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**Job Growth**

**Employment Agencies Post Gains on County's Healthy Job Market**  
By Jessica C. Lee

Orange County employment agencies saw another year of revenue growth fueled by a tight job market, though the industry continues to see challenges.

The 20 largest employment agencies with offices in OC posted an 8% gain to \$988 million in sales last year, according to this week's Business Journal list. The list ranks the largest employment agencies with operations in the county by OC revenue. Two of the agencies reported figures for the 12 months through June. Others reported through December.

It was another year of gains for the industry. Last year, employment agencies saw a 6% growth in revenue and 4% a year before that.

Employment agency growth is typically seen as an indicator of the local job market's strength. Companies that are expanding often turn to employment agencies to fill gaps.

The county's employment outlook remains strong. Unemployment in OC has remained low from the past year. In March, OC's unemployment rate stood at 3.4%, according to the state Employment Development Department. Nationwide and statewide unemployment stands at 4.4% and 4.8%, respectively.

The low unemployment rate is behind employment agencies' growth. Companies are having a difficult time recruiting workers, said Tom Daley, senior vice president of No. 2 Volt Services Group in Orange.

Volt held its spot with a 2% gain in revenue to \$91.6 million. The company's local worker count was down 15% to 47.

"It's a tight labor market," Daley said. "It's getting tougher and tougher to find applicants and so we have to get more resourceful in terms of where and how we look."

Much of Volt's growth has come from recruiting for industries such as information technology, engineering and accounting, Daley said.

"There's a softening in the light industrial and clerical side," he said.

Most executives see the county's tight job market holding.

"The industry is strong right now, even though some of the numbers dip a bit," said Joan Van Donge, territory vice president of Fort Lauderdale, Fla.-based Spherion Corp., which has an office in Irvine.

The company's Irvine office dropped three spots to No. 20 from No. 17 with \$20.3 million in local revenue. Its OC employees dropped 23% to 17.

More companies are trying out temporary workers before hiring permanent workers, according to some agencies.

"A lot of companies are hiring on a temporary basis before they make a full-time offer to someone," said Kim Megenigal, president of No. 6 Kimco Staffing Services Inc. in Irvine.

Kimco saw a 4% gain in revenue to \$61.5 million. It added six local workers for a total of 98.

More companies are tapping employment agencies even for filling lower-level positions. That's fueling sales, Megenigal said.

While the county's tight job market bodes well for employment agencies, it's also presenting a challenge: finding the right workers for their clients.

The biggest challenge is the shortage of experienced workers, said Ronald Stein of No. 13 Principal Technical Services Inc., an Irvine-based agency that recruits for companies in the energy sector.

During the next five to 10 years, the energy sector should see a more significant amount of work.

That could be a problem with an aging workforce, limiting the number of experienced workers, he said.

The industry also hasn't attracted new talent for the past two to three decades, according to Stein.

Principal Technical saw a 30% gain in sales to \$28.4 million. Its worker count was flat from a year earlier.

No. 8 Aerotek Inc., a Hanover, Md.-based company with an office in Santa Ana, has seen demand grow for placing workers in manufacturing, energy and professional services such as accounting, according to director of business operations Tony Bartolucci.

The company posted a 33% gain in sales to about \$57 million. Aerotek boosted local workers 16% to 64.

There's been a significant growth in cross-job placement—placing workers in one industry to the next, he said. The mortgage lending business is one industry dealing with this, Bartolucci said.

Aerotek's been placing former mortgage workers across all types of industries, he said.

Numbers for 10 companies on this year's list are Business Journal estimates. Seven agencies reported revenue gains last year. Three saw declines in sales.

This year's biggest gainer was Priority Staffing Services. The Aliso Viejo-based company moved up seven spots to No. 11 from No. 18 on a 67% gain in revenue to \$35 million. The company boosted OC employees 39% to 53 workers.

The top three held their spots.

New York-based Adecco Employment Services' office in Irvine was No. 1 with an estimated \$125 million. No. 2 was Volt Services Group. The Business Journal estimated No. 3, Milwaukee's Manpower Inc.'s Irvine office, at \$90 million in sales.

Santa Ana's Abbott Staffing Cos. saw the biggest decline. The company dropped six spots to No. 18 from No. 12. Its revenue dropped 12% to \$22.9 million last year.

Ken Kuck, Abbott's director of marketing, said the company had a banner year in 2005, but experienced a "little slack" in 2006.

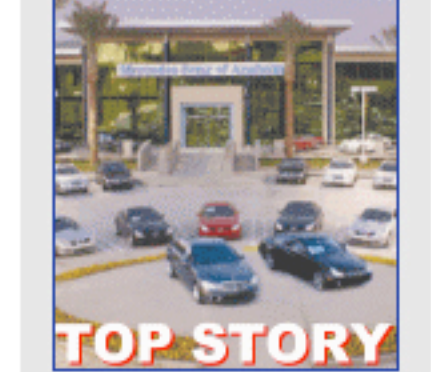
Abbott, along with other employment agencies, continues to deal with the challenges of recruiting qualified workers for temporary job placements, he said.

"Unemployment still is really low so it's hard to find good, qualifying candidates," Kuck said.



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