09-10 Financial year Review RIB REPORT

We are pleased to provide you with details of the RIB Report performance from July 09 to June 10. We hope you will find the facts in the RIB REPORT to be helpful and thought provoking when reviewing the performance of your own organisation.

WE EXTEND OUR VERY SINCERE THANKS TO ALL RIB PARTICIPANTS, WITHOUT YOUR CONTINUED SUPPORT (and your numbers!) THIS REPORT WOULD NOT EXIST.

Detailed below is an overview of the participants who provide data each month and make this report possible.

92 participants (no listed firms are included - we compare apples with apples)

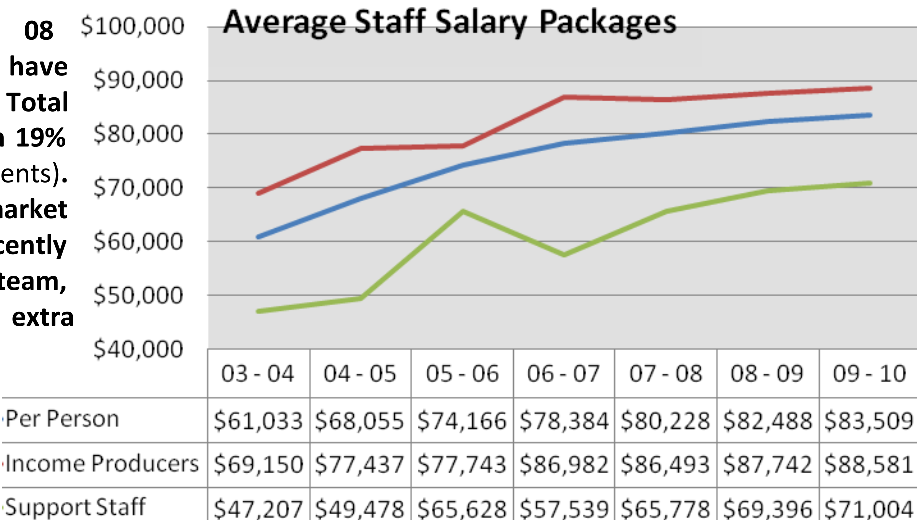
- **Participation by State**
  - Vic 38% NSW 32% QLD 8% WA 6% SA 4% NZ 12%
- **Participation by location**
  - 43% in the CBD, 39% in the Suburbs & 18% Regional
- **Participation by GROSS PROFIT volume** (Gross profit is perm fee's + temp gp + other gp)
  - 19% of participants achieved Gross Profit of $5m or more
  - 63% of participants achieved Gross Profit of $1m to $5m
  - 18% of participants achieved Gross Profit less than $1m
- **Perm sales by sector:**
  - Executive is 13% of placements & 15% of the **RIB** perm sales volume
  - White collar & Professional is 53% of placements & 56% of the **RIB** perm sales volume
  - Blue collar is 34% of placements & 29% of the **RIB** perm sales volume
- **Temp & contract sales by sector:**
  - Executive is 5% of the **RIB** sales volume
  - White collar & Professional is 56% of the **RIB** sales volume
  - Blue collar is 39% of the **RIB** sales volume
- **RIB Annual Average is based on headcount of 14.1 (FTE 10** income producers and **4.1** support staff)

	YEAR 06 - 07	**YEAR 07 – 08**	**YEAR 08 – 09**	**YEAR 09 – 10**
Total Headcount	13.5	14.6	15.8	14.1
Income producers	9.6	10.2	11.3	10
Support staff	3.9	4.4	4.5	4.1
Income producers to support staff	2.4 to 1	2.3 to 1	2.5 to 1	2.5 to 1
Income producers as a % of all staff	71%	70%	71%	71%
Support staff as a % of all staff	29%	30%	29%	29%

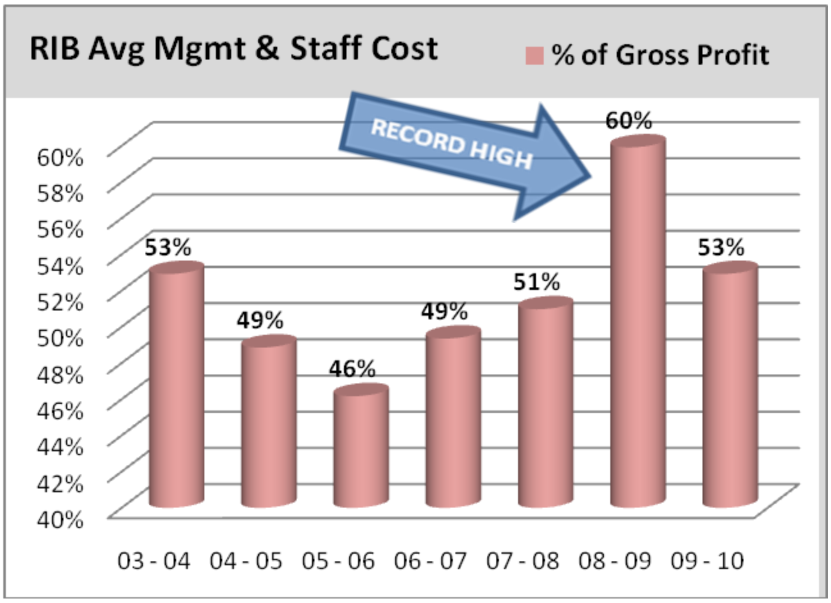
In most instances the TOP profit performing firms had a ratio of at least 3 or more income producers for each support staff member, in other words no more than 25% of the staff are support staff (support staff are deemed to be Reception, Payroll, Accounts, Secretarial, IT and an allocation of the owners and management support time).

Since the crash in October 08 headcounts across many firms have been slashed; The RIB Average Total headcount ended the year down 19% at 14.1 (full time equivalents). However with improved market conditions many firms have recently added extra resources to the team, with the RIB Avg climbing by an extra 1.5 FTE's in the last 6 months.

For the year, Support staff levels were reduced by 10% and Income Producers reduced by 11%. While the RIB Avg number of staff has fallen the RIB Avg package per Income Producer has increased by 1% on the prior year to $88,600 and the RIB Avg Support Staff packages increased by 2% to $71,000. The RIB Avg total package per employed person has increased by 1% to $83,500. The RIB Average recorded an 8% reduction in spending on management and staffing costs for the year, equal to 53% of annual gross profit.



	03 - 04	04 - 05	05 - 06	06 - 07	07 - 08	08 - 09	09 - 10
Per Person	$61,033	$68,055	$74,166	$78,384	$80,228	$82,488	$83,509
Income Producers	$69,150	$77,437	$77,743	$86,982	$86,493	$87,742	$88,581
Support Staff	$47,207	$49,478	$65,628	$57,539	$65,778	$69,396	$71,004



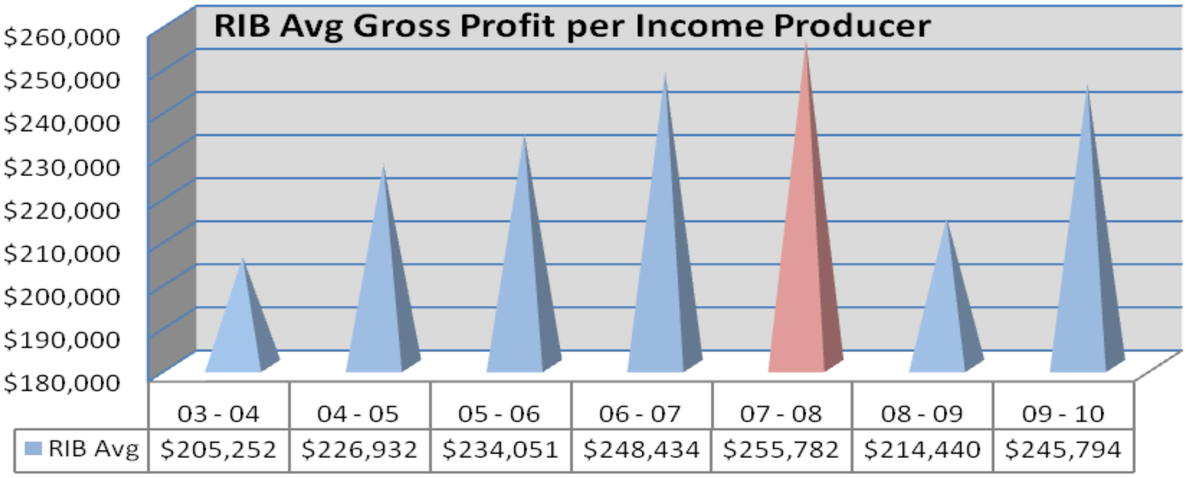
A growing, profitable and well run business <u>must control its labour cost</u> if it is to achieve a SUSTAINABLE level of profitability. The last year has seen Management and Staff costs fall from an unacceptable 60% of GROSS PROFIT (temp gross profit + Perm fees) **to an improved and more acceptable 53% for the year. The RIB Report suggested Benchmark is 44% of Gross Profit.**

Management & Staff expense a	**HOW DO YOU COMPARE? (insert your result below)**
TOP performing firms costs	A) Gross Profit $,000
GOOD performing firms cost	B) Total Staff Cost $,000
AVERAGE performing firms co	**Divide B by A**
RIB AVERAGE	**R RESULT %** lower your % is the better)

This is a complimentary report & provided free to RIB Members

PRODUCTIVITY – GROSS PROFIT (Perm fee + Temp/Contractor margin)

Due to the variety of service delivery models utilised by our participants it's not possible to draw an exact line between Temp and Perm Consultants productivity. In this report we provide results based on the Company All performance level. One of the initial and fairest measures of business performance must be the VOLUME of Gross Profit produced by all of the Income Producers within the business.



The RIB Average Gross Profit per Income Producer improved by 15% on the year to $245,800 and is heading towards pre GFC levels once again. Only 11% of participating firms achieved an average of more than $400,000 per Income Producer. The highest level of productivity reported across all Income Producers was $540,000 (9 Income producers & 2.5 support staff) and the lowest was $108,500 (4 Income producers & 2 support staff).

GROSS PROFIT produced by ALL INCOME PRODUCERS	
TOP performing firms average productivity across all income producers	> $
GOOD performing firms average productivity across all income producers	$3
AVERAGE performing firms productivity across all income producers	$1
RIB AVERAGE across all Income Producers (sample size of 920)	**$2**

Another fair and simple measure of productivity and business efficiency is to [illegible] Profit generated for each person (FTE) involved in the business; the RIB Average improved by 14% on the year (up from $153,000 to $175,000).

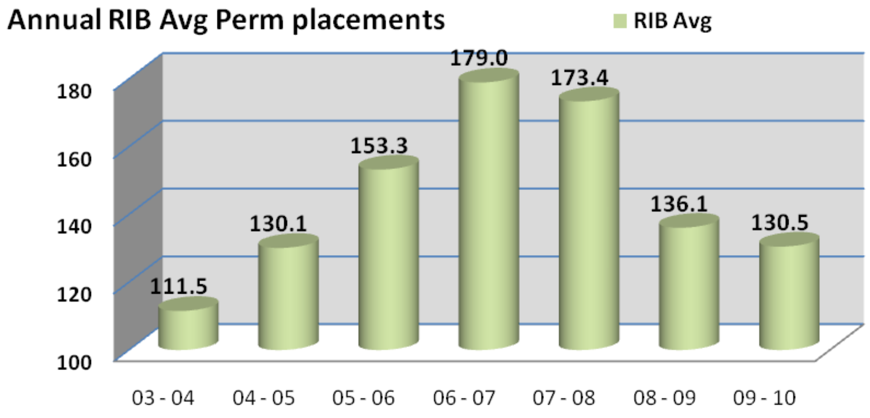
The Top Performing firms were twice as productive.

GROSS PROFIT produced per PERSON in the business	
TOP performing firms average productivity across all staff	> $350,001
GOOD performing firms average productivity across all staff	$250,001 to $350,000
AVERAGE performing firms productivity across all staff	$100,000 to $250,000
RIB AVERAGE GROSS PROFIT produced per PERSON in the business	**$175,000**

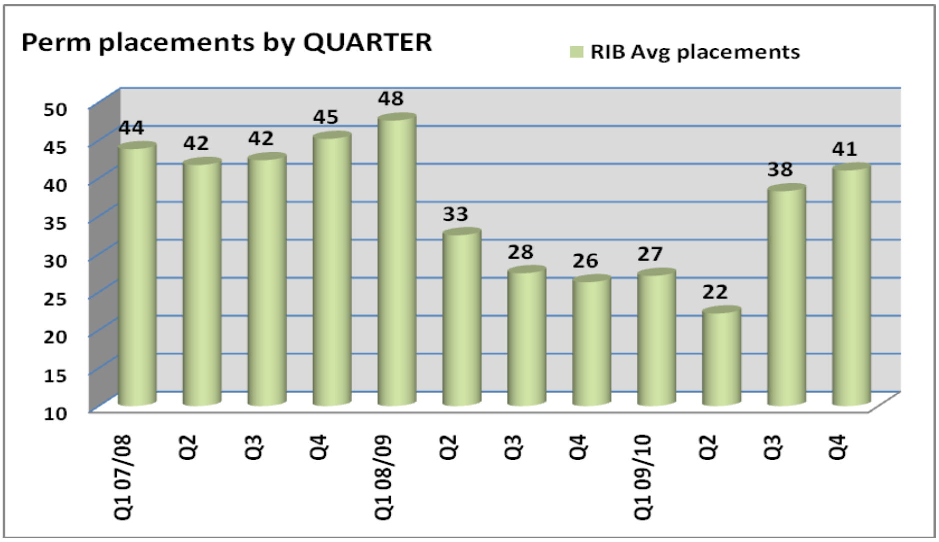
HOW DO YOU COMPARE? Take the test and fill your result in below:

GROSS PROFIT produced per PERSON in the business	
Total Gross Profit (Temp & Contract GP + Perm GP) for July 09 to June10	$,000
The total monthly average FTE people in the business for July 09 to June10	
Divide your total Gross Profit by the average FTE's for the year	$,000
Your AVERAGE GROSS PROFIT produced per PERSON in the business	

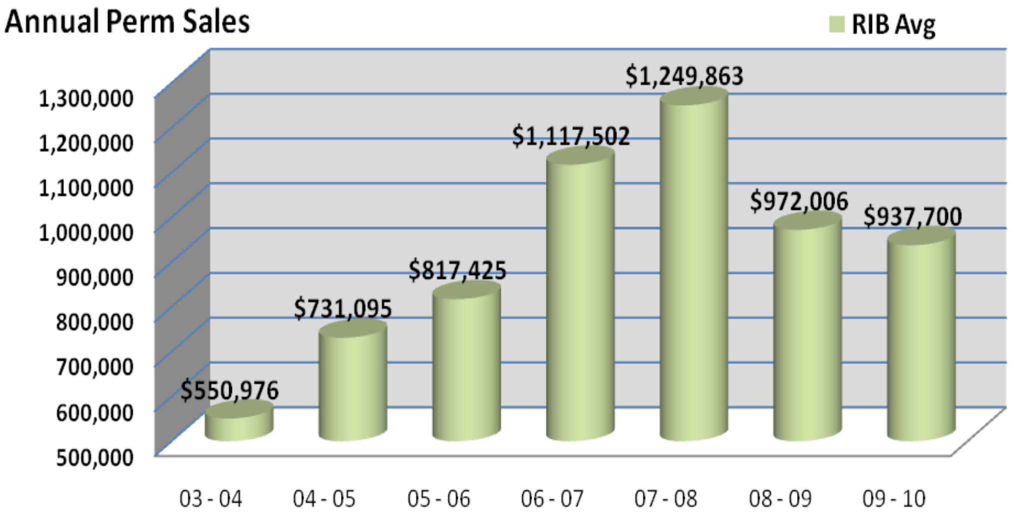
PRODUCTIVITY – PERM ACTIVITY



There are many ways of measuring business productivity and this may include considering the basic operational efficiency of placing people in Perm, Temp or Contract roles. The RIB Avg was 4% down in the number of Perm Placements invoiced per participant for the year and is equal to volumes experienced back in the 04 - 05 year. The improvement in performance in the second half of the financial year is very notable and a great sign of employer hiring confidence returning and this is clearly seen below in Q3 and Q4.



The RIB Avg dollar value in Perm Sales fell by 4% on the prior year. The volume has dropped out of the market but the quality of the average placement fee has been healthy and for some it's softened the financial impact.



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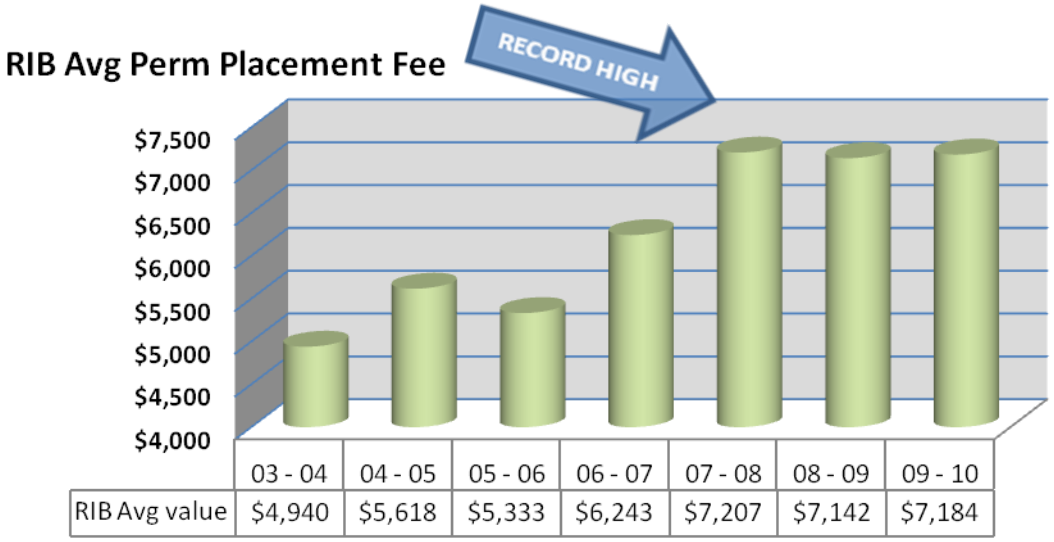
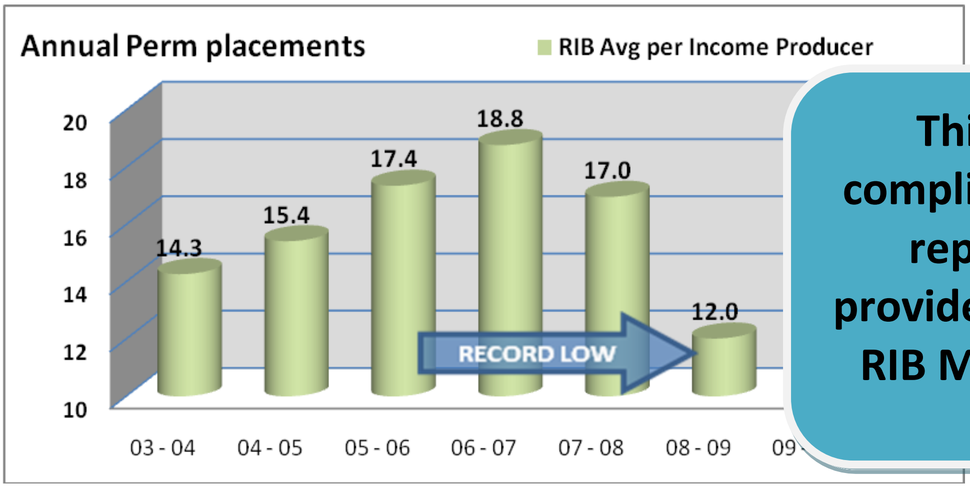
The RIB Average Perm Placement Fee was up 1% on the prior year at$7,184, just a little below the record high achieved in the 07 – 08 year.



	03 - 04	04 - 05	05 - 06	06 - 07	07 - 08	08 - 09	09 - 10
RIB Avg value	$4,940	$5,618	$5,333	$6,243	$7,207	$7,142	$7,184



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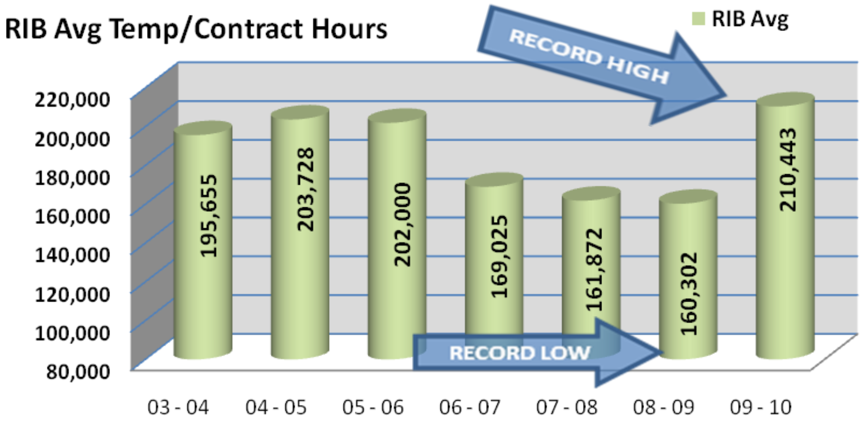
PRODUCTIVITY – Temp/Contract ACTIVITY



Both the Temporary and Contract staffing markets felt the impact of the GFC and hit a record low in the 08 – 09 year. The demand for flexible staffing solutions has improved during the last 12 months and is reflected in the RECORD volume of Temp and Contract HOURS processed. The RIB Avg recorded a very healthy 31% growth on the prior year. The growth is spread across the majority of sectors and very encouraging signs are once again seen in the Building, IT, Mining, Blue and White collar sectors.

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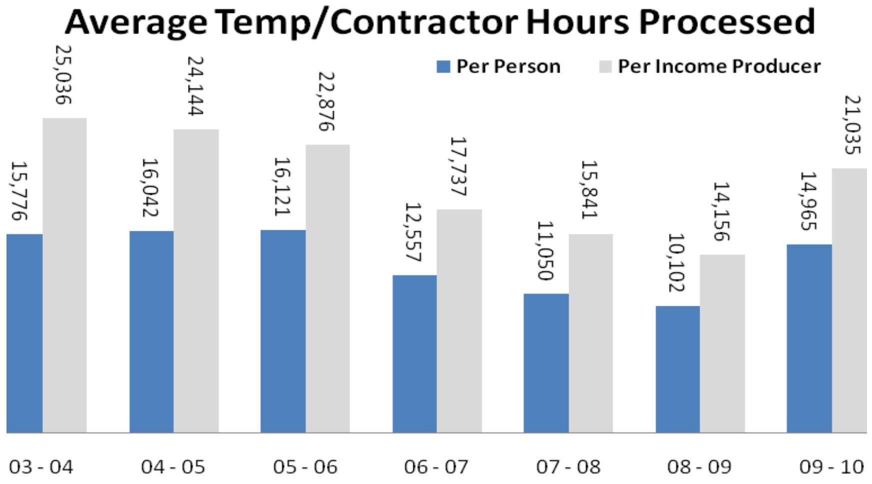
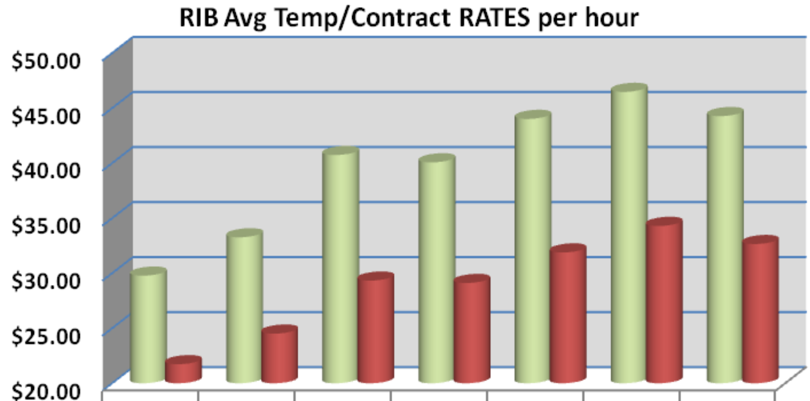
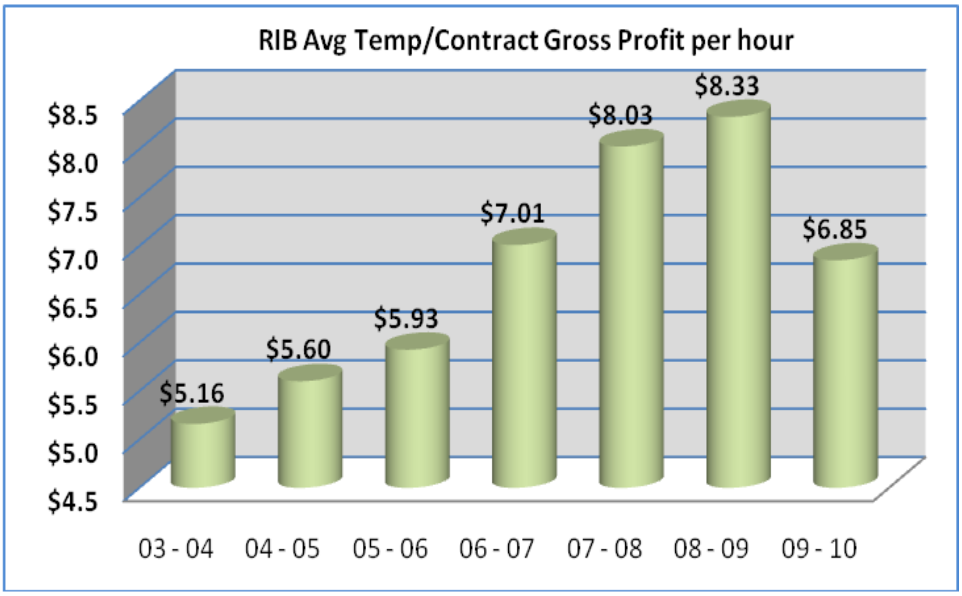


The RIB Average of Temp and Contractor Hours Processed per Income Producer during the year recorded a sensational 49% improvement in productivity (across ALL Income Producers). With the heat off the perm market the demand for flexible temp and contract staff has returned once again.

The RIB Avg Charge Rate to clients has fallen 5% from $46.5 down to $44.3. The RIB Avg Pay Rate has also fallen 5% from $34.3 down to $32.7. The impact of these reductions is clearly reflected in the weakening of Temp/Contract Gross Profit per hour which has plummeted compared to the prior year.



	03 - 04	04 - 05	05 - 06	06 - 07	07 - 08	08 - 09	09 - 10
🟩 RIB Avg Charge Rate	$29.78	$33.27	$40.74	$40.08	$44.02	$46.48	$44.28
🟥 RIB Avg PAY Rate	$21.73	$24.51	$29.33	$29.11	$31.89	$34.30	$32.65



The RIB Avg Gross Profit per hour has fallen in value by 18% compared to the prior year, a clear indication of lower prices (either through service mix or market pressure)**. Results over recent months suggest that this negative trend is continuing and that Avg Gross Profit per hour is under pressure; but on the back of higher volumes.**

ENSURE YOU ARE KEEPING A CLOSE EYE ON YOUR RESULTS!

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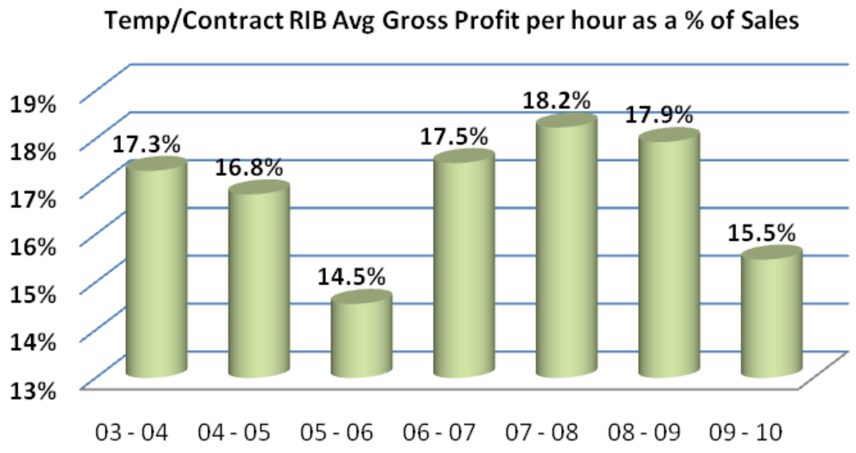
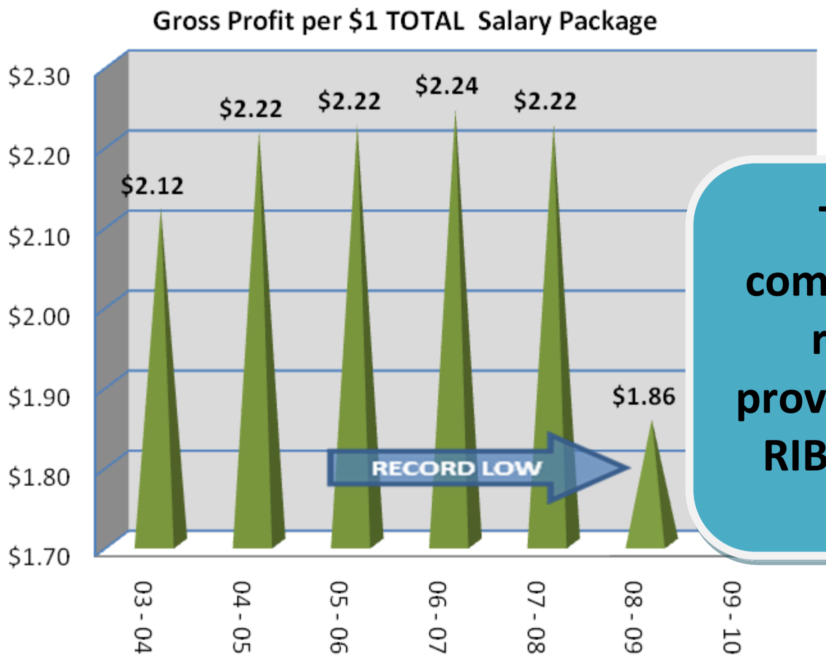


The RIB Avg Temp/Contract Gross Profit as a % of Sales has fallen 14% in value from a return of 17.9% last year to 15.5% this year.

The RIB Report Top Performing firms all achieved a return of 21% or more.

It's good to see such healthy improvements in the volumes of business being conducted; however it's important to reflect on the overall impact this has on the business. Last year RIB Avg Temp/Contract Sales grew by 25% (that's a huge demand on cashflow and collections), the hours processed grew by 31% while average charge rates fell 5% and gross profit fell to a 15.5% return. The outcome for all this additional work was an average 4% growth in Temp/Contract Gross Profit. The RIB Report Top Performing firms all achieved Temp/Contractor Gross Profit growth in excess of 40%.

PRODUCTIVITY – RETURN ON INVESTMENT



Other measures of productivity we review should make you consider how much of a return you get for your investment. The RIB Average Gross Profit returned for each $1
staffing (total
year improved
to $2.1 or, as
of it as a 2.1
nts unable to
more than $1.60
year.

P PERFORMERS
more productive
able to achieve a multiple return of $3.5 or greater.

How do you compare?

A) Total Staff Salaries & Fringe for the year $

B) Gross Profit for the year $

Divide B by A = YOU'RE RESULT

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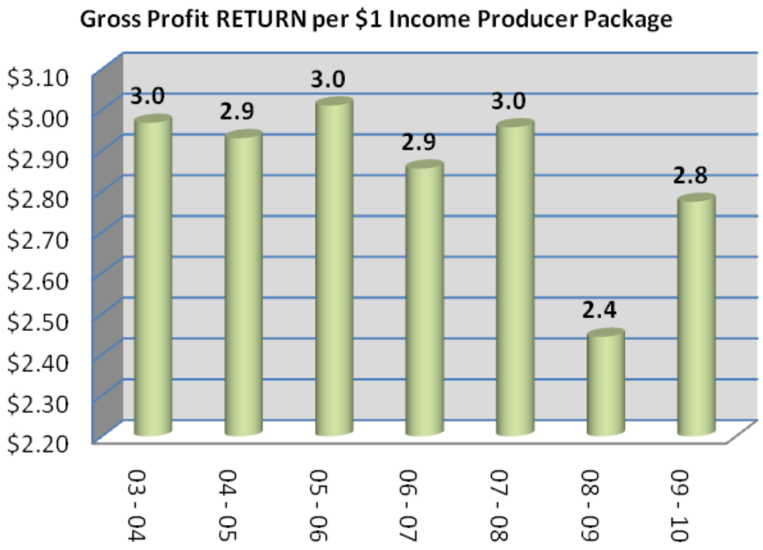


The RIB Average Gross Profit returned for each $1 spent on Income Production staffing (total package cost) for the year improved by 14% from $2.4 to $2.8. The age old Industry expectation of a 3 to 1 multiple is back within sight for many.

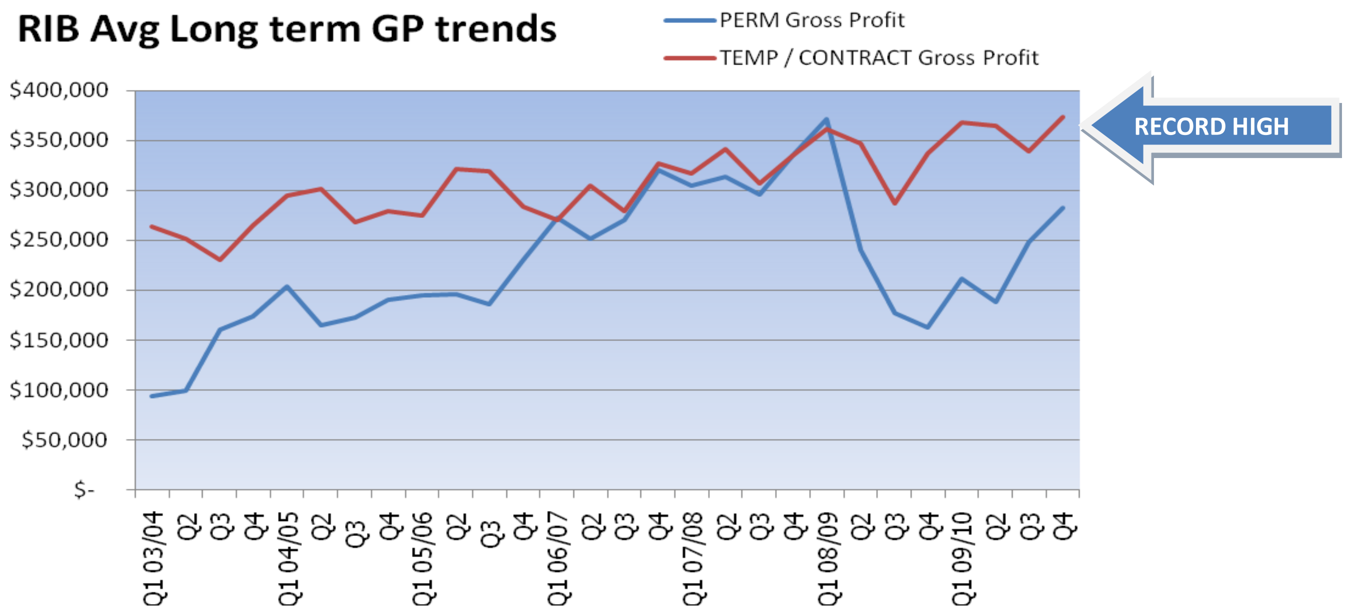
The Top Performers in this section were able to achieve a multiple of 3.6 times or greater.

Multiple of GROSS PROFIT returned on each $1 spent on ALL INCOME PRODUCERS total salary, bonus and fringe costs	
TOP performing firms average return on all income producers package	
GOOD performing firms average return on all income producers package	
AVERAGE performing firms return on all income producers package	
RIB AVERAGE return on all Income Producers (sample size of 920)	

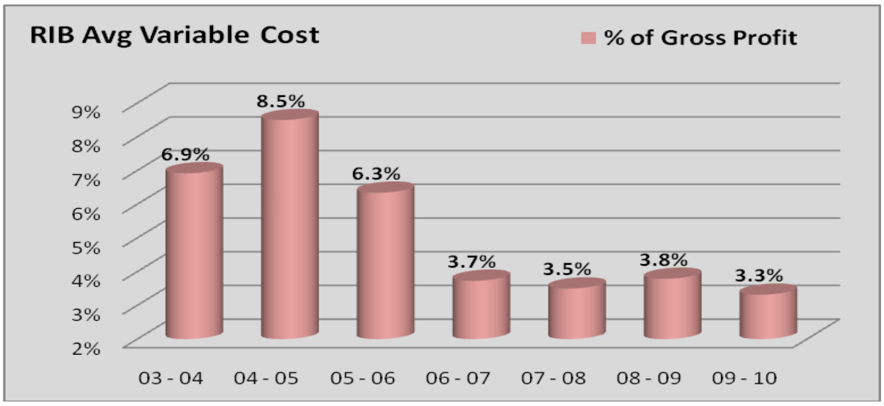
How do you COMPARE?

GROSS PROFIT – The long term trends

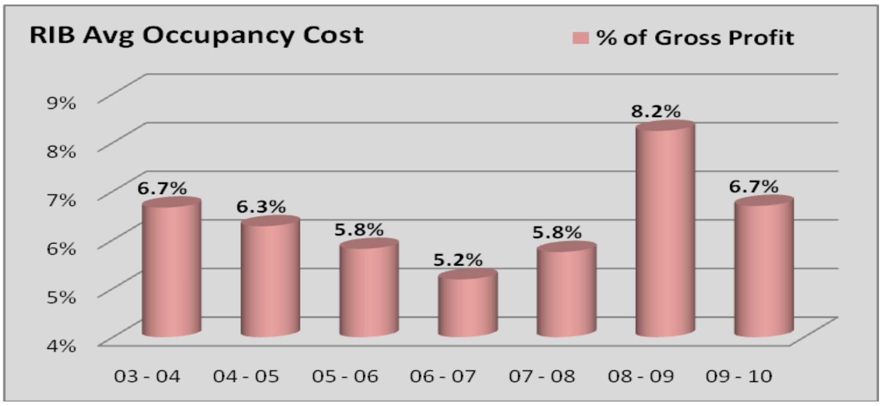
The long term trends identified in the chart below suggest that The RIB Avg Temp and Contract Gross Profit for Qtr4 of the financial year is $373,000 and this is the best performance for a quarter since commencement of this report. Perm sales have continued to show healthy growth at $282,000 in Qtr4, the best result in 7 quarters. The RIB Avg Gross Profit for the 2^nd^ half of the year was up 30% on the same period in the prior year. These results are further strong indicators that market conditions are continuing to improve.



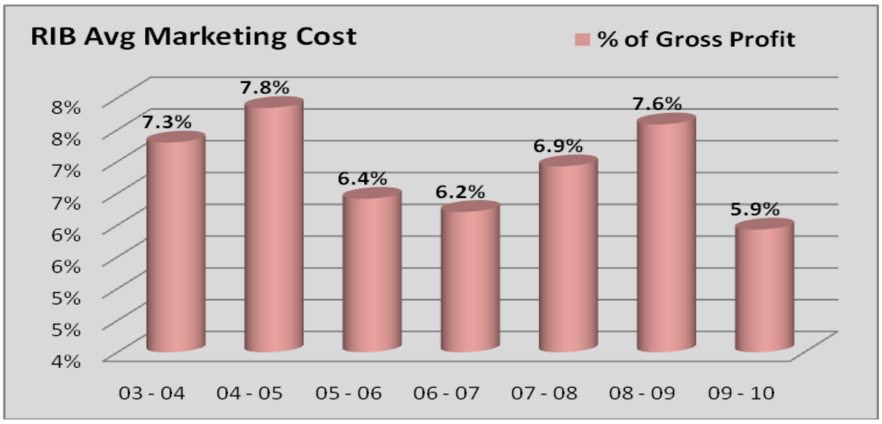
EXPENSES REVIEW



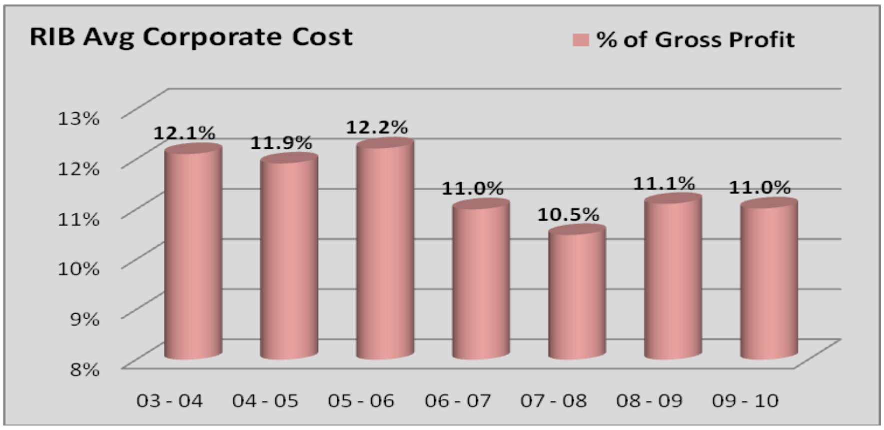
Variable expenditure decreased as a % of gross profit to 3.3%.



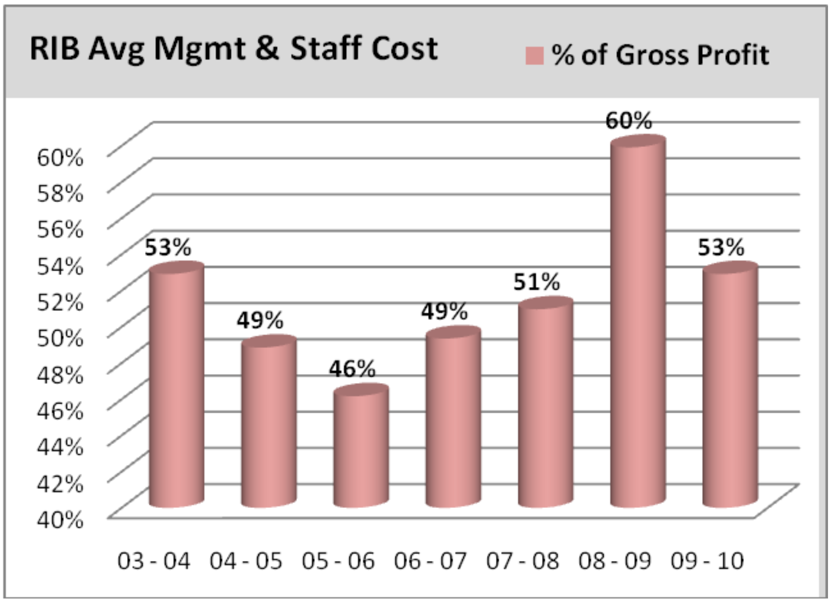
Occupancy expenditure decreased as a % of gross profit to 6.7%.



Marketing expenditure decreased as a % of gross profit to 5.9%.

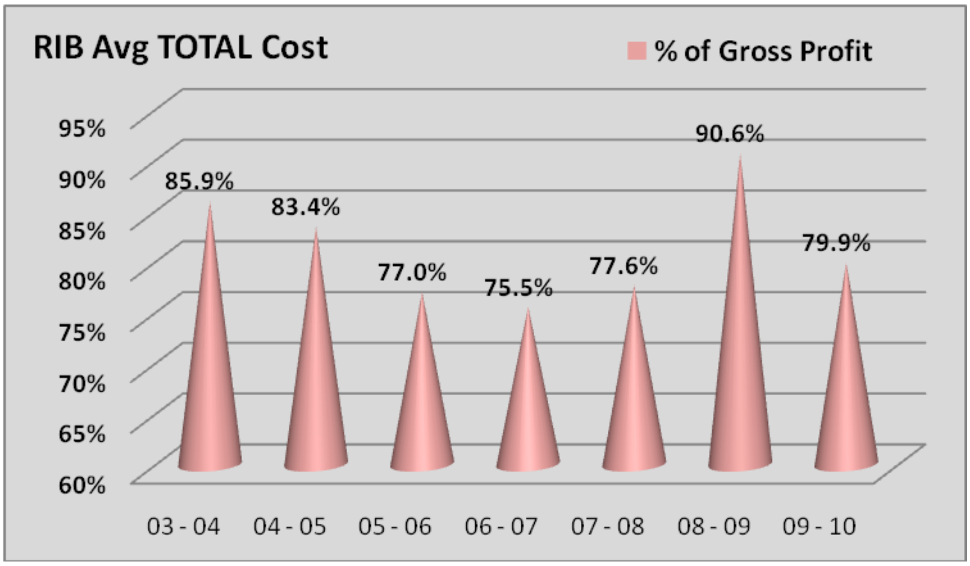


Corporate expenditure decreased as a % of gross profit to 11%.



Management and Staff expenditure was significantly reduced in volume and decreased from an unacceptable 60% to a more manageable 52% of gross profit.
The best performance from the Top 10 was achieved in Sydney by a technical recruiting firm; they were able to keep management and staffing costs to 39% of Gross Profit.

Management & Staff expense as a % of Gross Profit			**HOW DO YOU COMPARE?** (insert your result below)
TOP performing firms costs were	< 41%		A) Gross Profit $,000
GOOD performing firms costs were	42% to 45%		B) Mgmt & Staff cost $,000
AVERAGE performing firms costs were	46% to 60%		Divide B by A
RIB AVERAGE	**53%**		**Your Average =**



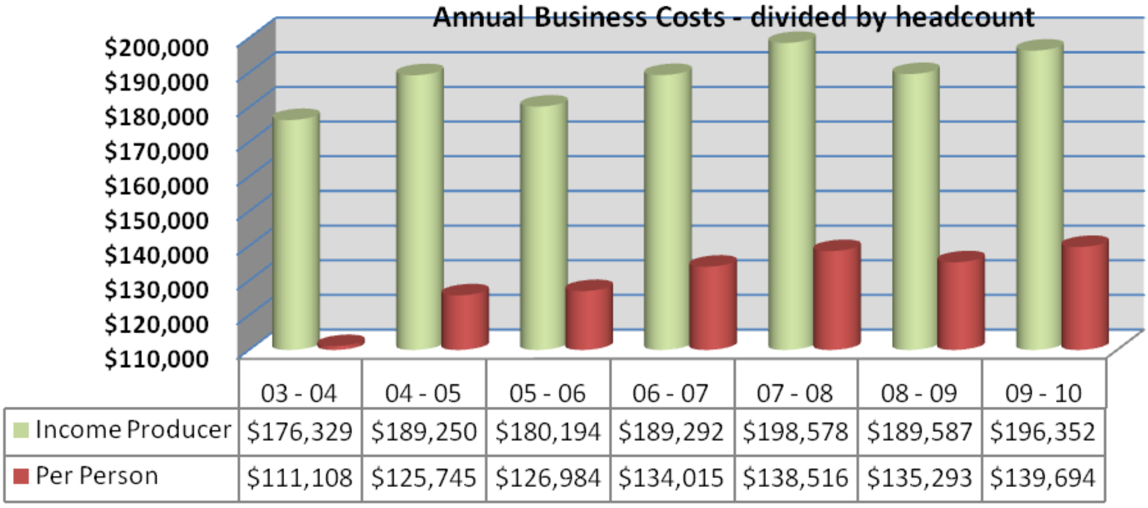
Total annual expenditure was reduced to 80% of Gross Profit.

9% of RIB participants were able to keep operational costs below 60% of Gross Profit. The best result was achieved by a Sydney white collar firm, where expenditure was down to 51% of Gross Profit.

RIB Average expenditure as a % of Gross Profit	
TOP performing firms total expenditure was	
GOOD performing firms total expenditure ranged from	
RIB AVERAGE total expenditure ranged from	
RIB AVERAGE expenditure as a % of Gross Profit	

How do you COMPARE?

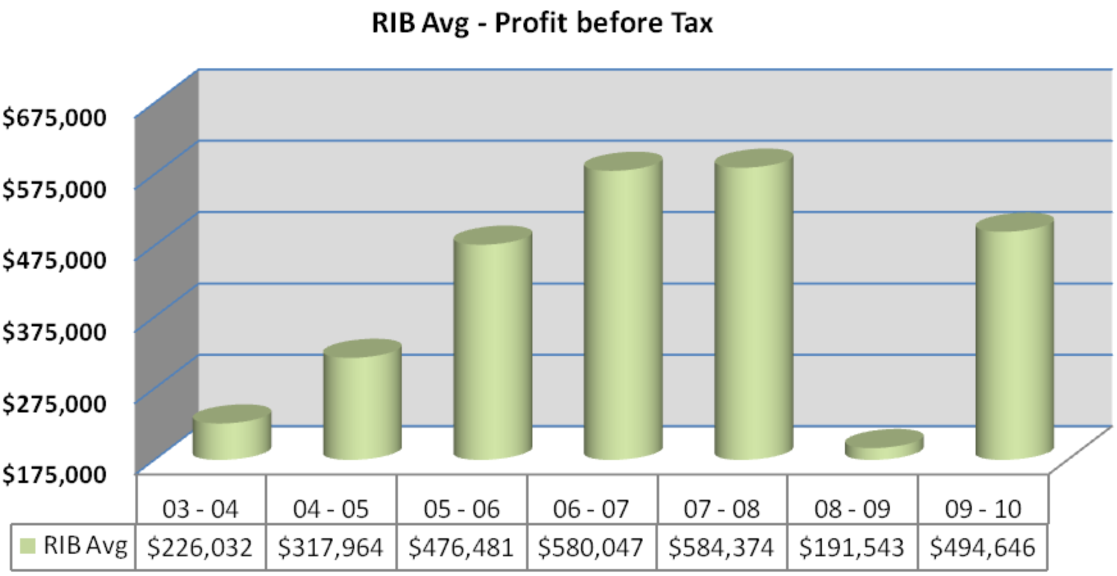
Another way to consider operational performance is to review the Total Business Expenditure (includes salaries) and divide that figure by the average number of Income Producers and People within the business. The RIB Average cost per Income Producer and per person have remained relatively stable over the last 7 years but increased by 3.6% in the 09 - 10 year and the cost per person in the business increased by 3.3%.



	03 - 04	04 - 05	05 - 06	06 - 07	07 - 08	08 - 09	09 - 10
🟩 Income Producer	$176,329	$189,250	$180,194	$189,292	$198,578	$189,587	$196,352
🟥 Per Person	$111,108	$125,745	$126,984	$134,015	$138,516	$135,293	$139,694

PROFIT REVIEW

The RIB Average Profit before Tax for the 09 - 10 year increased by a staggering 258% on the prior year. 72% of participants achieved improved profitability, 14% recorded a decline in profitability and 14% traded at a loss for the year.



	03 - 04	04 - 05	05 - 06	06 - 07	07 - 08	08 - 09	09 - 10
🟩 RIB Avg	$226,032	$317,964	$476,481	$580,047	$584,374	$191,543	$494,646

RIB Average PROFIT change on the prior year	
TOP performing firms profit grew by	>431%
GOOD performing firms profit grew by	331% to 430%
RIB AVERAGE profit improvement ranged from	185% to 330%
RIB AVERAGE PROFIT change on the prior year	**UP 258%**

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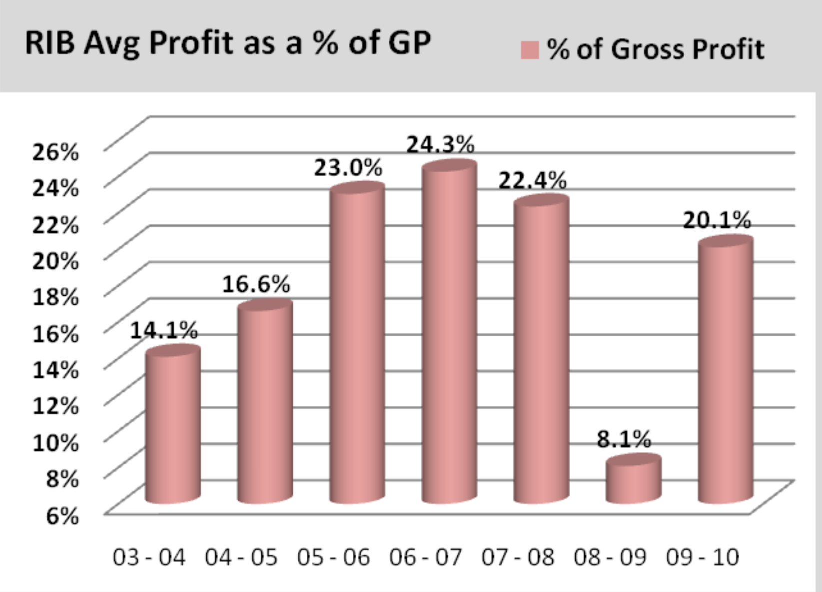
We conclude with some final measures of efficiency and now review Profitability as a % of Gross Profit.

RIB Average Profit before tax as a % of Gross Profit	
TOP performing firms Profit before Tax as a % of Gross Profit	>4
GOOD performing firms Profit before Tax as a % of Gross Profit	35
RIB AVERAGE Profit before Tax as a % of Gross Profit ranged from	5
RIB Average PROFIT before Tax as a % of Gross Profit	**20**

How do you COMPARE?



The RIB Average Profit before Tax as a % of Gross Profit plummeted during 08-09 to an all time low return of 8%. The 09 - 10 results have improved significantly recording a return of 20% for the year.

It's important to note that the majority of firms have achieved improved profits through cost reduction of at least 10% (or $200k plus) and not through significant improvement in market share. However, in a dramatic turn around from the first half (when less than 20% of participants reported increased Gross Profit on the prior year) **the second half of the year reported 61% of participants with increased Gross Profit on the prior year. The leading indicators of employment data, rising vacancy rates, rising interest rates, business confidence etc, all suggest that NOW is the time to be taking action to improve your performance and market share.**

Our final measure of efficiency reviews how much of a return you really get for your buck. The RIB Average dramatically improved to 42c of pre tax profit for every $1 spent on staff wages, bonus and fringe. This really is the acid test of productivity and efficiency; why not check out how well you have performed?

RIB Average PROFIT before Tax generated for every $1 in staff salary, bonus and fringe cost	
TOP performing firms generated	
GOOD performing firms generated	
RIB AVERAGE generated	
RIB Average fell 71% from $0.50c	$

How do you COMPARE?

3 RIB participants achieved a profit return in excess of $1.30 (3+ times better than average). The TOP Performer with a return of $1.51 (team of 10) was in Melbourne in a predominantly temp/contract business and the #2 was a white collar (80% temp gp contribution) business in Sydney with a team of 9. It appears that no matter where you are or what you specialise in it's still possible to achieve a great profit return if you stay focused and run a tight ship! Remember, the numbers don't lie and if you can't measure it you will never manage it …….

Please contact deb@ribreport to purchase the 10-11 Financial Year Review.