The Metrics of Market Mastery

This form will assist you with breaking down, into specific numbers, a possible roadmap to define one's market depth and breadth.

FIRST: Begin to define your market in terms of both companies and candidates. **How many companies exist in your space, and how many people exist in the roles (that you place) at each of those companies?** In the example below, we used the scenario of 500 prospective companies, and within each of those companies, approximately 10 possible candidates that exist.

SECOND: Get a feel for the retention and turnover in the industry, so you get a feel for how many job openings exist in your niche. In the example, we estimated that the average turnover in a department is 15%, and the market grows 5% each year. What that means is, on average, the market (as we have defined it) sees about 1,000 job changes each year.

THIRD: It is necessary to **clarify how many of these companies are going to be client companies and how many are source companies.** Simply put, you are either placing candidates with a company or you are placing candidates out of a company. In this example, we approximated that 25 companies would be clients in the world of 500 organizations. That means that we have a 5% market share and 95% of the market is available to source.

FOURTH: Next up in your niche calculations is determining the market's revenue potential as you have defined it; in other words, **of the openings that exist, what percent of those will be given to you (the recruiter) to fill?** If we use the numbers stated earlier, there are 10 roles we place in each company, and the average turnover is 15% - plus 5% growth. That means that each year, clients will need to hire two new candidates in the roles in which we specialize. We defined our market with 25 client organizations, and therefore it's realistic to expect that they will hire a total of 50 candidates a year.

LAST: Calculate your average fee on those positions, and therefore realistic for you to expect to bill using the market mastery approach. In this example, we used $20,000 USD as the average placement fee. This results in an estimated annual billing amount of $500,000 USD.

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STEP 1:

Market: How many companies exist in your space, and how many people exist in the roles (that you place) at each of those companies?

> *Example: 500 companies x 10 roles you place = 5,000 total candidates*

Your Numbers: _____ companies x _____ roles = _____ total candidates

STEP 2:

Retention: What is the average turnover of those roles in the industry?

> *Example: Retention is 85% (15% Turnover) + 5% growth*
> *= 1,000 job changes per year*

Your Numbers: _____ retention + _____ growth = _____ job changes per year

STEP 3:

Clients vs Sources: Companies can either be client companies or source companies

> *Example: 25 companies = Clients (5% of the market)*
> *475 companies = Sources (95% of the market)*

Your Numbers: _____ companies = Clients _____ companies = Sources

STEP 4:

Market Potential: Of the openings that exist, what percentage of those will be given to you (the recruiter) to fill?

> *Example: 50 openings to fill (20% of 250) = 25 placements per year to fill*

Your Numbers: _____ openings to fill = _____ placements per year to fill

STEP 5:

Last Step: What is your average fee, and therefore realistic for you to expect to bill using the Market Mastery Approach?

> *Example: $20,000 average fee x 25 placements = $500,000 annual production*

Your Numbers: $ _____ average fee x ___ placements = $_____ production