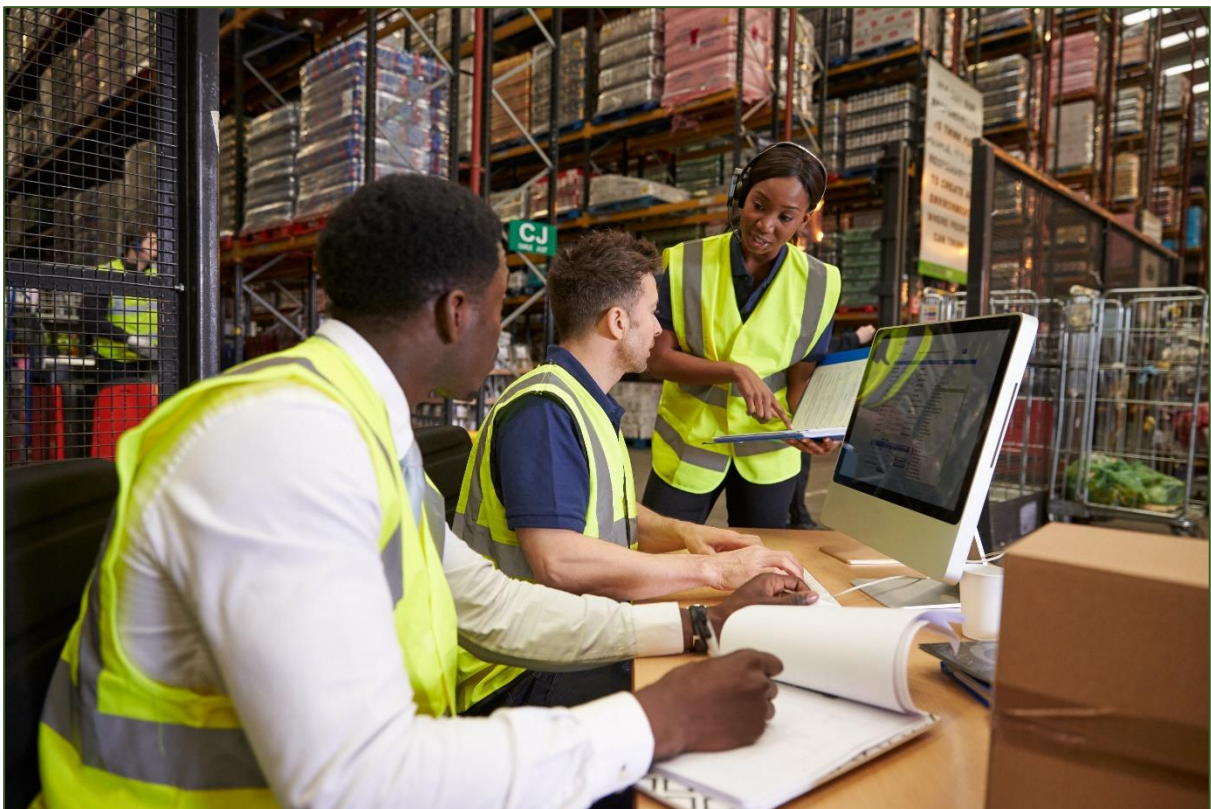


2015 Annual Performance Survey



ALTERNATIVE STAFFING ALLIANCE

People-Based, Market-Driven

Table of Contents

Introduction	3
Key Findings	4
Revenue Growth	5
Customer Concentration	5
Gross Margin	6
Order Fill Rate	6
Time-to-Fill	6
Wage Rate	6
Operating Cost Coverage	6
Data Tables	7

Introduction

Each year, the Alternative Staffing Alliance conducts an annual performance survey to collect data about alternative staffing organizations' business and employment outcomes. The following analysis reflects results reported for fiscal years ending September 30, 2015 through June 30, 2016.

An electronic survey link was emailed to 58 ASOs operating for at least one year. Of these, 21 ASOs (36%) supplied data, and the data collection and analysis was augmented with follow-up interviews to clarify responses.

The 2015 survey was distilled to key performance metrics reflected in the dashboard summary. The narrative section that follows compares selected alternative staffing sector outcomes with conventional staffing industry results reported by the American Staffing Association and Staffing Industry Analysts.

Fourteen of the ASOs that participated in the 2015 survey also completed the survey for 2014. With only 67% participating in both this and the previous survey, care must be taken when drawing conclusions about overall year-over-year changes, as these may be attributable to changes in the cohort of responders.

We extend a sincere **'thank you' to all ASOs who participated in the survey** and make it possible for us to benchmark annual operating results, identify trends, and demonstrate the scale and impacts of the alternative staffing sector to policy makers and funders.

For questions concerning the data, please contact:

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Key Findings

All figures are median values, except for "% of ASOs Offering Health Insurance to Temporary Workers."

Business Performance Dashboard

<i>ASO Staffing Revenue</i>	<i>ASO # Hours Billed</i>	<i>Average Bill Rate</i>
\$2,196,000	109,599	\$15.91
<i>% Rev. from Top 5 Customers</i>	<i>Markup:</i>	<i>Gross Margin</i>
66%	47%	20%
<i>ASO # Active Accounts</i>	<i>Average Fill Rate</i>	<i>Average Time-to-Fill (Days)</i>
48	90%	2.00

Social Impact Dashboard

<i>ASO # Job Seekers Employed</i>	<i>Average # of Workers on Assignment Each Week</i>	<i>Average Wage Rate</i>
545	65	\$11.25
<i>% Workers Converting to Permanent Jobs</i>	<i>Operating Cost Coverage, Staffing Revenues Only</i>	<i>% ASOs Offering Health Insurance to Temporary Workers</i>
20%	99%	72%

ASO Industry Growth Tracker

<i>US Staffing Industry Growth 3-Yr. Avg. (2012-2015)</i>	<i>ASO Sector Growth 3-Yr. Avg. (2012-2015)</i>	<i>Times Industry Average</i>
4.67%	21.42%	4.58x

Revenue Growth

Median staffing fee revenue for our sample of 21 survey respondents was \$2,196,000, a 29% increase over the previous year's result of \$1.7 million.

We also examined annual staffing revenues of ten survey respondents for which data is available each of the last four years. Among this subset, the median rate of sales growth from 2014 to 2015 was 11.2%. Since 2012, their combined staffing revenues have grown at an average annual rate of 21%. During the same period, the US staffing and recruiting industry grew at less than 5% per year.



Customer Concentration

In 2015, ASOs reported a median of 66% of revenues from their top five customers, indicating significant customer concentration risk.¹ While the 2015 results reflect an improvement over the previous two years (79% in 2014 and 69% in 2013), this level of concentration is over three times higher than the median 20% reported by conventional staffing firms that primarily serve the industrial and office/clerical market segments.

Scale appears to be a big factor in this disparity. When comparing staffing firms of similar size to ASOs, the levels of risk are much closer. Conventional staffing firms with annual revenues of \$10 million or less report a median of 53% revenues derived from their top five clients, and for firms with revenues of \$11 to \$25 million, the median is 50%. The sample of staffing firms used for this measure (concentration as a function of size) include all market segments, commercial and professional.

¹ Generally, customer concentration risk exists when a single customer represents more than 8% of total revenues, or when the top five customers represent more than 40% of revenues.

Gross Margin

ASOs' median gross margin in 2015 was 20%, down from the 21% reported in 2014 and nearly 24% reported in 2013. Despite this downward trend, the alternative staffing sector continues to perform competitively with its conventional, publicly-traded counterparts, as follows:

<u>Gross Margin: Traditional Staffing Firms vs. ASOs</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<i>Adecco</i>	18%	19%	19%
<i>Kelly Services</i>	16%	16%	17%
<i>Manpower</i>	17%	17%	17%
<i>Randstad</i>	18%	18%	19%
<i>True Blue</i>	27%	25%	24%
Traditional Staffing Firms (Median Gross Margin)	18%	18%	19%
ASOs (Median Gross Margin)	24%	21%	20%

Order Fill Rate

ASOs report an order fill rate of 90%, equivalent to the conventional staffing industry where the median industrial staffing fill rate for temporary staffing orders is 90%, and for direct hire orders, 60%.

Time-to-Fill

ASOs' average time-to-fill of 2 days is notably faster than the 3-day period reported by commercial staffing firms.

Wage Rate

ASOs reported a median "average wage" rate of \$11.25 in 2015. To provide greater context for this number and better understand the quality of ASOs' pay rates, we compared average hourly wages reported by our 2015 survey respondents with their respective metropolitan areas' living wage for a single adult.² "Living wage" refers to the wage rate required to meet minimum standards of living in a given community.

Within our sample of 18 ASOs supplying wage data, the average and median wage rate paid to workers was 98.5% of the living wage for a single adult. Individual ASO wage rates ranged from 85% to 123% of their local living wage rates.

Operating Cost Coverage

Operating cost coverage is similar in concept to net profit margin, as a firm breaks even when coverage is 100%, indicating a 0% profit margin. ASOs report a median operating cost coverage of 99% from staffing revenues alone, reflecting the sustainable nature of this social enterprise model for workforce development. Differences in how ASOs charge overhead expense and allocate costs for supportive services, among other factors, significantly affect this metric.

² Massachusetts Institute of Technology [Living Wage Calculator](#)

Data Tables

Table 1 - Number of Responding ASOs

	2015	2014	2013
Completed Survey	21	21	21

Table 2 - Revenue Data (Staffing Revenue Only)

	Median	Mean	Max	Min
2015 (n=21)	\$2,196,000	\$5,273,171	\$22,550,400	\$324,214
2014 (n=21)	\$1,700,000	\$4,627,778	\$22,000,000	\$101,000
2013 (n=21)	\$1,614,607	\$4,577,155	\$18,682,509	\$292,337
2012 (n=24)	\$1,305,864	\$4,156,106	\$17,533,279	\$187,898

Table 3 - Percent of Revenue from Top Five Customers

	Median	Mean	Max	Min
2015 (N=19)	66%	59%	100%	4%
2014 (N=18)	79%	75%	100%	9%
2013 (N=11)	69%	66%	100%	19%

Table 4a - Billing Data 2015

	Median	Mean	Max	Min
Gross Margin (N=17)	20%	20%	39%	9%
Bill Rate (N=20)	\$15.91	\$16.67	\$25.00	\$11.89
Wage Rate (N=19)	\$11.25	\$11.04	\$13.43	\$8.15
Mark Up (N=19)	47%	51%	122%	14%
Operating Cost Coverage (N=18)	99%	97%	150%	48%

Table 4b - Billing Data 2014

	Median	Mean	Max	Min
Gross Margin (N=17)	21%	21%	31%	6%
Bill Rate (N=19)	\$17.21	\$17.33	\$26.68	\$10.54
Pay Rate (N=20)	\$11.07	\$11.67	\$18.49	\$7.97
Mark Up (N=19)	45%	49%	100%	31%

Table 4c - Billing Data 2013 (N=20)

	Median	Mean	Max	Min
Gross Margin	24%	27%	58%	7%
Bill Rate	\$13.95	\$13.64	\$15.50	\$10.27
Pay Rate	\$10.24	\$10.99	\$21.62	\$7.49
Mark Up	52%	51%	90%	17%

Table 5 - Number of Job Seekers Placed, as W2s Issued

	Median	Mean	Max	Min
2015 (N=20)	545	938	4,000	79
2014 (N=21)	340	651	3,237	15
2013 (N=17)	341	648	3,400	70

Table 6 - Average Number of Workers on Assignment Each Week

	Median	Mean	Max	Min
2015 (N=19)	65	164	675	11

Table 7 - Business Performance Data 2015

	Median	Mean	Max	Min
Average Fill Rate (N=17)	90%	84%	100%	25%
Average Time to Fill New Job Openings (# Days, N=14)	2.00	2.21	5.00	1.00

Table 8 - Conversion Rate, as % Transitioned to Permanent Employment

	Median	Mean	Max	Min
2015 (N=17)	20%	28%	60%	8%
2014 (N=19)	20%	27%	75%	7%
2013 (N=18)	16%	24%	96%	3%

Table 9a - Operational Data 2015

	Median	Mean	Max	Min
Active Customers (N=19)	48	82	377	5
Hours Billed (N=20)	109,599	288,771	1,435,522	18,908

Table 9b - Operational Data 2014

	Median	Mean	Max	Min
Current Accounts (N=19)	47	88	491	5
Hours Billed (N=20)	105,367	269,920	1,276,384	3,786

Table 9c - Operational Data 2013

	Median	Mean	Max	Min
Current Accounts (N=15)	27	82	520	4
Hours Billed (N=13)	106,452	215,957	850,000	7,000

Table 10a - ASOs Offering Health Insurance to Eligible Workers 2015 (N=13)

Yes, health insurance is offered to eligible workers.	72%
No, health insurance is NOT offered to eligible workers.	28%

Table 10b - ASOs Offering Health Insurance to Eligible Workers 2014 (N=16)

Yes, health insurance is offered to eligible workers.	75%
No, health insurance is NOT offered to eligible workers.	25%