

STATE OF THE RECRUITING INDUSTRY

2019 REPORT



Top Echelon

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Top Echelon takes a look back at the recruiting challenges of 2018 and ahead to the solutions and potential for 2019.

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MAJOR FINDINGS

The Top Echelon State of the Industry Report is back . . . and it's better than ever!

While that statement is open to interpretation and subject to opinion, what we can say with 100% certainty is that this is the latest Top Echelon State of the Industry Report. (That has to count for something, right?)

This report contains information regarding what recruiters have experienced during the past 12 months and what they think about what they've experienced. As always, third-party recruiters and agency owners participated in our year-end survey, the results of which comprise this report.

And what have agency owners and recruiters experienced? Quite a bit, actually . . .

- There are still plenty of job orders (more or less).
- There is still a lack of grade-A, high-quality candidates in most industries.
- Clients are still not grasping the fact that it's a candidates' market, which is resulting in lost candidates and lost placements.
- Candidates know that it's a candidates' market, which is resulting in all sorts of problems for the companies and organizations that want to hire them and the recruiters who want to place them.

And, has been our habit during the past few years, we also asked recruiters to share their thoughts about the industry, including their plans and fears about the future. As you will see, we've published their thoughts and comments throughout the report to validate key points.

Continue reading for the full report of Top Echelon's findings: the best and worst of 2018, the pain points and problems, what worked and what didn't, and the challenges and opportunities that await the recruiting profession in 2019.

(Note: Top Echelon's State of the Industry Report is based upon a survey of more than 20,000 recruitment professionals in the United States and Canada. The survey was designed to gauge the professionals' opinions regarding a wide range of recruiting and hiring topics.)



SETTING THE STAGE

As always, we need to set the stage before we “sink our teeth” into the state of the recruiting industry. That means addressing a few preliminary items. So we appreciate your patience during this time. And we encourage you to tip your waiters and waitresses before the show begins . . .

Upcoming topics

LENGTH OF RECRUITING TENURE

RECRUITING AGENCY SIZE

THE SIZE OF THE CLIENT BASE

CLIENT COMPANY SIZE

TOP INDUSTRIES FOR PLACEMENTS

Length of Recruiting Tenure

First and foremost, we asked survey participants to tell us how long they've been a recruiter. After all, we need to size up our audience.

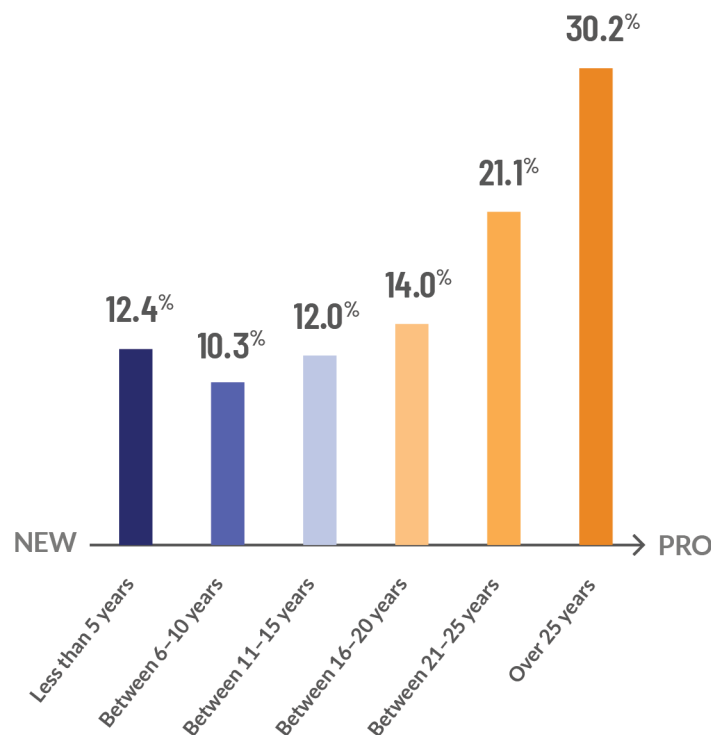
Judging by the responses, the recruiters who participated in our survey are quite seasoned. In fact, over 30% indicated that they've been a recruiter "over 25 years." Another 21% chose "between 21 and 25 years" as their answer.

So over half of all survey participants (51%) have been a recruiter at least 21 years. Not only that, but there were also sizeable percentages associated with recruiters who have been in the profession "between 16 and 20 years" (14%) and "between 11 and 15 years" (12%).

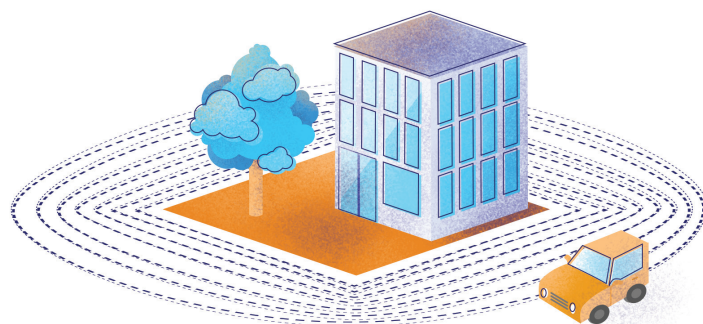
KEY TAKEAWAY:

Perhaps these numbers, more than any other, represent a testament to the validity of the information contained within this report. (What the heck does that mean? So glad you asked.) In other words, the majority of the recruiters who participated in this survey have "been around the block" a few times. They've seen both good times and bad times. Consequently, their experience and perspective make them uniquely qualified to answer our questions.

Number of years you have been a recruiter



Many recruiters have "been around the block" a few times



Recruiting Agency Size

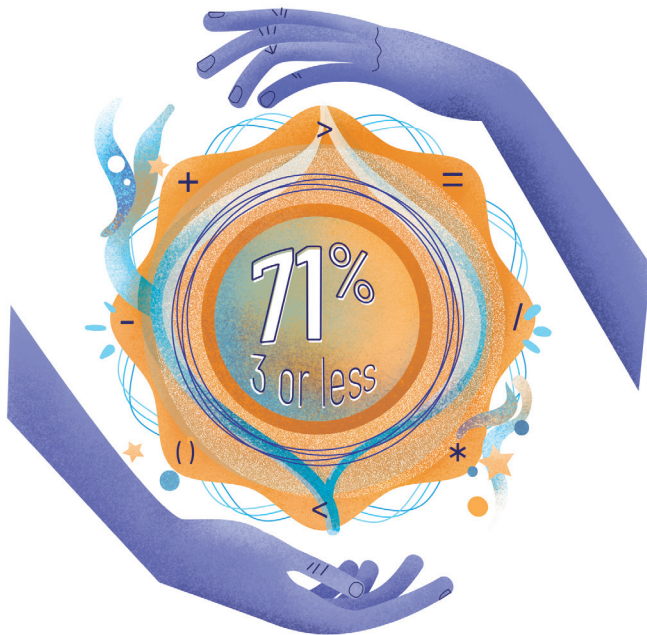
Now that we know the tenure of the recruiters in our survey, let's get a grip on the size of their agencies, shall we?

As you can see, the overwhelming majority of agencies consist of three recruiters or fewer. In fact, 31% of respondents stated that their agency consisted of "Just me." Another 40% indicated that there are two or three recruiters working at the agency. Put those percentages together through the sorcery known as mathematics, and what do you have?

You have a combined 71% of recruiting agencies that have three or less recruiters working within their literal (or figurative) walls.



Number of recruiters working in a firm



KEY TAKEAWAY:

Small-to-mid-sized independent recruiting agencies still constitute the majority of those that participate in our annual survey. Recruiters in agencies of this size know full well what it's like to be "in the trenches" of the employment marketplace day after day. These recruiters must be strategic, resourceful, and efficient if they're to compete and succeed in what is universally regarded as a tough profession. And that is exactly why we solicited their opinion in the first place.

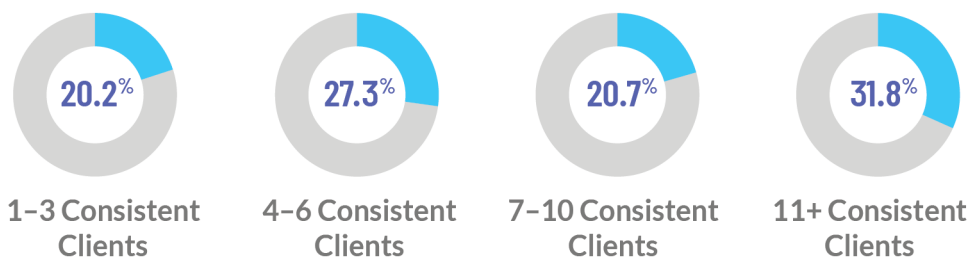
By the sorcery of mathematics we can see that 71% of recruiting agencies have 3 or less recruiters

The Size of the Client Base

We have the size of the agencies . . . now on to the size of the clients that these agencies serve. And by “serve,” we mean the following question:

With how many clients do you consistently make placements?

Number of clients with which consistent placements were made



The answers here were pretty even across the board, with “11 or more” taking the title at nearly 32%. However, “4-6” was right behind it at 27% and “7-10” registered almost 21% of the vote. The least popular choice was “1-3” at 20%.

KEY TAKEAWAY:

Not only are the recruiters who participated in our survey seasoned and not only are they battle tested, but they’re also well balanced. In other words, they strive not to “put all of their eggs in one basket.” This makes perfect sense, since the longer you’ve been a recruiter, the more you realize that building a diversified client base makes more sense in the long run.

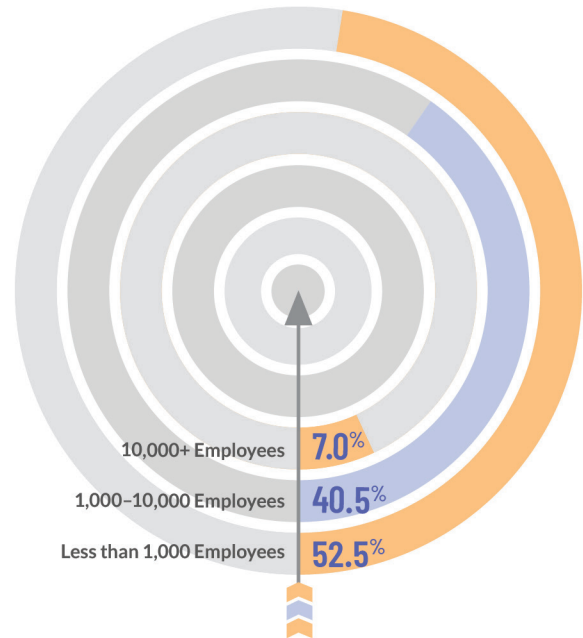
Recruiters strive NOT to “put all their eggs in one basket”



Client Company Size

So the recruiting agencies participating in our survey were small . . . and it just so happens that so are the employers with which these agencies work. (More or less.)

That's because more than half of the survey participants (52%) chose "small (less than 1,000 employees)" as their answer. "Medium (between 1,000 and 10,000 employees)" was next with 41% of the vote. So as you've probably already guessed, "large (more than 10,000 employees)" was dead last with a paltry 7% of the vote..



Targeted client company size by employees

KEY TAKEAWAY:

The larger that a company or organization is, the more likely that company or organization will use internal recruiters to help fill its open positions. While that is not always the case, it serves as a general rule of the employment marketplace. Now, it certainly doesn't guarantee that the company or organization will hire the best candidates through this approach, but unfortunately, that's not always the point of emphasis when decisions such as these are made. On the flip side of that coin, small to medium-sized employers are more likely to work with third-party recruiting agencies.

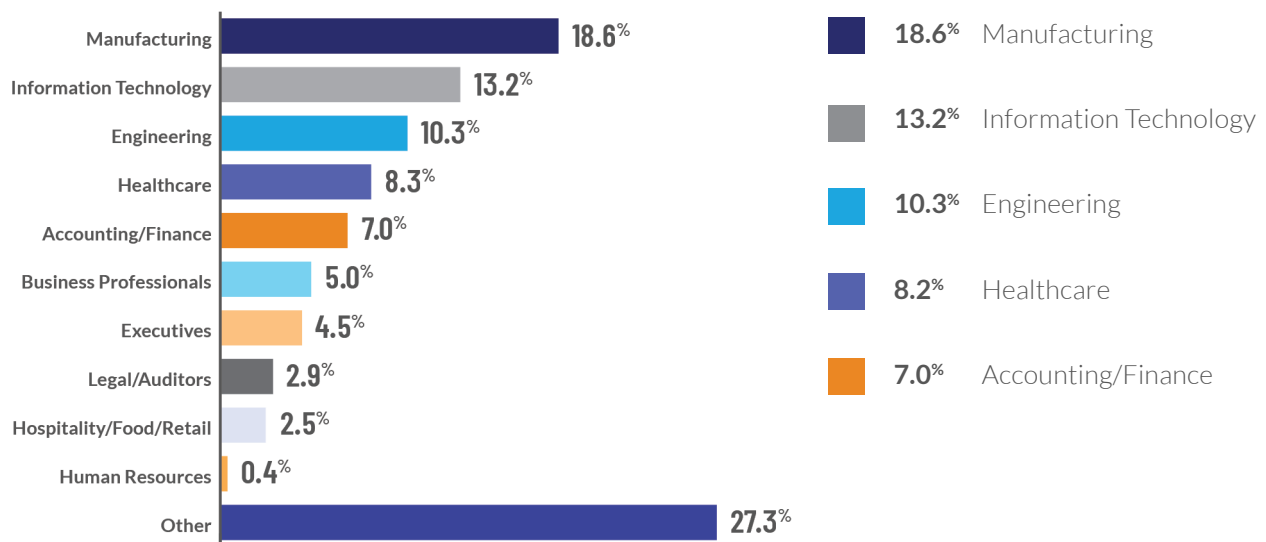
Larger companies = internal recruiters
on the flip side
small to medium-sized companies=
third-party recruiting agencies



Top Industries for Placements

As we do every year, we asked recruiters to identify their top placement industries. So once again, below is a breakdown of the top five industries, as reported by the recruiters who participated our State of the Industry Report Survey:

Industries/niches that provided the most placements in 2018



A significant portion of survey participants (27.3%) also selected the “Other” category when choosing their industry/niche. Below is a sampling of the niche answers that fell into that category:

- Medical Device
- Retail
- Flexible Packaging
- Supply Chain/Distribution
- Construction
- Sales
- Agriculture
- Legal
- Banking
- Digital Marketing
- Food Manufacturing
- Hospitality
- Energy
- Communications
- Transportation
- Real Estate

KEY TAKEAWAY:

Once again, the “Big 3” of Manufacturing, Information Technology, and Engineering were at the top of the list. Although Healthcare cracks the top three from time to time, that was not the case in 2018. However, recruiters from a wide range of industries and niches participated in our survey, underscoring the fact that 2018 was another good year for the profession. There was plenty of money to be made ... and there were plenty of places to make it.

DRIVING BUSINESS IN 2018

Upcoming topics

MARKETING SERVICES

ADVERTISING JOBS ON THE INTERNET

SOURCING CANDIDATES

Marketing Services

Well, you can't make placements (regardless of industry) if employers and job seekers don't know about you. That's where marketing enters the picture. Recruiters need job orders they can work, and they need candidates who they can place in those job orders. Neither one of those things are going to just suddenly show up on the agency's doorstep.

Although it would certainly be nice if that was the case, we asked this question in our survey:

What is your primary method of marketing your services?

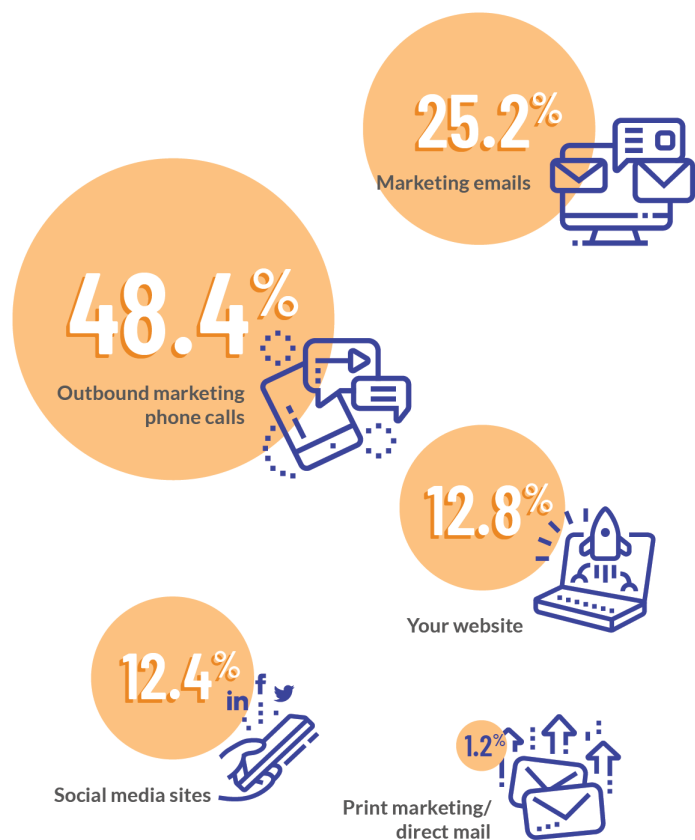
True to their nature, recruiters chose "Outbound marketing phone calls" more than any other answer (48.4%). That's a double-digit increase from last year's report, when the percentage was 36.6%.

"Marketing emails" was once again a solid second, garnering 25.2% of the vote. Incidentally, it was a very close race for third and fourth place, as you can see:

"Your website" — 12.8%

"Social media sites" — 12.4%

And yes, there are still recruiters using print marketing and direct mail. Not a lot, mind you (1.2%), but still . . . there are a few. Whatever works, my friends. Whatever works.



Recruiters' primary method of marketing their services

Speaking of whatever works, recruiters made it a point to point out that referrals are the main way in which they market their services. (Even though it wasn't a choice for this particular question.)

"None of the above—word of mouth and referrals—no other marketing needed. The survey forced me to choose one."

"After 20 years in the business, I have built a brand which I attempt to reinforce through social media, blogs, podcasts, speaking engagements, etc. The majority of my business now actually comes through referrals."

"Referrals are my only and best at this time. There was not a choice for my answer, so . . ."

"Some marketing emails when the opportunity makes sense, and I promote my website and LinkedIn profile and also have a Facebook business page. But mostly, my business is referral based with clients being referred to me."

—SURVEY FEEDBACK

KEY TAKEAWAY:

The recruiters who participated in our survey are as "old school" as they come. (And that's a good thing, in case you were wondering.) Not only are they not afraid to pick up the phone and call people, but they're also ALL about getting those golden referrals. In fact, referrals constitute so much of their business that they went out of their way to submit it as an answer even though it wasn't officially an answer. That illustrates how much they believe in their value. And if they believe that much in their value, then so do we!

"Old school" golden referrals are still the way to go



Advertising Jobs on the Internet

Okay, let's address the "elephant in the room." Not every single recruiter advertises their jobs on the Internet in an effort to fill them. However, there are some recruiters who DO advertise their jobs. And it is to these recruiters that we directed the following question in our survey:

Which of the following avenues gets the best response rate for advertising your jobs?

"LinkedIn" was the winner, as 32.2% of recruiters chose that answer. "Indeed.com" was second with 24.8% of the vote. (It probably does not surprise you to know that Indeed made quite a jump from last year. Although it still could not overtake LinkedIn.) In a twist, "email blast to candidates in your database" was a close third at 24%. Rounding out the top five were "ZipRecruiter" (8.7%) and "Top Echelon Job Posting" (4.5%).

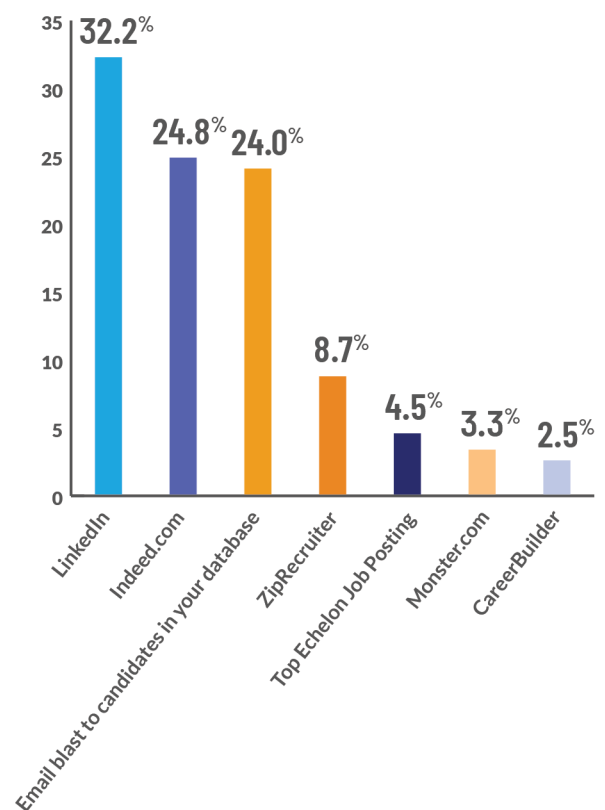
We didn't offer a choice of "Other" this year, mainly because suspected that recruiters would still offer their opinion on the topic. And our suspicions were on the mark...

"I do not post my jobs on the Internet, nor do I email blast. I'm 'old school,' preferring to actually make targeted and prioritized calls to candidates."

"85% of the jobs I fill have nothing to do with advertising. We fill them from our database, network of contacts, or cold calls."

—SURVEY FEEDBACK

Advertising avenues with the highest response rate

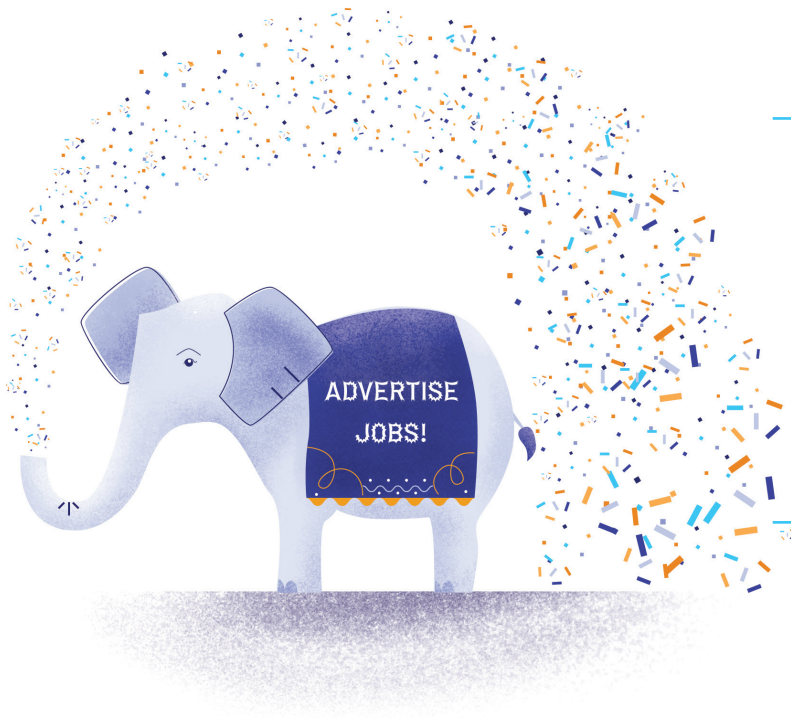


"Indeed, but that will likely change now that they've removed recruiter jobs from their organic search."

—SURVEY FEEDBACK

KEY TAKEAWAY:

Once again, recruiters fall into two distinct categories: those who use online advertising and those who almost abhor using online advertising. In addition, LinkedIn and Indeed continue to be major players within this realm. However, there is another interesting trend, which is the amount of success that recruiters are experiencing with email blasts to candidates in their database. This practice, along with the success experienced when doing so, continues to rise among recruiters.



The "elephant in the room" for advertising jobs online still turns out to be LinkedIn and Indeed.com, but email blasts to your candidate database is gaining popularity

Sourcing Candidates

Getting a good response rate is, well . . . good. But you know what's better? Getting a good response rate from great candidates! Because great candidates turn into placements. And placements turn into placement checks. And placement checks turn into whatever you want them to. (Like boats!)

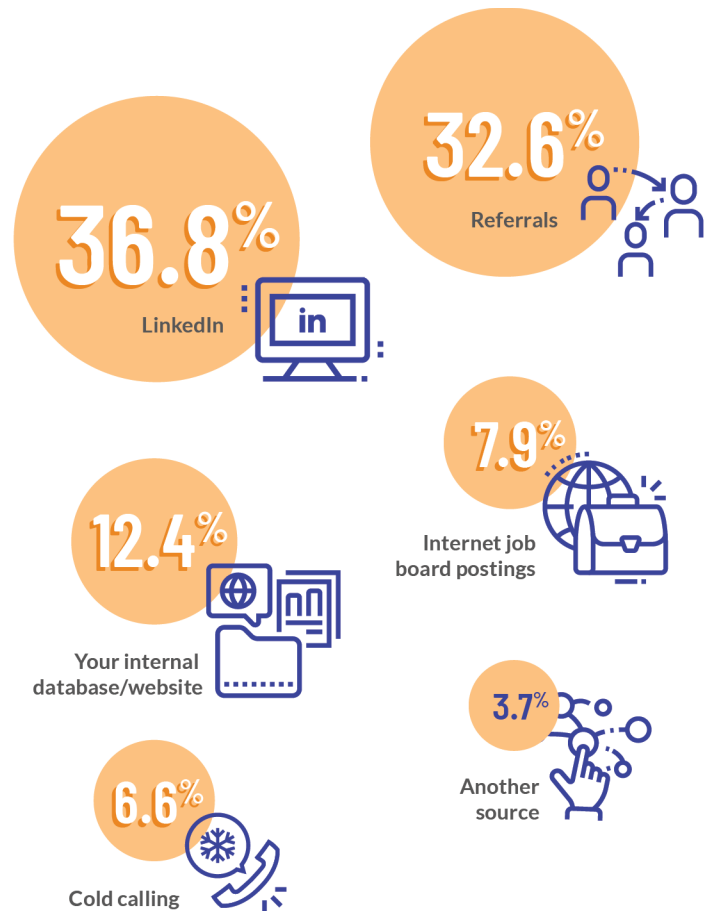
Okay, back to the task at hand. This all leads to this question we asked in our survey:

Where do you find your highest-quality candidates?

We have another close race, but once again, “LinkedIn” is the winner. This time, the social media platform garnered 36.8% of the responses. “Referrals” was in second place at 32.6%. LinkedIn has been slowly rising through the ranks on a year-over-year basis.

“Your internal database/website” was also in double digits at 12.4%. In addition, “cold calling” continued it’s descent (6.6%). Although it was up from 2017, it’s nowhere near where it was in 2016 (15.8%). Although recruiters are certainly not afraid of the phone, the phone has not been that forgiving in terms of cold calling.

There was more than one recruiter who indicated that ALL of the options presented were viable ones and that focusing on just one does not reap the desired results:



Where recruiters find their highest quality candidates

“I would say that it is truly a mix of referrals, TE affiliate’s Job Board postings, and LinkedIn. I find high-quality candidates through each method.”

“The answer is I use all of the above. There is no one answer.”

—SURVEY FEEDBACK

KEY TAKEAWAY:

LinkedIn continues to become a bigger part of a recruiter's workday, there is no doubt about that. The social media platform was tops in our survey both in terms of advertising jobs and sourcing the highest-quality candidates. However, referrals were once again strongly represented. That just goes to show that regardless of how technology affects recruiting, there are just some aspects of the profession that will never disappear. In other words, the ability to get referrals will always be a leading indicator of recruiting success.

COMPLAINTS AND PROBLEMS

Upcoming topics

THE COMPLAINT DEPARTMENT, PART 1

THE COMPLAINT DEPARTMENT, PART 2

THE BIGGEST PROBLEMS, PART 1

THE BIGGEST PROBLEMS, PART 2

PAIN, STRESS, AND OTHER ASSORTED FUN

The Complaint Department, Part 1

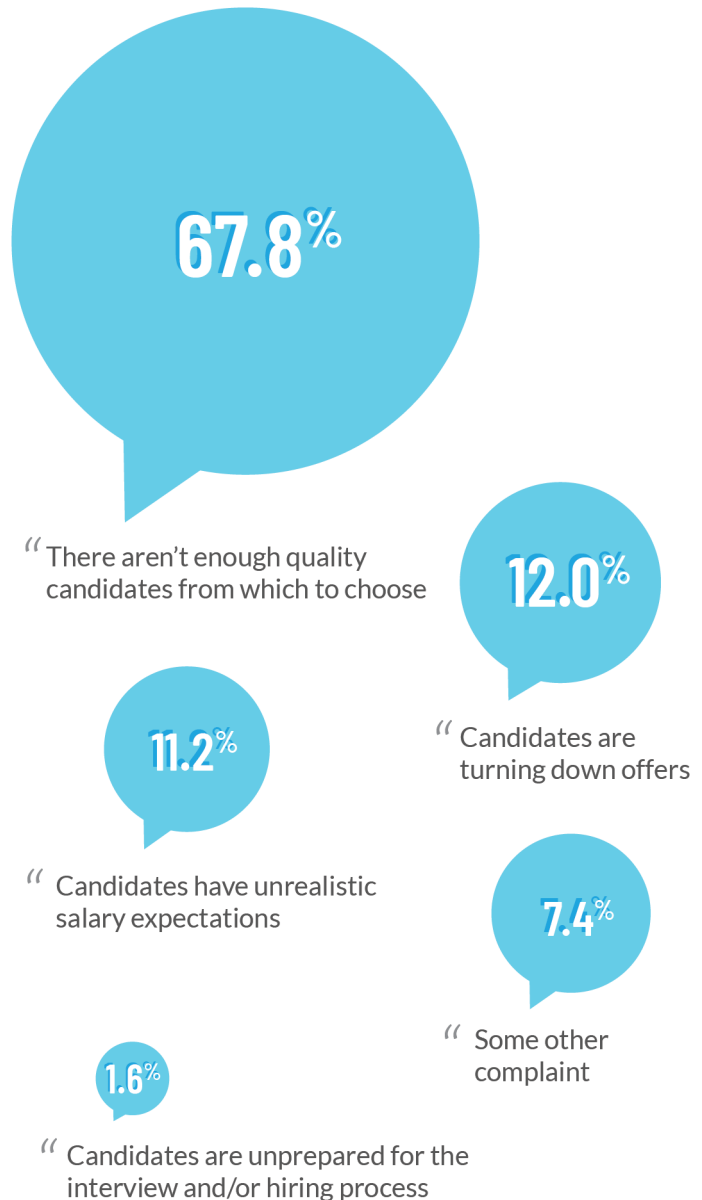
Yes, 2018 was a good time to be a recruiter. We can all agree on that. Or most of us would agree. However, that does NOT mean the year was an unending parade of unicorns and rainbows. That is never the case when you work in a sales job where there are people on both sides of the sale. After all, when you have people on both sides of the sale, that also means you have problems on both sides. (Like both sides saying “No” to the sale. Who wants that?)

So let’s start with the candidate side, shall we?

What is the biggest client complaint you hear about candidates in this current market?

For the fourth year in a row, “There aren’t enough quality candidates from which to choose” was the number-one answer. Not only that, but the percentage of recruiters choosing that answer also increased dramatically. That’s right, it went from 39.5% to 67.8%.

Biggest client complaint you hear after candidates have been submitted



“Candidates are turning down offers” was second at 12%, while “candidates have unrealistic salary expectations” finished third at 11.2%. And as has typically been the case, a certain percentage of recruiters (7.4%) chose “Some other complaint.” These other complaints included the following:

Job hopping

Candidates not as qualified as they say they are

Too many candidates making remote work requests

“Spoiled” candidates

Call them “spoiled.” Call them demanding. Call them whatever you would like, but today’s candidates have the leverage.

“The job market has been very strong for some years now, and since 2011 exponentially so. Candidates are driving the market and are very selective. The best professionals are generally entertaining multiple offers simultaneously, even if they were passive candidates to begin with. [I’ve seen] more [job offer] declines than ever before.”

—SURVEY FEEDBACK



2018 was not an unending parade
of rainbows and unicorns

“[Candidates] accept jobs, knowing they are still interviewing and then rescind on all the offers but the 'best' one, which impacts recruiters' ability to earn a living. Instead of being able to present additional candidates, the candidates 'hoard' offers and then decides which one he/she will take.”

“Sometimes candidates get antsy with things taking too long. In such a self-centered world, they lose sight of the fact that the world does not revolve around them and their needs.”

—SURVEY FEEDBACK

And then there is this very simple, yet poignant and revealing complaint:

“No one wants to talk on the phone any more.”

—SURVEY FEEDBACK

KEY TAKEAWAY:

The complaints chosen in this survey question paint the picture of the quintessential candidates' market. In short, there are many job openings and not enough qualified candidates to fill those openings. And when you do find a qualified candidate, there's a chance they will make unrealistic salary demands, receive multiple offers, and/or turn down offers. The good news is that hiring conditions are so tough that companies are turning to recruiters to help them fill critical positions. The bad news is that hiring conditions are so tough that even recruiters are experiencing difficulty finding the right candidates.

The Complaint Department, Part 2

Turnabout is fair play, is it not? Of course it is! If we explored client complaints about candidates, then it's only right that we also explore candidate complaints about employers. Right? Right.

The survey question in question: *What is the biggest candidate complaint you hear about employers during the hiring process?*

We had another runaway winner. In this instance, it was "The hiring process is drawn out and/or convoluted" at 41.3%. Also receiving a sizeable amount of the vote (27.7%) was "The employers do not communicate or are unresponsive." There was a close race for third place:

"Attempts to low-ball the candidate on the offer" (10.3%)

"Marathon interview sessions and/or too many rounds of interviews" (9.9%)

Recruiters also chose the category of "Some other complaint," and they chose that category 7.4% of the time. Some of the more frequently listed reasons in this category include the following:

Not enough remote work opportunities

Employers not "selling" the opportunity enough

Overly selective employers

Most common reason your candidates give for rejecting client job offers



There were also quite a few survey participants who indicated that they really don't receive very many complaints from candidates. But enough from us . . . let's hear from recruiters!

“Candidates have lots of options and can easily choose one company over another if one is not offering a competitive enough salary and benefits package. A qualified candidate is in demand. They complain if the work slows down and they look for another opportunity if it's too slow.”

“I have to remind my clients that ‘Time kills all deals’ and when they take two weeks to get back to me like some low-priority project, they are not going to get the candidate they want, just the ones that are left . . .”

—SURVEY FEEDBACK

KEY TAKEAWAY:

It seems that no matter how long this good economy or this candidates' markets lasts, employers simply will not move quickly enough. For whatever reason, the majority of them seem incapable of doing what is necessary to hire top talent when they have the opportunity to do so. Either they're dragging out the hiring process, not engaging candidates enough during the process, or low-balling their top candidate at the end of the process. In some cases, they're committing all three of these hiring sins! It makes one wonder: what would have to happen for employers to universally accept the reality of the current employment marketplace?



Employers simply won't move
quickly enough

The Biggest Problems, Part 1

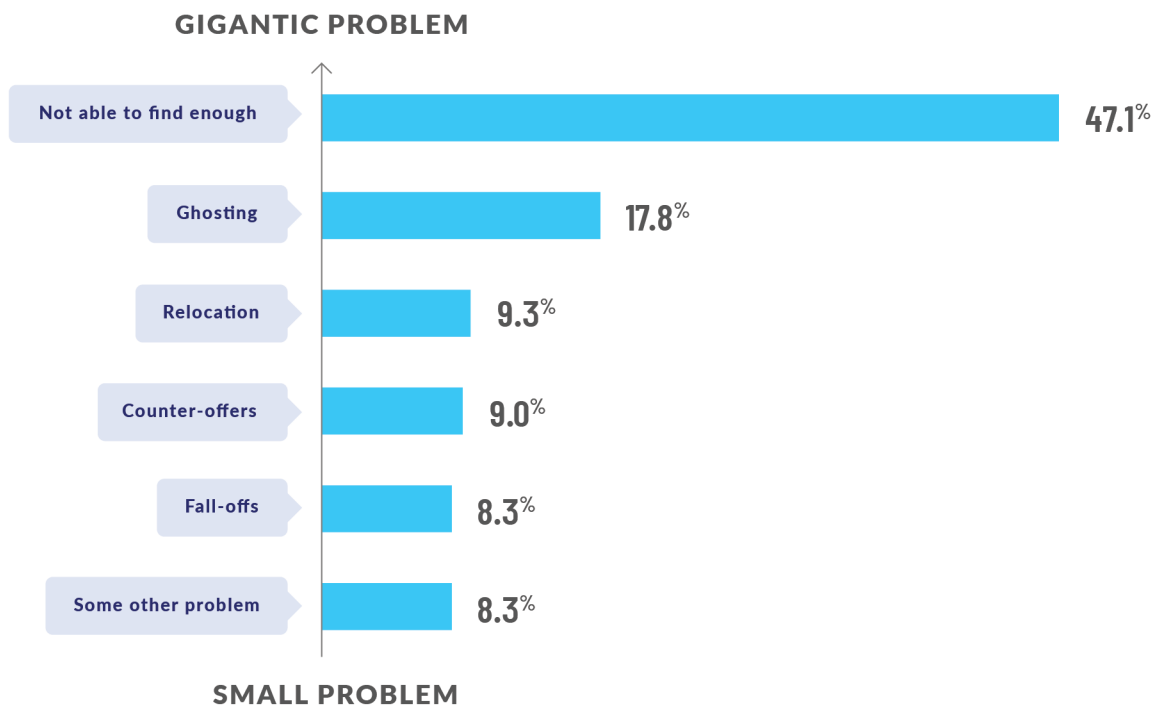
Okay, so we got through the complaints. We're home free, right? Afraid not. That's because we're making the transition from complaints to problems, and once again, our focus is on the biggest ones. Since we begin with candidates last time, let's begin with them again.

In the interest of uncovering the most pertinent information, possible, we asked this very direct question in our survey:

What was your biggest problem with candidates in 2018?

In what is certainly NOT a surprise, "Not able to find enough qualified candidates" was the top answer. As we saw earlier, "There aren't enough quality candidates from which to choose" was the biggest client complaint recruiters heard about candidates in the marketplace. (Or more accurately, it was the biggest complaint that they heard the most often.) So it makes sense that this would also be the biggest problem that recruiters had with candidates.

Recruiters' biggest problem with candidates in 2018



What's interesting, though, is that "Ghosting" was second (17.8%). "Ghosting," in case you're lucky enough not to know, is when a candidate decides not to show up for something during the hiring process. It could be a phone screen, a face-to-face interview, or even their first day of work. "Ghosting" was not even a choice in last year's survey because it wasn't happening frequently enough to merit inclusion. It is definitely happening frequently enough now.

"After receiving verbal offers, [candidates] 'ghost' us to contact other recruiters and communicate their offers to see if others could top us. Sometimes, they would never get back to us. Very unprofessional. We often make notations so if they come back to us in the future, we know how they treat the partnership."

—SURVEY FEEDBACK

From there, it was a close race of choices:

"Relocation" (9.5%)

"Counter-offers" (9.1%)

"Fall-offs" (8.3%)

And of course, there is the esteemable choice of "Some other problem," which, of course, contained quite a few other problems:

"Not being able to even engage in a conversation with the potential candidate; they just don't respond to email, text, or phone calls. We have to make three to four times the number of calls to get just one candidate for a search, compared with what we did three or four years ago."

—SURVEY FEEDBACK



Ghosting: when a candidate decides not to show up for something during the hiring process

“Many candidates were eliminated from searches because of too much job hopping. I can't recruit you if you can't hold a job for more than 12 to 18 months year after year.”

“It's not that the candidates don't exist. They are gainfully employed and not wanting to move.”

—SURVEY FEEDBACK

But really, when there are so many problems, why choose just one?

“Honestly, everything under the sun.”

—SURVEY FEEDBACK

KEY TAKEAWAY:

It's almost a foregone conclusion that not having access to enough qualified candidates is recruiters' biggest problem with candidates. However, what's revealing is the fact that “Ghosting” was second. In the span of a year, this practice has gone from not even being on the radar to being a major problem for recruiters. Candidates not showing up for phone screens, candidates not showing up for face-to-face interviews, candidates disappearing once an offer is made to them, and even candidates not showing up for their first day of work. It's a brave, new world . . . and top candidates are running it.

The Biggest Problems, Part 2

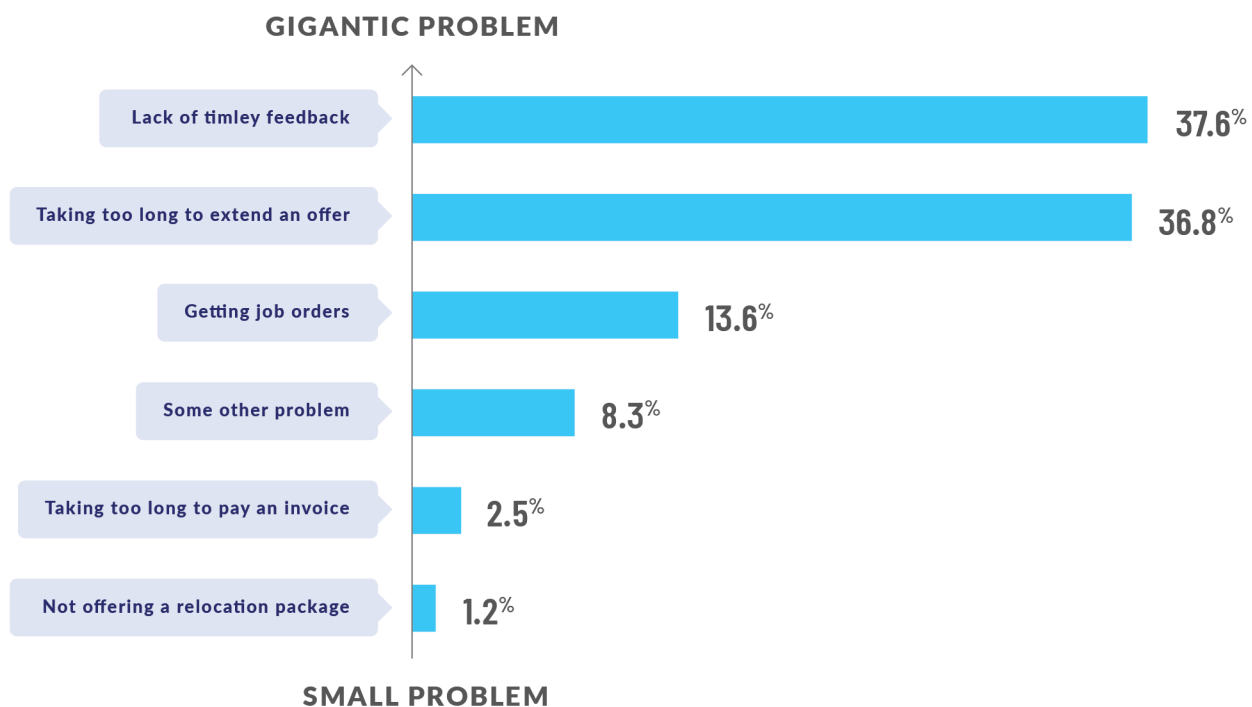
We have problems galore in our State of the Recruiting Industry Report, and we now turn our attention to recruiters' biggest problems with clients in 2018. As you might imagine, there was a plethora from which to choose. However, there were two that grabbed the majority of recruiters' attention. Those two were as follows:

"Lack of timely feedback" (37.6%)

"Taking too long to extend an offer" (36.8%)

"Getting job orders" was a distant third, receiving 13.6% of the votes. That speaks to the strength of the economy. If we were in a recession, this would probably be the biggest problem that recruiters had with clients.

Recruiters' biggest problem with clients in 2018



“While it is a candidate's market, clients still think it's 2008. Some are slowly coming around to the fact that candidate's are getting multiple offers, but most in my niche seem stuck on lowball salaries and no sense of urgency.”

—SURVEY FEEDBACK

Which brings us to the “Some other problem” category, which grabbed 8.3% of the recruiters' attention.

“Third-party vendor management companies trying to act as a firewall between hiring managers and us. They don't want us having a conversation with each other. It is crazy and it doesn't work.”

“We still have clients ‘ghosting’ us and either taking too long to extend an offer, hoping for the 100% perfect match, and when they finally pull the trigger, the candidate is no longer available. Then the client says, ‘That's okay, find us another one like him/her,’ which we don't do as a contingency firm because we lost that placement and we do not want to put ourselves in that position again.”

“We would submit candidates for review and the client would take 30–60 days to schedule interviews.”

—SURVEY FEEDBACK



The BEST candidates don't just
"grow on trees"

KEY TAKEAWAY:

What more can we say? Clients are lolly-gagging. (That's probably not the technical term for it, but it serves our purposes.) There is a lack of urgency on the part of hiring managers and employers. They are not moving proactively or with an overall sense of purpose during the hiring process, and it is costing them dearly in the form of lost candidates. Not just any candidates, either. The BEST candidates. And perhaps that's part of the problem. Some employers believe that those types of candidates simply "grow on trees" and that recruiters just have to go to their backyard and pick another one.

Pain, Stress, and Other Assorted Fun

Complaints, problems . . . and now pain? What kind of recruiting industry report is this? Anybody who has been a recruiter for a considerable length of time knows that although the profession can be quite rewarding in a number of different ways, it also contains plenty of complaints, problems, and pain. (Not physical pain, mind you, but there are probably more than a few recruiters in the world who would rather be punched in the face once than experience a fall-off.)

So in order to find out exactly what has been causing recruiters' considerable consternation during the past year, we posed the following question in our survey. Actually, it was more of a polite request than a question.

Please identify the three biggest pain points or sources of stress on your recruiting desk as you head into 2019.

As a general rule, our open-ended questions (or polite requests) usually elicit the most interesting responses. So let's unleash the hounds!

"There's never enough time, candidates expect me to proactively market them, and clients 'pausing' search assignments."

—SURVEY FEEDBACK



“Clients have absolutely no respect for a recruiter's time. They call us or email us job openings and they say, ‘We have to hire yesterday.’ So you send them qualified candidates, and they take their sweet time getting back to you.”

—SURVEY FEEDBACK



“I am tired of companies with their own recruiters that have no interest in hearing about your candidate who would be a wonderful match and addition to their organization. They have no interest in building relationships with recruiters and have no sense of urgency to fill positions. I don't understand how corporations allow these positions to go unfilled and give these HR people the power to enable this process to go on.”

—SURVEY FEEDBACK



“It's harder to find enough quality candidates for marketing campaigns. Trying to choose which job orders to work on because everyone is looking and saying ‘No’ to good clients. And clients are not being realistic now that compensation is higher!”

—SURVEY FEEDBACK



Some survey participants felt compelled to leap right over their pain points and describe the steps they're taking to address their pain.

"I am focusing on companies that align with my values and practice a sound hiring process. My goal is to decrease the number of clients, but increase placements based on a stronger relationship with each client."

—SURVEY FEEDBACK



Others, meanwhile, pointed out a more immediate source of pain.

"Questions like this."

—SURVEY FEEDBACK



Ouch.

KEY TAKEAWAY:

Lack of quality candidates, slow-moving clients, obstinate HR departments . . . there's plenty of pain from which to choose for recruiters. What's readily apparent, though, is that recruiters are more than aware of what ails them. As a result, they've already taken steps to address these issues . . . or are in the process of addressing them. And of course, as everybody knows, "All growth is painful." Or some such thing. It's good for you, is what we're trying to say. Okay, let's proceed . . .



MAKING MAD MONEY WITH CONTRACT PLACEMENTS

Upcoming topics

CONTRACT PLACEMENTS IN 2018

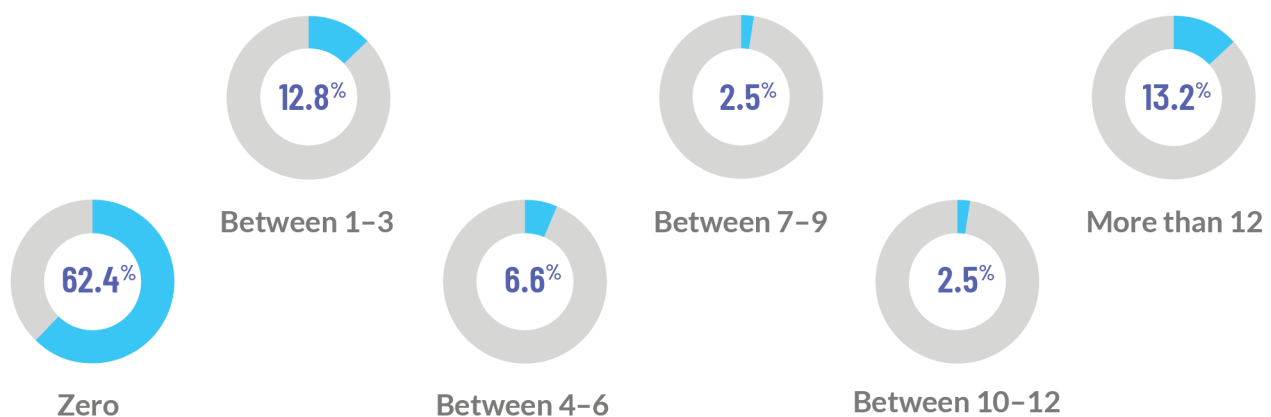
CONTRACT PLACEMENTS IN 2019

Contract Placements in 2018

We're going to address the topic of a recession a little later. (You may proceed to groan.) However, we'll mention it here, as well, since one way to mitigate the effects of an economic downturn on your agency is to offer contract staffing to your clients. So if you guessed that this next section is about contract placements, then pat yourself on the back. You're right!

But let's make it official:

Did you make a contract placement or fill a contract assignment in 2018? If so, how many did you make? If not, please indicate the reason in the box below.



Number of contract placements made or contract assignments filled in 2018

It is not surprising that more than half of survey respondents (62.4%) did not make a contract placement in 2018. Contracting is not every recruiter's "cup of tea," although more recruiters should be drinking that tea. Speaking of which, that leaves 37.6% of recruiters in our survey who did make contract placements last year. They made at least one, anyway, and some made multiple placements.

And some have enjoyed considerable success placing candidates on a contract basis.

“I've done contract placements for 20 years. In 2014 through 2016 in particular, I had tons, as I had a client that was very open to the concept. I made a ton of money. I would love this on a consistent basis, year after year . . .”

—SURVEY FEEDBACK

KEY TAKEAWAY:

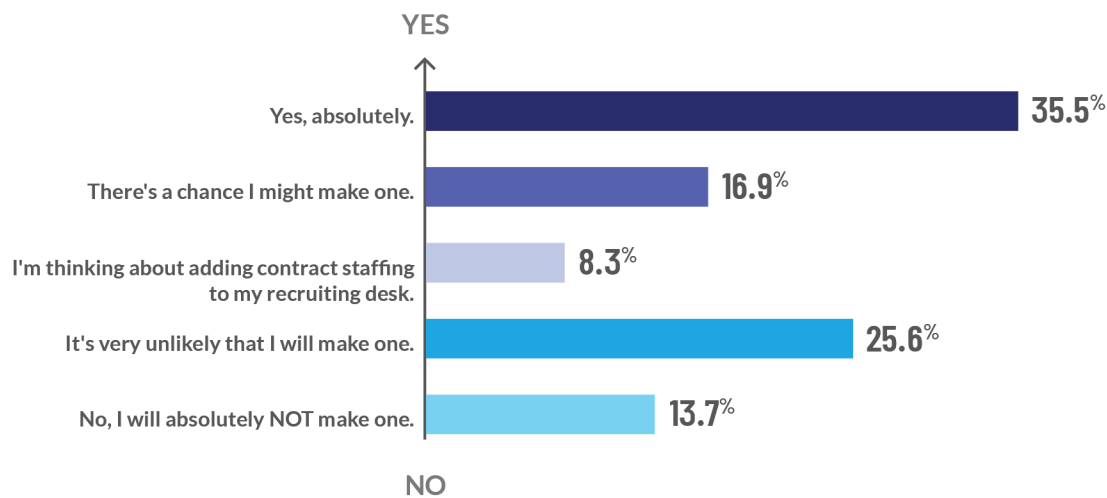
Okay, we get it. The majority of direct hire recruiters don't make contract placements. You're too busy trying to make direct hire placements. But what happens when those direct hire job orders dry up? It's going to happen. It's happened during every recession that's occurred since the recruiting profession has been in existence. What makes you think it's not going to happen again? That's why you should not wait until a recession actually hits before you position yourself correctly by adding contract staffing to your recruiting agency's business model..

Contract Placements in 2019

Hey, stop living in the past. That's right, I'm talking to you. Let's focus on the future in terms of contract staffing: *Do you plan to make contract placements on your recruiting desk in 2019?*

Over a third of recruiters (35.5%) indicated that “Yes, absolutely,” they plan to make contract placements this year. Another 16.9% chose “There's a chance I might make one.” That equates to over half of survey respondents (52.4%) feeling pretty darn good about contract placements.

Then there are those who do not currently make contract placements, but are thinking about adding contract staffing to their recruiting desk. That plucky bunch accounted for 8.3% of survey respondents.



Planning to make contract placements in 2019

By contrast, the remainder of recruiters find it “very unlikely” that they will make one (25.6%) or adamant that they “will absolutely NOT make one” (13.6%).

KEY TAKEAWAY:

So to piggy-back on our previous key takeaway, you should consider adding contract staffing to your business model this year. After all, there are plenty of prognosticators who are predicting a recession in 2020 or 2021 (at the latest). With that in mind, there is no time like the present to offer contracting services to your clients. You don’t even have to make contract placements yet. Just let your clients know you can provide the service. If they know about it now, they’ll use your agency to hire contractors later. In the meantime, you can keep churning out those direct hire placements to your heart’s (and your bank account’s) desire.



Piggy-backing on the previous key takeaway you should consider adding contract staffing



TIME KEEPS ON SLIPPING INTO THE FUTURE

Upcoming topics

BUSINESS PRIORITIES FOR 2019

THE "R WORD"? HOW DARE YOU!

IDENTIFYING POSSIBLE THREATS

Business Priorities for 2019

One of the keys to any endeavor is the setting of priorities. The recruiting profession is no different, especially if you're an agency owner. After all, you can't get to where you want to go if you don't know how you're going to get there. Or something like that . . .

Anyway, putting aside the pleasant platitudes, below is the question we posed next:
What is your highest business priority for 2019?

For the third year in a row, "Finding new clients" was the top answer. Not only that, but for the third year in a row, the percentage of recruiters choosing that answer also increased:

2016—39.9%

2017—43.4%

2018—48.4%

As might be expected, "Sourcing higher-quality candidates" captured second place at 18.2%, while "Adding new income streams" was third (15.3%). As a further indication of the health of the economy, "Getting more job orders from current clients" was fourth at 10.3%.

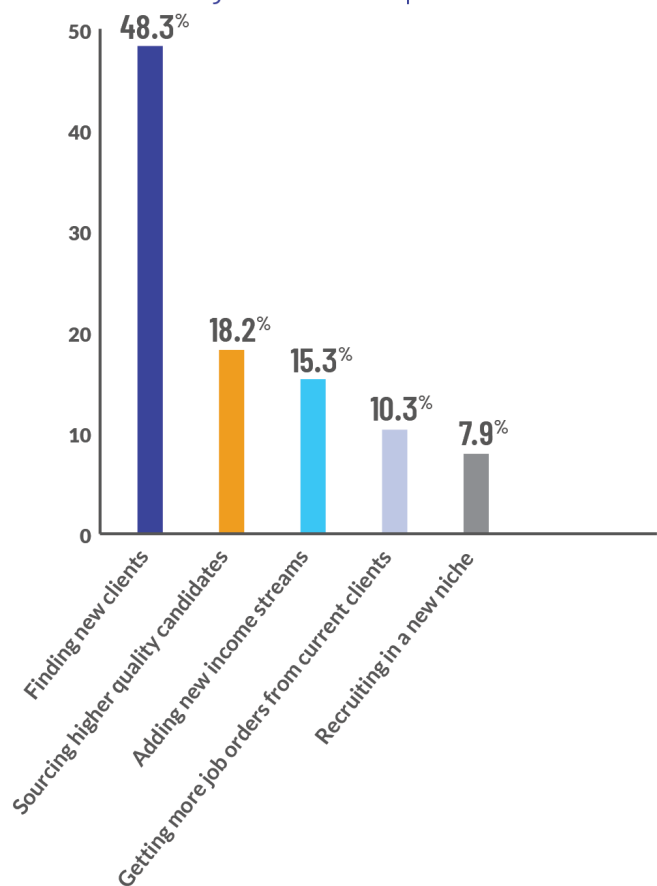
And of course, recruiters had plenty to say about this particular topic, as well:

"Want to find a better work/life balance than I did in 2017 and 2018. I worked too much the last two years. If the economy slows, it will naturally take care of that."

"Increasing direct hire and contract business, dive into government contracting, and find staffing partners who have clients that have a need, provide feedback, and have a defined hiring process."

—SURVEY FEEDBACK

Recruiters highest business priorities for 2019



Some recruiters answered the question by not answering the question:

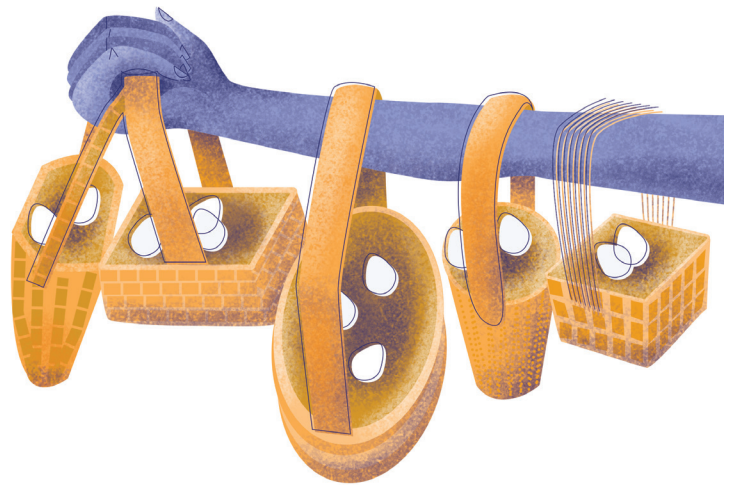
“Bad question. You need to have people rank them as most important to least, as all are important.”

—SURVEY FEEDBACK

And some broke their answer down to the simplest form possible:

“None of the choices, but an answer was required. My highest priority is filling job orders.”

—SURVEY FEEDBACK



The recruiters in our survey are always
on the lookout for more baskets

KEY TAKEAWAY:

It seems as though that no matter how good the economy is or how good conditions are for recruiters, they're always trying to find more new clients. That's indicative of how much these recruiters are NOT simply resting on their laurels or “putting all of their eggs in one basket.” By and large, the recruiters in our survey are always on the lookout for more baskets, no matter how many eggs they have in their current batch of baskets. Sure, they want more quality candidates. (Don't we all?) But they know that more quality candidates mean absolutely nothing if they don't have clients with job orders to fill.

The “R Word”? How DARE You!

Every year that we don’t have one of these means that we’re one step closer to having one of these. Does that sound like a clue from the game show Jeopardy?

“The answer is ‘What is a recession?’”

That’s absolutely correct! Although we’re not playing Jeopardy, a recession could certainly put your recruiting business IN jeopardy should it actually occur. But let’s see what our studio audience thinks: *Do you believe there will be a recession in 2019?*

First and foremost, the vast majority of survey respondents indicated that they believe there will NOT a recession this year. In addition, the corresponding percentage of respondents believing such a notion has increased during each of the past four years:

2015—53.0%

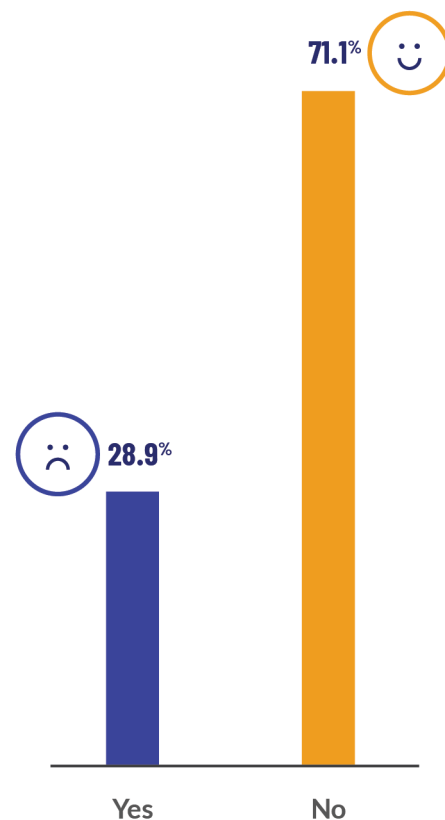
2017—66.8%

2016—62.3%

2018—71.1%

So that means only 3 in 10 recruiters believe there will be a recession in 2019. And regardless of which side of the spectrum our survey participants landed, they had plenty of opinions regarding the possibility of a recession . . . and they had no qualms sharing those opinions.

Perhaps to the surprise of no one, many of these opinions were politically charged. In fact, they were so politically charged that we can not print them here. Suffice it to say, recruiters on both sides of the political aisle were not shy about sharing their views.



Recruiter expectations of a recession in 2019

“Likely the start of a recession either this year or next. Increasing interest rates will slow down the Stock Market, and we'll likely start to see some fallout for investors with highly-leveraged positions. In addition, uncertainty from the current administrations in the U.S and U.K. will also spook investors towards less ‘exciting’ opportunities. I believe we'll see issues arise with personal debt (home and student loans in particular) again, as well.”

—SURVEY FEEDBACK

Then there's the other end of the spectrum:

“I don't have the educational training to provide an answer. Any response by me would be meaningless speculation.”

—SURVEY FEEDBACK

Then there are those who almost welcome the cleansing effects of a recession on the profession:

“I've been through several, and if there is [one], so be it. Nothing we are going to do or not do has any affect. Honestly, our industry could use a good bottom-feeder cleaning.”

—SURVEY FEEDBACK

And then there are those who believe that we might be caught in the throes of a self-fulfilling prophecy.

“It seems we're trying to talk ourselves into one.”

—SURVEY FEEDBACK

KEY TAKEAWAY:

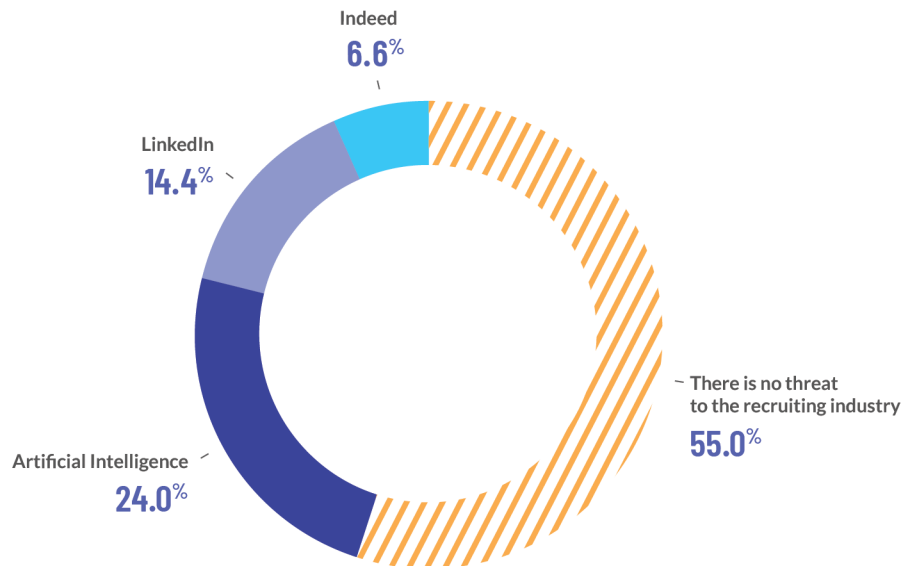
What was interesting is that some of those recruiters who indicated that there will not be a recession this year also think there will most likely be one in 2020. (It will be interesting to see if they change their mind in next year's Top Echelon State of the Industry Report Survey.) What's also interesting is that increasingly more recruiters since 2015 have been of the opinion that a recession would not happen in that particular year, even though we've been moving closer to a recession every year since 2015. Isn't it ironic . . . don't you think?

Identifying Possible Threats

No matter when a recession strikes, it should be a short-term threat to the recruiting profession. At least, that's the way it's always been. However, what about long-term threats? Is there something out there that has the power to eradicate the profession, or at the very least, cripple it severely?

As any business person knows, if you want to ensure future success, you must identify possible threats. And keeping in that same vein of thought, we decided to ask this question: *What is the biggest threat to the recruiting industry?*

More than half of recruiters (55%) believe that "There is NO threat to the recruiting industry." While that does constitute a majority, it also leaves plenty of recruiters who think there is some sort of viable threat to the profession. Of those, 24% believe that "Artificial Intelligence" is the main culprit. "LinkedIn" is next at 14.5%, followed by "Indeed.com" (6.6%).



Biggest threat to the recruiting industry

As might be expected, recruiters identified some threats that were not among the ones we offered as choices.

“Lots of large companies are building talent acquisition teams and rarely using third-party search firms. This trend is continuing. LinkedIn treats recruiters like step-children and thinks their platform will replace us. LinkedIn targets companies with the sales pitch, ‘Use our app and do what recruiters do, thus reducing or eliminating your recruiting costs.’”

“My choice wasn't listed, but a selection was required. Mid-size and large companies using their own internal recruiters, even if they aren't great.”

“The biggest threat is the lack of human interaction in today's world.”

—SURVEY FEEDBACK

For some recruiters, the biggest threat originates from within the profession itself. (“The call is coming from inside the house!”)

“All of the above have affected our industry. However, I do not see them as a threat. Laziness and call reluctance on the part of recruiters is our biggest threat. Failure of our industry to adapt to technology is another threat . . .”

“Incompetence and laziness are always threats.”

—SURVEY FEEDBACK

And where some might see threats, other recruiters see the opportunity to adapt to ever-changing circumstances:

“Not sure if there is a ‘threat’ to the recruiting industry. There are definitely more challenges now, but also more solutions to previous problems. So it's just a matter of shifting paradigms and keeping a finger on the pulse of the changes and staying ahead of them. Everything changes.”

“There is really no threat to the REAL recruiting industry. Those who understand where good talent comes from understand the most time/cost-effective way to accomplish their goal is using a GOOD recruiter . . .”

—SURVEY FEEDBACK

KEY TAKEAWAY:

Recruiters appear to be supremely confident that there is no real threat to their profession, at least not a threat big enough to eliminate said profession. However, there are some who view other recruiters as being a threat. A thread throughout the comments in our survey indicate that these recruiters believe there are those in the profession who do not belong in the profession. And furthermore, the behavior and business practices of these “wannabe recruiters” is only serving to give the profession a bad name in the eyes of candidates and employers.

THE FINAL ANALYSIS

Upcoming topics

IT'S AS EASY AS "A, B, C"

GAZING INTO THE "RECRUITER'S CRYSTAL BALL"

OLD SCHOOL? IT RULES!

It's as Easy as "A, B, C"

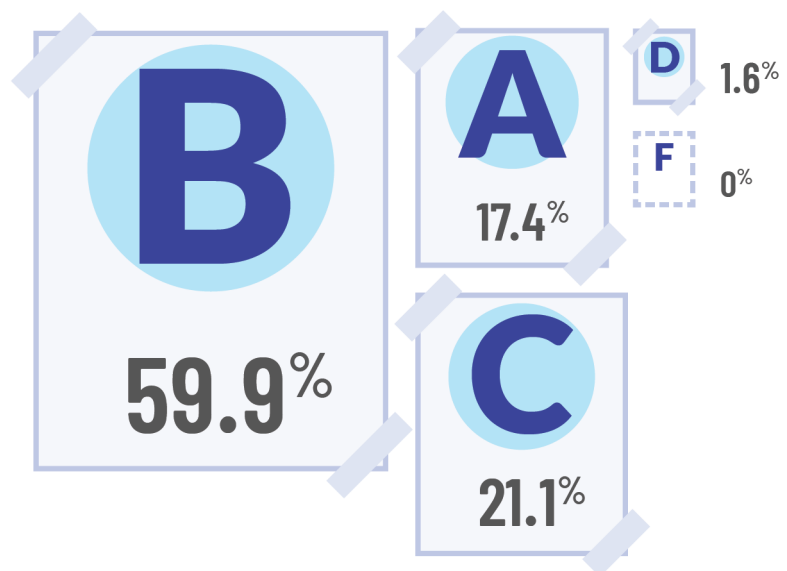
We went “back to school” with the next question in our survey. That’s because we wanted recruiters to summarize their thoughts regarding the current state of the industry in one letter. Not just one word. One letter. The question that we posed to gather that insight was as follows: *Which letter grade would you give to the recruiting industry in terms of its overall health at the end of 2018?*

The responses to this question were overwhelmingly positive. In fact, 17.4% of respondents chose “A” and 60% selected “B” as their answers. Put those together, and over 77% of recruiters believe that the overall health of the recruiting industry at the end of 2018 was above average.

But wait, there’s more good news, since 21% of recruiters chose “C” as their answer. And not one single recruiter selected “F.” That means over 98% of recruiters believe that the health of the industry is average or above.

However, recruiters continued to have a “bone to pick” with some of their colleagues within the profession:

Letter grade showing recruiting industry health, for end of 2018



“The biggest challenge always has and continues to be overcoming the business practices of subpar recruiters/firms causing a negative outlook on the industry.”

“We’re overpopulated with poor recruiters that give the industry a bad reputation.”

—SURVEY FEEDBACK

“Too many ‘fly by night’ recruiters have entered the industry with little to no training. Too many don't do search but market candidates and ‘throw paper against the wall.’ Too many recruiters are willing and agreeing to lower fees, as 20% used to be upsetting and now it seems to be the norm. Too many are transaction oriented and not relationship oriented.”

—SURVEY FEEDBACK

Want additional insights? Well, here you go!

“We have put too much emphasis on relying on job postings and not enough on head hunting and cold calling.”

“Recruitment is only as good as the recruiter. Keep the process simple and stick to the basics.”

“Low unemployment can actually hurt most people’s production. It will also cause our clients to use multiple recruiters on the same job in an effort to get it covered, since there are so few candidates.”

—SURVEY FEEDBACK

KEY TAKEAWAY:

If there’s one word that almost universally describes recruiters during good times, it’s “cautiously optimistic.” (Wait, that’s two words, isn’t it? That would account for the fact that 60% of recruiters gave the profession a grade of “B,” even though job orders are flowing like honey (for the most part). What would conditions have to be for 60% of recruiters to give their profession an “A”? We may never see such conditions in our lifetime, if ever.

Gazing into the “Recruiter’s Crystal Ball”

We wanted to “pick the brains” of recruiters with the final question in our survey. As has been the case in the past, this final question was open-ended. That’s because we wanted survey participants to go in whichever direction they wanted to go, free from any and all hindrances. *If you’d like, please tell us about your current recruiting experience, your view of the industry, your fears or excitements about the future, etc.*

We’re pleased to report that quite a few recruiters accepted that invitation with open arms. (And open minds.)

“I worry about candidates suffering from ‘recruiter fatigue’ with so many in-house recruiters sending email blasts. Also, recruiting resources like Indeed, LinkedIn, and ZipRecruiter are getting too expensive and unrealistic in their requirements.”

“Due to technology, we are leaving the human element behind. We need to ensure superior customer service with face-to-face interaction and live communication . . .”

—SURVEY FEEDBACK

Overall, though, recruiters are optimistic and excited about the state of the recruiting industry, as well as its future.

“The future is exciting to me! I have always attempted to be one step ahead of what my competitors are doing and am always looking out for where the industry is headed next. Things are changing rapidly and it’s a challenge to stay ahead, but I believe it’s critical to stay on the leading edge if we as recruiters want more than to just survive.”

“This industry is the best to be in since it’s consistently growing and finding new and innovative ways to be done in a timely yet quality manner.”

“The people in the industry need to continue to adapt. All the trends in the industry can be used to our advantage if we’re willing to re-invent ourselves.”

—SURVEY FEEDBACK

KEY TAKEAWAY:

Yes, there are challenges. Yes, there are obstacles. Yes, a recession is going to happen eventually. However, the recruiters in our survey are focused more on adapting to current conditions and continuing to evolve in their pursuit of more production and success. In addition, they are optimistic and excited about the future, regardless of what that future might hold. This is indicative of a high level of confidence, which is what you would expect from a bunch of recruiters who have been in business for so long and have already enjoyed a considerable amount of success.

Old School? It Rules!

The results of our State of the Recruiting Industry Report Survey during the last few years have all indicated that market conditions are favorable for recruiters, and our 2018 survey was no exception. Sure, plenty of challenges exist for recruiters, but that's always going to be the case. No matter how good the conditions, there will always be challenges.

So let's wrap things up, shall we? Below is a synopsis of our survey results and corresponding 2019 State of the Recruiting Industry Report:

Thankfully, a lot of recruiters were willing to share their thoughts. The good news: the overwhelming majority of those responses were **positive and optimistic** in nature. Despite whatever uncertainties that might exist in the global financial markets or the fact that the current bull market in this country has to end sometime, recruiters are certainly looking on the bright side of life.

- The candidates' market is continuing to roll on unabated.
- Grade-A candidates are in exceedingly short supply within most industries.
- Candidates are "ghosting" with alarming frequency, they're making more demands of employers, and they're turning down offers with regularity.

- Overall, hiring managers and employers are not savvy regarding current market conditions, and as a result, they're not moving quickly enough to secure the services of top talent.
- LinkedIn continues to be a factor within the profession, but recruiters have a love-hate relationship with the social media platform.

Recruiters are outright annoyed by some of their colleagues, to the point where they question whether or not these colleagues belong in the profession.

The majority of recruiters do not believe that a recession will happen this year or that there is any real threat to the profession.

But what is the biggest takeaway from this report? Perhaps more than anything else, this report and the survey that spawned it emphasizes how important the fundamentals of recruiting really are. This includes:

- Making phone calls (cold or otherwise)
- Leveraging the power of referrals
- Building relationships with both candidates and clients
- Relying more on actual recruiting skills than the perceived power of technology and/or social media

The bottom line is that despite all of the changes and challenges, old-school recruiting is the still one of the best ways to enjoy success in the profession. In fact, it might just be the best way.

This doesn't mean, though, that old-school recruiters are not embracing change or technology. Quite the contrary. They're not only embracing it, but they're also incorporating it into their daily routine for the purpose of maximizing their results.

That's because the best recruiters keep doing what works, they stop doing what doesn't, and they always know the difference between the two.

"I'm optimistic that we will be in the driver's seat for several years to come. With proper training, technology, and dedication, we will continue to add value to clients and candidates! Win-win!"

—SURVEY FEEDBACK