

## Why are recruiters paid so much? Podcast Transcript

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

The podcast today is on why recruiters are paid so bloody much. The reason I'm doing this podcast is I did a post recently on LinkedIn on this subject, and it got a lot of attention - a thousand likes, 130 comments, 35 shares; the majority was from recruiters backing up my arguments as to why recruiters aren't paid so bloody much; they're paid what they're worth.

### We're paid what we're worth

The commercial world dictates that people are paid what they're worth unless you're working in the non-corporate world. And recruitment business owners are incredibly savvy, and they're not going to pay out money unnecessarily - they don't run charities, they run commercial businesses.

So, we are paid what we're worth. But nevertheless, there were a few comments on there such as 'parasite' and various other ones from people who don't work in recruitment, but obviously, we just ignore those people.

Anyway, there were some very good comments that were made by recruiters that I hadn't put in the post itself as to why recruiters get paid a good salary. Because no doubt, we do get paid a good salary, but we do earn it - so I wanted to run through some of those points.

But just to give you some background, the reason why I did the post is, as I explained in the post; there's a friend of mine going back to when I was a recruiter - so over 20 years ago - and she said to me, 'why do recruiters get paid so bloody much?' And this friend of mine, she was a neighbour and a PhD student, so she'd never worked in the commercial environment - she's from academia. And to be fair to her, when she asked me what I did I belittled it because that's not who I am. I don't try and big up who I am, and I just simply said it's jobs for people and people for jobs, and a lot of it's just talking on the phone.

I did then, when she said, 'Why did you get paid so much,' explained a bit more. She wasn't being funny at all; she had a lot of respect for me, even to the point where she invited me to a dinner one night as a guest along with a lot of professors and PhD students, to which I said I'd stick out like a sore thumb because I left school at 15 with virtually no qualifications. But she did say I was one of the smartest, savviest people that she knew, and a lot of academic people aren't that bright! But there you go.

## Recruiters can make money

Anyway, back to the reasons why recruiters are paid a good salary, and my personal favourite, is the fact that recruiters can make money. And when I say that you give a recruiter a computer and a phone and then say, 'off you go,' they make money!

So, the recruiter must come in every day and find candidates that clients are going to want; they're going to find vacancies that candidates are going to go for. They've got to decide which jobs they work on, which candidates to work on, or which ones are going to make money.

If you get a vacancy, then you've got to go out, and you've got to find people for it. You've got to make money. And I'm sure a lot of people listening to this podcast will agree with me, that they'll have spotted some recruiters in the past that are very bright. Great personal skills, know all the skills you need to be a recruiter, like registered vacancies, doing new business calls etc. and they don't make much money, or even fail! Yet other recruiters that don't seem to do an awful lot and may not be the brightest button in the box, make loads of money. And that's the thing, that's what you're paying for as a business owner, a recruitment business owner, are people who make money.

And that's what recruiters do - they make money from nothing. You come in every day with a computer and a phone, and you make money from nothing. And that's what you get paid for - it's that innate ability to make money. And that is why recruiters are paid well. Because, as a recruitment business owner, if you take an experienced recruiter, then nine times out of ten you're buying revenue. They can move their business over to you.

A recruiter tends to get paid 30 percent of what they bill, so roughly a third. So, if your recruiter is doing £150k, you pay them £50k, you have £100k left over, so why wouldn't you pay them well? So, that is for me one of the major reasons.

## They are entrepreneurial

But also, recruiters are very entrepreneurial because their desk is a business. Which is why it's a lot easier for recruiters to set up their own business than it is in most of the markets because you run a business anyway. Because you're running your desk, you're finding your product - which is your candidate - you're finding the vacancies and you're putting the two together. So, to take the step from doing it in somebody else's office to in your own office, is quite a small leap.

And that to be fair is another reason recruiters are paid well, is because if business owners don't pay them well, they either leave and go to other recruitment companies or recruiters set up on their own. Because if you're generating 150 grand a year and your employer is keeping a hundred grand, at some point you might think, 'Well, why don't I keep the vast majority of that?'

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Because the running costs for a recruiting business - you don't have to buy products or warehouses; there's no R&D. The running costs are low. I'm a convert, obviously, because I set up businesses for a living. But that is a big factor in why recruiters are paid well.

## They are great salespeople

But also, if you bear in mind that as a sales job - which is what it is, a sales job. I had a discussion with somebody on the LinkedIn feed on whether it is a sales job and I said, without doubt, it's a sales job. It's finessed, it's certainly grown, and it's evolved - it's had to evolve - so it's more of a consultancy style job now and the way I explain how we sell now, it is that consultative sell because people don't like being sold to, they like to buy. So, you need to help your client and your candidates to buy by understanding what their need is and helping them make the decision to buy your solution.

And there's a lot involved in that because if you're working on behalf of a client, you're selling a product that they can say no to - so you know, it's the candidate. Calling them a product, I know, then desensitizes it. But, at the end of the day, you're selling something - you can take them to market, you can get the interest, you can get the job that they say they want - but then they could turn around and say no or their current employers can 'buy them back,' so it makes it a very difficult job.

## It's a stressful job

But also, the job is completely transparent - you are only as good as your figures. So, as much as with a lot of industries and non-commercial jobs you can appear to be good, and you can be good at politics. Within recruitment that is reduced dramatically, certainly as a desk recruiter. Because as much as your employers will judge you on KPIs, some of your behaviours in the office, and your culture and other contributions - the modern-day recruiting business owner does consider all these other factors. But the bottom line is, you've got to bill, and you've got to bill well. And no matter how nice you are and how great you are to the office, if you go through three / six months and don't bill, you're gone! So, there's a lot of pressure to bill year in, year out.

I saw a statistic many years ago that six years tended to be the max that people would last in recruitment. But if you lasted past six years, you were in it for life then. Because after six years, a lot of people just get burnt out because it is relentless. It is a tough job; it's not necessarily the hours - we do long hours, because we take calls at night. We do emails at night, now checking LinkedIn - there's a lot of hours involved. But it's that relentless week in week out, month in and month out, making money - and it is taxing! There's no doubt it is a high-pressure job, which is one of the reasons why I think a lot of recruiters enjoy it, and it's certainly why I enjoyed it, because everybody likes a certain amount of pressure.

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The way I describe it to business owners or recruiters is if you imagine a rev counter on a car. Most people work well within a certain level - so let's say a Ferrari has 12000 revs or Nissan Micra 4000 revs - if you're the sort of person that maybe doesn't like that high; you're more like a Nissan Micra, you're going to want the pressure of maybe 4000 revs but as a recruiter you're going to work better with more pressure; you're going to prefer to rev high. Not the greatest analogy but it's the best way I can explain it. If you're in a job where there's no pressure but you're a recruiter, you get bored.

My first job in recruitment lasted three months. I absolutely hated it; everyone was being sacked left, right and centre. I went to another job, an internal sales job. I was bored to death, and I wanted the pressure, I enjoyed it, I thrived on it. It's a bit like professional sports people; they thrive on that pressure, but it is tiring. And it can get to the point where you just simply get burnt out and you decide to change sectors.

## It's a competitive job

So that's another reason recruiters are paid well because you know to keep people in the industry you've got to pay them well. But it's generating that cash and it's also having to constantly evolve because there's no barrier to entry in recruitment. You don't need any background in recruitment so you can join the industry from any form of work and succeed, so because of that there's constantly a flow of new people coming in that could have that *je ne sais quoi*, an ability to make money that you're competing with. Recruitment companies understand that the more staff they have, if those people are successful, the more money they make. So, you're constantly trying to take people on.

Some companies have extreme recruitment methods where they'll hire 30 people and only five will survive, which does mean that the people that are left are very good. You're constantly battling with that competition and that competition is always evolving so you've got to keep on top of the new marketing techniques. You've got to keep on top of the new social media techniques and you're constantly battling against people that are approaching your clients on a regular basis. And it's difficult for your clients to say no because if they get a phone call from a recruiting consultant who's got a great candidate, they're going to want to listen. So, you're constantly fighting off the competitors.

I don't want to make out that it's like living in a jungle, but I suppose it is to a degree. That's one of the reasons why we get paid what we're paid.

## It's about building relationships

But also, it's not just a sales job. You've got to be able to empathize, you've got to be able to tease information out of clients. You've got to have the confidence to be able to tell clients when they're wrong because you're the expert in recruitment, not them. One of the best ways to get respect from your clients is having the guts to turn around and say no or walk away from a vacancy and stand up to

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them. But also, if you are a good modern-day recruiter, your focus will be on service and delivery. So yes, we're very good at sales and we've had to evolve that sales and finesse it.

Also, our customer service must be spot-on, and our delivery must be spot-on. If you're a hit-and-run recruiter, eventually you run out of clients. I'm sure you've seen recruiters that take vacancies on, place bad candidates, give bad service and eventually, they must leave the market. But if you want to be successful with recruitment nowadays, your customer service must be spot on. It's all about quality. It's giving your clients quality and if you give your clients quality and have the courage to tell them when they're wrong and stand up to them, they'll see you as a peer. And if they see you as a peer, that's when you know you've got them. That's when that client is going to stick with you and then it makes the job so much more enjoyable. Those peers quite often become friends; you get the respect and if you get the respect and you get them as peers, then you tend to get a tremendous amount of loyalty, so you don't need to do much new business. You could be relying on clients that value you and that's the sort of competitive environment we are in, in the recruitment industry. All recruiters are trying to find loyal clients, so they're all trying to give world-class service, so if you're going to a new client with that world-class service, you've got to show them you're better than their current recruitment consultant. And your current recruitment consultant that's working for them is going to be good because you work with them.

So, it is a competitive sector, so that's another reason, as recruiters we're not overpaid. We're paid what we're worth, and the disrespect that we get sometimes from the sort of people that posted on my post that called us parasites; they don't really understand what the job is. It's as simple as that. It's not their fault. Until you work with recruitment you don't really understand what it is. I set up recruitment businesses for a living; that's what I do. And I get a tremendous number of inquiries from people without recruiting backgrounds saying they want to set up a recruitment business. And each time I say you've got to work in a recruitment business to find out if you enjoy it and more than that, if you're any good at it. Because if you think it's easy, it's not.

It's not as simple as going on LinkedIn as you think it is and finding candidates and then ringing up clients. It's not as simple as that; there's a lot more finesse to it and it's incredibly competitive; and to have the arrogance to think that you could walk into a brand-new industry and be successful. I mean the recruitment industry turns over more than the toy industry in the UK. It's a huge industry and as recruiters, British recruiters are respected worldwide. If you look in the US or you are looking at the Far East or the Middle East there's an awful lot of British recruiters out there, because we are seen as the best of the best. And we are. It's something we should be proud of as British recruiters; we are the best in the world at what we do. Why that is I couldn't tell you; I don't know. But we are and it's something we should be proud of.

# WHY ARE RECRUITERS PAID SO MUCH?

So that's the end of the podcast. I'm not going to go on about how great we are, but we are. We should give ourselves a pat on the back. It's a difficult job and if you're good at it you can earn more than the Prime Minister. There was somebody on the post that suggested only one percent of recruiters would earn more than the Prime Minister. Well, I beg to differ, and I did tell the person that.

I did a post a while ago on how much is the average pay that a recruiter gets and on that, I think it was 25 percent gets more than £100k and 26 percent of people said, 'not enough'. So, if you take out 26 percent then it's more like about 30, 40 percent earn more than £100k a year. So, I'd like to say this is a reasonable chunk of those that earn more than the Prime Minister. Not a job I would do, is Prime Minister. Not saying he's doing a great job; we all agree he isn't doing a great job. But certainly, it's not a job I would want and the stress that goes with that. I'd much rather be a recruitment consultant.

Anyway, I hope you've enjoyed this podcast. Check out some of the other ones. If you are interested in hearing more, you can obviously follow me on the various podcast channels like Spotify etc. or you can simply send me a message with your email address. We have a mailing list for our new blogs and new podcasts. We don't spam people. You'll get one or two emails a month at most but that means you'll get the podcast and the blogs first before anyone else.

I hope you enjoyed it; speak to you soon.

