



Staffing Industry Overview

July 2008



Facts & Figures

- Staffing is a \$120 billion a year industry globally (Business Week, May 2007)
- Over 90% of U.S. businesses use staffing services
- 81% of employers cite labor force flexibility as the #1 reason for using temporaries
- 79% of temporary employees work full-time
- 75% of temporary employees transition to direct employment due to their staffing assignments

Source: American Staffing Association

Industry Overview: Contingent Workforce (Business Week, May 2007)

The growth of the staffing industry is very indicative of the shifts in the labor supply. Data shows the staffing industry has doubled in just 5 years, from a \$60 billion a year industry to a \$120 billion a year industry. Analysts project it will become a \$200 billion industry by 2010.

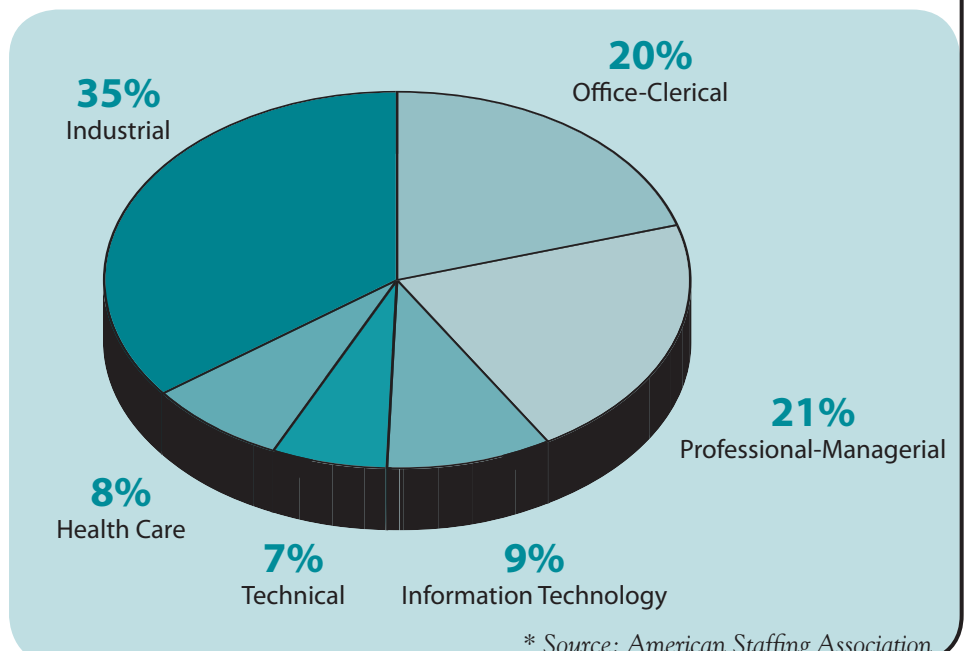
Companies are finding the use of Contingent Staffing Strategies makes it easier to rapidly expand when business is growing, and to shift resources as the business changes.

In the next 10 years, we're going to see even more use of the contingent workforce. There are specific examples of companies that predominantly

were only at a 90-10 mix (meaning 90% full-time employees, 10% contract), moving more like a 60-40 mix (60% full-time employees, 40% being contract consultants and offshoring). That's a dramatic shift, and these are national, 10,000-plus employee organiz-

ations across the U.S. Contingent workforces just give them much more flexibility.

BusinessWeek, May 23, 2007-The Contingent Workforce Article



* Source: American Staffing Association

**Top
10**

**U.S.
Industry Players**

Allegis Group	\$5.3B	Spherion	\$1.9B
Adecco	\$4.5B	Volt	\$1.9B
Robert Half	\$3.5B	Randstad*	\$1.7B
Kelly Services	\$3.5B	Express Employment	\$1.6B
Manpower	\$3.0B	Adminstaff	\$1.6B

*On 6/30/08 Vedior merged with Randstad to form what is now the second largest staffing company.

- **Top 10 control 29% of the market**
- **71% of the market is available**
- **6,000 staffing companies operate 20,000 offices in the United States**
- **119 U.S. staffing companies report annual revenues of more than \$100 million**

Training

The staffing industry provides free training for millions of temporary and contract employees to help meet today's demand for skilled workers.

- 90% of staffing companies provide free training to their temporary employees.
- 4.8 million temporary employees received skills training worth \$720 million in 1997.
- 70% of temporary employees say they gained new skills through their assignments.

Sources: American Staffing Association, U.S. Bureau of Labor Statistics, the Conference Board

Staffing Trends

10% Annual Industry Growth

For the third decade in a row, the staffing industry has been one of the fastest growing industries. Following a decade of double-digit growth, it continues to be strong and is "ideally situated to provide flexibility to employees and companies in this fast paced, service oriented knowledge based economy." *

250% Workforce Growth

The new economy includes the paradox of layoffs and new job creation. The workforce is churning. AMA reports that 70% of the layoffs are a result of restructuring and reengineering. In this new economy, the staffing industry is increasingly providing a bridge to fulltime employment and a safety net for those who have been affected by layoffs. The temporary workforce has grown 2 and ½ times for the second decade in a row. *

300% Revenue Growth

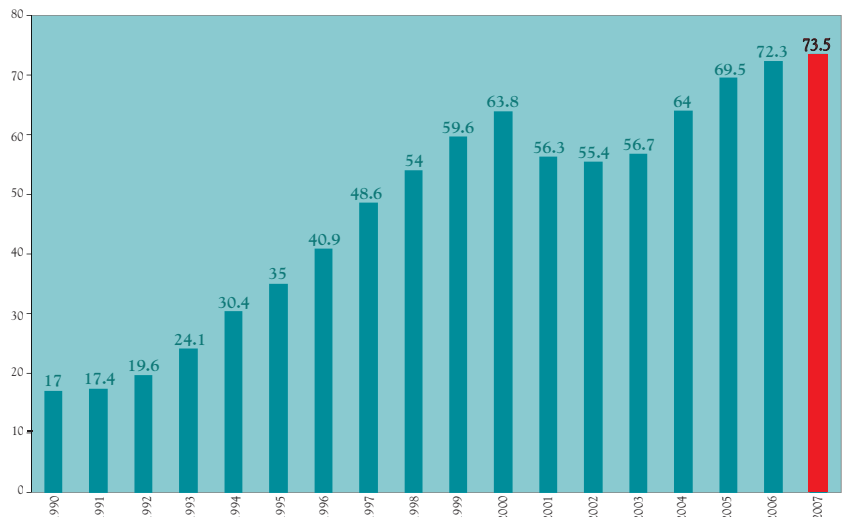
Revenue has more than tripled in the past decade. This growth follows a decade of quadrupled revenues.

98% of Companies Depend on Temporary Help

The US Chamber of Commerce reports that over 98% of companies use temporary help as a part of management strategy.

* Source: American Staffing Association

U.S. Temporary and Contract Staffing Sales Increased by 1.6% in 2007



2007 = \$73.5 Billion

* Source: American Staffing Association

Staffing Support Services

Staffing firms recruit and hire their own employees and assign them to businesses to support or supplement their regular workforces, to provide assistance in special work situations such as employee absences, skill shortages, and seasonal workloads, and to perform special assignments or projects.

Staffing companies offer a wide range of services, including temporary and contract staffing, recruiting and placement, outsourcing, training and human resources consulting.

Staffing firms also provide support services such as recruiting, skills assessments, skills training and upgrading, risk management, and payroll and benefits administration-allowing customers to concentrate on their core businesses.

The Value of Staffing

Jobs

Staffing firms match millions of people to millions of jobs.

- Nearly 3 million people per day are employed by staffing firms.
- 1 million new jobs have been created by staffing firms over the past eight years.
- 79% of temporary employees work full time, virtually the same as the rest of the work force.



Services Offered By Staffing Firms

Temporary Staffing

A Staffing firm hires its own employees and assigns them to support or supplement a client's work force. The employee is paid by, and is an employee of, the staffing firm.

Temporary-to-hire staffing

A staffing firm provides one of its temporary employees to a client on a "trial basis." After a set period of time, and if both the employee and client are interested, the client will directly hire the employee.

Direct Placement

A staffing company recruits and provides candidates for a client's job opening. The client pays the staffing company a placement fee (typically a percentage of salary) after a candidate is hired by the client.

Payrolling

A client recruits workers but asks a staffing firm to hire and assign them to perform services. Or workers currently employed by the customer are placed on the payroll of a staffing firm.

Flexibility

The staffing industry offers flexibility to both employers and employees. People can choose when, where, and how they want to work. Companies get the skills they need to keep fully staffed during busy times.

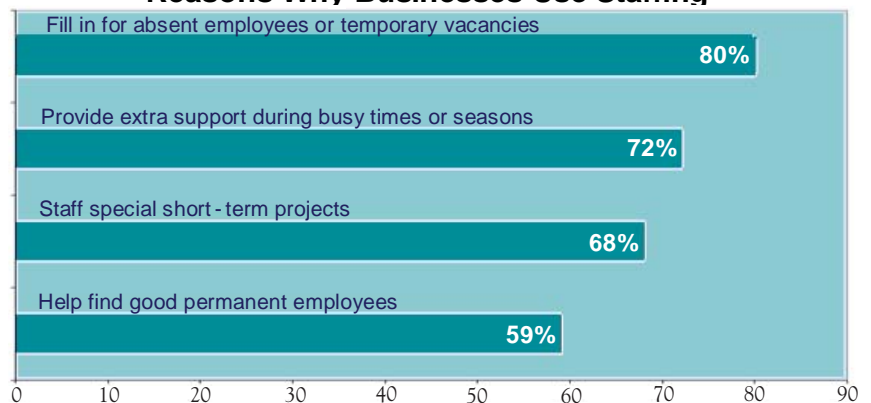
- 64% of temporary employees say flexible work time is important to them.
- 28% of temporary employees say they can work for a staffing company because it gives them the flexibility and time to pursue non-work interests.
- 81% of companies cite labor force flexibility as the overriding reason for employing temporary workers.

Choice

Many people choose temporary and contract work as an employment option. They can select their work schedules and choose among a variety of diverse and challenging assignments.

- 75% of temporary employees say it's a way to get a permanent job.
- 43% of temporary employees say needing time for family is an important factor in their job decisions.
- 29% of temporary employees say they work for a staffing company because they like the diversity and challenge of different jobs.

Reasons Why Businesses Use Staffing



Work Force Challenge

By 2010 the labor force will fall short of meeting the demands of an estimated 58 million job openings by more than 4.8 million workers.

In addition, over the next 15 years 40 million workers will be retiring. Employers are faced with the challenges of future tight labor markets and increasing demands for higher skill levels.

The key to business success is hiring and retaining qualified workers. The question is however, where will employers find these workers?

(U.S. Chamber of Commerce, 2003)

Target Markets

• Staffing Companies

- Small, medium, and large
- 6,000 staffing companies in the U.S. representing International, National, Regional and Local markets

• Franchise systems across the U.S.

• Non-governmental entities

- ASA (American Staffing Association)
- SHRM (Society of Human Resource Managers)
- ISA (Independent Staffing Association)
- Chambers of Commerce

• Governmental entities

- Statewide Employer Associations
- State Employment Organizations

• Business and Industry

• Other

- Staffing Networks

• Easiest Sale

- Staffing companies & temporary help usage rates vary widely by occupation. Where usage rates are high, temporary help is well accepted and therefore relatively easy to sell.

• Greatest Opportunities

- Nearly three-quarters of temporary employees work in just three of 22 BLS occupational master categories:

- Office Administrative Support
- Warehouse & Logistics
- Production

- One commercial occupation alone- Warehouse & Logistics- accounts for 14% of all temporary help.

Work Force Crisis

• Bureau of Labor and Statistics (BLS) projects that nearly half (about 45 percent) of all job openings between 2004 and 2014 will be in middle-skill occupations (such as clerical, sales, construction, transportation/material moving, production and installation/repair jobs).

• It is time to invest more heavily in appropriate skill development for all of our nation's current and future workers, at all points in the labor market.

• Researchers are underestimating middle-skill job prospects in the labor market, and policymakers are paying too little attention to strengthening skill development for these positions.

• Middle-skill positions continue to account for most jobs in the U.S. Economy.

• BLS expects total employment to grow by almost 19 million jobs between 2004 and 2014 (or 13 percent) with almost 55 million jobs becoming available during that time period – or almost 3 times the number of new jobs because of replacement demand for retiring workers and workers changing occupations.

• Jobs in all of the middle-skill categories combined (including positions requiring substantial on-the-job training) will generate about 21 million opening over the decade, or nearly 40 percent of the total.

• Jobs requiring only short-term training and little other formal education will provide about 22 million openings, or another 40 percent of the total.

• Even with the level of sophistication that BLS brings to developing its education demand projections, it is likely that the data underplay what will be an increasing need for more broadly-based basic skills education – even among workers who have achieved traditional education credentials.

• In a study by the National Association of Manufacturers, 90 percent of respondents indicated a moderate to severe shortage of qualified skilled production employees (such as machinists and technicians).

• More than half of the employers surveyed by the U.S. Chamber of Commerce considered it hard or very hard to find qualified workers to fill job openings, even in the midst of a slow economy (U.S. Chamber of Commerce, 2003).

Source: *America's Forgotten Middle-Skill Jobs, Education and Training Requirements in the Next Decade and Beyond*, Harry J. Holzer and Robert I. Lerman, November 2007.



Certified Workforce Ready™
Corporate Headquarters
2116 Walton Way
Augusta, GA 30904

706-736-1828
Toll Free: 1-866-WORKKEYS
(1-866-967-5539)

Visit us online at www.cwready.com