

5 REASONS WHY RECRUITERS SET UP THEIR OWN BUSINESS

Hi, I'm Rhys Jones. Welcome to my latest podcast.

Today, I'm going to chat about what is the most common reason recruiters set up on their own.

The reason I'm doing this podcast is that I was feeling particularly lucky today, how much I love the job that I do. I just reflected about how I got where I am, which sounds a bit deep, but it isn't meant to be that deep.

Nevertheless, I was counting my lucky stars as it were, so it reminded me of when I set up my first recruitment business and why I actually did it. Which then led me on to why the people who I support and help set up in their businesses, the people I work with every day; why did they set up their businesses and most of them have different reasons. You'd think there'd be a common reason why people set up their own recruitment companies, but there's various reasons. So, I thought, well that's a good idea for a podcast.

Why people start their own recruitment business

I thought I'd share the reasons I find the most common that people give me as to why they want to set up on their own. Because, as I'm sure you can imagine, when people contact me and they ask if they could work with me to set up their own business, I do ask what is the reason they wanted to do it - in addition to obviously – “what are you looking to build, where do you want to be”, that kind of thing. Nevertheless, the reasons do vary, and they are important.

1. Future earnings

The first one that is one of the most common that I find is people just don't want to earn what they earn now for the rest of their life. You sort of reflect and think, “Okay I'm a recruiter, I earn good money but I'm never really going to earn that much more”. And it's true if you stay in recruitment; if you climb the recruitment ladder and you get to middle management, senior management, you tend not actually to earn that much more and the reason being is your basic goes up. And as a recruiter you're on a commission but you really have to climb that ladder to earn a lot more than you will do if you're a very good recruiter.

So, you can either stay where you are and be a recruiting consultant and earn what you earn; you can climb the ladder and probably not earn that much more, or you can do it for yourself. Now whether that's you doing it on your own and just taking a bigger chunk of what you build or whether it's growing a business, but that is one of the more common reasons people sit back and think, “Well, where's my future going”.

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2. Early retirement

Another one that I think is really common as well is that people don't want to carry on working for the rest of their lives. I think it's more of a modern-day thing where people don't want to work to 65. People don't see jobs for life anymore. You've got choices. People expand their thinking as to how they actually want to live their lives, not necessarily the way that maybe people did 20, 30 years ago, which is you get married, you have kids. The kids grow up and then you work till you're 65 and then you retire and then that's it.

Well, life's different now, so you get people that are looking forward and thinking, no I don't want to work until I'm 50 or 60. How am I going to do that and again, going back to what I just said, you can either build from home and bill a lot more money and then put that towards your pension or the people that tend to look to not wanting to work past 40 have aspirations a bit higher, which is to grow a business where they'll be significantly more wealthy or retire having sold the business.

I have done various podcasts and blogs on building and selling recruitment businesses because it's not quite as easy as it sounds. Nevertheless, if you do get to the point where you have a business that is capable of going to market then the business is making money without you there anyway. That's how you sell a business; you've got to make a business that isn't relying on you, otherwise nobody's going to want to buy it. So, once you get to that point, whether you sell it or whether you just tie in your key performers, you know it means you can retire at 40 should you want to.

Some of the timespans that people give me when they speak to me, they say "In 10, 15, 20 years' time"; in theory, you can do it in five years. I'm not looking to sell a dream, but there is one of our partners who was sacked not last December, but the December before because their boss had hacked into their social media account and found out he was speaking to me and sacked him. So, he set up in business with me in the January and rolling forward 18 months, the business has now been valued at two and a quarter million, which is astonishing because this particular chap had never managed people before, and he had no real plan. He just came to see me and that's not magical because of me. He's had a lot of breaks, he's made the most of it, he's been opportunistic. It can happen really fast.

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3. They want to see more of their earnings

Some of it is just basic, “I want to earn more of what I built”. They look at how much their employers take, and they think, “I don't want to give that away”. This has been accelerated massively through COVID and the reason being is people working from home then start to see actually how much value their employee gives them. Because if you're in an office then it's certainly not institutionalised but it becomes normal. But if you're working from home where there's nobody around you, it's a lot easier to say “I'm controlling my own day. What do I get for my current employer? Ok, I've got the database, I've got the website”, and before you know it, you're thinking they're not actually adding that much more to what you do. “So why don't I do it for myself”, and it's that period of reflection, going, “Do you know what, I'm working on my own from home. It was tough at first but I'm actually finding it quite easy now”.

So, the step from going from what you're doing now to actually having your own business it not that great at all. And that's why we get so many recruitment businesses set up every year. There's about six thousand recruiting businesses set up each year and part of the reason for that is there's no barrier to entry and also there's no large expense. It's not like you're setting up a manufacturing company where you obviously have to buy the plant, you've got the warehouse, the stocking; there's R&D, there's all that kind of thing.

As a recruitment consultant, you're running your own business anyway. You're running a desk. Every day you've got to find candidates you can work on; you've got vacancies to work on; you've got to decide what's going to make you money. So, it's actually not that difficult, so you get a lot of recruitment consultants setting up their own business every year. Sadly, only I think, three out of four, to four out of five, depending on where we are with the economy, actually make it past two years. I've done a blog on that subject as to why so many people do fail and that's a separate one, so I won't talk about it now. But yeah, it's sad that so many don't make it but really, they should because it's not that difficult.

4. Unhappy with current boss

Another reasons why people set up on their own, and this is actually one of the reasons I set up on my own, is they hate the current boss; simple as that. They just don't like who they work for and how they run their business and it eats at you where you start to almost formulate your own business plan without realising it. You're thinking about how much better you will run the company if you were running it, so it actually serves as a really good education.

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That's why I say to the recruiters that speak to me and say, "Look, I see how my current business is run now and I hate it and I just think I could do so much better". I say "Yes, but look at the positive side. It's a fantastic education because you can see how not to do it, but also, you've had a period of time to think about how you would do it and that's a great education. You've almost got a mini business plan there", so in a funny kind of way I could thank my old boss, because the way that he ran his business; it was great when I first started working for him, but he changed and he does get out of control, and that's why I set up my first business.

That, in addition to the fact that I've always been very independent. I don't like to rely on other people. I'm not great at being told what to do, so I've always been very independent and I've always very ambitious. But money wasn't a motive for me. I was very well paid as a recruiter and because, possibly because I came from such a working-class background, I left school at 16, no qualifications, from Rochdale, I didn't really have a bar set particularly high of what I would earn.

But then I got into the recruitment industry, and you could earn a fortune. But then when I set up on my own, I set up with a business partner, and things were going that well that it just opened my eyes as to what I could really achieve. And in 2005 myself and my business partner took some time out. I went to Cranfield Business School on a course that was set for owner-managers and it's at that course that I saw how much money other owner-managers were earning and how they weren't better than me. I actually came out top of my class which I was astounded by because I'm not academic.

But in the recruitment industry you've got to be absolutely razor sharp and commercially, recruiters on this particular course were so much better than everybody else. I'm not saying in everything, but commercially so much better. So that raised my bar as to what potentially I could earn. And I've always been really passionate about what I do, and I've always wanted the best that I can be, and it became a self-fulfilling prophecy which is why I was particularly successful as a business owner and then I moved on to do what I'm doing now, which is Davidson Gray.

5. Personal development

Another reason why a lot of people want to set up on their own is personal development. They just want to be better. They want to grow beyond being a recruitment consultant. They want to learn new skills and running your own business; that's a sack full of skills. It really is. If you're going to be good at running a business then you're going to be good at finance; you've got marketing, you've got man management; you've got strategy. There's a whole lot that goes into it, I mean depending on how big you want to be. Just working from home on your own, you don't necessarily need that. But if you want to grow, then you're learning all the time.

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And that is why a lot of people want to do it and I love that, because that's one of the biggest reasons I set up Davidson Gray. There's a phrase called self-actualisation, which is from Maslow's hierarchy of needs, and the definition, which I had to Google - I knew what it meant but I thought I'd better Google it and find out what it technically means - it's the highest level of psychological development where personal potential is fully realised after basic bodily and ego needs have been fulfilled, which is a bit of a mouthful.

But for me it's basically, I just wanted to become the best I could be because I felt I've achieved building my own business, I'm now as wealthy as I want to be, I'm very happy with my life. What next? And when I sold out, I took out a period of time to decide what I wanted to do next because I could have done anything really. I could have set up a surf shack or a bar or just not worked at all or played golf and I realised that I absolutely loved recruitment. But also, after going to Cranfield, I got a real buzz for personal development, be the best I could be, and I'm very competitive whatever I do.

And in business, and I love recruitment and I love business, in addition to the fact that I wanted to give something back, I wanted to help recruiters do what I did but faster with less stress, and in a safer environment, because I learned by an awful lot of mistakes. And it just felt like a good thing to do and that's where it comes under the definition of self-actualisation – it's being the best I can be because I feel as though I've achieved a lot of other things that's ticked the boxes, and this is what's left for me. And with a lot of recruiters, it is about growing as a professional, as a person, which isn't reliant on the money, but the money comes with it. So personally, I think that's a great reason.

Conclusion

But all the reasons are great reasons; it doesn't really matter too much what is the reason you want to set up on your own. There are some negative reasons that, if people give me those reasons as to why they want to set up, then I won't back them. I'm not going to say on this podcast because I want people to be honest when they speak to me. But that was the most popular reasons why recruitment consultants can set up on their own.

I'm probably going to do a blog to back this up as well but anyway. I hope you've enjoyed this. If you do want to follow me, I'm on all the various podcasts platforms or if you want to send me your email address, we do send out the new podcasts and blogs to a mailing list. When they are released, you get them first before they go onto the various platforms. We don't do spam. You'll get one or two emails a month maximum, so feel free to send me your email address and hopefully you'll enjoy the next one too.

Thank you.