

2018 NORTH AMERICAN STAFFING & RECRUITING TRENDS REPORT:

THE INDUSTRY'S OUTLOOK FOR 2018





This report takes an in-depth look into staffing and recruiting firms and analyzes the industry's outlook for 2018—from financial forecasts and top priorities to persistent challenges and emerging technologies.

Based on first-hand input from professionals across the globe, we focus particular attention this year on the candidate experience and communication channels. We also take a sneak peek at what's on the horizon for the industry, including competition from digital staffing platforms and the impact of increased automation.

This report is based upon a global survey of more than 1,400 staffing and recruiting professionals at firms of all sizes operating in all sectors. It's intended to make you think and challenge the status quo. We encourage you to use the report to benchmark your strategic priorities and financial forecasts against your industry peers, as well as to capitalize on actionable insights to improve your firm's operations.

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EXECUTIVE SUMMARY

Bullhorn is pleased to share the opinions, insights, and concerns of more than 900 North American staffing professionals in its *2018 North American Staffing & Recruiting Trends Report: The Industry's Outlook for 2018*.

Whatever your challenges—finding top talent or getting your internal ducks in a row—you're not alone. And despite internal and external pressures, realize that many of your peers feel both enthusiastic and optimistic about the year ahead. Let's take a look why that is.

A (Largely) Positive Financial Outlook

Optimism runs high in the staffing industry. **Seventy-five percent of respondents anticipate an increase in 2018 revenue vs. 2017**, including 20 percent who predict an increase of more than 25 percent. Although the revenue forecast comes in slightly less rosy than last year, 40 percent of firms also predict their margins will rise in tandem in 2018.




How do you expect revenue to change in 2018 compared to 2017? See what your peers think on page 38.

But are these estimates the real deal or wishful thinking? Time will tell, although we do note for the record that North American staffing firms overestimated their 2017 results. Like last year, the vast majority of revenue will come from existing clients (73 percent).

Hiring Outlook: Good News-Bad News

First, the good news. **A majority of staffing firms expect increases in hiring needs (70 percent), billable hours (62 percent), and temporary placements (59 percent) in 2018.** These positive trends appear across the board among firms of every size and industry segment.

Unfortunately, even as the *quantity* of business rises, the *quality* doesn't necessarily keep pace. A majority of firms (about 55 percent) predict that both bill rates and margins will stay flat or decrease in 2018. And half (49 percent) rank pricing pressure/margin compression as a top three challenge.



Just because hiring demands are up doesn't mean bill rates and margins will be. Face the facts on page 41.

Priorities Remain Consistent: The Big Three Prevail

When it comes to top priorities, the big three—revenue, profitability, and candidate acquisition—dominate the rankings once again this year. The larger the firm, the more likely profitability takes precedence over growing revenue, but everyone feels the pinch when it comes to candidate sourcing. **Forty-one percent say the talent shortage is their single biggest challenge,** and 64 percent list it in their top three.



From talent shortages and pricing pressure to VMS and digital platforms, we rank top industry challenges on page 19.

Confidence Levels Slip

Looking at broader macroeconomic and political factors, we find **68 percent of respondents are very or somewhat concerned about the rate of economic growth**, and large proportions worry about healthcare policies (66 percent), inflation (59 percent), and restrictive labor policies (57 percent).

So despite positive financial and hiring outlooks, overall confidence levels for industry performance have slipped. One-third of respondents (33 percent) feel more confident about the future heading into 2018, compared to 38 percent this time last year.

Tech Spending Leads Investments

Firms are boosting their technology investments this year considerably. **We see a huge jump in tech spending, with 52 percent of firms anticipating an increase**, compared to 40 percent last year.

Half of firms (49 percent) also say their operating budget will go up in 2018, an increase over last year's 43 percent. But there's less appetite for market expansion. With 26 percent of firms ranking new market growth as a top priority—and far fewer interested in acquisitions—only 28 percent expect to increase their number of offices.



Are you investing in technology? Your competitors are. Check out staffing professionals' thoughts on the "next big idea" on page 32.



Digital Staffing: Friend vs. Foe

For several years, the word on the street for staffing firms has been “Prepare to be disrupted.” The rise of digital staffing platforms—such as Upwork, Shiftgig, Catalant, and others—has raised concerns about a new and more agile source of direct competition. But we find that many staffing firms are surprisingly receptive to working in partnership with such platforms.

The jury’s still out, but **21 percent say digital platforms could help their business** compared to 16 percent who think they could hurt it (63 percent are unsure, a notable fact unto itself). Sales teams are even more enthusiastic, with 29 percent expressing a positive opinion, seeing these platforms as a leverageable source of low-cost talent.

Are you capitalizing on automation throughout the recruiting and sales cycle? Benchmark your utilization on page 27.



Automation: A Priority and a Challenge

Automating and accelerating recruiting and placement processes rose higher this year both on the list of priorities *and* business challenges. Twenty-three percent rank automation as a top priority and 36 percent as a top challenge, signaling plenty of room for improved adoption and utilization.

In fact, **many firms admit to a complete lack of automation to manage common client and candidate-facing tasks.** More than a third (35 percent) of firms don’t automate during the prospecting, client engagement, or account management stages. And about 40 percent don’t automate candidate selection, screening, or nurturing at all.

Automation's Impact on the Industry

There's a clear split in how firms view the impact: **40 percent attribute automation's greatest value to increased efficiencies and the same percentage to increased engagement.** This dichotomy mirrors the strategic choice of pursuing a high-volume vs. high-touch business model.

Will automation create more jobs or eliminate them in the staffing industry? The verdict is out—a split down the middle finds 38 percent on each side and another 24 percent who are undecided.

Who Owns the Candidate Experience?

Speaking of strategic splits, there are two points of view about who's primarily responsible for the candidate experience. One camp says individual recruiters own engagement (48 percent) and another believes it's a shared responsibility across the business (45 percent). Regardless of who takes the lead, engaging candidates on their turf means paying attention to evolving contact preferences.

SMS messaging (texting) is the fastest growing communication channel in 2018: 69 percent of firms expect their usage to increase. Among Gen Z and Millennial candidates, texting is perceived to be more effective than phone and email, although those traditional channels haven't been relegated to history quite yet.

How creative are you at engaging candidates? Check out what your competitors are doing on page 59.



Capturing Referrals & Redeployments

The critical importance of a positive candidate experience to boost referrals, redeployments, and overall goodwill cannot be overstated. Referrals from existing candidates jumps to the top of the list of single best talent sources this year. **Nearly 30 percent say referrals are the absolute best source of high-quality talent**, and 62 percent place them in their top three. So, clearly, delivering a great candidate experience can pay off not just for filling a position today, but also for sourcing other candidates in the future via positive referrals.

And yet, once an offer is made, the candidate experience drops off. More than 80 percent say candidates would rate them as good or excellent during the sourcing, screening, and selection phases, but only 70 percent say that about onboarding and 66 percent about placed candidate nurturing.

These figures help explain low redeployment rates. **A quarter of staffing firms (26 percent) place less than 10 percent of candidates on their next assignment**, and half redeploy fewer than 25 percent. Talk about missed opportunities... and missed revenue.

Are you missing out on candidate referrals due to poor engagement? See why it matters on page 60.



Keeping Clients Happy

Even though staffing firms admit they struggle to find the right talent for their clients, **83 percent say their clients would give them a good or excellent rating during the sourcing stage**. Prospecting isn't quite as effective (70 percent positive rankings) nor is delivering value-added services (71 percent).

To keep client relationships going strong, firms cite consistent communication with hiring managers as the best strategy (86 percent), followed by quarterly business reviews (51 percent) and performance scorecards (38 percent). Although it was last year's number one metric, customer satisfaction fell to third place this year on the top metrics used to measure the recruiting/recruitment delivery process, behind fill rate and hit rate.



FINDINGS AT-A-GLANCE

Here's a synopsis of key findings and predictions for how staffing and recruiting firms feel about the year ahead.

2018 BUSINESS OUTLOOK

HIRING OUTLOOK

- 70%** Expect hiring needs to increase
- 62%** Expect billable hours to increase
- 59%** Expect temp placements to increase

REVENUE OUTLOOK

- 29%** Expect revenue to increase by up to 10%
- 26%** Expect revenue to increase by 11-25%
- 20%** Expect revenue to increase by 25%+

INVESTMENT OUTLOOK

- 52%** Predict an increase in tech investments
- 49%** Predict an increase in operating budget
- 28%** Predict an increase in branch locations



2018 PRIORITIES & CHALLENGES

TOP PRIORITIES

- 45%** Increasing profitability
- 43%** Driving revenue growth
- 42%** Candidate acquisition

TOP CHALLENGES

- 64%** Talent shortages
- 49%** Pricing pressure/margin compression
- 36%** Leveraging automation

CONFIDENCE ABOUT THE FUTURE

- 33%** More confident about the future
- 25%** Less confident about the future
- 42%** Unchanged or unsure

MACROECONOMIC CONCERNS

- 68%** Economic growth
- 66%** Healthcare policies and regulations
- 59%** Inflation

EXECUTIVE SUMMARY

ON THE HORIZON

DIGITAL STAFFING PLATFORMS

21% Could help business

16% Could hurt business

63% Not sure

VALUE OF AUTOMATION

40% Increased efficiencies

40% Increased engagement

20% Not sure/Other

AUTOMATION IMPACT ON STAFFING

38% Create more jobs

38% Reduce jobs

24% Not sure

THE CANDIDATE EXPERIENCE

CANDIDATE EXPERIENCE OWNERSHIP

53% Individual recruiters

41% Shared responsibility

5% Operations

1% Marketing



BEST CANDIDATE SOURCES (#1 RANKINGS)

29% Referrals from successful placements

18% Existing candidates from your ATS and/or CRM

18% Leveraging automation

COMMUNICATION CHANNELS

69% Say SMS messaging (texting) usage is increasing

57% Expect email usage to stay the same

43% Don't use Twitter for recruiting at all

30% Say phone use is decreasing

EXECUTIVE SUMMARY

METRICS & ANALYTICS

TOP RECRUITING METRICS

- 64%** Fill rate
- 54%** Hit rate
- 36%** Customer satisfaction



SUBMITTAL-TO-HIRE RATIO

- 43%** of temporary and executive search firms submit 3-4 candidates per hire
- 46%** of permanent placement firms submit 3-4 candidates per hire
- 10%-13%** of all firm types submit 7 or more candidates per hire

TIME-TO-FILL

- 26%** of temporary firms take 6-10 days to fill a job
- 29%** of permanent placement firms take 11-20 days
- 11%** of temporary firms take 21 days or more
- 38%** of permanent placement firms take 21 days or more
- 57%** of executive search firms take 21 days or more

REDEPLOYMENT RATES

- 13%** of firms redeploy fewer than 10% of candidates
- 13%** of firms redeploy more than 50% of candidates
- 36%** of respondents don't know their redeployment rate



TOP PRIORITIES & CHALLENGES

What's on tap for North American staffing and recruiting firms in 2018? Besides the obvious—driving top-line revenue growth and increasing profitability—firms remain laser-focused on the candidate pipeline. In this section, we'll take a look at how firms deal with the pervasive issue of candidate shortages, both for client needs and their own internal staff. Then we'll turn our attention to other concerns in play today and just around the corner.

Setting Priorities

Like last year, three priorities rise to the top of the ranks: profits, revenue, and candidate acquisition. Overall, profitability narrowly outpaces revenue as a priority, although as firms grow, the focus clearly shifts from revenue to profitability. The critical importance of candidate acquisition remains largely consistent among firms of different revenue sizes and industry segments.

TOP PRIORITIES:

The Big Three



45%
Increasing
profitability



43%
Driving top-line
revenue growth



42%
Candidate
acquisition/sourcing

At the lowest end of the revenue scale, the need for effective sourcing is particularly acute. Among firms making under \$1 million, 53 percent rank candidate acquisition as a top priority.

“ A strong talent pipeline is going to differentiate us from our competitors. By forming strong relationships and educating our clients, we’ve developed that great pipeline of candidates. ”

Jeff Asselin, Director of Sales & Marketing, LOOP Recruiting

The Next Level Down: Notable Priorities

Exploring priorities beyond the big three paints a clearer picture of operational strategies for 2018. The next five priorities represent tactical initiatives on this year's roadmap:

Improving management of client relationships

45%



Expanding into new markets

26%



Automating and accelerating recruiting and placement processes

23%



Engaging candidates/improving the candidate experience

23%



Employment brand development and marketing

21%



Despite pervasive skill shortages, client relationships take slightly higher precedence over the candidate experience and employment brand development.

“ There’s been a renewed emphasis on talent experience based on the challenges surrounding candidate engagement, retention, and the ability to find quality people. So our innovation has been focused on technologies that transform our candidate processes balancing technology and personal relationships. ”

Alan Stukalsky,
Chief Digital Officer, Randstad

Smaller firms (\$0-10 million in revenue) pay the most attention to client management and brand development, whereas mid-level firms (\$10-50 million) rank candidate engagement higher than their smaller and larger (\$50+ million) competitors. Staffing firms serving the manufacturing sector are relatively unconcerned about employment brand development, although they’re more focused on the candidate experience than firms in other segments.

CLIENTS VS. CANDIDATES

Percentage ranking item as a top priority



27%

Client relationship management



27%

Improving the candidate experience



6%

Placed candidate loyalty programs

“ If you’ve established a basis of trust, people are so much more likely to say yes to you. ”

Radhika Arora, Director, Inbound Recruiting & Marketing Strategies, Open Systems Technologies

Building Lasting Relationships

In the case of placed candidates, we notice an ‘out of sight, out of mind’ phenomenon. Only six percent of respondents rank loyalty programs as a priority. As we’ll see shortly, the importance of candidate referrals as a source of qualified candidates indicates the short-sightedness of this ranking. Additionally, with the opportunity to redeploy candidates for recurring revenue, firms would be well advised to invest in building stronger relationships.

Top Challenges Remain Consistent

The more things change, the more they stay the same. There’s no end in sight for the talent shortages plaguing the staffing industry. Once again, a skills deficit is the top-ranked challenge, with 41 percent listing it at the number one position and 64 percent in the top three (similar to last year’s 38 and 61 percent). Larger firms feel the pinch more; 52 percent of enterprise firms say it’s their single biggest challenge, compared to 32 percent of small firms.



IT and Manufacturing Hit Hard

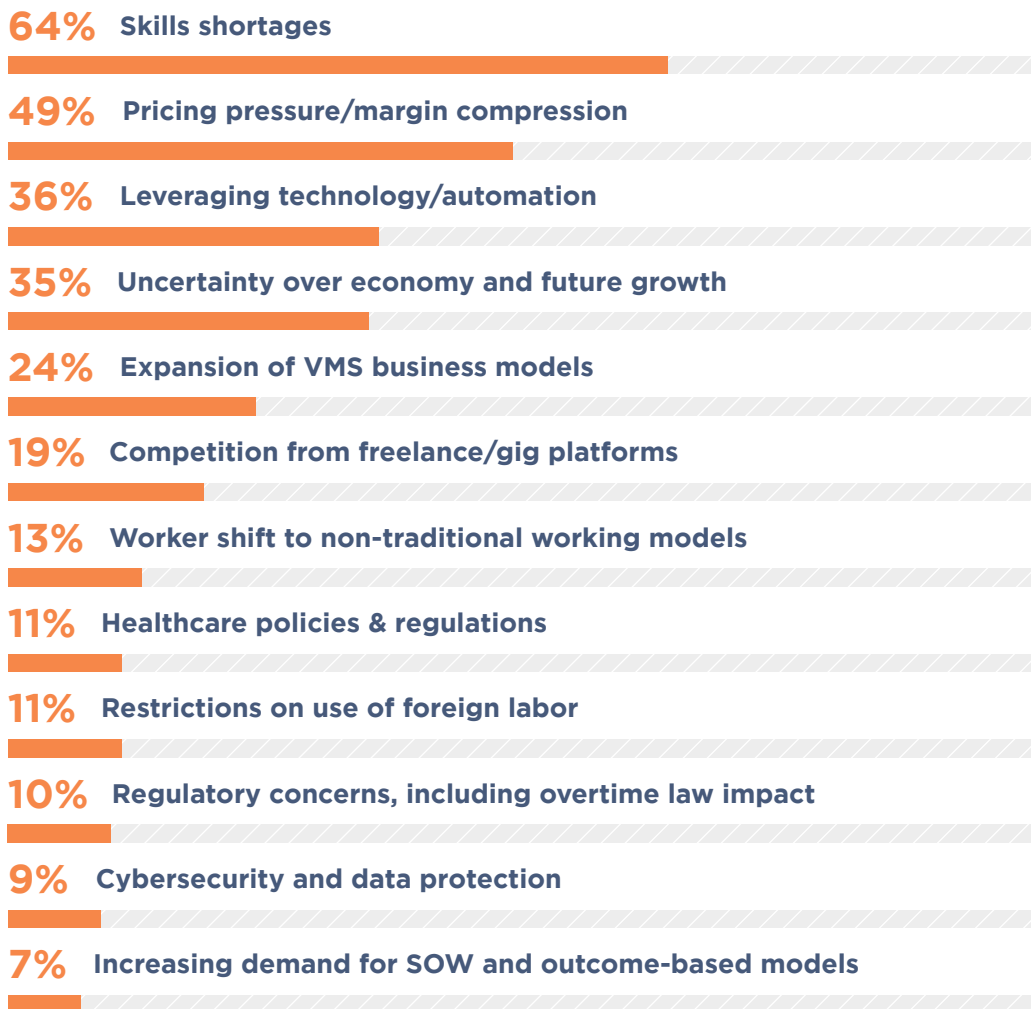
Seventy-three percent of firms serving manufacturing industries listed skill shortages as a top challenge, as did 65 percent of those in IT and accounting/finance/insurance. Analysis of open-ended responses describing specific shortages finds that around 40 percent represent IT skills and another 15 percent engineering. There’s also a pervasive lack of candidates with “any skill that has become specialized by 3-7 years of experience; they’re fully employed and harder to readily come by,” according to one respondent.

“ Sourcing qualified candidates is not the challenge. What is an issue is effectively engaging candidates who have the skill sets you’re looking for in meaningful conversations about your client’s value propositions for their employees and their customers. You can throw a stick and find exactly who you’re looking for, but that doesn’t mean they’re interested in the opportunity, the company, or the salary. It’s more about engagement than it is about sourcing.”

Jeff Weidner, VP of Product Innovation, Monster

TOP INDUSTRY CHALLENGES

Percentage ranking item as a top three challenge



Best Sources of Candidates

So where are all the great candidates hiding, and how do you find them? Jumping to the top of the list this year: referrals from successful placements, up from the third spot last year. Nearly 30 percent say referrals are the best source of high quality talent, and 62 percent place them in their top three.

TOP CANDIDATE SOURCES:

Percentage Ranked in Top Three



Once again, existing candidates get short shrift, despite awareness that they represent a viable and low-cost talent pool. Nearly 40 percent of staffing firms make fewer than 25 percent of total placements from candidates that can be found in their ATS and/or CRM. Although it fell one spot to number three this year, social media continues to rank highly as an effective candidate source, a notable trend that we'll explore further in this report.

“ Referrals are a huge part of our placement sources every year, and they’re so important because they’re a pipeline you can ensure will be there no matter what else is going on. There are a lot of pipelines everyone has access to, but your network? That’s something that nobody can take from you because you’ve cultivated it. ”

Radhika Arora, Director, Inbound Recruiting & Marketing Strategies, Open Systems Technologies



SPOTLIGHT: INTERNAL STAFF SHORTAGES

A trending topic this year: a lack of qualified internal candidates impacts staffing firms' growth strategies.

According to one respondent, "Business is great and we're scaling in almost every area. At this time the lack of hard-working ambitious talent wanting to join our ranks internally is the only thing slowing us down."

It's a theme that surfaces many times in survey comments, with numerous firms struggling to find "competent sales hunters" and "effective recruiters" in an industry known for high turnover rates.

“ It’s difficult to find, attract, onboard, train, and continually manage people at the same time you’re trying to manage your business and focus on your existing staff. It’s a constant battle of time. You don’t have the extra people to do all those things because you’re running a leaner business overall since gross margins have seen a downward pressure over the past several years. ”

**Wendy Kennah,
Director of Recruiting, ProCom**





SPOTLIGHT: INTERNAL STAFF SHORTAGES

Companies are also advised to invest in training and development to motivate employees and boost performance. In fact, survey responses indicate that employees are hungry to learn new skills. The most sought-after training topics include social recruiting techniques, HR and regulatory expertise, and disruptive technology training.

“ We’ve tried to do a lot of innovative things to reduce turnover; we run our own advocacy hub, we produce a monthly newsletter that connects all of our branches, and internally, we try really hard to recognize people for their performance. We are constantly keeping recognition at the forefront so people feel like their efforts are rewarded. ”

**Wendy Kennah,
Director of Recruiting, ProCom**

Margins Under Fire

Nearly half of firms (48 percent) list pricing pressure/margin compression as a top three challenge for 2018. More firms expect margins to stay the same or decrease (55 percent) than increase (39 percent) this year.

Those concerns are compounded by the expansion of VMS business models. VMS remains a hot industry topic and a perceived threat. Nearly a quarter (24 percent) of respondents rank the expansion of VMS business models as a top industry challenge.

Although very few firms ranked expanding VMS as a top 2018 priority (6 percent), 55 percent of large staffing firms and 44 percent of mid-size firms expect their percentage of VMS business to increase. Among top industry segments, technology, accounting/finance/insurance, and manufacturing all expect more VMS penetration in 2018.

Has VMS become a necessary evil?

“ VMS may not be preferred, but I think it’s profitable for some and everyone’s trying to get into it because it’s easy. ”

**Tom Gimbel, CEO,
LaSalle Network**

Other notable challenges include: leveraging technology/automation (36 percent); uncertainty over the economy and future growth (35 percent); and competition from freelance/gig platforms (19 percent). We examine all of these topics in more depth in the next section, *On the Horizon*.

ON THE HORIZON

In addition to tracking real-time performance and fighting fires, staffing leaders must keep a trained eye on technology and trends coming into sight. This year, digital staffing platforms, automation, and artificial intelligence take center stage. Our respondents had some surprising takes on these up-and-coming topics, as well as on emerging global macroeconomic and political trends.

Digital Staffing Platforms: Friend or Foe?

Disruptive business models may pose a threat to the staffing industry... or maybe not. We asked about the impact of freelance/gig platforms—such as Upwork, Shiftgig, Catalant, and others—on staffing firms. Namely, could they help firms as potential partners by offering a low-cost source of talent that can be leveraged? Or are they more likely to hurt your business by picking off potential assignments through direct competition?

The jury is still out, but the signs lean towards a more helpful than harmful impact. Although 63 percent of respondents aren't sure, 21 percent say digital platforms could help their business, compared to 16 percent who think they could hurt it. Even among people who ranked such platforms as a top three business challenge, more still thought it could help than hurt (25 percent vs. 23 percent).

In a live poll at Bullhorn's 2017 North American Engage conference, 57 percent saw online talent platforms as an opportunity, and 43 percent as a threat. At the 2017 UK conference, Bullhorn Live, 78 percent rated these platforms as friends and only 22 percent as foes.

21%

of respondents say digital platforms could help their business

63%

of respondents are unsure of the potential impact of digital staffing platforms

Opportunistic Sales Strategy

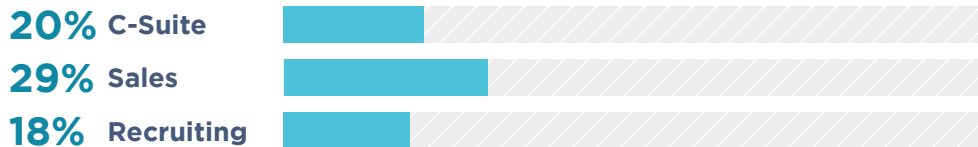
Contract and perm staffing businesses show little variation in opinion on digital platforms, although there are industry differences. Accounting/finance/insurance is the least optimistic; those respondents are more evenly split than their counterparts serving manufacturing, technology, healthcare, and business services who all support partnerships. By job position, there's remarkable consistency across functions, except for sales. The sales team is much more enthusiastic; 29 percent thought platforms could help their business, compared to 20 percent of the C-suite, 22 percent of operations staff, and 18 percent of recruiters.

DIGITAL STAFFING PLATFORM IMPACT

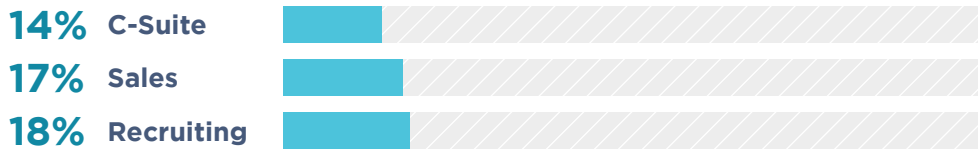
Viewpoints by job position



They could help my business



They could hurt my business



Not sure



The Pursuit of Automation

Automating and accelerating recruiting and placement processes rose higher both on the list of priorities this year and on the list of business challenges. Twenty-three percent rank automation as a top priority and 36 percent as a top challenge. At Bullhorn, we can validate first-hand that it's a topic of great interest in the staffing community.

Let's start off by analyzing the current state of automation in the industry within both the recruitment and sales cycles (hint: it's not pretty).

For our purposes, automation is defined as tools and technology that minimize human intervention and rely on discrete triggers: if X activity happens, Y response is delivered. Within the recruiting industry, much of the action in automation lies in pragmatic tools, such as real-time email replies to job applicants and parsing online applications. Often this automation is transparent to the end user, whether that's the candidate or the recruiter themselves.



“ Every manual step that can be streamlined or eliminated represents a direct cost savings. ”

Matt Fischer, President and Chief Technology Officer, Bullhorn

Automation for Recruiting

For all the talk about automation in recruitment—from semantic search and chatbots to online onboarding—adoption leaves a lot to be desired. About 40 percent of respondents aren't using any automation for selection, screening, or candidate nurturing. Additionally, close to 30 percent aren't taking advantage of technology for sourcing or onboarding.

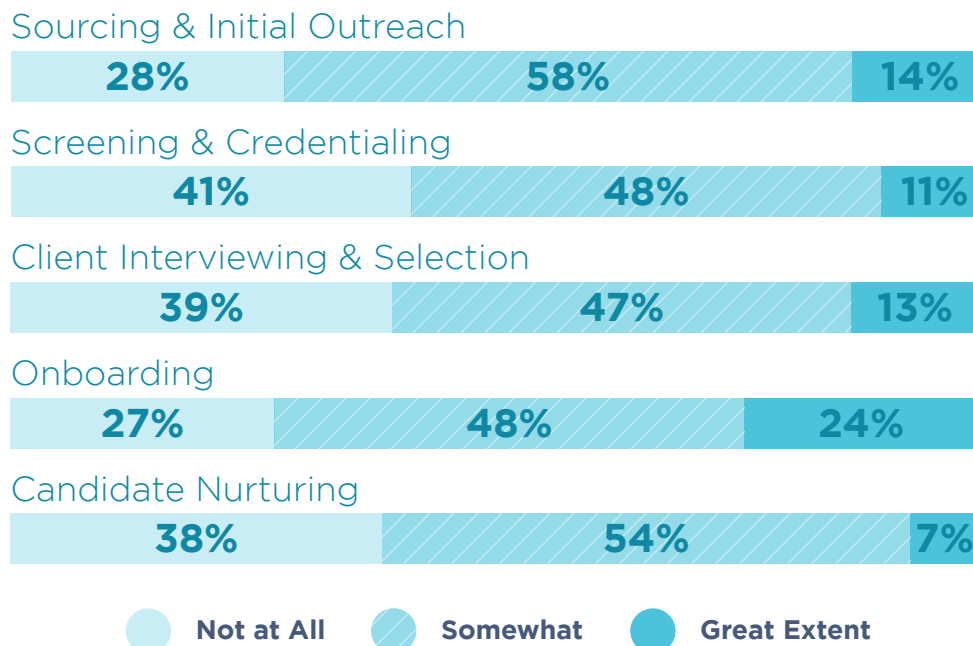
Although overall usage of automation is low, the greatest degree occurs during the onboarding stage, where one quarter (24 percent) use automation to a great extent.

“ The staffing industry is at the earliest phases of adopting automation technology, but the learning curve is quick. Onboarding is a logical place to start, as many of the tasks are standardized. We expect to see a dramatic increase in the quality and quantity of tools available in the marketplace for every stage in the next few years. ”

Matt Fischer, President and Chief Technology Officer, Bullhorn

RECRUITING AUTOMATION

Extent to which various stages are automated



Automation for Sales, Account Management, and Back Office

Among client-facing tasks, the stage with the highest level of automation—back office and invoicing—still shows that a quarter of the industry (24 percent) are not using any automation at all. Another 35 percent or so of firms don't automate during the prospecting, client engagement, or account management stages. We're not just talking about the sophisticated use of predictive analytics to pinpoint high-potential prospects. We're including standard industry tools such as client portals and post-assignment satisfaction surveys in the mix.

SALES & ACCOUNT MANAGEMENT AUTOMATION

Extent to which various stages are automated

Prospecting / Pipeline Building



Client Engagement



Account Management



Back Office & Invoicing



Not at All
 Somewhat
 Great Extent

The Dual Value of Automation

In the pursuit of increased efficiencies from automation, staffing firms often overlook a second value proposition: increased engagement. We asked respondents which aspect would drive more value for their firm:



EFFICIENCIES: cost savings through reduction of menial tasks or even headcount elimination

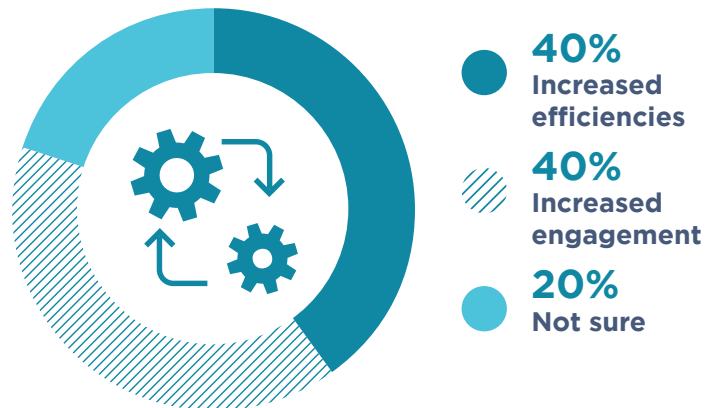


ENGAGEMENT: promoting your ability to deliver value-added insights and build deeper relationships

In North America, the appeal is evenly split, with 40 percent each choosing increased efficiencies and engagement. This suggests two viable routes for recruitment agencies, one focused on lower costs and one focused on higher quality, though it may be challenging to equally reap the benefits of both. Another 20 percent isn't sure. Firms in Australia and the UK are also nearly evenly split down the middle.

HOW EMPLOYEES SEE THE VALUE OF AUTOMATION

What drives more value?



“ Automation will change recruiter activities from highly repetitive tasks like leaving voicemail messages or dialing the phone to actions that have a higher return on investment. ”

Jeff Weidner, VP of Product Innovation, Monster

The View from the Top

Notable differences in views on automation emerge based on respondents' job positions. The C-suite values increased engagement over efficiencies by a difference of 49 to 34 percent. Sales and recruiting professionals reversed the order. Forty-seven percent look forward to more efficient processes, and 34 percent to higher engagement.

The C-Suite values engagement over efficiency as an impact of automation, whereas sales and recruiting staff feel just the opposite.

Firms have a long way to go before automation is fully ingrained in their operations. Adoption presents a bigger challenge for smaller firms: 41 percent ranked leveraging automation as top three concern vs. 28 percent of mid-size and larger firms. Many firms of all sizes struggle with cumbersome processes, redundant data entry, and database inadequacies.



SPOTLIGHT: THE NEXT BIG IDEA

Artificial intelligence (AI) offers a compelling vision for the future, but we find that many people confuse AI and machine learning with automation.

New technologies that take on the flavor of AI—such as virtual personal assistants and sourcing chatbots—still have relatively few early adopters within the staffing industry.

We invited survey respondents to share with us the “next big idea” that will shape the staffing industry, and AI is heavily featured in the responses. Here are a few that stood out:

“Just-in-time resumes for just-in-time job openings: using AI to identify likely available candidates at the time a job req is issued. That’s the holy grail of recruiting.”

“Finding a balance of automation with the human touch. While companies like automated functions such as customer call centers, the customers strongly prefer to talk with a real person.”

“Artificial intelligence and it’s impact on external staffing firms. How can we use our expertise to optimize AI for our clients?”

“What AI can do to speed up recruitment process and remove/enhance workflow to identify talent quickly and weed out talent that clogs the pipeline, in order to make recruiters more efficient.”

Job Impact

Will automation create more jobs or eliminate them in the staffing industry? The verdict is out—a split down the middle finds 38 percent on each side and another 24 percent who are undecided. C-suite respondents are more certain that automation will reduce jobs; 46 percent thought so, compared to 37 percent of sales and recruiters.

Respondents note the rise of internal sourcing teams with access to the same automation tools as staffing firms. Corporate and staffing firm recruiters who take advantage of increased efficiencies and engagement will achieve job security.

Automation's potential impact on jobs doesn't stop within the staffing firm; consider the future of your client base as well.

“ I don't think recruiters will be replaced in 2018 or 2019, but automation will lend itself to specific functionality like repetitive tasks that can be replaced by a software program or algorithm. Individual job functionalities won't be replaced—they'll be modified and adjusted but not changed so drastically that firms will have to reduce headcount. ”

Jeff Weidner, VP of Product Innovation, Monster

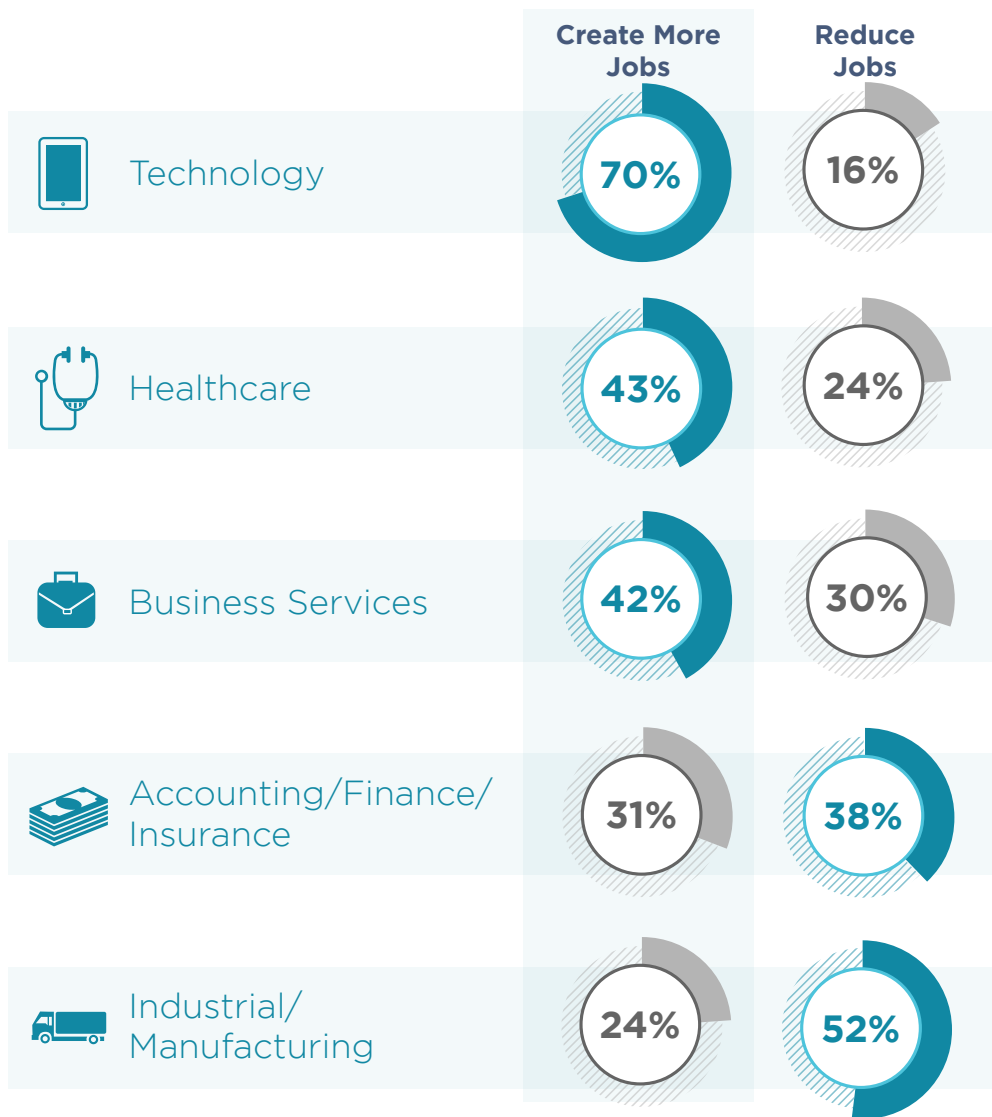
“ Staffing firms need to think about where their business comes from. Are you servicing industries that could be automated entirely, such as truck drivers, payroll clerks, or light industrial? Don't overlook the obvious; that's where the impact is going to be. ”

Art Papas,
Bullhorn Founder & CEO

We asked respondents about the impact on the five biggest industry segments represented in our survey. Which segments stand to increase jobs as a result of automation, and which will see reductions? The job creation winners: technology (big winner!), healthcare, and business services. The losers: accounting/finance/insurance and industrial/manufacturing.

AUTOMATION'S IMPACT ON JOBS

Percent predicting industry job creation/reduction



Macroeconomic & Political Trends

Entering 2017, the U.S. election and healthcare reform were top of mind for staffing firms. One year later, little has changed. The Trump administration and healthcare policies top the list of macroeconomic and political topics about which respondents are very concerned (33 percent and 28 percent, respectively).

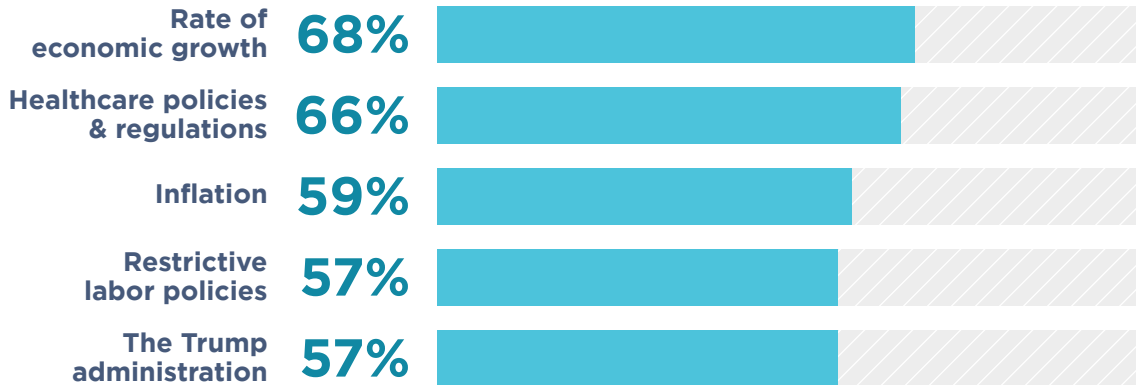
With the failure of efforts to repeal and replace Obamacare, headlines have shifted away from healthcare regulations, but lingering uncertainty continues to impact the industry.

“ Healthcare reform was on the forefront of our minds entering 2017. But as we got through the year, nothing really changed so we continue to operate under the mindset that even if there are changes, they’ll be more beneficial to the employee or worker. Those trends have been here for the last decade or so.

Rachel Mayse, Director of Operations, Pride Global

TOP 5 MACROECONOMIC AND POLITICAL CONCERNS

Percent of Respondents who are Very or Somewhat Concerned



When you extend the analysis to “very or somewhat” concerned, the answers shift and the rate of economic growth emerges at the top (as it did last year). North America isn’t alone in this regard; firms in the UK and Australia also place this issue in the first or second slot.

“ In a cyclical industry, you always have to be on the lookout for economic trends that might impact growth. You can’t afford to be complacent. This year, we’re tracking tax reform and GDP growth as two major business performance indicators. ”

Gordon Burnes,
CMO, Bullhorn



2018 PERFORMANCE OUTLOOK

When it comes to 2018 revenue growth, optimism reigns. Seventy-five percent of respondents anticipate an increase in revenue, including 20 percent who predict an increase of more than 25 percent. Only about 10 percent expect revenue to stay the same or decrease. About 40 percent of firms expect their margins to rise in tandem, about the same number that say they'll stay the same.



75%

of firms predict
a revenue increase
in 2018

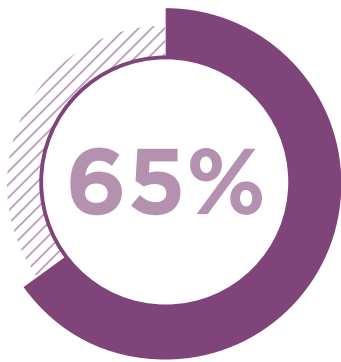


20%

of respondents say
revenues will increase
more than 25%

Real Deal or Wishful Thinking?

Are such high rates of growth realistic? To be sure, hope springs eternal. As a whole, firms didn't actually perform as well in 2017 as they predicted they would at the end of 2016:



65%
indicated year-over-year revenue growth, not the 80% predicted the year before

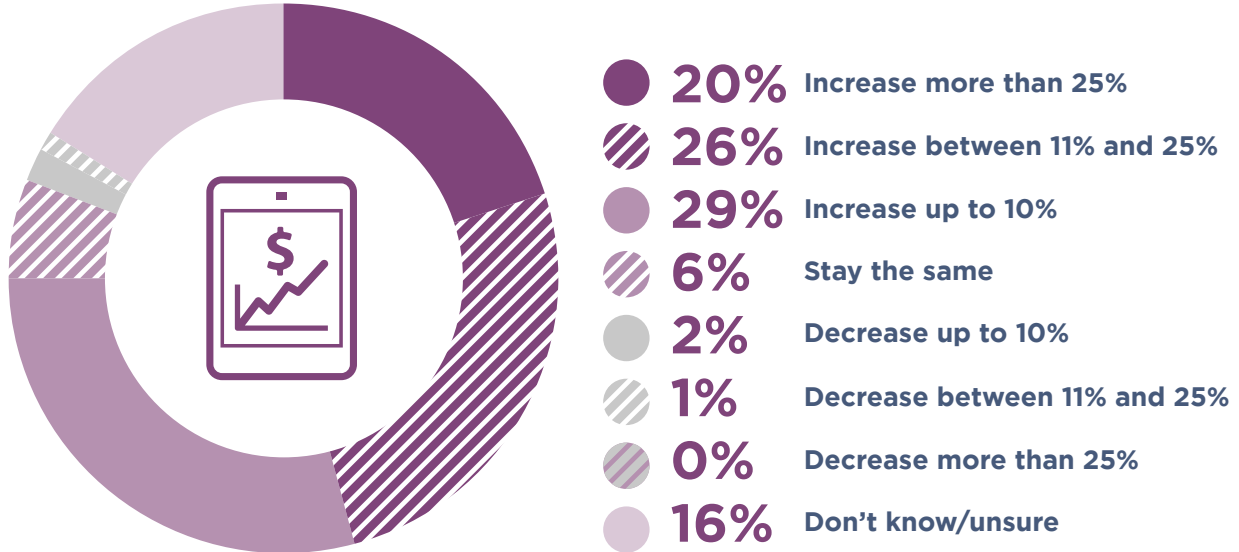


13%
experienced revenue decreases, compared to 3% who suspected that might be the case

There's also a higher degree of uncertainty about 2018 results; twice as many respondents aren't sure where they'll end up compared to this time last year (16 percent vs. 7 percent).

POSITIVE PREDICTIONS FOR REVENUE

How do you expect revenue to change in 2018 compared to 2017?



Smaller Firms More Bullish

It's no surprise that growing revenue and increasing profitability top the list of business priorities for 2018 (listed in the top three by 44 percent and 45 percent, respectively). Although smaller (\$0-10M) and mid-size firms (\$10-50M) prioritize revenue over profitability, they're more likely to predict margin increases than their larger counterparts (\$50+ million).

Also, 30 percent of smaller firms expect revenue growth of greater than 25 percent, compared to just seven percent of larger ones. The sweet spot for larger firms lies in a projected revenue increase of up to 10 percent.

“ We try to eliminate anything that takes our focus off of growth. Day-to-day operations that are necessary for running a business sometimes get in the way, but as a small firm, we're able to share those responsibilities so we can put more focus into business development. ”

Jeff Asselin, Director of Sales & Marketing, LOOP Recruiting

Revenue Sources

Again this year we examined the mix between new accounts and existing clients. New business accounts for 11-25 percent of a typical staffing firm's revenues. Almost three-quarters of firms (73 percent) say more than half their revenue comes from current accounts. We don't see significant year-over-year differences in these proportions, suggesting that keeping current customers happy remains a key baseline growth strategy.

New business accounts for 11-25% of a typical staffing firm's revenue.

“ Nowadays, having an unhappy client means more than one lost customer. It means potentially your reputation hit on social media, in the press, and other sources and that has a much longer-lasting effect than just losing revenue from one account. That's been a big mindset shift in many organizations. The new way to keep clients happy is through transparency, and the ability to provide quality candidates and quality service. Transparency goes a long way. ”

Alan Stukalsky,
Chief Digital Officer, Randstad

Hiring Outlook: Good News-Bad News

First the good news. A strong majority of staffing firms expect increases in hiring needs (70 percent), billable hours (62 percent), and temporary placements (59 percent) in 2018. These positive trends appear across the board among firms of every size and industry segments. In particular, the expected rise in temporary placements shows strong year-over-year growth (59 percent vs. 48 percent).

Some differences between smaller and larger firms are worth noting. The bigger the firm, the bigger the bump in both billable hours and hiring needs. For example, 79 percent of large firms expect an increase in billable hours, compared to 54 percent of small firms. By primary recruitment model, temporary/contract and non-executive permanent placement firms show more optimism about hiring needs than executive search firms, by a ten point percentage margin (72 to 62 percent).

GOOD NEWS / BAD NEWS

Positive Indicators:



Less-than-Positive Indicators:



Now for the not-so-great news. Even as the quantity of business rises, the quality doesn't necessarily keep pace. A majority of firms (about 55 percent) predict that both bill rates and margins will stay flat or decrease.

“ I think bill rates and margins will stay flat or decrease on high volume business, which traditionally tends to be lower margin. I see the margins and bill rates on professional staffing increasing as both the skills gap and unemployment remain large. ”

Tom Gimbel, CEO, LaSalle Network

Mid-size firms are more optimistic than smaller or larger ones on both fronts. Forty-one percent of mid-size firms say bill rates will increase, compared to 35 percent of small firms and 30 percent of large ones. Almost half of mid-size firms (46 percent) expect margins to rise, compared to 38 percent of small ones and 37 percent of large. Among top industry segments, manufacturing and business services are more likely to predict bill rate increases than their peers in technology or finance.



SPOTLIGHT: HEALTHCARE STAFFING INDUSTRY

Growing at approximately 6 percent, the temporary healthcare staffing market was estimated to reach \$15.5 billion in 2017, according to Staffing Industry Analysts.¹ Overall, our survey finds the healthcare staffing segment is on par or slightly ahead of industry expectations for revenue growth, billable hours, hiring needs, margin, and temporary placements.

Confidence levels remain about the same as last year: 29 percent are more confident about the future, 24 percent less, and 37 percent unchanged. They're investing more in the operating budget and technology than the average firm. They're looking to apply automation for efficiency over engagement (44 vs. 41 percent), although a majority (55 percent) say automation will create more jobs in the healthcare arena.



¹ Francis, David. "US Healthcare Staffing Growth Assessment." Staffing Industry Analysts. 2016.

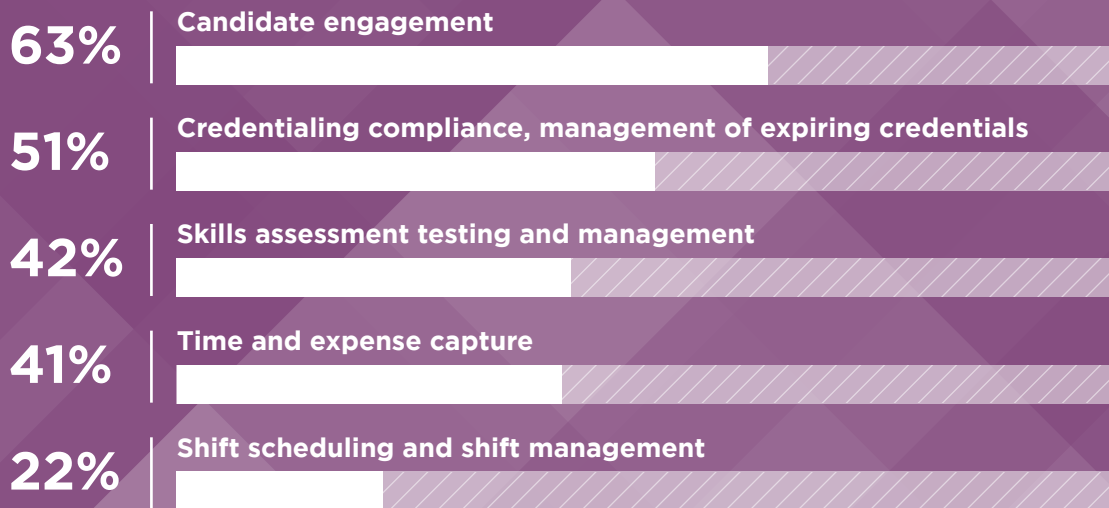


Beyond talent shortages, we asked healthcare staffing providers to classify their biggest business challenges in more detail. Candidate engagement surpassed other logistical challenges, but firms are still dealing with an array of thorny compliance and documentation issues.

“ Compliance and documentation have to take precedence over candidate engagement. We want both and we strive to achieve both, but at the end of the day an error or misstep in documentation can put us out of business. ”

Rachel Mayse, Director of Operations, Pride Global

TOP HEALTHCARE STAFFING CHALLENGES





SPOTLIGHT: 2018 OUTLOOK BY INDUSTRY SEGMENT

Percent reporting an ↑ increase, ↓ decrease, or ↔ no change in key parameters

	Technology	Accounting/ Finance/ Insurance	Healthcare	Manufacturing	Business Services
Total billable hours	↑ 66%	↑ 70%	↑ 71%	↑ 68%	↑ 74%
Bill rates	↔ 53%	↔ 46%	↑ 64%	↔ 45%	↔ 45%
Margins	↑ 39%	↑ 44%	↑ 59%	↑ 47%	↑ 41%
Temporary placements	↑ 63%	↑ 72%	↑ 56%	↑ 61%	↑ 67%
Operating budget	↑ 49%	↑ 54%	↑ 54%	↑ 52%	↑ 56%
Tech investments	↑ 57%	↑ 60%	↑ 41%	↑ 50%	↑ 55%
Hiring needs	↑ 72%	↑ 78%	↔ 46%	↑ 77%	↑ 77%
Number of branch locations	↔ 60%	↔ 53%	↔ 38%	↔ 50%	↔ 54%
Percentage of VMS business	↑ 41%	↑ 43%	↔ 63%	↑ 37%	↔ 38%





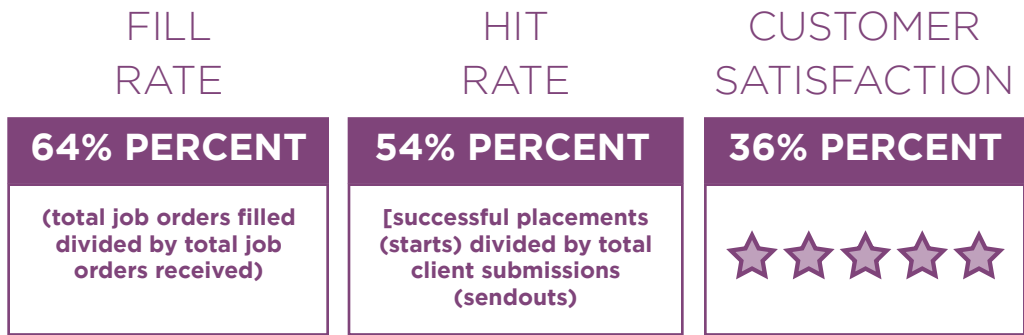
SPOTLIGHT: 2018 OUTLOOK BY FIRM SIZE

Percent reporting an ↑ increase, ↓ decrease, or ↔ no change in key parameters

	\$0-10 Million	\$10-50 Million	\$50+ Million
Total billable hours	↑ 54%	↑ 77%	↑ 78%
Bill rates	↔ 53%	↔ 45%	↔ 52%
Margins	↔ 47%	↑ 46%	↑ 37%
Temporary placements	↑ 50%	↑ 79%	↑ 67%
Operating budget	↑ 54%	↑ 49%	↑ 50%
Tech investments	↑ 49%	↑ 61%	↑ 65%
Hiring needs	↑ 72%	↑ 71%	↑ 83%
Number of branch locations	↔ 62%	↔ 58%	↑ 48%
Percentage of VMS business	↔ 38%	↑ 44%	↑ 56%

Key Recruiting Metrics

We see an interesting change this year in the metrics that staffing firms use to measure the recruiting/recruitment delivery process. This year's three most important metrics, based on the percentage who ranked them in their top three, are:



Last year, customer satisfaction ranked number one, with 63 percent of respondents listing it as a top three metric, compared to 36 percent this year.

“ Using customer satisfaction as the only recruiting metric can be problematic because it may change from placement to placement and is difficult to measure accurately. While subjective satisfaction input is valuable, performance benchmarking recognizes the value of more standard metrics such as fill rate and hit rate. Repeat business also serves as a meaningful proxy for customer satisfaction. ”

Gordon Burnes, CMO, Bullhorn

Larger firms (\$50+ million) pay more attention to hit rate than smaller or mid-size competitors (64 percent vs. 52 and 51 percent, respectively), although they're not as focused on time-to-fill as a measure of success (33 percent vs. 42 and 43 percent, respectively). Contract firms place much more emphasis on fill rate than their permanent placement peers, with 74 vs. 61 percent naming that as a top-three metric.

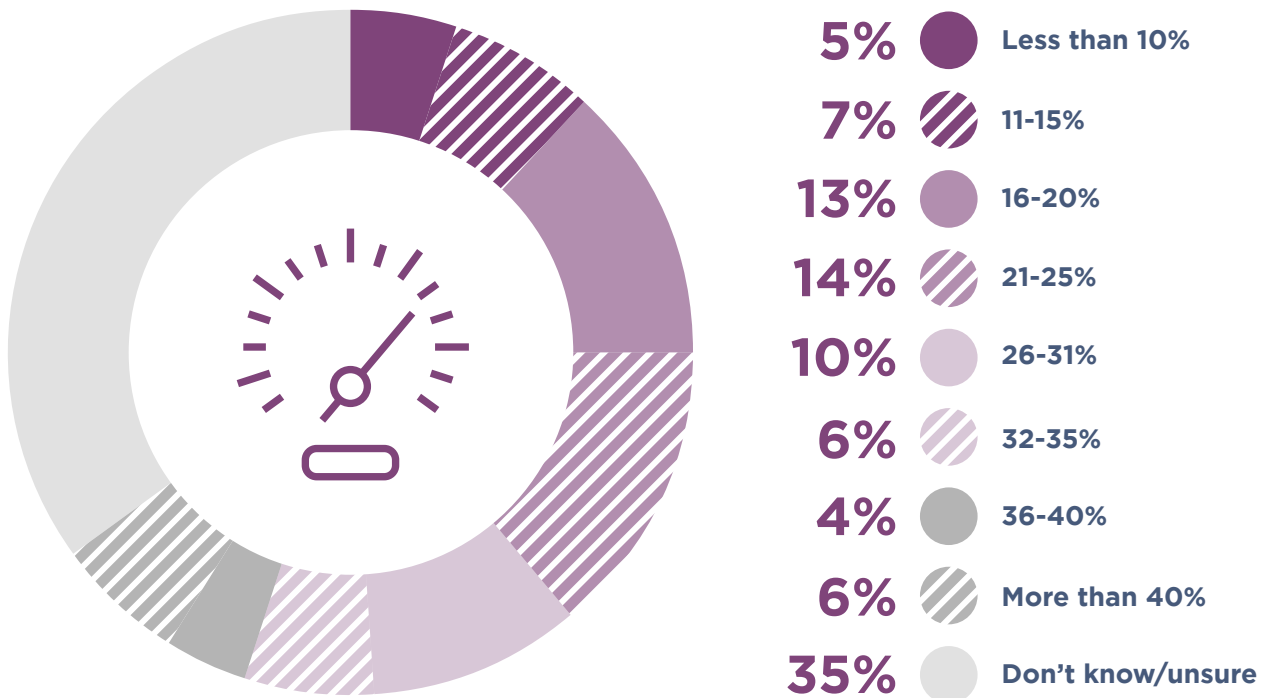
Once again, candidate satisfaction comes in low on the list as a valuable recruitment metric, with only 17 percent saying it's in their top three. Executive firms do better in this regard than their contract and perm counterparts (24 percent vs. 14 and 16 percent, respectively). As we'll see, the critical importance of the candidate experience to boost referrals, redeployments, and overall goodwill cannot be overstated.

Just 17% of firms rank candidate satisfaction as a top metric to evaluate the success of their recruiting process.

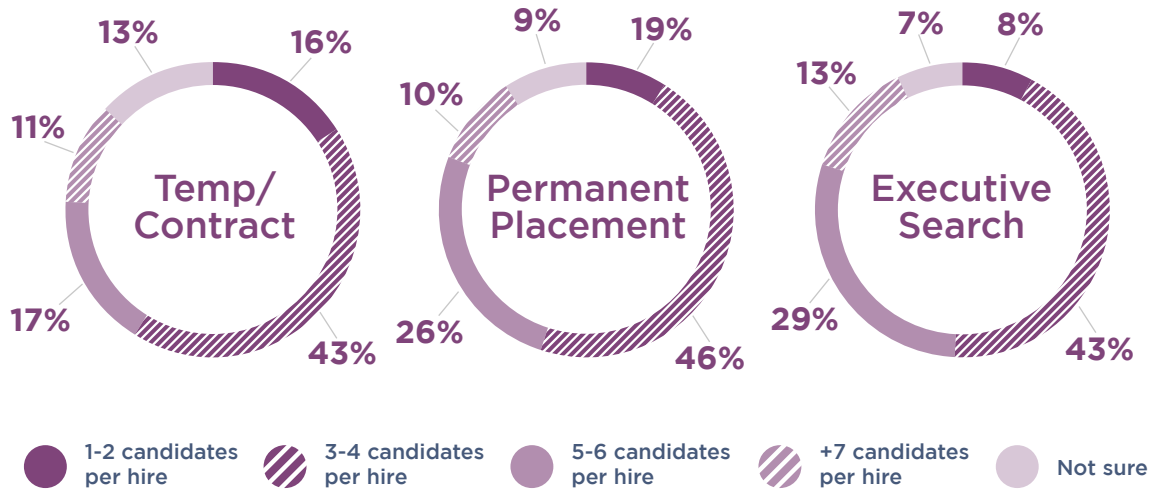
Measuring Up

Given such high performance expectations, are staffing firms up to the challenge? Here's a look at some key performance indicators that reflect the current state of affairs.

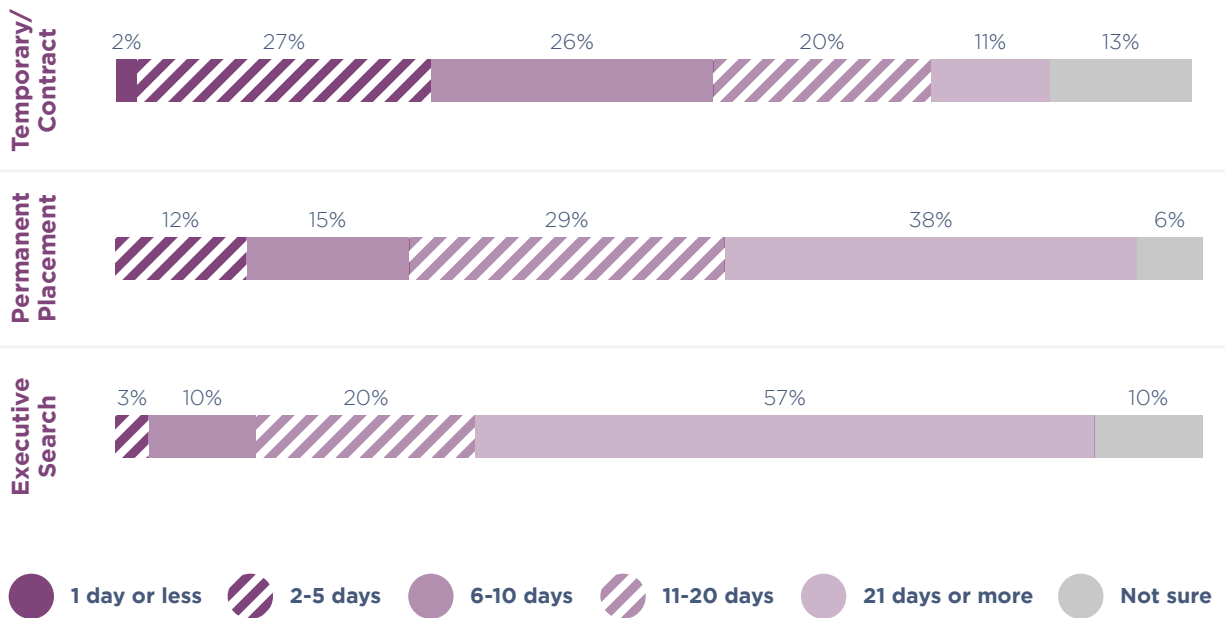
GROSS MARGIN



SUBMITTAL-TO-HIRE RATIO



TIME-TO-FILL (DAYS)

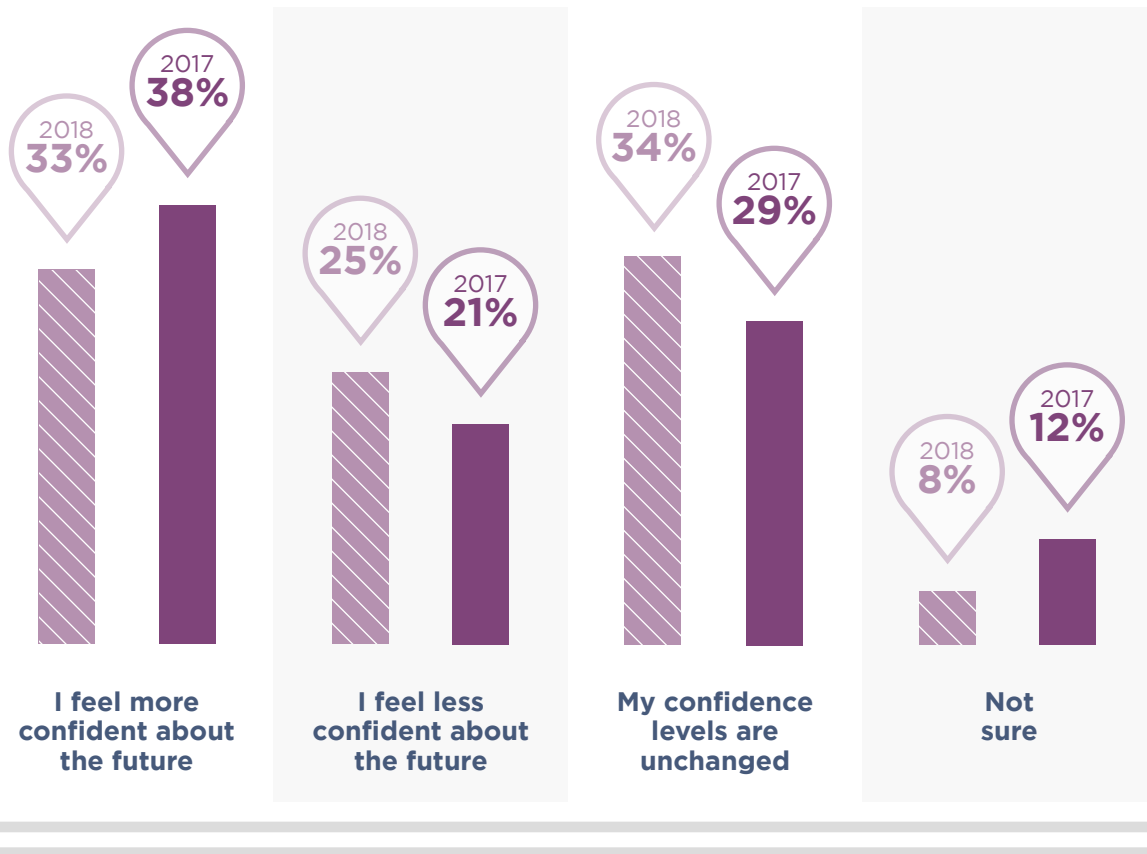


Confidence Levels

Does the generally positive hiring outlook translate into more confidence about the industry as a whole? Not quite. Conducted immediately following the 2016 election, last year's survey found that 38 percent were more confident about the future outlook for the staffing industry as a result. Twenty-nine percent said their confidence was unchanged, and 21 percent were less confident.

CONFIDENCE LEVELS FOR THE UPCOMING YEAR

Entering 2018 vs. 2017



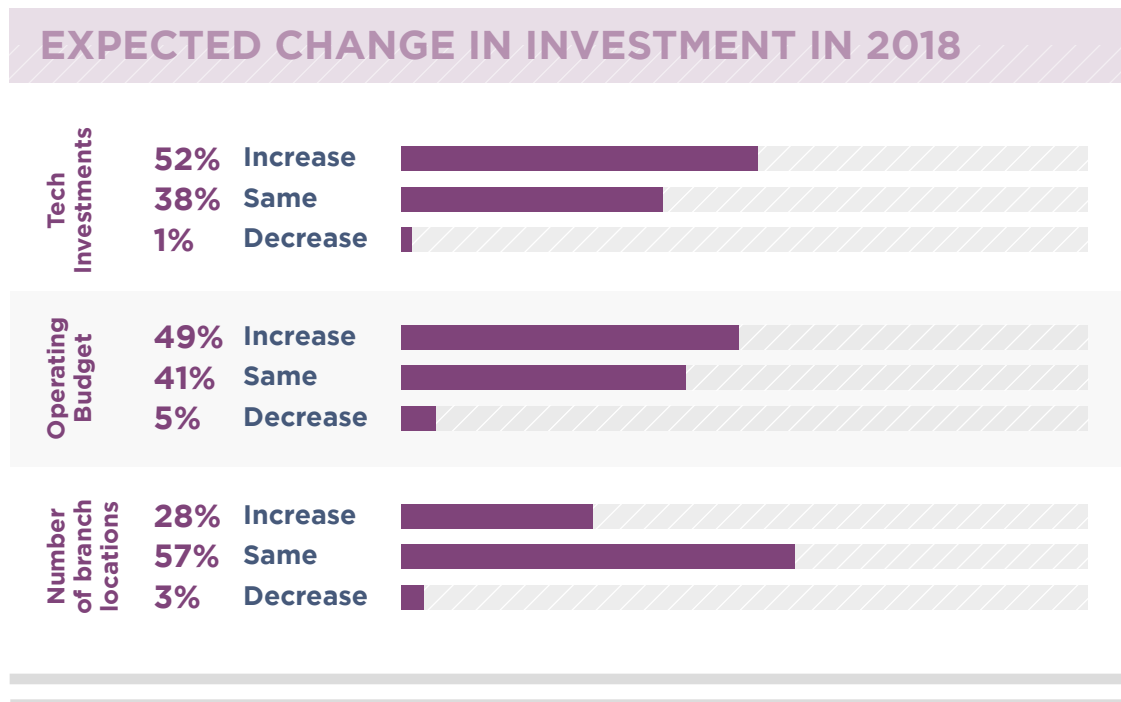
One year later, confidence levels have slipped. More respondents say their confidence levels have stayed the same than those who feel more confident, and more are less confident than last year. Smaller firms lean more confident than mid-size or larger ones, although differences by primary recruitment type are less pronounced.

The most confident industry segment: manufacturing. The least is a tight race between accounting/finance/insurance and business services. Staffing industry leaders have a brighter outlook than their employees. Forty-four percent of the C-Suite has more confidence going into 2018, compared to just 30 percent of their sales and recruiting teams.

Work to be Done

Industry growth numbers remain strong: Staffing Industry Analysts predicts global staffing revenue to increase by six percent in 2018, and six of the largest 15 markets should experience double-digit growth.² With growth comes tough decisions about investments. Do you double down on efficiency measures to boost profitability, or do you expand your reach to capture more market share?

We looked at three investment areas—technology, branch locations, and overall operating budget—to get a read on the situation. Half of firms (49 percent) say their operating budget will go up in 2018, an increase over last year’s 43 percent. There’s little variation among firms of different sizes and industry segments.



² Gregoire, Tony. "Global Staffing Industry Market Estimates and Forecast: October 2017 Update." Staffing Industry Analysts. 2017.

Technology Spending Rises

Good news for technology vendors—staffing firms are prepared to invest more heavily in technology in 2018. Fifty-two percent say their tech investments will increase, compared to 40 percent last year.

Large firms set the pace, with 65 percent increasing their tech budget. Among all firms that plan to boost spending, 29 percent rank recruiting automation as a top firm priority.

“ Business is better than it ever has been, so I anticipate an upswing in spending. This year, our areas of interest are predictive analytics, machine learning, and identity management across systems. ”

Ken Krieger, CIO, Judge Group

Market Presence

There's less appetite to invest in new branch locations. With 26 percent of firms ranking new market expansion as a top priority—and far fewer interested in acquisitions—only 28 percent expect to increase the number of offices. That's a ten percentage point difference from last year's results, suggesting that industry leaders are turning their attention inward to operations rather than outward to expansion.

ENGAGING CLIENTS & CANDIDATES

Both client and candidate engagement take center stage for staffing firms in 2018. Beyond revenue growth and increasing profitability, candidate acquisition represents the third most important staffing firm priority for 2018, and improving management of client relationships doesn't fall far behind on the list.

Landing—and engaging—clients in dynamic industries “where employees are valued instead of seen as just an element of production” takes persistence, creativity, and consistency. We’ve already seen that most firms rely on existing clients for the majority of their revenue, so keeping them happy can make or break your P&L.

How do firms stack up at different stages of the sales and account management cycle? Surprisingly well, if you ask them (which we did).

High Self-Ratings

In the earliest stages of building a relationship, 70 percent of firms say their prospects would give them a good or excellent rating. This jumps up to 83 percent at the candidate sourcing stage, even though staffing firms admit they struggle to find the right talent for their clients.

CLIENT RATINGS:

Sales and Account Management Cycle

How would clients and prospects rate your firm’s overall performance at various aspects of the sales and account management cycle?



Firms also rate themselves highly at ongoing account management. How do they stand out from the competition? Overwhelmingly, they cite consistent communication with hiring managers as their best strategy to improve ongoing client engagement (86 percent).

“ Communication is what separates an average professional services firm from a GREAT professional services firms. In a world where people have continually developed a dependence on email rather than verbal and face-to-face communication, the ability for services firms—staffing and recruiting firms in particular—to build relationships is crucial. ”

Tom Gimbel, CEO, LaSalle Network

Getting Ahead of the Game

Other best practices include regularly-scheduled Quarterly Business Reviews (51 percent) and performance scorecards (38 percent). Additionally, 42 percent suggest delivering market research and analytics. Presumably that tactic would serve as an example of the “value-added services” that 71 percent say they’re doing a good job at providing already. Only 32 percent rank satisfaction surveys as a top engagement strategy—particularly surprising since pricing compression and competition from VMS alternative staffing models represent significant challenges.

“ Staffing firms that consistently track their own performance at every stage of the sales cycle gain a clear competitive advantage by understanding which stages of their processes aren’t meeting the needs of their clients and candidates. ”

Gordon Burnes, CMO, Bullhorn

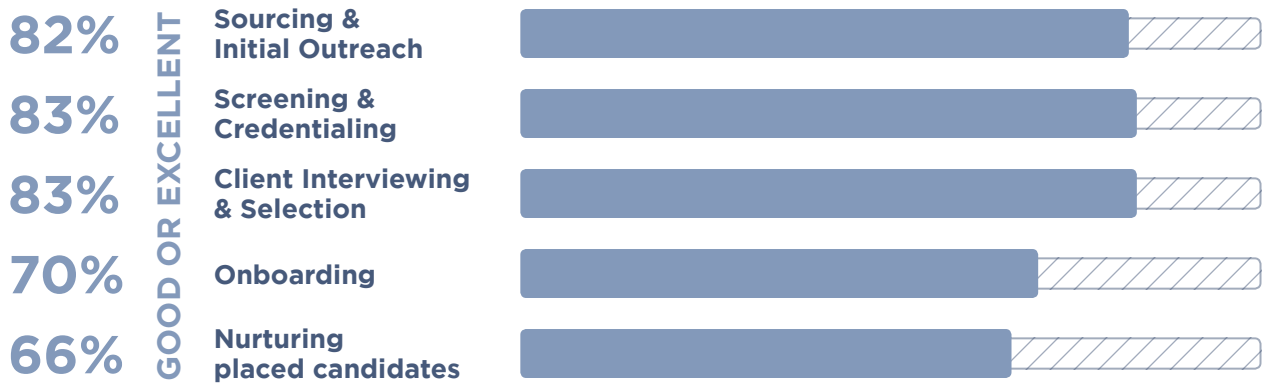
Candidate & Consultant Ratings

On the other side of the equation, firms also say candidates would rate their performance highly throughout the recruiting cycle. They think they engage candidates particularly well at the client interview stage (perhaps because everyone's on their best behavior to secure the placement), as well as during sourcing and screening.

EXPECTED CANDIDATE RANKINGS:

Recruiting Cycle

How would candidates rate your firm's overall performance at the following phases of the recruiting cycle?



Firms seeking a silver bullet to boost candidate engagement may be disappointed. Although firms shared some of their unique and attention-grabbing actics (below), most rely on old-fashioned outreach to build one-on-one relationships. Regular calling, texting (increasingly), and one-on-one interactions can help candidates feel like “they’re not just resumes, they’re future clients,” as one respondent put it.

“ People want open communication whether you’re finding another job for them or not. If you’re not engaging with candidates, there’s a negative connotation—they become detractors of your organization. ”

Wendy Kennah, Director of Recruiting, ProCom

Automation can also be used effectively at every stage of the recruiting cycle to free up time for personal interactions.

“ Delineating clearly between high-volume and high-touch recruiting activities will allow firms to deploy the right automation technology to improve efficiency and engagement. ”

Gordon Burnes,
CMO, Bullhorn

WHAT IS THE MOST IMPACTFUL OR ORIGINAL TACTIC YOUR FIRM USES TO ENGAGE CANDIDATES?

Here's a sample of tools and tricks staffing firms use to stay top of mind with top talent.

"Group discussions with a staff member facilitating topics from unemployment barriers to potential changes to the job market."

"Quarterly newsletters spotlighting our candidates."

"Contacting every candidate so they never feel that applying to our firm is a black hole."

"Salary surveys."

"Genuine interest in their career objectives."

"We tell them the truth while other vendors spin lies."

"Referral and longevity bonuses."

"That info will need to remain in the 'trade secrets' vault."

"Bringing each candidate in to personally meet with them."

"Personalized messages on LinkedIn."

"Three desk model/Consultant Services Group."

"Mobile recruiting vehicle."



Drop-Off after Placement

Once a candidate gets the offer, ratings fall noticeably. Seventy percent say their placed candidates would give them a good or excellent onboarding rating, and 66 percent say the same about maintaining a strong relationship.

“ There’s always more hand-holding in the onboarding process and the journey there. When candidates are placed, there’s an expectation that they don’t need as much attention; they’re actively engaged and their number one priority isn’t getting the job, it’s doing the job. The recruiter has to let the candidate flourish on their own merit, but often it’s at the expense of their relationship. That lack of attention can hurt their relationship in the long run. ”

**Tom Gimbel,
CEO, LaSalle Network**

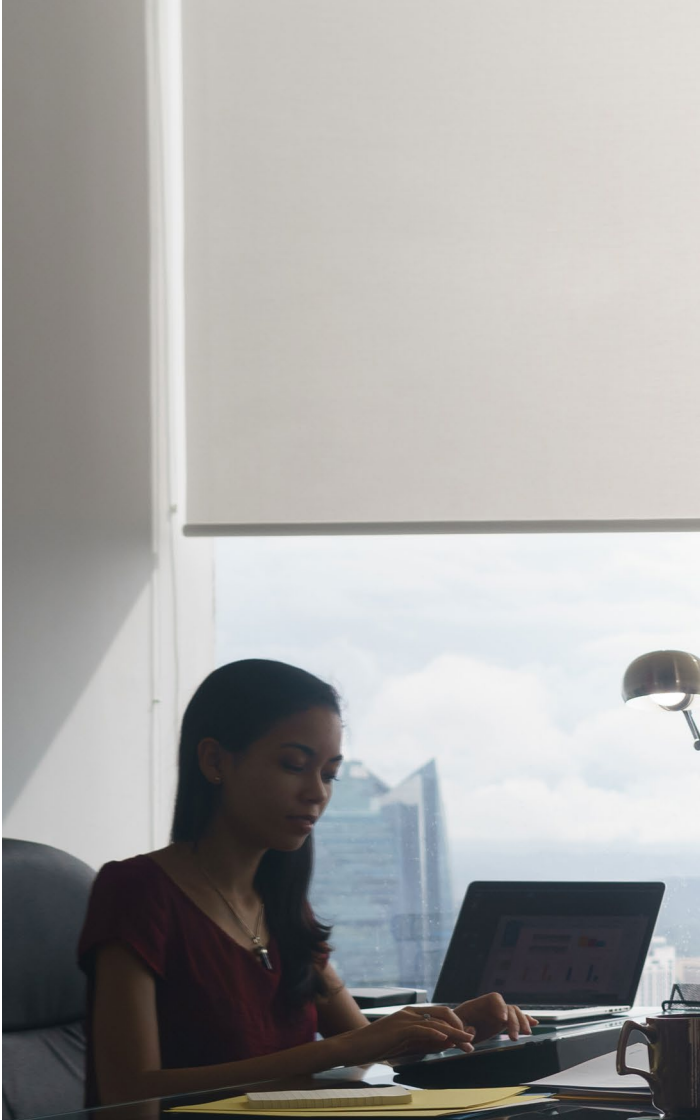
These ratings dips reflect two missed opportunities: referrals and redeployments. Recall that referrals from successful placements is the highest ranked candidate source. How likely are candidates who have a poor onboarding experience or don’t hear from their recruiter ever again to recommend that staffing firm to a peer?

Failure to Redeploy

Additionally, data on redeployment rates shows much to be desired. A quarter (26 percent) of staffing firms place less than 10 percent of candidates on their next assignment. Half redeploy fewer than 25 percent. We also found that a quarter of respondents (26 percent) don't know their redeployment rate, a critical metric no matter your role.

Who Owns the Candidate Experience?

Views are mixed as to who in the staffing organization holds primary responsibility for the candidate experience. There are two primary camps, one that says individual recruiters own engagement (48 percent) and one that says it's a shared responsibility across the business (45 percent). The C-suite and recruiters are more likely to assign the charge to recruiters (both 53 percent) than individuals working in sales, marketing, and operations do (ranging from 35 to 46 percent).



“ There’s not always a match between the skills/roles of the people coming off of assignments and the new assignments that are available, but it’s still critical to keep track of your redeployment candidates and your rates of redeployment. ”

Wendy Kennah,
Director of Recruiting, ProCom

WHO OWNS THE CANDIDATE EXPERIENCE?



- 48% Individual recruiters
- ▨ 45% Shared responsibility across the business
- 6% Operations
- ▨ 1% Marketing

“ Everyone in the organization is responsible for generating an incredible candidate experience, including the back office. The recruiter must be on the front lines and be ‘problem solvers’ rather than just ‘position pushers.’ Technology can make the match faster than humans. The role of the recruiter is to eliminate friction and be competent and likable.

Ken Krieger,
CIO, Judge Group

Communication Channels

To get a pulse on how candidates want to be contacted, we explore usage of various recruiting channels, from the tried and true (email and phone) to emerging methods and social platforms (text, Twitter, Facebook Messenger, and video interviewing).

Fifty percent and 57 percent expect their usage of phone and email—the workhorses of the recruiting world—to stay the same. Among respondents who expected a decrease in a particular channel, 30 percent say they're using the phone less (the largest among all methods). Only 19 percent say they're using the phone more, putting it just slightly ahead of Facebook Messenger (18 percent) and Twitter (13 percent).

Text on the Rise



More than two-thirds of respondents (69 percent) say they're increasingly turning to SMS messaging (texting) for recruiting outreach. One texts “all the time, multiple times” and others point to increased candidate accessibility by texting from recruiters’ personal numbers.

LinkedIn messaging is also on the rise according to 59 percent of those surveyed, as is video interviewing (39 percent). However, adoption of video is not widespread, as 29 percent say they aren't using it. Facebook Messenger and Twitter remain on the fringe, with 46 and 43 percent saying they're not in use at all.

Generational Differences

When asked about industry topics they'd like more training on, the effectiveness of various communication channels popped up multiple times, including the "value of social media engagement," "the effectiveness of texting/messaging," and "age-based responsiveness to outreach." We're also quite interested in generational preferences. When it comes to how staffing firms contact candidates, does age matter?



SMS messaging (texting) is the fastest growing recruiting communication channel: **69% expect their usage to increase in 2018.**

PREFERRED COMMUNICATION CHANNELS

Generational Differences

Gen Z (1996 and later)
& Millennials (1980-1995)

1. **TEXT**
2. **EMAIL**
3. **PHONE**

Gen X (1965 to 1979), Baby Boomers
(1946-1964), & Matures (1927-1945)

1. **PHONE**
2. **EMAIL**
3. **TEXT**

Younger generations are increasingly turning to texting as the preferred outreach channel. Two-thirds of respondents say Gen Z prefers texting as their first choice of contact methods, compared to less than two percent of baby boomers or matures. There's a sharp drop off of texting as the preferred channel after GenX, although it still falls in the top three for every generation.

“ SMS texting is huge right now because everyone has a phone. But ten years down the road, we're going to be living in a different time and SMS might not be that useful anymore. Whatever new technology we're adopting as a society, we're going to have to adopt as an industry. ”

Radhika Arora, Director, Inbound Recruiting and Marketing Strategies, Open Systems Technologies

Once again, we see that channels such as Facebook messaging and video act more as supplemental tools than primary outreach methods. Even among younger generations, Twitter is not yet associated with recruiting activity.

CONCLUSION: MOVING FORWARD

With persistent talent shortages and pricing pressure, how should North American staffing firms plan to achieve a productive and profitable 2018? Here are ten takeaways from *2018 North American Staffing & Recruiting Trends Report: The Industry's Outlook for 2018* to help you weigh competing priorities and focus your thinking.

1 **Plan for revenue growth in 2018, but be realistic.**

Three-quarters of survey respondents predict a revenue increase in 2018, although about 15 percent of firms fell short of their predictions last year. **(Page 40)**

2 **Expect quantity over quality in hiring.**

Expect strong hiring demand, anchored by the temporary/contract market. But be prepared to defend your bill rates and margins against constant pressure. **(Page 41)**

3 **Boost technology investments.**

Don't delay enterprise spend on technology that boosts efficiency or innovation. Half (52 percent) of North American firms are investing in enhancements to their tech profile. **(Page 53)**



4 **Share responsibility for candidate experience across the firm.**

Recruiters may be your firm's face to the talent universe, but creating a positive candidate experience requires a commitment from every functional department and executive leadership. Get creative. [\(Page 61\)](#)

5 **Pay more attention to your placed candidates.**

It doesn't take much, but a little love goes a long way. Placed candidates are the single best source of referrals to grow your business, plus you'll have a better chance at redeployment. [\(Page 60\)](#)

6 **Text all your candidates (not just Gen Z).**

While phone and email outreach still dominate recruiting, texting is increasingly utilized to communicate with candidates of all ages. [\(Page 65\)](#)



7 **Automate both sales and recruiting tasks.**

Using automation to minimize low-value tasks—such as scheduling interviews and onboarding candidates—pays off in increased engagement with candidates and clients. [\(Page 27\)](#)

8 **Rethink the competitive landscape.**

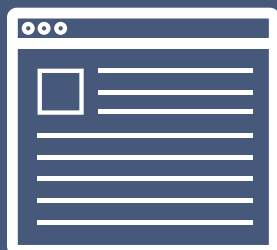
If (like most survey respondents) you're not sure what impact digital staffing platforms will have on your business, start educating yourself. Consider the possibility they may be an untapped talent source. [\(Page 25\)](#)

9 **Balance new and existing business.**

Staffing firms still rely heavily on existing accounts to drive revenue. Make sure you're building relationships across different organizational levels and investing in talent to aggressively pursue new clients. [\(Page 16\)](#)

10 **Use both subjective and objective performance metrics.**

Client satisfaction counts, but it's hard to measure. Build an arsenal of data-driven metrics that give you unbiased insight into specific areas where you can improve performance. [\(Page 48\)](#)



ABOUT BULLHORN

Bullhorn is the global leader in CRM and operations software for the recruitment industry. More than 7,000 staffing companies rely on Bullhorn's cloud-based platform to drive sales, build relationships, and power their recruitment processes from end to end. Headquartered in Boston, with offices around the world, Bullhorn is founder-led and employs more than 650 people globally. To learn more, visit www.bullhorn.com or follow @Bullhorn on Twitter.



APPENDIX:

SURVEY DEMOGRAPHICS

Bullhorn's *2018 North American Staffing & Recruiting Trends Report: The Industry's Outlook for 2018* utilizes data from an online survey of staffing firm employees. A total of 1,442 responses were received globally, and this report is based on 925 responses from individuals working for companies with headquarters in the U.S., Puerto Rico, U.S. Virgin Islands, or Canada. The survey was fielded from September 17, 2017 to October 7, 2017.

About half of our respondents operate primarily in the contract and consulting marketplace (49 percent), followed by executive search (22 percent), permanent placement (18 percent), and less than two percent each for Managed Service Provider, Recruitment Process Outsourcing, Professional Employer Organizations, and other formats.

Two-thirds of North American companies employ fewer than 25 recruiters and salespeople (66 percent). A large proportion of respondents falls in recruiting (27 percent) or HR/Talent Acquisition (12 percent), although a significant portion are executives (27 percent).

A third of firms in the survey generate less than \$5 million in annual revenue (36 percent) and just under one-fifth of firms (18 percent) bring in more than \$25 million. Participants reflect a wide variety of placement disciplines and industries served, from packaging to pharma and everything in between.

Top 5 Industries Served



Top 5 Types of Positions Placed



Please note, some of the figures mentioned in the report don't add up to 100 percent due to rounding or question design (e.g., the ability to provide multiple answers). Some participant quotes were edited for clarity and length.