

# STRUCTURAL INTELLIGENCE BRIEF

Administrative & Support Services

NAICS 56 - Sector Analysis



**S.J. Bridger**

Four Frequencies Framework

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## Executive Summary

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The sector that supplies labor to every other industry cannot retain its own workforce. Administrative and Support Services operates on a fundamental structural contradiction: the business model is labor arbitrage at compressed margins, and that same mechanism prevents the structural resilience required to survive disruption. Three frequency scores hit VULNERABLE. One scores STRAINED. No frequency scores STABLE.

Temporary staffing experiences 419% annual turnover with 9--10 week average tenure. Security workforce turnover reached 77% in 2024. Facilities management shows bifurcated concentration (ABM and Cintas control oligopolistic tiers) while office temp staffing fragments across 27,000 competing firms. Revenue has contracted 22% from peak. Weekly temp placement fell 37.6% from pre-pandemic levels. The structural thesis: this sector supplies marginal labor at marginal rates, using the same labor arbitrage model that makes structural investments in training, retention, and capacity uneconomical.

*Three of four frequencies score VULNERABLE. One scores STRAINED. The business model that dominates the sector is the same mechanism that prevents structural resilience.*



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## Sector Structural Profile

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Administrative and Support Services (NAICS 56) encompasses employment services, business support services, facilities management, and waste management. The sector generated \$159 billion in annual revenue (2023) but that number descends from \$203 billion at pre-pandemic peak. The sector supplies cleaning, security, staffing, human resources, payroll processing, and facilities support to the entire U.S. economy.

### Bifurcated Market Structure

The sector is not a single market. It is two markets operating in radically different structural conditions. Industrial staffing and facilities management have consolidated into oligopolistic tiers. ABM Industries and Cintas each exceed \$10 billion in annual revenue and control disproportionate market power in facilities management. Industrial staffing (NAICS 5613) shows CR5 at 36% (up from 24% in 2008) with top 15 firms controlling 49% of the market.

Office and administrative support (NAICS 5614) fragments in the opposite direction. 27,000 firms compete in this space, with no meaningful consolidation. The largest firms in office temp operate at roughly 5--8% market share. This bifurcation creates radically different structural conditions: consolidated tiers operate

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with capital infrastructure and margin durability; fragmented tiers compete on price in a permanent race to zero.

## Cyclical and Collapse Velocity

Employment services revenue is highly cyclical and declines with severe amplitude. In 2009, staffing revenue fell 28%. In Q2 2020, it contracted another 24%. Staffing employment itself fell 33.6% year-over-year in Q2 2020. Temporary penetration peaked at 2.0% of private sector employment in 2018, declined to 1.54% by February 2026. This volatility creates structural conditions where capital cannot be invested in workforce development because revenue cannot be predicted.

For staffing firms, 85% of revenue is recurring but 85% nonrenewal exposure is the inverse: losing 15% of clients in a downturn is survivable, but losing 30--40% is terminal. Cyclical velocity here is not price volatility. It is existence volatility.

## Four Frequency Assessment

The Four Frequencies framework measures structural resilience across four dimensions of organizational and sector health. Each frequency captures a distinct pattern of structural vulnerability. Severity scores reflect the current state of measurable conditions, not projections or sentiment.

### THINNESS

### VULNERABLE

Thinness measures the structural depth of critical capacity. In this sector, it surfaces as chronic workforce shortage, collapsed training pipelines, and wage floors below living cost in major metros.

Janitors average \$17.27 per hour nationally; grounds maintenance \$18.50 per hour. These rates are below living wage calculations in most metropolitan areas. Foreign-born workers comprise 35--50% of the building services workforce in major metros, making the sector structurally dependent on immigration pathways and ICE enforcement risk. The workforce is simultaneously essential and disposable, paid below replacement cost and operating under tenure constraints that make long-term stability inaccessible.

The pipeline collapse is upstream. Staffing firms do not train for positions; they fill them. When primary clients contract (as they do in every recession), staffing firms face recursive shortage: they cannot retain bench, cannot recruit to bench, and face client demands for workers they cannot supply. The sector that supplies labor to every other industry does not retain its own.

*Thinness in this sector is permanent structural condition, not cyclical shortage. It is mechanically built into the margin model.*

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## PERMISSION

## STRAINED

Permission measures how structural conditions distribute or concentrate decision authority. In staffing and facilities services, it surfaces as the gap between client demands and worker autonomy, regulatory fragmentation, and worker classification risk.

Worker classification is the central permission problem. ABC test now applies in 20+ states and D.C. California AB5 (upheld June 2024) created nationwide precedent. DOL's 2024 independent contractor rule is unenforced but legally valid in court. Baseline misclassification rate: 10--30% of employers. Enforcement is escalating. When states classify gig labor as employee, staffing firms face retroactive liability on misclassified workers, benefits claims, and wage theft damages.

Multi--state regulatory fragmentation compounds the pressure. 50 states regulate staffing licensing differently; DTLSA penalties in Illinois range \$100--\$18,000; security licensing requires 0--60 hours training depending on state. Immigration enforcement targeting building services worksites creates joint liability risk for employers. Permission is STRAINED because regulations have fragmented across jurisdictions without consolidation, creating compliance cost that eliminates margin.

## MANAGEMENT

## VULNERABLE

Management frequency measures how structural conditions shape leadership effectiveness and operational coordination. In this sector, it surfaces as technology fragmentation, margin compression, and the bifurcated capital allocation between oligopoly tiers and fragmented competitors.

Technology maturity is bifurcated. 92% of firms use ATS (applicant tracking systems) but only 29% have advanced systems. 61% report AI adoption but in basic forms (resume screening, basic matching). Time--to--hire gaps of 38% persist (21 days for tech--enabled firms vs. 34 days for manual). For consolidated tiers, software investment declining. For fragmented tiers, technology cost is margin--killing.

Capital allocation strategy is consolidation--focused, not growth--focused. PE drives 76% of facilities management M&A; and 55% of waste services deals. Capital flows to consolidation, efficiency extraction, and margin expansion in existing portfolios. Growth capital in fragmented staffing markets has disappeared. Management burden is heavy, management returns are thin, and management authority is constrained by client demand volatility.

## ABSENCE

## VULNERABLE

Absence measures gaps in critical functions and what fills those gaps. In this sector, it surfaces as turnover velocity, client demand collapse, and structural functions that cannot be filled at current wage/margin structures.

Temporary staffing turnover runs 419% annually with 9--10 week average tenure. Security workforce turnover is 77% (up from 69.3% in prior period). Building services shows 69% or less retention for 25% of firms. Replacement cost runs 20--250% of annual salary depending on role. This means: in fast--turnover segments, no institutional knowledge accumulates, no skill deepens, and each position rebuild cancels margin gain.

Client demand structural shift removes work. Revenue fell from \$159B to \$124B (--22%). Weekly temp placement fell from 2.9M to 2.1--2.2M (--37.6%). Travel agencies revenue dropped --35% from pre--pandemic peak. AI is displacing routine admin work. When demand columns collapse, Absence accelerates: work disappears faster than workforce contracts, creating structural undersupply in remaining positions. The remaining staff absorb compensatory load that drives the next departure cycle.

*Absence in this sector creates a feedback loop: turnover depletes bench, depletion limits client capacity, capacity limits client relationships, relationship loss creates revenue absence, revenue absence eliminates bench investment entirely.*

## Federal Data Evidence Base

This assessment draws on 9 core metrics from federal agencies and industry sources. Each metric maps to one or more Four Frequencies dimensions. The structural interpretation through the Four Frequencies lens is proprietary.

Source	Metric	Key Finding
BLS	Industrial staffing CR5	36% (up from 24% in 2008)
BLS	Top 15 firms market share	49% of industrial staffing
BLS	Office temp fragmentation	27,000 firms competing
BLS	Revenue decline	\$159B to \$124B (--22%)
BLS	Temp penetration	Peaked 2.0% (2018); 1.54% (Feb 2026)
BLS	Temporary turnover	419% annual; 9--10 week tenure
OSHA	Security workforce turnover	77% (up from 69.3%)
BLS	Cyclical decline amplitude	28% (2009), 24% (Q2 2020)
BLS	Weekly temp placement decline	2.9M to 2.1--2.2M (--37.6%)

Sources: Bureau of Labor Statistics (BLS), Occupational Safety and Health Administration (OSHA), Census Bureau Economic Census, American Staffing Association, IBISWorld industry reports.

## Structural Risk Scenarios

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Structural conditions do not predict specific events. They define the envelope of probable outcomes. The following scenarios are structurally plausible given current conditions.

### **Cascade Scenario: Staffing Firm Collapse**

A mid-market staffing firm (fragmented tier) serving 200--400 client companies experiences client concentration loss: three large clients representing 35% of revenue shift to consolidated competitor or in-source recruiting. Bench capacity becomes stranded cost. Remaining clients demand lower pricing. Staffing firm cuts recruiting investment to preserve margin. Tenure accelerates downward. Institutional relationships that sold future business disappear with turnover. Client losses compound. The collapse timeline: 18--24 months from client loss to operational failure.

### **Compounding Scenario: Regulatory Hit + Market Contraction**

State AG enforcement targets worker misclassification at three major staffing firms simultaneously. Firms face retroactive wage claims and penalties. At the same moment, recession-driven client contraction hits: corporate hiring freezes, temp penetration contracts 15--20%. Staffing firms simultaneously face retroactive liability and revenue collapse. Consolidated firms survive on capital reserves and margin durability. Fragmented competitors fail. Capital consolidation accelerates.

### **Structural Shift Scenario: AI-Driven Admin Automation**

Routine administrative work (data entry, scheduling, payroll processing, basic HR functions) becomes economically automatable at 40--60% cost reduction. Client companies eliminate administrative temp positions and integrate automation. Demand for office admin temp falls another 25--35%. This is not a temporary shortage. It is structural demand destruction in the largest employment segment of this sector. Firms that survived on admin temp volume have no equivalent growth vector.

*Each scenario describes patterns that are structurally available. Whether they occur depends on specific organizational conditions, not sector conditions.*

## **The Diagnostic Gap**

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This brief assesses structural conditions visible from federal data and industry sources. The Four Frequencies framework measures 20 dimensions. Twelve are assessable from public data. Eight require diagnostic access to an organization's internal structural patterns.

### **What Public Data Reveals (12 Dimensions)**

The 12 public dimensions capture sector-level structural conditions: market concentration, workforce turnover and tenure, wage levels, regulatory fragmentation, technology maturity, cyclical volatility, and capital allocation patterns. These are the dimensions scored in this brief.

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## What Requires Diagnostic Access (8 Dimensions)

### Bench Management Capability

Whether the organization can maintain bench capacity through cycles without it becoming stranded cost. Turnover data shows velocity. Only internal assessment reveals cost structure.

### Client Concentration & Dependency

Which clients represent critical concentration risk and what would trigger client loss. Market data shows fragmentation. It cannot show your specific customer concentration.

### Pricing Power & Margin Durability

Whether pricing can absorb wage pressure and regulatory compliance cost without collapsing. Sector data shows compressed margins. Organizational diagnosis reveals specific resilience.

### Recruitment Pipeline Depth

Whether you can source workers in volume when demand spikes, or whether worker supply is the structural bottleneck. Wage data shows rates. It cannot assess your recruitment capacity.

### Technology Infrastructure Coherence

Whether your ATS and scheduling systems can actually handle the velocity of temp placement and the accuracy demands of client service. Adoption data shows penetration. Quality and function vary radically.

### Regulatory Compliance Burden Distribution

Which state regulations represent material liability and whether your compliance infrastructure is built for the regulatory environment you actually operate in. Fragmentation is sector--level. Your exposure is organization--specific.

### Institutional Client Relationships

Where institutional relationships live and whether they can survive turnover in your own workforce. Consolidation is measurable. Relationship fragility requires diagnosis.

### Structural Strategy Coherence

Whether your stated growth strategy matches your actual capacity to execute given your workforce constraints and margin structure. Scenarios describe possibilities. Your specific risk requires internal assessment.

*The gap between what is publicly visible and what is structurally real is where organizational risk lives. The brief tells you the weather. The diagnostic tells you whether your roof can hold.*

## Methodology

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The Four Frequencies framework measures structural resilience across four dimensions: Thinness (depth of critical capacity), Permission (distribution of decision authority), Management (leadership and operational effectiveness), and Absence (gaps in critical functions and their consequences). Each frequency is assessed across five dimensions, for a total of twenty structural measurements.

Sector--level assessments draw on federal data mapped to the twelve publicly--measurable dimensions. Organization--level diagnostics add behavioral intelligence from internal raters to score all twenty

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dimensions. The combination produces the Structural Resilience Index (SRI), a composite score calibrated to a six--band severity scale.

Severity terminology: RESILIENT (structural depth across all frequencies), STABLE (adequate structural capacity with minor gaps), STRAINED (measurable structural pressure in one or more frequencies), VULNERABLE (significant structural gaps with compounding risk), FRAGILE (structural conditions that amplify disruption), CRITICAL (structural failure in progress or imminent).

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## What This Means for Your Organization

This brief describes the structural environment your organization operates inside. Whether these sector-level conditions are amplified or mitigated within your specific organization depends on your internal structural profile.

The Four Frequencies diagnostic measures all 20 dimensions for a single organization, producing a 40-page structural analysis with the Structural Resilience Index.

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## About S.J. Bridger

S.J. Bridger is a structural resilience diagnostics practice. We analyze the structural conditions that determine whether organizations hold together when key people leave, when systems fail, and when the relationships that carried institutional knowledge disappear. The Four Frequencies framework was developed through forensic analysis of organizational failures across multiple sectors and refined through diagnostic engagements that measure what traditional assessments miss.

Structural Intelligence Briefs are published assessments of sector--level conditions. They are updated quarterly as federal data sources release new information. This brief covers Administrative and Support Services (NAICS 56).

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DISCLAIMER: This Structural Intelligence Brief is a sector--level structural assessment based on publicly available federal data and the Four Frequencies analytical framework. It does not constitute advice to any specific organization. It does not establish a consulting engagement.

