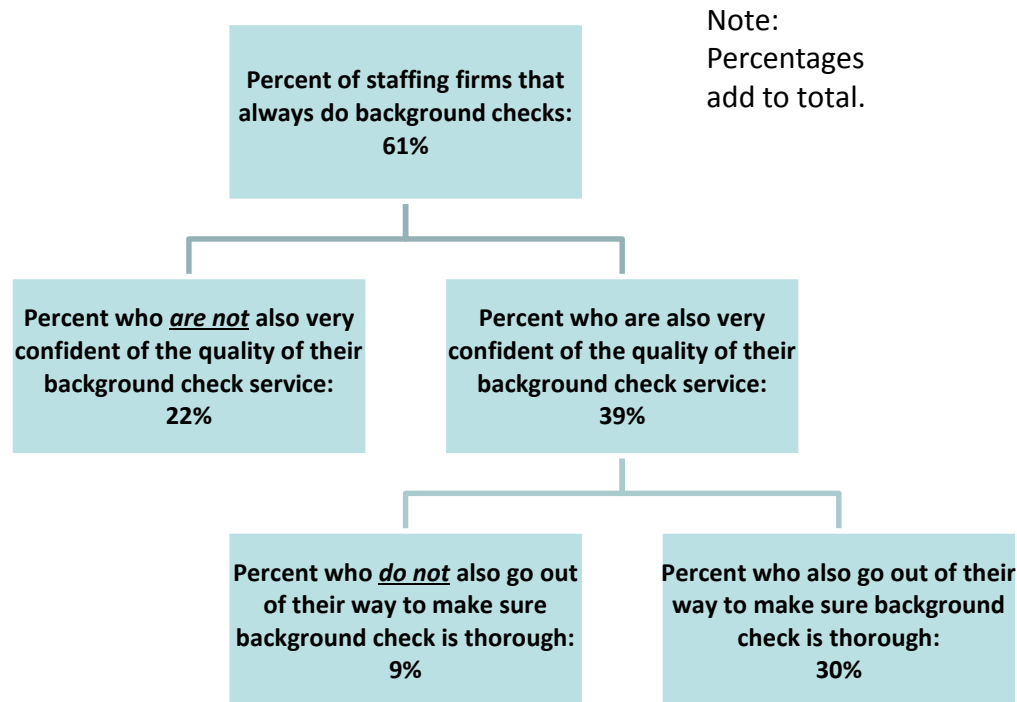
Section 2010-C: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2010 Staffing Firm survey, for staffing firms primarily operating in North America.

- The findings are based on an online survey.

Question 1: What is your job title? (Select what is closest to your title/responsibilities.)	
Founder/CEO/Chairman	38%
President/COO	25%
VP/SVP/EVP Sales	11%
CTO/CIO/VP/Director, Information Services	0%
CFO/VP, Finance	6%
VP/SVP/EVP, Marketing	3%
Region/Division Head (VP/Pres)	8%
Branch Manager	4%
Recruiter/Placement Specialist	1%
Other	4%
	n=611

Question 2: Of industries served, in which one does your company generate the most revenue?	
Automotive	1%
Business Services	9%
Consumer Products	2%
Education	0%
Energy/Chemical	4%
Entertainment	0%
Finance/Insurance	7%
Healthcare	20%
Government	3%
Manufacturing	23%
Marketing/Public Relations/Media/Advertising	1%
Logistics (i.e.	5%
Pharma/Biotech/Medical Equipment	3%
Publishing/Printing	0%
Restaurant/Hospitality	1%
Retail Seller	0%
Social Services	0%
Technology/Telecom	11%
Other	9%
	n=611

Question 3a: With regard to the above listed industry which you indicated as your company's top market, would you estimate that your company generates more than half of its revenue in that industry alone?	
Yes	73%
No	27%
	n=598

Question 3b: In which top market, would you estimate that your company generates more than half of its revenue?	
Automotive	1%
Business Services	8%
Consumer Products	1%
Education	1%
Energy_Chemical	3%
Finance_Insurance	5%
Healthcare	25%
Government	3%
Manufacturing	25%
Marketing_Public Relations_Media_Advertising	1%
Logistics	5%
Pharma_Bio_Med Equip	2%
Restaurant_Hospitality	1%
Retail Seller	0%
Social Services	0%
Technology_Telecom	10%
Other	8%
	n=439

Question 5: Approximately what was the total revenue generated by your company in 2009?	
<$2.5MM	24%
$2.5MM-$4.9MM	14%
$5MM-$9.9MM	16%
$10MM-$24.9MM	15%
$25MM-$49.9MM	10%
$50MM-$99.9MM	7%
$100MM-$249.9MM	5%
$250MM-$499.9MM	3%
$500MM-$999.9MM	3%
$1 billion or more	3%
	n=557

Question 4: Which best describes your company?	
Staffing company (temporary staffing, place & search, PEO, outplacement, executive search etc.)	100%
	n=611

Question 6: About what percent of the staffing revenue your company generated in 2009 came from repeat business (i.e. recurring clients already familiar with your company)?	
0%	1%
1%-5%	0%
11-15%	0%
16-20%	0%
21-25%	1%
26-30%	1%
31-35%	2%
36-40%	2%
41-45%	1%
46-50%	2%
51-55%	3%
56-60%	5%
61-65%	3%
66-70%	9%
71-75%	13%
76-80%	14%
81-85%	13%
86-90%	14%
91-95%	8%
96-100%	8%
	n=548

Question 7: About what percent of the staffing revenue your company generated in 2009 came from smaller client companies of fewer than 1,000 employees?	
0%	4%
1%-5%	5%
6-10%	5%
11-15%	5%
16-20%	5%
21-25%	5%
26-30%	4%
31-35%	4%
36-40%	4%
41-45%	3%
46-50%	8%
51-55%	5%
56-60%	2%
61-65%	2%
66-70%	3%
71-75%	5%
76-80%	3%
81-85%	3%
86-90%	5%
91-95%	6%
96-100%	14%
	n=531

Question 8: About what percent of your 2009 staffing revenue did you receive as a **subcontract in** which you were a subsidiary provider fulfilling on behalf of a firm that originated the business?	
0%	40%
1%-5%	24%
6-10%	11%
11-15%	6%
16-20%	4%
21-25%	4%
26-30%	2%
31-35%	1%
36-40%	1%
41-45%	1%
46-50%	1%
51-55%	0%
56-60%	0%
61-65%	0%
66-70%	0%
71-75%	1%
76-80%	0%
86-90%	0%
91-95%	0%
96-100%	1%
	n=541

Question 9: About what percent of your 2009 staffing revenue did you originate and **subcontract out** to another firm to fulfill?	
0%	59%
1%-5%	21%
6-10%	7%
11-15%	3%
16-20%	3%
21-25%	2%
26-30%	2%
31-35%	1%
36-40%	1%
41-45%	0%
46-50%	1%
56-60%	0%
61-65%	0%
66-70%	0%
71-75%	0%
76-80%	0%
86-90%	0%
91-95%	0%
96-100%	0%
	n=549

Question 10: What is your local (home or office) zip code?	

Question 11: Of all the workers you placed on assignment in 2009, about what percent were not W-2 employees of your firm, but were independent contractors or other workers?	
0%	56%
1%-5%	19%
6-10%	6%
11-15%	2%
16-20%	3%
21-25%	2%
26-30%	2%
31-35%	1%
36-40%	1%
41-45%	0%
46-50%	2%
51-55%	0%
56-60%	1%
61-65%	1%
66-70%	0%
71-75%	0%
76-80%	0%
81-85%	0%
86-90%	0%
91-95%	1%
96-100%	4%
	n=551

Question 12: Of the staffing services sectors your company offered in 2009, which generated the most revenue?	
Industrial/Logistics Temp	28%
Office/Clerical Temp	14%
IT Temp	18%
Healthcare Temp	18%
Clinical/Scientific Temp	2%
Finance/Accounting Temp	3%
Engineering/Design Temp	6%
Legal Temp	1%
Creative/Marketing Temp	1%
Other Temp Help	3%
Direct Hire/Placement	6%
Retained Search	0%
PEO/Staff Leasing	0%
Outplacement	1%
Compliance/payroll processing	0%
HR consulting services	0%
RPO	1%
	n=542

Question 13a: Of the above selection, did this revenue source make up the majority (50% or more) of your revenue in 2009?	
Yes	86%
No	14%
	n=534

Question 13b Which revenue source made up the majority (50% or more) of your revenue in 2009?	
Industrial_Logistics Temp	29%
Healthcare Temp	19%
IT Temp	17%
Office_Clerical Temp	13%
Direct Hire_Placement	6%
Engineering_Design Temp	5%
Finance_Accounting Temp	3%
Other Temp Help	2%
Clinical_Scientific Temp	1%
Creative_Marketing Temp	1%
Legal Temp	1%
RPO	1%
Outplacement	1%
PEO/Staff Leasing	0%
Compliance_payroll processing	0%
HR consulting services	0%
Retained Search	0%
HRO	0%
	n=461

Question 14: Of the remaining staffing services your company offered in 2009, which was the second largest source of revenue?	
Industrial/Logistics Temp	7%
Office/Clerical Temp	25%
IT Temp	7%
Healthcare Temp	7%
Clinical/Scientific Temp	2%
Finance/Accounting Temp	7%
Engineering/Design Temp	6%
Legal Temp	1%
Creative/Marketing Temp	1%
Other Temp Help	7%
Direct Hire/Placement	18%
Retained Search	2%
Outplacement	0%
Independent contractor compliance/payroll processing	2%
Human resources consulting services	2%
Recruitment process outsourcing (RPO)	2%
	5%
	n=522

Question 15: Please provide the following approximate years, as well as you can recall. (Select N/A" if you're not certain.)"	
The most recent year in which your company experienced a **revenue decline**:	
2009	67%
2008	13%
2007	5%
2006	1%
2005	0%
2004	0%
2003	1%
Before 2003	3%
Never	9%
	n=526
The most recent year in which your company experienced a **bottom line net loss**:	
2009	42%
2008	10%
2007	4%
2006	1%
2005	1%
2004	1%
2003	2%
Before 2003	8%
Never	30%
	n=491

The approximate year in which your **company was founded**:	
2009	1%
2008	3%
2007	2%
2006	3%
2005	4%
2004	3%
2003	3%
Before 2003	79%
Never	1%
	n=542
The first year in which your company experienced a **bottom line net profit**:	
2009	3%
2008	4%
2007	4%
2006	4%
2005	3%
2004	5%
2003	5%
Before 2003	71%
Never	3%
	n=511

Your company's **current senior management team** has been made up of *exactly the same people* since:	
2009	14%
2008	10%
2007	9%
2006	7%
2005	7%
2004	5%
2003	4%
Before 2003	43%
Never	1%
	n=541

The first year in which I became **employed in the staffing industry**:	
2009	1%
2008	1%
2007	2%
2006	3%
2005	2%
2004	2%
2003	4%
Before 2003	82%
Never	2%
	n=540

The most recent year in which **your company closed an acquisition**:	
2009	13%
2008	8%
2007	5%
2006	2%
2005	3%
2004	1%
2003	0%
Before 2003	9%
Never	58%
	n=450

Question 16: Over the next twelve months, what are your expectations regarding your company's...?	
Total internal sales positions:	
Increase	69%
Stay the same	29%
Decrease	2%
	n=543
Total internal recruiter positions:	
Increase	67%
Stay the same	30%
Decrease	3%
	n=535
Total internal manager positions:	
Increase	30%
Stay the same	66%
Decrease	4%
	n=528
Total branch offices:	
Increase	34%
Stay the same	63%
Decrease	4%
	n=511
Spend on internal staff development/training:	
Increase	50%
Stay the same	45%
Decrease	5%
	n=538

Spend on technology:	
Increase	51%
Stay the same	45%
Decrease	5%
	n=540
Spend on tradeshows/conferences:	
Increase	25%
Stay the same	58%
Decrease	17%
	n=523
Spend on branded materials/promotional items:	
Increase	39%
Stay the same	50%
Decrease	11%
	n=533
Spend on marketing/advertising:	
Increase	45%
Stay the same	46%
Decrease	9%
	n=540
Spend on job boards/career sites:	
Increase	27%
Stay the same	56%
Decrease	17%
	n=529
Spend on insurance/risk management:	
Increase	23%
Stay the same	68%
Decrease	9%
	n=538

Question 17: Which of the following are your company's top 3 priorities today? (Select up to three.)	
Growing revenues	61%
Expanding/diversifying number of clients	43%
Growing market share	36%
Retaining existing clients	25%
Improving gross margins	24%
Providing excellent customer service	21%
Recruiting/retaining quality internal staff	17%
Recruiting quality candidates to place	16%
Ensuring business survival	15%
Reducing/controlling costs	13%
Training/developing internal employees	11%
Improving cash flow/receivables collection	7%
Creating a positive company culture	6%
Acquiring other firms	5%
Preparing for sale of the company	2%
Reducing internal staff headcount	1%
	n=550

Question 18: If you closed any acquisitions in 2009, approximately what was the average multiple of the sale price relative to revenue?	
Less than 0.2x revenue	32%
0.2x	19%
0.4x	9%
0.6x	9%
0.8x	13%
1x	6%
2.6x	2%
2.8x	2%
More than 3x revenue	9%
	n=47

Question 19: For the following question, we define EBITDA as earnings before interest, taxes, depreciation and amortization. If your company closed any acquisitions in 2009, approximately what was the average multiple of the sale price relative to EBITDA?	
Less than 0.5x EBITDA	22%
0.5x	7%
1x	17%
1.5x	2%
2x	7%
2.5x	5%
3x	7%
3.5x	2%
4.5x	2%
5x	7%
5.5x	5%
6x	5%
7.5x	5%
8x	2%
More than 8x EBITDA	2%
	n=41

Question 20: Of the following marketing tactics, which one would you say has the highest bang-to-buck return on spend/effort?	
Company web site	18%
Attend/sponsor conferences	18%
E-mail blast	16%
Social media (Facebook, LinkedIn, etc.)	12%
Search engine optimization (e.g. paying for your	10%
Direct mailings	6%
E-mail newsletters	6%
Search engine ads (e.g. Google ads)	4%
Newspaper/magazine ads	2%
Automated calling	2%
White papers	1%
Sponsor webinars	1%
Phonebook ads	1%
Radio/TV ads	1%
Print newsletters	1%
	n=530

Question 21: Of the following sales tactics, which one would you say has the highest bang-to-buck return on spend/effort?	
Existing account penetration/development	34%
Hiring local sales staff	21%
Person-to-person telephone cold calling	18%
Focus on recurring business	11%
Door-to-door cold calling	7%
Hiring national/regional sales staff	5%
Spend time answering RFPs/RFIs/RFQs	3%
Channel partnership sales	2%
	n=541

Question 22: On average, what is the typical percent of salary your company charges for a direct-hire placement?	
We charge a flat fee only.	6%
0%-10%	7%
11-20%	65%
21-40%	21%
	n=500

Question 23: With regard to the following temporary staffing services, what are your company's current and future plans?	
Industrial/Logistics	
Staying In	46%
Getting Out	1%
Likely to Offer within 2 yrs	2%
Not Likely to Offer	51%
	n=519
Office/Clerical	
Staying In	57%
Getting Out	1%
Likely to Offer within 2 yrs	4%
Not Likely to Offer	38%
	n=521
IT	
Staying In	52%
Getting Out	0%
Likely to Offer within 2 yrs	14%
Not Likely to Offer	34%
	n=515
Healthcare	
Staying In	38%
Getting Out	0%
Likely to Offer within 2 yrs	16%
Not Likely to Offer	46%
	n=519

Clinical/Scientific	
Staying In	26%
Getting Out	0%
Likely to Offer within 2 yrs	18%
Not Likely to Offer	56%
	n=505
Finance/Accounting	
Staying In	49%
Getting Out	0%
Likely to Offer within 2 yrs	11%
Not Likely to Offer	39%
	n=516
Engineering/Design	
Staying In	39%
Getting Out	0%
Likely to Offer within 2 yrs	12%
Not Likely to Offer	49%
	n=510
Legal	
Staying In	22%
Getting Out	0%
Likely to Offer within 2 yrs	10%
Not Likely to Offer	68%
	n=507
Creative/Marketing	
Staying In	22%
Getting Out	0%
Likely to Offer within 2 yrs	10%
Not Likely to Offer	68%
	n=501

Question 24: With regard to the following other staffing services, what are your company's current and future plans?	
Direct Hire/Placement	
Staying In	88%
Getting Out	0%
Likely to Offer within 2 yrs	5%
Not Likely to Offer	7%
	n=528
Retained Search	
Staying In	32%
Getting Out	1%
Likely to Offer within 2 yrs	14%
Not Likely to Offer	53%
	n=514
PEO/Staff Leasing	
Staying In	14%
Getting Out	1%
Likely to Offer within 2 yrs	11%
Not Likely to Offer	75%
	n=510
Outplacement	
Staying In	18%
Getting Out	1%
Likely to Offer within 2 yrs	11%
Not Likely to Offer	71%
	n=512

Question 25: With regard to the following otherservices, what are your company's current and future plans?	
Independent contractor compliance/payroll processing	
Staying In	38%
Getting Out	0%
Likely to Offer within 2 yrs	9%
Not Likely to Offer	52%
	n=520
Human resource outsourcing (HRO)	
Staying In	17%
Getting Out	0%
Likely to Offer within 2 yrs	18%
Not Likely to Offer	64%
	n=520
Human resources consulting services	
Staying In	25%
Getting Out	0%
Likely to Offer within 2 yrs	18%
Not Likely to Offer	56%
	n=520
Managed service provider (MSP)	
Staying In	26%
Getting Out	0%
Likely to Offer within 2 yrs	21%
Not Likely to Offer	52%
	n=525

Master supplier	
Staying In	32%
Getting Out	0%
Likely to Offer within 2 yrs	20%
Not Likely to Offer	48%
	n=517
Provider of vendor management systems (VMS)	
Staying In	17%
Getting Out	0%
Likely to Offer within 2 yrs	19%
Not Likely to Offer	64%
	n=520
Recruitment process outsourcing (RPO)	
Staying In	24%
Getting Out	0%
Likely to Offer within 2 yrs	23%
Not Likely to Offer	53%
	n=517
Vendor on premise (VOP)	
Staying In	40%
Getting Out	0%
Likely to Offer within 2 yrs	25%
Not Likely to Offer	36%
	n=518
Solutions/statement of work (SOW) consulting/project-	
Staying In	32%
Getting Out	0%
Likely to Offer within 2 yrs	15%
Not Likely to Offer	53%

Question 26: Which describes your experience signing indemnification agreements with clients? (For this question, we define indemnification as a signed agreement that shifts employment-related liability from the client to the staffing firm, effectively making the staffing firm more liable for employment-related disputes.)	
I have never heard of indemnification agreements (until now).	4%
I am not familiar with our indemnification agreements experience.	6%
We have signed indemnification agreements and we would do so again.	65%
We have signed indemnification agreements, but we would not do so again.	6%
We have never signed indemnification agreements, but we would do so.	2%
We have never signed indemnification agreements and we would not do so.	16%
	n=528

Question 27: In 2009, in which region(s) did you have staffing revenue? (Check all that apply.)	
U.S.	99%
Mexico	3%
Canada	11%
Europe	7%
Asia	7%
Australia/New Zeland	3%
Rest of World	4%
	n=538

Question 28: Of all the geographic markets in which you currently do not operate, which would your company consider the most attractive for expansion?	
Northeast U.S.	11%
Southeast U.S.	18%
South U.S.	11%
Midwest U.S.	16%
West U.S.	15%
UK	7%
France	0%
Germany	1%
Italy	0%
Russia	0%
Other Northern Europe	1%
Other Southern Europe	0%
Other Eastern Europe	2%
Other Western Europe	2%
India	2%
China	3%
Japan	1%
Other Asia	3%
Australia/New Zealand	3%
Africa	1%
South America	3%
	n=329

Question 29: If your company were to make an acquisition in 2010, which segment or service would it be most interested in acquiring?	
Industrial/Logistics	11%
Office/Clerical	9%
IT	22%
Healthcare	23%
Clinical/Scientific	3%
Finance/Accounting	5%
Engineering/Design	3%
Legal	1%
Creative/Marketing	1%
Other Temp Help Segment	3%
Direct Hire/Placement	2%
Retained Search	0%
PEO/Staff Leasing	1%
Outplacement	0%
RPO	2%
HRO	0%
Independent Contractor Compliance/Payroll	2%
MSP	1%
VMS	1%
Solutions/statement of work (SOW) consulting	2%
HR consulting	2%
Other Staffing Sector	3%
Something outside of staffing	3%
	n=429

Question 30: How frequently, if at all, do you conduct criminal background checks on temporary staffing candidates?	
We never do criminal background checks.	2%
We sometimes do them.	38%
We always do them.	60%
	n=533

Question 31: What resources does your company use for criminal background checks?	
When we do them, we use internal resources only.	6%
We use an outside service for criminal background	4%
We use an outside service and we're pretty sure it	31%
We use an outside service and we're very confident it	59%
	n=526

Question 32: How seriously does your company take criminal background checks for temporary staffing candidates?	
With regard to criminal background checks, we are just going through the motions.	1%
We do as good a job on criminal background checks as the buyer specifies, no more no less.	45%
We go out of our way to make sure criminal background checks are thorough, even if the buyer doesn't care.	54%
	n=520

Question 33: Do you agree with the following statement? Since buyers are most interested in criminal background checks, they really ought to be the ones doing them.	
Yes	27%
No	73%
	n=532

Question 34: With regard to recruiting candidates for U.S. jobs, what types of recruiters do you use currently or plan to use in the future?	
U.S.-based internal recruiters	
Currently	93%
Plan within 2 years	1%
No plans	6%
	n=518
U.S.-based outsourced recruiters	
Currently	18%
Plan within 2 years	8%
No plans	74%
	n=440
India-based offshore recruiters	
Currently	10%
Plan within 2 years	5%
No plans	85%
	n=447
Other offshore recruiters	
Currently	4%
Plan within 2 years	7%
No plans	89%
	n=438

Question 35: What was your approximate total annual compensation in 2009 (salary + bonus + other incentive compensation)? (Answers are always confidential.)	
Less than $30,000	4%
$30,000-$49,999	4%
$50,000-$99,999	17%
$100,000-$149,999	27%
$150,000-$199,999	16%
$200,000-$249,999	7%
$250,000-$299,999	6%
$300,000-$349,999	4%
$350,000-$399,999	3%
$400,000-$499,999	1%
$450,000-$499,999	1%
$500,000 or more	8%
	n=497

Question 36: For each of the following factors, do you think they are a net positive, net negative or neutral with regard to your company today?	
Economy	
Net Negative	72%
Neutral	16%
Net Positive	13%
	n=524
Legal environment	
Net Negative	46%
Neutral	45%
Net Positive	9%
	n=521
Immigration issues/visas	
Net Negative	33%
Neutral	58%
Net Positive	9%
	n=523
Healthcare for internal staff or temps	
Net Negative	43%
Neutral	39%
Net Positive	19%
	n=522
VMS	
Net Negative	48%
Neutral	39%
Net Positive	13%
	n=519

Offshoring	
Net Negative	45%
Neutral	48%
Net Positive	8%
	n=519
Skills shortage	
Net Negative	24%
Neutral	41%
Net Positive	35%
	n=522
Gross margin trends	
Net Negative	54%
Neutral	31%
Net Positive	15%
	n=522
Workers comp costs	
Net Negative	59%
Neutral	32%
Net Positive	9%
	n=523
Pay rates	
Net Negative	24%
Neutral	59%
Net Positive	17%
	n=525
Influence of procurement departments	
Net Negative	53%
Neutral	37%
Net Positive	11%

Government regulation	
Net Negative	58%
Neutral	34%
Net Positive	8%
	n=523
Outsourcing trend	
Net Negative	23%
Neutral	47%
Net Positive	30%
	n=519
HR Outsourcing (HRO)	
Net Negative	19%
Neutral	65%
Net Positive	16%
	n=524
Recruitment Process Outsourcing (RPO)	
Net Negative	21%
Neutral	60%
Net Positive	19%
	n=521

Globalization	
Net Negative	25%
Neutral	58%
Net Positive	18%
	n=520
The Internet	
Net Negative	6%
Neutral	23%
Net Positive	71%
	n=525
State unemployment taxes (SUTA)	
Net Negative	65%
Neutral	30%
Net Positive	4%
	n=523

Section 2009-A: Survey questions and summary statistics

Key Findings:

- This section contains the complete survey questions and summary statistics of the 2009 Staffing Firm survey, for staffing firms primarily operating in North America.

- The findings are based on an online survey.

Question 1. Which best describes your company?	
Staffing company (e.g. temporary staffing, place & search, PEO, outplacement)	100%
Provider of products/services for staffing companies (software, job boards, financing, consulting, etc.)	0%
Client of staffing company (buyer of staffing company services)	0%
Analysts/bankers	0%
	n=902

Question 2. Approximately what was the total revenue generated by your company in 2008?	
$1 billion or more	4%
$500MM-$999.9MM	2%
$250MM-$499.9MM	5%
$100MM-$249.9MM	5%
$50MM-$99.9MM	7%
$25MM-$49.9MM	12%
$10MM-$24.9MM	17%
$5MM-$9.9MM	14%
$2.5MM-$4.9MM	12%
<$2.5MM	22%
	n=877

Question 3. What is your job title?	
Founder/CEO/President/COO/Chairman/Director	57%
VP/SVP/EVP/Director, Sales (company's top sales exec)	14%
CTO/CIO/VP/Director, Information Services	2%
CFO/VP/Director, Finance	6%
VP/SVP/EVP/Director, Marketing	2%
Region/Division Head (VP/Pres)	8%
Account Management/Sales	1%
Management & Admin/other staff	9%
Recruiting/Staffing	2%
	n=902

Question 4. Please provide the following approximate years, as well as you can recall for:	
The most recent year in which my company experienced a revenue decline was:	
2008	41%
2007	11%
2006	4%
2005	3%
2004	3%
2003	3%
2002	6%
Before 2002	10%
Never	19%
	n=842

The most recent year in which my company experienced a bottom line net loss was:	
2008	22%
2007	6%
2006	4%
2005	2%
2004	4%
2003	3%
2002	6%
Before 2002	13%
Never	38%
	n=783

The first year in which my company experienced a bottom line net profit was:	
2008	3%
2007	4%
2006	4%
2005	4%
2004	4%
2003	4%
2002	5%
Before 2002	69%
Never	3%
	n=830

The approximate year in which my company was founded was:	
2008	2%
2007	3%
2006	3%
2005	2%
2004	3%
2003	2%
2002	5%
Before 2002	80%
	n=881

Our company's current senior management team has been made up of exactly the same people since:	
2008	15%
2007	11%
2006	11%
2005	10%
2004	7%
2003	6%
2002	6%
Before 2002	32%
Never	2%
	n=877

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The first year in which I became employed in the staffing industry was:	
2008	2%
2007	3%
2006	4%
2005	3%
2004	3%
2003	2%
2002	3%
Before 2002	81%
	n=868

Question 5. Which of the following are your company's top 3 priorities today? (Select up to three.)	
Growing revenue	56%
Expanding/diversifying number of clients	41%
Growing market share	31%
Reducing/controlling costs	27%
Retaining existing clients	26%
Ensuring business survival	26%
Providing excellent customer service	22%
Improving gross margins	17%
Recruiting quality candidates to place	14%
Improving cash flow/receivables collection	10%
Recruiting/retaining quality internal staff	9%
Creating a positive company culture	8%
Training/developing internal employees	8%
Acquiring other firms	4%
Preparing for sale of the company	2%
Reducing internal staff headcount	2%
	n=884

Question 6. What cost cutting actions, if any, are you considering for 2009? (Select all that apply.)	
Reduce internal headcount	50%
Hiring freeze	25%
Reduce/cut benefits to internal employees	20%
Reduce number of branches	20%
Not cutting costs	19%
Across the board salary cuts	19%
Reduce/stop marketing/media/promotions	15%
Travel ban or reduction in travel expenses	14%
Slim down sales commission plans	11%
Monitor/control/reduce expenses and/or spending	9%
Reduce/cut benefits to temps	9%
Reduce/cut pay to temps	7%
Increase efficiencies/productivity including firing of non-performers	2%
Salary/pay/bonus freeze	1%
We took cost cutting actions in 2008 and hence have no 2009 plans	1%
Reduce hours/workweek/furlough for internal staff	1%
Salary cuts only for management/executives	1%
	n=870

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Question 7. Which of the following benefits do you offer to your placed temporary workers?	
Medical coverage that is unsubsidized (similar to that available to the general public)	47%
Medical coverage that is subsidized/employer paid	37%
Identical medical coverage to what we offer our internal employees	26%
Paid vacation	55%
Paid sick days	24%
Dental insurance	48%
Vision insurance	39%
401K - employee contributions only	39%
401K - employer matching	27%
Life insurance	41%
Short- and long-term disability insurance	39%
Flexible spending accounts	21%
Tuition reimbursement	12%
	n=841

Question 8. When considering wages to offer temporary workers, what data do you use? (Select all that apply.)	
Wage rates we paid for similar temporary positions in the past	65%
Our pay rates are mostly dictated by the staffing buyers	41%
We don't use wage data - we negotiate the bill rate first and work backward into the pay rate based on our target markup	33%
Calculated hourly wage rates based on permanent worker annual salary data from salary.com or other sources	27%
We don't use any data - we just negotiate wages the best we can	17%
Government temporary wage data (e.g. Bureau of Labor Statistics, Department of Labor)	15%
Third - party data (e.g. VMS)	9%
Third - party data (e.g. NextSource's PeopleTicker)	3%
	n=795

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9. What was the approximate percentage breakdown of your company's revenue by segment in 2008?	
Segment	Avg Rev
Industrial/Logistics	19.2%
Healthcare	19.0%
IT	17.9%
Office/Clerical	13.4%
Direct Hire/Placement	7.1%
Finance/Accounting	5.7%
Engineering/Design	4.6%
Other Temp	3.1%
Legal	1.9%
Other Staffing	1.7%
Creative/Marketing	1.5%
Clinical/Scientific	1.0%
Retained Search	0.8%
PEO/Staff Leasing	0.7%
Compliance/Payroll Processing	0.7%
Non-Staffing Revenue	0.6%
Outplacement	0.5%
RPO	0.4%
HRO	0.1%
	n=777

Question 10. With regard to the following temporary staffing services, what are your company's current and future plans?

Segment	Staying In	Getting Out	Likely to Offer within 2 years	Not Likely to Offer	n=
Industrial/Logistics	43%	2%	4%	51%	737
Office/Clerical	57%	1%	5%	37%	737
IT	51%	1%	15%	33%	737
Healthcare	38%	1%	18%	43%	737
Clinical/Scientific	18%	1%	19%	63%	737
Finance/Accounting	47%	1%	15%	37%	737
Engineering/Design	31%	1%	14%	53%	737
Legal	21%	1%	12%	65%	737
Creative/Marketing	16%	1%	13%	70%	737

Question 11. With regard to the following other staffing services, what are your company's current and future plans?

Staffing Service	Staying In	Getting Out	Likely to Offer within 2 years	Not Likely to Offer	n=
Direct Hire/Placement	85%	1%	8%	6%	830
Retained Search	30%	1%	19%	51%	739
PEO/Staff Leasing	16%	1%	9%	74%	722
Outplacement	16%	1%	15%	68%	719

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Question 12. Of the industries you serve, in which one do you generate the most revenue?	
Healthcare	24%
Manufacturing	19%
Business Services	10%
Technology/Telecom	10%
Finance/Insurance	8%
Packaging/Transportation/Warehousing/Cargo	6%
Energy/Chemical	4%
Pharma/Biotech/Medical Equipment	4%
Government	4%
Consumer Products	2%
Automotive	2%
Restaurant/Hospitality	2%
Retail Seller	2%
Marketing/Public Relations/Media/Advertising	1%
Non-profit	1%
Education	1%
Environmental Services	1%
Entertainment	0%
Publishing/Printing	0%
Social Services	0%
	n=818

Question 13. With regard to the above listed industry which you indicated as your company's top market, would you estimate that your company generates more than half of its revenue in that industry alone?	
Yes	66%
No	34%
	n=843

Question 14. Approximately, what would you estimate is your average order fill rate? (We define order fill rate as the ratio of orders filled to orders received.) Our average order fill rate is…	
0-5%	1%
6-10%	2%
11-15%	3%
16-20%	3%
21-25%	4%
26-30%	3%
31-35%	5%
36-40%	5%
41-45%	3%
46-50%	3%
51-55%	4%
56-60%	3%
61-65%	2%
66-70%	5%
71-75% (median)	5%
76-80%	5%
81-85%	7%
86-90%	10%
91-95%	11%
96-100%	16%
	n=815

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Question 15. About how much of your business is generated by your top five clients?	
0-5%	2%
6-10%	7%
11-15%	6%
16-20%	6%
21-25%	6%
26-30%	4%
31-35%	5%
36-40%	5%
41-45%	3%
46-50% (median)	6%
51-55%	5%
56-60%	6%
61-65%	3%
66-70%	4%
71-75%	6%
76-80%	7%
81-85%	5%
86-90%	4%
91-95%	4%
96-100%	5%
	n=810

Question 16. With regard to the following services, what are your company's current and future plans?					
Service	Staying In	Getting Out	Likely to Offer within 2 years	Not Likely to Offer	n=
Compliance/Payroll	35%	1%	8%	56%	788
Human resource	17%	1%	14%	68%	773
Human resources	22%	1%	17%	61%	778
Managed service	22%	1%	16%	61%	778
Master supplier	29%	1%	15%	56%	777
Provider of vendor	16%	1%	18%	65%	782
Recruitment process	22%	1%	23%	54%	780
Vendor on premise	31%	2%	22%	45%	783

Question 17. Which of the following, if any, applied to your staffing firm in 2008?	
We were acquired.	3%
We acquired another firm.	9%
We were acquired and we acquired another firm (not necessarily in that order).	1%
None of the above. We were neither acquired nor acquired another.	87%
	n=826

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Question 18. What was the approximate percentage breakdown of your company's revenue by geography in 2008?	
Region	Avg Rev
Northeast U.S.	23%
South and Southeast U.S.	26%
Midwest U.S.	24%
West U.S.	24%
Europe	1%
Canada	1%
Mexico	0%
Asia/Australia	0%
Rest of World	0%
	n=782

Question 19. Approximately how much of your revenue passes through a VMS system (yours or someone else's)?	
0%	35%
1-5% (median)	15%
6-10%	11%
11-15%	6%
16-20% (median of those reporting >0%)	5%
21-25%	5%
26-30%	4%
31-35%	2%
36-40%	2%
41-45%	2%
46-50%	2%
51-55%	1%
56-60%	2%
61-65%	1%
66-70%	2%
71-75%	1%
76-80%	1%
81-85%	1%
86-90%	1%
91-95%	0%
96-100%	2%
	n=793

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Question 20. In the MSP and VMS programs you're involved with, what are the typical fees charged to staffing firms?	
Managed Service Provider (MSP)	
No fee	8%
<1.0%	6%
1.0-1.5%	15%
1.6-2.0%	16%
2.1-2.5% (median)	17%
2.6-3.0%	27%
3.1-3.5%	7%
3.6-4.0%	2%
>4.0%	2%
	n=340

Vendor Management System (VMS)	0%
No fee	7%
<1.0%	5%
1.0-1.5%	15%
1.6-2.0%	18%
2.1-2.5% (median)	17%
2.6-3.0%	29%
3.1-3.5%	4%
3.6-4.0%	2%
>4.0%	3%
	n=448

Question 21. With regard to direct hire, do you...	
Use the same staff and offices for direct hire and temporary hire	68%
Use different staff, but in the same offices, for direct hire and temporary hire	27%
Use different staff and in separate offices for direct hire and temporary hire	6%
	n=738

Note: these results exclude those who indicated they don't offer direct hire and/or temporary hire.

Question 22. On average, what would you say is the typical percent of salary you charge for a temp-to-hire conversion?	
0-5%	11%
6-10%	12%
11-15%	18%
16-20% (median)	33%
21-25%	16%
26-30%	4%
31-35%	1%
36-40%	1%
41-45%	1%
46-50%	1%
51-55%	1%
56-60%	0%
61-65%	0%
66-70%	0%
71-75%	1%
76-80%	0%
86-90%	0%
96-100% .	0%
	n=711

Question 23. If a temporary worker you have placed converts to permanent status, at what juncture of completed service for that worker do you no longer charge a temp-to-hire conversion fee? (Select the one policy closest to your own.)	
No conversion fee after 90 days	38%
No conversion fee after 120-150 days	1%
No conversion fee after 6 months	25%
No conversion fee after 12 months	4%
No conversion fee after 500-750 hours	3%
No conversion fee after 1040 hours	7%
No conversion fee after 2080 hours	3%
We determine conversion fee on a case-by-case basis depending on client, position, skill, market, contract requirement etc.	4%
We never charge a fee	3%
We always charge for conversions regardless of time worked	12%
	n=747

Question 24. When you charge a conversion fee for a temp-to-hire requisition how do you calculate the fee? (Select the one policy closest to your own.)	
A flat fee	23%
A sliding fee scale based upon higher percentage at higher levels of salary	11%
A sliding fee scale based upon discount applied after they work a certain period of time	63%
A sliding fee scale based upon volume of workers converting to permanent status at one time or per annum	1%
We determine conversion fee on a case-by-case basis depending on client, position, skill, market, contract requirement etc.	2%
	n=708
Note: these results exclude those who indicated they don't charge a conversion fee.	

Question 25. About what percent of the time do you estimate a temporary staffing candidate declines an offered position?	
0%	4%
1-5%	20%
6-10%	16%
11-15% (median)	11%
16-20%	13%
21-25%	11%
26-30%	6%
31-35%	4%
36-40%	3%
41-45%	2%
46-50%	3%
51-55%	2%
56-60%	1%
61-65%	0%
66-70%	1%
71-75%	1%
76-80%	0%
81-85%	1%
86-90%	0%
91-95%	0%
96-100%	0%
	n=768

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Question 26. How would you rate your staffing firm's relationship with buyers? Please rate on a scale from 1 (adversarial) to 5 (cooperative).	
1 - Adversarial	0%
2	1%
3	10%
4	38%
5 - Cooperative	50%
	n=798
	Avg=
	3.4

Question 27. After a placed temporary worker has completed an assignment with your firm, about what percent of the time do you estimate they make themselves available for another temporary assignment?	
0%	2%
1-5%	1%
6-10%	1%
11-15%	1%
16-20%	1%
21-25%	2%
26-30%	2%
31-35%	2%
36-40%	1%
41-45%	1%
46-50%	5%
51-55%	3%
56-60%	2%
61-65%	2%
66-70%	6%
71-75%	9%
76-80% (median)	10%
81-85%	8%
86-90%	15%
91-95%	14%
96-100%	13%
	n=777

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Question 28. Does your company use e-Verify? (e-Verify is an online eligibility verification program of the Department of Homeland Security and the Social Security Administration.)	
Yes	42%
No	45%
Heard of it. Not sure if we use it.	6%
Never heard of it. Not sure if we use it.	7%
	n=803

Question 29. Regarding buyers of staffing services,	Strongly disagree				Strongly agree		
	1	2	3	4	5	Avg	n=
Buyers know and clearly communicate what they need	5%	26%	42%	22%	5%	2.9	783
Buyers treat staffing firms as a valued partners	7%	21%	44%	24%	4%	3.0	784
Buyers treat temporary workers well	3%	11%	40%	40%	6%	3.3	775
Buyers are willing to pay for high quality	6%	21%	37%	29%	6%	3.1	785

30. With whom do you regularly seek feedback using a formalized process? (Select all that apply.)	
Clients where temporary workers are placed	94%
Temporary workers after assignments	72%
Recruiters working for you	53%
Other internal employees working for you	46%
Internal employees - when they leave the company	39%
Prospective clients you are pursuing	33%
	n=766

Question 31. If you could offer anonymous constructive advice to buyers, what would you say?	
We collected over 400 answers ranging from "You get what you pay for" to "Understand that your metrics are not a true representation of a vendor's abilities." We released these in a separate publication.	

Question 32. For each of the following factors, do you think they are a net positive, net negative or neutral with regard to your company today?	
Economy	
Net Negative	83%
Neutral	13%
Net Positive	4%
	n=768

Legal environment	
Net Negative	34%
Neutral	59%
Net Positive	7%
	n=759

Immigration issues/visas	
Net Negative	28%
Neutral	63%
Net Positive	9%
	n=765

Healthcare for employees/temps/contractors	
Net Negative	31%
Neutral	47%
Net Positive	22%
	n=759

VMS	
Net Negative	46%
Neutral	43%
Net Positive	12%
	n=758

Offshoring	
Net Negative	40%
Neutral	56%
Net Positive	4%
	n=753

Skills shortage	
Net Negative	22%
Neutral	43%
Net Positive	35%
	n=764

Gross margin trends	
Net Negative	51%
Neutral	39%
Net Positive	10%
	n=765

Workers comp costs	
Net Negative	47%
Neutral	45%
Net Positive	8%
	n=763

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Pay rates	
Net Negative	19%
Neutral	65%
Net Positive	17%
	n=765

Recruitment Process Outsourcing (RPO)	
Net Negative	15%
Neutral	69%
Net Positive	17%
	n=746

Influence of procurement departments	
Net Negative	46%
Neutral	45%
Net Positive	9%
	n=757

Globalization	
Net Negative	22%
Neutral	63%
Net Positive	15%
	n=759

Government regulation	
Net Negative	40%
Neutral	52%
Net Positive	8%
	n=761

The Internet	
Net Negative	5%
Neutral	28%
Net Positive	68%
	n=758

Outsourcing trend	
Net Negative	23%
Neutral	53%
Net Positive	25%
	n=763

HR Outsourcing (HRO)	
Net Negative	15%
Neutral	74%
Net Positive	12%
	n=750

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Founded in 1989, SIA is the global advisor on staffing and workforce solutions. Our proprietary research covers all categories of employed and non-employed work including temporary staffing, independent contracting and other types of contingent labor.

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