TWO STEPS FORWARD

ONE STEP BACK

2013

NORTH AMERICAN STAFFING AND RECRUITING TRENDS REPORT
Introduction

In December of 2012, Bullhorn conducted its annual trends survey of North American recruiting agency professionals, seeking to assess the state of the staffing industry from the vantage point of business performance, recruiter compensation, recruiting technologies, and measurement best practices. In addition to the 2013 North American Staffing and Recruiting Trends Report, the 2013 EMEA Staffing and Recruitment Trends Report and the 2013 APAC Staffing and Recruitment Trends Report are also available on the Bullhorn website.

2012 was a positive year for recruiters and candidates alike — a year in which social recruiting became truly ubiquitous and general revenue performance improved — but it was not without setbacks. Management compensation expectations increased, but recruiter compensation expectations significantly decreased. And despite the vast majority of respondents considering mobile access to recruiting technology important to their success, it doesn’t appear that they’re fully leveraging the benefits such access affords them.
Key Findings

• Expected total compensation has steadily increased for staffing firm VPs, directors, and managers over the past three years, but it has steadily decreased for recruiters, account managers, and sales representatives.

• The most important metric for measuring agency performance in 2012 was “total number of placements.”

• 73% of respondents reported that their firms met or exceeded their revenue goals for 2012, compared to 70% in 2011.

• More firms used standardized metrics to measure performance outcomes in 2012 than in 2011.

• 98% of respondents used social media for recruiting in 2012, versus 94% in 2011.

• More recruiters reported success placing candidates they found on Facebook than those they found on Twitter.

• Executive search recruiters had a higher hit rate and average number of applications per job post than recruiters specializing in direct hire, contract/consulting, and temporary positions.

• Job boards were ranked least effective for finding high-quality candidates among methods including social media, referrals, networking, and in-house candidate databases.

• 92% expect their firm’s revenue performance will improve in 2013, down from 96% in 2012.

• The single greatest opportunity for recruiters in 2013 is “increased access to passive candidates via social media.”

• 82% of staffing agency executives plan to add staff to their business in 2013, an increase of almost 3% over 2012.
LOOKING BACK AT 2012

2012 was a slightly more successful year for the staffing industry — at least as reflected by revenue performance — than 2011 and 2010. Over the past year, 37.5% of respondents exceeded their revenue goals, while 35.6% met them, and 27% fell short. Compare this to 2011, when only 27% exceeded their goals, 43% met them, and 30% fell short of their goals. Despite a narrow increase of 3.1%, a greater number of recruiters performed to expectation or out-performed in 2012 compared with 2011.

On the heels of the Great Recession, in 2010, 36% of recruiters said their firm exceeded their revenue goals, 35% met them, and 29% fell short. The survey in 2009 found recruiters to be especially bullish about 2010, looking for glimmers of hope after such terrible economic times. Perhaps such positive 2010 performance was merely indicative of how significantly 2009 revenue performance had lowered expectations.

LOOKING FORWARD TO 2013

Looking forward to 2013, 40.6% of staffing agency owners, managers, directors, C-level executives, board members, and VPs predict that revenue will increase between 11% and 25% over 2012, while 33.7% are more ambitious – anticipating a revenue increase of greater than 25%. This ambition, however, is tempered in comparison to last year’s predictions, in which 45% of recruiters felt that 2012 revenue would increase by more than 25%. However, only 29% predicted an increase of more than 25% for 2011. Therefore, while expectations for 2013 are less robust than they were in 2012, they’re certainly a marked improvement over sentiments for 2011.
Additionally, respondents believe that 2013 will be a year of unprecedented headcount growth and international expansion. When agency leaders were asked if they plan to add staff to their business in 2013, a whopping 81.6% said yes. Any hesitation to invest in more recruiting personnel appears to have waned. Similarly, 47.9% of recruiters said their companies would expand into new geographies in 2013 (compared to 44% in 2012). With advances in mobile recruiting and Software-as-a-Service (SaaS) technologies that allow firms to get new branches up and running in a matter of hours, the obstacles for global growth are fewer than ever before.

**BIGGEST OPPORTUNITY FOR RECRUITING IN 2013: SOCIAL MEDIA**

For the first time since Bullhorn began issuing annual Trends Reports, respondents we polled contended that the single biggest overall opportunity for staffing and recruiting professionals in the upcoming year was
Recruiting professionals listed their biggest challenge for 2013 as a lack of skilled candidates (33%). Additionally, in a separate question, 76.1% of respondents claimed to have a shortage of skilled candidates in their respective recruiting sectors. With more than half of all North American respondents recruiting for industries including information technology, this lack and/or shortage of “skilled candidates” quandary brings to mind the war for talent (foreshadowed in the 2011 Trends Report, “An Industry on the Upswing”) over software developers and programmers, especially in tech hubs such as Boston, Silicon Valley, and New York City.

The second most cited major challenge for 2013 was unrealistic client expectations (26.5%). One recruiter contended that the biggest issue was that “candidate compensation requirements are not in line with client expectations” – reflective of both...
challenges. Recruiters also expressed worry about a weak economic outlook for 2013, suggesting that the end of the Great Recession hasn’t fully appeased uncertainty over the direction of the economy.

SOCIAL RECRUITING ISN’T NEW ANYMORE. IT’S THE RULE.

98.2% of recruiters we polled – undoubtedly a tech-savvy group – used social media for recruiting in 2012.

Social media usage has increased steadily over the past three years. For the 1.8 percent of respondents who didn’t take advantage of social recruiting in 2012, 29.2% said it was because they didn’t know how to measure its effectiveness and 25% claimed it was because they didn’t know how to use it. There is no longer any question that social recruiting works – the only roadblock to full social media adoption in the staffing industry is that some still require further education on how to maximize it.

In fact, 97.3% of recruiters used LinkedIn for recruiting in 2012. Newer social networks also gained traction, with 19.1% of staffing professionals leveraging Google Plus this year and 3.6% using Pinterest. Though more than half of respondents (51.3%) used Facebook and 48.8% used Twitter, these percentages are lower than those of 2011, in which 60.2% used Facebook and 51.5% Twitter. In contrast, more respondents used LinkedIn in 2012 than in 2011.
INTERESTINGLY, WHEN RECRUITERS WERE ASKED WHICH SOCIAL NETWORKS PRODUCED CANDIDATES THEY WERE ACTUALLY ABLE TO PLACE, 16.7% SELECTED FACEBOOK WHILE ONLY 12.7% SELECTED TWITTER. THIS ISN’T A NEW TREND. IN 2011, THE SAME PERCENTAGE (16.7%) SUCCESSFULLY PLACED CANDIDATES FROM FACEBOOK VERSUS 10.1% WITH TWITTER. THIS IS SURPRISING GIVEN THAT A GREATER PERCENTAGE OF BULLHORN REACH USERS HAVE CONNECTED THEIR TWITTER ACCOUNTS (29%) THAN THEIR FACEBOOK ACCOUNTS (24%), BELIEVING THAT FACEBOOK YIELDS LESS QUALIFIED CANDIDATES AND SHOULD BE USED ONLY FOR PERSONAL MATTERS. RECRUITERS’ OWN EXPERIENCE AND RESULTS FROM THE PAST TWO YEARS PROVE THAT THIS IS NOT THE CASE, AND INDICATE THAT FACEBOOK IS A MORE UTILIZED AND MORE EFFECTIVE SOCIAL RECRUITING CHANNEL THAN TWITTER. THIS ISN’T TO ARGUE THAT FACEBOOK IS MOST EFFECTIVE, OF COURSE. 92.9% OF RESPONDENTS STATED THAT LINKEDIN PRODUCED CANDIDATES THEY WERE ABLE TO PLACE.

SOCIAL RECRUITING PERCEPTION VS. REALITY

When asked which social networks they plan on using more extensively in 2013, 82.6% of recruiters said LinkedIn. Twitter pulled in 38.3% of the vote, while only 37.4% said they’d use Facebook more often in the coming year. But why, given that Facebook was reported as being more widely-used and effective in generating qualified candidates than Twitter, were recruiters more excited to use Twitter than Facebook in 2013? While Facebook is more of a personal tool than a professional one – as opposed to LinkedIn – the data shows that it does indeed have professional value. Meanwhile, for the first time, Pinterest made the list for social media channels used by recruiters. However, it still hasn’t proven its relevance for recruiting, with only 6.5% planning to increase their usage of it in 2013. Additionally, Google+ has surpassed blogging in popularity for the coming year.
**BENEFITS OF SOCIAL MEDIA**

Eighty-three percent of recruiters reported that the biggest benefit of using social media for recruiting was finding passive candidates, an increase of 6% over 2011, followed by building brand awareness, developing new client leads, and filling jobs more quickly. In 2011, the fourth biggest benefit was reducing job board spend, which came in fifth for 2012. Interestingly, although finding passive candidates grew in popularity as a social recruiting benefit, almost all other benefits decreased. Given that respondents outlined the greatest opportunity for 2013 as access to passive candidates via social media, it seems that finding passive candidates is of greater focus to recruiters than building brand awareness and even developing new client leads in the current business environment.

**SOCIAL NETWORKING: THE KEY TO OBTAINING NEW CLIENTS**

Social networking has made huge leaps over the past three years, finally achieving recognition as the best way to obtain new clients. Social networking tied for the top spot with attending networking events, ahead of joining professional groups and maintaining an online presence (e.g. website, blog). This is a departure from 2011, where social networking came in third, and 2010, where it came in fourth.
FINDING THE RIGHT TALENT

Recruiters rated the effectiveness of various common methods for finding candidates in 2012 on a scale of 1 to 5 (1 being least effective, and 5 being most effective). “Networking with other people, firms, and associations” came out on top with an average of 4.17, “referrals from previous placements” second with 4.08, and “in-house candidate databases” rounded out the top three at 3.84. Meanwhile, 45% of respondents cited “social media” as a highly effective sourcing method, giving it an average rating of 3.48. This is in contrast to 2011, when social media was in last place with a 3.18 rating. In 2012, the method ranked as least effective for finding quality candidates was job boards.

EXECUTIVE SEARCH FIRMS
RECEIVE MOST APPLICATIONS PER JOB POST

Forty-five percent of recruiters reported that, on average, they received between 1 and 9 applications for each job they posted in 2012, with 26.5% receiving 10-19 applications per job post, 12.7% getting 20-29 applications, and a slightly higher percentage receiving 30+ applications (15.8%). While the 1-9 application average seems low, this is across all industries and types of firms.

Segmented by industry vertical, Office/Clerical recruiters saw the highest average number of applications per job post at 21, followed closely by Sales at 20. The four industries that reported the lowest average number
of applications per post were Public Sector, Real Estate, Information Technology, and Healthcare. This is interesting given that Real Estate recruiters claimed the highest hit rate (starts divided by sendouts), covered later in the report.

Calculating average applications per job post by type of agency, those specializing in executive search and temporary positions fared the best, with an average of 17 candidates. Direct hire and contract firms received fewer candidates, averaging 15 and 14 applications per post respectively.

**MEASURING SUCCESS**

As with previous years, we asked owners, managers, directors, VPs, presidents, board executives and C-level executives to rank the number one metric used by their staffing firms to measure success. The single most important metric was “total number of placements.” “Fill rate” came next, followed by “hit rate,” “average gross margin of placement fee,” “total number of job orders,” and lastly, “time-to-fill.”

This is a departure from the 2012 report, which saw “hit rate” as the most important metric for
measuring agency performance, at 35.3%. This was followed by “total number of placements” (32.3%), “fill rate” (21.5%), and “average gross margin of placement fee” (18.4%). Both this year and last year, however, “total number of job orders” and “time-to-fill” came in second-to-last and last in terms of importance, respectively. Interestingly, “total number of placements” was also most important in 2010, followed by “fill rate” and “total number of job orders.” Whether claiming the top spot or not, “total number of placements” is a hugely important metric in determining company performance.

PLACEMENTS STILL DOMINANT METRIC FOR SALES

When asked for the number one metric they used to track their most effective salespeople, agency executives responded with exactly the same order of preference as in 2011. “Number of placements” was number one,
followed by “number of job orders,” “placement ratios,” “number of interviews set,” “number of contracts,” and “time-to-fill.” A small percentage used other metrics for determining sales effectiveness, including “gross margin produced” and “revenue generated,” while a still smaller number claimed it was “difficult to track.”

One respondent listed the most important metric as candidate “attrition rate.”

Use of the top five metrics for measuring salesperson effectiveness – “number of placements,” “number of job orders,” “placement ratios,” “number of interviews set,” and “number of contracts” – all increased over both 2011 and 2010. This increasing reliance on performance metrics by staffing firms is an encouraging trend. As the adage goes, “you cannot manage what you cannot measure.”

AVERAGE HIT RATE VARIES BETWEEN INDUSTRIES

The most commonly reported average hit rate for 2012 – described as “number of successful placements (starts) divided by total number of client submissions (sendouts) times 100” – was between 21-30%, with a gradual lead-up and decline and then an increase around the 51-60% and 60%+ marks. Who were these outliers with hit rates of more than 50%?

The data shows they all came from small staffing firms. Even though small firms demonstrated only a slightly higher average hit rate than mid-sized and large firms, this is due to a combination of extremely low and high rates within the category. While some small firms were batting 1,000, some were batting 100.

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Segmented by type of firm, the averages were surprisingly consistent, with executive search, temporary, direct hire, and contract firms all reporting hit rates of around 35%. Nonetheless, in both hit rate and applications per job post executive search recruiters came out slightly ahead of their peers.

From the standpoint of industry served, Real Estate had the highest average hit rate at 45%. This was followed by Construction at 43%, Industrial at 41%, and Office/Clerical at 40%. Legal had the lowest hit rate of any industry covered, at 24%. Given the widely reported jobs shortage for lawyers, this finding isn’t surprising.

As mentioned earlier, respondents from small, mid-sized, and large staffing firms all reported fairly similar average hit rates around the mid-thirties. Nevertheless, large firms did see a slightly lower hit rate percentage than small and mid-sized staffing agencies.

**SALES: TAKING CARE OF BUSINESS**

To understand “a day in the life” of salespeople, we asked a series of questions to assess the time they spent out of the office meeting with people, managing accounts, and attracting new clients.

Working time spent in outside meetings increased significantly since last year. 72% of sales-focused respondents spent more than ten percent of their time out of the office in meetings in 2012, compared to only 58% who did so in 2011. This is much higher than the average across all respondents (including recruiters),
in which only 49% spent more than ten percent of their time outside the office, indicating that salespeople may be taking advantage of advances in mobile technology that enable them to be both productive and untethered (discussed in the next section). Additionally, 84% of salespeople spent more than ten percent of their time managing existing accounts, a decline from 87% in 2011.

**Working Time Spent in Outside Meetings Increased Significantly Since Last Year.**
Staffing firm executives were asked to identify improvements they had made in the past year to increase business success. Nearly 63% claimed to have “increased focus on strengthening new and existing client relationships.” However, in terms of growing their account rosters, only 10.9% of salespeople reported spending more than half of their time attracting new clients.

It is important to note that time spent attracting new clients has fallen in the past several years, with 11.7% of salespeople allotting more than half of their time to it in 2011, 17% doing so in 2010, and 22% in 2009.

Greater efficiency gleaned from using social media to attract clients could account for this decrease in time. Among salespeople specifically, “developing new client leads” was the second biggest benefit of social recruiting; it came in third when averaged across all respondents. Overall, in 2012, salespeople spent more time meeting with prospects and clients outside and less time managing existing accounts or attracting new clients.
MOBILE: A BOON FOR SALES ROAD WARRIORS

Given that the majority of respondents reported face-to-face networking events to be one of the best ways to attract new clients, it’s no surprise that 83.9% thought mobile access to their ATS/CRM system was important (compared to 80% in 2011). However, of the respondents who considered mobile CRM “extremely important,” a still sizeable 42.3% spent less than 10 percent of their time out of the office. That’s less than the total average of 51%, but not by much. There’s no indication that mobile ATS/CRM enthusiasts (across roles) as a rule spent considerably more time out of the office untethered than their counterparts. While mobile ATS/CRM functionality has advanced considerably in the past few years, it doesn’t appear that recruiters are fully leveraging the physical freedom such technology affords them.

Salespeople, however, are a different story. One-hundred percent of the staffing salespeople polled who spent more than half their time outside in meetings considered mobile access important, with 85.7% considering it “extremely important.” It’s unclear whether salespeople who appreciated mobile technology were able to spend more time outside the office by virtue of using it, or if busy field sales professionals took advantage of mobile solutions by necessity. Nevertheless, there is a link between salespeople appreciating mobile ATS access and spending more time out of the office.

Importance of Mobile Access to Recruiting Technology (All Respondents)
ATS/CRM NO LONGER A LUXURY, BUT A NECESSITY

On the subject of ATS/CRM technology in 2012, 87% of respondents agreed that such systems were important to the success of their business, with 61.9% considering them “extremely important.” This is an increase over the 83.6% of recruiters who considered ATS/CRM systems important in 2011, indicating that as ATS/CRM technology continues to improve and iterate, the role it plays in ensuring staffing agency success grows stronger.

Broken out by company size, it’s recruiters from mid-sized firms who considered ATS/CRM technology most important to business, followed by those at large firms. While only 85% of respondents at small firms felt ATS/CRM was important, that’s still an improvement over 2011 figures. The opposite is true for respondents from large staffing firms. All respondents from large firms in the 2011 survey reported that ATS/CRM technology was important but only 88% did so in the 2012 survey.

SHOW ME THE MONEY?

Respondents perceived their pay as being better in 2012 than 2011, but for 2013 the collective numbers indicate an expected decline.

Nearly 63% of North American recruiting professionals said their average compensation (salary and bonus) increased in 2012. Almost 25% of respondents said their compensation remained the same as 2011, and 12.8% reported that it decreased. This is a slight improvement over the previous year’s figures, which showed 61% of recruiters increasing their 2011 compensation compared to 2010. While more recruiters experienced
To get a better sense of how pay varied between roles, Bullhorn calculated average total expected compensation for 2013 (compared to expectations for 2012 and for 2011) by job level. While board/C-level/owner/president-level respondents expected their compensation to increase in 2012 and decrease slightly this year, the most remarkable finding is that recruiters/account managers/sales representatives have anticipated continually-reduced compensation over the past three years. VPs, directors, and managers have seen a steady increase, while recruiters and salespeople have seen a steady decrease.
Expected total compensation in 2013 for board/C-level/owner/president-level respondents was $189,306. This is lower than last year’s expectation ($197,061), but higher than 2011 ($175,500).

The average total compensation expectation for VPs, directors, and managers was $139,314 for 2013. This is higher than the expected $130,298 for 2012 and $127,059 for 2011.

Anticipated compensation for recruiters, account managers, and sales reps averaged $104,863 for 2011 on the heels of the Great Recession. The expectation for 2012 was a slightly lower $97,048. However, for this year it decreased dramatically to $82,269. While these figures still position recruiting as a lucrative profession, those working on the front lines are bracing for reduced compensation.

Looking at total compensation expectation by firm size, the findings are even more interesting. Recruiters and salespeople across every firm size expected lower pay in 2013 compared with 2012. VPs, directors, and managers across every firm size expected higher pay in 2013 than in 2012. And with the exception of mid-sized firms, board members and C-level executives expected a decrease in 2013 compared to 2012. 2011 data is not included here due to insufficient large-firm sample size.
PAY INCREASED FOR NEW HIRES

Overall, candidates who found new jobs had a good 2012 financially. In evaluating candidate compensation in their respective job sectors over the past year, 46.5% of recruiters said it had increased, 46.2% said it did not change, and only 7.4% felt it had decreased. As the economy continued its gradual recovery, candidate salaries grew healthier. Additionally, the candidates who did get hired were likely the skilled ones over which clients were competing, thus driving up new hire compensation.
Conclusion

While 2012 represented several steps forward for the staffing industry in terms of recruiting technology advancements and nearly-universal adoption of social media, compensation expectations for recruiters, account managers, and sales representatives dropped significantly. 2012 seemed to introduce new problems just as it solved older ones. Staffing professionals expect 2013 to be a year of considerable growth for their firms – notably from the perspective of revenue, global expansion, and personnel – but new challenges will arise in the coming months. While its effects are yet to be seen, 2013 will be a pivotal year in shaping the future of recruiting.

About the North American Staffing and Recruiting Trends Report

Of the 1,848 staffing professionals who completed our survey, 84% were from the United States, 8.2% from Canada, 0.4% from the U.S. Virgin Islands, and 0.1% from Puerto Rico. Anyone who did not work in North America was automatically screened out of the survey. In terms of roles and responsibilities, 59.2% of survey-takers were recruiters, account managers, or sales representatives; 22% were vice presidents, directors, or managers; 16.3% were board members, C-level executives, owners, or presidents; and 2.5% held miscellaneous agency positions.

Q: What is the total number of salespeople and recruiters in your company?
About Bullhorn

Bullhorn® creates software and services that help recruiters put the world to work. For over ten 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 and social recruiting products serve more than 10,000 clients representing nearly 200,000 users across 150 countries.

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