

The HR Ecosystem: 2013 vs. 2008 IndustryView Report

Trends and best practices from the industry.

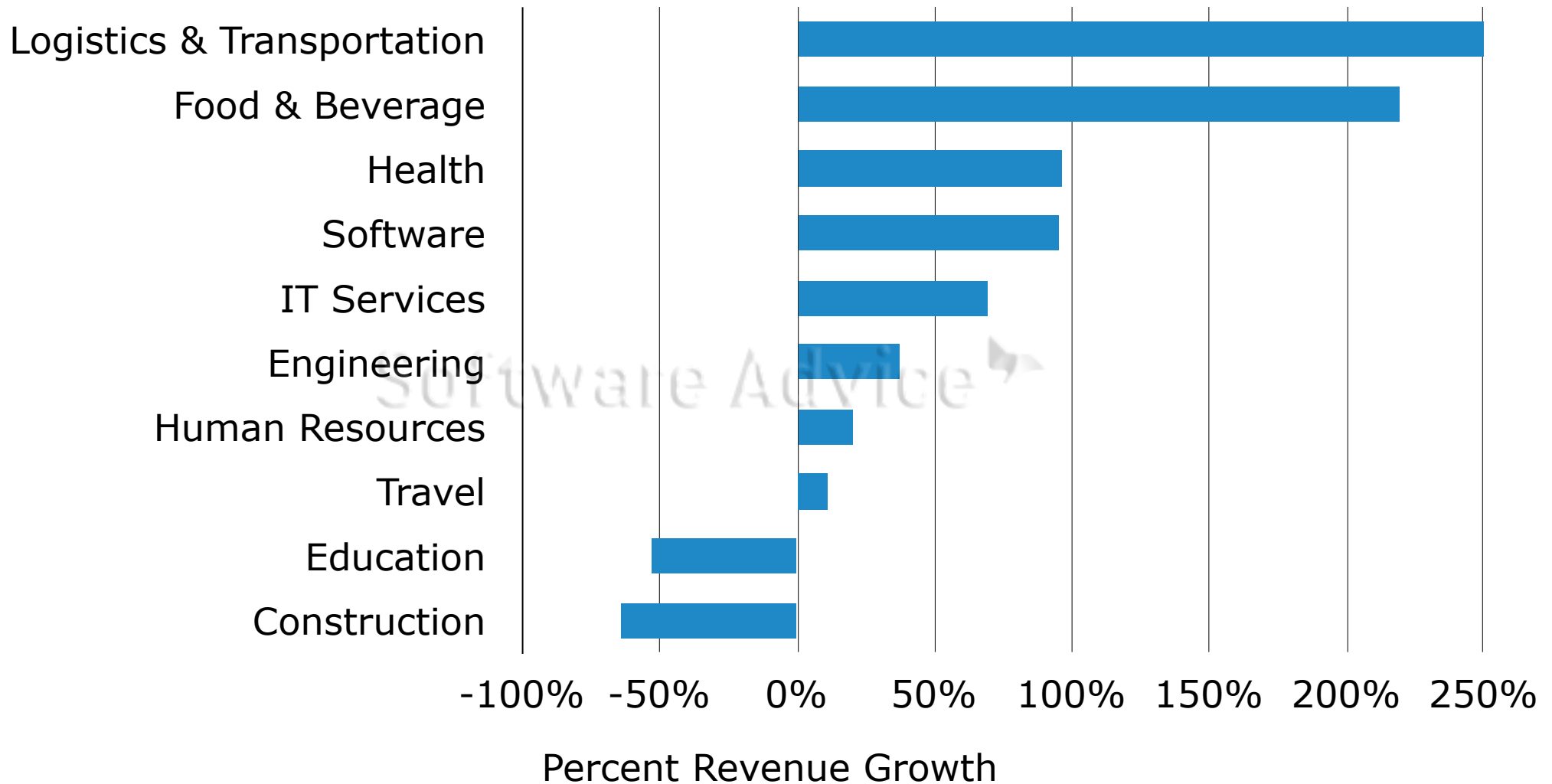
Abstract

Every year, Inc. Magazine releases its list of the top 5,000 fastest-growing companies in the nation: the “Inc. 5000.” The list encompasses thirty-some industries, from travel and hospitality to insurance and logistics. Among those industries, we find a list of companies serving the Human Resources function—what we’ll call the “HR ecosystem.”

We decided to see how this HR ecosystem has changed over the past five years, analyzing the data available from Inc.’s 2008 and 2013 lists—which, it should be acknowledged, represents information from 2007 and 2012 respectively. Our key findings:

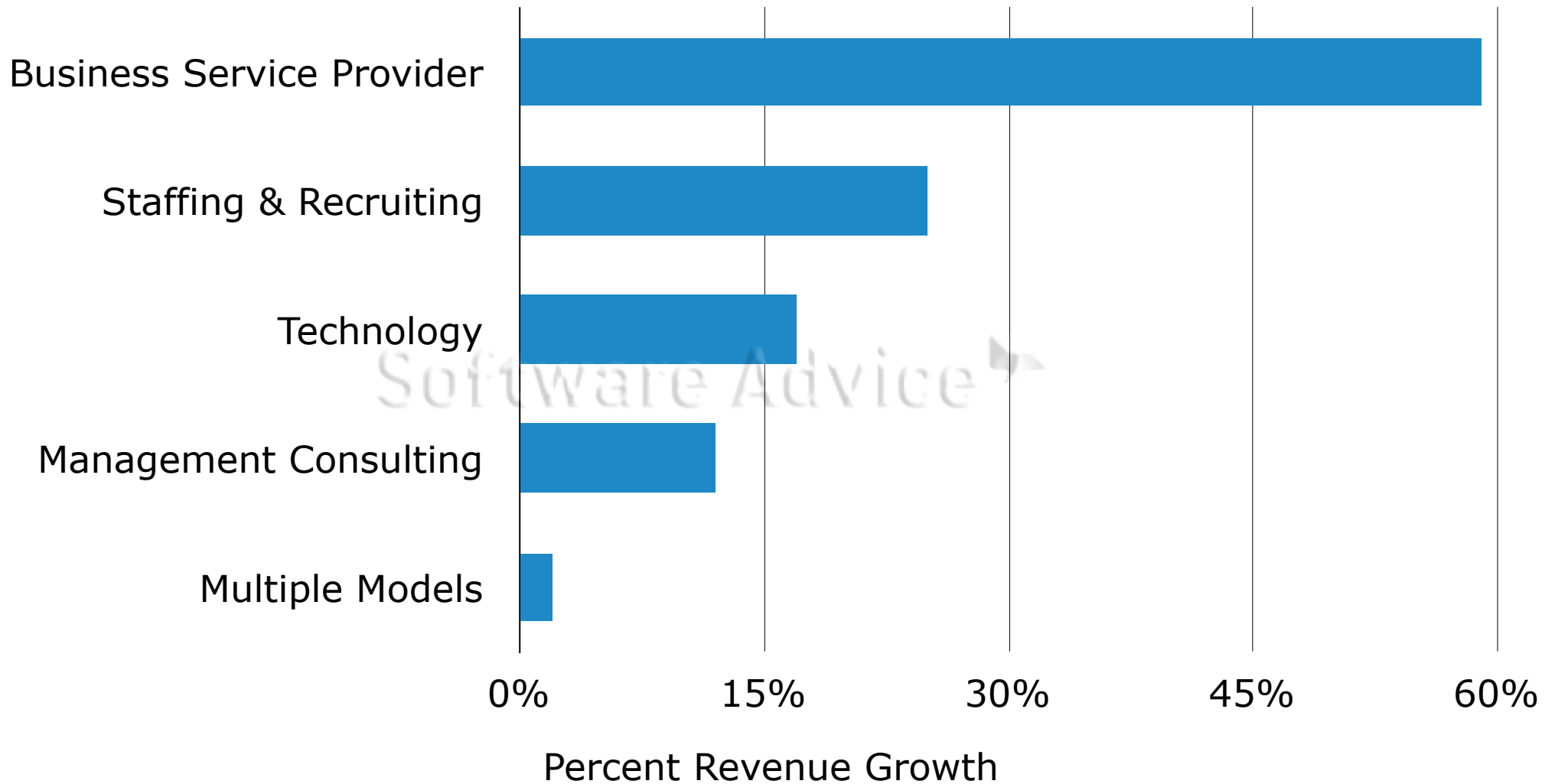
- Business service providers lead the pack in revenue growth
- Management consulting firms earn highest revenue per employee

HR Shows Below Average Growth



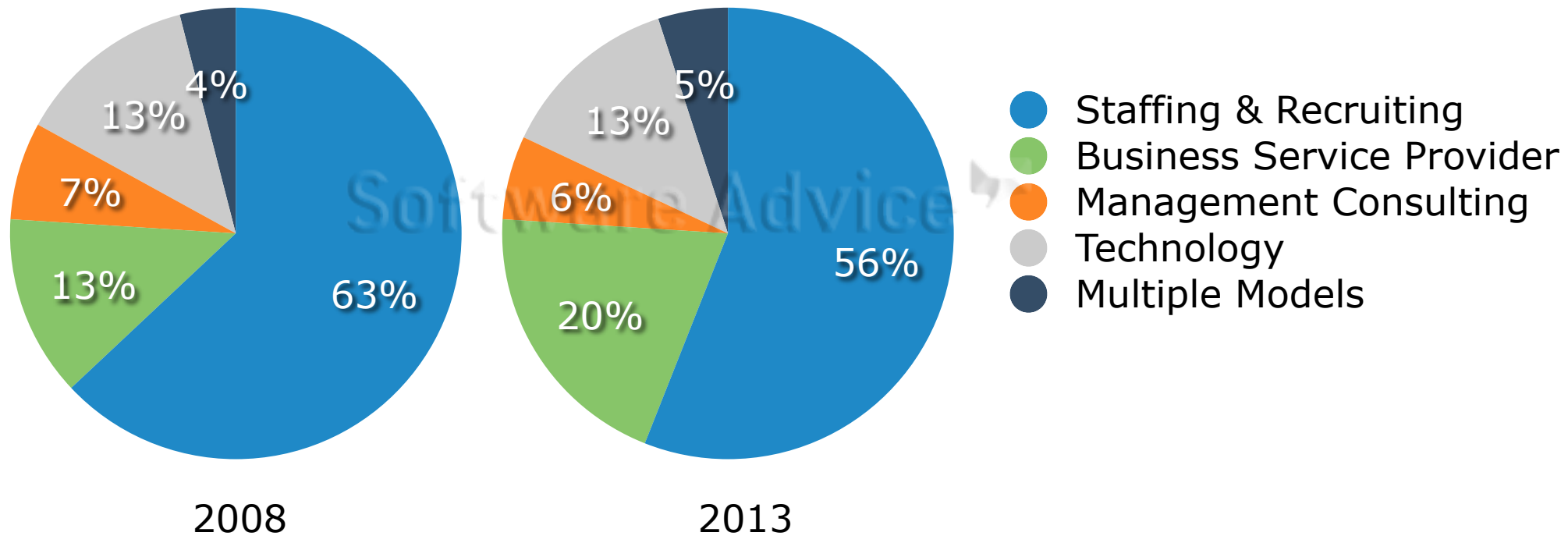
We compared the percent of revenue growth between Inc.'s 2008 and 2013 lists across industry segments. Overall revenue for the human resources industry grew by approximately 20 percent, but trailed behind other industries.

Business Service Providers Lead the Pack



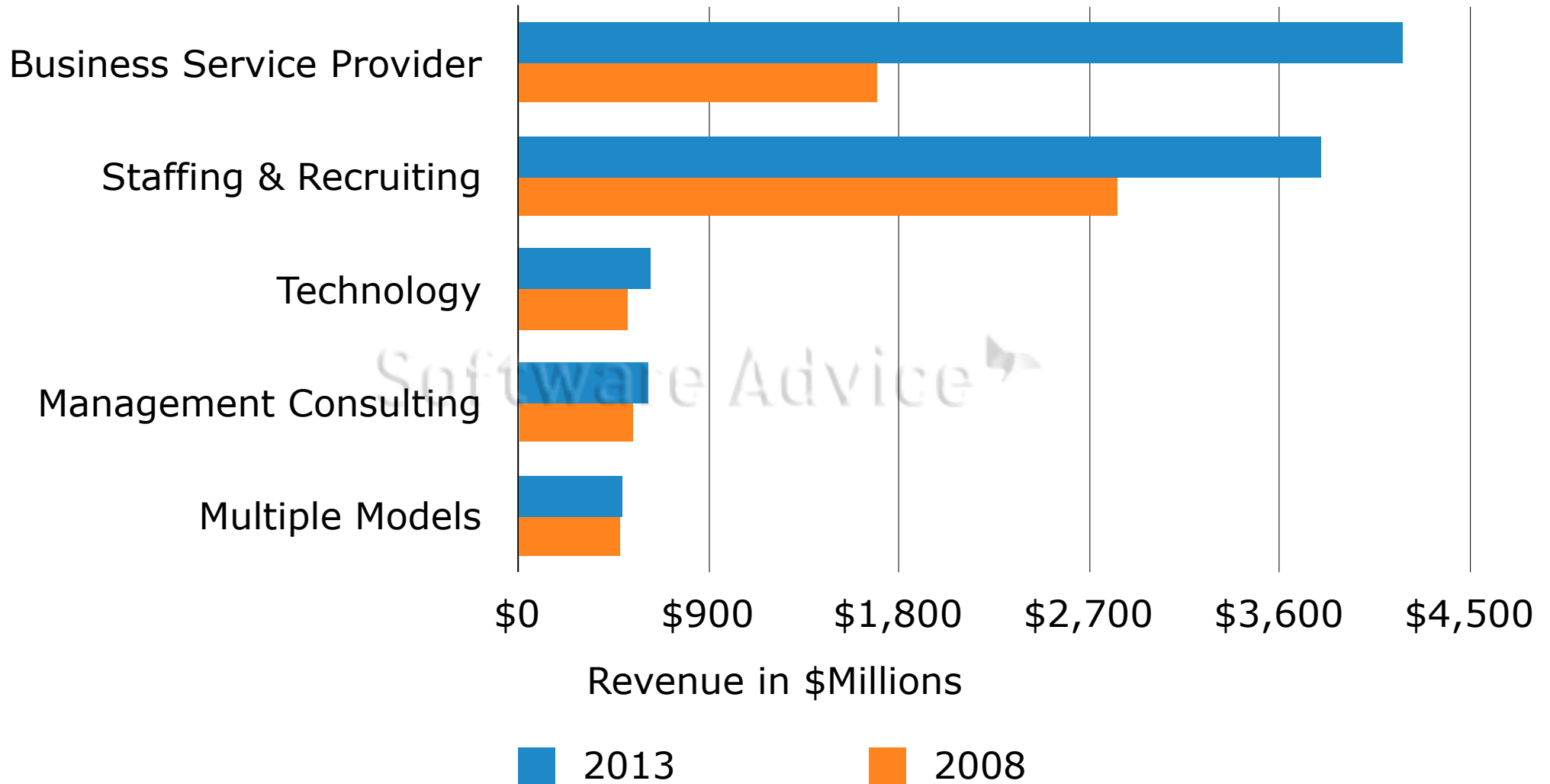
All types of HR firms in this sample saw revenue growth from 2008 to 2013, but business service providers led with 60 percent growth, followed by staffing and recruiting firms with 25 percent growth.

Staffing & Recruiting Consolidates; Business Services Proliferate



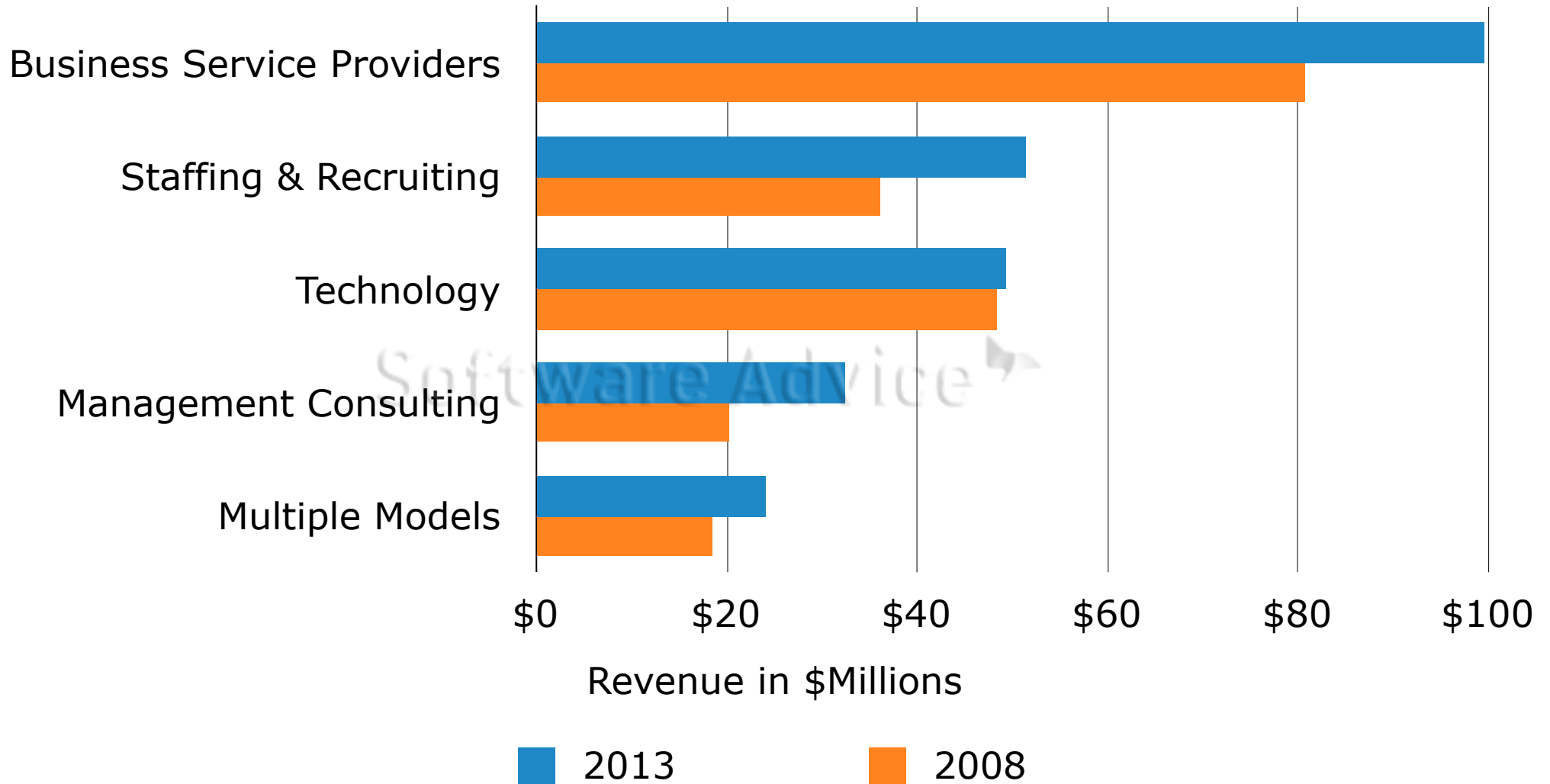
The most notable trend between 2008 and 2013 was a decline in the number of staffing and recruiting firms found in the Inc. 5000.

Business Service Providers See Revenue Growth



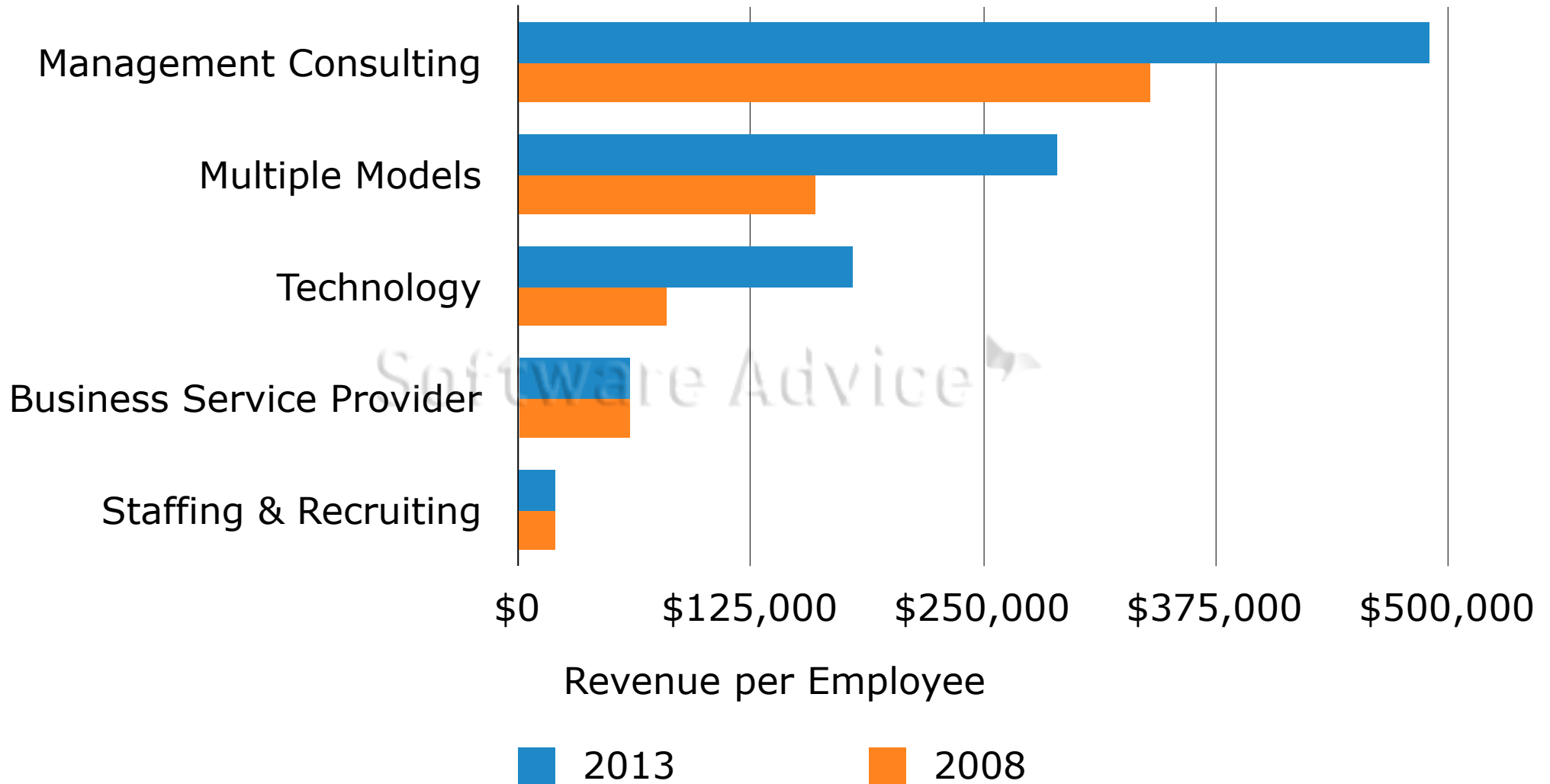
Business service providers saw impressive revenue growth over the past five years, up from \$1.6 billion in revenue in 2008, to \$4.2 billion in 2013.

Average Revenue Per Firm Increases



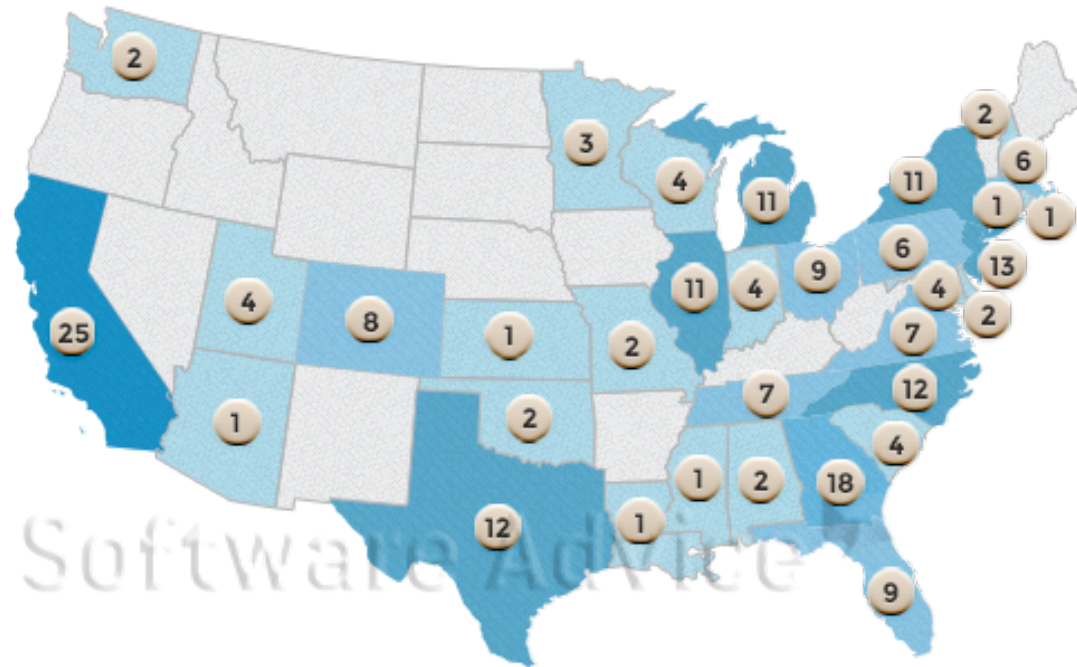
Average revenue (per firm) for business service providers also increased—from approximately \$80 million in 2008 to \$100 million in 2013.

Management Consulting Firms Earn Highest Revenue per Employee



Management consulting firms generated nearly \$500,000 per employee, which is the most revenue per employee of any business model. Meanwhile, staffing and recruiting firms generated an average of only \$20,000 in revenue per employee.

The Geography of the HR Ecosystem



Alabama	2 (-1)	Hawaii	0	Massachusetts	6 (-2)	New Mexico	0	South Dakota	0
Alaska	0	Idaho	0	Michigan	11 (+2)	New York	11 (-3)	Tennessee	7 (+3)
Arizona	8 (-7)	Illinois	11 (-5)	Minnesota	3	North Carolina	12 (+2)	Texas	12 (-7)
Arkansas	0 (-1)	Indiana	4 (-4)	Mississippi	1 (+1)	North Dakota	0	Utah	4 (+3)
California	25	Iowa	0	Missouri	2 (-1)	Ohio	9 (+4)	Vermont	0
Colorado	2 (+6)	Kansas	1	Montana	0	Oklahoma	2 (-1)	Virginia	7 (-1)
Connecticut	1	Kentucky	0 (-2)	Nebraska	0	Oregon	0 (-2)	Washington	2 (-2)
Delaware	2	Louisiana	1	Nevada	0	Pennsylvania	6 (-3)	West Virginia	0
Florida	9 (-3)	Maine	0	New Hampshire	2 (+2)	Rhode Island	1	Wisconsin	4 (+2)
Georgia	18 (-1)	Maryland	4 (-1)	New Jersey	13 (+6)	South Carolina	4 (+1)	Wyoming	0

The states hosting the highest number of HR firms on Inc.'s 2013 list are: California, Georgia, New Jersey and North Carolina. Meanwhile, Illinois, Texas and New York all saw losses in the number of HR firms located within their borders.

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