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# 2013 Staffing Industry Survey Highlights

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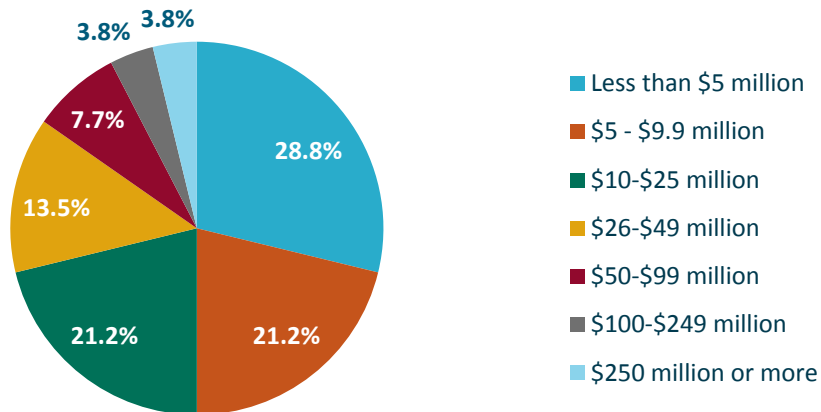
# Survey Participation

- ∴ The survey was distributed to over 500 staffing firms across the U.S.
- ∴ In excess of 100 participants responded, with the majority from the Northeast.
- ∴ Respondents ranged in size from less than \$5 million to more than \$250 million in annual revenue.

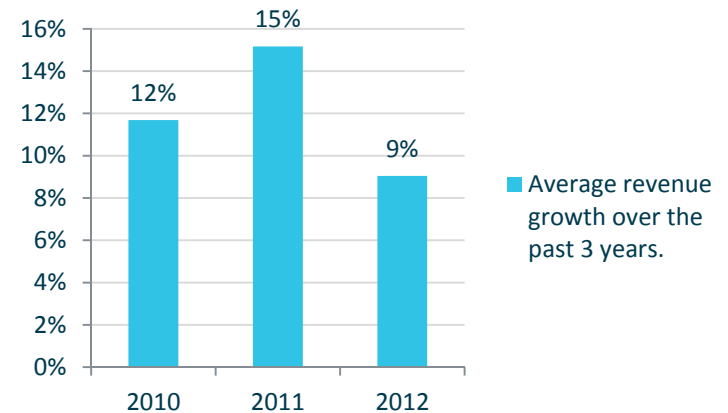
# Assessing revenue growth

The majority of staffing companies are still under \$25 million in revenue (71.2%). However, the industry has seen average revenues increasing at a steady pace since 2010.

**2012 Gross Revenue**



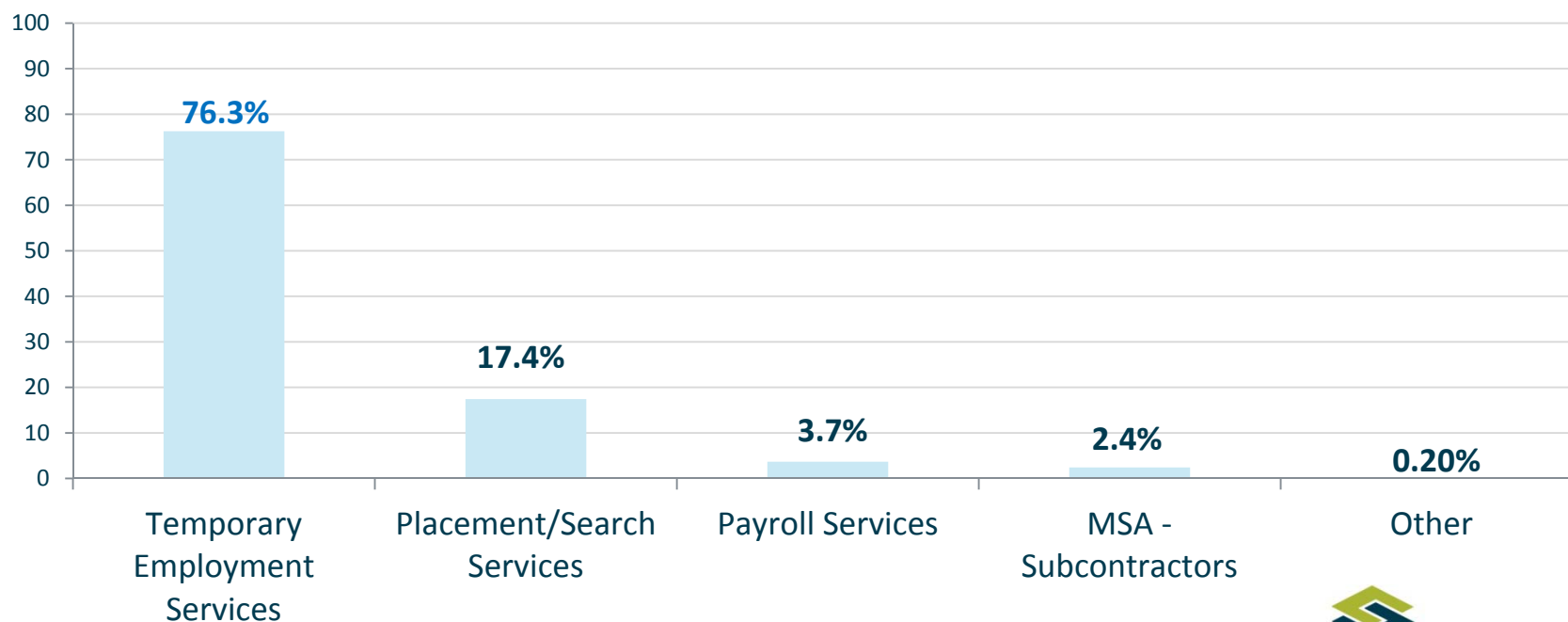
**Average revenue growth over the past 3 years.**



# Assessing revenue growth

The composition of gross revenue is changing. Payroll services and master service agreements are starting to replace the traditional staffing model simply because customers are looking for staffing companies that can provide a full range of services. Permanent placement is still a significant component of many traditional staffing companies.

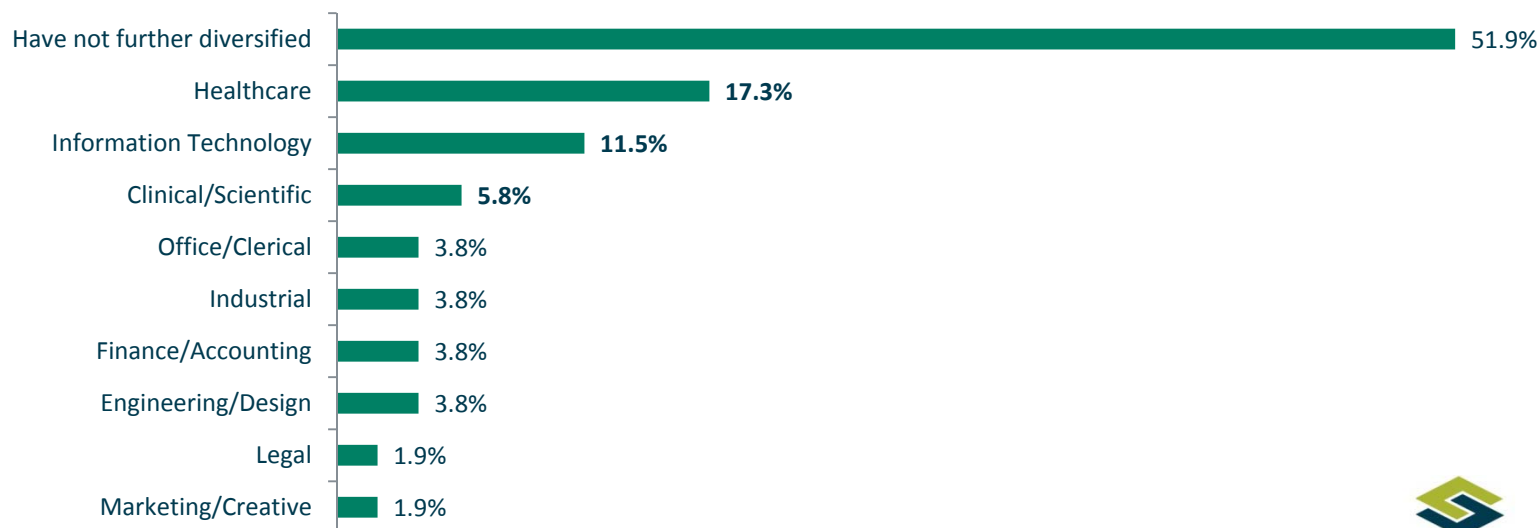
**We asked participants to break out the makeup of their total revenue. The chart below illustrates the average response we received.**



# Companies are diversifying

In 2010\*, we projected that most staffing firms would diversify into IT and Healthcare. The 2013 survey confirmed that 17.3% of respondents expanded into Healthcare and 11.5% expanded into IT. This increase can be attributed to various factors, including the Affordable Care Act (ACA), advances in global technology markets, compliance with regulatory matters, and an aging population (baby boomers), among others.

## Which industry sectors have you diversified or expanded into?

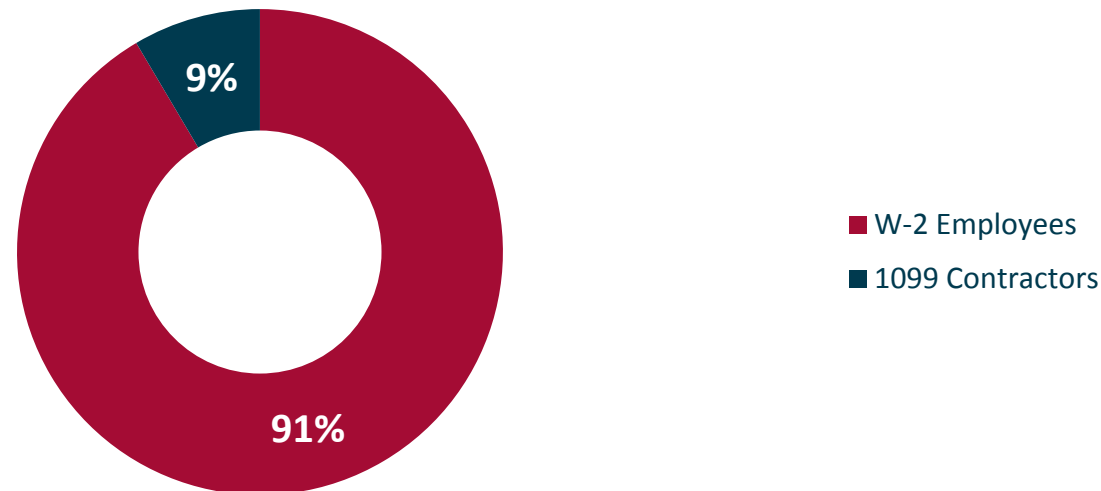


\*Citrin Cooperman, *Sowing the Seeds of Growth: 2010 Staffing Industry Survey*

# Compensation trends

Approximately 91% of survey participants responded that compensation paid to temporary workers was in the form of a W-2 as compared to 1099. This indicates an increased level of compliance with IRS guidelines. This compliance coincides with the enforcement of taxes related to unemployment and workers' compensation insurance.

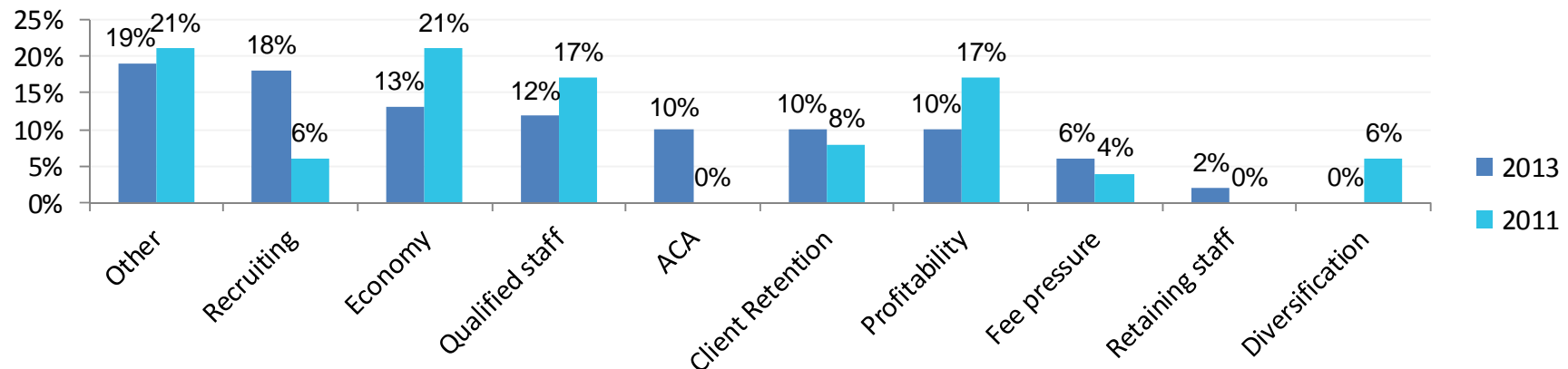
**What percentage of your company's total payroll is from each of the following?**



# Challenges and issues facing the industry

When asked to rate the top issues affecting their business, responses indicated that the top concerns remain profitability, cash flow/financing, and the economy.

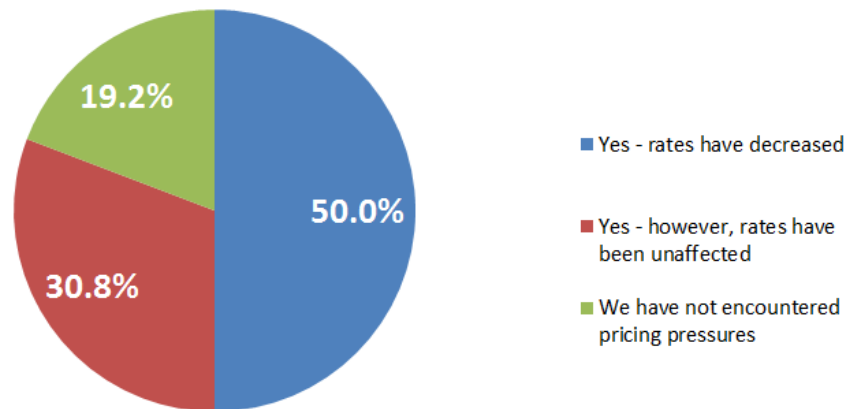
Furthermore, many respondents echoed 2011 responses and sighted acquiring key talent as being the biggest opportunity for growing their business.



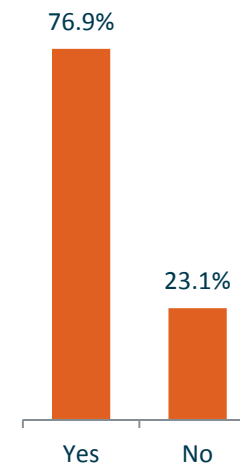
# Addressing fee pressures

Over 50% of respondents indicated that they saw greater pricing pressure in the past year. According to previous surveys, this is a trend that does not look to be slowing down.

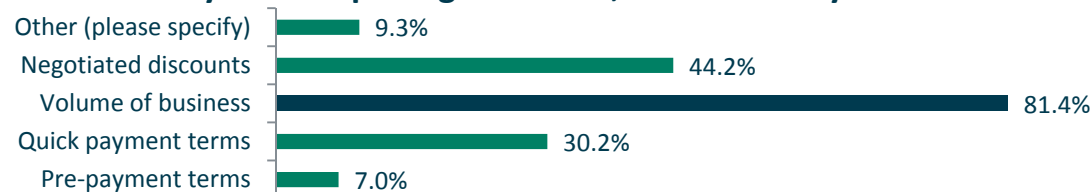
Have you encountered pricing pressures from your clients during the past year?



Do you offer pricing discounts to clients?



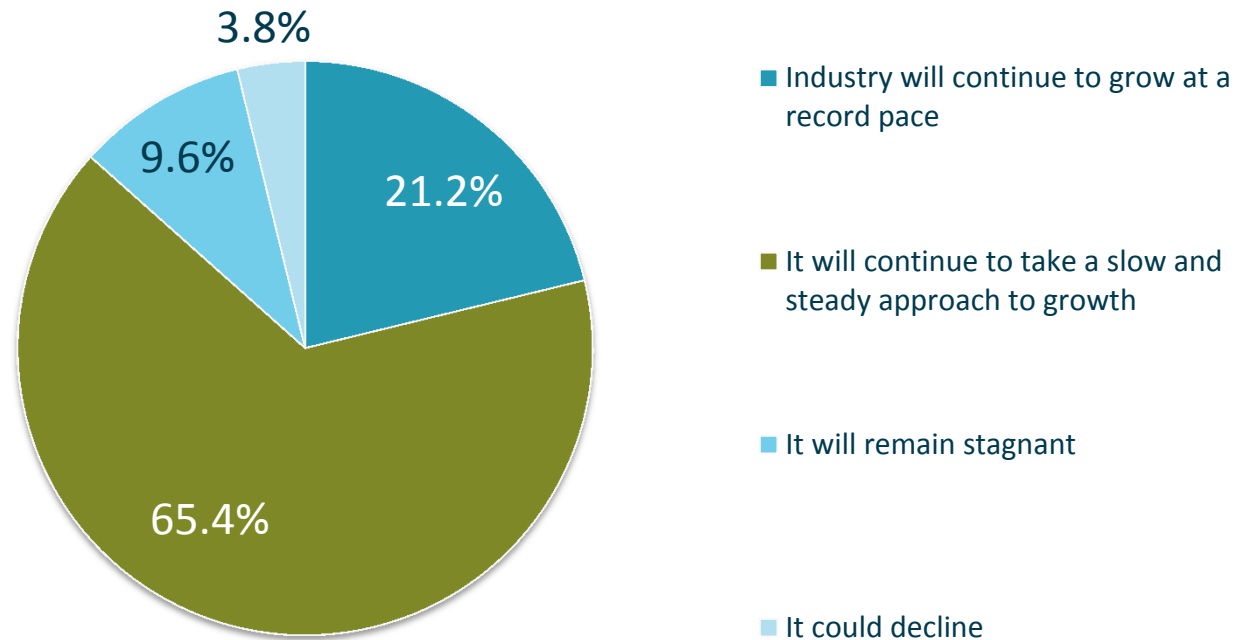
If you offer pricing discounts, what are they based on?





# Looking ahead

Over 65% of respondents are encouraged that they will see line revenue growth in 2014 and beyond, but it will be slow and steady. Only 3.8% indicated that growth would decline.





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