A Snapshot of the Canadian Staffing Market

Staffing Industry Analysts: May 29, 2014
Ziv Tepman, Research Associate
Tony Gregoire, Director of Research, North America
• Introduction
• Current trends in Canadian market
• Comparison to other markets
• The future of work
• Q&A
Staffing Industry Analysts is the global advisor on contingent work

- Over 1,000 organizations benefit from our international research services
  - 19 of the world’s 25 largest staffing firms are members
  - More than 60 buyers of contingent labour are members of our CWS Council, representing over C$100 billion in annual contingent workforce spend
  - Customers in more than 25 countries

- Founded in 1989
  - Acquired by Crain Communications in 2008
  - Headquartered in Mountain View, California and London, England
  - 80+ years of industry and advisory service experience among executive team
Global staffing market 2012 = C$433 billion
Canada: 2.0% of global staffing revenue
Global contingent workforce market 2012 = C$2.6 trillion
Canada: 7.3% of global CW market

Source: Staffing Industry Analysts
Most contingent labour in the world is not from staffing

Global Contingent Workforce

Independent Contractors/ Freelancers

Temp. Staffing

Non-agency Temporary Employees (i.e. T4 fixed contract)
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Four years of post-recession growth, but recent deceleration

Source: Staffing Industry Analysts and Statistics Canada
Note: Includes temporary staffing and place & search revenue only
GDP growth and the staffing market

Canadian Staffing Market and GDP Growth, 2002-2013

Year-over-year growth

Staffing market growth Real GDP growth

Source: World Bank, Statistics Canada and Staffing Industry Analysts
Staffing market growth strongly correlated with GDP growth

Canadian Staffing Market Growth vs. GDP Growth, 2002-2013

$R^2 = 0.82$

Source: World Bank and Staffing Industry Analysts
Stronger growth in the west

Employment Services Revenue by Province, 2012

- Ontario, 50%
- Alberta, 27%
- Quebec, 13%
- British Columbia, 6%
- Rest of Canada, 4%

Employment Services Revenue Growth by Province, 2008-2012

- Ontario, 6%
- Alberta, 18%
- British Columbia, 16%
- Quebec, 7%
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Source: International Confederation of Private Employment Agencies (CIETT), Staffing Industry Analysts
More untapped terrain in Canada?

Source: CIETT, Staffing Industry Analysts
Most temporary employment in Canada is non-agency

Source: CIETT, Organization for Economic Co-operation and Development (OECD), Staffing Industry Analysts
VMS and MSP Penetration in Canada

VMS and MSP Penetration
(% of Temp. Staffing Revenue Through VMS/MSP)

Canada: 20% VMS, 20% MSP
Europe: 14% VMS, 14% MSP
U.S.: 50% VMS, 40% MSP

Source: Staffing Industry Analysts
Canadian staffing market more concentrated than U.S. and more fragmented than France

Canadian Staffing Market
Total 2012 Revenue: C$8.7 Billion

- Adecco 8%
- Randstad 7%
- Procom 6%
- Design Group Staffing 5%
- Allegis Group 4%
- Next five 13%
- Next ten 11%
- Rest of market 45%

Source: Staffing Industry Analysts

Market Consolidation/Fragmentation

- France
- Netherlands
- Canada
- U.K.
- Germany
- U.S.

Source: Staffing Industry Analysts
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CEO’s most concerned with uncertainty and economic turbulence

Percent of Global CEO's Concerned About Threats to Growth Prospects

- Uncertain or volatile economic growth
- Overregulation
- Government response to deficit/debt
- Lack of stability in capital markets
- Protectionism

Source: PricewaterhouseCoopers 2013 Global CEO Survey
Mix of traditional and contingent labour a key workforce decision
Mix of traditional and contingent labour a key workforce decision
Where to next? Contingent workforce management models will continue to evolve

- **Decentralised**
  - Several suppliers
  - Procurement done on an ad-hoc basis
  - Management done internally

- **Preferred suppliers**
  - Selective set of suppliers selected
  - Contracts in place
  - Service level agreements (SLA’s) in place

- **Master Vendor**
  - One supplier (possibly managing second and third tier suppliers)
  - One point of contact
  - Direct cost savings on bill rate and usage
  - Customised SLA’s and process

- **Managed Service Provider (MSP)**
  - Contingent workforce spend under management
  - One contact point
  - Direct cost savings on bill rate/usage
  - Customised SLA’s and process
  - Non-compliant spend elimination
  - Total cost of ownership savings

- **Total Talent Management**
  - Total workforce spend under management – RPO/MSP blend
  - Complete workforce visibility
  - Direct cost savings on bill rate and usage
  - Customised SLA’s and process
  - Non-compliant spend elimination
  - Increased total cost of ownership savings
  - Additional productivity and process savings
  - High degree of value added services

- **CW as a Strategic Competitive Advantage**
  - CW talent as business differentiator
  - Management strategies move beyond tactical considerations into strategic ones
  - Combination of multiple CW models to solve complex business problems.
  - Technology crosses multiple platforms in the enterprise
  - Risks managed on a total enterprise basis with big picture focus on risks of action and inaction

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Strategic workforce planning (SWP) will increasingly incorporate contingent work
Talent management - the old view

**Talent Acquisition Modes**

<table>
<thead>
<tr>
<th>Traditional employees</th>
<th>Recruiters, Direct Hire, RPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed By: <strong>HR</strong></td>
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**Workforce Planning**

- Talent strategy and business alignment
- Compensation/Benefits
- Learning and Development
- Career and performance management

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### Talent Acquisition Modes

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<th>Contingent</th>
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Managed By: **HR**  
Managed By: **HR and Procurement**

### Workforce Planning

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Managed By: **HR and Procurement**  
Managed By: **Procurement**
Total talent management integrates traditional talent employment and non-employee labour.

**Talent Acquisition Modes**

- **Traditional employees**
  - Recruiters, Direct Hire, RPO
  - Managed By: **HR**

- **Contingent**
  - Temps, IC, SOW & Internal stretch
  - Agencies, MSP/VMS, Direct IC
  - Managed By: **HR and Procurement**

**Workforce Planning**

- Talent strategy and business alignment
- Compensation/Benefits
  - Learning and Development
  - Career and performance management

**Outsourced services**

- Managed By: **Procurement**
Potential surge in global online staffing market

Source: Elance, May 18, 2014

Jobs posted through Elance (4.5 million total)

United States, 54%
Canada, 5%
Australia, 6%
United Kingdom, 7%
India, 2%
Rest of world, 25%

Global Online Staffing Spend: 3 Scenarios
(2012 Estimated and 2013-2020 Projected)

Online staffing providers now focus on more than just remote and offshore work

Source: Staffing Industry Analysts
The next online revolution: digitizing contingent labour supply

Staffing via the Human Cloud

- Hiring a Crowd
- Hiring a Specific Worker

Labour Relationship

Online Staffing

Online Services

Crowdsourcing

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