

## **Driving Staffing Business Value**

*(Factors that can help improve your staffing firm's market value)*

### **Financial Performance**

- Drive *consistent* revenue & profit growth (year-over-year)
- Limit Direct Hire (Perm Placement) revenues to under 10% of total revenues
- Improve / maintain Gross Profit Margins above industry norms (low to mid 20's is ideal for temp)
- Reduce operating costs where possible – and keep them in line with industry norms as a percentage of revenues (low to mid teens is optimal)
- Target EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) at 10%+
- Consider having a CPA “review” your financial statements each fiscal year (enhances credibility)

### **Client Relationships**

- Expand client diversity and reduce client concentration (keep top client to well under 20% of total revenues; note that **under 10%** is ideal)
- Establish and maintain long-term client relationships
- Stay close to your key customers – improve the quality of service you provide to them
- Seek primary vendor relationships where possible
- Diversify client industry mix – target growing industry verticals
- Target larger (client) firms with national reputations
- Consider expanding into State or Federal government contract work
- Avoid client contracts that terminate under “change of ownership” and “non-assignable” clauses

### **Market Coverage / Competitive Differentiators**

- Open Multiple branch offices in different geographic markets
- Target larger geographic markets near major cities
- Develop innovative services, efficient business process methodologies, strong delivery and high customer service quality – as these attributes set you apart from your competitors
- Compete on value-add service or effective delivery, not on price

### **Human Capital**

- Hire smart – seek competent, industry-experienced employees who possess a strong work-ethic
- Develop a team that can *GROW* your business
- Invest in employee training programs
- Implement employee “production” measurements / standards – with management feedback tools
- Offer employee benefits that encourage long-term employment
- Weed out and terminate non-performing employees
- Keep your best employees satisfied & motivated – reward them from time to time
- Groom a key senior manager to take your place – one who can eventually run the business

### **Other**

- Maintain orderly and up-to-date business records and financial statements
- Stay on top of and quickly settle any legal issues
- Worker's Compensation Insurance (self-insure small claims, institute safety programs, etc.)
- State Unemployment Insurance (monitor claims and contest ineligible claimants)
- Make sure your business and employment taxes (Federal & State) are remitted and up-to-date
- Avoid “C” incorporation status – establish or convert to “S” or “LLC” status (saves taxes upon sale)