INSIGHT**SQUARED**

2015 Sales Benchmarking Report:

A Data-Backed Analysis of Top Staffing & Recruiting Firms

Contents

2015 Sales Benchmarking Report
A Data-Backed Analysis of
Top Staffing & Recruiting Firms

Foreword

In the thousands of conversations InsightSquared has had with sales leaders in the staffing industry, there is one question that comes up more than any other: "How can I objectively evaluate my team's performance?"

Whenever we get this question, we tell these sales leaders what we've found: The best firms use data to identify their team's strengths and weaknesses, and then apply these findings to incrementally improve their team's performance. These firms aim high and motivate their teams with benchmarks from the best firms in the industry.

But there's a problem: This cold, hard data - especially at an industry level - is incredibly difficult to get.

We quickly realized, however, that InsightSquared is in a unique position to get this data and provide this resource. We have access to thousands of data points about the performance of actual sales teams, as well as demographic data about the shape and structure of the entire industry. We crunched the numbers and are excited to share what we found: **Clear benchmarks about what the best sales teams in the staffing industry are doing differently than all the rest.**

Our goal is to provide those much-needed data points so you can objectively evaluate your team, and create a data-backed way to give your team that crucial competitive advantage.

Enjoy!

Randy DeHaan

About the Data

The findings in this report are calculated from anonymized sales performance data of InsightSquared customers who consented to provide access to their data for the purpose of the study. All the information in the report is based on data from the CRM/ATS systems of the firms included in the study. See below for additional demographic information about the firms.

Size of Sale Team
(by Number of Sales Reps)

20% Fewer than 3

22% 3 to 5

35% 5 to 10

23% More than 10
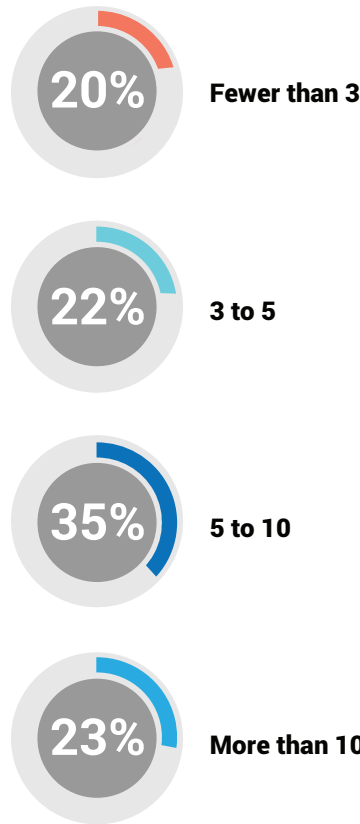
Company Headquarters
by State (U.S.)
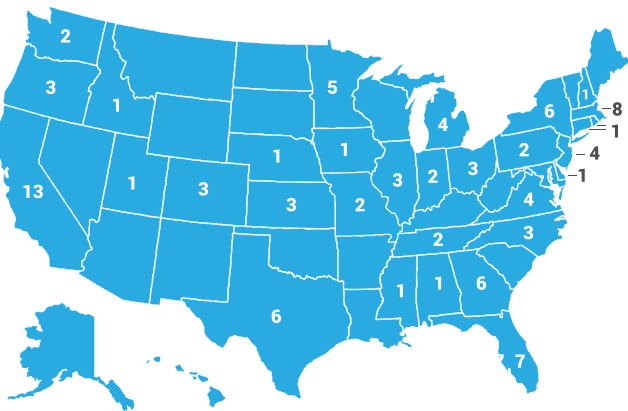
Company Headquarters by
Country (Worldwide)
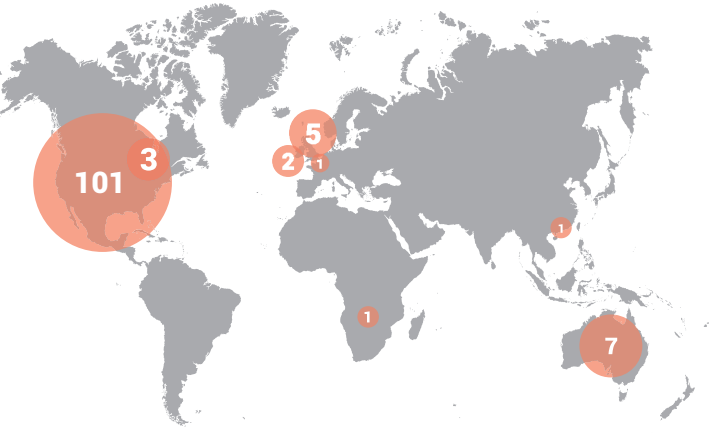
* Number of Contract and
Permanent Placement Firms

Contract **72**

Permanent **52**

* Firms are categorized as permanent placement if more than 50% of the job orders they work are for permanent positions, and vice versa.

Key Benchmarks

PERMANENT   **CONTRACT**

	PERMANENT		CONTRACT
Average Size of Sales Team (Number of Employees)	7.4		9.87
Average Number of Job Orders Worked (Per Firm)	53.05		143.83
Average Number of Job Orders Worked (Per Employee)	6.94		17.69
Average Time to Fill (In Days)	57.12		25.63
Win Rate (As Percentage of Total Openings Worked)	20%		25%

average   average
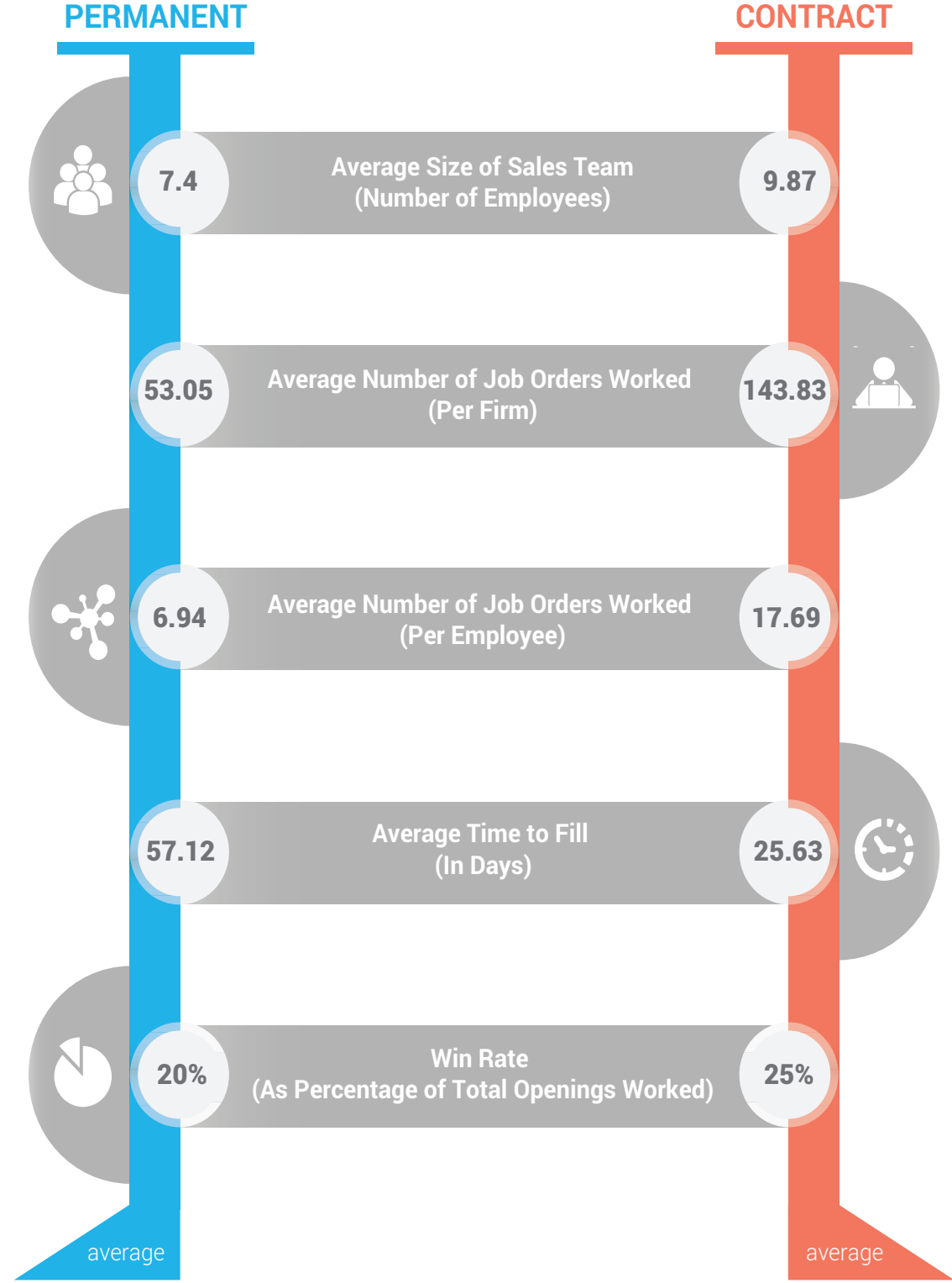
Introduction

This study is designed to provide concrete performance benchmarks for sales teams in the recruiting industry. As you saw on the previous page, we were able to get exactly that: Hard, objective data on key sales performance metrics: win rate, sales cycle and pipeline size for the average sales team in the industry.

These benchmarks are perfect for sales leaders who want to put their own team's performances in perspective. But most sales leaders will want to go beyond that: They want to know what the best teams in the industry look like so they can understand and replicate these teams' successes.

That's what the rest of this report is about: **Identifying exactly how and where the fastest-growing sales teams outperform the rest of the pack.**

To do this, we divided our participants into four quartiles based on their year-over-year revenue growth rate, measured as **Compound Annual Growth Rate** (see **Methodology** for an explanation of how this was calculated).

Growth Band for Each Quartile	Quartile 1	Quartile 2	Quartile 3	Quartile 4
	Less than -5% CAGR	-5% to 6% CAGR	6% to 23% CAGR	More than 23% CAGR

From there, we benchmarked each quartile independently on the 3 metrics that provide the most visibility into each firm's sales performance:

- Win Rate — the number of openings that firms fill as a percentage of the total openings they attempt to fill
- Time to Fill — The period of time from when a job order is accepted to the date that one or more positions on the order are filled
- Job Order Pipeline — the number of job orders a firm works on a month-to-month basis

Finally, we broke the data into two main groups: data from firms that make primarily contract-based placements and data from firms who focus on permanent placements (greater than 50% contract or permanent placement, respectively). Doing this gave results that offer a clearer picture of what the best-in-class sales teams in each of these groups actually look like.

The rest of this report analyzes the (often surprising) findings we obtained from this process and offers actionable insights to help sales managers use the findings to improve their teams' performance.

Section // 1

Findings: Permanent Placement

Win Rate

Key Finding: Sales teams at the fastest growing permanent placement firms make placements at a rate equal to the industry average. They are growing faster because they are working a higher volume of job orders each month.

Average Win Rate (%) by Quartile

Industry Average: 20%

Quartile 1	Quartile 2	Quartile 3	Quartile 4
16.8%	18.7%	24.6%	19.9%
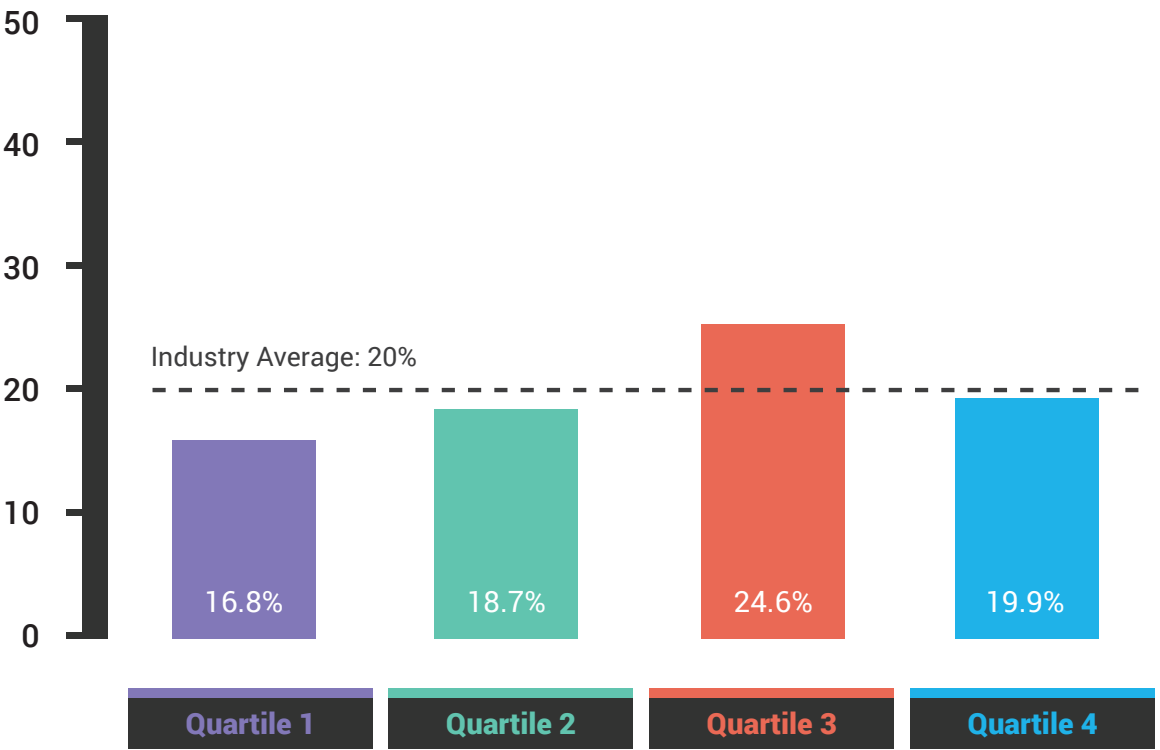
The win rates of fast and slow growing firms gain more significance when you take into account the number of job orders they work each month. High growth firms work twice as many job orders per month than the slower growing firms.

FIGURE 2 **Average Number of Job Orders/Month by Quartile**

Industry Average: 53.05

Quartile 1	Quartile 2	Quartile 3	Quartile 4
42.62	39.38	24.65	85.89
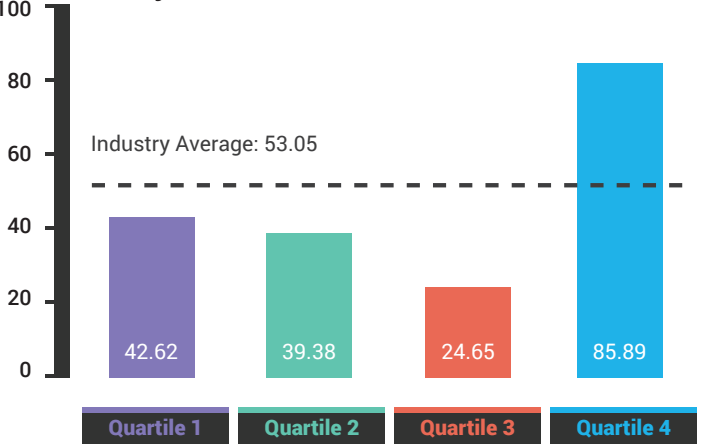
Sometimes Average is Good Enough

At a glance, there was little variation between firms' win rates when they were broken down by growth rate. We had assumed that the fastest growing companies are also the ones winning the highest percentage of the job opportunities they work, but that difference was not reflected in the win rates we found.

After digging a little bit deeper, we uncovered an important nuance that helps demonstrate where the best teams thrive. When we looked at the number of job orders that firms in the study worked each month, it turns out that the firms with the fastest growing revenue also work 32 more job orders per month than the industry average.

It's important to note that win rate is calculated as a percentage of total *openings* filled, whereas pipeline is calculated purely as the number of job orders worked in a given month, regardless of how many openings there are on each order (see the **Methodology** section for more details). The gap between high-growth firms and the rest of the field may be even greater in terms of total *openings* being worked.

The fact that these firms still have win rates that are right at the industry average of 20% means that their sales teams *win deals at the same rate* even though they *process a higher volume of job orders*.

This is a sign that the fastest growing firms are the ones that are able to scale effectively and maintain a **consistent sales process** as they onboard new employees and expand their business.

Executives at permanent placement firms should take this point to heart and work to increase the volume of job orders their teams can handle, but be wary of letting the win rate drop below the industry average of 20%.

Action Item:
Arm your sales team with the tools and training they need to prioritize job orders that they have the best chance of filling, and then push them to increase the volume of job orders they work each month.

Time to Fill

Key Finding: The fastest growing firms make placements more quickly than their competitors.

Average Time to Fill by Quartile (in Days)

Industry Average: 57.12

Quartile 1	Quartile 2	Quartile 3	Quartile 4
67.65	55.57	55.71	52.59
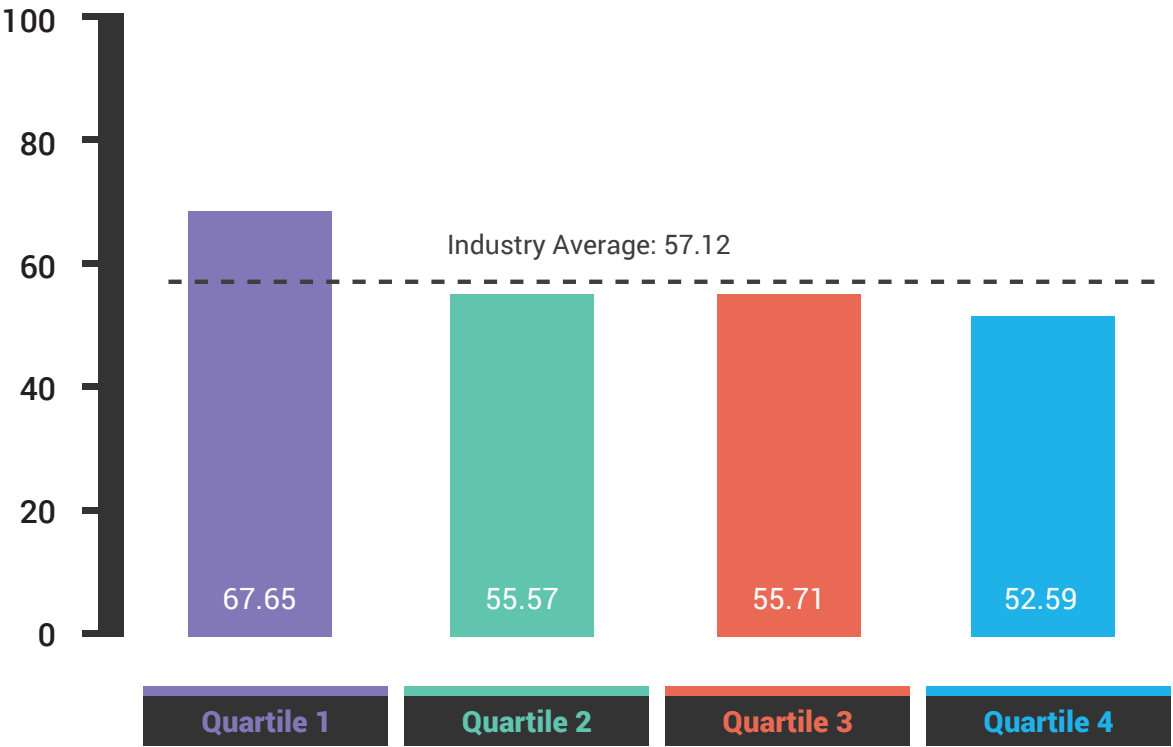
Faster Placements, Higher Growth

The 25% of permanent placement firms that have the fastest growing revenue also fill positions a full **14 (calendar) days faster** than the 25% of firms with the slowest growth, and almost **5 days faster** than the average for the industry as a whole.

What's even more revealing about the findings is that only firms that rank in the bottom 25% in terms of revenue growth have a time to fill that is substantially longer than the industry average.

This fact indicates that sales teams at the fastest growing firms are filling positions more quickly than the rest of the field, which frees them up to pursue new business instead of sinking their time into a handful of existing job orders.

With these data about time to fill in hand, a picture of the sales teams at high-growth firms really starts coming into focus.

Specifically, the fastest growing permanent placement firms are achieving higher growth rates by filling a larger volume of job orders in less time than their competition. The takeaway here is clear – sales teams that want to accelerate growth should find ways to shorten their time to fill.

Of course, this leads to another question. We've found that high-growth firms are a step ahead of the competition when it comes to speed and volume, but is there more to achieving high revenue growth than turning the crank faster than the other guys?

Action Item:
Dig in to each stage of your firm's placement process to identify the section that slows down placements the most and put resources in place to streamline that stage. You are losing business if it takes you more time to make placements than your competitors.
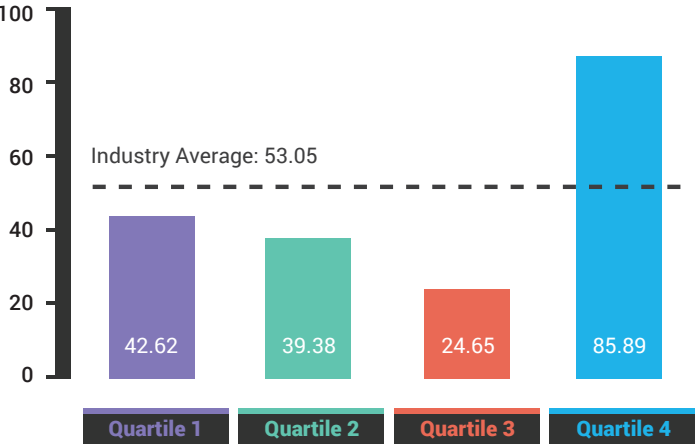
Job Order Pipeline

Key Finding: Leading sales teams process more job orders every month.

FIGURE 4 **Average Job Orders/Number of Employees by Quartile (per Month)**

Industry Average: 6.94

Quartile 1	Quartile 2	Quartile 3	Quartile 4
6.96	5.85	6.48	7.94
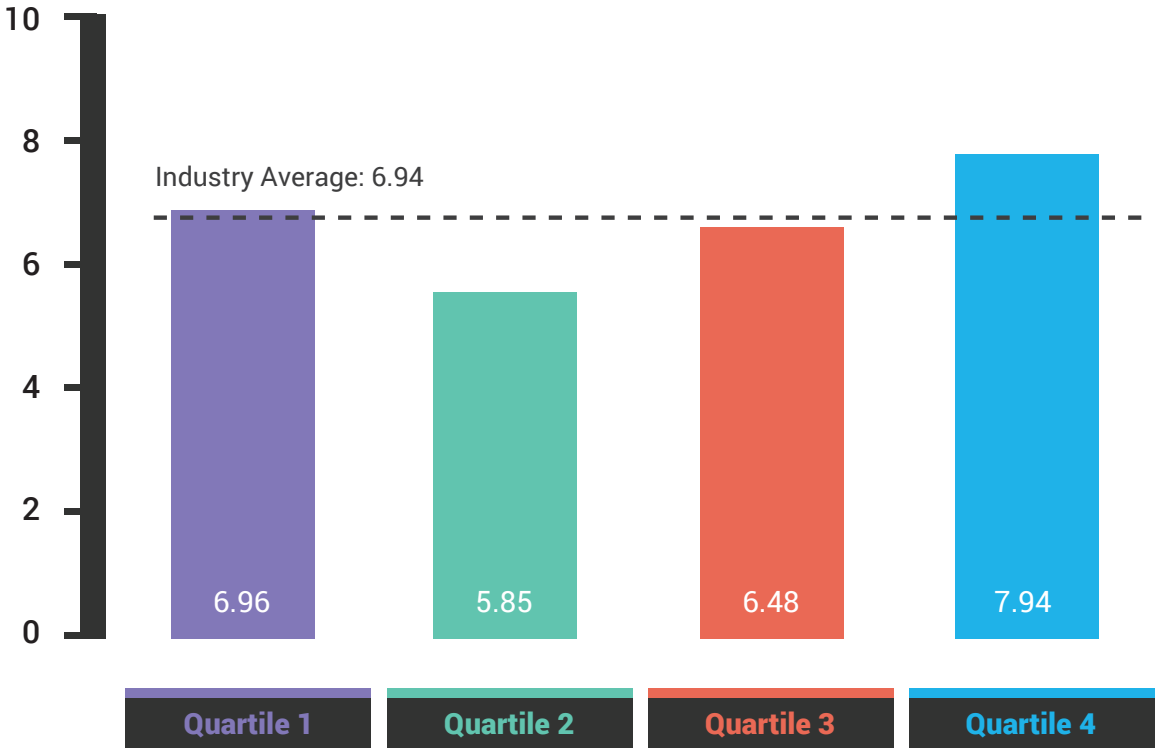
Volume is a key driver of revenue growth. Reps at the fastest growing permanent placement firms work more job orders per month than reps at slow growth firms do, and sales teams at the fastest growing firms process 32 job orders per month more than the industry average.

FIGURE 5 **Average Job Orders/Month by Quartile**

Industry Average: 53.05

Quartile 1	Quartile 2	Quartile 3	Quartile 4
42.62	39.38	24.65	85.89

Big Pipelines Pay Off

The story that comes out when you look at the job order pipeline for high-growth firms compared to low growth firms is clear: sales teams at high-growth firms work more job orders per month.

Salespeople at the top 25% fastest growing permanent placement firms work **1 more job order per month** than the average for the rest of the industry, and at a team level these firms are working **32.84 more job orders per month** than the industry average (again, a single job order may include more than one opening).

Given the importance of the role that job order volume plays in a firm's revenue growth, we decided to go a step further and also review the composition of the sales teams of firms in the sample. The question we wanted to answer is simple: Does the size of a firm's sales team have a significant impact on the sales process?

We found that the fastest growing firms do indeed have larger sales teams on average (11.28 employees compared to an average of 7.4). More importantly, each rep at these firms works 7.94 job orders per month, compared to an industry average of 6.94.

Another finding of note is that the slowest growing 25% of firms actually work more job orders per month than the middle 50% of firms do. This means that volume isn't quite everything when it comes to driving growth rate – firms need to have a structured sales process in place before they can expand their job order pipeline, otherwise their reps will be overwhelmed and let job orders slip through the cracks.

Keep these findings in mind, because they provide key insights into sales management. Namely, that the size of the sales team and the volume of job orders they work are big factors in driving revenue growth, but only if the sales team is equipped to scale properly.

Action Item:
Put a process in place that helps sales reps monitor their own performance and increase the number of job orders they can work each month without stretching themselves thin.

Conclusion

By examining win rate, time to fill, and job order pipeline at a wide range of permanent placement firms, we drew out the key differentiators between the sales teams that achieve revenue growth year over year and the sales teams that fail to push their firms forward.

Top-performing sales teams at permanent placement firms work a high volume of job orders, work them faster than their competitors, and maintain a win rate that is on par or above the win rates of their competitors.

The key to increasing revenue growth in the world of permanent placement firms is to increase the volume of job orders that the sales team works in a structured, incremental manner. Firms that try to work everything they can find without a proper sales process in place will only overwhelm their sales teams and end up with a lot of wasted time, unfilled positions, and unhappy customers.

Section // 2

Findings:
Contract Placement

Win Rate

Key Finding: Higher win rates do not directly drive growth for contract placement firms. Surprisingly, there was not much variability between the win rates of high-growth and low-growth contract staffing firms.

FIGURE 6 Average Win Rate (%) by Quartile

Industry Average: 25%

- Quartile 1: 21.8%
- Quartile 2: 28.8%
- Quartile 3: 23.6%
- Quartile 4: 26.2%
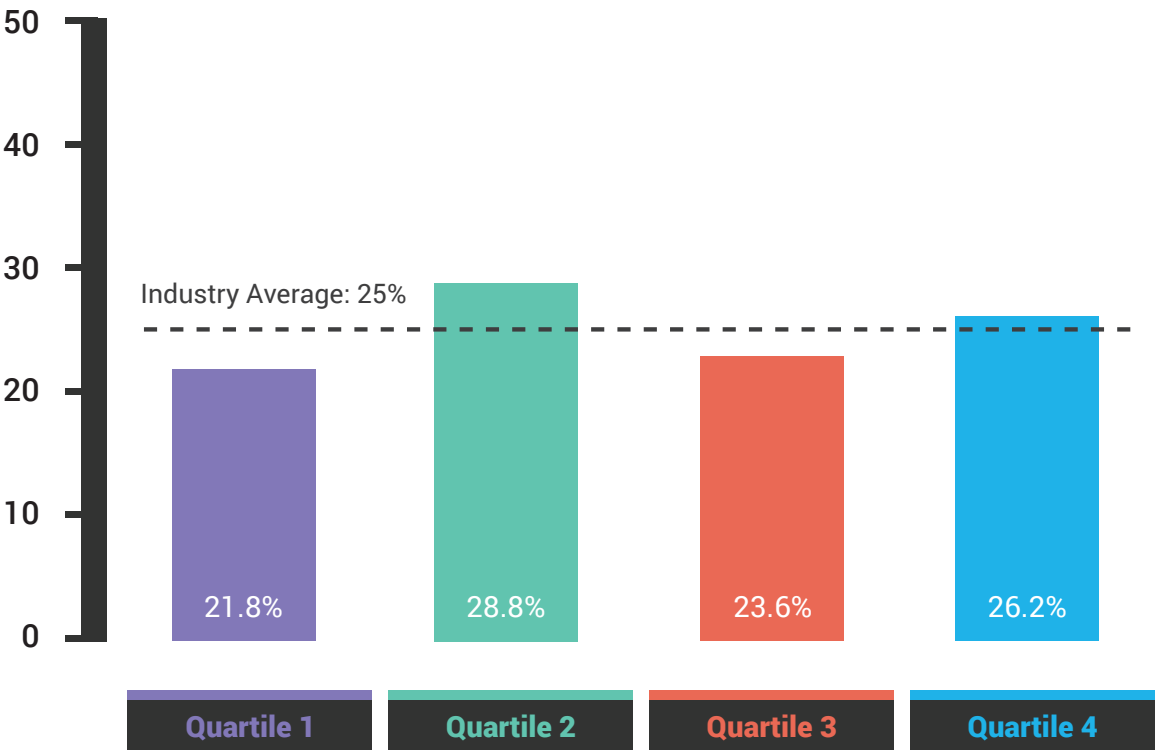
All four quartiles are closely matched on their win rates. The quartile with the highest win rate also has larger sales teams on average.

FIGURE 7 Average Size of Sales Team by Quartile

Industry Average: 9.87

- Quartile 1: 8.37
- Quartile 2: 14.69
- Quartile 3: 9.93
- Quartile 4: 5.55
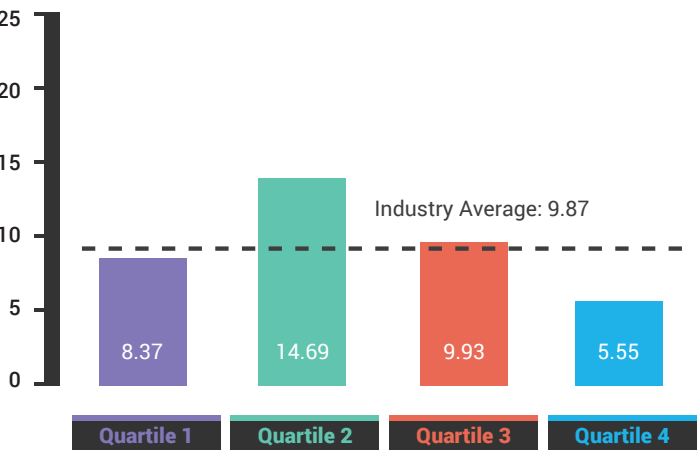
Go Beyond Win Rate

Contrary to our expectations, high-growth contract placement firms do not have the highest win rates. This goes against the assumption that the fastest growing quartile drives growth by filling a higher proportion of openings they work. In fact, the comparatively slow-growth firms in Q2 have the highest overall win rate (calculated as a percentage of total openings worked).

When we dug in to the data to see why this might be the case, we noticed that firms in this quartile have significantly larger sales teams (see figure 7). This fact is reflected by the finding that firms in Q2 also work a larger volume of job orders per month as a team (208.02 compared to a 143.83 average).

These are both characteristics of sales teams at larger, more mature firms, which may explain why they exhibit relatively slow YoY growth. However, if the maturity of firms in the second quartile explains the slightly higher win rate, this realization also shows that firms in this quartile are reliant on additional manpower to maintain sales growth.

This leads us back to our original goal, which is to find out how firms of any size can adjust their training and sales processes to drive reliable revenue growth instead of just adding more sales reps to boost sales. The next step is to see what time to fill and job order pipeline of firms can tell us about each firm's approach to sales.

Action Item:
Win rate becomes more important as your company scales and grows, but it is not a primary driver of revenue growth. Focus your time on the speed and volume of job orders your firm works before you try to increase the ratio of deals that they can win.

Time to Fill

Key Finding: Contract staffing firms all fill positions at a similar speed, regardless of revenue growth.

FIGURE 8 **Average Time to Fill by Quartile (in Days)**

Industry Average: 25.63

Quartile 1	Quartile 2	Quartile 3	Quartile 4
26.77	25.77	24.80	24.90
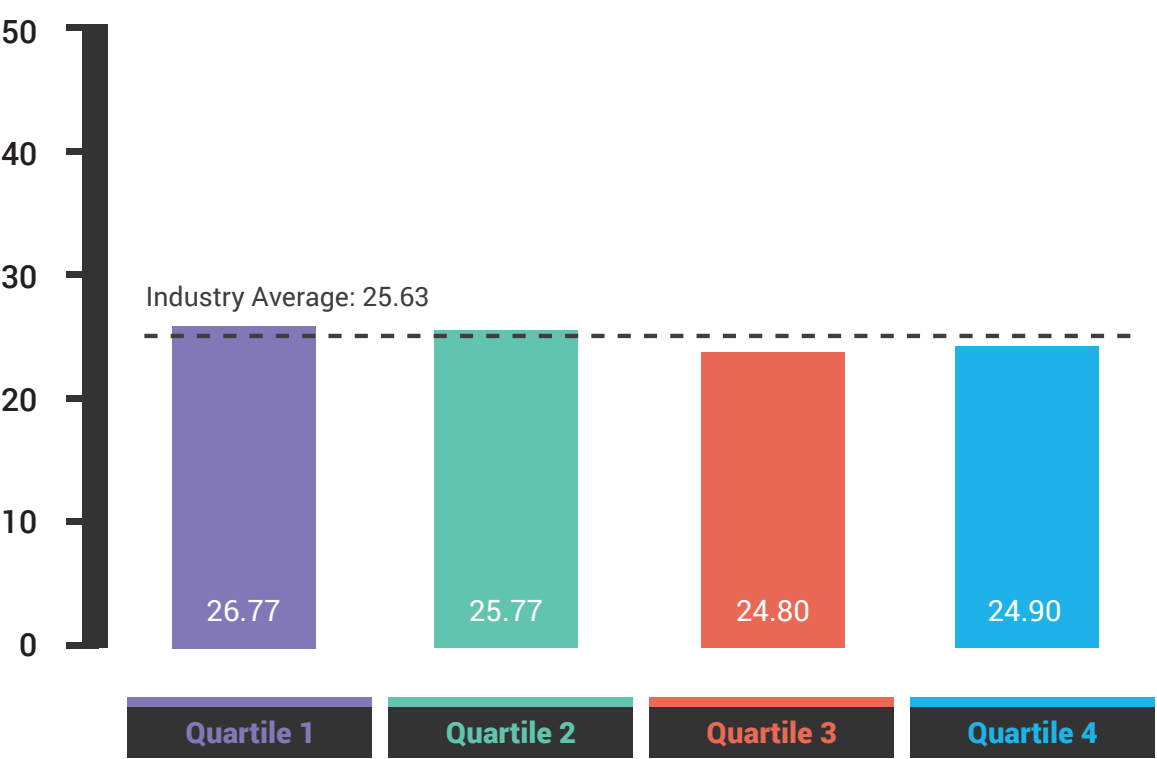
Matched on Speed

The time to fill is not significantly shorter for high-growth contract firms, nor is the time to fill for high-growth firms substantially shorter than the average for the group as a whole. This finding was actually not surprising, given the importance that speed plays in the world of contract staffing agencies.

There is enough competition to fill most contract jobs that hours, and sometimes even minutes, can have a tremendous impact on a staffing firm's ability to make placements.

Firms are forced to invest more resources into reducing their time to fill to account for this. The lack of variability in time to fill across growth segments is most likely due to a floor effect. Firms have to compete on speed in order to stay in business, so any firms that take substantially longer than average to fill positions are quickly knocked out of the market.

Even so, it's worth noting that the top half of contract firms with the highest growth rate make placements nearly a day faster than the half with lower revenue growth — this difference highlights the intense competition within the industry, and shows how much of an impact even a day can make.

Action Item:
If your firm's time to fill is significantly longer than the industry average (25 days), you are losing a lot of job orders to your competitors. Reducing the time it takes your firm to make a placement should be an immediate goal.

Job Order Pipeline

Key Finding: **High-growth firms work fewer job orders per month than low-growth firms.**

Average Job Orders/Number of Employees by Quartile (per Month)

Industry Average: 17.69

Quartile 1	Quartile 2	Quartile 3	Quartile 4
27.72	15.64	13.20	11.21
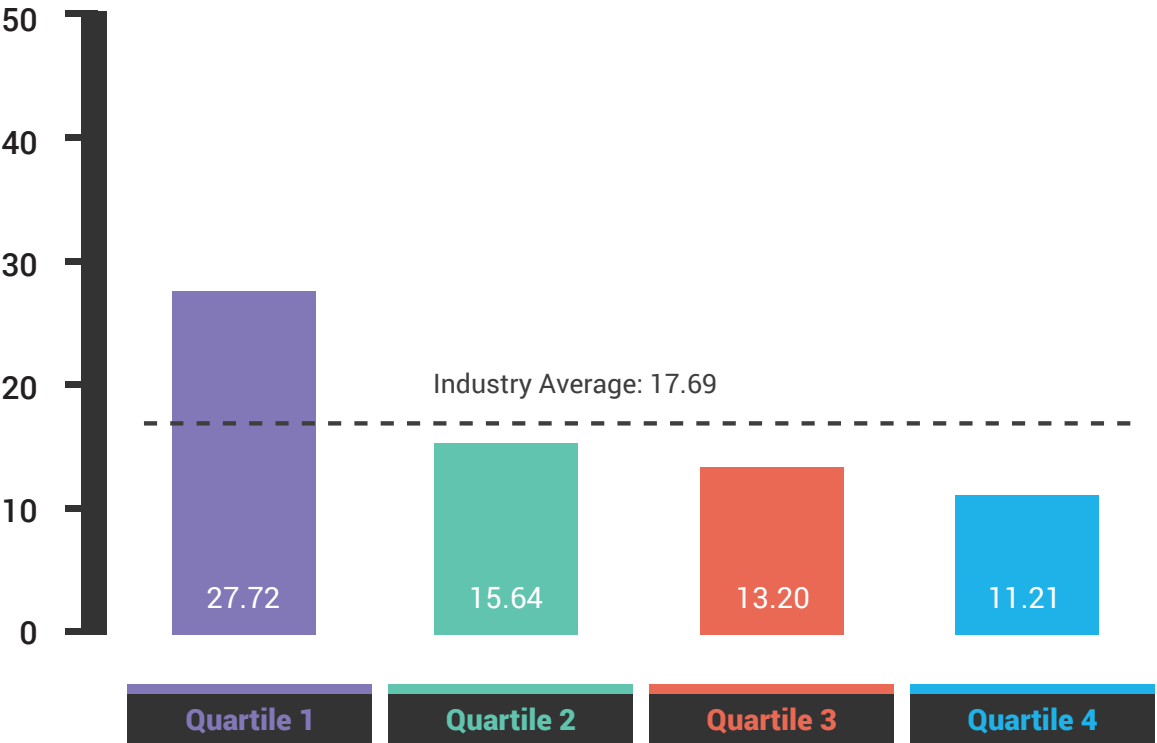
Not only do sales reps at high-growth firms work fewer job orders each month at an individual basis, the sales team as a whole works significantly fewer job orders each month than sales teams at low growth firms do.

FIGURE 10 **Job Orders/Month by Quartile**

Industry Average: 143.83

Quartile 1	Quartile 2	Quartile 3	Quartile 4
156.42	208.02	122.32	67.70
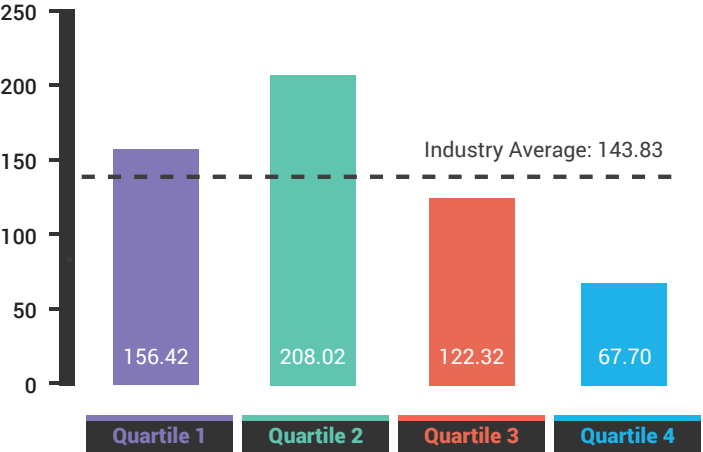
Efficiency Drives Growth

The final step in our analysis was to investigate how the volume of job orders being worked differentiated between high-growth and low-growth firms, and this analysis turned up something unexpected: **High-growth contract firms work far fewer job orders per month than the industry average.**

In fact, not only do high-growth firms process fewer job orders per month, they process 50% fewer than the industry average, and 6 fewer on average per employee (as a reminder, job orders may include multiple openings). That's a surprising result — how can firms that appear to be bringing in less new business actually achieve higher revenue growth?

The data from the slowest growing 25% of firms provide a clue. These firms are actually taking in 13 more job orders per month than the industry average, and their employees work **16 more job orders per month** than their peers who work at the fastest growing 25% of firms.

This goes to show that a bigger pipeline does not always equal a better pipeline. The fact that the segment with the lowest growth has a lower average win rate and longer time to fill as well as a larger job order pipeline per sales rep is telling — it means that sales teams at these firms are wasting resources on job orders they aren't likely to win, and their overall performance suffers as a result.

We uncovered one other important fact about job order pipelines when looking more closely at the second quartile. Remember, firms in this segment have larger sales teams on average and work more job orders per month than teams in any other segment do, **yet individual salespeople still work fewer job orders per month than the industry average.**

That drives home the point that sales teams at contract staffing agencies need to be very honest with themselves about the bandwidth they can cover. The final takeaway is that **growth is driven by the quality of your job order pipeline.**

Action Item:
Get a very clear read on how many job orders your reps can work at one time without harming the quality of their performance. Your firm's growth hinges on your ability to hit the sweet spot between working too many job orders and too few.

Conclusion

The story that comes out about sales teams at high-growth contract firms is that they have above average win rates and fill positions slightly faster than average, and most importantly, **they focus their time on a highly concentrated, winnable pipeline of job orders.**

What this means is that **efficiency** is the key to fast growth for temp and contract firms. The firms that see the most growth are getting the most mileage out of the resources they have available. Their teams drive growth through intelligence about where they should and shouldn't focus their time.

The sales teams that struggle are the ones that are unable to maintain an efficient sales process. High volumes of job orders result in overworked reps and lower revenue if the sales processes aren't in place to field them.

Section **//** 3

Methodology

Methodology

The findings in this report were drawn from anonymous data of InsightSquared clients. The data spans the period between 1/1/2012 and 11/1/2014.

The purpose of the methodology section is to provide more detail about the key metrics that provide the foundation for conclusions drawn in the report, and ensure that readers have the information they need to replicate the analysis on their own data if they wish. Each section that follows contains an explanation of each metric used to glean sales performance trends for the report.

- Win Rate
- Compound Annual Growth Rate
- Job Order Pipeline
- Time to Fill

Compound Annual Growth Rate

CAGR is calculated by dividing each firm's total bookings in 2014 by its total bookings in 2012 (the period being studied), raising the resulting value to ½ (1 over the number of years) and subtracting 1 to get a percentage. The formula for the calculation is as follows:

$$CAGR = \left(\frac{Total\ Bookings\ in\ 2014}{Total\ Bookings\ in\ 2012} \right)^{\left(\frac{1}{\#\ of\ Years} \right)} - 1$$

This number provides a normalized figure that acts as a measurement of a firm's sales growth over time.

Win Rate

Win rate is calculated as the total number of openings filled (open positions that had activities logged against them and resulted in placements) in the period being studied (1/1/2012 to 11/1/2014) as a percentage of the total units worked (open positions that had activity logged in the ATS/CRM system but did not result in placements) during that time period.

$$Win\ Rate = \frac{Filled\ Units}{Total\ Units\ Worked}$$

We chose to use total openings to measure win and loss rates instead of looking only at job orders distinguished by unique IDs in the ATS/CRM system so that we could account for job orders that encompassed more than one open position.

Additionally, measuring rates based on total openings mitigates inconsistencies in the steps that each firm takes to move job orders through its placement process.

Job Order Pipeline

Job order pipeline is a metric that reflects the average number of job orders each employee at a firm works in a given month. Pipeline is a reliable benchmark of the workload each individual salesperson carries.

Unlike the calculation for win rates, our analysis of job order pipeline looked at the unique job order IDs created within a given month. This provided more accuracy in defining the amount of work done in a given time period.

We calculated the size of pipeline per salesperson by taking the average number of job orders created in the ATS/CRM system per month at each firm and dividing that number by the average number of salespeople at each firm per month between 1/1/2012 and 11/1/2014.

$$Job\ Order\ Pipeline\ per\ Employee = \frac{Average\ \#\ of\ Job\ Orders\ Created\ Per\ Month}{Average\ \#\ of\ Salespeople\ Per\ Month}$$

We opted to use averages for both employee count and the number of job orders created month-to-month in order to prevent distortion in the data from two sources: spikes in the job order distribution and firms with unusually high employee turnover.

The averages serve as a more accurate reflection of the size of pipeline over time due to those two variables in the data.

Time to Fill

Time to fill is calculated as the period of time from when a job order is created to the date that a placement was made on the job order. Days are measured as calendar days, not business days. For the purpose of standardizing this metric in the report, a job order was considered to be "filled" on the first date that a placement was made for it, even if there was an additional opening that was not filled on that date.

We did not use the "close" dates on job orders for two reasons.

Close dates are extremely susceptible to data quality errors, such as mistyped numbers, dates that do not actually correspond with the date a placement was made, and a failure to enter the close date altogether. Additionally, close dates are changed frequently, and the data becomes unreliable when a single job order has multiple close dates.

Because of this, the date that a placement was first made on a job order is a more consistently accurate proxy for the date that a position was actually filled than close dates are, in spite of the drawbacks.

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