

IS IT CHEAPER TO RUN WITHOUT A SUPPORT FUNCTION?

Hi, this is Rhys Jones. Welcome to today's podcast. The subject of today's podcast is, 'Is it cheaper to set up and run your own business without a support function like Davidson Gray' or 'Is it actually better value to go with a support company like Davidson Gray'.

The reason why I wanted to do this podcast is that there are an awful lot of recruiters set up on their own now because of the Covid situation, people working from home, realising they don't need as much support as they thought they did. Or they've been made redundant, or they've seen their employer for their true colours. So, I thought today I'd run through the option of doing it all on your own or doing it with me and with Davidson Gray.

We support you with your accounts

So, one of the first things that people are interested in when it comes to having the support of Davidson Gray, is the accounts. So, the argument is, you could do the accounts yourself you can have an accountant and do your accounts yourself, which you can. However, what I would say is doing your accounts yourself maybe isn't quite as easy as it first seems because you will need to do some bookkeeping, or maybe have a bookkeeper.

It's also understanding the accounts and also, you don't just outsource everything to the accountant. You still have to do things like invoices and stuff like that. Also, with using ourselves for the accounts we keep right on top of all the tax bills for the company because you've got corporation tax, which is twice a year, VAT once a quarter and personal tax, twice a year.

What we do is we tell you the running totals of those bills as they are topping up and when they're due you don't get surprised. If you use your own accountant, because you're trying to run a business and you're spinning many plates, it won't be surprising if you do miss some. So that's the accounts.

We help you with your CRM

The other one is well, 'I can pay for my own CRM'. Well, you can, that's easy. I wouldn't say we add huge value on the CRM because we paid for it but what we do is we advise you on the best one and also, as that CRM develops with new apps attached to it, new functions etc on top of it so we see these things coming, which again you've not got time for because you're recruiting, you're finding jobs for people, people for jobs. You're trying to get money in, which is really the most important thing in the first six to 12 months. So, you can't really keep on top of the CRM as to what it can do for you.

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Digital marketing? No problem

The other one is digital marketing, which is very complicated. Some people that we speak to see the value, some people maybe not so much. But again, with the digital marketing, the people I speak to that decide they want to do it on their own is either, 'I could do it cheaper, I could do it myself' which I definitely dispute because marketing is very difficult and also is not a task you can tick to say you've done marketing. It's how much money you can make from it. Just as an example, one of our businesses get 80% of their candidates they place through the website alone, which is just ridiculous.

So doing marketing is not just a task; it's very much a case of how well you do it. Marketing evolves all the time. It's also incredibly time consuming and it needs consistency, because if you are going to build a brand and you've got the brand awareness, you need to have that consistent message going out through various different channels. So involved in the marketing is the content you produce; and it is not just producing content, it's types of content, and amount of content.

For example, people comment to me 'I see that you post a lot on LinkedIn'. I don't do it. We've got a system that does it for me. The content, yes, I write that, but I've got a marketing assistant which, to be fair is the marketing assistant for Davidson Gray, so he's the marketing assistant for the rest of the partners and produces some very good content, some videos, some animation, some of the artwork. All that takes time.

Delegate it to the specialists

I think what you've got to think about if you're working for yourself, is when clients say to you, I can do it cheaper myself. How do you feel as a recruiter when you think, 'I'm a specialist - you're not. You're an MD of a FMCG company, but you're not a specialist recruiter. This is what I do for a living. All I do is keep breathing, sleep, finding great candidates, so how can you possibly better do yourself'.

Well, the thing with business owners finding their own staff is they've probably done it in the past. However, have you ever set up and run your own business? Probably not, and it's critical that you get it right. One of the comments that I get from some people is 'I want to learn by my own mistakes'. Well, if the business fails, that's pretty catastrophic, so would you get into a plane and say, 'I know, I'm just going to teach myself to fly this plane and I'll learn by my mistakes'.

OK it's a bit dramatic. You're not going to die, but your business will probably die, so you know, you've got to bear in mind the first six to 12 months, the most important thing in your business is billing. It's making money and it's bringing cash in. So when I'm talking about marketing and I'm talking choosing the CRM and

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keeping up to date as to what it's doing next. Doing your accounts - you've got to think how much time that actually takes you.

How much time is that going to eat at from your recruitment time? Bear in mind, as a recruiter you should be generating at least £100 an hour of revenue, so if you're mucking about with digital marketing, CRMs and the accounts and you don't really know what you're doing, it's going to take you a lot longer. So, is it smarter to actually get somebody else to do it for you?

Doing it yourself is a false economy

I am actually going to do a podcast about how the most intelligent recruiters often don't make the best of businesspeople, which is a paradox really. I'm not saying that you need to be thick to be a business owner but what I'm saying is that the people with high intellect or rather, think they have high intellect, don't make as good businesspeople, because they tend to want to do everything themselves, and they don't see the value of outsourcing it and taking help and advice, because they're clever. They can do it themselves.

Well, that's a false economy. When I went to Cranfield University in 2005, I'd done pretty well up to that point to be honest; I winged it as a businessperson. However, when I went to Cranfield it was just amazing. It just opened my eyes to the fact that you can learn this thing of being a business builder, but also you can learn a damn sight more from other people than you can from doing it yourself. Why learn from your own mistakes? Why don't you learn from other people's mistakes. That's common sense, isn't it?

And also, other people are better at some things that you'll never be very good at, so I was tapping into my peers at Cranfield, and it got onto this personal development mode and the penny dropped of what it takes to be a businessperson. Being a businessperson is hiring smarter people than you and outsourcing a lot of what you do because an MD doesn't have an FD and a Marketing Director and sales rep for the fun of it. It's to give these people, who are experts in their area, jobs because that frees that person's time; they're better at it, they can specialise in it.

So as a recruiter, digital marketing for me is a massive passion. If you do it well, you can bring in so much revenue. It's brand building, it's about making your environment an easier place to make money and you can't do that part-time on marketing. So, I've gone off on a tangent obviously, but if you're looking at doing it yourself, the marketing I would say, take that right out of the equation. You can't do that yourself. You'll make a pigs ear of it and you won't do a very good job.

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We provide a full support function

There's the full support function, because if you're working for a big business or even a small business, if you need a GDPR policy, somebody'll do it for you. Employment contract, somebody will do it for you. You've got a problem with legals, somebody will do it for you. Who does the debt collection? Somebody will do it for you. If the number on Google, when you Google the business name has changed, somebody else sorts it. So, there's all that stuff that's involved in a business that you might not really grasp when you go on your own and then you sat there in your office on your own or you've got a business partner and you think, 'Right, GDPR policy - how do I get one of those? Right quick, get on Google. We need to employ somebody; employment contract, let's try and wing it and do that.

There are all these things that you've got to do that takes up time and it distracts you and it stops you from doing what you do well. Any smart professional knows that it's better to get people to do the stuff they enjoy and that they're good at rather than stuff they don't enjoy and they're not good at. If you're running a whole business and you're a recruiter, you'll find some of it isn't particularly fun and enjoyable. Accounts - dull as dishwater.

I am particularly good at accounts, which means for most of the businesses I do all the accounts because they don't want to. I happen to be particularly good at it. As a recruiter, you'll be born and bred to chase vacancies, chase candidates and that is really what you enjoy. It's that thrill of making money, and when you're making your own money, when that big cheque land, that's the biggest buzz ever.

That is where you're going to get your fun and are you going to be interested in looking at the accounts? Of course, you're not. Are you going to be interested in doing the VAT return? No, you're not. Interested in writing a blog? No, I don't think you will be. Digital marketing, no you don't do that either. You've got to bear in mind that yes, you can do these things yourself without a shadow of a doubt, but it's a very different job to the one you've got now. I'm not saying you can't do it. What I'm saying is, think about how much time it's going to take to do these other things, how well you're going to do them and are you going to enjoy it?

Working for yourself is stressful

And let's be honest; working for yourself when you're new to it can be quite stressful and emotional. So do you really want that stress or emotion of trying to learn things on the hoof and get anything wrong and get anything right and researching things when really you need to be placing candidates and getting money in? It is pretty stressful. Some of the people I speak to say 'I want to go the safest option when I set my business because it can't fail'. Totally agree, I've never had a business fail. You cannot have a business fail.

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The safest way to go is working with me, because of my track record. You're a good recruiter; you're good at recruiting, you're good at hiring people, you're good at managing those people. You've never been a businessman before. You've never run the operations of a company before. I could mentor and coach you to do all those things, but why try and do it all at once. Why not do it piecemeal. And the thing is if you're working with Davidson Gray, we only take 20%, so all that for 20%.

Commercially, to me, I know as a recruiter it's a lot easier for you to sell something if you truly believe in it. Because I truly believe what we do is excellent value for money, it's very easy for me just to talk about it and it sounds like I'm selling but I'm not. I just know if I have the access to Davidson Gray when I set up my business, I would bite my own hand off.

Your business, your way

Having all those services done for you and having somebody working for you or with you who's got my level of experience.

Somebody who can mentor you, can coach you, can prevent those mistakes; can help you think because that's what coaching is all about. It's helping you develop your ideas, because it's your business. You're not going to run it my way. It's you are running it your way, but I want to magnify and turbocharge your natural entrepreneurial instinct, because recruiters have a natural entrepreneurial instinct. As a recruiter you've got to be. You're chasing opportunities all the time. You can find things other people can't. You've got the tenacity; you've got the imagination - all those things entrepreneurs need. You've got that.

It just needs coaching and turning into the business that you want to build. For example, the new technologies that you might be interested in. Well, your business might not be interested in those new technologies and obviously I've got time to look at new technologies. Most recruiters are really interested in new technologies. We've got one that scans the internet and crawls the internet for vacancies in your sector. Nothing necessarily ground-breaking at all; we do that for you, we just send you through the vacancies every day and it's a technology that does that.

You might not have time to look into that if you're running a business, so we keep you on top of that. The other reason why I think you would get value from Davidson Gray and why to me, commercially, it's common sense to work with me and Davidson Gray is I'm not just going to mentor you. I'm not just going to coach you. What I do is actually do some of the heavy lifting. I will work alongside you as a co-director and minority shareholder so the marketing, I'll take ownership of it.

I won't teach you how to do marketing, I'll do it myself. And the accounts, the cash flow, if you want me to do it, I'll do it for you. So, I actually work with you because the passion I have is for growing my partners'

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businesses. It's not necessarily trying to get as many partners into the Davidson Gray portfolio as possible. That does not interest me at all. It's working with the people that I like and have genuine affection for, the partners and growing their businesses.

Your success excites us

That's why I get excited about doing things like the marketing and making the money and doing the accounts and saving them some money and then doing the cash flows they don't have to do it, so I'm actually working alongside, so I'm there in the trenches, for lack of a better description. So, let's say that you hire people smarter than yourself. I'm not saying I'm smarter than the people I work with. What I would say is, I've got a lot more experience than the partners I work with, clearly, and also because my job is doing the marketing, and doing the cash flow, and looking at strategy and innovation.

I'm going to do it better because I've got the time to put into it. I'm also feeding off all the other entrepreneurs in the group who are coming to me with ideas. So, I'm constantly developing and learning myself, which is amazing and you as a recruiter can bill, make as much money as possible, recruit your staff, talk to me about your own personal development, develop yourself as a businessperson, guide me on where you want the business to go. I'll give you a push every now and again to help your confidence, to understand what you can really achieve. That's another thing I got from Cranfield. I went in there knowing I was successful, but I came in thinking I could be so much more successful.

You know yourself as a recruiter, quite often it's about confidence. If you've got somebody alongside you who's, using a crap analogy, it's like walking on a tightrope without a net if you haven't got a mentor or a coach. But because you've got the Davidson Gray support team with operations director, marketing assistant, operations assistants, you've got me. It means you've got that net underneath you and it gives you so much more confidence. When you're confident you produce much better results and you enjoy it ten times more, so it doesn't feel like work, so it's not as tiring.

Delegating your support will make you more money

So yes, you can do all these things on your own without a shadow of a doubt. Will you save money? No. Will you make more money? Absolutely 100% not. Will it be more fulfilling doing it for yourself? Now that is a question only you can answer, and I can understand that. I want to do all of my own, know it's all mine. And there's an argument to that. But you're making it a lot harder for yourself. Would you really enjoy making the mistakes? Would you really enjoy the stress of getting it wrong? Or having a support function that supports your ideas because it's your business.

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So, you are doing it yourself but what you're doing is you're just employing other people to do stuff for you like you do when you grow a business. That's the whole point. You grow a business, and you get other people in your business to help you with the other things. You employ recruiters, marketing people; whatever it might be, and you delegate responsibility.

That's what growing business is about, but if you go with myself and Davidson Gray, you're doing that from the get-go. You're employing that support and you're employing an experienced person to be a minority shareholder so it's kind of like your first hire. That to me is why I see it as a no-brainer. You could say I'm biased; yes, I suppose I am to a degree.

However, I'm also a pretty smart businessperson and I can see why it makes absolute common sense. One of the things I'm proud of, if you speak to any of the partners that we work with, any of the businesses I've helped set up and support and say to them, 'Was it a smart move, do you get value for money?'. I have absolutely no doubt every single one will say 'yes'. You always get one moaner; you always get one whinger. Fortunately, we haven't got any and the reason being is I need to over-deliver all the time. I only employ people that want to be the best they can be and over-deliver, because it's so much nicer, people being pleasantly surprised how good you are, than you under deliver. So that's why I feel that going with Davidson Gray, you get great value for money.

Conclusion

I hope you've enjoyed this podcast. It was a bit longer than usual I think, it's probably because I'm so enthusiastic but check out my other podcasts and if listening to this has inspired you, or you are interested in setting up your own company and you like the sound of what I do, what we do then send me a message on LinkedIn and we can arrange a chat.

Thanks for listening.

