



Presentation & discussion with Recruitment United members

Key Outcomes

Nigel Harse presented **Staffing Industry Metrics** benchmarking data from 104 Australian recruitment companies, revealing that while market volumes remain 30-50% higher than pre-COVID levels, profit margins are declining across all sectors due to cost pressures and commission structure misalignment. The market remains strong but requires automation adoption and recalibrated compensation models to maintain profitability.

Market Performance Trends

Temp Market:

- Business & professional services temp sales reached 859M annually and continues growing
- Health services peaked at 859M in June 2025, now declining with some companies reporting first-ever losses
- ICT temp market down from 972M peak (2024) to 900M currently
- Blue collar remains 170% above pre-COVID levels despite not fully recovering from initial pandemic drop

Perm Market:

- All sectors showing sustained decline since 2023 peak, described as "death of a thousand cuts"
- Top performers (90th percentile) experienced blue skies from March 2021 to October 2022, but declining since January 2023
- ICT perm market particularly affected, unlikely to recover soon due to AI displacement of many roles

Critical Profitability Metrics

GP per FTE (all staff):

- Bottom 25%: ~100K per 6 months
- Middle 50%: 130-146K per 6 months
- Top 25%: 150-170K per 6 months, well below COVID peaks

GP per Income Producer:

- Blue collar: 320K annually
- Professional services: 350-400K annually
- Health services: 470K annually
- Mixed industrial: 280K (lowest performing sector)

Return on Labor Dollar:

- Industry average: \$1.88 GP returned per dollar paid to all team members *13*
- Blue collar struggling at \$2.08, down from \$3.85 in 2020
- Anything below \$2.00 indicates serious problems
- Best performers (exec services): \$2.50+ return

Profit as % of GP:

- Bottom 25%: 11%
- Middle 50%: 21-24% (defined as "average") 16
- Top 25%: mid-30s 16
- Top 10%: 40-48% 16

Cost Structure Challenges

Management & Staff Costs as % of GP:

- Bottom 25% approaching 70% of GP absorbed by team costs, indicating severe distress is likely to follow unless the growth trend turns
- Middle performers: ~50% of GP to team costs
- Top performers: 33% (classic textbook ratio of thirds: staff/business/profit)
- COVID-era overpayment in base, commissions and bonuses now creating unsustainable cost structures
- Some structures haven't caught up with the times, still doing it the way we always have

Temp Margin Trends:

- Blue collar margins recovered to 15%
- Business services improving after pressure, now stabilizing
- Health services flat at 22%, well below COVID peaks
- ICT at 13%, suppressed by large government contracts

Strategic Recommendations

Remuneration & Commission Structure Reset:

- Industry-wide recalibration of COVID-era compensation required
- Differentiate pay between 360 recruiters versus 180 recruiters versus specialized new internal roles
- Fear of making changes is "f&%\$ing up businesses" —owners must act despite discomfort

Automation & AI Adoption:

- Essential to automate low-hanging fruit and reduce error rates and cost per transaction
- Companies not using technology to gain edge are "in danger"
- AI eliminating jobs (programmers, audio typists analogy) but creating new opportunities

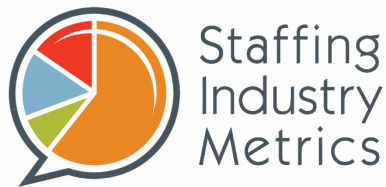
Sales Activity as Leading Indicator:

- Client visit conversion rates and volume are my primary predictors
- Ecco Personnel achieved 1+ conversions per 3 client visits for new business
- High visit activity in Sept-Oct critical to carry through slow January period
- Pre-bookings and advance orders essential for temp desk stability

Sector-Specific Guidance:

- Blue collar must focus on areas resistant to robotics & automation
- Automation decimating warehouse/logistics roles (pickers, packers)
- Professional services should target 400+ GP per income producer





Industry Outlook

Positive Factors:

- Market volume substantially larger than any historical period
- 49 years of industry experience shows jobs continuously evolve—current displacement not unprecedented
- Companies with courage and proper execution can still achieve 40%+ profit margins

Risk Factors:

- Uncertainty from geopolitical factors (Trump policies, elections) suppressing perm hiring confidence
- LinkedIn building competitive recruitment capability funded by industry subscriptions
- Valley of death at 21-40 staff size where most owners lose homes due to new operational complexity and significant cost increases that decimate profitability
- January 2026 showed significant decline that hasn't recovered—common theme across industry

Data Source & Access

- **Staffing Industry Metrics** aggregates management accounts from 104 Australian recruitment companies
- 60% of contributors have fewer than 20 staff
- Data uploaded monthly by 25th of following month, typically 98% complete by month-end
- Historical data available back to 2003
- All charts downloadable in under 20 seconds

Key Philosophy

"Manage the trends"—all of them. When you find out you've got a bad trend, you've got a headache to resolve. If you're not managing them, who is?"

Negative trends continue downward until actively corrected through intervention.

Numbers don't lie, but people sometimes do—data-driven decision making essential for identifying performance gaps before they become critical.

Attendee Impact

57 attendees resulted in 57 meals donated to Eat Up Australia (1 in 5 Australian kids attend school hungry daily).

Special offer to Recruitment United members.

Book an online demo with Nigel before the end of April to receive a special discounted Annual Participation & Subscription Offer set at \$990 for the lifetime of your participation. No hidden costs, secure private dashboard, complimentary training with Nigel and all the facts at your fingertips!

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