



MADISON
RESOURCES



10
TOP

WAYS TO
DRIVE
PROFITS

YOU'RE IN THE DRIVER'S SEAT.
Take control of your profitability.

STAFFING IS A \$161 BILLION INDUSTRY.

In the United States
alone, there are 25,000
staffing companies.

But average
Gross Margins
are less than 25%.



**HOW CAN YOU MAXIMIZE
YOUR PROFITABILITY WHILE
KEEPING COSTS DOWN?**

LOOK BOTH WAYS TO IMPROVE MARGINS

PAY ATTENTION TO WHAT YOU CHARGE AND WHAT YOU KEEP.

1

Don't give away margins.

Avoid overpaying employees or undercharging clients, by knowing what the market will bear.

- » Don't round up in pay rates. Why offer a candidate \$18.00 an hour if they would accept \$17.65?
- » Don't give away margin on bill rates. Know your worth and charge for the value you deliver.
- » Track when your associates reach State Unemployment Insurance levels. Watch workers' compensation closely. Investigate every incident. Commit to improving safety.
- » Most likely, these direct costs represent at least 70% of your expenses. Even slight improvement in your direct expenses will substantially improve the health of your bottom line.



2

Drive down expenses.

Hold onto more of each dollar by analyzing where you lose margin. Study every line of your P+L – discipline yourself to examine it monthly – at a minimum.

- » Pay attention to small items that add up on your P+L.
- » Left unchecked, indirect costs will add up and affect your bottom line.
- » Customer acquisition costs are high. Focus on relationships to retain clients.

CHECK TRAFFIC TO AVOID SURPRISES

UNDERSTAND YOUR MARKET AND WHO YOU SHARE THE ROAD WITH.

Consider the sector. There are distinct differences in the ways you should service your clients. Don't take a one-size-fits-all approach to incentivizing or staffing them.



3

Know your true competition.

Educate yourself on who you're really competing with. The pricing you can achieve varies dramatically. Are your clients using other staffing agencies or high-end consulting firms?

4

Understand your segment.

Adjust your Service Delivery Methodology (SDM) to each specific segment.

- » Light Industrial – training & safety – avoid downtime and workers' comp claims.
- » Information Technology – Given the skills gap, you'll want to treat your billable talent as an extremely precious commodity -- because they are. This needs to be valued and reflected in your pricing.

5

Train your front line people.

Sales people and recruiters make critical pricing decisions for your staffing firms daily. Give them the tools to do it right.

- » Be certain that they understand your pricing philosophy.
- » Teach them to hold margins and value what you offer.
- » Train them on your differentiators.
- » Make sure they understand how different sectors operate.

KEEP YOUR EYES ON THE ROAD TO INCREASE FOCUS

DO WHAT YOU DO BEST AND
LEAVE THE REST TO THE EXPERTS.

6

Concentrate on core skills.

Determine where your competencies lie and continue to improve upon them.

- » What are you good at?
 - » What skill sets will your firm focus on?
 - » What are the hot buttons and pain points of each segment?
-

7

Get out of the back office.

Spend your time on revenue drivers and not on administrative tasks.

- » Focus on your strengths.
- » Don't worry about administrative details.
- » Outsource areas that are not your core skills.



CREATE A ROADMAP TO PLAN YOUR JOURNEY

REACTIVE BEHAVIORS KILL PROFITABILITY – KNOWING WHERE YOU’RE GOING IS CRITICAL.

8

Anticipate client needs.

Know your business and your clients so well that you’ll know what they need before they do.

- » Pick up the phone before they do – be a problem solver.
- » Build a “virtual bench” they can draw from when they need talent.
- » Understand their cycles – know when they will be busy and when they won’t.
- » Introduce forward marketing of talent. Identify and present candidates with specialized skill sets, before your client asks for them.

9

Make a plan.

Don’t just wing it – study the market to identify trends and anticipate demand. Detailed forecasting is essential to your success. Reacting to the market won’t yield the highest profits.



10

Standardize your systems.

Increase efficiency and prevent redundancy by learning what works and building a process around it.

- » Create replicable and scalable systems for what you’re good at.
- » If it works for one client, it will work for many.
- » Don’t waste time reinventing the wheel with each client. Keep it simple.

THE BEST WAY TO DRIVE PROFITS? WORK WITH MADISON RESOURCES.

We provide the tools and support you need to manage costs, know your market and improve focus:

- » Payroll funding
- » Back office support
- » Technology for staffing
- » Business intelligence

MADISON RESOURCES HELPS YOU DRIVE PROFITS.

Get the functionality to run your back office effectively and inexpensively, and the capital you need to grow your business.



INCREASE THE PROFITABILITY OF YOUR STAFFING BUSINESS.

CONTACT MADISON RESOURCES

- » **Industry focus:** Staffing firms are our only clients.
- » **Experience:** Over 25 years of providing services with over 100 years combined of staffing experience. The principals at the firm spent substantial portions of their careers at staffing companies.
- » **Technology:** Exceptional reporting and analysis; synced ATS/CRM option.
- » **One vendor:** Finance, credit & collections, back office, and IT all in one place.
- » **Transparent pricing:** No hidden fees or costs.

Any size. Any challenge. Any niche. Our entire team is here to support you through every stage of growth. If you're ready to kick off a profitable staffing company, talk to Madison Resources today. We can help you get your staffing company off the ground faster.

GET A FREE CONSULTATION

72 Mirona Road, Suite 4
Portsmouth, NH 03801

Sales: 833-623-4766

General: 800-508-3863

www.madisonresources.com



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