Bizbeatdown Podcast Interview – How to Set Up and Scale your Recruiting Agency to sell

Rhys Jones: Most people are very resistant to change. Yeah. I remember once a course or something, I can't remember, and he said how resistant people are to change. In fact, when you go in the shower You usually wash your hair, do your armpits, do your tackle, whatever. You'll do it the same order every day. Try and do it in a different order for the next few days.

Vincent Pennix: All right, guys. Welcome back to the Bizbeatdown podcast with both Patrick Barber and myself, Vincent Penix. Patrick, how are you doing today?

Patrick Barbour: I'm good, buddy. How are you doing?

Vincent Pennix: I'm doing great. I'm super excited about this, this one today. So, so today we have, I'm just going to do a brief introduction, then I'm going to let him introduce himself a little bit further, but he has scaled and sold multiple recruiting agencies.

So today we are going to do a deep dive into really how to go about doing that and any tips and advice he has on being able to successfully scale out your agency and eventually get it to the point where either you can sell it if you want, or, you know, keep it at a very good level, let's put it like that.

So today our guest is Rhys Jones, Rhys , how are you doing today?

Rhys Jones: I'm incredibly flattered that I have been invited to do a podcast, an international podcast.

Patrick Barbour: No, I was going to say, Rhys, where are you from? Your accent sounds like Midwestern. I don't know. I'm thinking like Iowa or Illinois somewhere.

Rhys Jones: Yeah it's from the rainy state of Manchester in England. No, think Man United. And we're up the road from Liverpool, so think Beatles.

Patrick Barbour: Everybody will have to get their Atlas out and try to locate where that is. But yeah.

Rhys Jones: I don't know the Queen.

Vincent Pennix: I just assume you guys are friends.

Rhys Jones: Okay. Manchester, England. Cause I know you've got a Manchester in the United States, haven't you? I think it's because, going back to when the Brits came over to America, there's an awful lot of places in America have the same name as places in England.

I'm pretty sure there's a film about Manchester and it's actually based in America. The title of the film says, like, it could be from Manchester or something, but it's based in the States.

Vincent Pennix: It's probably somewhere in the Northeast.

Rhys Jones: I think it's a romantic film, so it's understandable you've not seen it.

Vincent Pennix: I was going to say, I mean, you know, that's yeah, yeah, it's not usually how I spend my weekends, but you know, I could go check it out. I'm

Patrick Barbour: The only movie that I'm aware of or that I've ever seen is Independence Day. That is UK-United States related.

I'm just kidding. Believe it or not, there's actually a Paris, Texas. Most people don't know that, but yeah. Anyways, we're going off the rails here really early on Vince.

Vincent Pennix: No worries. Okay. So Rhys, if you don't mind, could you give us a little bit of background? I know, I think you started off as a recruiter, right?

And just how you got into this industry and what you've done since and what you're really doing now. Anything that you feel like sharing that you feel like would be relevant for this podcast.

Rhys Jones: Yeah, well, I got into recruiting by accident. Like I'm sure the vast majority of people do. I applied for an advertisement going back to when you applied to job adverts in the press rather than the internet.

There was advertising for a sales job, and it was advertised by a recruitment company. They interviewed me and they said, you're too good for this job. Come and work for us. I worked for them, and I fucking hated it. It lasted three months and it was just like Wall Street on acid. And it was just, you know, I think there was eight seats in the office.

And throughout the three-month period, there was only one constant person. People getting sacked on a daily basis. It was just ridiculously high pressure, alpha male, rubbish, all kinds of stuff. So I did that for three months, but I was actually really successful. I was arranging four interviews a day just by specking out the worst candidates nobody else wanted.

But I just didn't like the environment. So I left that. I went off selling steel for three years. But one of the guys I worked with, he used to keep coming back to me saying, go back to recruitment. You're good at it. And I said, I don't like the stress or like the pressure. And then after three years of being maybe redundant because the steel market in the UK was pretty shit.

He said, you come and work for us to see if you like it. Well, you know, whilst you’re looking for a job, come work for us. And I think they're like the puppy dog clothes. Cause once I was in there, I can't get out, you know bit like the Sopranos. Once you went out, stick you back in again. So started doing that.

I did that commission only for about five years. I made a shitload of cash. But I always wanted to set up my own business. I've always been entrepreneurial. So I set up my own business in 2000. And then by 2005, the business was going really well, making a lot of profit, but we kind of hit a plateau. So myself and business partner took some time out in a sabbatical at Cranfield Business School and did some studying there.

And as a result of that, we then split the business into two, one Executive Headhunters, one Elliot Marsh. Elliot Marsh was more construction based renewable energies. Whereas Executive Headhunters was, as you can probably tell, there's an executive head of business, but what was unique about it is it was pretty much all marketing led.

We did no new business. It was all through inquiries that we've got through the internet, various marketing routes, which made it pretty unique. And we were getting, I mean, we're getting like 50, 60 inquiries from brand new companies every single month that wanted a headhunters. And because they've come to you, if you want a headhunter, you don't have to sell the headhunting service. So as one of my clients once said to me, all you've got to do is turn up and as long as you haven't got beans on your tie, then you're going to get the deal. And it felt like that. So it was more of a delivery business which is a marketing business.

So fast forward another five years and I'd got to the point where I just got fed up with it. I wanted something different. I want to do something else with my life. I'd got to the point where I felt as though, okay, I've got the brand-new Porsche. And I've got the big fancy house, and I don't really need to work again.

Why am I doing this? And I thought, well, I'm just going to get out. So I sold out of that. But what, before I was doing that, I was playing with the idea with Davidson Gray, which is what I do now, and that's helping recruiters set up their businesses. So what I wanted to do was, was utilize the experience I'd had of setting up and growing my business and all the mistakes that I've made getting there and help recruiters build their businesses twice as fast, twice as much money, a fraction of the stress and almost give something back, which sounds a little bit altruistic, but I suppose it is to a degree.

So I've been doing that now for 13 years where I've been helping recruiters set up and build their own businesses. And that's gone really well. I'm absolutely loving it. Every day's a school day. I built one business that we sold within 18 months, that was for an unsolicited trade sale, which is great.

A few of the other businesses we've got to the point where they've bought me out for good money. And I've enjoyed a tremendous amount of success. And other businesses I've worked with have failed. And it's something that I really, really enjoy because it's, you can never set up your first business twice.

What I do now is I live vicariously through the people I work with. So when, they get, you know, the first half a million-pound month or whatever, or when they get the first 10 members of staff or whatever, I'm buzzing off of them because they're, you know, the euphoria these guys are having, and I'm having some input.

So I'm sort of living it vicarious through their lives. So I feel as though I've got the best job in the world now, apart from maybe being a professional footballer or something like that. But no, I'm absolutely loving it. I do do my own podcast, a little bit of plug there, Rhys Jones Podcast.

Just because I like sharing the experience that I've had because during that initial five years, I'll be honest with you, I suffered a lot of stress. Because you guys will know that, you know, if you set up a recruitment business and you're doing it on your own, you're self-teaching a brand-new job that you've never done before, with nobody to show you.

So you're winging it all the time and you're making mistakes and you're used to running a desk, but when you're running a business, there's finance, there's marketing, there's operations, and there's so much new stuff going on all the time. And if you haven't got somebody who's been there and if you add in the additional spice of the fact that, if you're a successful recruiter, you're massively driven. So, you know, you're massively driven. You're massively driven for success. You push, push, push, push, push, but a lot of it is new and you, and you try to do new things. So I actually found it quite stressful, very successful, but quite stressful.

So when I came out of Cranfield that helped a lot. So I understood rather than trying to do it all myself. The smartest people in the room are the people, the highest people, smarter themselves. So reaching out to non-execs, to coaches, to peers and that sort of thing. And, stop trying to be a smart ass and do it all myself.

And that was the best thing I learned actually in Cranfield was stop having a chip on your shoulder. You can do it all yourself. If you're really clever, you tap into other people's experience and that changed it all for me. And that I think was probably the start of the journey of me going towards what I do now, which is Davidson Gray, which is helping recruiters do it easier.

By having somebody alongside them, that's been there, done that, made the mistakes and could prevent them from making mistakes, the pain that I went through. In addition to some of the life skills of adapting from being employed to being self-employed. And one of the things that I found quite, I wouldn't say as far as difficult, it was to a degree, was suddenly becoming wealthy.

Because some of my friends didn't really adapt to it quite so well, and I'm not sure I adapted to it very well because I went out and I bought the Porsche and all that kind of stuff and I was really excited because I come from quite a working-class background. So I was like, look at me, I've got all this, and I wasn't showing off.

I was just fucking excited. You know, I'm driving a Porsche for fuck's sake. I've got a Rolex and I've got an Armani suit and oh, this is blowing my mind. I left school at 16 with no qualifications. It's amazing. But then there's a certain amount of, I won't go as far as imposter syndrome, but sort of trying to get used to the fact that I'm a worthy of all this money.

It just felt a bit weird. But there was a mentor that I was talking to at the time, and I can't remember the maths, but he basically said something like only 10 percent of the population are in a sector where you can go self-employed, and then over that 10%, there's probably only maybe 20 percent who've got the ability to do it.

And then of that, there's only probably 5 percent of the people who've got the bollocks to do it. So, I can't do the maths quickly now, but it's something like, you know, 0.1 percent of the population actually set up their own business because they're in the right sector, they're good enough, and they've got the bollocks.

They said, because you're in that tiny percentage, that's why you get the big bucks. Oh, yeah.

Patrick Barbour: That's something that I struggle with a lot. I'll be honest. Yeah, and for me, it's when I first made my first seven figures, it was kind of like that exuberance of like, holy shit, I did it, like, I'm a million, like, I did, I checked that box, but I struggle with how to handle that externally with other people because of the reasons that you just laid out.

Most people are not there. And I've had some really negative experiences also talking about some things that people that have, you know, financial resources and means, the type of things that you begin to focus on and talk about and do with folks that are not there. And for me, the experience that I've had is it's actually created a lot of resentment that I've felt either directly or indirectly from a lot of those folks through jealousy and kind of just, I don't know, it's a weird thing.

Rhys Jones: I just didn't expect that. I actually lost a few friends because of it. But as I got wise, I realized that, well, were they really friends anyway? If that jealousy is an issue. But as a result of that, I then kind of went about face.

And I became a bit embarrassed about it. So I'd like park the car around the corner or, you know, somebody says, what car have you got? And I'd say a black one or, you know what I mean? What do you do for a living? I'm a recruiter, you know, which sector or and it's just, I tried to avoid. It got to the point where I was hiding it.

And then it wasn't that long ago, actually, maybe about four or five years ago. I just went, fuck it. I thought I've worked hard for this. I've got the money. I'm not showy, but I shouldn't be embarrassed about it either. And fortunately I'm surrounded by people that are happy for me. And also, I think because the humility you have with it most people just go, yeah, you worked hard for that.

Good for you. Good for you. And it's kind of gone full circle again. But I think the original exuberance was maybe a bit too much in addition to, as you said, you know, some people, there's a certain amount of jealousy that goes with it.

Patrick Barbour: Definitely. Absolutely. Well, I've been looking forward to having this conversation with you because, you know, what you specialize in, especially from an exit standpoint is really relevant to me and what I personally have.

So selfishly, I'm excited to kind of pick your brain. And you know, I'll just speak for myself. I'm kind of at a point now where my recruiting business has s tabilized over the last several years earning seven figures and really at a good spot.

Candidly, I have struggled hitting the next level, but what I've done instead of really kind of doubling down on the recruiting businesses, I've taken a lot of the profits that I've made from our recruiting business and begun to invest in other areas, right, to diversify income and, you know, really just kind of continue to build wealth for my family.

And so through that process of getting into new verticals and you know, other business acquisition and this sort of thing, I oftentimes do think and consider the option of exiting my own business, but I really struggle. And I wonder one of the, one of the first questions I wanted to ask you, Rhys is, what are the most common reasons that you see people have that really drives them that's the impetus for them to want to exit their recruiting business. For me, like, I love the cashflow, right? And so it's hard for me to part with the, even if I get a multiple and all of that, which I definitely want to talk more about. But, you know, for me, it's like, it's almost to the point where a time thing, do I really want to continue to devote X amount of hours a week towards this, or am I ready to just kind of cash out?

And/or, there have been a couple of other opportunities where I need to put together more money, more liquidity up front to get into something else and leverage that way. Are there any other reasons outside of that that you see? I'm just, you know, I would love to hear your perspective.

Rhys Jones: Well, there's a lot of questions there.

Patrick Barbour: Yeah. Sorry. I just kind of puked all over you there.

Rhys Jones: I mean, I personally don't advocate selling recruiting businesses, which is ironic. Cause I've done it and I've helped other people do it. And you touched on it about the multiple and that's part of the reason because people, if you're going to sell a business, recruiting business, you're going to sell it for a shitload, otherwise no point doing it.

Rhys Jones: You know, it's got to be, you know, set you up for life money, otherwise, no point doing it. And if somebody's going to pay that much for your business, it's got to be self-sufficient. It's got to be running itself without you there, because if it's reliant on you, they're not going to buy it. Okay. If it's not reliant on you and it's making, let's say seven figures or whatever.

And you're going to only get 4, 5, 6 times profit. Why do you want to sell it anyway? You know, we touched on before this call about, okay, there's these advantages of tax release. The tax obvious situation in America is different to the UK, but I know we have the similarities that it does reward people who build something and sell it.

It's a lower tax situation, so it's not quite as black and white as that. But I personally don't necessarily advocate selling businesses because if you can get your business to the point where it doesn't need you and it runs itself. Tie in your key performers, and then it's just going to keep paying out and you can use that money as you're doing into invest in something else.

You may want to do it for a self-actualization thing. You want to do it because it's an achievement. You know, you want to sell your business because that is going to make you feel great. And you want to go into something else. So the reason that people sell businesses is quite varied.

However, the common theme that I've seen of people that have worked the bollocks off to sell a business, is you push, push, push, push, push, push, push. And then it's almost like the gold medal syndrome. Once you've sold it, what next? Done it. And then you just empty. And then you haven't got a job. And you've got loads of money.

And you haven't got a purpose. So what'll happen is I mean, when I saw this, I'll be open with you, for the first three months I actually went into really bad depression because it was massively stressful selling it and suddenly, I had no job, no purpose. I was the most popular person in the room. I was dead funny, you know, and everybody loved me.

And then I sat in my house, on my toes, seven days a week, and I'm not popular anymore because there's nobody there. And I just couldn't adjust to it. And it was only when I read the Chimp Paradox, where you're talking about human beings, the only animal in the animal kingdom that needs a purpose. And I didn't have a purpose.

So I struggled for three months and then I sort of came around to doing Davidson Gray. I kind of got used to working on my own. But I do know for a fact that a lot of recruitment business owners, they do have that, they do struggle with the gold medal syndrome. Once they've sold the business, they haven't got a purpose.

It leaves them empty. And they struggle with it and nine times out of 10, you set something else up because you need to carry on doing something. And quite often it's another recruiting business and you start all over again. So my advice to people who want to sell the business is to think about what's going to happen after you've sold it.

Or maybe do a sort of hybrid of what you're doing, but what you're doing, actually, which is just harvesting the cash and using the cash to invest in something else. Because one of the things that I found certainly going through Cranfield is it's a lot easier to make money outside recruitment because recruitment is one of the most competitive sectors you could possibly get because the barrier to entry so low, basically anybody can do it.

So it's massively competitive. So it's really, really fucking hard. So if you're going to succeed in that and you can build a business in that, it's pretty easy doing it in another sector.

Patrick Barbour: And skipping the whole startup part right now. You have, you know, actual capital leverage that you can go and just buy other businesses that are already cash flowing.

And, you know, maybe you tweak here and there when you take over but there's a big difference between acquiring something that is already, you know, a functioning machine as opposed to starting with an idea and turning it into something that's reality that generates a cash flow for you. So I totally hear you on that.

Where do you see, like, in terms of folks launching their own businesses, we'll call it a solopreneur to beginning to scale their business in the recruiting space. Where do you usually see that fork in the road for entrepreneurs to kind of take that next step and begin to scale out their business?

Rhys Jones: That's a very, very good question. I think a lot of business owners, solopreneurs set out to do it, but I think the difference between the ones that do and don't do it, the ones that are more self-aware and are able to stand back and look at it from a business perspective, rather than just being in it.

And this is where I advocate having a mentor or a coach because what, one of the biggest failings of business owners get into a ceiling where there’s 10 or 20 staff is they think growing a recruiting business, scaling a recruiting business is just about hiring shitloads of recruiters, but it's not. You know that, Patrick.

You know, if you're just going to get a shitload of recruiters, you'll get to a ceiling because you've got to start adding structure, you've got to start adding process, you've got to have a leadership and development structure and policy, you know, there's various components you have to put into the business to take it to the next level.

And also, you've got to release your control of certain aspects of the business, like finance is huge. And recruiters tend not to be brilliant with finance because they're used to spending it. Not necessarily looking after it. So, you know, you've got to get somebody who's really good with the finance and then you've got to trust the person to do the job because you're hiring them because they know more than you. Well let them fucking do the job then, you know?

So it's managing to think of it as a business person, rather than necessarily as an artisan recruiter, growing lots of recruiters. And it's that, as you said, the fork in the road is the people that go, right, I now know I've got to change how I think and run it as a business, not a recruitment consultant that's running an artisan businesses, hiring lots of people like me, and it's that almost attitude branch.

I don't think it's necessarily intelligence. It's more sort of attitude. And the balance between confidence and humility, because you've got to be super confident, but you've got to have the humility to understand, okay, well, I don't know how to get to the next level. So what I'm going to do is I'm going to tap into other people to find out how to get to that next level.

Because it's very difficult to self-teach. And that's where I think the fork is, is very much that change in mentality, because an awful lot of people can get to 10 20, but then they stop and I'm sure you found that Patrick that you get to a certain level, you go, right, my job is going to seriously change now.

Patrick Barbour: I learned this. I completely agree with what you just said there. I learned that specific lesson the hard way back in 2021. Had an amazing 2020 year. And yeah, literally just thought, oh, well, shit, I just need to do more of what I did in 2020 to replicate and continue to grow and achieve new revenue targets in 2021.

And so I went on a hiring spree. I hired a shitload of recruiters. Expecting, you know, basically the KPIs and metrics that I was seeing in a smaller microcosm, scale and extrapolate 1 to 1 as we began to scale the organization and hire on new recruiters. And it didn't take me long that year, I think, by middle of Q2 to realize that that strategy was really flawed and that we were not tracking whatsoever towards the new revenue targets. And basically what I had done was I had set up in a way to try to double what we had done from 2020 to 2021. And I did that through sheer manpower and the hard lesson, and I ended up calling an audible halfway through that year and pivoting the strategy because one of the things that really kind of smacked me right in the face was that yeah, you know, obviously you definitely need the manpower, you need the resources, but the quality and increasing the level of output in the resources that you already have really for me, when I began to focus on that more so than I just need to get warm bodies in here to take these, you know, wrecks. That's where things really kind of adjusted and kind of dialled in and continue to track forward as opposed to just.

Essentially, what I had done at that point, increase my cost, right? I was making about the same money, but it was costing me more to make the same amount of money. So, obviously, we want to avoid that in business. But yeah, I totally agree with what you just said there. One thing that I am in the midst of, candidly, that I, and you hit on it as well, that I have had a hard time letting go of is the business development, the sales process and how we acquire new clients and initiate those new relationships. I really like being a part of that. That's the part of the business that I really love. And it's one of the most important parts in my opinion and starting off, you know, new relationships with clients and making sure that you're not creating something that's just transactional where you're making a play, you know, submitting resumes, but it's true.

Consultant expertise, you know, I'm here to save you from yourself and help you achieve the goals. So on and so forth. And so I like being a part of that, but the problem is scaling, right? Like, at some point, your bandwidth is maxed, and you can't replicate yourself. And well, you can, but that, and then the financial piece as well, really having somebody drive the money side and having a new set of eyes and creative ways of how we can continue to grow.

That's definitely where I'm at in my business. No doubt about it.

Rhys Jones: Yeah, it's, I mean, my, one of my previous non execs said to me that what you've got to get used to is, okay, you built this train set, but you're going to let somebody else play with it. And that does seem to do, you know, like sometimes somebody says something, and it works, and I just thought, you're fucking right.

I've got people here capable of playing with my train set, but I'm like, it's my train set. It's like, okay, well. If you really want to grow the train set, you've got to let other people get involved with it. And that was a sea change in my mindset. And I certainly get what you're saying about wanting to stay involved with the commercial side of it, the business development, because that's a sexy side. That's a fun side.

And, you know, you enjoy working in the business, but if you ultimately want to get it to the point where you're going to sell it, then you've got no option. You have to succession plan yourself so you're not in the business because people aren't going to buy it if it's revolving around you, it's as simple as that.

They're not going to pay multi millions of pounds if it's revolved around you and you're not going to be there. So it is having that bigger picture decision as to whether, okay, do I actually want to leave the business? Cause it can be the case. Like I said, I'm not necessarily an advocate of selling the business.

It can be that you want to stay within the business and be integral to it. Yeah, and release an awful lot for other people. But it's like I said, people will set off with the idea of selling a recruiting business. Very few people do, but I question, why do you want to sell it? Because I think that's the question that people don't ask.

Which is okay. You want to sell it, but why? And it's that understanding why you actually want to sell it. Cause I, for commercial reasons, I don't think it's necessarily a great idea unless you know, you go in on a journey where you're going to get a business that's turned over a hundred million.

You're talking seriously big bucks, but the bigger you grow, and you see yourself, the bigger you grow, the harder it is because now using notional percentages, but, you know, say your business is making 5 million, you might make a 30 percent profit. But then you're doing 10 million and you make 15 percent profit.

So you've got a fuck sit e more risk, but the net return is the same. However, the bigger the revenue, the easier it is to sell the business, but then your margins are getting smaller. So there's more risk. So it's kind of like, maybe at some point you make a decision to go, do I want to go to that next level where I incur a lot more risk?

Or do I actually, I'm happy where I am. Because you went the route of going, right, I'm just going to, rather than having shit loads of extra staff, I'm going to try and create better people. Go that route instead. And that's where, you know, like I said, I keep repeating the point. It's boring.

I think it's really, really helpful to have a mentor, not necessarily a coach, but you know, a mentor, a non-exec, somebody who you could talk to that's just going to ask you the questions to make you think. Because if you've never been there before, it's all new to you. But regardless of whether the person is more experienced, that's the whole point of coaching is asking you the questions to get you to think anyway.

And that's one thing I've learned in growing the business that I do with Davidson Gray, it's asking people the searching questions and see them sort of, and the light bulb goes on, they go, do you know what, I never thought of it like that. And that's the bit that I like, you know, he's making people go, that's a really good point that I missed, I never thought of that.

Patrick Barbour: No, that's super helpful. Is there, so in my business, there's a metric that I pay pretty close attention to that I use. It's not an automatic go, no-go as to when we hire, at least on the delivery side, half desk recruiter. But it is something that I pay pretty close attention to. And I'm wondering if you have anything similar to this, but what I look at in my own business, in terms of making decisions as to whether I need to add people to the team or not is essentially a combination of the new business that we're generating month in and month out, right? The new number of new clients that we're closing on average, plus the house accounts that we're getting consistent business from that's creating demand internally for our services as well. And then obviously there's some level of churn that we want to back out of that because on contingent searches, obviously sometimes that doesn't work out.

And then I do kind of a division equation of what I consider a full load for a half desk recruiter and try to use that as a formula to back end to say your business needs X number of recruiters at this level. Do you have something like that that you pay attention to and maybe not even necessarily on the recruiting side, but maybe on the business development side, or do you have something that you use or focus on that's similar to that?

Rhys Jones: Not really, to be honest, no. I mean, each business is different, although there's clearly a similar formula because it's recruitment. It's not rocket science. You're not building or something. You're not manufacturing something. It's not R&D. It's nothing unique. You know, it's jobs for people, people for jobs.

That's what recruitment is. But from sector to sector, it's different. And also from culture to culture, it's different. And also people's business models are different. So I don't see this as a one cap fits all process. Because there's many ways to grow your business. What you can do is obviously just increase the market share within that sector, or you can start to add on different sectors. Because one of the things that I think is quite a clever idea with some of the businesses setting up different brands and you can set up different brands for different sectors. I've done before with Executive Headhunters is I set up other brands that sell 'em the same thing.

And you've seen that in other business, in other issues, rather? Where, you know, you, you'll have, I'm trying to think of an example. In the UK, BT owns EE. So, you know, if I'm changing my broadband provider, I go, well, I'll choose EE and BT, not knowing I'm actually buying from the same people.

Right. And what we did with the executive search business, we had London Headhunters, we have Marketing Headhunters, we have Sales Headhunters, we have Executive Headhunters. Sometimes you'd have three seats at the table because people like a choice. So there's that diversity of creating separate brands.

That maybe you're going to appeal in a different way, and that's quite a sophisticated way of doing it. But it's also, it can be reducing the, once you get to a certain size, it becomes difficult because you use the culture. If you're creating separate businesses, if you like separate brands, giving people ownership, they might grow in different ways.

So you're almost hedging your bets and that's creating growth in itself. I know there's a business in the UK. I know you've heard of called S3. And what they did is, is they, as they grew, they said to anybody in the business, if you want to set up on your own, we will back you, you can have your database, you can move on, we'll take 50 percent or whatever it is, I don't know.

And you set up your own business doing the same thing. And S3 I think was, was IT. So basically what they ended up with. The whole IT market was S3, because all the businesses in it were connected to S3. So they pretty much monopolized the whole sector because they just kept getting these groups of other businesses that were growing outside it.

And I thought that was a really smart model. Rather than trying to just have one behemoth where, because you've got multi-level management and you're getting people further and further and further away, and that's when it gets, becomes a lot more difficult because you get the politics, you get the dissipation of the ability at the top.

Like I say, my personal opinion is the bigger you grow, the harder it is. And that's a different way of looking at it. So it is a bit of horses for courses.

Patrick Barbour: No, I also subscribed to the multiple brands per niche under the same umbrella. I think yeah, and I know that that's probably not popular with, especially a lot of the old-time recruiters.

I see a message boards, people dying on hills for, you know, die hard. You have to have one niche and be all in and doesn't matter if that market doesn't need you. You still, you just have to commit and be poor and struggle and you know, it's not cool to be a generalist. I do understand the argument of niche versus generalist, but the reality is, is that there's a cyclical volatility industry to industry, and if you're completely leveraged to one audience, you're going to ride that wave with that industry and so we've seen that play out over the last couple of years post COVID in a bunch of different niches.

And so I do subscribe to the diversification where you do need to be fishing in more than one pond, probably. But doing that in a way where, as you describe, where you have a vertical, a true brand where you can still take advantage of the things that you get by being niche focus and positioning yourself as an expert and, you know, so on and so forth.

And all that comes with that, I think is definitely the way to go. It does take some gymnastics, if you will, in terms of setting up and, and managing correctly. But I think that that's the, in my opinion, that's a smart money move in terms of hitting the next gear in your business for sure.

Rhys Jones: I think there's been, there's been quite a shift in the market, five, 10 years or whatever, is that the customers want to buy from specialists now. They don't want to buy from generalists. So you've always got to react to the clients. It's not what you want. It's what they want. And if they want to buy from specialists, you've got to give them specialists.

So if that means that again, similar to the BT/EE scenario is yes, you're moving to different sectors, but what you don't do is necessarily have different divisions in your business. You create a new brand, but it can just be a trading as. But the point is, if you're going into IT, the branding and the approach has to be very different to FMCG.

So, you know, if you're trying to have a business that does FMCG and IT and, you know, manufacture or whatever, you know, clients aren't necessarily going to warm to it. It's going to be different cultures, different approaches. And my personal opinion is, is if you are looking to expand and go into different markets, it is going for that mini vertical businesses that are ran specific to those markets. And I think that's a much smarter way of doing it. And I think the generalist route is very few businesses now that go that way. And also if you can go an easy way, you go an easy way, don't you? And as you quite rightly said, you get some people that just get this big hard on, it's going to be, no, we're just going to be a generalist and we're just going to, you know, and it's like, okay, well, if you want to do it the fucking hard way, that's up to you.

I'm going to do it the easy way.

Patrick Barbour: I'm going to be honest here, Rhys, it drives me fucking nuts when I get in some of these Facebook groups and they're like, you know. I'm starving. It's a tough year. It's really hard, but then you, you look around, right. And there's a gazillion different industries that are in high demand for our services.

You just got to wonder, like, what are you doing? Like, is it a pride thing? And so for someone to not check that and say, hey, you know what? I'm going to continue to be in this space, but I'm also going to need to pay my bills this year. So I'm going to go and start and basically replicate what I'm doing here with a little bit of a sprinkle and twist for this industry that I know needs me right now. And so for whatever reason recruiting the community of recruiters, there's like a faction of them who just refuse to do that. That it's like, you're not a real recruiter.

Rhys Jones: It’s probably like a lot of sectors that people just keep working harder and harder and harder and they think that'll work.

And cause most people are very resistant to change. Yeah. I remember once a course or something, I can't remember, they said how resistant people are to change. In fact, when you go in the shower. You usually wash your hair, do your armpits, do your tackle, whatever. You'll do it in the same order every day.

Try and do it in a different order for the next few days. And you can't do it. You know, we start this and it's, it's just even something as basic as that. You can't change.

Patrick Barbour: You're signing up for some bad days.

Rhys Jones: Yeah. It's just, even something like that. And I've read a book. I don't know if you've heard of it called Who Moved My Cheese.

Oh, yeah.

Patrick Barbour: Who Stole My Cheese?

Rhys Jones: I've read Who Moved My Cheese. Oh, either way.

Vincent Pennix: Maybe you got the UK version.

Patrick Barbour: Yeah. That's the King's English. Yeah, the King's English version.

Rhys Jones: That's what it is. Yeah. So yeah, you're familiar with it.

And I read that. And now, not wishing to do a spoiler, if anyone hasn't watched it, but yeah, it was originally written by two guys who wanted to write a sort of personal self-help book, Take the Piss. So it was actually written as a child's book, because they thought it was funny. But it didn't, it just took off, because people absolutely loved it.

It's the sort of thing you can read in like an hour and a half or whatever. And it's about mice running around getting cheese. So when I started reading it, I thought it was a joke. But then when I got to the end, I thought, do you know what? I think my business is smelly cheese. And I really do think that I've, as you said, what I've been doing is working harder and harder in the sector that's changing rather than going, okay, this sector is getting a bit tough.

What I'll do, I'll just move sectors because the sector that I was in at the time was full of lots of independents. So our style of sell was great for SOBs because we were dealing with the hiring managers, but then they're getting bought by big conglomerates where suddenly it's going to PSL route. And our business was not the sort of business that worked well with PSLs.

But I was sort of not quite seeing it, the fact that, okay, the market's changing, it's going PSLs and we all know PSLs, you get lower fees, you've got to work harder, you can't produce quality because you're up against 20 other agencies and it's a sack of shit, you know, and fair enough, you know, some people are making money that way.

We didn't, we were all about quality, quality, quality. So it's a case of, right, well, we need to move to a market because it'll be cyclic. Cause those sorts of industries quite often is they go PSL route. And then after a few years, I realized that they've got a recruitment problem. It's like, yeah, you've got this crap PSL process.

So then they wake up and decide to go do something different. But it was a case of, we moved more towards a different sector that was more open to deal with on the SME level. So I was, we w ere in something called building management systems which is environmental controls in the business.

So we moved more towards renewables, which is a newer industry. So there was a lot more fast-growing SMEs that were more interested in getting quality recruiters on board that are going to use an exclusive basis that we're going to give them real value. So we just pivoted. And that came from that childish book.

Patrick Barbour: Interesting.

Vincent Pennix: I will say sometimes I, okay, there's, there's two sides of this and I'm just going to say like where, yes, there's, there's people that get stuck into like, you know, they're interested in, they're not willing to move otherwhere otherwise. And then there's also like the people that are like, it's almost like shiny object syndrome, but with like, with the history.

And so they're just jumping from one thing to another, as soon as it gets hard, because they haven't like kind of nailed down, narrowed down on one. So I guess actually my question for you, Rhys, would be like, let's say if you were to start like an agency today and you wanted to set like a solid foundation to either, you know, sell it later or have it to the point where it's going to be at a good enough place where it runs on its own, how would you start? Like, how would you kind of like set up the foundation for, you know, what you believe is like a successful agency?

Rhys Jones: Well, to pick up on your point about people being flighty, that is a very valid point is, you know. If you are going to be, you know, oh, shiny and move on to something else, then yeah, you're going to struggle because that's where you need some sort of completer finisher to actually do the job rather than constantly wanting something new and shiny.

And that's a really, really valid point. So, you know, rather than being stuck in the mud and working in a smelly cheese business, you know, you've also got to be a case of right. Well, you've got to stick with something because sometimes it takes process, like marketing. For example, I've got a big thing for marketing.

Marketing doesn't happen overnight. It's got to be consistent. You know, and you've got to get somebody who knows what they're doing. You've got to keep doing it. What you can't do is like, right. I'll do all those LinkedIn advertising. Give it a month, oh it's shit. Right, now I'll go onto TikTok or whatever.

You've got to follow it through. So that's a really, really good point. You do need that consistency. But going back to your question, which is, you know, how would you set up a business if you're going to sell. Again, it's a, it's very much a piece of string because, you know, one thing I do say is, you've got to focus on your foundation because if you want to build a skyscraper, you can't build on a bungalow foundation.

So, you know, you want to set your structure out properly from the word go. So things like your culture is going to be important. Your brand is going to be important. Think about the company name. I know it sounds bloody stupid, but you know, I've come across quite a few where there's one business that's part of our, I'd say portfolio, but I partner with them and the name that they chose was actually a hotel chain.

So, let me put in as a, you know, it wasn't hotel, but the same name as a hotel chain. So, somebody goes in and Google's that recruitment company, they're on page 5, because. We've got all these hotel reviews that it's like, you've got to change the fucking name.

And then there's somebody else that had the name.

Patrick Barbour: Built in, built in recruiting. I mean, come on. I don't know what the problem is.

Rhys Jones: Yeah. What's everyone confused about? Well, I think to be fair, there's probably no reason why I can't say it, but in fact, no, better not. But yeah, and there's another, another guy I know who's set up a business and it sounded just like another business that's a very big recruitment business. So it's like getting the bloody name right, things like that. Going back to your question Vincent is it's, I suppose the process really starts once, once you get to maybe the five-person size, because at that point, your culture will be sort of developed based around you.

Although saying that one of the mistakes that quite often I see with, with people setting up is they go, right? I don't want an environment that's got KPIs. I'm going to treat people like adults. They can work from home. No big KPIs, do what they want. And that seems great in theory, but businesses have KPIs because people need KPIs.

It's not there just to be an arse, it's there because there's a reason for it. So you do need a certain amount of structure. So if you're setting off and everybody can do what they want and come to the go, changing that culture is quite difficult because once you've built something, retrofitting is really, really hard, so you should try and set out with the end in mind.

So, you know, you've got to have a certain amount of structure. But when I'm saying gets, gets the five-person point, that's usually the point where the person owns the business can't manage more than five. And that's when you've got to start making the sea change. And the one thing that people misunderstand with scaling businesses is the necessity.

You've got to have processes. And recruiters don't like process; I don't like process. It doesn't sound sexy; it doesn't sound fun. So the best way to describe it is best working practice. Whatever you do within your business, you want to do it in the best way possible and have a structured process to do it the best way possible.

People doing those jobs, you give them the best possible advantage to be good at doing that part of the process. So if you've got an example, you've got five managers and they're all hiring staff for, for those teams. And what they do is they'll all hire in different ways. And what they'll do is, as most recruitment business managers do or whatever, is they'll just wing it because we're recruiters.

We don't know what the fuck we're doing, don't we? We just go and hire a recruiter. It's piece of piss. It's like, well, no, yes, you can get away with that, but that's not the best way. I know what you find managers might hire differently. It's like, okay, well, rather than do it, let's stand back, spend a bit of time on working out, okay, what is the profile of the people that we want? Let's tie down the profile because without the profile of what you want. You don't know what you're looking for. So you're not getting the right people in, but also if you tell them what you're looking for, how are you going to screen them? Again, rather than just winging it and you say, how much do you bill?

That's fantastic. You know, what football team do you, you know, and if you like me, I'll hire you. You know, it's all about ratios. Cause I know you Patrick, you're very much by numbers, but you know, you're looking at the interview to hire ratio, which perversely you want to keep high because if it goes too low, it means you're probably putting bums on seats.

You want to keep it high, but then you're looking at how many from the people you take on what's the ratio of success of your hires to the people that work out. And that's something you want to keep looking at because ultimately when somebody joins your business and they don't work out, it kind of is the business's fault, it's not theirs. Because they're either a bad hire, they've not had the support, there's been a problem with the induction tools. So you've got to keep finessing what it is for the people not succeeding. So as you're doing that, you, you're creating processes that are repeatable and that's what you want in a scale business is repeatable processes.

This is the best way to hire somebody is: this is the brief. This is how we attract the staff. That's our attraction strategy. This is how we do our selection. This is how we do our induction. And this is how we manage and coach. So people still have a certain amount of freedom to do these things.

But what you're doing is, you're making it a lot easier for people to be successful because you're showing them the best way to do it rather than trying to self-teach. And it's almost like where you've got business owners that, you know, they're trying to grow a business with nobody to show them how to do it.

Well, it'd be a lot easier if somebody showed you how to do it. Well, similar to managers, don't just say, go out and hire somebody. You've got to put up a structure in place such that you give them every possible chance to keep those ratios of success high. You know, you make sure that you're hiring, you're interviewing enough people that you get in the best possible clay, if you like, at the beginning of the process.

Then, you know, the selection is right and everything, and you're constantly monitoring that. But as the business grows, he's reassessing it because there's, there's one thing that I was taught early on, which is when you're looking at a startup, the person that you hire, you want something that could probably work in a small environment that isn't super process driven.

Cause I know from my mistake where I hired somebody from a really big recruitment company, the super biller came into my SME size business, and they were shit. They couldn't bill for toffee. And the reason they couldn't is because they were used to working in a big business with a fantastic database, great processes, and lots of people that can bounce names off.

And they're sat there on their own, without the database, without the people to bounce off, and they haven't got the same tools. And they were great in that environment, but not very good in this environment. So early on, what you're looking for is one style, but then as the business grows, you're looking for something slightly different.

So when you're asking the question about how do you set up, you know, a small business, That's obviously jumping ahead to where you're going to be, but it is that if I'm mentoring and coaching, which obviously I do, the people that setting up is very, very, very early on you're behaving like the business that you're going to be.

So you have proper ways of doing the pipeline, proper ways of doing your KPIs, proper ways of management, using the database properly. You know, and there's certain working practices that everybody does, and there's that repeatability to make sure that everybody is successful because they're doing it the best way possible with a certain amount of freedom.

But it's having that uniformity to make sure everybody's performing rather than the mistake I made, which is just keep hiring people. And you'd have 20 people in the room or they're all recruiting in a completely different way. And as soon as they walk out the door, the money goes with it.

Patrick Barbour: No doubt.

I mean, you're spot on with the importance of standardization and your processes, but in, you know, repeatability and consistency and all of that, but the other thing too, that I really love is a, is a manager, as an owner and someone who is responsible for making sure that people are hitting those KPIs is that, you know, if you have that defined, if you have the process laid out, you have the KPIs and the benchmarks that they should be hitting, it makes it really easy if they happen to start not hitting a KPI or a benchmark to immediately identify where they're probably missing the gap. So, like, for example, if let's say they're hitting their KPI on the number of internal screenings that they're doing from their sourcing activities, but they're not converting to an actual presentation to a client of a suitable candidate.

Well, then I know a couple of things are probably amiss, either their candidate market map is not dialled in, right? They're talking to the wrong people, and they're just not qualified or the way that they are screening these candidates and then presenting the opportunity to the ones that are qualified is probably not up to the level that it needs to be in a competitive candidate market.

And so I know immediately I can go to those two things and review that with them and figure out, okay, yeah, you suck at, you're not screening, you're not selling the opportunity to the people. Or your candidate market is shit, right? You're reaching out to the wrong people. And so it's quick, it's easy to go in and quick fix the things that are broken to get things back on track, which in my opinion, any best-in-class organization that is present within what they do, right?

Their ability to see the whole board, know when things are going, you know, sideways, jump in immediately, know how to fix it, to get back on track so that their client, right, ultimately doesn't have that impact, right? The experience that the client is having, working with them is tits, right? It's as good as it's ever going to be because they're monitoring these things proactively. So I think it's, it's huge. Vinny, what do you think?

Rhys Jones: I couldn't agree more with that. I mean, it's an absolutely brilliant point because people assume that KPIs are all about activity, but what they miss is, the ratios are as important, if not more so.

Because, you know, you’re clearly looking at the success of say a business development call to a vacancy or whatever it might be, and you're absolutely right. If you know why you're successful, if those numbers change, go, let's go back to and see what has changed, but also if you've got sort of a consistency of conversion throughout the business, if somebody's conversion isn't as good for that particular specific exercise, it's a training need.

So you're quite right that you're using your KPIs as much for a training situation and a best in class that you are necessarily to try and create more numbers. You obviously want to get the balance between the two, which is maintaining the activity. Just because you're good at something doesn't mean you can do less of it.

What it means is you'll get more results, more successful results for the same level activity. So you maintain the activity but become better at it. But that you're absolutely spot on. It's one of those things that very few people I see actually clicks, which is you using your ratios for a reason to improve somebody and to increase their ability, but also if things stop going right, you see it quickly because rather than waiting until the billions on the board has changed or whether it's the cash in the bank, that's changed, if you see in the initial numbers, you know, cause let's say your recruiting process from your first call to actually the money in the bank might be five months. Rather wait until there's no more in the bank is right at the beginning. You know, you go, there's not enough calls being made and the ratio of some calls to successful candidates, successful vacancies aren't as good.

You're catching it quick. You're not waiting until the end result. And that's, that's, again, it's, it's more of a mindset thing that people have got to get their heads around, which is KPIs are there for the benefit of business, for the quality and for the management information. And it's not, you know, just to beat people up to make more numbers.

Yeah, I couldn't agree more Patrick, it's rare that you speak to people that actually they've cottoned on that, that is the bedrock of your business is using it for the skills and the training and also for the insurance, if you like, if things start going wrong, then you know why they're going wrong.

Vincent Pennix: Well, I should be to be a predictive and proactive is one thing that Patrick always preaches. So it's something that we talk about on here all the time. So, yep, that's how, that's how it's done. Okay. So I know Patrick kind of like hinted on this earlier, like, and I guess it's different for every business, but for anybody that kind of is getting to that point of scaling, like, is there an easy answer to be able to tell them like, you know, when is the right time to, to know when to hire on a recruiter or when to kind of start scaling out.

Vincent Pennix: I know. Yeah. It's like, it's a tough one because it's like, I guess every business is different.

Rhys Jones: It is a certain degree of piece of string. Cause I think part of the part of the issue I have certainly with the small businesses, it's appetite for risk.

Some people are reckless, and some people are anally, you know, cautious. I mean, there's one business that I'm working with now and, and he was waiting for his first hire because you know, it's like is once you get your first two or three, it's a lot easier, but getting your first hire is the hardest one because he wants to join a one man band.

And he was telling me about this guy who'd left a previous business that he knew that was a great biller and he'd agreed to join somebody else. And I said, would he be great for your business? Oh, he'd be fucking awesome. Yeah, shame he missed out on him. I says, has he joined yet? And he went, no. I said, why the fuck aren't you talking to him?

And what do you mean? Well, just because he's agreed to join, fucking speak to him for God's sake, man. I said, you first hire, if it's somebody you work with, somebody who knows a biller, you know, there are, that's the safest bet you're going to get you further. Go and get them. So anyway, he got this person, took them on board.

And then within the space of two months, he's hired four more people. Because it just sort of gave the momentum and the confidence to keep going. And sometimes it can be that nervousness is one thing, but then conversely I've had people that, you know, they haven't got enough money to really to fund somebody beyond two months and they're taking somebody on straight away.

And in this case, no, you kind of got to financially make sure you're ready. And also, you've got to work out what is your first hire going to be? Because my personal opinion is, for your first few hires, if it's people that you know. But not that you know that your mates, but you know, they're going to perform.

You've seen the perform and they're going to fit the culture. That's the safest one. If you're going out for an existing recruitment consultant, you don't know that's one of the riskiest. So the next safest would be taken on. Maybe it's going to be somebody who can be a resourcer or a trainee, because obviously they're only doing one job, a small job, which is just finding candidates for you.

So what you could do is you could train them up that way. So getting your first few hires to me is far more difficult than it is for the next 5, 10, 20 hires. It's getting that critical mass, which is the difficult thing. And it can be for me, the make or break, whether a business is actually going to make it or not.

Because I find if you don't manage to get one or two people, the first year or two, you start to stagnate, maybe lose a little bit of the motivation. And before you know it, you are turning into a lifestyle recruiter. And you're billing a bit less because you haven't got the peer pressure and you're working on your own before you know it, it starts to go backwards.

So, you know, regardless of the question of scaling up, there's very few people can work on their own and just stay as a lifestyle recruiter. There's very few do that eventually will not bill enough or they just get pissed off or depressed or whatever it might be. So, it is taking that leap of faith soon.

But when you're financially ready and you've done some sort of sales forecast, some sort of cashflow forecast, so you know exactly how long that person's got to work out. Because the other thing that I see where people can fail, and I refer to the slot machine analogy, which is a bit out of date now because people don't use slot machines.

But it, but it is that chasing your losses. You know, you take somebody on, and you've had them for three or four months and you think, all right, well, that's cost me 20 grand 10, 15 grand to pay that person. I don't want to lose that money. So I'm going to keep betting on them. To make money because all they've got to do is make one placement.

Yeah. And they might make one before, they might make one. So they get into the, and then not make one for another two months. Before, you know, you're holding on to somebody that's clearly not right. And it's having that ability to go, no, I'm going to cook fast. I'm going to cook quick. Because one of the biggest costs of recruiting businesses is failed hires.

And also, it's the length of failed hires. And it's coming back to your example there, Patrick, of looking at ratios is it's fine that the first few months, if the quantity of activity isn't high enough and the ratios aren't good enough, you need to cut, you need to cut quick because numbers don't lie, you know, there might be the nicest person in the room.

They might have a great attitude and all the things, the soft things, but you're judging by numbers, and if you're looking at the numbers and the people aren't hitting the activity, they've got to go anyway, because activity is down to motivation. You know, how many times you pick up the phone, that's down to you.

If you're not prepared to pick up the phone enough, then your attitude is wrong, you're out. But if the ratios aren't right, or are right rather, then fair enough, you've got to look why. See as a business owner, if there's an issue with the coach, the trainer or the manager. But if inherently there's nothing you can find, you've got to cut, cut quickly.

And it's not a case of being ruthless, because ruthless is a negative term, but it's not, it's just looking after the business.

Patrick Barbour: You're the steward of the business, yeah, it's your responsibility to make those decisions.

Rhys Jones: Yeah, you look after the environment and if you've got people in there who are struggling, it's not good for them, it's not good for the other people in the business, but also, it's not good for your bottom line.

Patrick Barbour: Yeah. Yeah, I mean, and that's kind of the beauty of recruiting too, right? Especially if you're hiring someone who is supposed to be experienced and, you know, be able to come in and hit the ground running very quickly. I mean, that runway, after about two months, if there's nothing happening, then, you know yeah, you know what you got, right?

Someone that's a little younger in the game, obviously. Maybe that's a little bit different dynamic. I do want to kind of stay on this topic, though, and maybe this is a little controversial, but I definitely want to get your take on this, Rhys -VAs and their place in recruitment businesses. A lot of people and I personally have used this strategy.

I don't currently and haven't for a while now, but I have at one time used VAs to scale my business, but I have a certain opinion about that these days.

Rhys Jones: And what is a VA?

Patrick Barbour: Virtual assistant? So like hiring a recruiter or, you know South Africa or wherever a lot of people will use that as kind of a shortcut or a cheaper version of, you know, hiring on resources, especially on the delivery side of our business.

Is that a trap these days? Do you think?

Rhys Jones: I've never seen it work to be honest. It should work, because if you could employ somebody in a country where the average pays a lot less, let's say you're going into a third world country and you can get somebody for buttons, then it seems like it's a smart idea.

However, I've yet to see it work. And why there is a comfort with fingering, but you know, many of the business I've worked with have tried it where they've gone out and they've looked for resources in say Africa, which is, you know, that's a popular place for your virtual resources or in India or wherever it might be.

And what we can we find is, you're getting these from bigger businesses rather than necessarily individuals that you just find off LinkedIn or whatever. And what they'll do is they'll put the good person on first, so they hook you in and think, oh, it's quality this. And then what they'll do is, is that good person will go to another account and then they give you something that's not so good.

And the ratio starts to dip down until they're not really performing that much. Because we did have one of the businesses where they've got this person in that was managing to find, and I'll say take out 10 candidates a day and they're paying them, you know, working out something like 50 quid a candidate, which is a fantastic return on investment.

So that seems to be going on. And then I went back to the person and said, oh, that person you're using, you know, can you tell me the name of the company? So we, we can maybe, cause one of the other businesses wanted to do the same thing. He said, yeah, she was great for a month, and they've gone to shit. And we tried somebody else in there.

It just doesn't work. I've never seen it work. I'm not saying it can't work and I'm sure there's businesses out there and virtual assistants that are fantastic, but I think, I think it's difficult to find them and it's a bit more of a minefield and clearly with any part of your growth strategy, you're looking at risk and return.

And fair enough, your risk is less because it's cheaper. The risk is higher because how many people actually work out and how much time do you waste in trying to find the good ones and then monitoring the good ones and then you don't, I mean, it's just, is it a thankless task where what you're trying to do is almost find a quick fix or we can get loads of people that are cheap based abroad and that'll be the answer.

But I've never seen it work. Have you seen it work?

Vincent Pennix: Have you tried it?

Patrick Barbour: I'm 100 percent with you. I personally, just for, you know, transparency's sake, I mean, I think that there still is a good use case for VAs in recruitment businesses. I think that those scenarios and the function that VAs should be serving usually to mitigate what you just described, where it is a minefield and, you know, you kind of luck of the draw type deal on the quality of the person that you get.

Non client facing activities like, you know, scraping, putting lists together and, you know, doing some of the admin type stuff, I think there's still a lot of value in bringing on VAs as a resource to help supplement and support the actual people getting deals done. And I think that that's where the risk really comes into play with someone offshore.

In my, in my own experience, the biggest gap that I have seen that makes that a thing is the cultural difference, even though their English might be awesome, their ability to connect and build rapport with candidates to the point where you can have conversations with Canada. I'm really big on uncovering the pain points that candidates are going through, right?

What is the impetus for you to make a move? I need to know what that is. So 1, I know if this is going to be a fit for you. But also too, if for whatever reason you decide to go a different route or consider a counteroffer or whatever the case may be, I have something I can lean on and refocus you with like, Hey Rhys, remember you told me how important it would be to get 20 hours a week back at home with your kids and wife?

Is it really worth an extra 10 grand a year at the shitty job that you've been at for the last 10? Like that sort of thing. And so. In my own business, oftentimes those are the types of conversations and things that have to happen from a recruiter with a candidate in order to get them across the finish line.

So an invoice goes out and that's a gear that most VAs in my experience just don't have. And I think that's where the risk is. And people, like you said, it's a cheap alternative. So people are naturally drawn to that because they see it as less risk, but you hit the nail on the head with the time comment.

You can spin your wheels for a whole year trying to find the right VA and spend the same money that you would have spent for the first two or three months on someone legit that could immediately start getting billings up, getting invoices out the door, so on and so forth. So that you could hire more.

I think it is a little bit of a trap, especially for newer recruiters who are not dialled into the nuance of that arena for sure.

Rhys Jones: Well, I'm a big believer that because as I said before, recruitment isn't exactly a sophisticated business model, is if the answer was that somebody would be doing it, you know, I would know businesses that have a very successful structure where that happens, and I don't know any.

The only time I've ever found it to a small degree successful where literally just mining. All they do is mining job boards and give you CVs. And that's about as far as it goes because for the reason that you said, you know, the initial contact, the quality, the rapport, all the quality stuff.

You can't necessarily get from a remote person. You can't ensure that they're doing it right, it’s too high a risk. So just, you know, outsourcing, maybe the CV mining is one thing, but I think the advent of AI is kind of removing that anyway, because, you know, we can't deny AI is going to have an impact within recruitment.

But in saying that, you know, when job boards came out, CV libraries, everybody said that's going to be the end of the recruitment industry. Well, that was bollocks, wasn't it? You know, AI, yes, it should be able to help your business in a lot of ways in areas that you can scale to a descaled basis.

You know, you can't remove the human aspect. So AI will make a difference. And I think AI will replace some of that mining aspect. You know, who knows where AI is going to go. I mean, it could be, you know, we're all being taken over by computers in 10 years’ time, like, you know but yeah, I think businesses have got to utilize as best they can to keep up with AI, but you're never going to replace people talking to people and the people aspect. You can only have added tools to make them more efficient and maybe take out some part of the sweat work, but you're never going to change that.

Patrick Barbour: Yeah. Good VA is a few and far between.

Rhys Jones: I did see a podcast purely on.

Vincent Pennix: I was going to say, we could definitely go down that rabbit hole. For sure.

Rhys Jones: Yeah, no, my own personal opinion is it sounds fantastic, and it looks like it could be really scary and change the whole recruitment industry.

But I think we've been here before lots of times and it'll alter the way the recruitment industry works, but I don't think it's going to be a cataclysmic change. I don't think it's going to radically change things.

Patrick Barbour: No, I mean, well, I can just speak for what it's done for my business and how I'm using it.

I mean, I think one of the biggest impacts is obviously the efficiency of how we operate and the things that we do. Right? Doing more with less time. And fewer resources is definitely an impact I think in my own business that I've seen. On the personalization and our ability to market to market segments that are in need for our services and cutting through all the other bullshit that other recruiters are sitting out there has been, that's been a massive improvement in my own business.

And I can, I suspect that will probably continue to become more of a thing and those that are…

Rhys Jones: I think, different markets, different ways, because if you're looking at your low fee stuff. Let's say you're looking at drivers or pickers and packers. Yeah. And, you know, it's even like using basic chatbots. You know, you text somebody who could be interested in this job, and then it's automated to the point where the person's, you know, verified they are interested, then somebody gets on the phone.

So the lower-level stuff, then yes, AI is going to be more important, but the further up you go, the more professional services, then it's going to have less and less of an impact because it comes down to all the reasons that you've said.

Patrick Barbour: No doubt.

Vincent Pennix: No, I agree with AI, I'm not trying to have an entire podcast about AI right now. We could, but yeah.

Rhys Jones: I got to watch Terminator and you'll shit yourself.

Vincent Pennix: So there is a company that I used to work for. I used to help sell software for drug discovery. It was actually based out of the UK in Cambridge. And maybe we'll take this out of the podcast. Maybe we'll leave it in.

I don't know, but we were talking about AI one time, and they were talking about using AI for drug discovery and being able to do that. And this guy that I was talking to, probably one of the most brilliant people I've ever met, and he works, you know, he would help advise for Pfizer on different medications and everything that they would, they were designing and he, the one time we were having coffee separately, just him and I and he goes, Vincent, and he's like, everybody here is going to talk about AI during this conference, but it's just like sex in high school. Everybody loves to talk about it, but nobody has any idea what they're talking about.

Patrick Barbour: Ha ha ha.

Rhys Jones: Ha ha ha. I think, I agree with this.

Vincent Pennix: And that's the way I feel with like a lot of this AI stuff, like we don't really know yet. There's still, it's such development that like we don't really know how this is going to go.

Rhys Jones: So, yeah. Yeah, no, you're absolutely spot on. There's an awful lot of speculation. People don't know an awful lot about it. And the fact that it's now getting regulated is going to change things as well. Because clearly, you know, the powers that be have seen this could get really badly out of hand if you don't watch it.

So but yeah, I agree with there's a lot of people that speculate on it. They don't really understand it. And I'll be honest, I don't. I'm just going off the track record of various other things that came along with the recruitment industry, like LinkedIn and job boards and all that kind of thing.

Vincent Pennix: Oh, even the people at like Open AI and everything they're trying to stop it. Like as they're progressing it, you know? So you're seeing all this stuff going on. Not like even the people at the top that are in the designing of this are still trying to figure it out and we can't create laws fast enough to stop what potentially could happen with it.

So, yeah.

Rhys Jones: I think it's also certainly, I don't want to know because, you know, when you see the, the I don't know if it was Google or something where they did a demo where somebody had a conversation with somebody. There was an AI robot and they couldn't tell that they weren't actually talking to a person.

And then you go, that's some scary shit. Yeah.

Patrick Barbour: There's like an Only Fans account now that's literally just an AI bot that is generated. I don't know how much money, but I just read an article about it the other day. I was like, this is crazy. So anyways.

Rhys Jones: Yeah, it is a subject that we could definitely go off a tangent and start talking conspiracy theories. But yeah, it's probably for another day.

Vincent Pennix: Awesome. Awesome. Patrick, do you have anything else that you wanted to cover today? I don't want to take up too much of your time.

Patrick Barbour: I don't. Yeah, I am up against it. I've really enjoyed the conversation. Rhys, is there something that you want our audience to know about you or where they can check you out, where they can find you and all that good stuff?

Rhys Jones: I touched on earlier that cheap promo. I got in very, very early to make sure in case I didn't get the opportunity. I do do a podcast. I don't do as many as I should do because I'm always too busy doing other things, but if you want to check me out, it's Rhys Jones, sorry, the Recruitment Podcast with Rhys Jones, I don't even know it.

The Recruitment Podcast with Rhys Jones and that's where you can find me. Or if you're interested in old school blogs, if you go to Davidson Gray, and Gray's spelt with an A, there's dozens and dozens of blogs on there. So you can get all my stuff there. And clearly, if you want to find me on LinkedIn, it's R H Y S Jones.

My business is Davidson Gray. You can connect with me and see my colourful content. Cause I, when I post on LinkedIn, I try and circumvent the LinkedIn algorithms that don't let you swear. Because as you can tell, I do swear. But I did decide years ago that trying to be PC and correct just didn't work with me.

And authenticity is a lot more relaxing. A lot more enjoyable and also it gets so much more engagement because people want to buy from somebody that's actually real. So if you want to follow my content, then yes, it's colourful, but what I do do is I don't chase likes and comments. I actually post stuff that is actually genuinely helpful, but I take more pride in what I post and how many likes I get.

So I have found with the inquiries that I get of people that want to set up an awful lot come from the content. They say, I've been watching the content. I really like it, which I take as really flattering because you guys obviously would be on LinkedIn a lot. And you'll see some people that have a formula and it's the same formula and the posting pretty much the same stuff in different ways all the time.

Patrick Barbour: Motivational quotes, and yeah.

Rhys Jones: Yeah, or they've just got one particular thing that they like to go on about. And it's just like, okay, yeah, you're getting likes, yes, you're getting interaction, and it's making you feel good, you can get your dopamine. But is it actually helping your brand? And are you getting more inquiries?

Vincent Pennix: Cause I say that, I'm like, what is this actually doing? Yeah. I agree. I agree with you a hundred percent. When I see people doing that LinkedIn influence stuff, I'm like, what does this do?

Rhys Jones: It's certain people out there, certain business owners, you see they're on LinkedIn so much and you're thinking, why are you doing that?

How is that benefiting your business? It's not, is it? And I did a post a few weeks ago where I basically took the piss out of recruiters who post about recruitment. So if recruiters are moaning about recruitment or talking about recruitment, it's going to say, right, how is that affecting your candidate attraction strategy?

How many of your clients want to buy from you? And all you're doing is you're talking about recruitment and getting likes and comments from recruiters. That isn't your market. You're just playing on fucking Facebook and Instagram really, aren't you? You're just doing it because it's your social media.

It's not making your money. You know, if you want to make money out of LinkedIn, then you should be doing something that's getting interaction from your target audience and other recruiters aren't your target audience.

Patrick Barbour: The surveys of all, what's your least favourite reason why hiring managers suck?

Right. And it's like a shitload of votes. They're all recruiters complaining and bitching, but it's like, so who are you serving? Who pays your bills? Is it the hiring managers and the clients or is it these other dumb schools that are starving for work. Yeah, I don't, I don't understand how to do this.

Vincent Pennix: Yeah, I like tried it out for like a few weeks and I was like, why am I doing it? Like, this isn't like, does this just feel good? Or am I actually doing anything?

Rhys Jones: It's just addictive. You know, it's, it's the dopamine in it. You know, it's like all social media. It's like crack. I don't do any social media apart from LinkedIn.

I only do it because it's my job. Because you know, I realize how addictive social media can be, but no, it does make me laugh when people do the very formulaic stuff all the time. And really, it's just a bit naff. So, yeah. So come back to mine. You'll find a mix of stuff, but generally fairly good. Or I like to think it is anyway.

Vincent Pennix: Well, we've definitely enjoyed speaking with you. Definitely love to talk to you again sometime. I know there's 10 different directions we could have gone in today. So, you know,

Rhys Jones: I'm happy to come back and go off a different tangent unless it's AI.

Vincent Pennix: It's all just theory at that point.

Rhys Jones: So, yeah, no, you can get somebody else for that one. I'm not doing that.

Vincent Pennix: All right. Sounds good. Well, Rhys, thank you so much for your time. We really appreciate it. We'll plug all your information into the videos that we post and obviously we'll make sure to send all this over to you once we get it done.

But thank you so much again for your time.

Rhys Jones: I really enjoyed it. It'd be really good fun guys. So like I said, if you do want me again or if you want to chat to me and it's not one of your podcasts and obviously you know where I am.

Vincent Pennix: Awesome. Good. Thank you so much, Rhys. Appreciate it.

Rhys Jones: All right, guys. Enjoy the rest of your day.