

# Staffing Industry Analysts INSIGHT

Recruiting Firms Serving the Staffing Industry



Produced By:

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## **Recruiting Firms Serving the Staffing Industry**

Over the years, staffing companies have established their core competency in recruiting qualified candidates for their customers. They specialize in finding the appropriate IT contractor or a nurse or that perfect executive assistant. But where do staffing firms go when they are in need for a branch manager to run their new office, or when they are looking to hire a VP of sales to boost the bottom line, or an experienced recruiter to hire the Mr. or Ms. Right for their customers?

You guessed it. They go to recruiting firms whose sole business is to place people in staffing firms. Of course, staffing firms don't fill all of their positions through outside recruiting firms. But there are always times when the recruiters look to the headhunters to fulfill their needs. And these headhunters say that business is doing very well.

### **Staffing firms in hiring mode**

"In general there is a high demand right now," said Robin Mee, founder and president of Mee Derby & Company. "It's been that way all year and has not slowed down in the fourth quarter. I see companies investing in their staff infrastructure across the board."

Ken Keating, COO of Laura Keating Staffing Services echoed Mee's sentiments. "Demand has been continually growing," Keating said. "Other than the decline back in 2001, during the economic downturn, we have not seen any slowdown at all."

According to Staffing Industry Analysts estimates, U.S. temporary staffing growth slowed to 2.3% in 2007 from 6% in 2006. Nonetheless, Paul Fortin of Paul Fortin & Associates said top talent is always in demand. "When the markets become sluggish or go into a recession it is even more imperative that staffing industry firms let go of staff that are not producing at the highest levels and bring on talent that can help them continue to grow during the more challenging times."

### **Why do staffing firms use recruiting firms?**

Many times staffing firms are looking for a candidate with experience in a certain professional niche or with a specialized skill. That's a tough and competitive candidate pool that is already gainfully employed. But staffing firms know from experience that recruiters have a good network of passive candidates – those who are not really looking for a job, but will take a recruiter's call if the right opportunity comes along.

"I use a recruiting company for about 10% to 20% of the positions that I typically have," said Miner Smith, VP and managing director of RemX IT Staffing. "If it's in a market where I don't have the connections or if I am in a hurry to get someone, a good recruiter is always a good source to have."

### **Varied offerings in staffing recruiting**

These recruiting firms place fulltime employees on either retained, partially retained or a contingent basis. Some specialize in senior management level placements, others run the

gamut from recruiters to back office personnel to CEOs. Fees on the contingent side are typically around 25% of the guaranteed first-year compensation.

Some recruiting firms are vertical specific and work with professional staffing firms only. Others have customers across the board, irrespective of the niche or size of the company. Mee, who has been in business for 20 years, notes that one of the biggest recent changes is the emergence of the professional services sector.

"We have, for the past nine years, been focused on the professional services sector, mainly IT," Mee said. "We have also seen the growth in the whole VMS space. We have a number of clients who are in the VMS space – providing the tool and supporting the tool. We are placing program directors, implementation specialists there."

About 70% of Mee Derby's placements are management level, 10% executives and the remainder are in high-level sales and recruiting. Some 60% of the company's clients are in the professional services segment of the staffing industry, 30% in commercial staffing and 10% are in VMS.

Keating said that he has seen robust demand from both IT and healthcare staffing companies. Additionally direct hire specialists are in hot demand too. Linda Blakemore, founder of Atlantic Pacific Group added that staffing firms are also looking to hire people with both HR and staffing industry experience to run their vendor on premise or managed services programs.

While companies such as Mee Derby work more with bigger staffing firms that can afford the retainer fees, others like Paul Fortin & Associates have the majority of their client base in the small-to-medium-size firms. "They maybe don't have that many resources to recruit in-house," said Fortin. "These are companies that are growing and who probably want talent from the larger companies."

In general there appears to be great demand for experienced candidates from the branch manager to regional VP level, especially for successful business developers, both on the sales and recruiting side. "For recruiters, (staffing executives) are looking for a different kind of candidate than they were asking for two or three years ago," Blakemore said. "They are not looking for just order-fillers. These are recruiters who have established relationships and go out and headhunt. The training of these individuals has become quite in-depth, someone who has taken the recruiting position to another professional level."

### **Recruiting from other industries**

While demand is strong, the talent pool is shrinking. For years the staffing industry has recruited by luring stellar performers from their competition. While this has worked for some, there is a growing realization that stealing from the competition will not solve the problem of talent shortage. As a result, recruiters are seeing some change in their customers' attitude. Whereas a few years ago, recruiters would never place someone from outside the staffing industry, now some staffing firms are open to the idea.

"I see [staffing] companies being more flexible around taking candidates out of their particular segment," Mee said. "I see a lot of cross-verticalization. It gets them around the non-compete issues and also increases the talent pool."

Blakemore said she is seeing the shift particularly on the sales side. There is bigger willingness to bring sales people from outside the industry, especially if they have similar kinds of business experience, for example the payrolling industry.

While agreeing that the staffing industry is opening up, Panitz warned that recruiting from outside the industry may not fit the culture or budget of all firms.

"You have to have the right DNA to be in our industry and most successful people are people who are from the staffing industry," Arline said. "Yes, sometimes they are willing to take people from outside the industry, but the training time is long, especially at the management level. You have to be a large company to have the resources to do so."

### **The list**

These are 10 staffing firms that we are aware of that recruit for the staffing industry, in alphabetical order:

#### **Atlantic Pacific Group Inc. <http://www.apgsearch.com>**

Laguna Beach CA-based Atlantic Pacific Group does direct hire searches for staffing firms and for corporate HR, both on a contingent and retained basis. Its other clients include mortgage banking firms, commercial banking institutions, residential real estate development firms, manufacturing, medical device and investment banking. Atlantic Pacific also provides consulting and training to its staffing industry clients.

#### **Brunkmeyer Group Inc. <http://www.brunkmeyer.com>**

Brunkmeyer Group was founded in 1989 in New York. The company provides contingency searches, retainer and managed search program for staffing companies. The firm focuses on mid- to- senior level positions in sales, operations, training, IT and finance, and management.

#### **Corporate Careers Inc. (714) 372-2220**

#### **Hire Impact Inc. <http://www.hireimpact.com>**

Hire Impact serves IT staffing consulting firms by placing candidates ranging from technical recruiters to regional managers, vice presidents and other senior executives. The company operates on both contingent and retainer basis.

#### **HireSolutions Inc. <http://www.hiresolutionsinc.com>**

Davie FL-based HireSolutions is an executive search, recruitment and project-based consulting firm. Its clients come from commercial, accounting and finance, IT, engineering, outplacement, PEO segments of the staffing industry.

**Laura Keating Staffing Services** <http://www.lkstaffing.com>

Specializing in the staffing, professional employer organization (PEO), human resource and outsourcing industries, the company provides recruiting services on a contingent basis. The company's searches run the full gamut -- recruiters, sales personnel, branch managers, payroll, accounts receivable, human resources positions and regional managers.

**Mee Derby & Company** <http://www.meederby.com>

Maryland-based Mee Derby was founded in 1998. It focuses on staffing firms in the professional segment such as IT, accounting and finance and creative staffing companies. The company offers contingency, partially retained and retained search for fulltime openings within staffing firms.

**The Omni Recruiting Group Inc.** <http://www.omnirecruiting.com>

Established in 1993, Atlanta-based Omni serves temporary staffing firms and direct hire firms. Its clients specialize in clerical, light industrial, IT, legal, accounting and finance, healthcare and construction.

**Paul Fortin & Associates** <http://www.staffingindustryjobs.com>

Founded in 1997, Paul Fortin provides contingent search for specialty staffing firms such as those in creative, accounting and finance and IT staffing.

**RRD Partners Inc.** <http://www.rrdpartners.com>

RRD Partners is an executive search consulting firm with expertise in the human capital sector. RRD conducts managerial and senior-level search assignments for staffing companies, consulting firms, outsourcing companies and executive search firms. Assignments are conducted on a domestic and international basis.

**Search Inc.** <http://www.search-inc.com>

Search Inc. is an executive search firm for the staffing and legal industries. The company recruits internal personnel - from area managers, branch managers, recruiters and sales representatives to regional vice presidents and chief officers. A first-time customer works with Search on a retainer and then the company works with returning customers on a contingency basis.