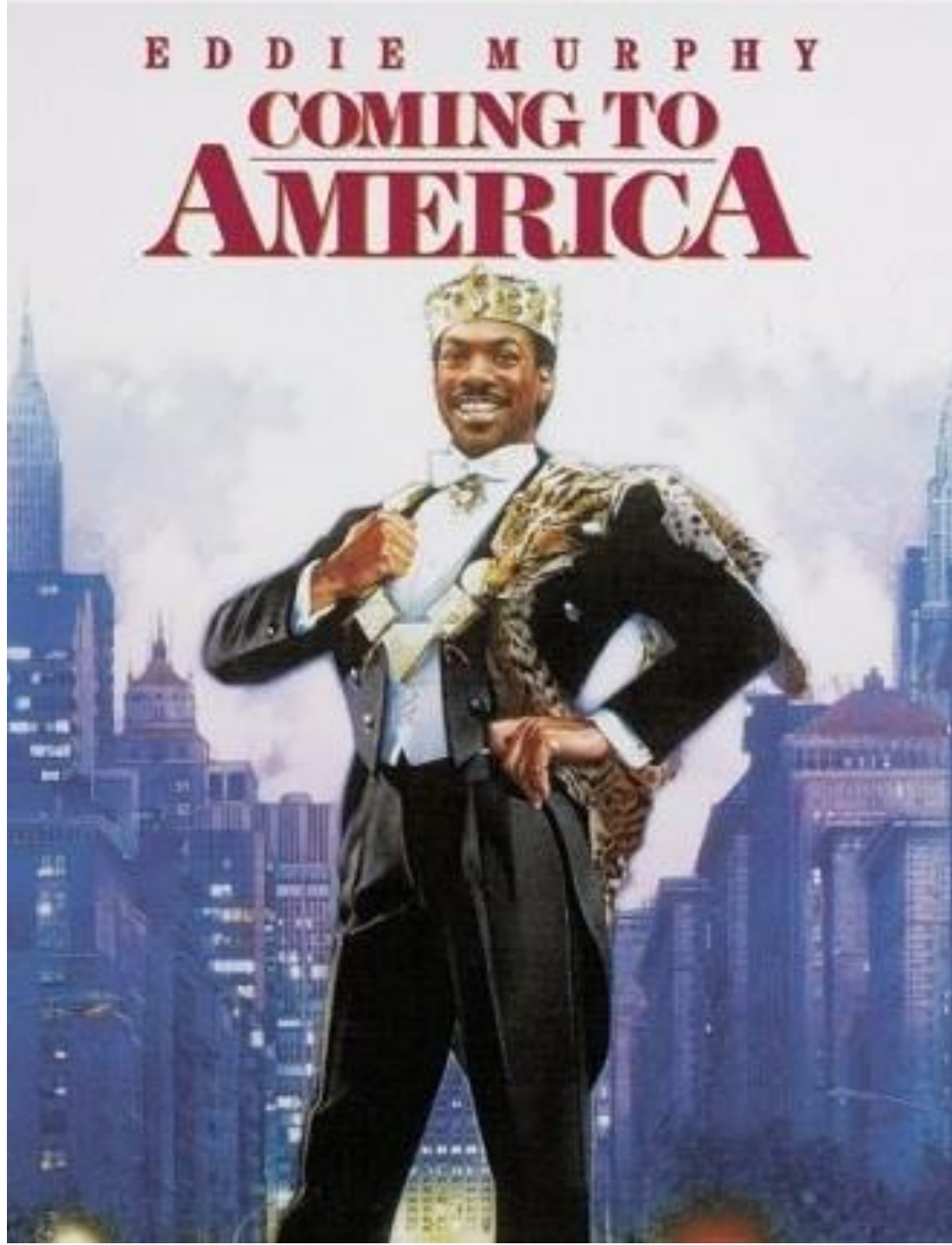




Coming to America

Expanding to the USA

June 2023

SIBPM
P A R T N E R S

A bit about me

- 20+ years experience working in the recruitment & staffing industry
- Worked for SThree for over 10 years – Netherlands, UK, O&G global & USA
- Moved my family and I from UK to Houston 10 years ago
- Worked for a Dutch staffing company and grew their business from 30 contractors to 300 over a 3 year period
- 3 years ago we started SBPM Partners – a company that readies US based staffing companies for growth & scale



US market size stats

- US staffing market is over 4x the size of the UK and about half the competition
- US perm / exec search in 2022 > \$20 Billion
- US Staffing revenue in 2022 > \$200 Billion (UK \$50B)
 - Spread across over 2.5 million contractors
- 33% Healthcare but now reducing by approx. 10%
- 22% IT and growing approx. 5% a year
- 20% Heavy Industrial (blue collar) and stable
- 10% Clerical and stable
- 5% Engineering and growing approx. 10%
- 5% Finance & Accounting and growing approx. 6%
- 2% Life sciences and growing approx. 5% a year



US margin stats

- US Direct Hire rates are closer to 25% vs 15% UK
 - More is also possible – less is not advisable
- Contract margins vary per sector
 - Average margins around 25%-35% are typical
 - Heavy PE backed experienced margins of 40%-60%
 - Now reduced due to less investment dollars available
 - Seeing increased rates in emerging industries such as alternative energy
 - US infrastructure bill related construction is starting to show potential significant opportunities & margins
 - Larger clients with MSPs can pressure rates in competitive areas to possibly 15%-20%



Location

- Your industry specialization can help guide your choice
- Staff talent acquisition & retention is the other element to consider
- States that seem to tick both boxes:
 - Texas
 - Florida
 - North Carolina
 - Arizona & Tennessee potentially worth exploring



Setting up as a perm business

- Direct hire
 - It's possible without an entity and bill from the UK
 - Increasing number of US clients are pushing back on this however – prefer to pay a domestic bank account
 - Entity setup – 6-8 weeks
 - Bank account setup very quickly once entity registration is complete
 - Setup an accounting system to enable US invoicing
 - Create a US client agreement template



Setting up as a contract business

- Staffing
 - Most contractors are employed in the US (W2)
 - Independent contractors (also often known as 1099) also exist but come with some risk you need to consider
 - Serious staffing players employ their contractors themselves
 - US version of umbrella companies are known as EORs (Employers Of Record)
 - Good to use if testing the market or incidental contractor solutions
 - If contract is your strategic growth area we recommend to become own employer sooner rather than later – better to learn when small & mould the brand and offering
 - Extras to setup – payroll system, insurance, benefits, foreign state registrations & overall back office process



FAQ - Discussion

- Staff cost
 - Recruiter salaries typically start at \$50k - \$70k
 - Senior / Team lead and should bring business \$100k+
 - Expect rates to higher in high profile places like CA & NY
- Culture
 - We speak the same language – that doesn't make us the same. Politics, ideology & level of openness can be significantly different to what you're used to
 - Get your spelling right
 - A British accent does often help
- State variances
 - 50 little countries





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