How I used KPIs to become a massive biller transcript?

Hi, this is Rhys Jones. Welcome to my latest podcast.

Why I am a fan of using KPI’s

Today's podcast is how I became a super biller using KPIs. The reason I want to do this podcast is I’m in the minority; I’m a huge fan of KPIs. If you were to check out my blogs, I’ve written three or four on KPIs now, which might make me sound a bit weird but hopefully, this podcast will explain why I am such a big fan of KPIs. So, for me to explain how I became such a fan of KPIs and how I use them to accelerate my billing success. I’ll just give you a very brief history of where it came from.

I was working at a boutique recruitment company, and I was a half decent biller; probably one of the better billers there. The owner at the time brought in a chap called Mark Clough, Cloughy to anybody who knows him. He brought in a new strategy of analysing your activity, both the numbers and what you were doing and then using those numbers to set yourself targets the following month by using ratios. What I mean by that is we would work out how many, for example, calls it would take to get a vacancy and how many vacancies it would take to get an interview.

So, we'd use the maths on it to work out each month what our target should be for the following month. In doing that we'd then have a meeting once a month and present those figures to the rest of the team; what we've done, what we’d achieved, what our target for the next month was. And pretty much overnight it increased the billings in the office by about 50%, which I thought was remarkable.

I really bought into it. I’ve got more of a mathematical brain anyway, so I really bought into the idea of using ratios. So, me being me I wanted to really get under the skin of it and find out as much as I can to improve and make the most of this new tool that I’d found. So, I started watching and reading the material of a guy called Steve Finkel in America, and Steve Finkel was a very big trainer at the time. He was an accountant by trade - I know he had some sort of background in that way, and his whole ethos was measuring what you do and improving by measurement.

Improving by measurement

So, what he would do is he would do a particular approach call or a new business call or a head-on call and he'd measure the success of doing it one particular way. Then he tried a different way and he'd measure that, and he then worked out which particular tactic/ technique/style/picture, whatever you want to call it, was the most successful. That's how he got better, simply through measuring things. So, I added that to my understanding of what Mark had taught me and my own hands-on understanding of how it worked. I took myself from being an average biller to being the biggest biller in the company. I then went on to set up Elliot Marsh and I was the biggest biller there for probably the first two, three years; longer than I should have been because if you read my blog on the hero manager, if you really want to grow a successful business, at some point you've got to understand that you need to get the people who work for you to bill more than you. And I stopped needing to be the biggest biller in the room, which is difficult because like a racehorse is trained to run, as a recruitment consultant you're trained to be the biggest biller. So, it took a while to take that on board.

Anyway, I used those KPIs in a slightly different way to how I used the KPIs myself. Where it was almost an eureka moment is, if you're working out the ratios based on your own performance rather than the business owners, having a broad brush and saying everybody's got to do 10 new sales calls, you can almost craft a road map to achieve whatever you want to achieve, so for me at the time this would be about 20 years ago. I want to do two hundred grand as a perm biller, which is pretty big. LinkedIn wasn't invented. I didn't even use the database. It was a long time ago and I want to be the two hundred grand biller.

Adapt your KPIs

So, I worked out how many pounds per interview I generated. Let's say we're talking twenty grand a month average and I did twenty interviews per month; I was generating a thousand pounds per interview. So, I thought, 'Right okay, well if I want to generate what the equivalent is to 200 a year, that's the number of interviews I need to do'. Okay well, let's look at my desk, 'What activity do I do that brings me that money'. Now that will change on a month-to-month basis which is again why broad brush KPIs don't work. Some months you'll have a lot of vacancies, some months you won't.

So, if you have a lot of vacancies, what's the point of targeting new business - waste of time. What's the point of archaic managers giving you new business targets when really what you should be doing is looking at where do you get the candidates from. So going back to this particular example, 'I look at my desk, there are lots of vacancies this month. What do I need to do to fill those vacancies? Okay, well I need candidates, so how many candidates statistically has it taken me to get an interview'.

So, let's say two. So that's twenty interviews, I need to get fourty candidates. What methodology do I use to get those candidates? At the time I was very phone-based, I was more of a headhunter, so I used to make approach calls all the time. So, I'd work out how many approaches calls it would take to get a candidate. So, let's say it was ten, it was lower than that but let's say it's ten to make the maths easy. So, I've got twenty interviews I need to get, I need to get fourty candidates. If it takes ten calls to get a candidate, I have to make 40 approach calls. I thought it's as easy as that. All I've got to do is come in each day do my ten head-on calls or approach calls get my one candidate per ten, which should give me two candidates and it was like, 'this makes recruitment so easy'.

Now don't get me wrong, I was still doing some other things. You have to keep following your leads to make sure that you're doing a little bit of business development and not just sitting on your vacancies, because clearly what happened is next month, you'll have no vacancies because all you've done is filling jobs. So, there's a bit more to it than that but I thought, ‘Well I’m in control of my own destiny; this is in my sphere of influence. I could decide how often I pick up that phone’. So, it just made it easy. It's like, ‘okay I’ll just pick up the phone enough, simple as that’.

Measure what you’re doing

But in addition to that, what I also did is apply some of the Steve Finkel thought process. I’d measure the way I was doing things and I’d try different methods to see if it made a difference. Just as a funny example, fast-forward to when I was running Elliot Marsh and managing people, I used to measure everything and use a similar thing. So, if we did mail shots, whether it be paper mail shots, which sounds archaic, that was a long time ago, or electronic mail shots. We tried the type being in black and the type being in blue, and we'd measure what was the best success, and we found out that blue had more success than black.

The difference might be five percent but if you look at everything you do; if you can improve everything by five or ten percent before you know it your productivity goes up by 50% because who doesn't want to be more efficient and more effective. It's a bit like the Sky cycling team; the whole marginal gains. Well, some of these aren't marginal gains, if you're measuring what you do. But the other advantage that I found with the KPIs is, if things started to have a downturn on my desk, I could see what it was that was changing.

Because we all know as recruiters, we are taught how to do the job properly, how to take a job spec properly, how to register a candidate properly, how to cover the accounts offer properly. But as you get better you stop doing the things that made you successful; it's just human nature, you start to slip and you rely on the fact that you've got loyal clients, you know your market, you've got some silky skills and you stop doing basic stuff like taking a proper job spec.

It stops you getting sloppy

Well if you're measuring yourself with your KPIs, you can spot where the errors are, so if for example it's taking you more candidates to put forward to a vacancy to arrange interviews, you can look and go right, ‘is my candidate registration the issue or do I not have a proper job spec and therefore I’m not matching properly because I don't really know what the job is; I’m just saying it's a client you wanted one of those before, I’ll just get you another one’.

So, it helps you with that. But what I also learned as well is if you're looking at small fees like, for arguments sake say two thousand pounds a month and all these examples are for perm by the way. It makes it simpler for the podcast to keep it in perm rather than contract, but the same applies to contract. But let's say you're doing two thousand pounds per placement; you can work out your ratios on say, a monthly basis because you've got enough placements going through that the odds will even out.

But if you've got bigger placements, say for example you place on average two placements a month, you know that some months you place three, some months you place one, some you'll do none, some you place four. So, if you're looking at averages based on one month, they'll all be to cock, so depending on the size and the gestation period of your placements, I generally recommend that you look at your ratios over a quarter, because over a quarter, things tend to pan out. So, I used to look over a quarter to see what my ratios were, but I would reassess that each month based on the previous quarter because things change. Your abilities change, the market changes, the economic climate changes; obviously we've just been through Covid; everything changes.

So, if you keep on top of your ratios, you can see things are moving. But also, you just discipline yourself then that you're continuing to do what made you successful; a bit like taking a proper job spec, is by assessing how many pounds per interview you make, how many vacancies it takes to get that interview, and so on and so forth. And then you have your planning, you keep to your plan.

Keep to your plan

Which is a bit like time management. I've done time management training with loads of people. Dozens and dozens of people. And the thing with time management; it's not necessarily the time management techniques, it's using the techniques. For example, I'm a big fan of the things to do list, you know. At the end of each day, you write down all the things you want to achieve the next day, and while it's clear in your mind you prioritize them in order. So, when you come in the next day you don't have to remember what you need to do that day, it's all written down. But also, you start with the most important thing first, then the next most important thing and the next most important thing, so you do the most important things during the day and achieve the most, rather than the stuff that you might slip into because you enjoy it more.

So, it's all about planning. So, the time management is sticking to the plan. Similarly, with KPIs it's sticking to the plan. So, if you use your KPIs to get yourself successful, don't be under the illusion that 'okay now I'm successful, I don't need KPIs'. The KPIs made you successful and also you set the KPIs yourself, so all you're doing is, it's a bit like you would do if you were training for a marathon. You'd have a plan; you wouldn't go out on day one and say, 'I'm going to run a marathon'. No, you have a structure and have a plan and you keep to it. On the days that you don't want to go for a run, you know in your plan you've got to do 10k that day, so you do it.

Sometimes you come into the office; we're all normal, some days you can't be bothered. You're not in the mood, you might have had a beer the night before, whatever. But you've got your plan then, so even if you do have an off day and say, ‘I should have done my ten calls today, I only did five’. Well, okay, next day you do fifteen, so you can keep to the plan. So as long as at the end of the month you've got your numbers, you're going to deliver those placements; so, it's as simple as that.

Adjust your KPIs to get your goal

So, if you're looking to achieve your quarter of a million pounds it is as simple as how many interviews does it take, how many pounds per interview do I generate, so how many interviews do I need to generate to equal those pounds, and what do I do to get those interviews. Now that's where you look at your desk you go ‘Now do I look through LinkedIn messages, do I look to the phone, wherever it might be; and you're assessing what it is that makes you the money and you decide those things are your KPI. But what I also found with the KPIs was sometimes you'd measure stuff and you found out that some of the things you were doing weren't necessarily a big return on investment, but some were brilliant, but you didn't know it.

I had a chap that used to work for me. He used to do two mail shots a month and every time he did a mail shoot, he’d get two interviews. So, he’d get four interviews a month through his mail shots, but he only used to get about twelve interviews a month. So, he'd get a third of his interviews through these two mail shots. So, I said ‘how long does it take to do these mail shots?’. He said ‘it's about two hours. I said, ‘that's half a day’, he said ‘yeah roughly’. I said, ‘Alright so you achieve a third of your interviews in a month in half a day’. I said, ‘why do you not do more mail shots then?’ He was like, ‘aahh’.

And the thing is you obviously clearly can’t do mail shots all month, it doesn't work. But if you’re measuring what you do, you can see where you're really making the money. I’m not saying you go measurement crazy because something else I learned, not necessarily with my own personal, but with people in general and also went on to study at Cranfield Business School and KPIs are used throughout industry, commerce the whole lot.

Unfortunately, in the recruitment industry it's got a really bad reputation, but any really successful business in any market in the world has KPIs because they work. So, at Cranfield Business School we did a lot more work on this; you get a lot more KPIs in manufacturing for example, but one thing that came out of it is the magic number for KPIs tends to be three, because if you have too many KPIs, the chances are people won't do them. So, let's say for example you had 10 KPIs, the chances are you'll do none because there's just too many. But if you have three and all you've got to do is achieve those three KPIs; it might be interviews, number of candidates and head on calls and that's all your targets are.

The chances are that you can gun for those because you can focus on three things. The other stuff that comes with it, if you're the sort of person that can have a few more targets then fine, but I found that that number of three which I'd picked up in Cranfield, and had used in my businesses at Elliott Marsh and Executive Headhunters, three was indeed the magic number where people will focus on it and it makes life an awful lot simpler. I would definitely advocate, and again I used to do this with the staff, is that you measure everything else so you're logging stuff but not necessarily targeting it because the stuff that you're logging, you then use for your ratios and your data that you can use maybe the following month.

So, let's say for example you've had lots of vacancies. Next month you need vacancies, well you still need to use statistics to work out what activity you need to do to get the number of vacancies so you're still going to log everything. And this, to the uninitiated who hate KPIs, hopefully might be a little bit of eureka moment that KPIs can be wonderful. I'm hoping a few managers have listened to this and it's the managers that use that give KPIs a bad reputation because they have this broad-brush approach where everybody's the same KPIs, which is absolutely ridiculous, it's stupid, pointless. Because everybody's different, the ratios are different, the desks are different; it's just stupid.

So, what in effect happens is people are following the KPIs they've been given reluctantly. The KPIs aren't working so they resent them, so it has the opposite effect. So, the way I used to work with them with the staff that used to work for me at Elliot Marsh. I would sit down and say 'what do you want to achieve billings-wise, what do you want to achieve on tiger earnings' and they'd say 'Right that's your own target, you set your target, so let's work out with the statistics of the ratios of your skills and how your desk is performed of what those targets boil down to'.

Make them achievable

This is the number of interviews, this number of candidates, so on and so forth. Do you think those numbers are achievable, yes or no. If they say 'Well no they're not achievable so maybe your target's a bit high and then you can also look at skill gap so say for example it's taking somebody ten calls to get a candidate but the average in the business is five. If he's taking ten, then clearly there's a skill gap. But what it does do, it puts the recruiters in the position saying, 'Right you're in charge of your KPIs ,you're in charge of your targets, because that is going to help you achieve what you want to achieve if you don't hit those targets, that's up to you, but I'll give you everything you need in this company, the right database, the right advertising, the right job boards, whatever it is you need. The right skills, the right training, for you then to manage yourself and manage your desk, manage your activity.

Using this system, I can show you how you can achieve what you want to achieve. So empowering staff in that way, one, makes their job damn sight more enjoyable, but you're also creating managers for the future because they're self-managing. Because how can a manager become a manager if they can't manage themselves. So, you've got to teach people to manage themselves and treat them like grown-ups. So rather than keep telling them how to do things, you've got to coach them how to do things. It's the old 'Give a man a fish he's full for a day, teach a man to fish and he'll never go hungry again'.

Well, KPIs is part of that, of teaching people how to run their own desk, which is why I've got such a big passion for it. KPIs should also 100% be used by business owners of which I'll do another podcast on that. But once you become a business owner and move away from running a desk, you should still have KPIs, just not desk driven KPIs, so it's not a number of calls for candidates, a number of vacancies; it's the KPIs in the growth of your business such as taking staff on or your marketing data.

You have different KPIs but if you don't measure it, you can't manage it. If you try and run everything by, feel you'll make mistakes which is why KPIs make such a massive difference.

So anyway, I hope you've enjoyed this podcast. If you listen to it on Spotify or the various podcast platforms, if you want to give it a nice review, that would always be nice. You can also subscribe to these podcasts through the various platforms. Also, you can subscribe on the Davidson Gray website where you sign up to a mailer. Every time I do a new one it gets emailed out to you.

And lastly, the end of my selling bit at the end of this podcast, if you've listened to this and you're inspired, you think you'd like to work with me to grow your own recruitment business, I am looking for one more business at the moment and so if you are interested to grow a successful recruiting business, direct message me on LinkedIn and we can arrange a chat.

Thank you for listening.