

Staffing Industry Report Webinar

October 2016



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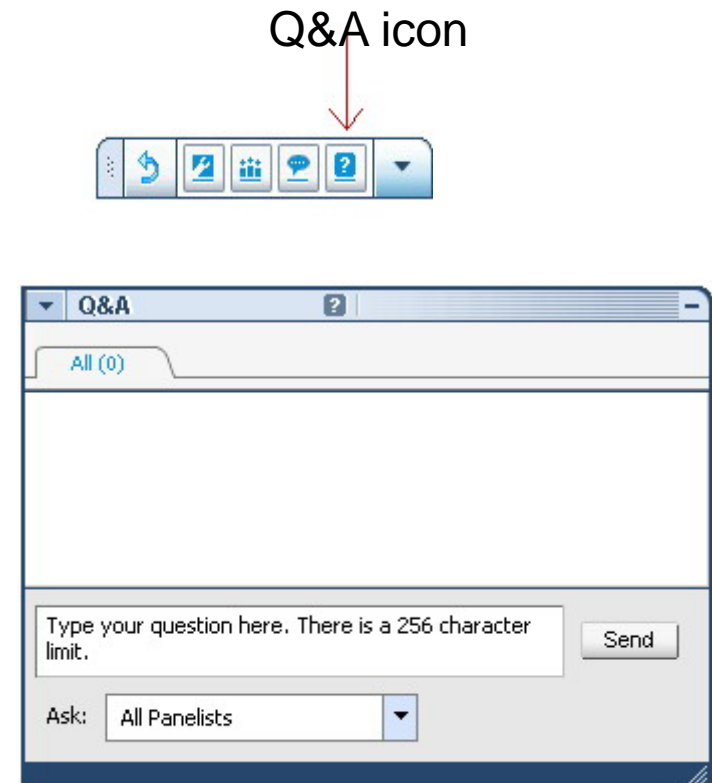
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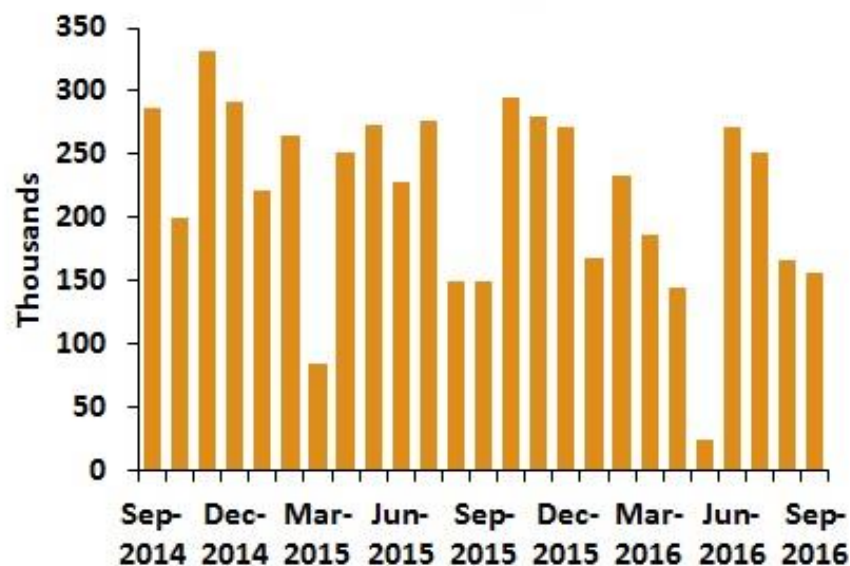
Agenda

- Economic and employment trends
- Staffing firm acquisition multiples
- Self-insurance—to what degree are staffing firms using it?
- Is the “bench model” the future of staffing?
- Staff satisfaction survey methods & something valuable...for free
- Buyer management strategies & priorities
- Contingent workforce usage and buyer projections
- Q&A, etc.

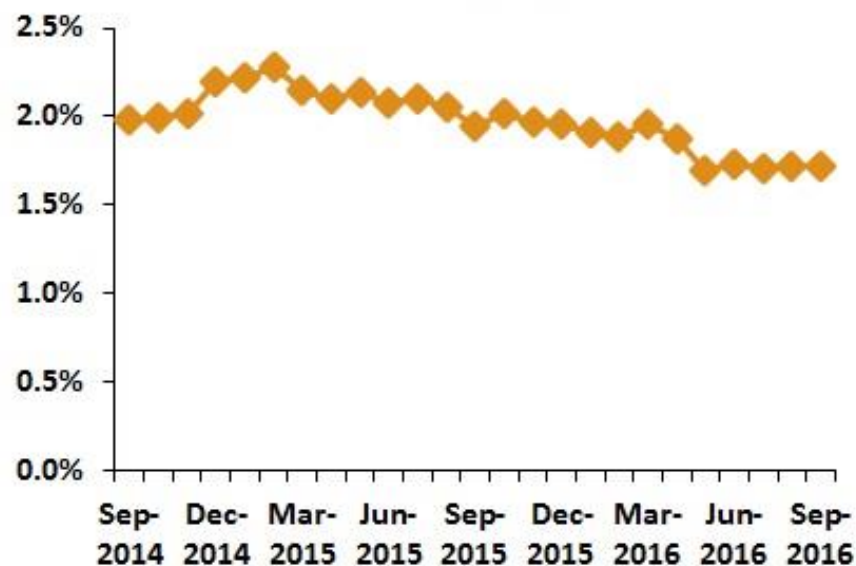
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Employment up 156K in Sept., up 1.7% y/y

Monthly Change in Total Nonfarm Employment

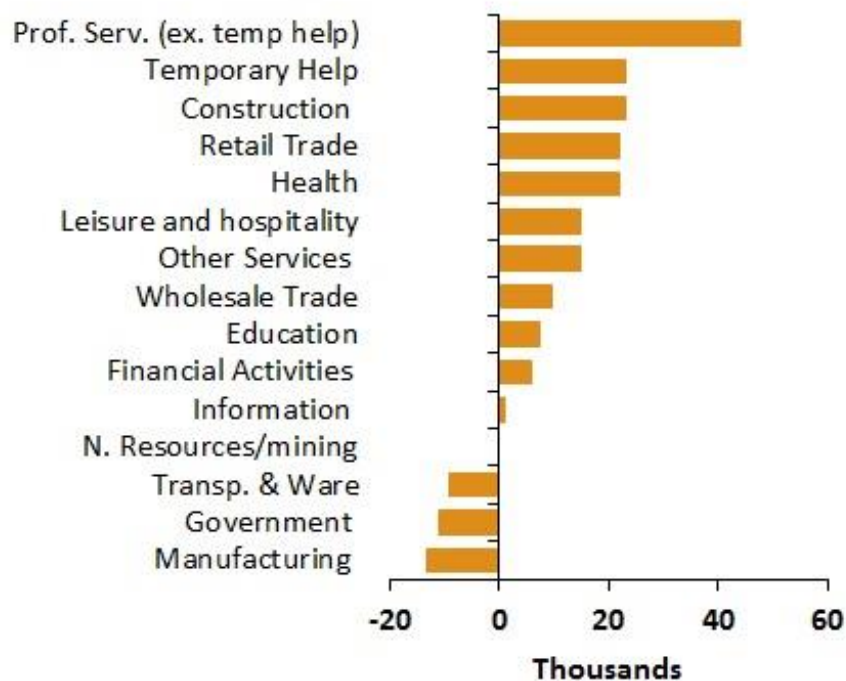


Year-over-Year Change in Total Nonfarm Employment

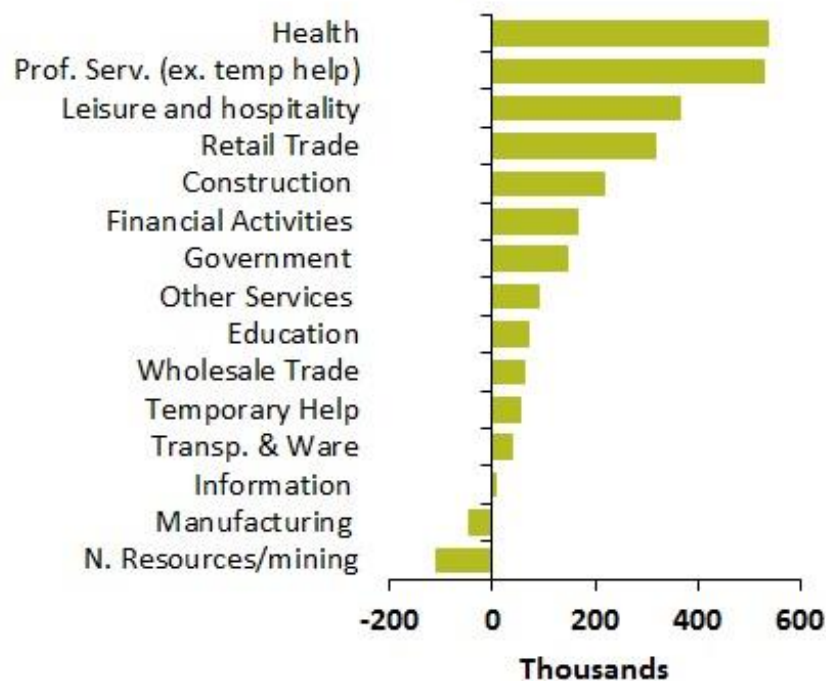


Employment trends by industry

Change in Employment:
September (000s)

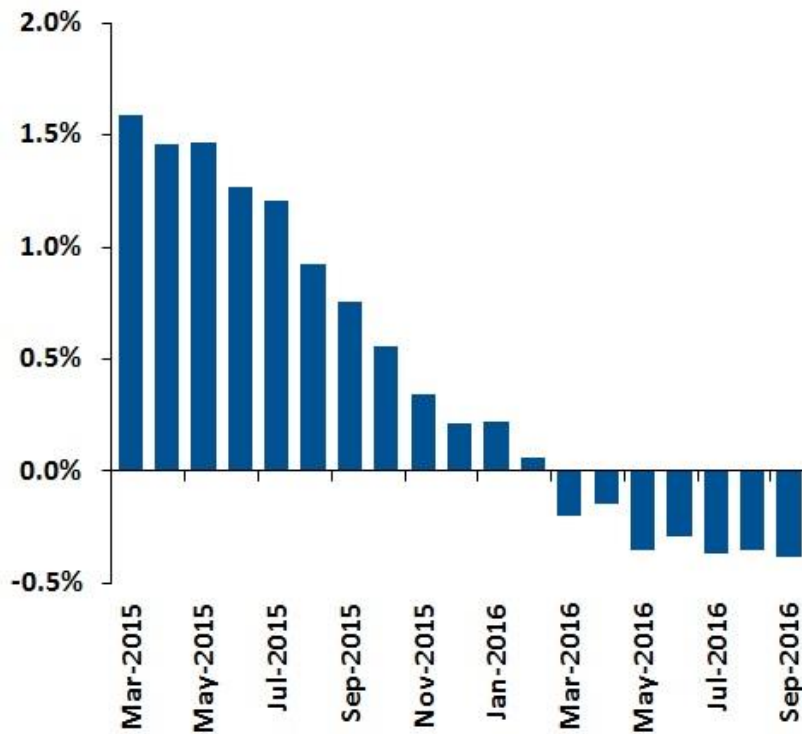


Change in Employment: LTM
(000s)

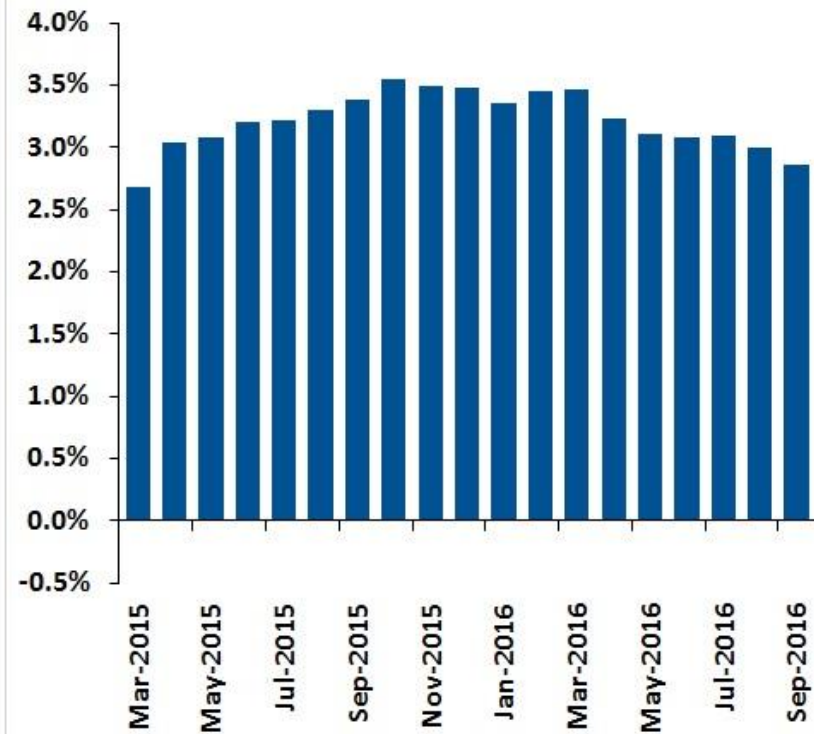


Two biggest temp markets – Manufacturing and Healthcare -- night and day difference

Manufacturing : Y/Y Change

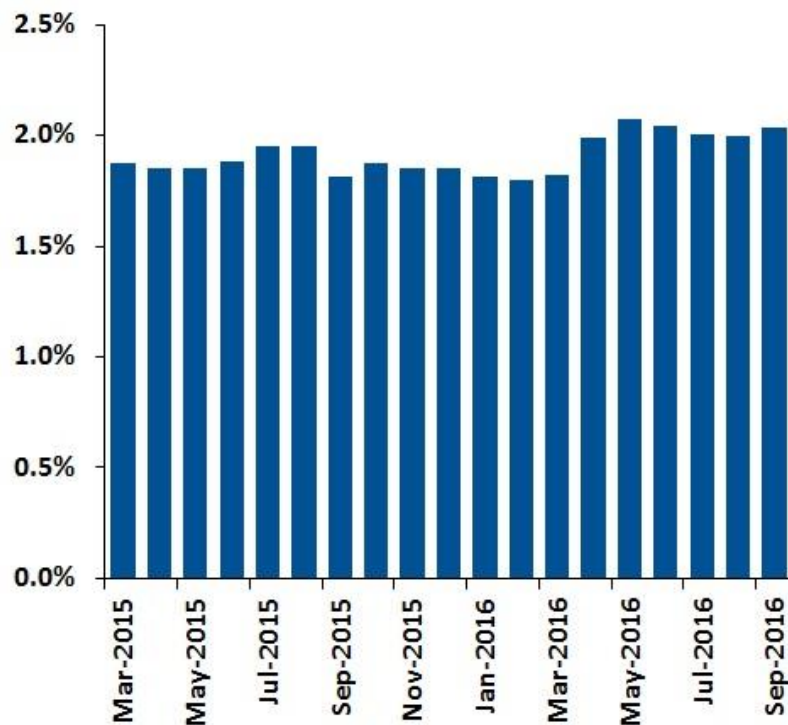


Health: Y/Y Change

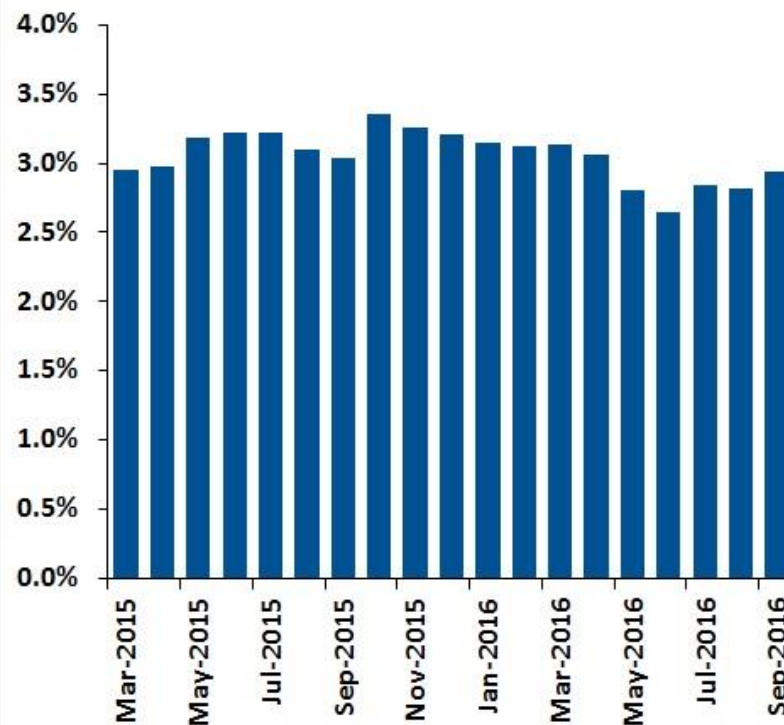


Next two biggest temp markets – Finance and Professional Services – continue outperforming

Financial Activities : Y/Y Change

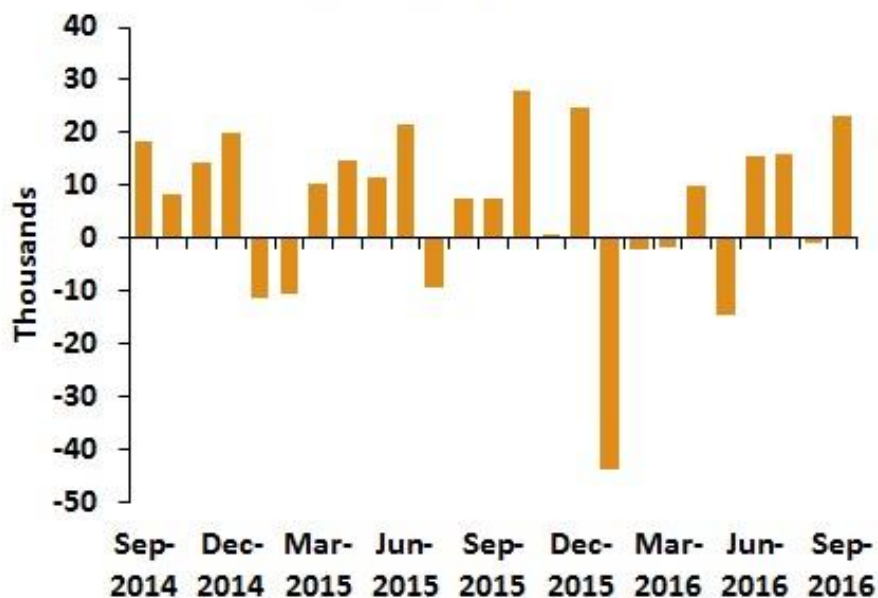


Prof. Serv.: Y/Y Change

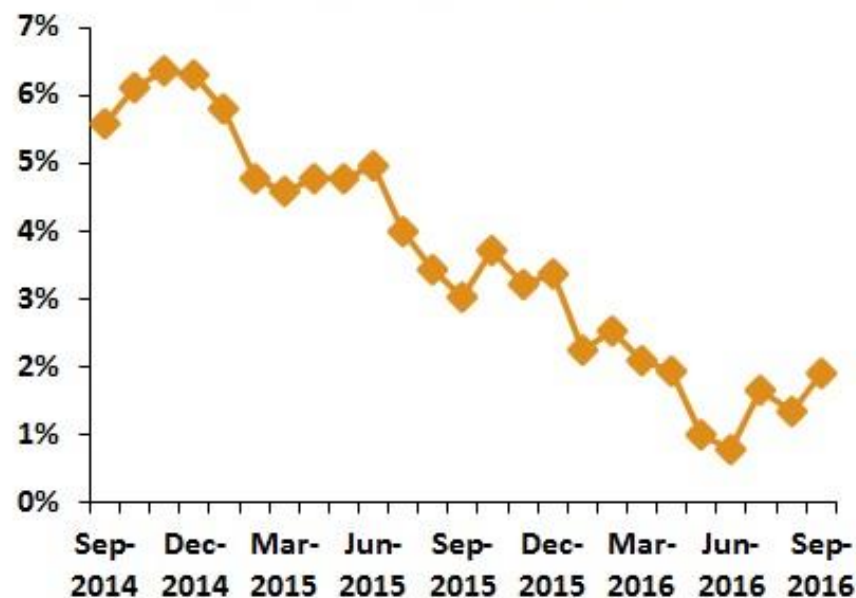


Temporary jobs up 23K in Sept., up 1.9% y/y

Monthly Change in Temporary Help Employment

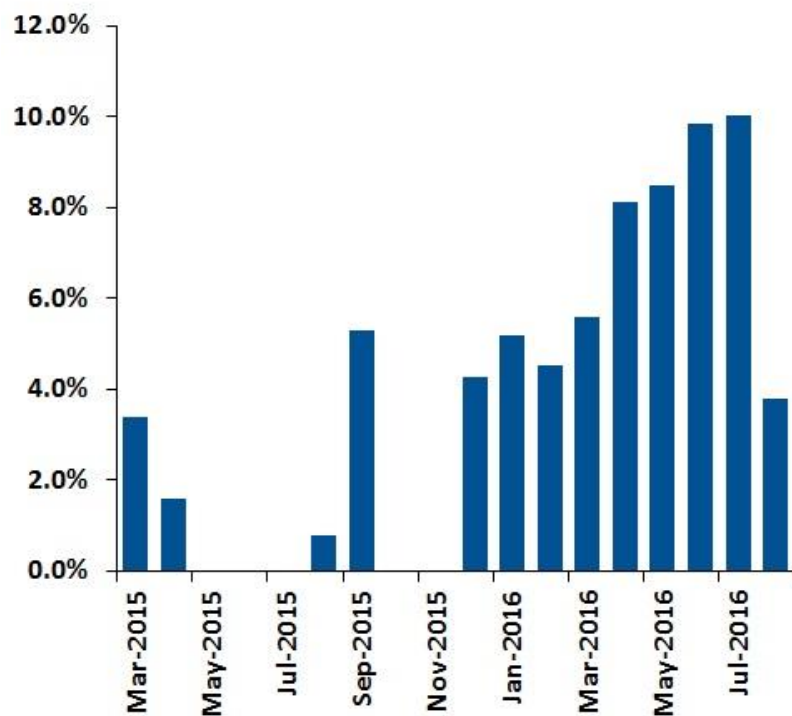


Year-over-Year Change in Temporary Help Employment

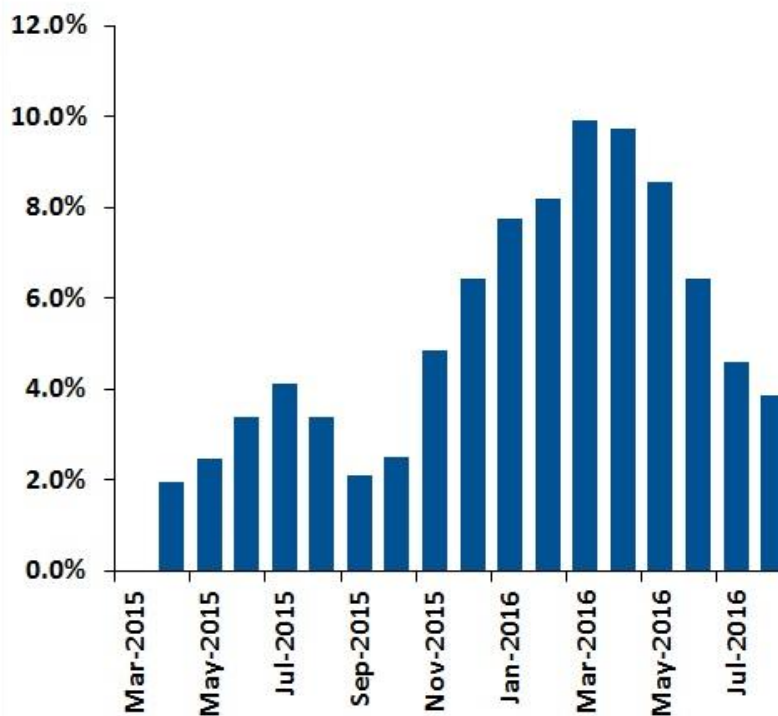


Some deceleration in Y/Y trends in Place & Search internal staff hiring

Executive Search: Y/Y Change



Direct Hire: Y/Y Change



Agenda

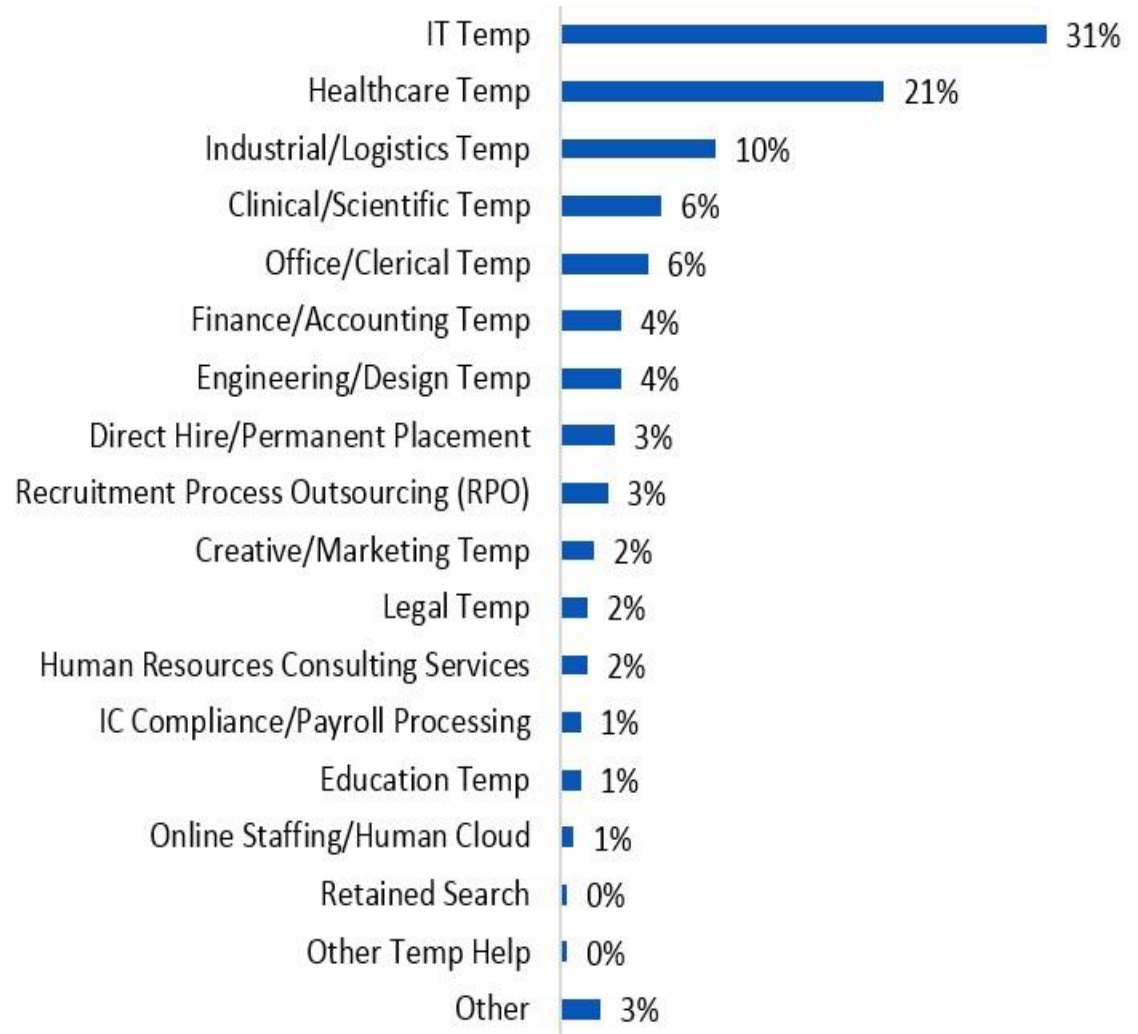
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Revenue & EDITBA multiples, 2009-2016

	2009	2011	2012	2013	2014	2015-2016
Price/Revenue						
25th	0.1x	0.2x	0.4x	0.2x	0.2x	0.2x
Median	0.2x	0.4x	0.6x	0.6x	0.6x	0.6x
75th	0.8x	1.0x	1.4x	1.7x	1.2x	1.9x
N	NA	22	33	28	34	42
Price/EBITDA						
25th	0.5x	2.0x	2.0x	2.5x	2.5x	3.0x
Median	2.0x	3.5x	3.0x	3.0x	3.5x	3.5x
75th	5.0x	5.5x	4.0x	4.5x	4.5x	5.0x
N	NA	26	41	35	47	50

If you are open to making an acquisition over the next two years, in which segment would you most be interested?



Supply and demand for acquisition targets

Percent of staffing firms, by primary segment offered and top segment acquisition preference

	Primary Segment	Acquisition Preference	Ratio
Clinical/Scientific Temp	2%	6%	3.8
Education Temp	0%	1%	3.0
Legal Temp	1%	2%	2.0
Creative/Marketing Temp	2%	2%	1.3
<i>Total Professional Temp Niches</i>	5%	11%	2.5
Office/Clerical Temp	4%	5%	1.4
Healthcare Temp	16%	20%	1.3
Finance/Accounting Temp	3%	4%	1.3
IT Temp	30%	30%	1.0
Direct Hire/Permanent Placement	7%	3%	0.5
Engineering/Design Temp	8%	4%	0.5
Industrial/Logistics Temp	22%	10%	0.4

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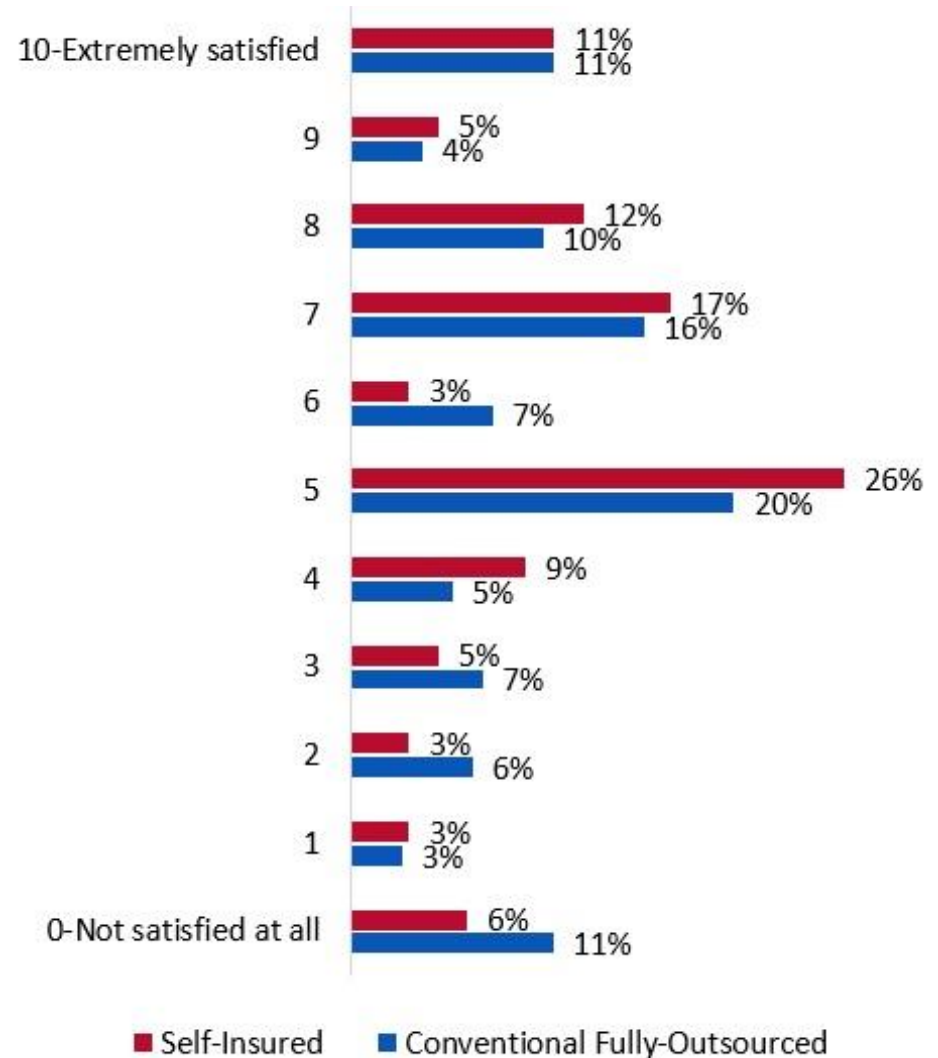
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Healthcare insurance sources, as a function of staffing firm size and primary segment

	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

How satisfied are you overall with this healthcare insurance arrangement, with respect to cost and service?

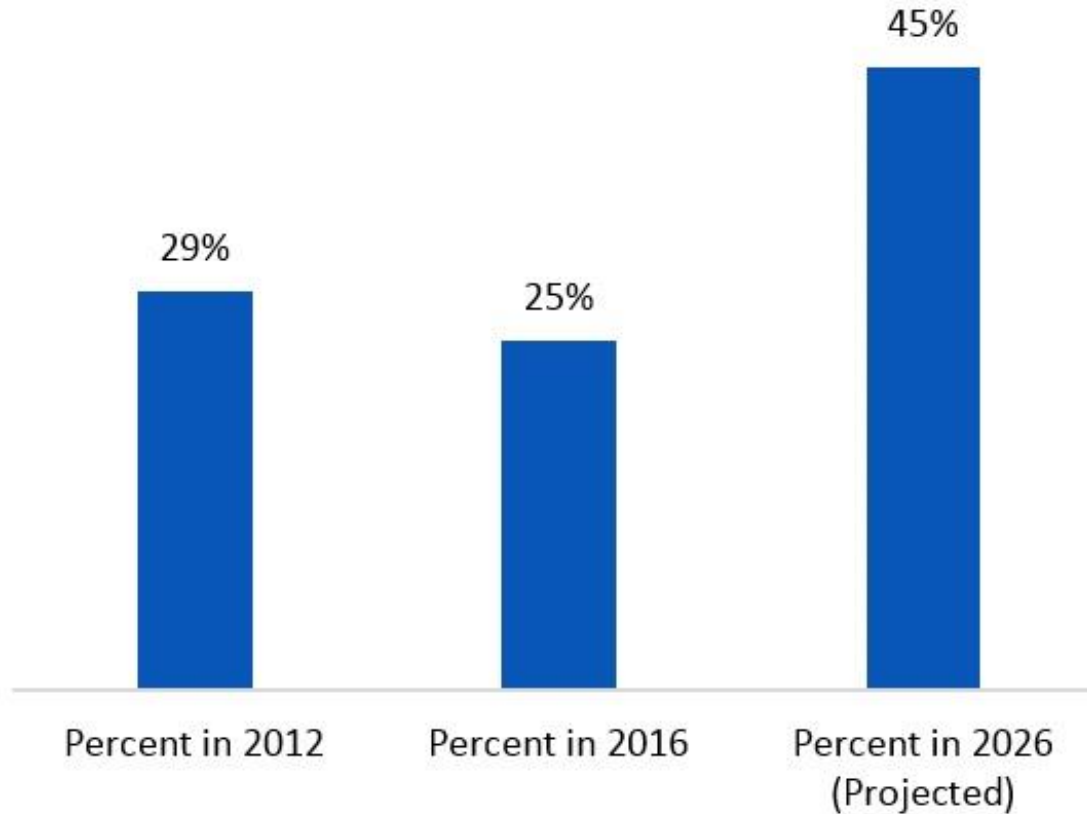


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Percent of staffing firms using bench model: 2012, 2016, and projected 2026



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?

- #1
 - Long-term and/or high-volume client demand
- #2
 - In-demand skills, consulting, and SOW
- #3
 - Recruitment/retention of both key temps and clients
- #4
 - Temps on visa, misc. operational reasons

What advice can you give others considering using the bench model?

#1

- The key to success is high rate of utilization

#2

- Use only for limited number of in-demand skill sets

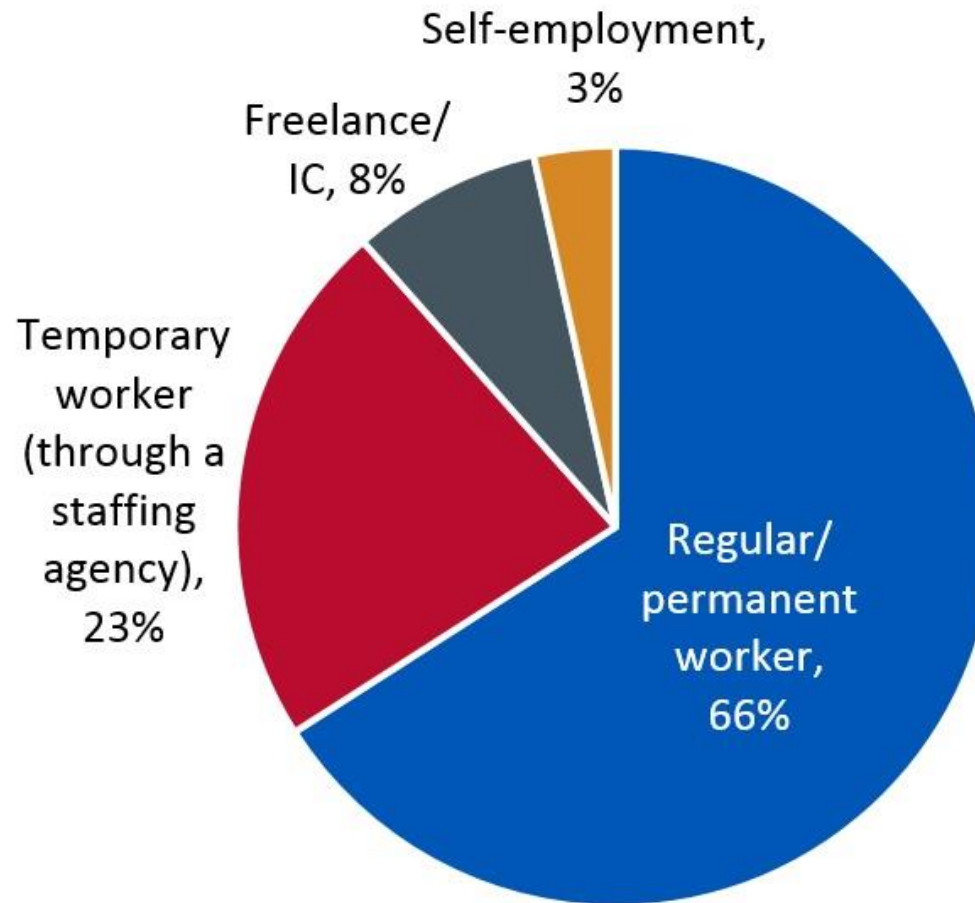
#3

- Select bench model workers wisely

#4

- Manage use of bench model & finances closely

Preferred work status of temporary workers

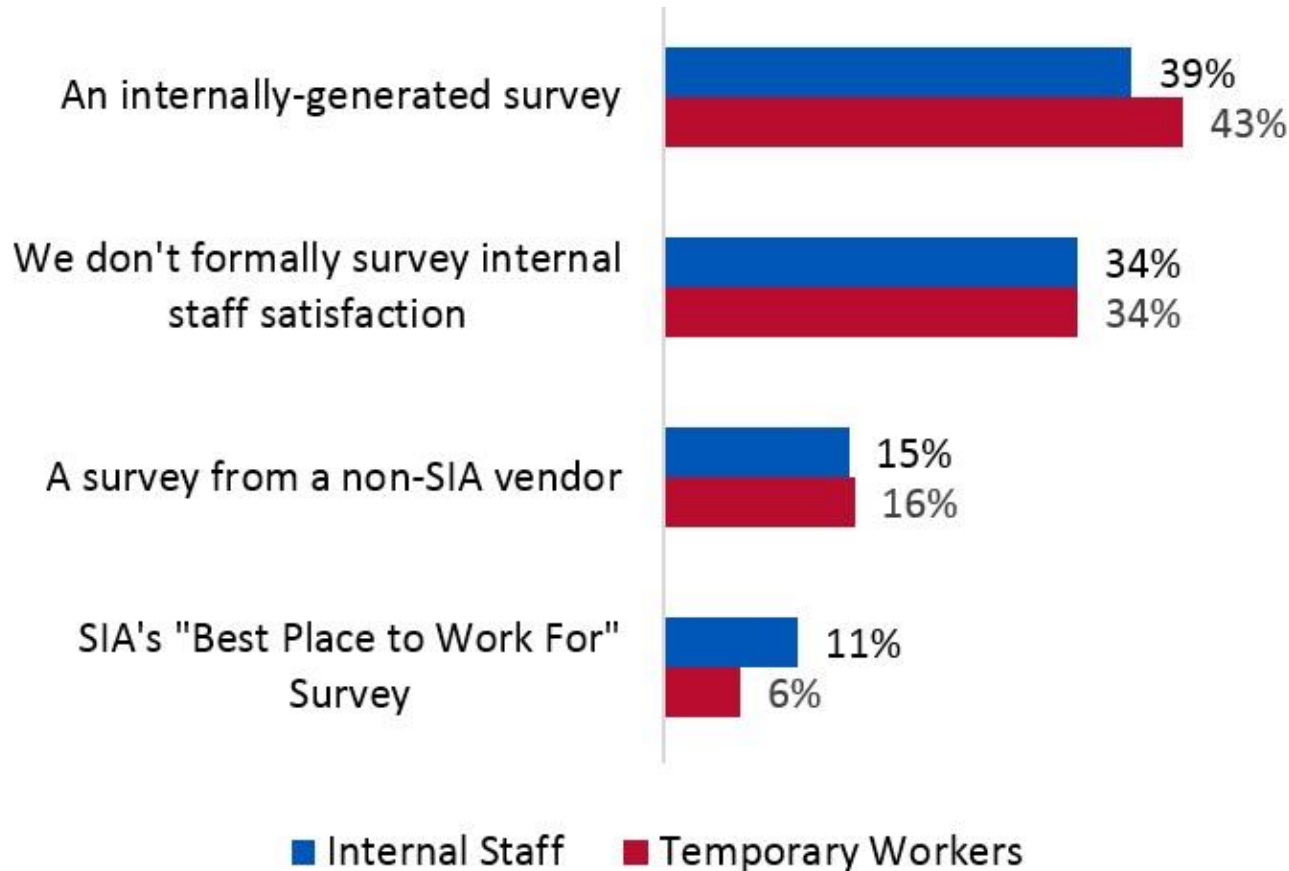


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By what method, if any, do firms survey internal staff/temp workers about satisfaction?





Nominate your staffing firm. Survey your employees. Gain insights into your workplace culture. Showcase your winner status!

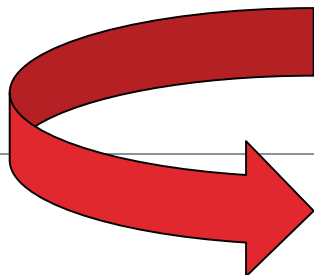
Wanted: The Best Staffing Firms

Employee satisfaction is one of the key drivers of staffing firm success. But how do you know what your employees are thinking? Find out by participating in Staffing Industry Analysts' annual *Best Staffing Firms to Work For* and *Best Staffing Firms to Temp For* surveys. The feedback you receive can be an invaluable tool for attracting and retaining the best talent for your company.

We honor winners in multiple size categories and the Grand Prize Winners will be announced at the annual Staffing Industry Analysts' [Executive Forum](#) February 13-16, 2017 at the Manchester Grand Hyatt in San Diego.

**Nominate your firm
by November 18,
2016**

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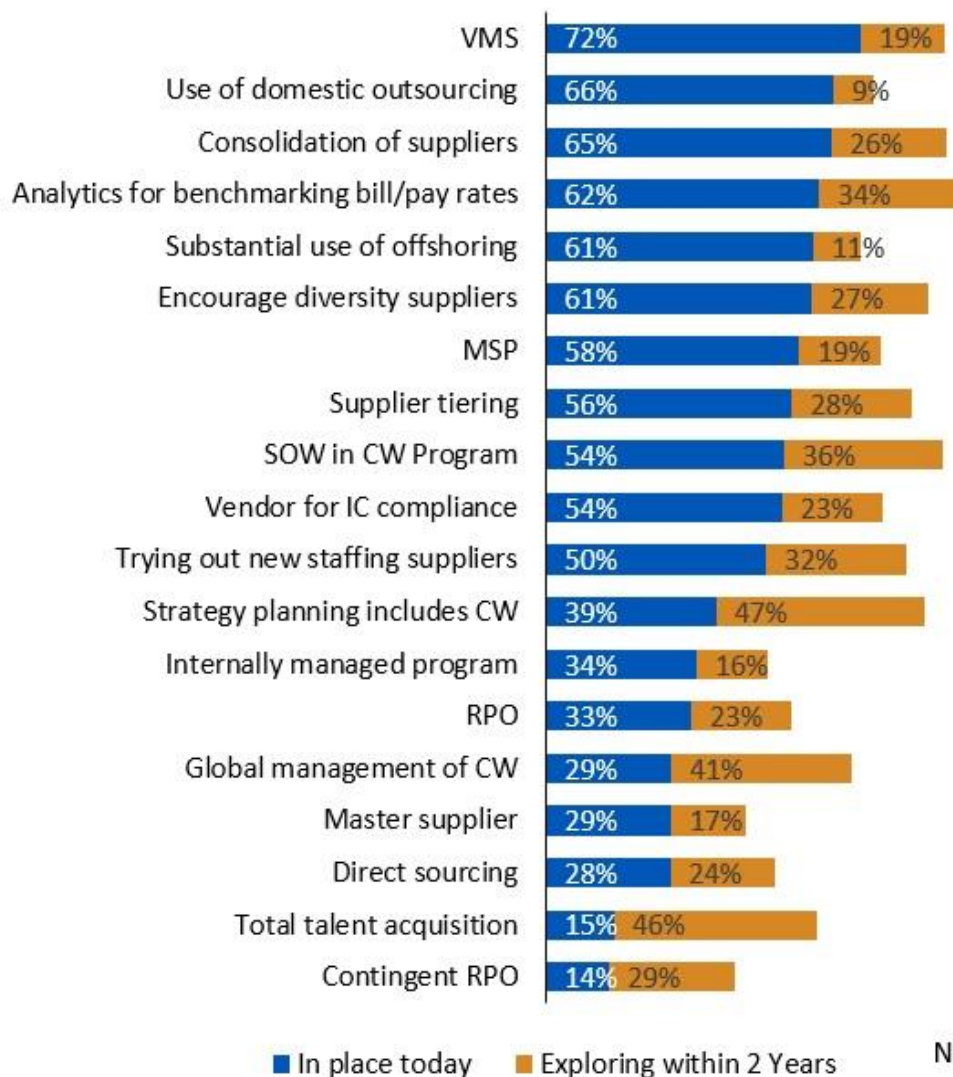


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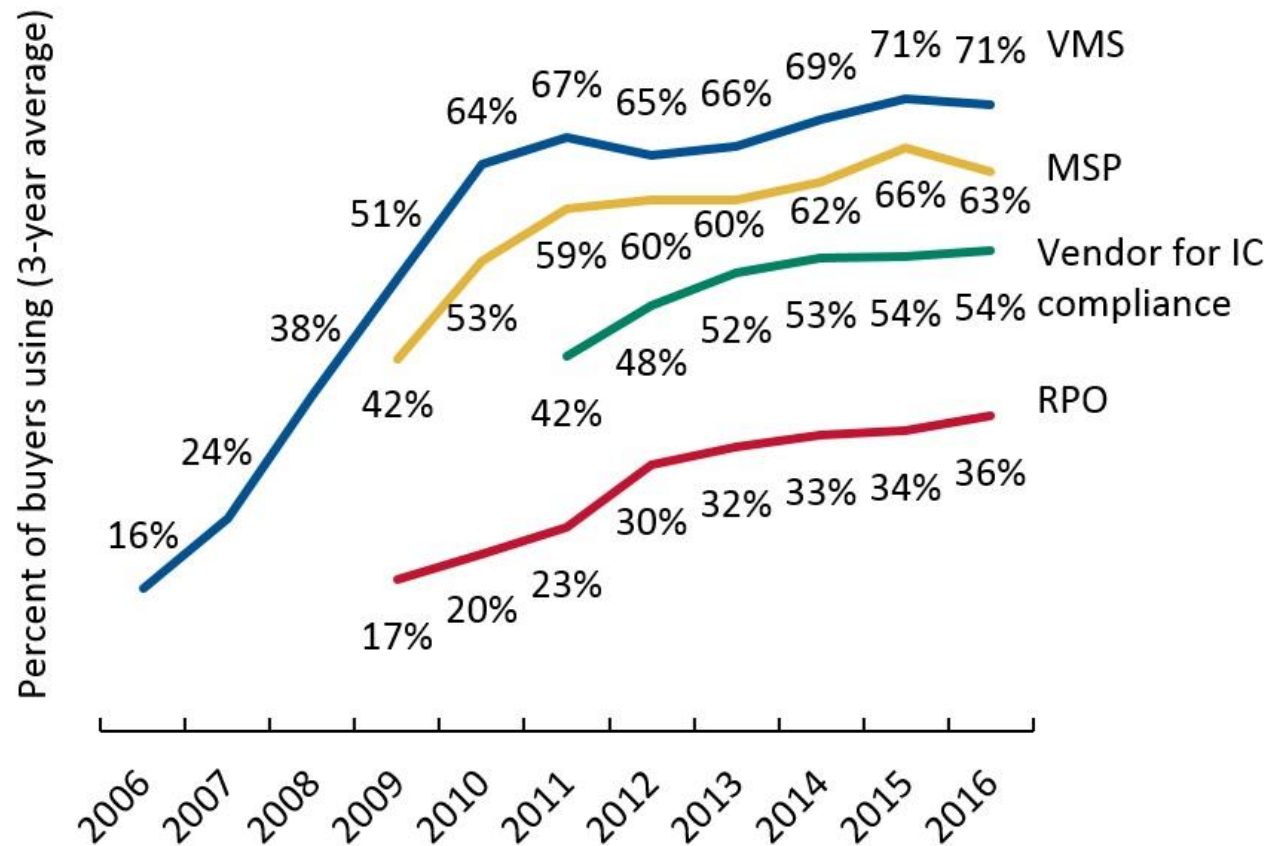
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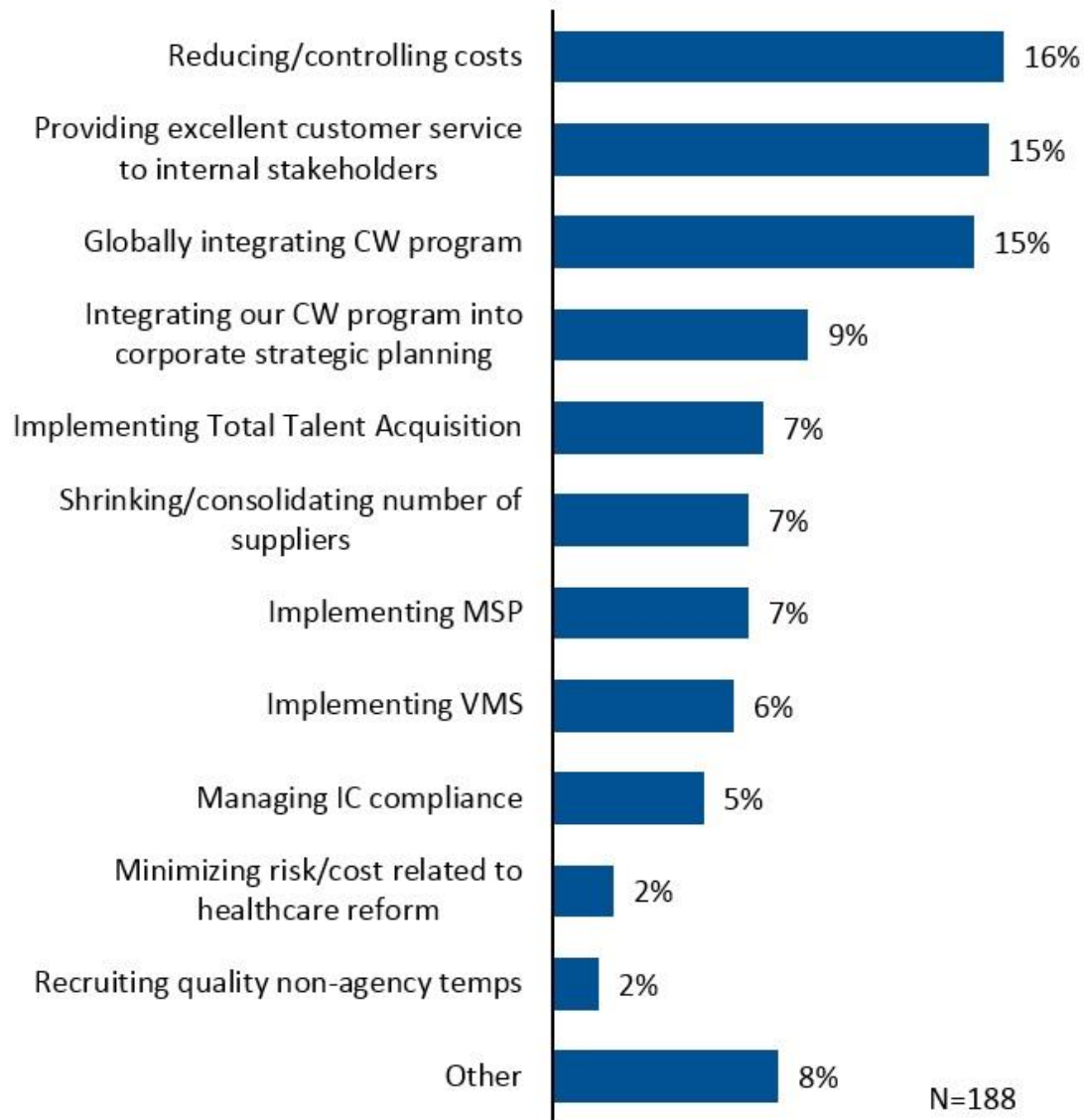
Current and projected use of supplier management strategies



Use of VMS, MSP, RPO and IC compliance vendors 2006-2016 (three-year moving average)



Which of the following is the top priority for your organization's contingent workforce program in 2016?



Trend in buyer priorities

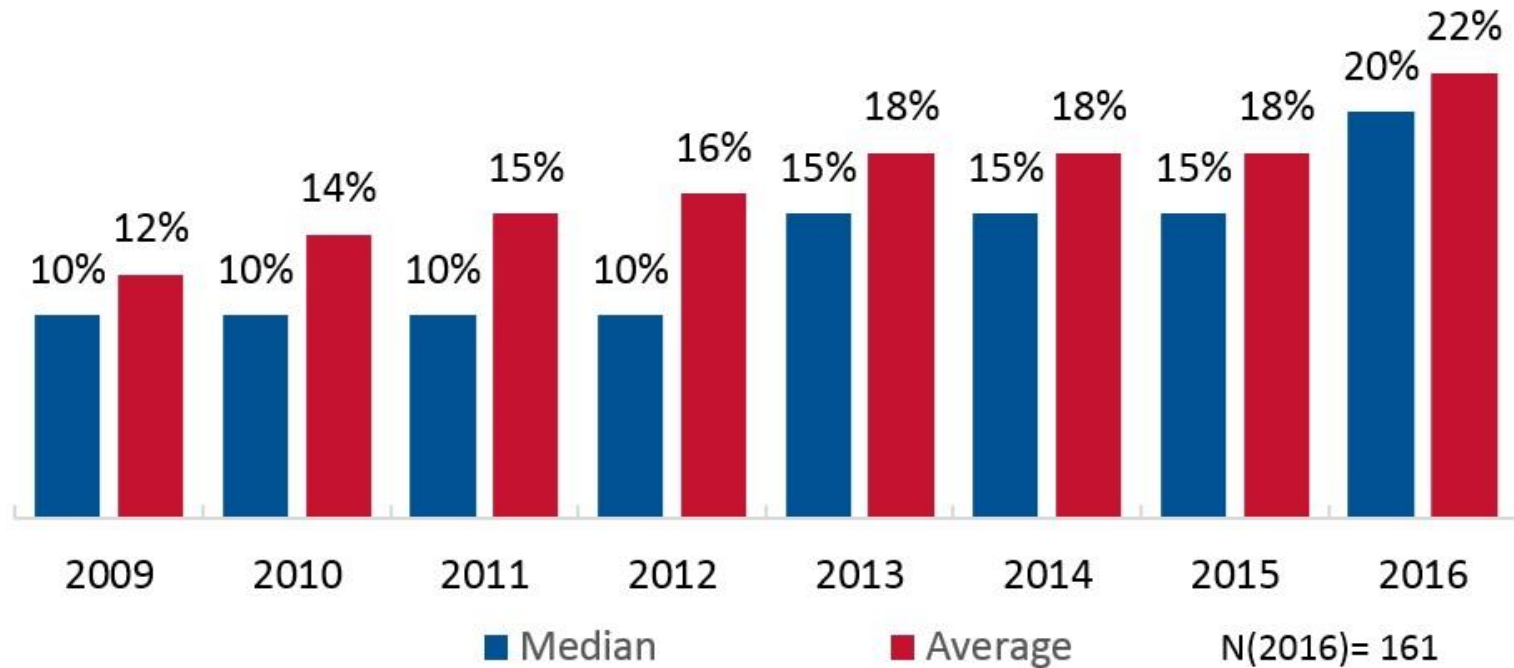
	2016	2015	2013
#1	Reducing/ controlling costs	Providing excellent customer service to internal stakeholders	Reducing/ controlling costs
#2	Providing excellent customer service to internal stakeholders	Reducing/ controlling costs	Integrating our CW program into corporate strategic planning
#3	Globally integrating CW program	Globally integrating CW program	Providing excellent customer service to internal stakeholders
#4	Integrating our CW program into corporate strategic planning	Implementing VMS	Globally integrating CW program
#5	Implementing Total Talent acquisition	Implementing MSP	Implementing MSP

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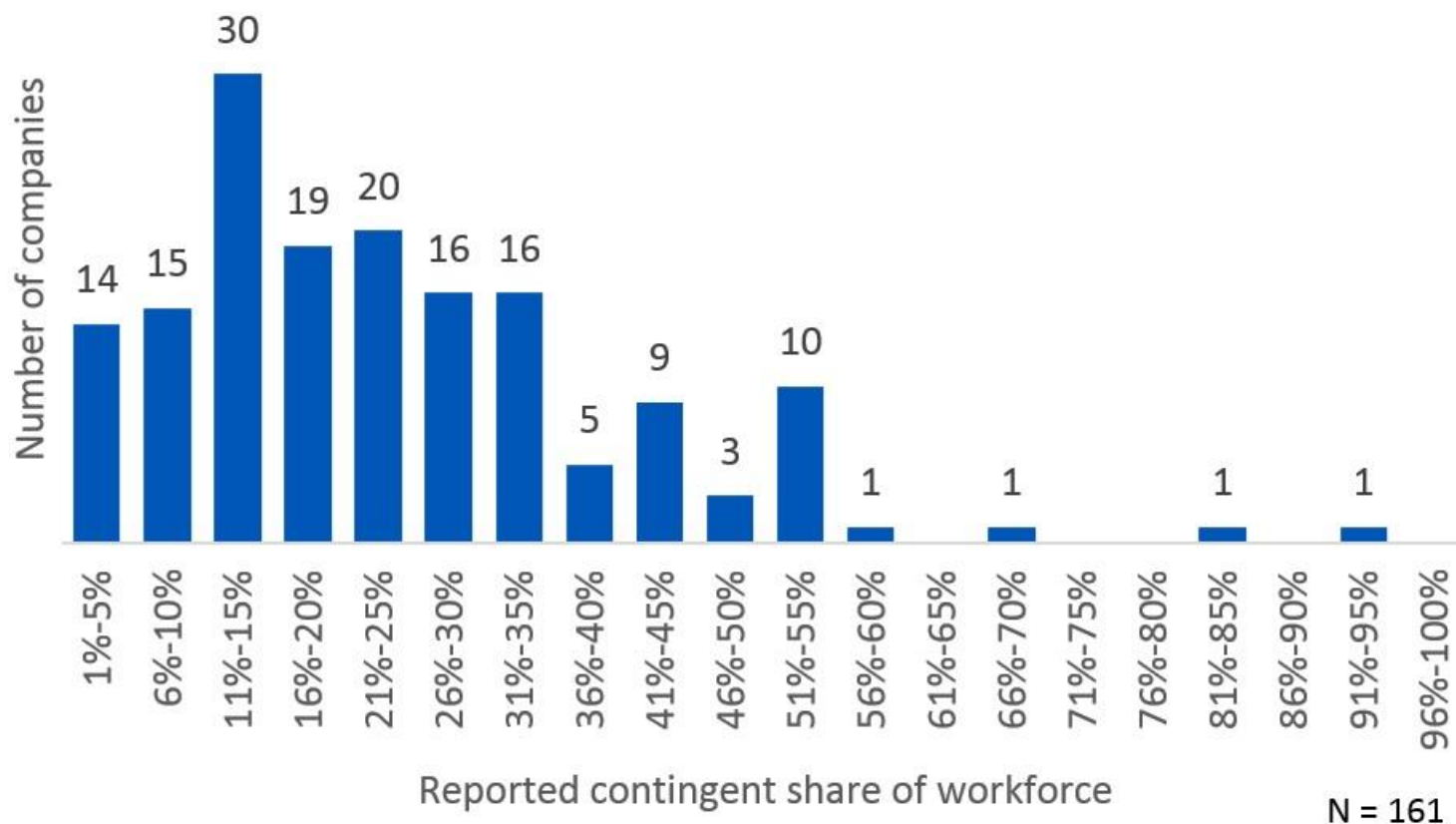
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Reported contingent share of workforce, 2009-2016



Reported 2016 contingent share of workforce



Percentage of types of contingent workers within contingent workforce, 2016

	25 th Percentile	Median	75 th Percentile	Average (Mean)
Agency temporary workers	25%	50%	75%	50%
Statement-of-work (SOW) consultants	10%	25%	50%	30%
Independent contractors	1%	5%	10%	11%
Internal temporary workers	0%	5%	7%	7%
Other	0%	0%	0%	3%
				N=191

How will the following employee types change as a share of your total labor force over the next 10 years?

	Significant decrease	Moderate decrease	About the same	Moderate increase	Significant increase	Net change
Outsourced workers	4%	4%	42%	39%	10%	Increase
SOW consultants	2%	12%	33%	40%	14%	Increase
Freelancers	3%	8%	47%	33%	10%	Increase
Agency temporary workers	6%	14%	36%	36%	7%	Increase
Internal temporary workers	6%	9%	57%	21%	7%	----
Independent contractors	9%	17%	38%	28%	7%	----
Part-time employees	5%	10%	63%	19%	2%	----
Full-time employees	8%	36%	37%	15%	4%	Decrease

N=180

Contingent share of workforce today and projected

	25th Percentile	Median	75th Percentile	Average (Mean)	N =
Contingent share today	10%	20%	30%	23%	119
Contingent share in two years	13%	20%	33%	25%	119
Contingent share in ten years	15%	25%	40%	29%	119

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Reminders...

Staffing Industry Analysts Webinar:

Tuesday, Nov. 15th, 10AM Pacific/1PM Eastern

Risk Management Exposure for the Staffing Industry Webinar:

Wednesday, Nov. 30th, 10AM Pacific/1PM Eastern

Look for invitations in your email!

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Questions for the analysts?



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- 2) To submit one *later*, email memberservices@staffingindustry.com.

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Links to research discussed in today's webinar:

October US Jobs Report

<http://www2.staffingindustry.com/Research/Research-Topics-Reports/North-America/October-US-Jobs-Report>

2016 Staffing Company Survey: Staffing firm acquisition multiples and acquisition interest

<http://www2.staffingindustry.com/site/Research/Research-Topics-Reports/North-America/Staffing-Firm-Acquisition-Multiples>

Staffing Company Survey 2016: Staffing firm use of self-insurance vs. conventional healthcare insurance

<http://www2.staffingindustry.com/site/Research/Research-Topics-Reports/North-America/Staffing-Firm-Use-of-Self-Insurance>

Staffing Company Survey 2016: "Bench model" usage rates and best practices

<http://www2.staffingindustry.com/site/Research/Research-Topics-Reports/North-America/Bench-Model-Usage-Best-Practices>

Staffing Company Survey 2016: Internal Staff and Temporary Worker Satisfaction Surveys

<http://www2.staffingindustry.com/site/Research/Research-Topics-Reports/North-America/Staffing-Firm-Use-of-Satisfaction-Surveys>

2016 Workforce Solutions Buyers Survey: Trends in supplier management strategies

<http://www2.staffingindustry.com/site/Research/Research-Topics-Reports/North-America/2016-Workforce-Solutions-Buyers-Survey-Trends-in-supplier-management-strategies>

Workforce Solutions Buyers Survey - Top priorities for contingent workforce programs

<http://www2.staffingindustry.com/site/Research/Research-Topics-Reports/North-America/Top-priorities-for-contingent-workforce-programs-2016>

Workforce Solutions Buyers Survey - Contingent Share of Workforce

<http://www2.staffingindustry.com/site/Research/Research-Topics-Reports/North-America/Workforce-Solutions-Buyers-Survey-Contingent-Share-of-Workforce>