



Turnaround

PRESS RELEASE
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Subject **The Price of Recruitment – It's time to make it public**

Ask a successful temp or contract recruiter how much they have billed this month and they will tell you with a cheeky grin. Ask them how much they bill in a year and they will tell you emphatically, with only just the slightest of exaggeration! Ask them who their top clients are and they will boast of the exclusive and impenetrable relationship that they have with their clients and "friends". But ask them a passing question about margins, markups, pay rates or charge rates and you will hear the deafening sound of silence.

Why as recruiters we are not more open about what we charge our clients and more so why we do not make this information public? – It can only work to our advantage.

If you ask anyone in the business of sales how much their products and/or service costs are they will tell you with pride. They know exactly where they sit in the market place, they know how they are rated by consumers and they know precisely what their competitors are doing. It is essential for you to keep on top of increasing demand and how this affects your ability to source a product and how in turn you charge for that service given the current climate.

So, why in the recruitment industry are we so guarded about this? Surely if we are in the position where we are proud of our service and confident of its value to our clients then we would be more than willing to share this information. The competition within our industry will be there regardless of this being made public or not, but the advantage of knowing where we sit in the market and knowing that the cost of our service is mirrored across our competitors would be priceless.

Our research this month shows there is an increasing number of temp/contract currently within the Australian market. There are a few opinions why this is happening but the general consensus is that the candidate shortage is leaving permanent jobs open longer and increasing the need for temp or fixed term contract cover to fill the void.

Should this high demand be reflected in the cost of service?

Our recent statistics have shown that there has been an increase in both candidates' rate expectations and for the most part, an increase in this cost being passed onto clients. The alarming fact is however, that there are consultants out there who are paying their candidates more money than they were 12 months ago but not passing this cost onto their clients. Is this a consultant or management issue?

It is true that these consultants are in the minority, as the majorities are not only increasing bill rates and pay rates across the board, they are also focusing very heavily on increasing markups and margins purely through charging clients a fair price for the service they provide coupled with the position of the market.

As a standard across the recruitment industry our research has found that temp/contract consultants are heavily focusing on not only building their desks in relation to the number of contractors they have out but also increasing the cost to their clients. This is a trend that we should all be following, as the

battle to obtain great candidates increases so should the cost that we pass onto our clients. It's the old value.

Whether you are a seasoned recruiter with 10+ years experience or a relatively green consultant in your first year the challenges remain the same, but the way in which we communicate as an industry is what is going to help us all to achieve greater success and on a larger scale.

The temp/contractor recruitment place is changing, it is no longer about how many people you have out, although this is always one of the key indicators of a successful desk, but it is more about pushing margins and markups. Our research showed us that a large proportion of agencies have successful team/contract desks producing margins of 30-35% or markups of 60-65%.

Is your service valued at what you believe it is worth?

Consultants out there that are undervaluing what they do is in turn undervaluing what we all do. There is no reason why as an industry we cannot be proud of the service that we provide and in line with these figures mentioned above be very comfortable and confident in charging our clients accordingly.