

WHAT IS THE MOST SUCCESSFUL BUSINESS I'VE BUILT?

What is the most successful business I've built? Podcast Transcript

Hi, welcome to my latest podcast on what is the most successful business I've ever built. And what you're looking for is a great headline figure of one of my big behemoths for businesses that I've ever built, but I would say that it's like asking somebody, who's your favourite child? Well, I love them all the same, but in different ways.

But I get asked this question all the time of people that look and set up their own business and say to me, Rhys, okay, what's the most impressive business you've ever built? And I can't really answer that. Because they're all different in different ways. But, you know, rather than avoid the question you know, I've built two businesses from the ground up to sale.

Those are my own businesses. Those are the ones I sold before Davidson Gray. There's one business that I took from nothing to an unsolicited trade sale approach in 18 months. That was in Davidson Gray. That was sold within 18 months. Another business that we took to one and a half million-pound profit within three years, again, massively impressive.

Measures of success

But those to me yes, great headlines great attention grabbers. But I think the question comes back to 'what is the most successful for the people that run the businesses and own the businesses, it's you that matters. You know, what is the most successful to you?' And the reason why I say that, and the best example I can give you is this: a business I'm working with now within Davidson Gray and this chap has five staff, he works about three days a week, makes a very good income, but he works three days to spend a lot of time with his young family. And that business, you know, runs itself without him. It's self-sustainable, earns him a good wage. And he's really happy with his life because he invests a lot of time in his family, earns a good income, still has the stimulus to work because, you know, that's still there three days a week.

So he's as happy as a content as he can be. So that to me is massively successful because, you know, while it gets there, 'what is success'? But, you know, it really is down to what is successful for you. Now, rather than doing a more of a spiritual podcast on the deeper things. You know, you're probably looking

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for a bit of education about how to build a successful business, you know, using some of the plans that I've used, the businesses I've helped grow and sell.

Ratios and KPIs

Okay. So if you're looking for, you know, what is the most successful business, then you'd be coming back to ratios and KPIs. And I know you're going to go, Oh Rhys, here we go. KPIs again, you know, yes, I'm a fan of KPIs because they bloody well work. That's why. Okay. So even if you're looking at something is you could say are subjective of what is the most successful business, you could still look at KPIs and ratios.

So for example, I would say a massive, massively important ratio within your business is staff attrition. How long are people staying with your business? How many people are exiting your business? Okay. What's the average tenure of people in the business that is, that shows how successful your culture as well as things like learning and development and selection are important.

So yeah, what are your staff attrition? What are your average billings per head? Because if you have a very high average billings per head, then success breeds success. So if you've got somebody coming into your business, let's say, you know, the average billing is 150 grand. Okay. Well, you know, and the minimum of 120, you know, then they're going to be about the 150 mark, aren't they?

Well, you know, they're going to call me and they're probably going to go to the norm, but if your average billing is 200 grand, if somebody comes in as a 150 biller, they're probably going to get dragged up to 200 grand because that is the norm. So for me, that's a very successful KPI to look at. Is what if your average billings have higher billings.

Profit per head

More important than that what's the average profit per head of people within your business? That is a KPI that people miss. But if you're looking at it, you know, that is probably the most important one. Because, okay, I see a lot of people on LinkedIn that say, oh, I built a 50-million-pound business, 80-million-pound business, 100-million-pound business.

And those are all really impressive. My first question is what is the profit? You know, because it's the profit to me, that's, you know, not the most important thing, but that's the key indicator for success is how much profit you're making. Now, I do add to that the caveat, if you are looking to take your business to a VC sale or a private equity sale or a big sale, then you do want a lot of critical mass.

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So, you know, turnover does add a lot to a sale if you're going for that level of sale. But if you're looking for more of a trade sale, it's less important. Yes, it's still important. But the profit figure is probably more important. Okay. So yeah, if you're looking back, you know, what is your profit? So if you're looking at, you know, what is the average profit per head, then that will tell you how successful your business, because then you just imminently have to hire more people to maintain that.

Okay. But then if you're looking to break that down, okay, how do you affect those constituent parts? It comes back to one of the things I mentioned, how to scale a recruiting business, is looking at processes and people all hate processes in recruitment. I hate processes, but they've made you successful.

So if you're looking at your staff attrition, then you can work backwards on that indicator. Okay. What is going to be, what's going to affect that staff attrition? It's great selection, great attraction of staff. Great selection, great offer to acceptance, great induction, great training, great learning and development, and also great management and coaching.

Develop your managers

And that involves learning and development for your manager and your coaches to make sure that practice is followed through. Because, yeah, you don't necessarily want robots, but you want people that are going to add value to that process. So if you're looking at, you know, what are the most successful business owners.

To give you an example, you look at someone like Jurgen Klopp. Okay. He does great things by making good plays and making great plays and your environment wants to move on where you take good people and make them great. And that makes a successful business. But going back to what is successful for you. This is where you probably need to step back and say, okay, what do I want?

From this business that I'm growing, it could be at the start, it could be in the middle, it could be towards the end. I've said on some of the podcasts in the past, what you want will change as your business grows, but you've got to have something to aim for. If you don't have something to aim for, then you're successful, but it's going to be considerably less because you're not striving for something.

Company culture

So what do you want in your successful business? Now I get a lot of business owners that say, you know, I'm looking for a brilliant culture, a place where people really want to work. I love that. You know, that's the sort of thing I buy into. I look to build happy, successful businesses. You know, there's more to it than money, but okay.

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You want to build a successful culture where people are happy. How would you measure the happiness? Okay, so you could do things like anonymous questionnaires to ask people, okay, what do you like about the business? What do you think the business could do better? How would you like to change anything that, you know, that you're not so happy with?

Those things are brilliantly successful in giving you ideas of how to improve the business and also telling you some things that maybe you don't want to know. But I'll tell you another thing that's really successful is looking at those staff attrition figures because they don't lie. Looking at things, okay, within your business, how many people have been promoted through up through the chain, you know, who've gone from divisional manager, operational managers or financial directors, whatever it might be, is looking at the leaders you've grown within the business. Now, what is your learning and development like? Because that is critical to the business. So if you're looking at, you know, what is successful in your business, you've got to look at how you want to get there.

Because that's one of the things that I think is missed when you're looking to grow your business is looking at how happy and proud you are of the business that you've built. Because if you're happy and proud, and just love the business that you're growing, it is going to be successful. It's going to be more successful rather than it would be if you're just looking at numbers.

Billings

So you're going to look at the quality of the business that you're growing and how much it's improving your quality of life. But going back to what makes a successful business, you know, you're starting at the journey and really what you want is the business that will make profit without your billings.

That's the first milestone you get to because you'll be a billing manager within your business. Okay, so let's say you're doing 200 grand a year. If the business is making 350 grand a year. Okay, it's successful because it's making 150 grand in addition to what you're making, then you go on to the next level, which is, okay, what business, what level of profit would that business make without you there?

Could that business succeed without you there? Cause they say the most successful businesses are the businesses that make money while you sleep. Slightly difficult unless you work on lots of different time rounds and recruitment, but you want to be able to build a business that doesn't need you to be in it.

To me, that is a successful business, a business that doesn't need you to be there. You're choosing to be there. Now, if that's the sort of business that you're looking to grow, I think other barometers to look at, the sort of things that people would look for if they're looking to buy your business.

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I'm not suggesting that you sell the business, but the constituents that a would-be buyer look for are going to make your business a great business. So it's, again, it's low staff attrition. Great management team. Not all your eggs in one basket, great branding, great marketing. Okay. Is it reliant on you as a business owner?

The things that a would-be buyer would look for are the things that are going to make your business successful, but you can still do it your way by having it more facing towards the cultural aspects of making the business a happy business. But those are the bones of structure that you look for in making a business successful.

Build a resilient business

So if you're looking back to, you know, what I would say is a successful business, it is a business that makes money for the owner. It's a high profit business, but also, it's got to be a resilient business. Okay. What happens if another coronavirus comes along, or another recession comes on? How is your business going to cope in a recession, in a downturn?

Because again, that's massively important because when I'm talking to the business owners about what you want from the business, I try and drill down using coaching questions about what they really want. And some cases, it's, I want a shitload of cash and I'll make a fuckload of money. Or it could be, some business owners say, look, I want a business that's going to be successful, that won't fail.

So, you know, the security of the business is the most important thing. Other people want, you know, a business that I'm proud of. And when I grew my two businesses, the thing that came out of a session I did within Cranfield Business School was what I wanted to do was to create a legacy, which again, sounds a bit romantic, but what I meant was I want to build a business that is the best in class.

You know, it's the recruiter of choice in that chosen marketplace, because it's known for quality. It's known for being the best person to do with, you know, it's the go to, if you're looking for a job, it's a go to, if you're looking to hire, because that felt morally the sort of thing I wanted to say, I want the core value of the business to be the best business it could possibly be at recruitment.

Develop your people

And because of that, that's one of the reasons why it's successful because everything's kind of driven towards that mission to be the most successful business within that area. And that was crystallized as being successful when I got somebody in to look at us for the Investors in People which is a qualification that's gone back 20 years to show that you invest in your people.

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And then this lady came along, and she spoke to a good number of staff. She brought me in. She said, I'd like to talk to you about the results. I said, great. I can't wait to go on. She said Investors in People, I think you're wasting your time. And my heart dropped. I thought it was going really well.

And she said, I've never come across a business where people are so happy and so proud to be here. They feel they are, there's no other business that's better than this. They can't go anywhere else. They feel they're rewarded, they're developed, they're happy, you know, they enjoy the leadership structure, they enjoy the environment.

I've not seen a business like this that's not been through the process. So quite frankly, you don't need to go through the process. And if I gave you Investors in People, it's just a stamp. You've got a brilliant business. Now that to me was one of the most, rewarding aspects within my career, because that meant more to me than the bottom-line profit figure, which is very good.

I'm building an environment where people want to be a success, want to make money. I mean, another thing that I pin on what is the most successful businesses is how much you develop people in the business. Okay. How you've got some success stories of the people you developed and one of the ladies within that business, you know, I brought her in, and she was I think she had an administration role within the construction business. But we took a punt on her because she had the characteristics we were looking for. But in three years, she was the biggest biller in the business. And I'd sent her to, I think it was Harvey Nics, with a thousand pound to spend and a personal shopper and a sort of champagne lunch type thing. And she texts me on the Saturday, she said, I can't believe I'm here. She said, I've got... You know, I've got this lady doing my nails and I've got champagne in the other hand and then I've got a lady talking about spending a thousand pounds, you know, within Harvey Nics, I'm talking about three-hundred-pound pair of jeans.

You know, this is going back, you know, 20 years, so three hundred pound, that's six hundred pound now. And that again is one of those things that was... It's one of the most successful rewarding parts of my career because it's how I've grown somebody, you know, it's not so much necessarily, you know, they were very successful in the business, but also really affected somebody's life, you know, really made somebody successful.

So those are things that are important to me. So when you're looking at what is successful within your business. Okay. It's looking at the things that you want to be known as successful. If you look back and say, how do I want to look back and sort of judge how successful the business was, those things, again, you can look at your KPIs, how you're going to achieve them but there's a very, very high chance, if you break down what that business is going to be. So I want it to be, you know, fantastic culture, what does

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that mean? Break those things down. That will give you a good process to a successful business. So that's successful breed success. It'll make it more profitable because it's going in the right direction.

Create a winning culture

And that's another thing that I forgot to mention earlier on is when you're looking at average profit per head, that's the thing that obviously drives the profit, but I think another thing that's missing in some businesses is the average billings per head. And the reason why I say that is not because it's higher profit.

If you create a winning culture, so if your average billing is let's say 250 grand in your business, the people that move into your business will see that as normal. That'll be the figure that they are looking to achieve because we are pack animals. If you go into a business, the average level of performance is low, or let's say the average phone activity is low, people will naturally drift towards it. So, if you fall into the trap of allowing for very poor performance, so people say doing a hundred grand a year might be, you know, that's going to drag the average down. People start to see that as normal. So one of the things that I think is important in your business is having a high billings per head.

Now it's not critical. You know, you can run a very, very successful business without it. You know, you can have a business where, you know, it's very, very driven by marketing as one of my businesses was. And it's very much an account management, so, you know, you don't have to have a lot of high billings per head because you've got more of a resourcer based business where, you know, you've got some, a few good, really good new business people, great branding, great marketing, a lot of deliveries, that's a very, very stable business because people in those positions don't tend to move on because they're relying on the business to give them the work to do. So that's a very stable business. You can pay them less and it's a nice resolute business and quite often it's easier to develop a nice culture within that business because people, they don't get as much infighting.

So that, you know, that's a different model as well. But, you know, billings per head is something I would say is important. If you're going to build, you know, the best business in your sector, the go to business is what do your clients think about you. What do your candidates think about you?

Yes, you can have your questionnaires, but I know there's some sophisticated software now that you can send to your clients that will give you a really good feeling for how happy they are with your business. Because that, again, is a massive thing in success because if you are the go-to person or are the go-to company within your industry, then that is a self-fulfilling prophecy because you're going to always going to get, you know, a good reception when you're hiring new staff.

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They bring in candidates, bring in clients. They're going to get a reception because they know who you are. They're going to want to speak to you because you are renowned for being great in your industry. So that's another thing you might want to strive for. So all told, those are all the constituents for what, you know, is the most successful business that, you know, I could ever help you build if you want to build your own business.

Conclusion

But if you're looking for an answer, what is the most successful business I ever built? And it's got to be the first one. It has to be, because that got me to where I am now, as far as a wealth situation goes, you know, I sold those businesses, so I didn't have to work again. And now I'm following more of a vocational path through Davidson Gray, because that is, that is me wanting to give something back and also the happiness and the reward I get for making other people successful.

But, you know, during that process of building that business, I learned so much. I can't tell you how much I've learned from successes, a lot from the failures, going there, you know, being there, doing the t shirt, you know. You can coach and train so much, but you can't replace necessarily experience.

The experience I had of growing that business and the adrenaline of growing that business was just something else. Am I happier now? I probably am because I feel more fulfilled. And what I'm doing is making people wealthy and making them happy and help build, you know, businesses that was more of an adrenaline rush.

And that was great for the time. And that's great. That was for the age I was in and what I was driven. And I want to make loads of cash and I made loads of cash. But yeah, that has to be the most successful business that I've ever built. And I hope you've enjoyed this podcast. As per usual, nice comments would be lovely.

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