

How Can You Increase Your Firm's Revenue Growth?

Increasing revenue is the key goal of every recruiting firm, but what levers can you pull to spur growth? InsightSquared wanted to find out, so we analyzed data on job order pipelines from over 100 firms to uncover their core revenue drivers. Read this guide for the data you need to give your top line a boost.

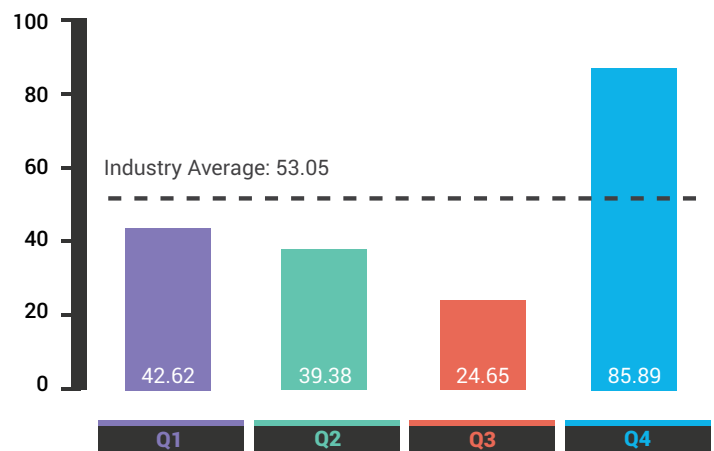
Permanent Placement - Job Order Volume Drives Revenue

In order to laser-focus our analysis, we separated permanent and contract firms, and segmented them into four quartiles based on their revenue growth rate (Q1 is slowest, Q4 is fastest). For permanent placement firms, **revenue growth hinges on how quickly you can turn the crank.**

1 Work More Job Orders

Job order volume is the primary driver of revenue growth for permanent placement firms. The firms with the fastest revenue growth work more job orders per month, both as a total (fig. 1) and by employee (fig. 2). In fact, these firms work 32 more job orders per month than the industry average, and at least twice the number of job orders per month than firms in any other segment do.

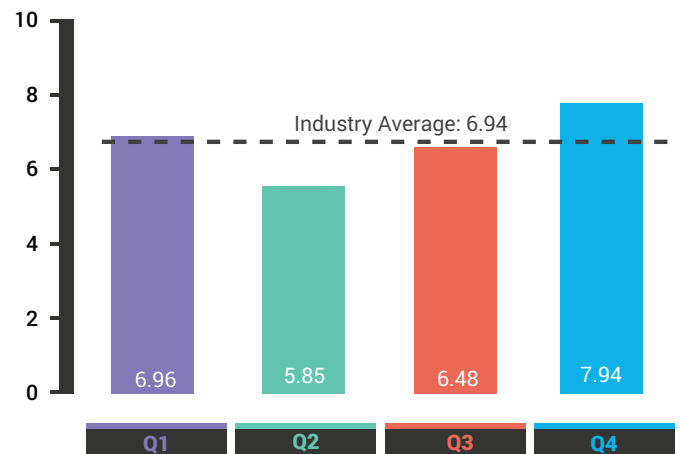
Fig. 1 Average of Total Job Orders/Month by Quartile



2 ...But Be Prepared For the Volume

Don't be fooled into simply trying to increase the number of job orders you work. Although the highest growth firms work the most job orders, **the slowest growing segment of firms also works more job orders** than the middle 50% of firms do (fig. 1). That means these firms don't have the organization or the resources to handle a higher volume of job orders, so their recruiters get overwhelmed, and their revenue growth suffers as a result.

Fig. 2 Average Job Orders/Number of Employees (per Month)



The Takeaway

Job order volume is the key driver of revenue growth for permanent placement recruiting firms, but only firms with a **structured sales process** in place will benefit from the additional volume of orders.

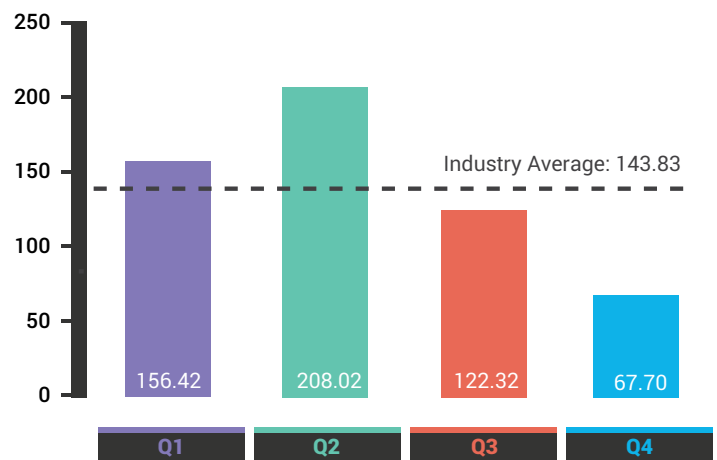
Contract Placement- Efficiency Rules

The profile of fast-growth contract placement firms is markedly different from the fastest growing permanent placement firms. In the world of contract placement, **job order quality is the key to growth**, rather than volume.

3 Work Fewer Job Orders

Contract firms with the fastest revenue growth rates work fewer job orders per employee (fig. 4), and fewer job orders overall (fig. 3). For these firms, **efficiency has an even more profound effect on revenue growth than volume does**. These firms are being more selective about which orders they decide to work, which ensures a higher return on the time they invest on filling them.

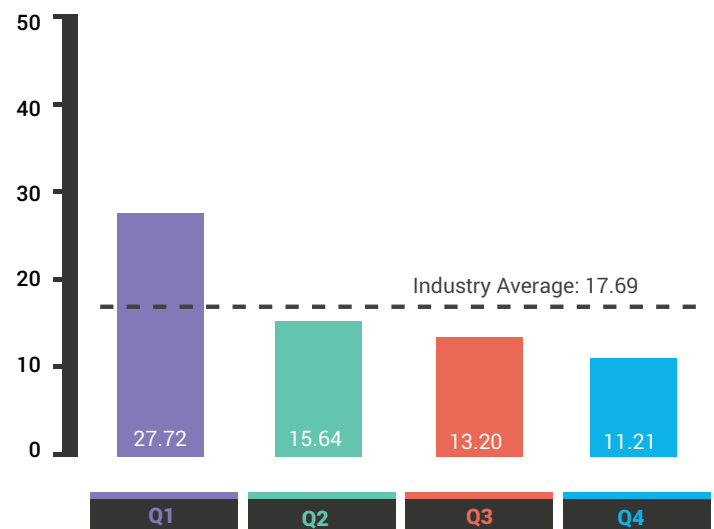
Fig. 3 Average of Total Job Orders/Month by Quartile



4 ... And Know Your Bandwidth

On the flip side, the 25% of firms with the slowest revenue growth take in 13 more job orders per month over the industry average (fig. 3), and their employees work 16 more job orders per month than their peers at the fastest growing firms do (fig. 4). **Bigger job order pipelines are not always better** – The employees at the segment of firms with the least revenue growth are wasting time on job orders they won't end up filling.

Fig. 4 Average Job Orders/Number of Employees (per Month)



The Takeaway

Efficiency is the single most important revenue driver for contract recruiting firms. In an industry that depends on speed, any time wasted on a job order that doesn't close costs you. **Learn to identify and prioritize** the orders you will win.