

STATE *of* STAFFING

2021 State of Staffing Sponsors



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Executive Summary

After a challenging year, many staffing agencies are focused on re-aligning, rebuilding, and redesigning their service offerings in 2021.

While some firms continue to do business as usual, the fastest-growing firms are embracing the digital transformation in an effort to build a more efficient, friendly, and profitable staffing agency.

Here are a few of the key trends in this report:

1. **Staffing agencies are optimistic about growth in 2021**, with 43% of agencies expecting to grow by 21% or more this year.
2. **Adoption of new tech and recruiting automation** is an increasingly important strategy for fast-growth agencies.
3. **Top lead sources are shifting.** As the war for talent continues to heat up, agencies are starting to look to new sourcing strategies outside of job boards.

STOP CONNECTING THE DOTS (WITH YOUR TECHNOLOGY)

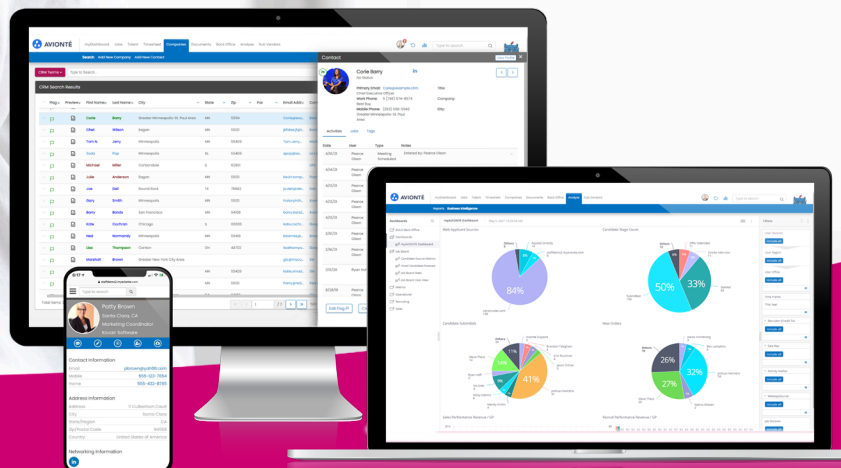


START MOVING AT THE SPEED OF BUSINESS

Scalable, sustainable,
single-source platform
built for staffing



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1.0

2021

State of Staffing

1.1 Who Took the Survey

1.2 Growth Projections



Section Overview

“Figure out your tech stack. Also, communicate well and **do the right thing for your employees and clients** and you'll grow and do fine over time. Don't spread yourself too thin - **focus on a niche** until you know everyone in that niche.”

-Survey Response

Summary

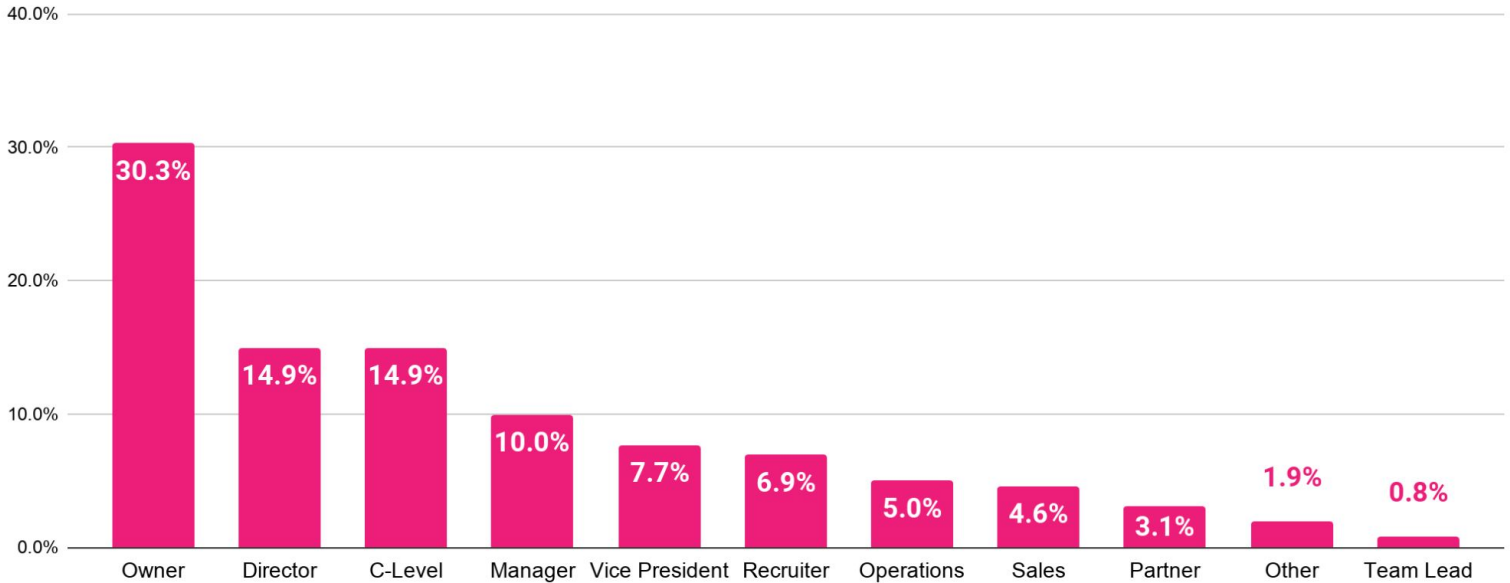
This year, the majority of agencies (69.6%) expect to grow by 11% or more. Here's a brief summary of key takeaways from this section:

1. Industries that experienced the most growth in 2020: IT, professional/managerial, industrial, engineering, and healthcare
2. Industries with the top projected growth in 2021: IT, professional/managerial, and healthcare
3. 43.3% of agencies expect to grow by 21% or more in 2021

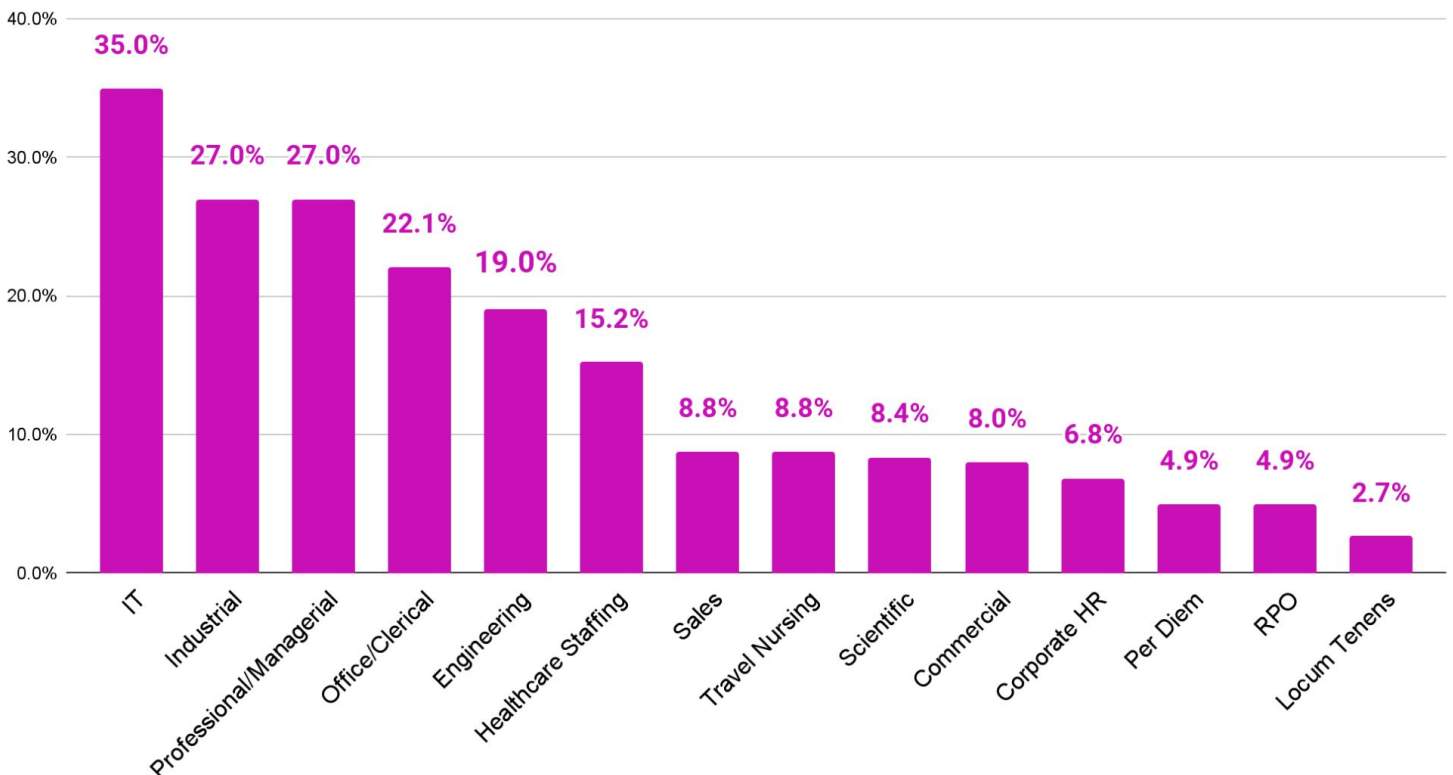
Who Took the Survey

250+ staffing professionals across all verticals completed our survey.
Over 80% of respondents were owners, management, or C-Level.

Job function of survey respondents



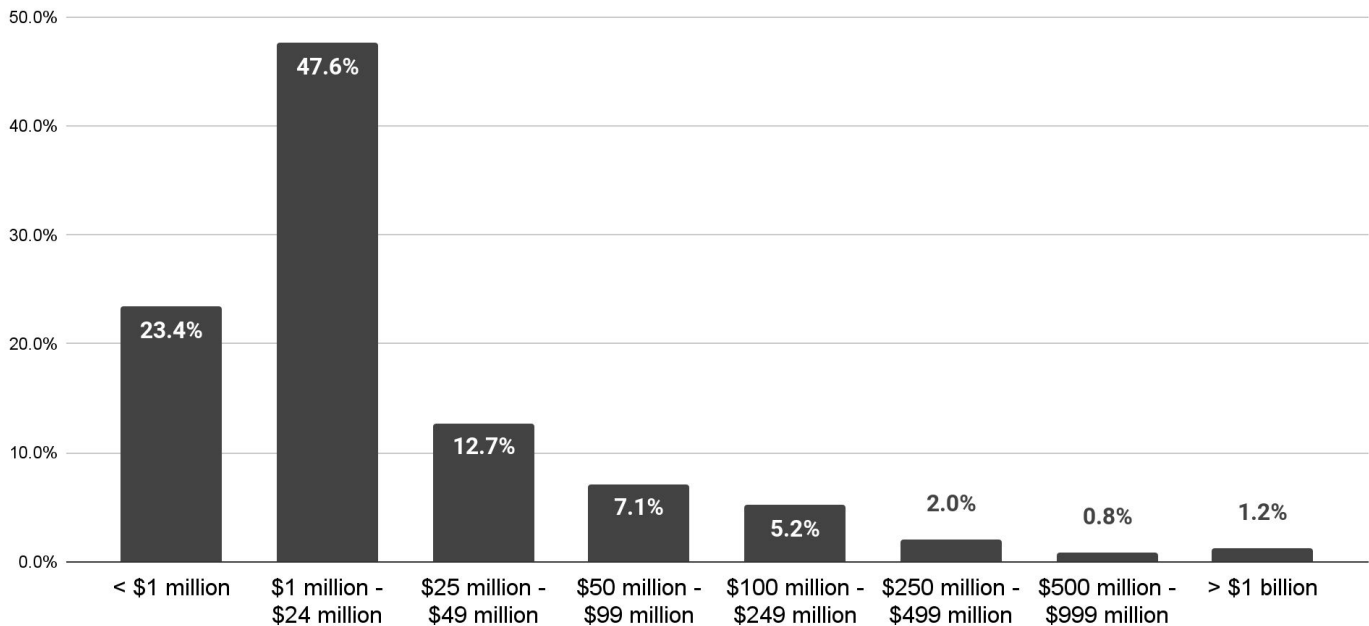
Respondents by industry vertical



Who Took the Survey: Company Size

Staffing firms of all sizes were represented in the survey.

Respondents by annual revenue



Summary of Agency Size

71%

Up to \$25 Million

20%

\$25-\$100 Million

9%

Above \$100 Million

What to Expect in This Report

Every year, we segment our data to make sure we're delivering real insights that help you improve your business strategy. Due to the pandemic, we decided to shift our perspective. Instead of reporting on the previous year's growth, we're looking forward to see how businesses that expect to grow the most plan to operate differently in 2021.

In this report, you'll learn how fast-growth agencies operate compared to slow-growth firms.



43.3%

Fast-growth firms in 2021
*Agencies that expect to grow
by 21% or more YoY*

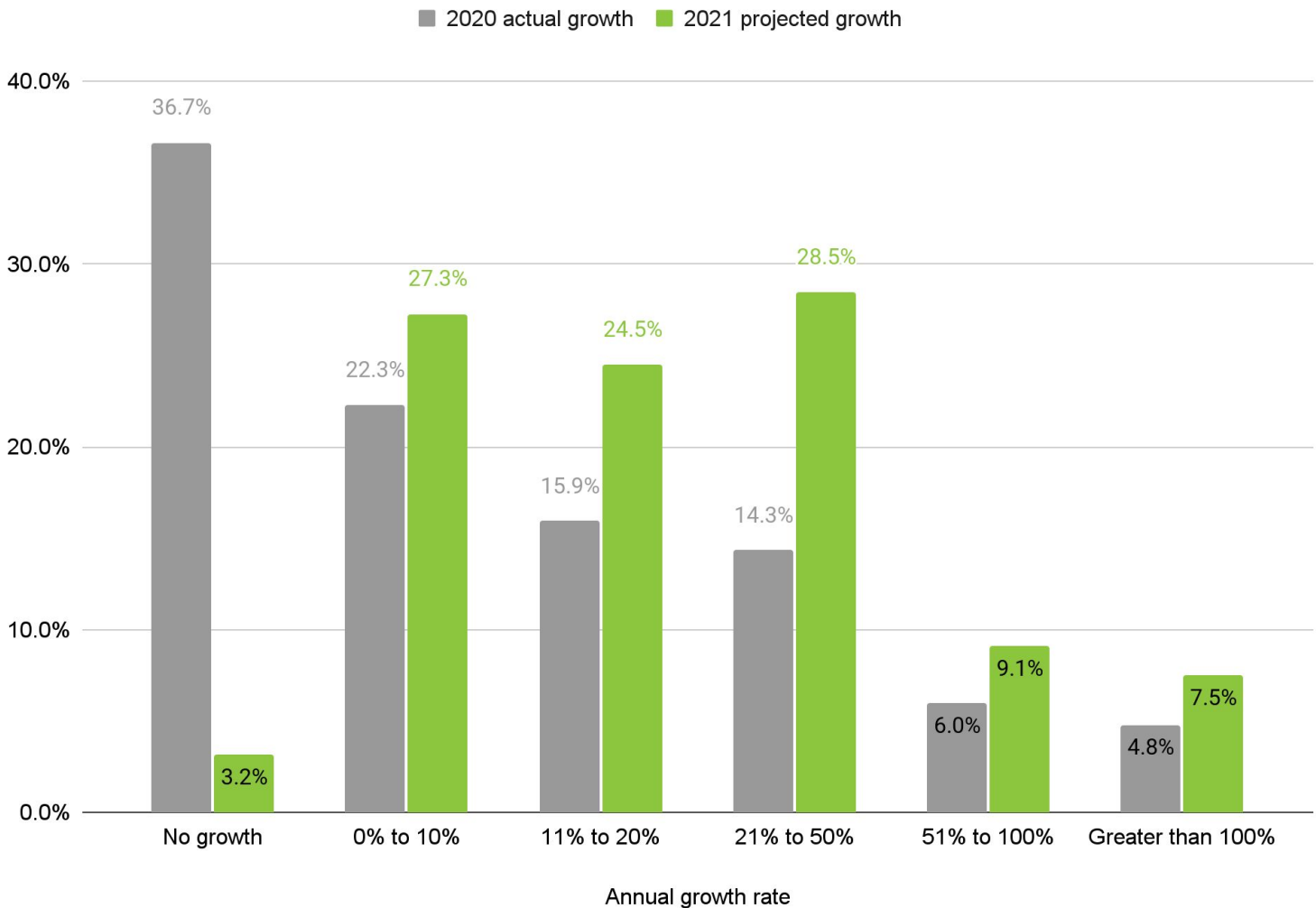
29.3%

Slow-growth firms in 2021
*Agencies that expect to grow
by less than 10% YoY*

Staffing Industry Growth

Agencies are optimistic about the future, with 69.6% of firms expecting double-digit growth in 2021.

Staffing agency revenue growth: 2020 actual vs. 2021 projected



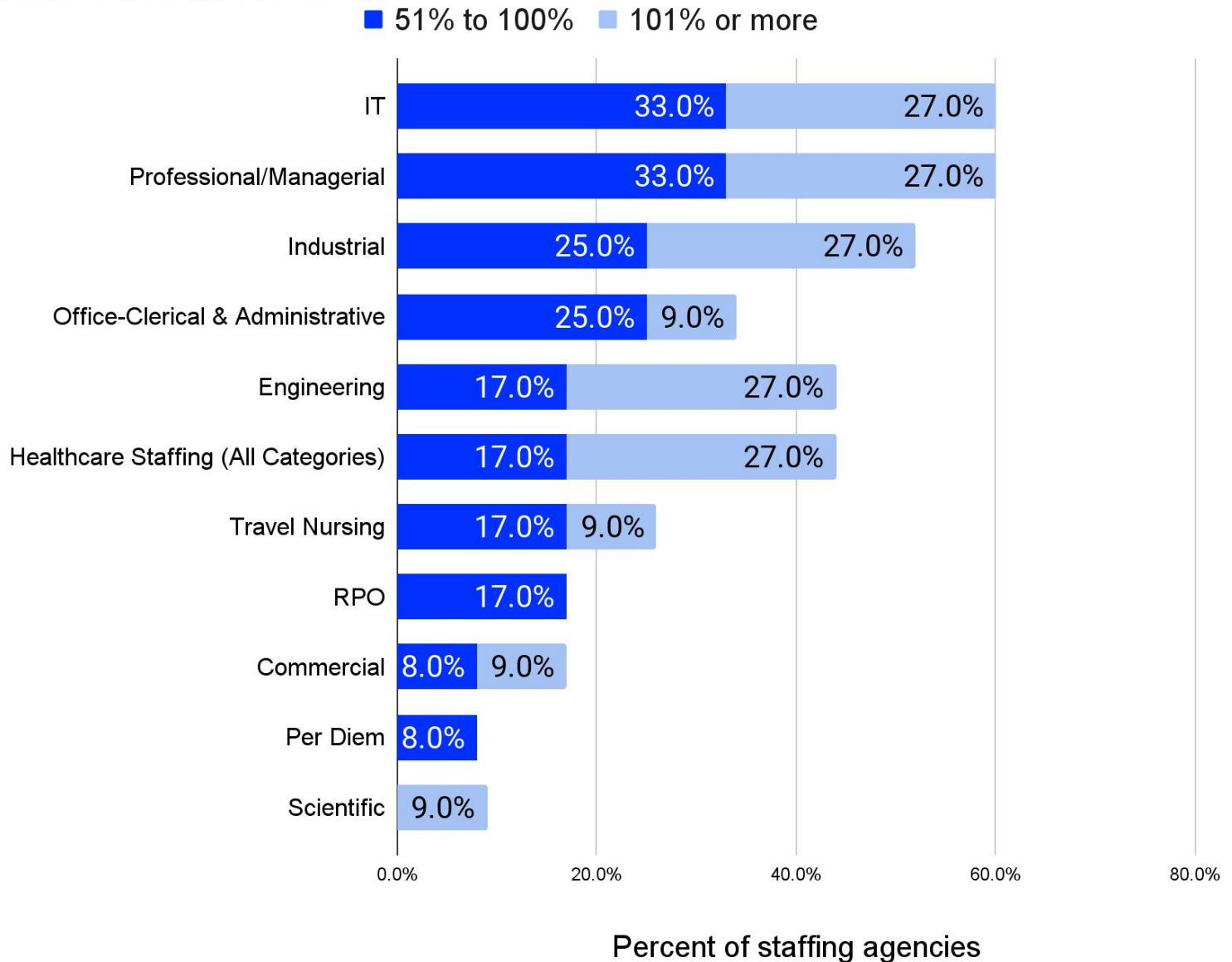
2020 was a difficult year. The majority of agencies (59%) reported 10% or less growth in 2020, but most agencies are optimistic about 2021.

According to our data, **69.6% of agencies expect to grow by 11% or more in 2021.**

2020 Growth by Vertical

Over 40% of agencies in IT, Professional/Managerial, Engineering, Healthcare, and Industrial grew by 51% or more in 2020.

Percent of agencies by vertical that reported growth of more than 51% in 2020

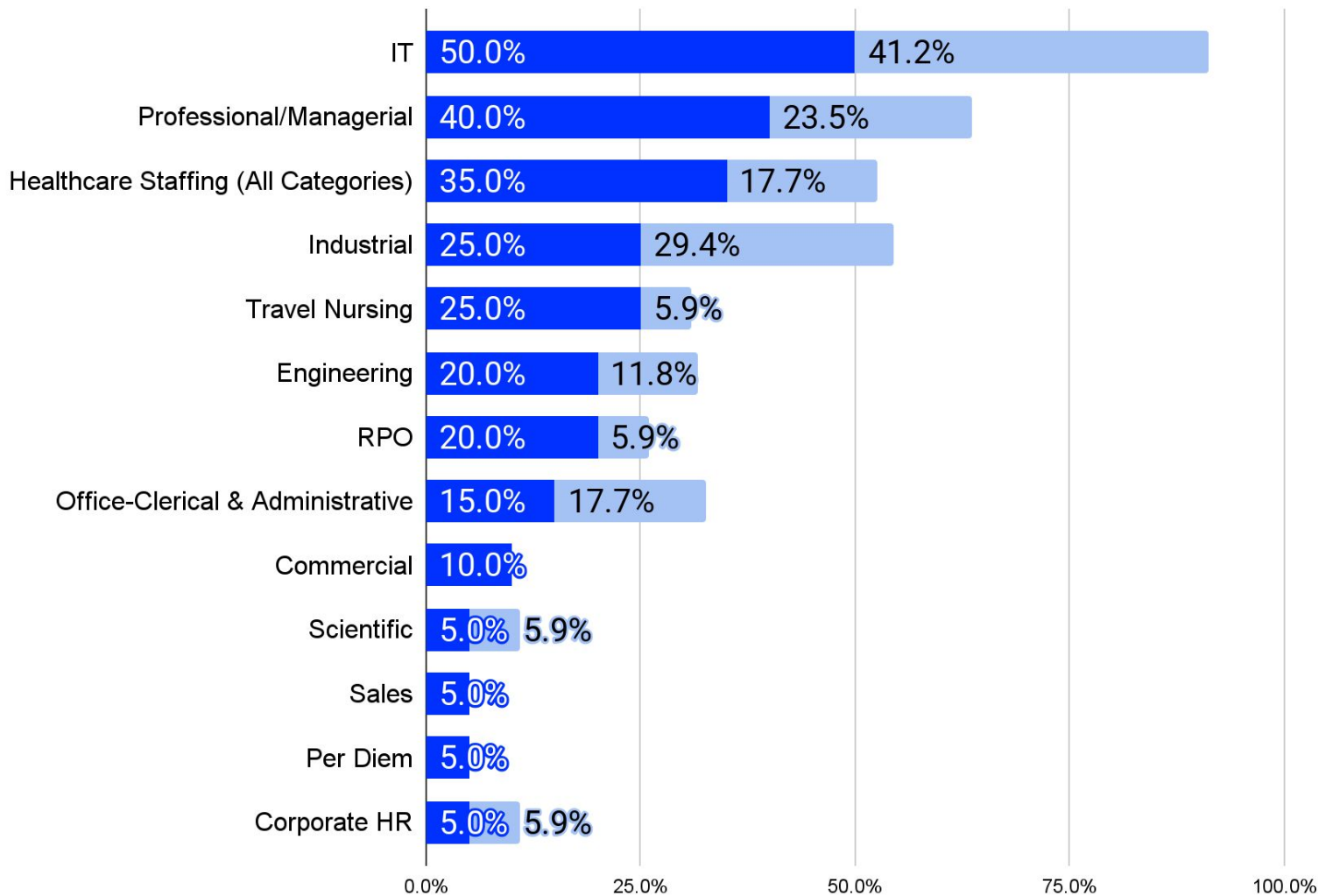


2021 Projected Growth by Vertical

This year, agencies in IT, Professional/Management, Healthcare, and Industrial expect to see the largest growth.

Percent of agencies by vertical that expect to grow by more than 51% in 2021

■ 51% to 100% ■ 101% or more

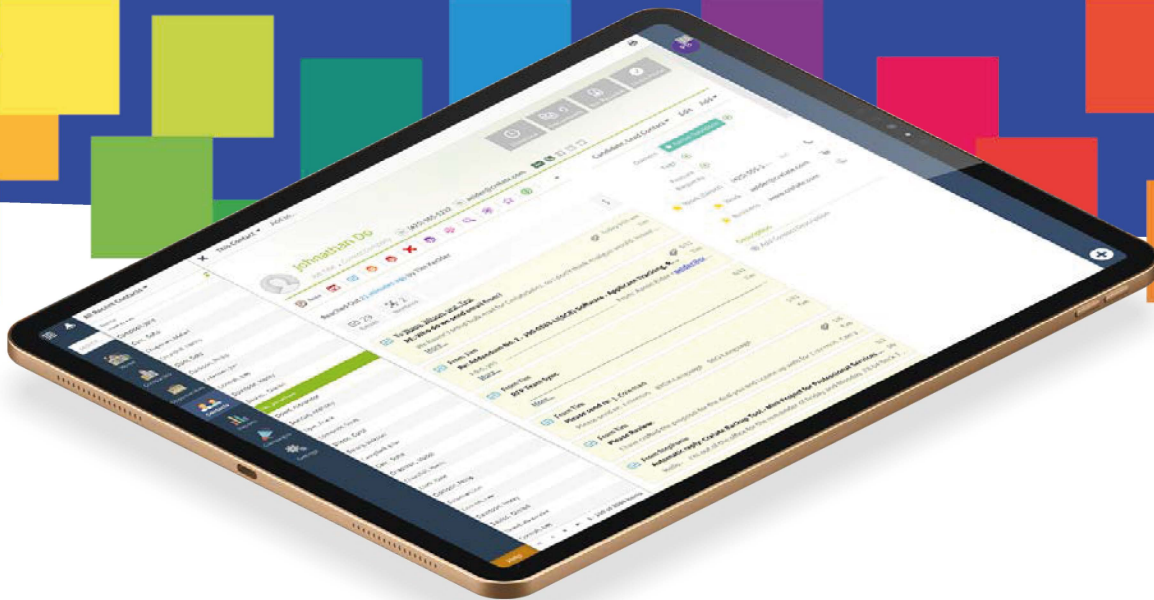


Percent of staffing agencies



Flexible. Intuitive. Integrated.

It's time for a **modern** staffing solution that works like you do.



Crelate® **Recruit**

- ✓ Source & Recruit
- ✓ Manage & Nurture

- Applicant Tracking System
- Recruiting & Sales CRM
- Candidate Sourcing
- Email & Messaging

Crelate® **Hire**

- ✓ Interview & Evaluate
- ✓ Hire & Onboard

- Onboarding
- Compliance
- eSignature
- Background Checks

Crelate® **Deliver**

- ✓ Assign & Track
- ✓ Pay & Invoice

- Assignments
- Mobile Timekeeping
- Invoicing
- Payroll Export

Back Office – front and center.

There's a new name in middle and back office.
And it's one you already know.



2.0

Challenges, Opportunities, and NPS

2.1 Challenges

2.2 Opportunities

2.4 NPS



Section Overview

“Focus on sourcing and providing satisfactory candidate flow to employers. Remember passive candidates are ‘sheltering in job’ and hesitant to make a career move right now.”

-Survey Response

Summary

Top challenges for fast- and slow-growth agencies remain mostly consistent with previous years, and include finding qualified candidates, getting candidates to respond, and getting candidates on the phone.

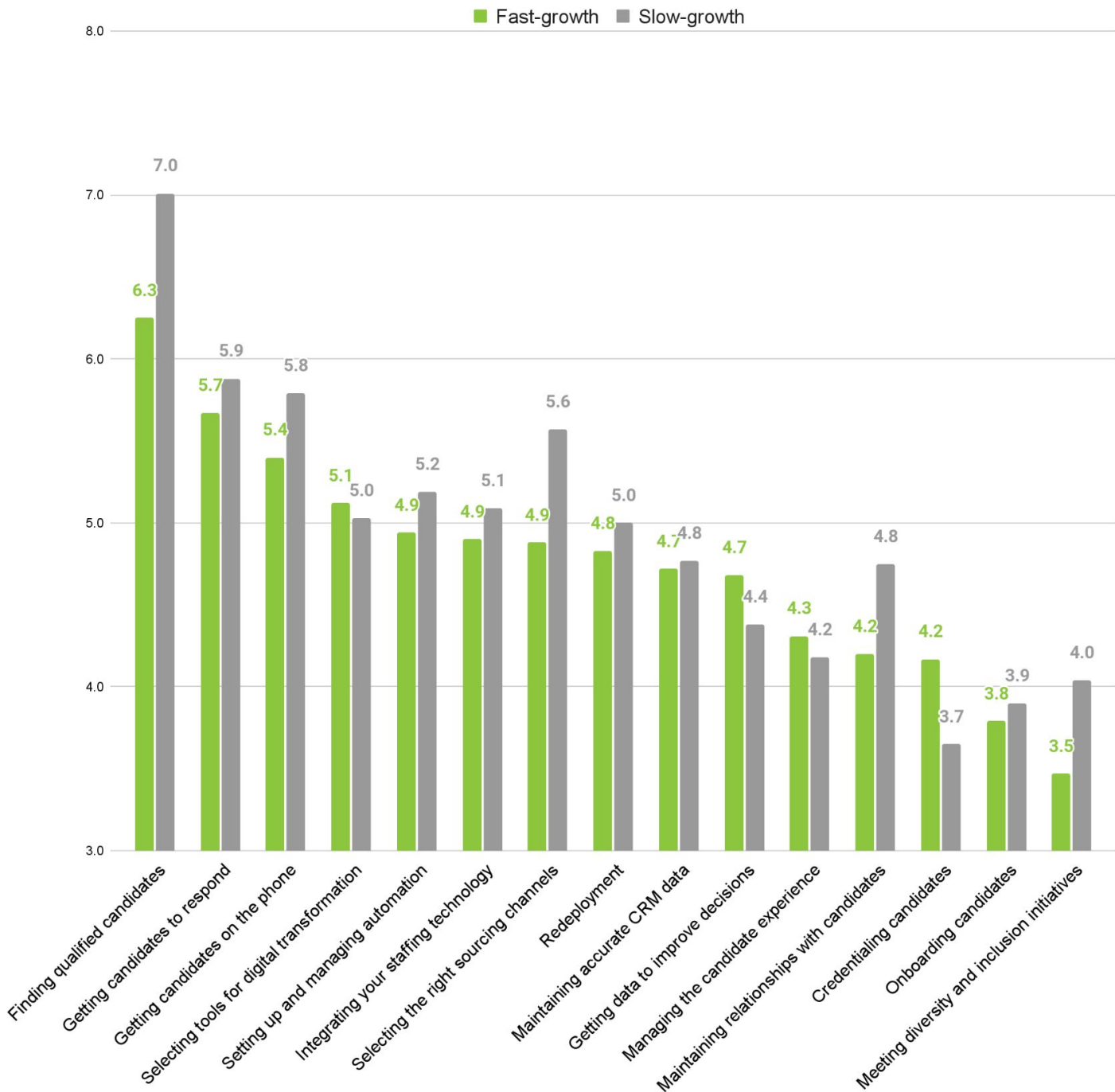
New this year, fast-growth agencies reported selecting tools for the digital transformation as their 4th biggest challenge.

Additionally, we are seeing a high correlation between a good Net Promoter Score® (NPS) and the growth rate, which is consistent with previous years.

Top Challenges for Agencies

In line with previous years, both slow-growth and fast-growth agencies have difficulty finding candidates and getting them to respond.

How challenging are these recruiting activities for your organization?
(1: Not challenging at all | 10: Extremely challenging)



Biggest Challenges

For the fifth year in a row, finding qualified candidates is at the top of the list as the biggest day-to-day challenge for staffing agencies.

Here are a few of the highlights:

***Managing and retaining
our office culture***

***New high-tech
competitors***

***Retaining top talent. Lifting employee morale.
Providing competitive compensation.***

***Finding good recruiters and account
managers to drive business growth***

***Finding people
who want to work***

Biggest Opportunities

The majority of staffing execs mentioned automation and technology as the biggest areas of opportunity for driving growth in 2021.

Here are a few of the highlights:

Same as it's always been... offer an easy solution to hiring problems-present the right candidates the first time to save your clients time.

Automation for lean internal recruiting teams

Medical and the IT industries

Leveraging technology to drive efficiency for internal processes. Shedding office space costs and investing that money back into people, technology and resources.

Candidate referrals

Changing skill sets and the need for companies to adapt - upskill workforce, reskill, etc.

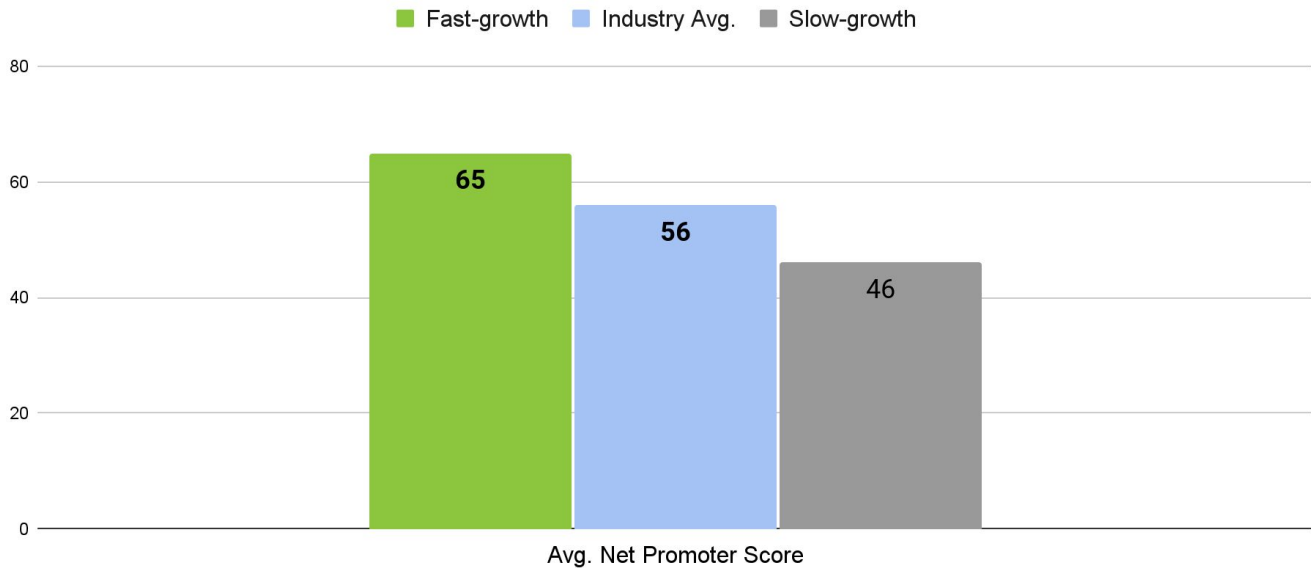
Sourcing remote talent

Take the time to map your workflow and choose the proper technology stack

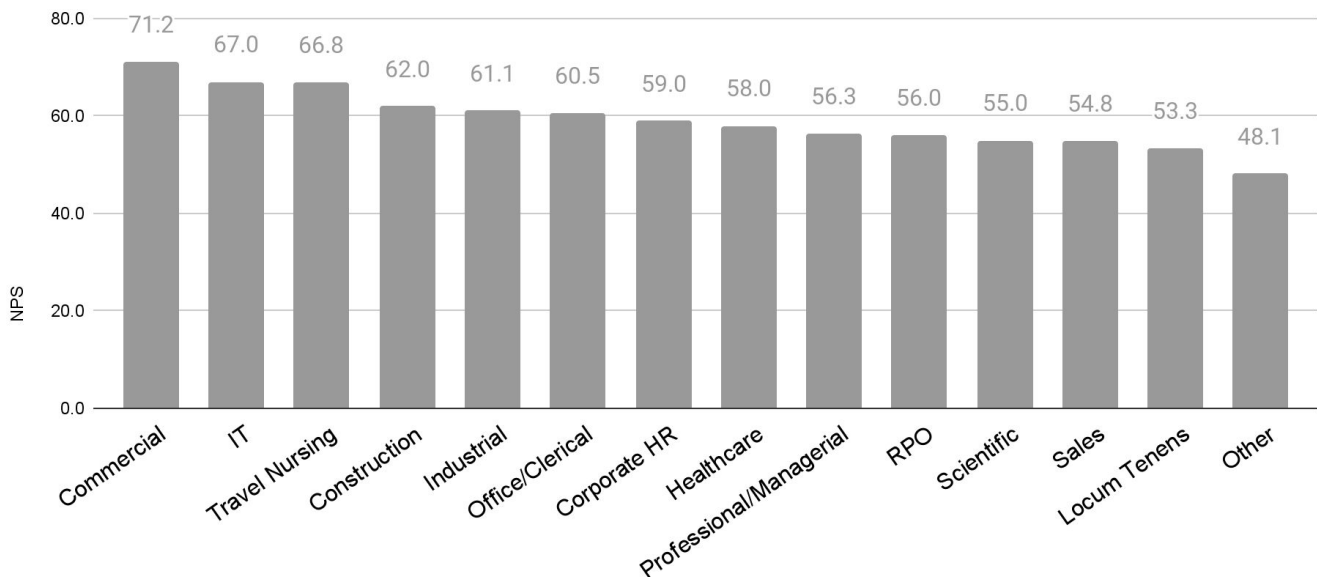
Net Promoter Score®

The average NPS for agencies improved by almost 6% year over year. Fast-growth agencies report an NPS that is 41% above their slow-growth counterparts.

What was your most recent Net Promoter Score for your business?



Net Promoter Score® by industry vertical





StaffingReferrals

Find More Qualified Candidates with Recruiting Automation

Source smarter and grow faster with Staffing Referrals

“

We were frankly stunned by the return that we've had on Staffing Referrals.

Mullady Voelker
President of Growth and Strategy
GIFTED Healthcare



Trusted by leading agencies:



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3.0

The Digital Transformation

3.0 The Digital Transformation

3.1 What's Changed in 2021

3.2 Most Valuable Platforms & Lead Sources

3.3 Top Lead Sources

3.4 Job Board Spend & Technology Budget

3.5 Recruiting Automation Tools

3.6 Staffing Software Market Share

3.7 Staffing Software Plans 2021



Section Overview

“It's a very tough market so be ready to get creative and use unprecedented tools to get applicants in, and then employees to stay. The shorter the onboarding process, the better.

People want their time, over money.”

-Survey Response

Summary

The pandemic accelerated technology adoption, and now more than ever, recruiting automation is seen by all firms as one of the key drivers that will transform the staffing industry. Here are a few key takeaways from this section:

1. The most effective lead source has shifted from Indeed and LinkedIn to referrals.
2. Bullhorn remains market leader for ATS tools, and Avionté moved up three spots to the second most used ATS.
3. Fast-growth agencies are 1.6x more likely than slow-growth agencies to say that their team is leading the digital transformation.

What's Changed in 2021

Over the last year, LinkedIn and MS Teams moved to the top spot for the most valuable software. Referrals and database marketing surpassed Indeed and Careerbuilder. Avionte shifted to the second spot for ATS market share.

2020

2021

Most Valuable Platform

1. Bullhorn
2. LinkedIn
3. Erecruit

1. LinkedIn
2. Bullhorn
3. MS Teams

Most Valuable Lead Source

1. LinkedIn
2. Referrals
3. Indeed

1. Referrals
2. Direct Sourcing
3. Your Database

ATS Market Share

1. Bullhorn
2. Salesforce
3. Erecruit

1. Bullhorn
2. Avionté
3. Salesforce

Use of marketing automation

46%
use automation

69%
use automation

Tech Adopters Expect to Grow Faster

For yet another year, the data shows that agency owners who see themselves as early adopters of new technologies expect the most growth.

2.7x

Fast-growth agencies are 2.7x more likely to say their agency is leading the digital transformation

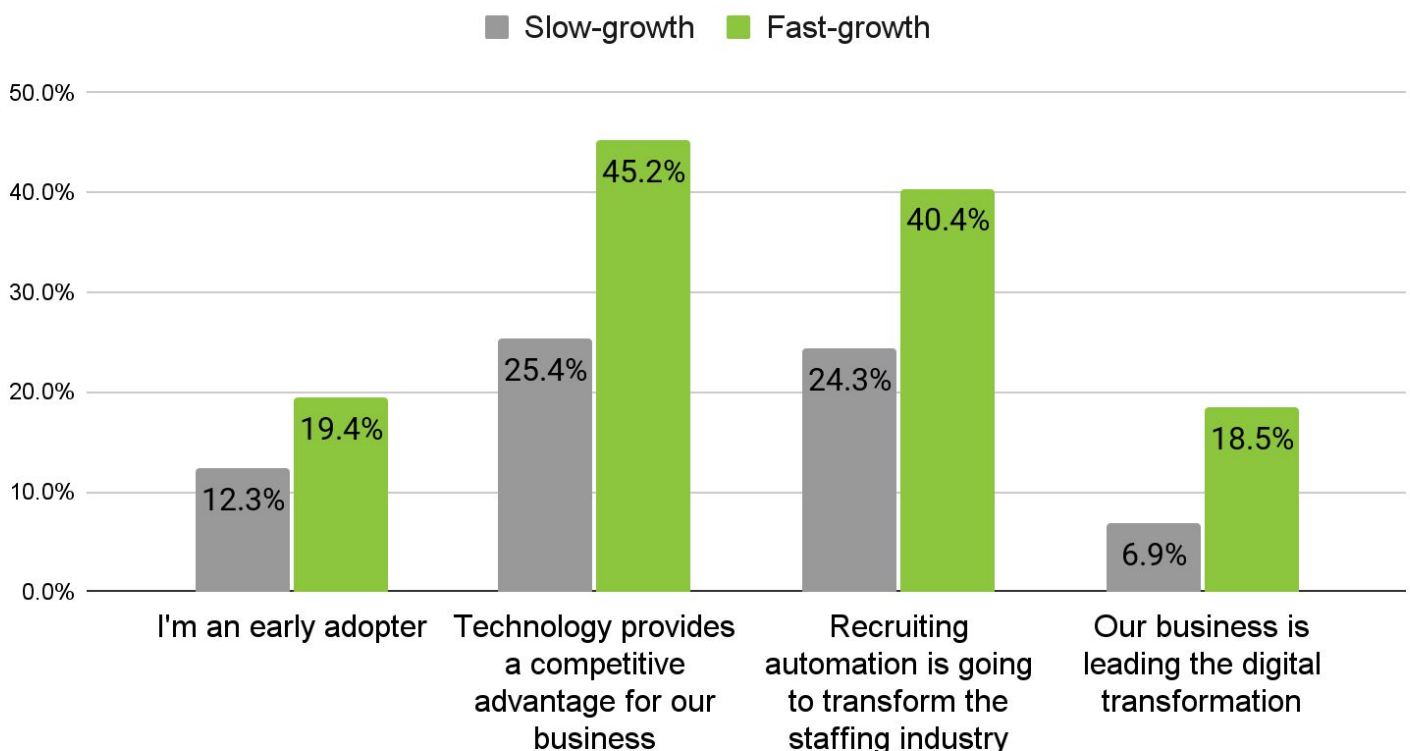
40%

40% of fast-growth firms strongly agree that recruiting automation will transform the industry

1.6x

Fast-growth firms are 1.6x more likely to be early adopters compared to slow-growth firms

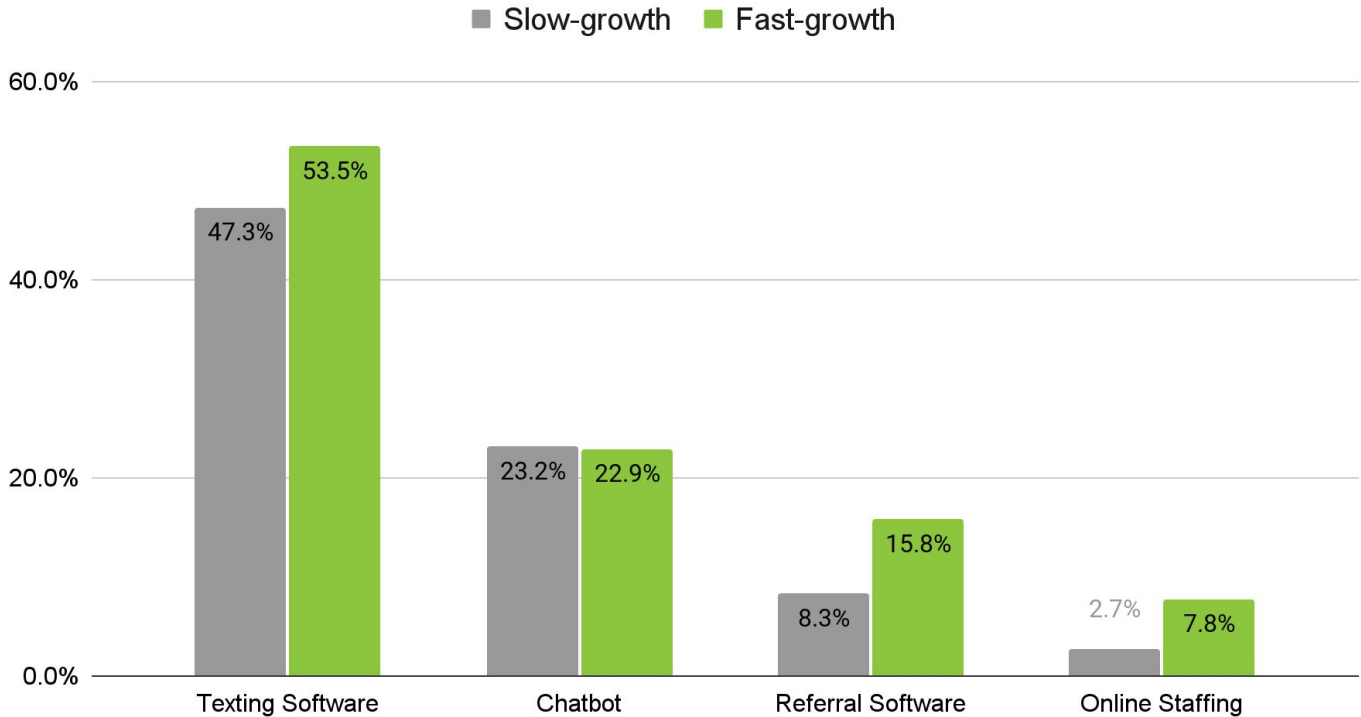
Percent of agencies that strongly agree with the following statements



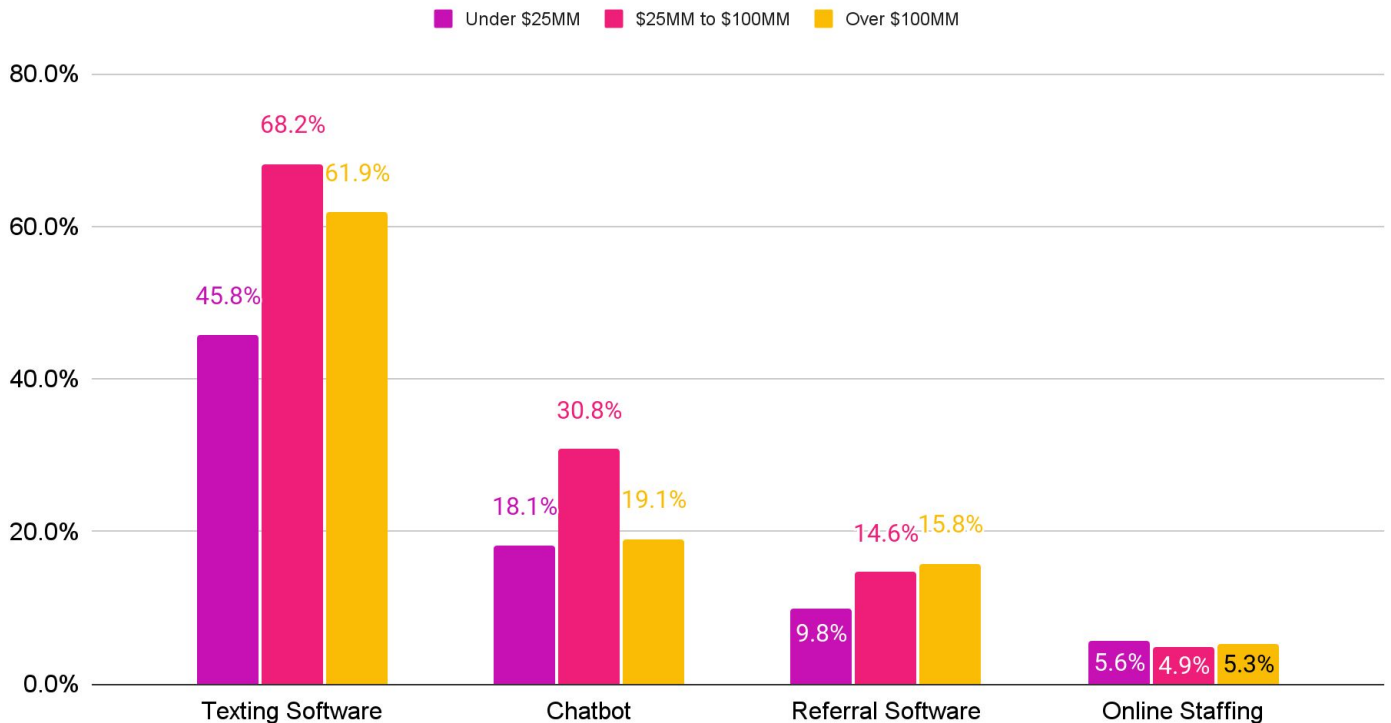
Technology Adoption

Fast-growth agencies are more likely to use software for texting, referral management, and online staffing compared to slow-growth agencies.

Technology adoption by projected agency growth in 2021



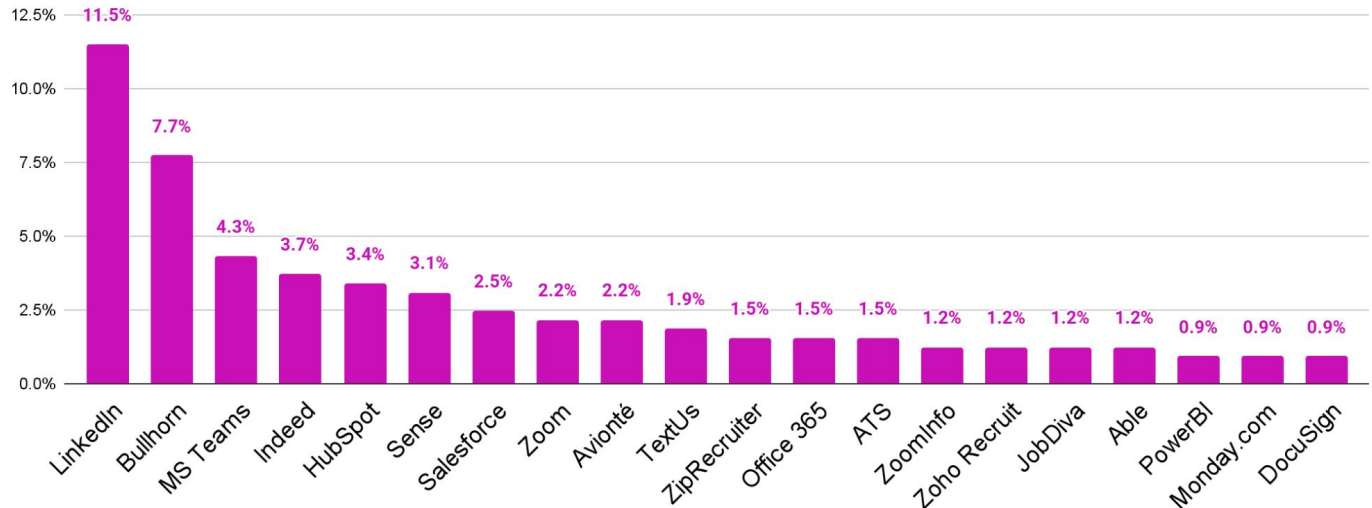
Technology adoption by company size



Most Valuable Software Platforms

LinkedIn, Bullhorn, and MS Teams top the list for the most valuable software solutions for staffing agencies.

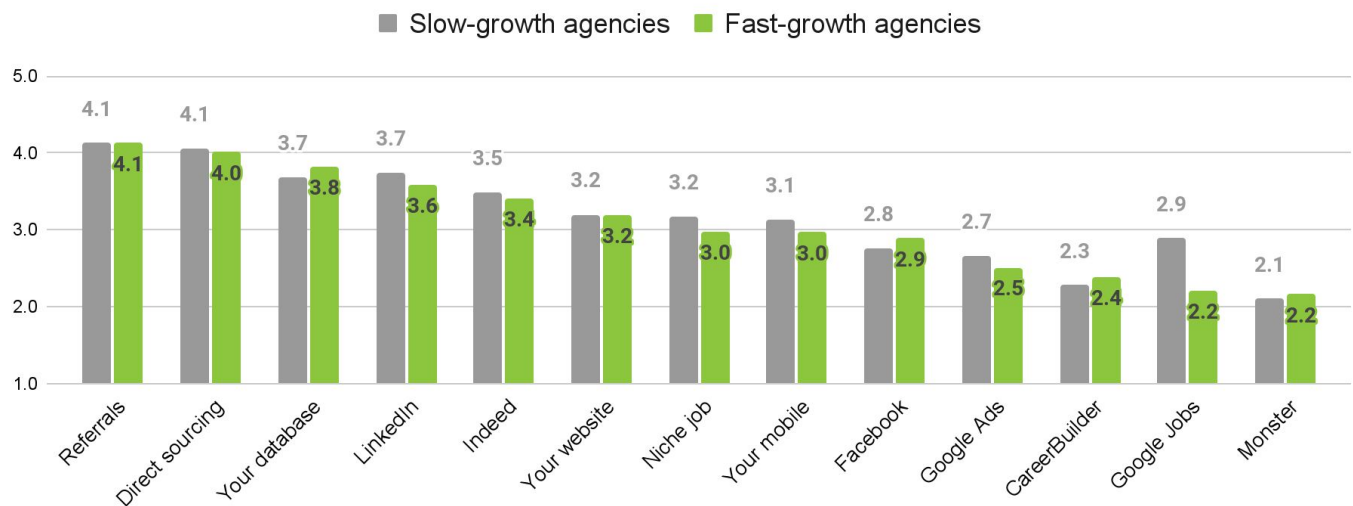
What was the most valuable platform or tool for your agency in 2021?



Most Effective Candidate Sources

Referrals move to top position for the most valuable lead source in 2021. LinkedIn, Indeed, and Agencies Website followed closely behind.

How effective are the following sources for finding new candidates? (1: Not effective at all | 5: Extremely effective)

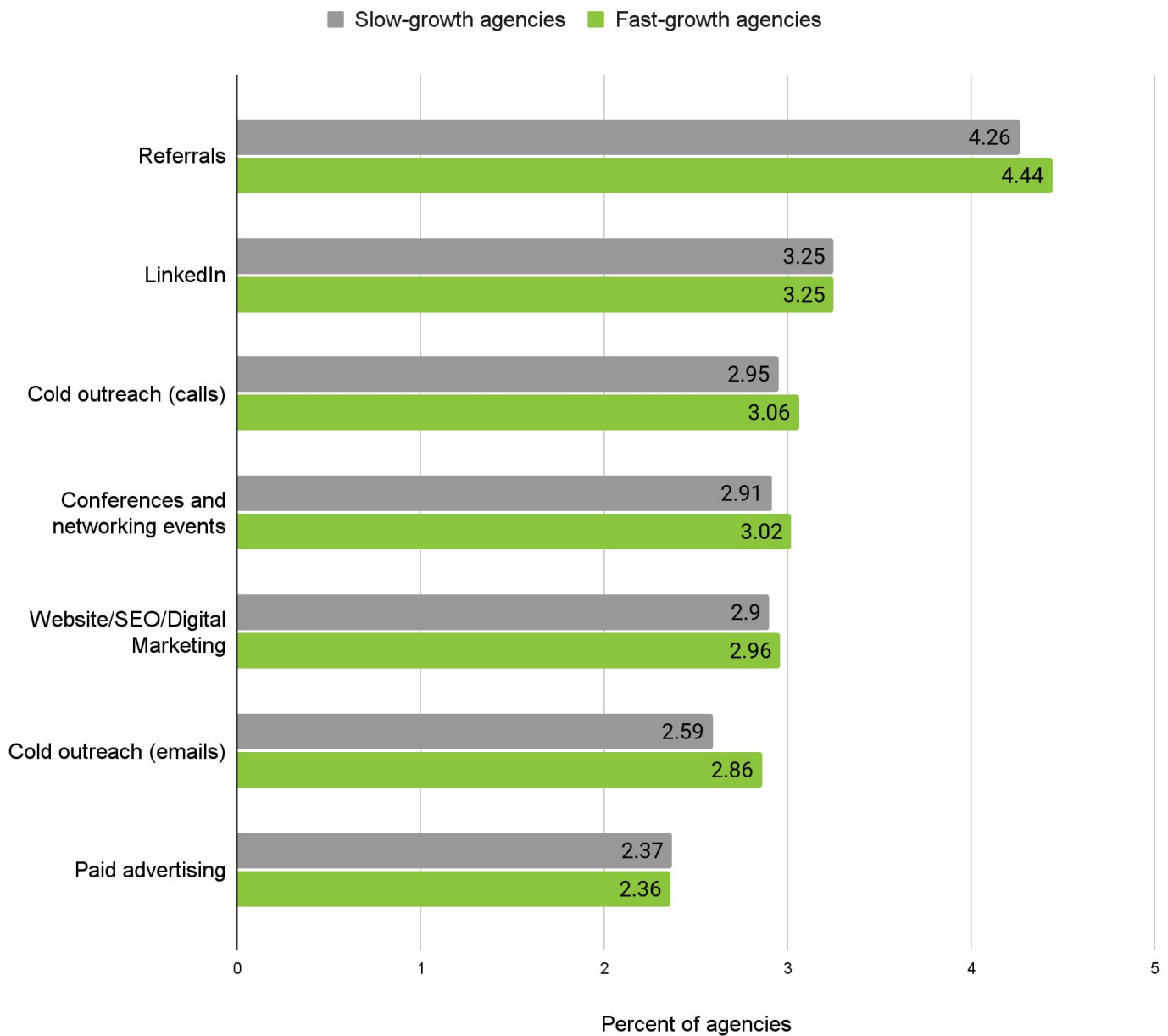


Most Effective Lead Source

Top Source for New Clients

Referrals, LinkedIn, and cold calls are listed as the top sources for finding new clients

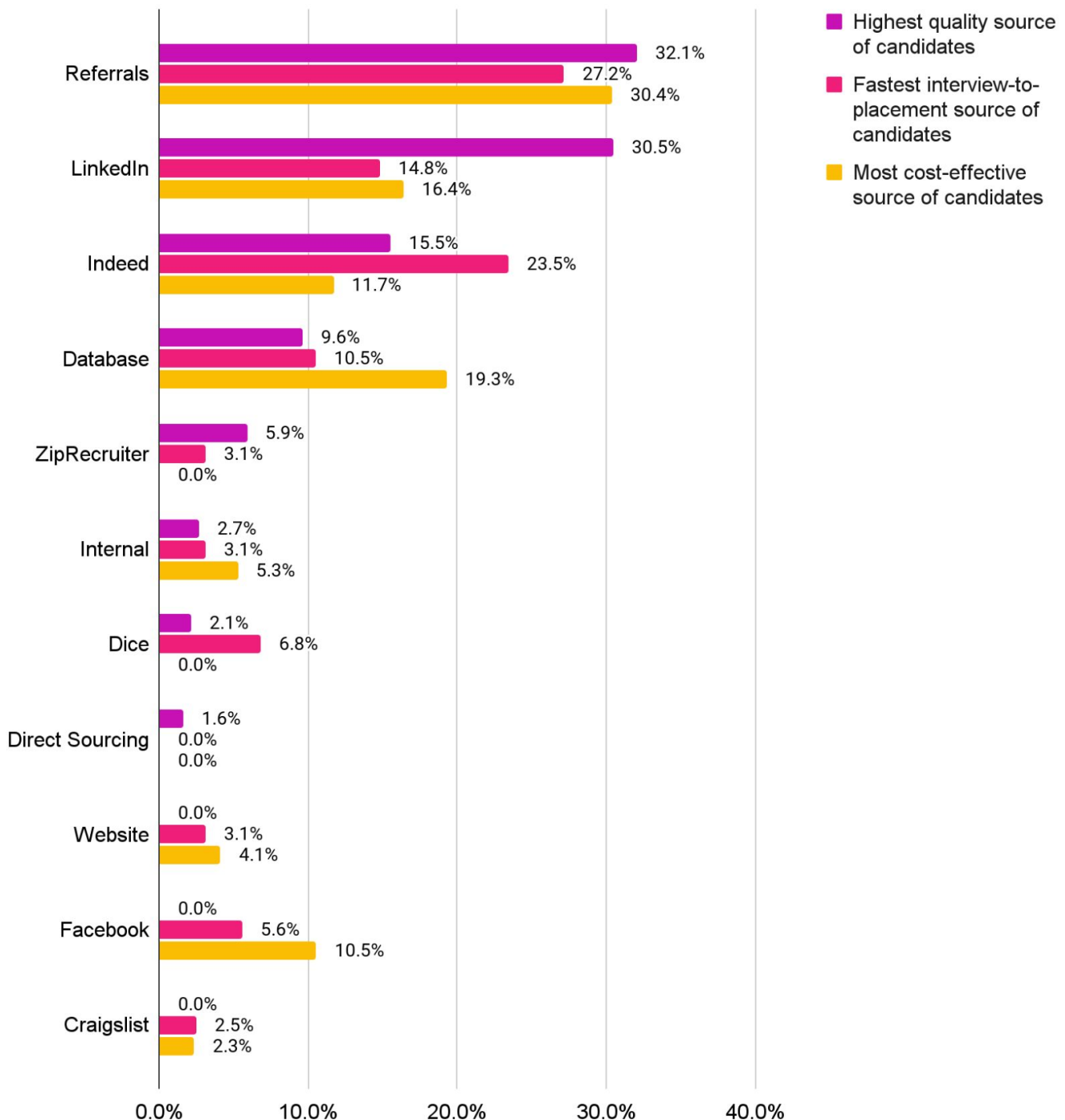
What's the most effective lead source for new clients?
(1: Not effective at all | 5: Extremely effective)



Candidate Source Effectiveness

Referrals top the list as the highest quality, fastest to place, and most cost-effective lead source, followed by LinkedIn and Indeed.

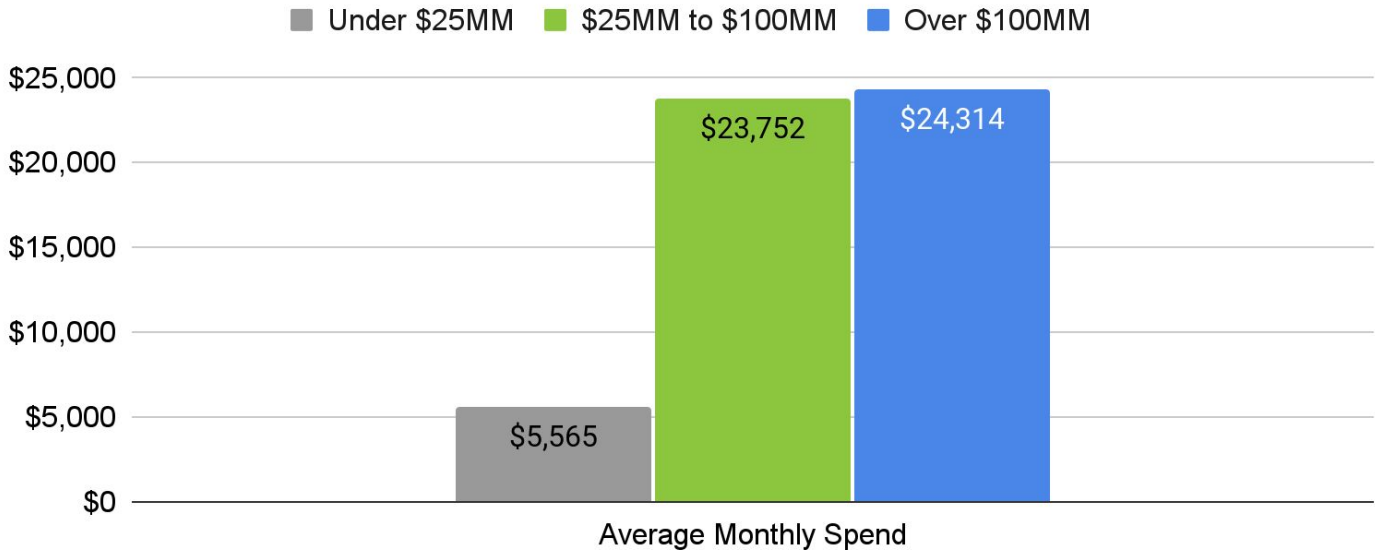
Of the various candidate sources, which best meets the following criteria?



2021 Job Board Spend

Survey respondents reported an average increase in spend of 8.6% from 2020 to 2021, with an industry average of \$8,884 per month. Below you can see the average spend by agency revenue.

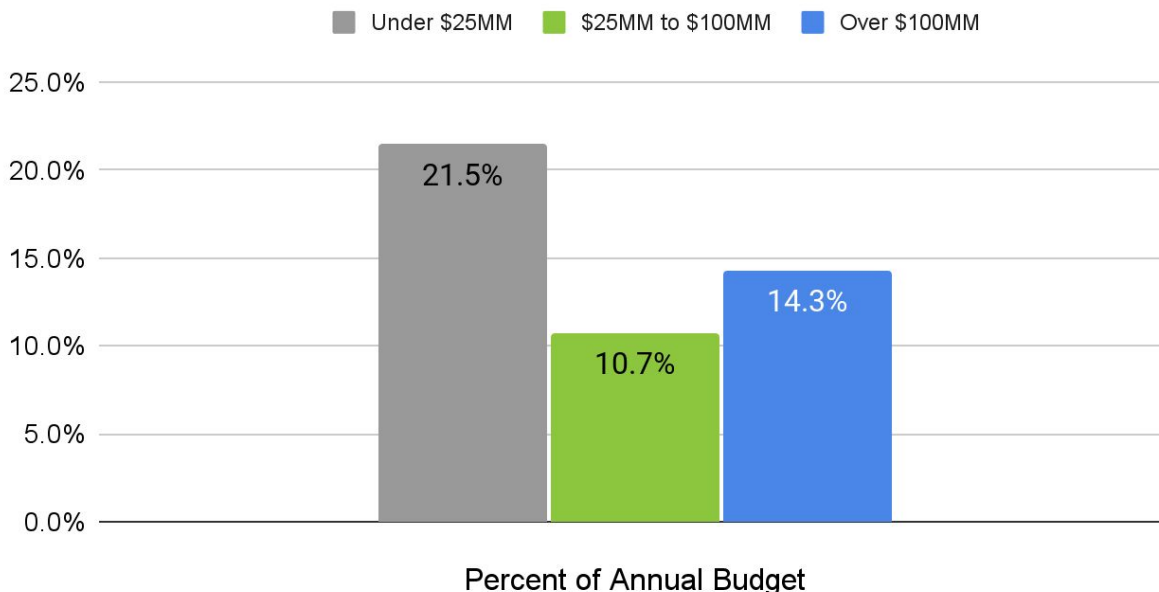
2021 Projected monthly spend on job boards



2020 Tech & Software Budget

Staffing firms under \$25MM allocate the largest portion of their budget (21.5%) to technology or software spend annually. Across all agencies, firms expect to spend 3% more on tech in 2021.

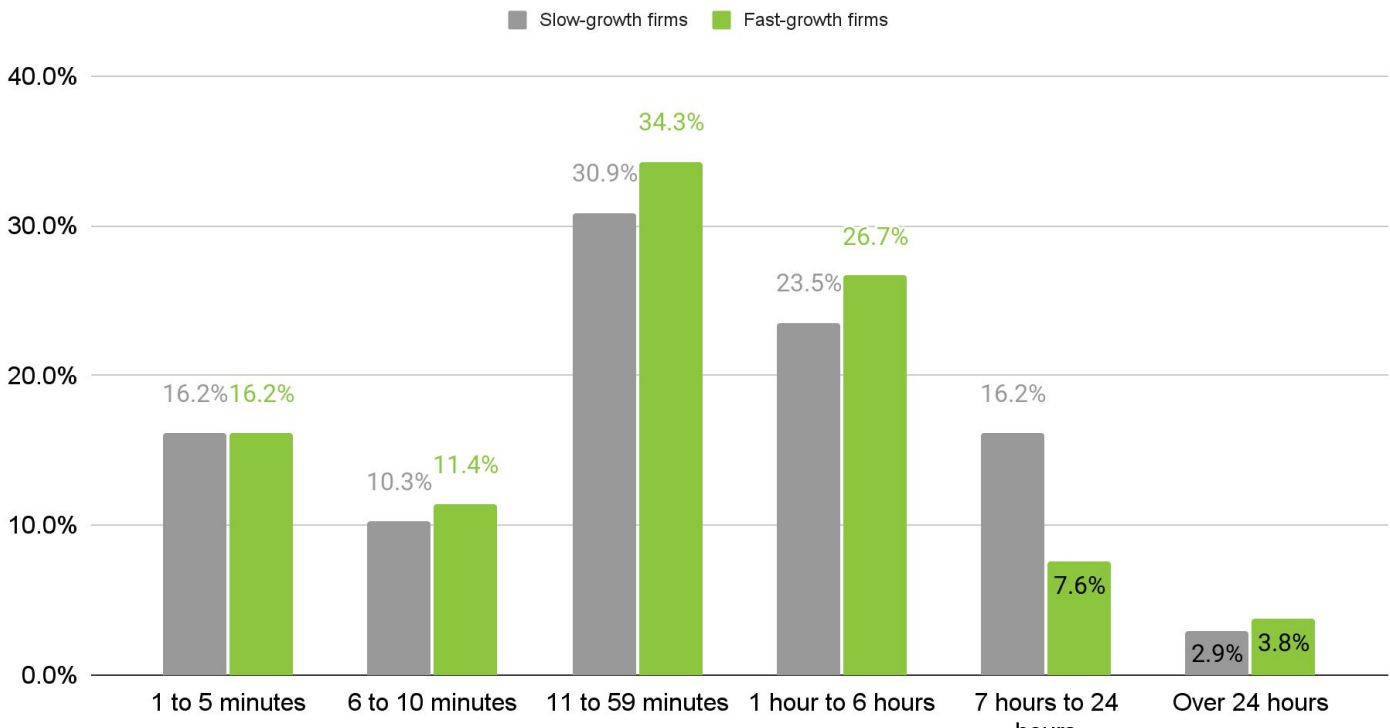
Percent of budget dedicated to new tech or software in 2020



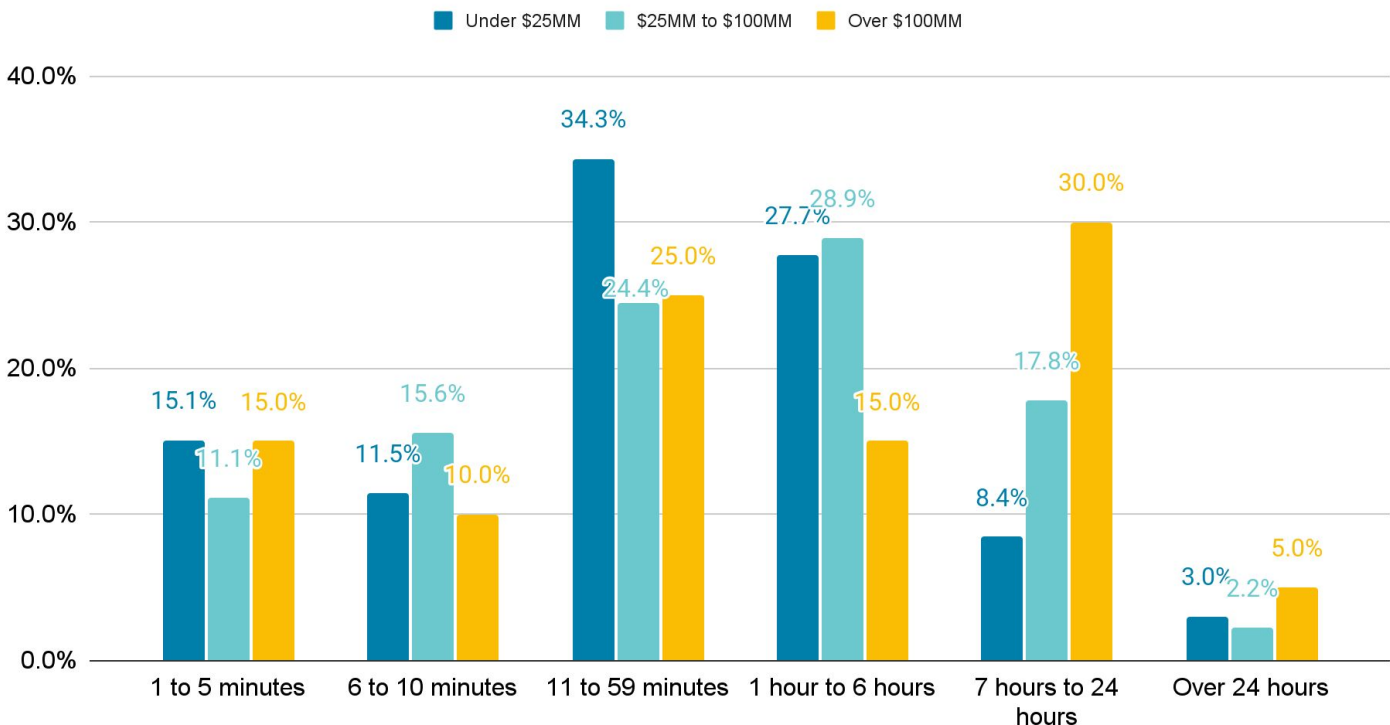
Lead Response Time

Fast-growth firms are slightly more likely to respond to new leads within the first hour.

Lead response time by projected growth rate in 2021



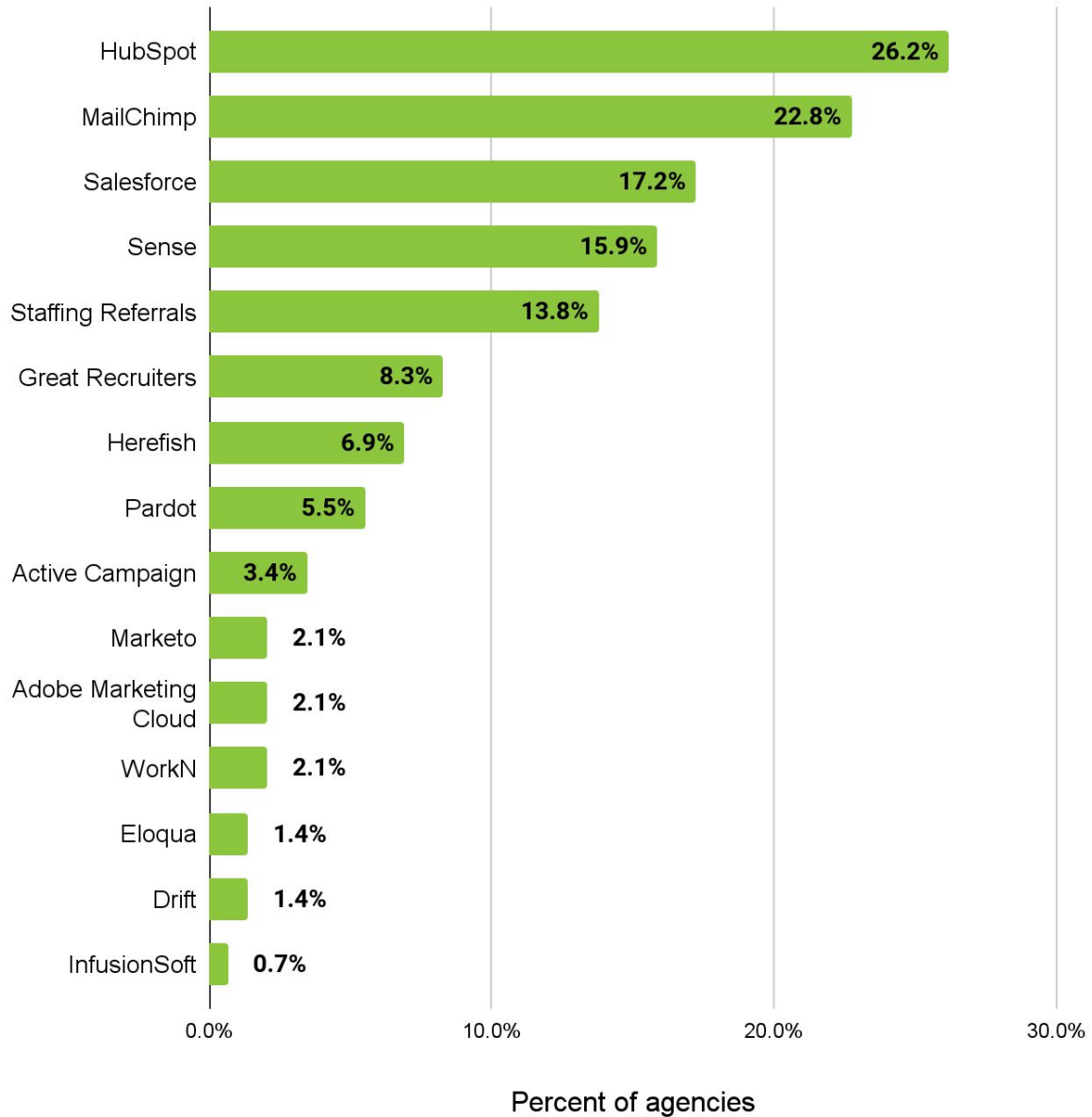
Lead response time by company size



Recruiting Automation Tools

HubSpot remains the most-used automation tool.

What recruiting automation tools do you use?

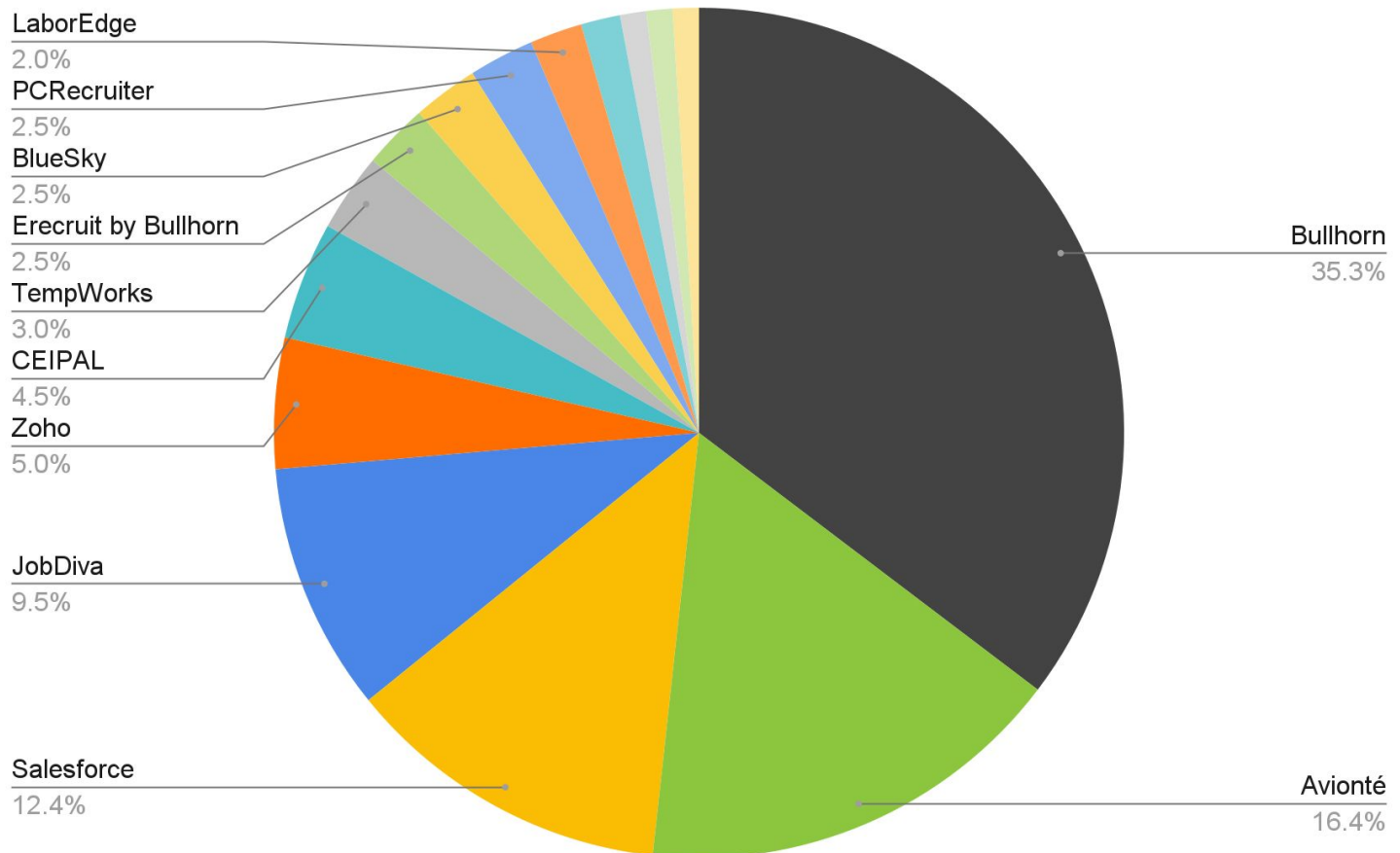


HubSpot leads the pack for most widely used recruiting automation platform followed closely by MailChimp and Salesforce.

ATS Market Share

Bullhorn maintains the majority of the market share for Applicant Tracking Systems.

ATS Market Share



Bullhorn continues to lead the market with over 35% market share.

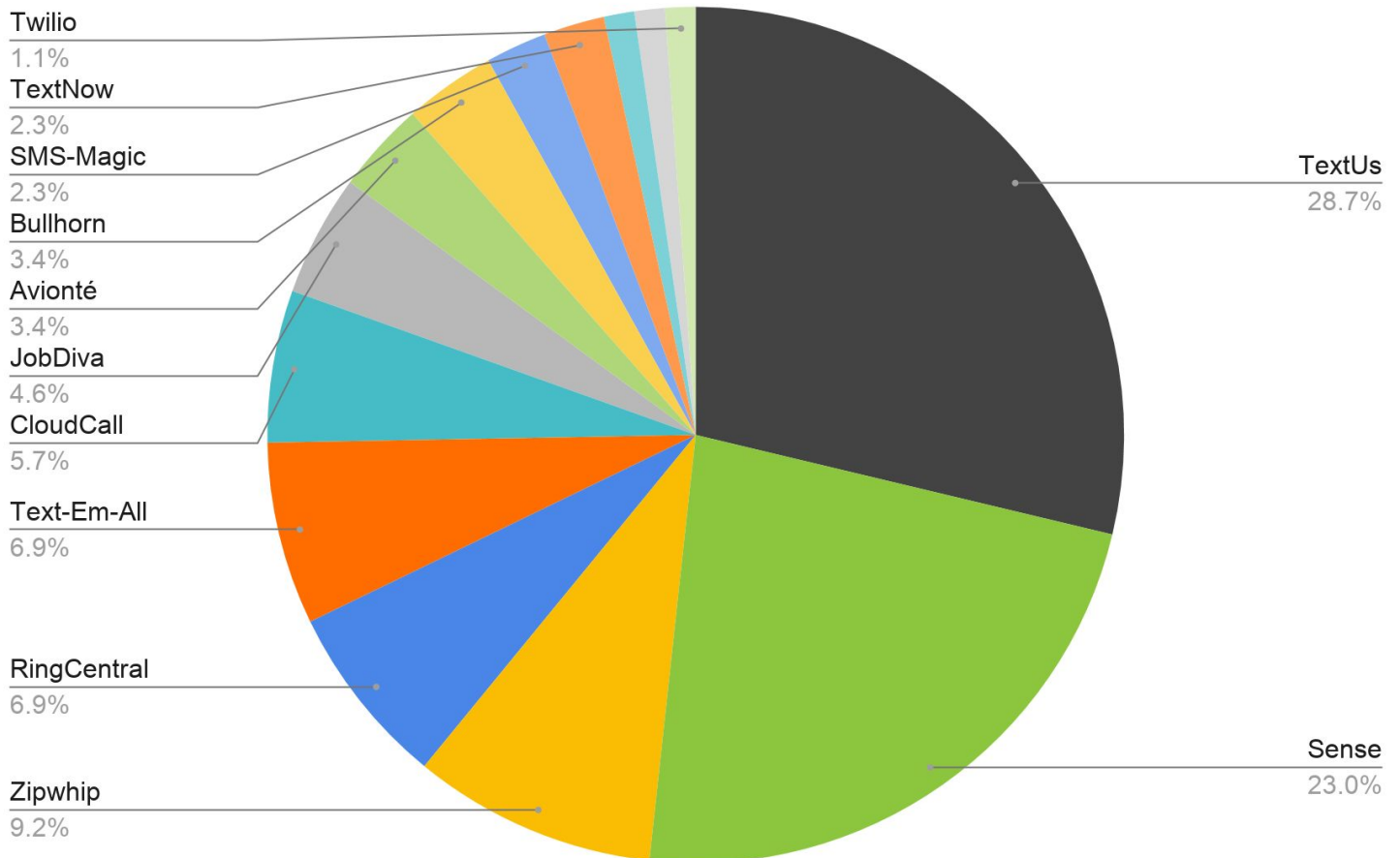


Avionté moved into the second position this year with 16% of the market.

Texting Software

TextUs holds the largest share of the market for agencies that use texting software.

Text Messaging Software Market Share



TextUs remains the market leader in texting with over 28% of the market.

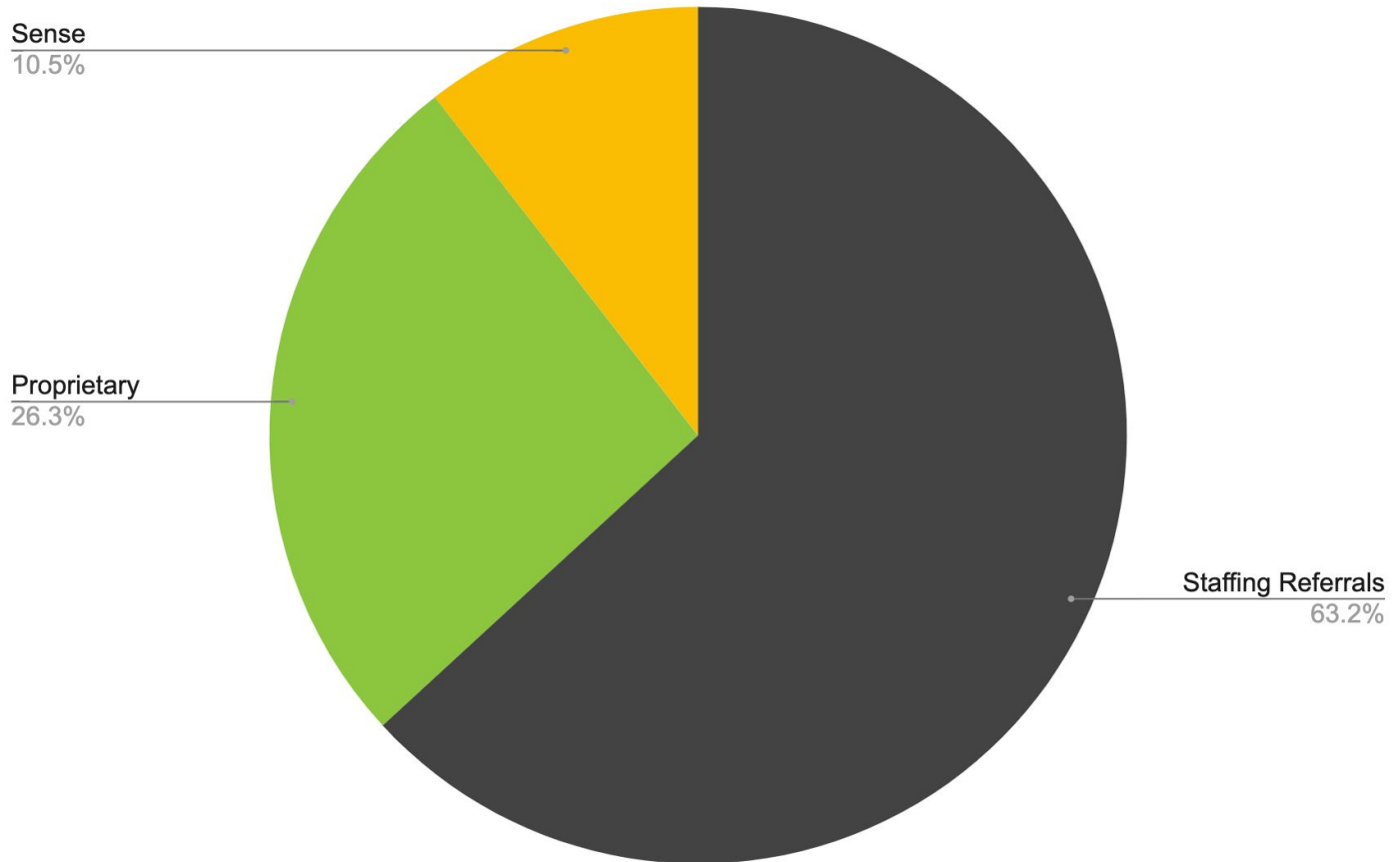


Sense ranks second for texting software with 23% of the market.

Referral Software Market Share

Staffing Referrals holds the largest share of the market for agencies that use referral management software.

Referral Management Software Market Share



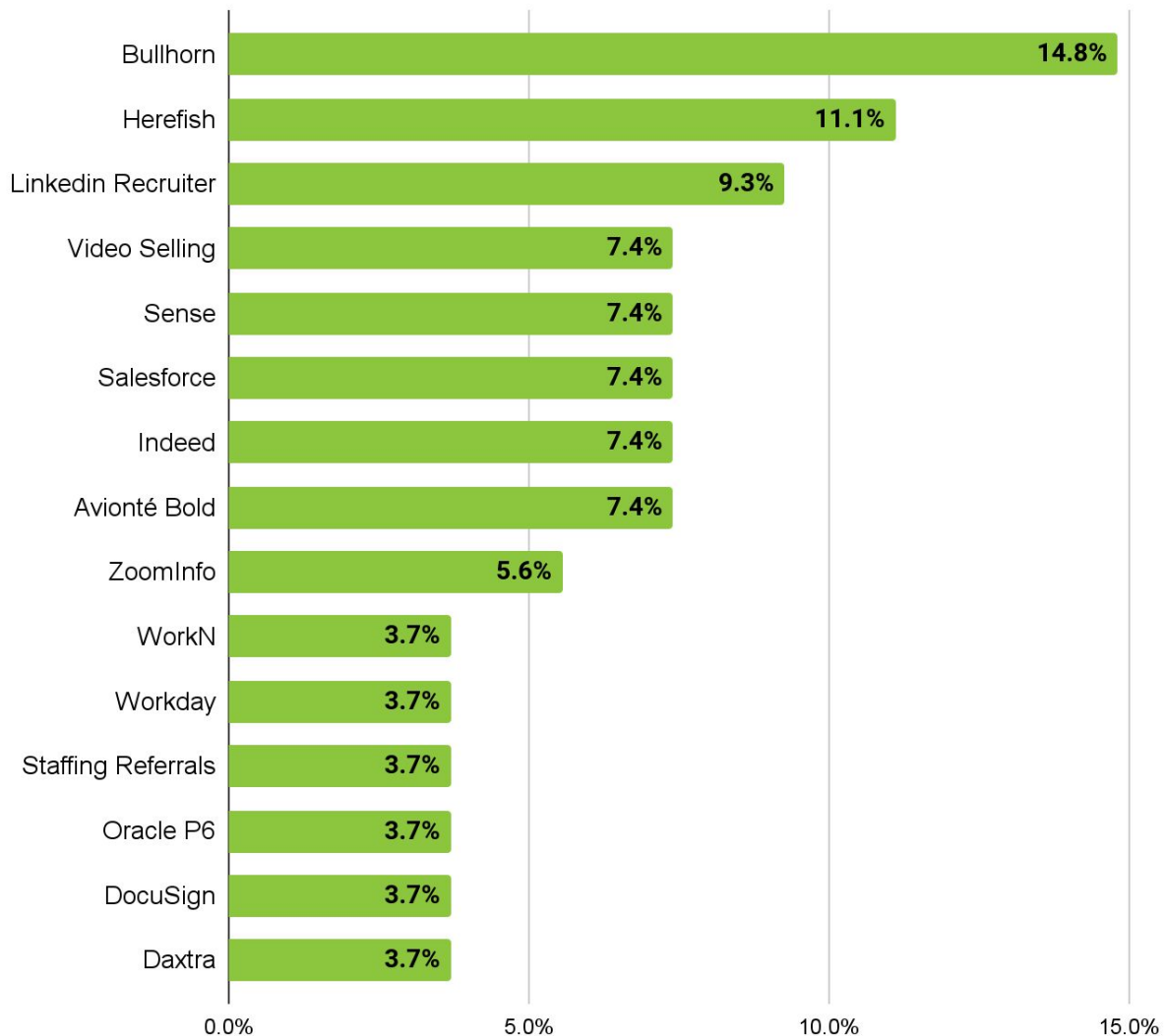
StaffingReferrals

Staffing Referrals leads the market with 63% of agencies that use referral management software.

Software Plans for 2021

The top three software solutions that agencies plan to implement in 2021 are Bullhorn, Herefish, and LinkedIn Recruiter.

What software solutions do you plan to implement this year?



With automation top of mind for most agency owners, Bullhorn and Herefish top the list for the most reported software implementations planned for 2021.

A man with dark skin and dreadlocks is smiling broadly, looking off to the side. He is wearing black-rimmed sunglasses with yellow lenses and a white t-shirt under a dark grey jacket. He is holding a white smartphone in his hands. The background is a solid, bright yellow.

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4.0

Resources & Advice for New Agencies

4.1 Conference Attendance & Top Publications



Section Overview

“Be as specialized as possible and understand that in good times or bad, **candidates are your most valuable resource.**”

-Survey Response

Summary

While candidate sourcing remains the top priority, it's more critical than ever to focus on the candidate experience and relationship building.

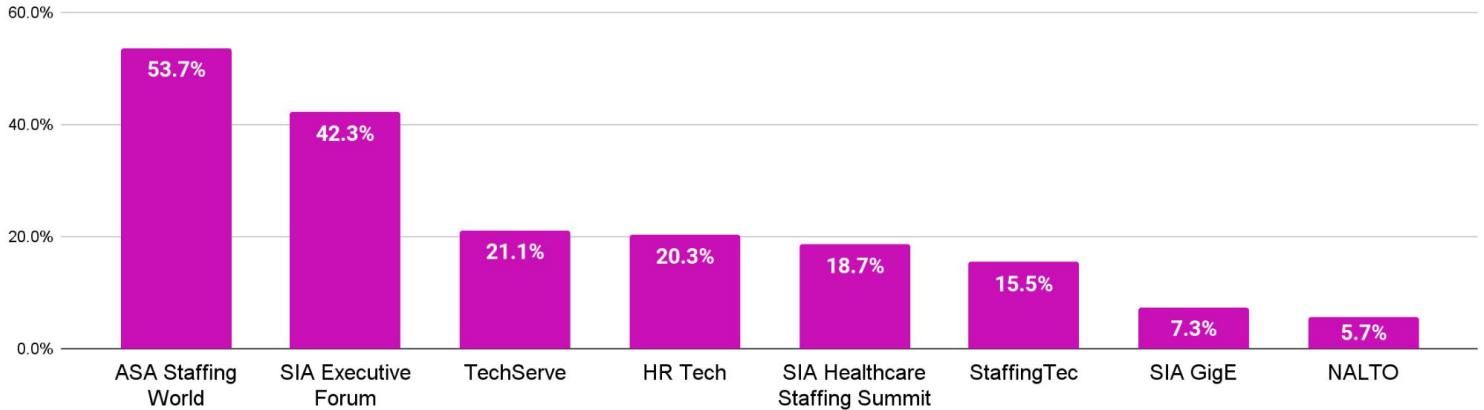
In this section, we share additional snippets of advice and which resources and conferences agencies use as their top resources.

The most common advice for new agencies entering the market fell into three categories: building relationships, getting the right tools, and industry specialization.

Conference Attendance

ASA's Staffing World and SIA's Executive Forum are the top events that agency executives plan to attend in 2021.

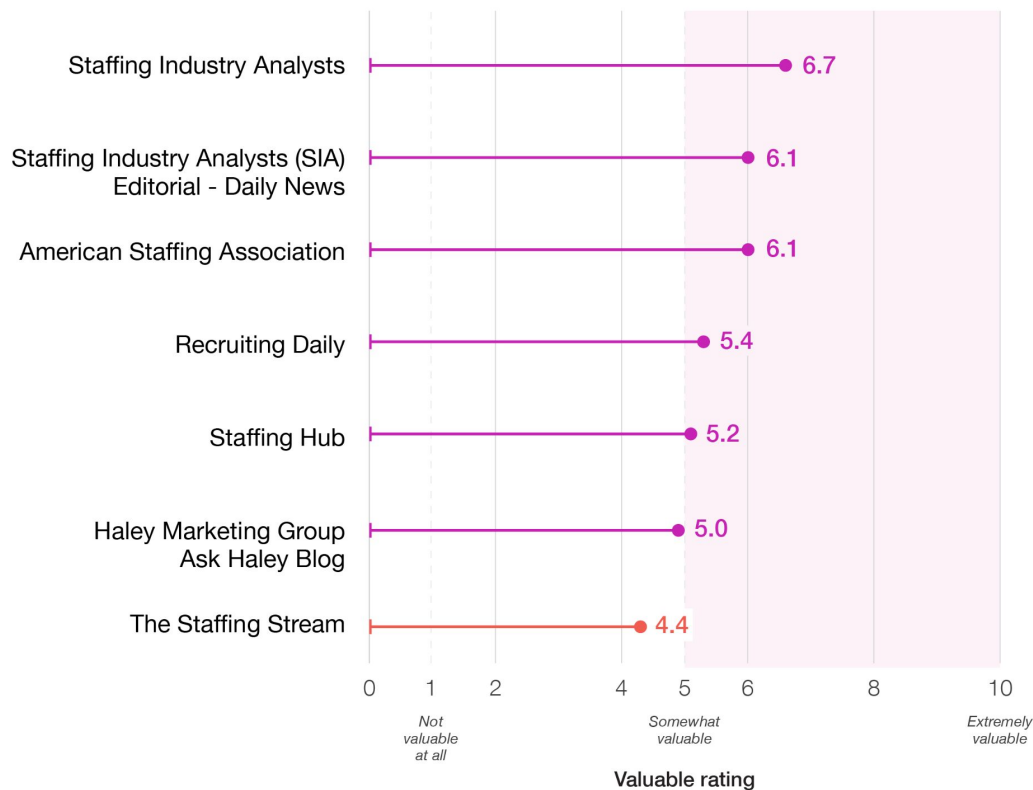
What events do you plan to attend in 2021?



Valuable Publications & Content

SIA's Daily News, followed by the American Staffing Association, are viewed as the most valuable resources in the staffing industry.

How valuable are the following publications, podcasts, or blogs?



Advice for New Agency Owners

If you're new to the industry, a few of the top recommendations from your peers include **pick a niche, care about your people, and embrace technology and automation.**

Here are a few of the most frequent themes and comments from your peers:

Care about people at all levels

Embrace technology

Marketing, Referrals, AI & Data Analytics. Streamlined Efficiency, Great User Experience, Invest in Technology

Figure out your tech stack. Also, communicate well and do the right thing for your employees and clients and you'll grow and do fine over time. Don't spread yourself too thin - focus on niche until you know everyone in that niche.

Recruiters are the lifeline to your success, sales people are the lifeline to your growth...compensate these staff appropriately!!!

Be genuine. Be authentic. Your personality is your silver bullet.

Get automated very quickly

Get ready for the ups and downs and hope the ups are higher than the downs and always, always be conservative in your budgets/expenses

REMOTE ONBOARDING.

Revolutionize Your Candidate Experience.

60%

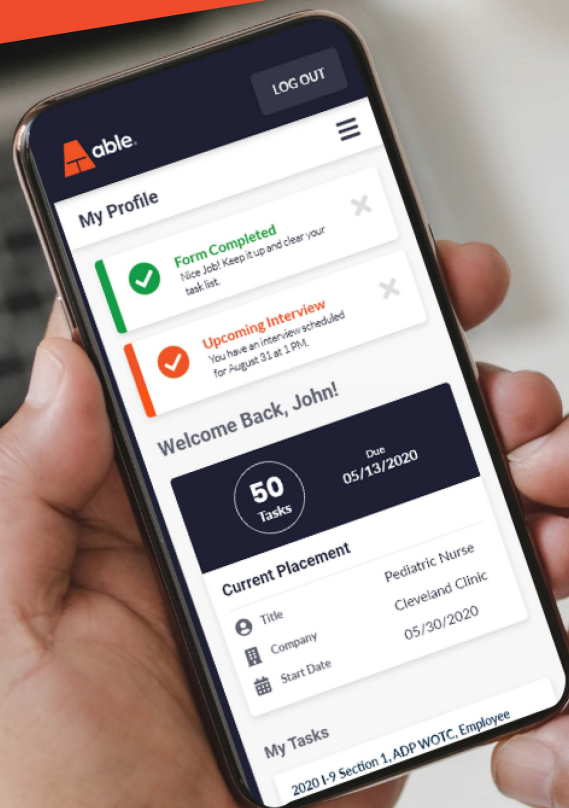
Candidates that drop out of the recruiting process because of lengthy and complicated applications

38%

Candidates that are more likely to accept a job offer with a positive candidate experience

82%

Increase in employee retention when there's a great onboarding process





About The Team

Team

Authors: David Folwell, Krista Garver, and Hilary Smith-Baker

Methodology

In January of 2021, Staffing Hub sent its annual survey and received over 250 responses from industry executives who shared data to help create this report.

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Notes:

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