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Introduction

In December of 2013, Bullhorn conducted its fourth annual Staffing and Recruiting Trends survey of 1,337 agency recruiting professionals. Comprised of performance benchmarks, metrics, and revenue and compensation figures, this report analyzes industry insights by firm size, recruitment type, industry, role recruited, and role of respondent. It is a compendium of useful statistics designed to help recruiting professionals determine where they stand in relation to their peers.

For the purposes of the analyses in this report, we segmented staffing and recruiting agencies into four sizes, based on their number of salespeople and recruiters: 1-10 (small), 11-25 (lower-midsize), 26-74 (upper-midsize), and 75+ (large).

2013 was by almost all accounts a very good year for the staffing and recruiting industry. Overall revenue, as well as total number of placements – the most important metric for firms across the board – increased over the past year. However, there are signs of a slowdown for 2014. Agencies are more conservative about their growth plans, and some firms are overly reliant on a single large client for revenue. Meanwhile, contract and temp firms are gaining momentum for 2014, as the popularity of recruiting technology underscores a need for speed and performance.

Key Findings

Growth:

- 77% of respondents met or exceeded their revenue goals in 2013, more than 2012, 2011, or 2010.
- 75% of firms plan to grow headcount in 2014, compared to 82% in 2013.
- Growth in investment is slowing: only 23% of respondents’ firms plan to launch new offices in 2014, compared to 48% last year. Firms that consider recruiting technology important are more than twice as likely to open new branch locations in 2014.

Metrics:

- For the third year in a row, total number of placements was the most important metric for recruiting agencies.
- The average fill rate across all respondents was 46%.
- Average hit rate increased for respondents, from 33% in 2012 to 40% in 2013.
- The average time-to-fill in 2013 was 6 days for temp, 8 days for contract, and 32 days for perm.
- Respondents made 49% of their total placements using candidates from their internal databases.

Candidates:

- 71% of respondents admit to having a shortage of skilled candidates in their respective sectors for 2014 versus 76% for 2013.
- The best source of qualified candidates for 2013 was existing candidates from respondents’ applicant tracking systems, followed by referrals and social media.
Revenue and Growth

Revenue Expectations:
77% of respondents met or exceeded their revenue goals in 2013, more than 2012, 2011, or 2010. In terms of revenue expectations for the coming year, recruiting professionals are optimistic. 88% expect some sort of increase and only 3% anticipate a decline; 92% of respondents expected to increase revenue for 2013. Large firms are most bullish on growth in general.

Actual Revenue:
We asked respondents to disclose their firms’ actual revenues for 2013. We expressed these figures as revenue per recruiter/salesperson by firm size and recruitment type.

By recruitment type, large temporary firms and large contract firms had the highest revenue per recruiter/salesperson ($604,000 and $549,000, respectively). RPO firms in general were on the lower end; small RPO firms had revenue per recruiter/salesperson of $171,000.
Headcount:
Hiring plans for 2014 are healthy, with only 2% of respondents disclosing that their firms plan to reduce headcount, and 75% planning to grow it. However, this is less aggressive than last year, when 82% planned to add staff.

By primary recruitment type, contingent executive search firms are most conservative in terms of headcount plans, whereas contract and temp firms are primed for headcount growth. Interestingly, RPO firms’ growth plans are comparatively modest. Given the tremendous growth RPO has seen in the past several years this finding was surprising.

Branch Expansion:
We asked respondents if their firms planned to expand into new branch or office locations in 2014. Given the positive news about revenue growth, we expected aggressive expansion plans. This was far from the case.

Only 23% of respondents’ firms plan to launch new offices in 2014. 49% have no intention of doing so, and 28% are unsure.

For 2013, more than double the number of respondents’ firms planned to expand. And 2013 wasn’t an isolated case. While the percentage of firms meeting or exceeding revenue goals is growing, their investment in headcount and physical expansion is shrinking.

Interestingly, firms that consider recruiting technology important are more than twice as likely to open new branch locations in 2014. Among those respondents who consider recruiting technology such as applicant tracking systems to be important to success, 26% plan to expand branch locations in 2014. For those who are neutral or consider recruiting technology unimportant, only 12% plan to expand branch locations.
Revenue from Repeat Client Business:
Firms that generate a high percentage of their revenue from repeat client business demonstrate the value of nurturing strong customer relationships and delivering sustainable results. It appears as though staffing and recruiting firms understand the importance of customer relationships and key metrics (as we’ll see later): **72% of respondents generate 50% or more of their revenue from repeat client business.**

Results were relatively similar across recruitment types, ranging from 57% of revenue from repeat business for perm firms to 64% for temp firms.

Reliance on Large Clients:
While revenue from repeat client business is a sign of strong agency health, relying too heavily on a single client can be risky. The next question we asked in the survey – “what percentage of your total revenue does your largest client represent?” – aimed to determine the number of firms hedging their bets on a dangerous proposition.

By size, the findings were fairly tame, with one definite exception. 48% of upper-midsize respondents get 70% or more of their revenue from their largest client.

We also asked respondents if they could stay in business if they lost their largest client. Only 6% of respondents admit that they’d close if this were the case. **However, 22% of respondents reported that 50% or more of their revenue comes from their largest client.**

While several respondents at small, lower-midsize, and large firms felt at risk of shutting down if they lost their largest client, no respondents from upper-midsize firms (26-74) felt vulnerable. **Upper-midsize firms are most reliant on a single client, but are the least afraid of going under if they lose that client.**
Performance Benchmarks

How Successful Were Firms in 2013?

For the 2014 Staffing and Recruiting Trends Report, we collected performance benchmark data from the more than 1,300 recruiting professionals who took our survey. Use the data in this section to see how you compared to your peers in 2013.

Most Important Metrics:
We asked respondents to rank their key metrics in order of most important (#1) to least important (#6). To keep measurement consistent with previous years, we charted the percentage of respondents who considered each of the six metrics we measured as MOST important in the graph below.

For the third year in a row, total number of placements was most important. Interestingly, this metric has increased in importance every year. Hit rate (defined as starts divided by sendouts), on the other hand, has declined heavily year-over-year. And time-to-fill has become increasingly important, though it’s still at the bottom of the list.

While fill rate was the second most important metric overall, this was influenced by small firms. For lower-midsize, upper-midsize, and large firms, average gross margin of placement fee was actually the second most important metric in 2013.

Total number of placements was the top metric for all recruitment types except for RPO firms, which considered total number of placements and time-to-fill to both be most important.
Total Number of Placements Growth:
Given that total number of placements was again the top metric for recruiting firms, we asked whether respondents’ total number of placements grew over the past year.

71% of respondents said their total placements grew, 20% said they didn’t, and 9% were unsure.

By role recruited, finance and accounting, legal, and sales proved to be hot functional areas.

![Chart showing % of Firms Exhibiting Total Placement Growth in 2013 by Role Recruited]

Average Fill Rate in 2013:
The average fill rate across all respondents was 46%. For this report, we defined fill rate as the total number of job orders filled divided by the number of job orders received, multiplied by 100.

Respondents filling jobs for the shipping industry had the highest fill rate (67%), while those in entertainment had the lowest (36%).

For primary recruitment type, retained executive search firms had the highest average fill rate. Contingent executive search firms had the lowest fill rate and contract was close behind. This suggests that if contingent jobs aren’t filled quickly, they might not end up filled at all.
Average Hit Rate in 2013:

*Average hit rate increased for respondents from 33% in 2012 to 40% in 2013. We defined hit rate as the number of successful placements (starts) divided by the total number of client submissions (sendouts), multiplied by 100.*

Hit rate varied considerably between industries, with packaging/warehouse/transport having the highest hit rate and the restaurant/hospitality industry having the lowest.
Similar to the fill rate pattern, contingent executive search and contract firms had the lowest average hit rate by recruitment type.

**Average Time-to-Fill in 2013:**
For the report, we defined time-to-fill as the number of days or hours required to fill a new job opening. Despite the fact that time-to-fill was deemed the least important metric of the six we evaluated, analyzing it yielded some valuable findings, mainly – what types of respondents and firms are obsessed with speed? The answer is, as we’ve seen throughout the report, temp and contract firms.

**Broken out by recruitment type, the average time-to-fill in 2013 was 6 days for temporary, 8 days for contract, and 32 days for permanent.**

Because time-to-fill varied drastically between recruiting types, we split out the industry view by contract, temporary, and permanent recruitment. Interestingly, time-to-fill at contract recruiting firms was lowest for the entertainment and auto industries (2 days), but as mentioned earlier, entertainment also had the lowest overall fill rate (36%). What’s the point of filling jobs quickly if you don’t also fill the majority of them?
For 50% of respondents overall, average time-to-fill improved in 2013; it worsened for only 13%. We asked respondents whose time-to-fill worsened to explain why this happened. The most common reasons included stricter corporate HR processes from clients, a lack of qualified candidates (also the biggest overall challenge for 2014), and a lack of urgency from clients.
Average Number of Submissions Per Hire:
On average, respondents needed to submit 6 candidates to the client for every hire.

The average number of candidate submissions to the client for every one hire varied by type of recruitment, with firms specializing in permanent placement requiring 7 submitted candidates for every hire compared to just 4 candidates for temp agencies.

By role recruited, most healthcare roles required the highest average number of submissions per hire, with 11 for travel nurses, 10 for per diem nurses, and 6 for general healthcare positions. The exception was locum tenens healthcare positions, which required the fewest submissions (4), as did legal.

Average Number of Applications Per Job Posting:
Respondents received an average of 28 applications per job posting. Contract firms received much fewer applications – 17 – versus an average of 49 for temp firms. Temp firms’ high number of applications contrasted with their low submissions per hire, indicating that while quantity of candidates isn’t a problem, quality may be.
Per diem nursing jobs received the most applications per posting, followed by office/clerical/admin jobs. Interestingly, office/clerical positions, despite drawing a high number of applications, have a skills shortage problem which we’ll discuss later.

<table>
<thead>
<tr>
<th>Role Recruited</th>
<th>Applications Per Job Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare-Per Diem Nurse</td>
<td>50</td>
</tr>
<tr>
<td>Office/Clerical/Admin</td>
<td>47</td>
</tr>
<tr>
<td>All/Generalist</td>
<td>41</td>
</tr>
<tr>
<td>Marketing/Creative</td>
<td>39</td>
</tr>
<tr>
<td>Finance &amp; Accounting</td>
<td>37</td>
</tr>
<tr>
<td>Healthcare-Travel Nurse</td>
<td>36</td>
</tr>
<tr>
<td>Sales</td>
<td>33</td>
</tr>
<tr>
<td>Professional/Specialty</td>
<td>32</td>
</tr>
<tr>
<td>Legal</td>
<td>32</td>
</tr>
<tr>
<td>Light Industrial</td>
<td>31</td>
</tr>
<tr>
<td>Healthcare-General</td>
<td>24</td>
</tr>
<tr>
<td>Engineering/Design</td>
<td>23</td>
</tr>
<tr>
<td>Clinical/Scientific</td>
<td>19</td>
</tr>
<tr>
<td>IT/Technical</td>
<td>18</td>
</tr>
<tr>
<td>Healthcare-Locum Tenens</td>
<td>6</td>
</tr>
</tbody>
</table>

Percentage of Firms’ Placements Made from Candidates in ATS:
Overall, respondents made 49% of their total placements using candidates from their applicant tracking databases.

Contract firms made the highest percentage of placements using existing candidates from their databases, whereas retained executive search firms were more likely to turn to new candidates. We also know that contract firms that deal with a high-volume business are more likely to use VMS, where speed is critical, and consider “existing candidates from the ATS” to be their most effective high-quality sourcing method (discussed later).

A low-volume, long-lead business like retained executive search would rely less on existing candidates who may not be an exact fit for a senior position and more on relationship-centric sourcing strategies like social media, the number one candidate sourcing strategy for retained exec search firms.

<table>
<thead>
<tr>
<th>Recruitment Type</th>
<th>Average % of Placements Made From Existing Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract</td>
<td>55%</td>
</tr>
<tr>
<td>Temporary</td>
<td>51%</td>
</tr>
<tr>
<td>Permanent</td>
<td>46%</td>
</tr>
<tr>
<td>Executive Search - Retained</td>
<td>45%</td>
</tr>
<tr>
<td>Executive Search - Contingent</td>
<td>47%</td>
</tr>
<tr>
<td>RPO</td>
<td>51%</td>
</tr>
</tbody>
</table>

Fee Per Perm Placement:
We asked respondents at firms specializing primarily in permanent placement to disclose their firm’s average fee per placement in 2013. The average fee per permanent placement was $16,602.
Compensation

Compensation Performance:
Respondents are optimistic about their total compensation for this year (defined as salary plus bonus), with more expecting an increase (84%) in 2014 than for 2013 (81%) or 2012 (77%).

In terms of realized compensation overall, 2013 was slightly less lucrative than 2012. 61% of respondents saw a year-over-year compensation increase in 2013, versus 63% who saw one in 2012.

Actual Compensation Performance Compared to Previous Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Increase</th>
<th>Decrease</th>
<th>Stay the Same</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>54%</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>2011</td>
<td>60%</td>
<td>11%</td>
<td>29%</td>
</tr>
<tr>
<td>2012</td>
<td>63%</td>
<td>25%</td>
<td>13%</td>
</tr>
<tr>
<td>2013</td>
<td>61%</td>
<td>14%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Real Compensation in 2013:
Now let’s talk actual numbers. CEOs unsurprisingly made the most money in 2013 ($154,000), but salespeople and account managers made much more than recruiters ($92,000 versus $74,000).
We also broke out compensation by firm size and three roles. Small firm CEOs made an average of $149,000, whereas CEOs of lower-midsize firms topped the charts with average compensation of $215,000. And while CEOs at large firms made the second-highest amount among their peers, recruiters at large firms made the least — with average compensation of $62,000.

Analyzing compensation by recruitment type, it's clear that retained executive search is where the money is. CEOs for firms specializing in retained executive search pulled in a comparatively massive $230,000 in average compensation.
We examined several key trends for 2014 based on our 2013 findings.

Greatest Opportunity and Biggest Threat:
In 2014, according to write-in responses, the greatest opportunity for recruiting firms is social media. In 2013, the greatest opportunity for recruiting firms was the very similar “access to passive candidates via social media.” “Mobile recruiting” is a distant second for 2014, followed by “Big Data.”

For 2014, based on open-ended responses, the greatest obstacle or threat to success is a lack of qualified candidates. This is closely followed by economic concerns and increased competition. In 2013 the greatest challenge was “a lack of skilled candidates,” followed by “unrealistic client expectations.”

Skills Shortage:
The good news is that the skills shortage, while being the biggest challenge two years running, is slightly less pervasive this year. 71% of respondents admit to having a shortage of skilled candidates in their respective sectors for 2014 versus 76% for 2013.

By industry, the findings are somewhat peculiar. Technology – which in previous years had a critical shortage of qualified talent – is running in the middle of the pack this year. Transportation (84%), pharma/biotech (77%), and utilities (78%) all saw higher reported shortages than technology (72%).
Insights

What Makes a Successful Recruiting Firm?
For this year’s report we sought to learn more about some of the elements of recruiter success, starting with best practices for sourcing candidates.

Candidate Sourcing Strategies:
We asked respondents to rank their most successful candidate sourcing strategies for 2013 from best (1) to worst (7). The most successful source of qualified candidates for 2013 was existing candidates from respondents’ own applicant tracking systems (3.3), followed by referrals from previous successful placements (3.4) and social media (3.5).

Job boards – often discussed and debated in the recruiting media – were in the middle with a rank of 3.6. Aggregator sites (4.6), re-hires (4.8), and cold calling (4.8) did poorly.

Segmented by firm size, the findings vary significantly. For large firms, the most successful source of qualified candidates was job boards, followed by referrals. The least successful source was cold calling.

Meanwhile, lower-midsize firms fared best using existing candidates from their ATS, followed by referrals and job boards, but did poorly with cold calling. Upper-midsize firms were most successful with existing candidates from their ATS as well, and also saw strong results with job boards and referrals, but did terribly with re-hires.
Social media was the most successful source of quality candidates for permanent staffing firms – a major evolution since our 2011 Trends Report found social media to be the least successful sourcing method. But for contract firms, where speedy placements are crucial, existing candidates from applicant tracking systems were the best source of quality candidates. For temp firms, referrals from previous placements proved to be the best source.

Retained and contingent executive search firms, not shown in the graph, had common results. For retained exec search, the number one sourcing strategy – like perm – was social media (2.4 ranking). Referrals were a distant second (3.3), and re-hires were the least effective (5.4). For contingent executive search, the top candidate sourcing strategy was also social media (3.0), followed closely by referrals (3.0). Last was, again, re-hires (5.4).

### How Important Is Recruiting Technology to Agency Success?
Applicant tracking systems (ATS) are no longer a luxury – they’re an integral part of agency success. 89% of respondents consider recruiting technology such as applicant tracking systems to be important or very important to their firms’ success for 2014, a higher percentage than 2013 or 2012.

Firms across all sizes consider recruiting technology important to success, but small firm are on the lower end of the findings, at 86%, versus 93% for lower-midsize firms, 94% for upper-midsize firms, and 93% for large firms. 75% of respondents from large firms considered recruiting technology very important.

By recruitment type, the findings are very different. It appears that the shorter the placement cycle, the more respondents consider recruiting technology important to success. For a high-volume placements business like RPO, contract staffing, and temp staffing, recruiting technology such as applicant tracking systems is crucial. **A whopping 86% of RPO respondents think recruiting technology is not just important, but very important.** For a longer-lead or lower-volume business like executive search, recruiting technology is perceived as less important. **In other words, the firms that rely most on recruiting technology have a need for speed and automation.**
The Greatest Quality of a Successful Recruiter:
We wanted to conclude the 2014 Trends Report on a qualitative note. We’ve presented numerous benchmarks that demonstrate what success looks like for recruiting firms. But what makes a successful recruiter? What character traits separate someone who’s just in it for personal gain from a real professional who cares about people – a master of appreciating human potential? What is the single greatest quality of a successful recruiter?

We asked respondents to write in their ideas, and the most dominant answer was “persistence.” This was followed by “the ability to listen” and, supporting the importance of holding on against all odds, “tenacity.” One highly optimistic individual wrote “good looks.”
In December of 2013, Bullhorn conducted its annual trends survey of 1,337 North American recruiting agency professionals. Below is a breakdown of respondents by:

**Firm Size** (total number of salespeople and recruiters)
- 1-10: 58%
- 11-25: 17%
- 26-74: 13%
- 75+: 12%

**Primary Type of Recruitment**
- Permanent and/or RPO: 41%
- Temporary: 12%
- Contract: 33%
- Executive Search-Contingent and/or Executive Search-Retained: 13%

**Geographic Locations**
- United States: 91%
- Canada: 9%

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**About Bullhorn**

Bullhorn® creates software and services that help recruiters put the world to work. For over fourteen years our innovations have powered the recruiting and staffing operations of fast-growing start-ups up through the world’s largest employment brands. Headquartered in Boston, with offices in St. Louis, Vancouver, London and Sydney, Bullhorn’s recruiting CRM, back office, and social recruiting products serve more than 10,000 clients representing nearly 300,000 users across 150 countries.

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