Top Echelon Contracting (TEC) is celebrating 20 years of helping recruiters offer contract staffing to client companies and candidates. This is the perfect time to look at the past, the present, and most importantly, the future of contract staffing in corporate America… but one thing is for sure, contract staffing is here to stay and grow!

The PAST
In 1992, Top Echelon Network Founder Mike Kappel noticed a trend where client companies were using contract workers in addition to their direct (perm) hires. The Network has always looked for ways to help recruiters become more competitive and profitable. Consequently, Kappel generated a “New Business Questionnaire” for the members of the Network to determine if they were walking away from business, and if so, why.

The results were pretty clear:
- **78%** were interested in contracting and could place 306 to 409 contractors a year.
- **22%** had never done contracting and were not interested.

The questionnaire confirmed that the opportunity to make money from contract staffing was there, but recruiters were not taking advantage of it because they were not equipped to handle the additional tasks that came with employing the contractors. They were concerned about all the paperwork, legal issues, and funding the payroll. We also learned that a few recruiters were taking contract job orders by putting contractors on 1099s, opening themselves up to IRS audits for misclassifying workers.

So Top Echelon Contracting (formerly known as Nationwide Contracting Service) was born on April 8, 1992. Since then, TEC has been helping recruiters make contract placements by becoming the W-2 employer of record, handling all of the financial, administrative, and legal tasks that recruiters are not prepared to handle. In 1994, we coined the phrase “back-office,” and TEC is known industry-wide as “The Recruiter's Back-Office Solution.”

The Recruiters and Money
Recruiters started making contract placements and taking advantage of the additional revenue stream that contract staffing provided. The consistent weekly cash flow was a huge advantage to many recruiting firms in 1992, and it still is today. In fact, TEC has paid recruiters $50.4 million in profits during the past 20 years!

“Recruiters thought contracting was difficult to do and they couldn’t do it,” said Keith Adams, who has made 692 contract placements since 2001 through TEC. “Now they know they can and it is EASY, thanks to Top Echelon Contracting.”

“In those early days, contract placements were almost exclusively limited to Information Technology and some Engineering,” said Chuck Szajkovics, who has used TEC's back-office services since 1994, making 241 placements over those 18 years. “Now it can be anything and everything. I can’t think of any industry that isn’t utilizing contractors.”

The PRESENT
Indeed, we are now seeing contract staffing in nearly every type of position and industry, and TEC is placing contractors in 49 states. Many other trends we started to see take form in those early years have now come to fruition, particularly in the wake of the recession:
- **Contract-to-direct** – In this uncertain economy, it is important to companies that they hire the right person. Contract-to-direct arrangements help them make the right decision by allowing them to “try-before-they-buy.”
- **Project-driven placements** – Companies are also reluctant to make long-term hiring commitments, especially to get specialized skills they will only need for a project or deadline. So instead of hiring
people, they are utilizing contractors and enjoying the flexibility factor.

- **Retiree Re-Staffing** – The stock market drop hit the retirement savings of many older workers, forcing them to supplement their retirement incomes. Meanwhile, companies were losing knowledge and experience at a fast pace as the Baby Boomers reached retirement age. Retiree Re-Staffing solves both problems by allowing companies to bring older workers back on a contract basis.

**The Candidates**

One of the biggest changes in contract staffing is the candidates’ perception and participation. The early perception of contracting was that it fit those candidates focused on Information Technology jobs and only in situations where direct (perm) jobs were not available.

That is not the case now. Many candidates purposely seek out contract assignments. They value the flexibility that contract work offers them in conjunction with controlling their own destiny and their work/life balance. The younger generations especially thrive with the new challenges, changing environment, and job satisfaction that comes from contract assignments.

Adams has seen this particularly in his niche, placing pediatric therapists throughout the United States. “More people are looking at flexible hours rather than being part of the hierarchy of a business,” he said. “They want to spend more time on the things that matter: hobbies, spending time with children, family. They don’t want to be tied up in the corporate culture.”

**The FUTURE**

One might think that as the economy bounces back, contract staffing will decline, as it has following previous economic recoveries. But that does not appear to be the case. In fact, all indicators say that contract staffing is here to stay and grow. Consider the following statistics:

- **58% of employers plan to add contract workers** to their workforce in the next 5 years. (*The Wall Street Journal*)
- Companies utilizing contractors plan to **increase their use by 26%** in the next 2 years. (*Staffing Industry Analysts*)
- **28 million workers are considering a shift to contract staffing** in the next 2 years. (*MBO Partners*)
- Staffing industry employment is expected to **increase by 19.1%** between 2008 and 2018. (*Staffing Industry Analysts*)

“For example, in our industry, contractors are better suited for short-term projects, performing inventory, and conducting new location start-ups. Companies will likely continue to use contractors, even in better economic times. It’s easier and more economical for a company to hire a contractor for a specific need than wonder what you are going to do with them when things die down. The cost savings is tied to the fact that companies are only paying for what they need and not paying for unnecessary overhead,” Stephens said.

These trends have resulted in a continued surge in contract staffing. Since the recession officially ended in June 2009, the number of contractors has increased 37%, according to the Department of Labor. In 2011, TEC experienced a 22% increase in the number of commercial contractors placed on long-term contract assignments. In fact, TEC has experienced growth in 18 of its 20 years.

The future of contract staffing in corporate America seems to be very black and white. It is here to stay and it is going to continue to grow with each passing year because it’s a win-win for all involved:

- **Candidates** have fully embraced contracting opportunities because of the flexibility and diversity it offers, especially when they have access to benefits through the back-office.
- **Client companies** can achieve continued success (in bad and good economic times) by utilizing a core group of direct employees supplemented by a peripheral team of contractors that can expand or
Recruiters – Past, Present and Future

We want to sincerely thank all the recruiters who have used our back-office service during the past 20 years. For those who are considering contract staffing, please call our office at (888) 627-3678 and ask to speak with a Contract Administrator. We can show you how EASY it is to add contract staffing to your business model.

A—For this one, we’re going to turn to the true experts, recruiters who have actually been “in the trenches” making contract placements. The following recruiters have been making contract placements through Top Echelon Contracting (TEC) for an average of 13.7 years.

Chuck Szajkovics, TEC customer since 1994

Szajkovics’s biggest piece of advice is to find a reputable back-office service provider. “As a recruiter, my job is to find people and my job is to find businesses, and I’m good at that,” he said, adding that he is not as good at dealing with the processes, details, and legalities that come with contracting. “Let the professionals do that part. Do what you are good at . . . recruiting.”

Szajkovics specifically recommends TEC due to its stability and the long tenure (19 years) of TEC President Debbie Fledderjohann, along with the team of Contract Administrators. “It increases the comfort level when you can turn to the same people again and again when you’re placing contractors. The TEC team truly knows their business, inside and out, plus they’re willing to think outside the box when new opportunities arise,” he said.

Cindy Stephens, TEC customer since 2000

To recruiters who are considering contract staffing, Stephens says, “I think they definitely need to do it. Just jump in. Build it in as part of your business model by letting your clients know that you can do contracting in addition to your direct hire.” If you’re afraid that contract staffing is too complicated or that you won’t be able to do it, don’t be, she said.

“I don’t know why they would be afraid of it. It’s just another way of adding revenue to their income,” Stephens said, adding that TEC handles all of the difficult tasks and the paperwork. “It’s the same process for recruiters. You find the client, and you find the candidates that match the opportunity.”

Keith Adams, TEC customer since 2001

Adams advises recruiters NOT to “reinvent the wheel” when it comes to contracting. “The process is already there,” he said. “You don’t have to research it. Trust that your back-office has done the research for you. Don’t sweat the small stuff.”

“If you want to control every angle, contracting is not for you, but if you can let go a little and trust your back-office team, you can do it,” Adams added. You can especially trust that with TEC, he said, due to the company’s financial stability and attention to detail. “They say what they are going to do, then they document it or follow-up with an email, and then they do what needs to be done . . . and you don’t have to worry about any of it!” he said.
Recruiters’ Roundtable: Don’t Miss the 2012 Fordyce Forum!

The sixth annual Fordyce Forum has a whole new format and a new location to go with it. The conference is scheduled for Thursday, June 7, and Friday, June 8, at the Hotel Palomar in Dallas, Texas.

Over the past five years, the Fordyce Forum has established itself as one of the most important dates on the calendars of the world’s leading third-party recruiters.

This year’s new “working conference” format includes activities and workshops that are intended to help you develop skills and thought processes that you can immediately take back to use on your own desk.

The workshops will give you the opportunity to network directly with your peers and colleagues.

Attendees will also have the opportunity to interact face-to-face with a select group of recruiting vendors, including Top Echelon Contracting, Big Biller, and Hiring Hook. This year’s featured speakers include the following:

- **Barbara Bruno**, President/Owner of HR Search Inc./Good As Gold Training, Inc.
- **Jon Bartos**, CEO of Jonathan Scott International
- **Greg Doersching**, Managing Partner and Founder of The Griffin Search Group
- **Brock Boyd**, President & CEO of CMI
- **Wendy Doulton**, Principal of The Katalyst Group
- **Joanie Ruge**, SVP & Chief Employment Analyst of Randstad Holding U.S.

For more information about the Fordyce Forum, including how to register, please visit:


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Inside:

- **Contracting: Still Going Strong**
  
  Top Echelon Contracting began in 1992, and contracting is now hotter than ever!

- **Q&A**
  
  What advice do we have for a recruiter who is new to contract staffing?