The value of a mentor podcast transcription

This is Rhys Jones. Welcome to my podcast. Today I'm going to talk about is it really of value to have an experienced business partner/mentor and coach to work with you in your start-up.

Mentor v going it alone

The reason why I thought this is a good subject is when I speak to a lot of the recruiters that inquire with me about setting up, it does seem to be quite a polarised choice that the new start-ups face, which is ‘do I do it on my own and keep 100% of the business or do I give a smaller part away to hire an experienced director/co-shareholder to help me grow. Call me biased - I would say it adds a lot of value having an experienced mentor and coach.

The reason why I say that is I know first-hand from when I grew my first recruitment business how hard it is trying to learn the job of being a business owner with nobody to show you how to do it. Your livelihood depends upon it but as a recruiter we're all confident and I thought I'd wing it. Fortunately, I got away with it because I was a particularly good biller. My partner at the time was also a very good biller and we got away with it, and we made an awful lot of mistakes, learned a lot, felt a lot of stress, managed to get through it - School of Hard Knocks and all that - and eventually got where we wanted to be.

But it took five years of trying to do it on my own alongside a business partner but trying to do it without an experienced person working alongside me until I went to Cranford University and did some studies there. The chip on the shoulder that I think I probably had from leaving school at 16, not really being much of an academic, was removed from my shoulder by the massively positive experience I had at Cranfield Business School. And also, the confidence it gave me working alongside a lot of other business owners from different industries and seeing how good I was because to succeed in recruitment you've got to be really good.

Recruitment is extremely competitive

It's a very competitive industry, there's no barrier to entry, so there's an awful lot of competition, as we know, we're all recruiters, an awful lot of competition for all the business. So, you've got to be sharp as a tack and going to Cranfield it showed me how sharp recruitment consultants are recruitment businessowners are. So, the experience I got from Cranfield not only educated me that being a business owner is something that you can learn rather than necessarily try to wing it but also the massive amount of value of trying to hire people into your business that have got more experience than you.

And what I did is I hired my mentor from Cranfield business school as a non-exec for the business. But going back to the start-up situation, if you're looking to set up your own recruitment company you might think it's as easy as getting a phone, a computer, setting up a website, and I suppose it is to a degree, but you are going to make a lot of mistakes, it's inevitable you'll make mistakes. Someone of it will be costly, some of won’t be costly; some of it could be terminal. Four out of five recruitment companies don't last two years, so it is a high risk but also that it's very difficult to get it wrong.

High rate of failure

I know it’s a contradiction but as a recruitment consultant you know how to make money so turning it into a business should actually be relatively easy, but because of the statistics that four out of five fails, well that tells you isn't that easy. I've heard a lot of horror stories of people that have been incredibly good billers try to wing it and caught out within the first 12 months by silly things like not seeing a VAT bill coming or a tax bill coming or overreaching with various things or quite frankly just getting too involved in trying to run a business rather than actually billing. When you're growing a start-up business you’ve got to get the balance right between working in the business, i.e. billing and working on the business and when I say working on the business I’m talking about the sort of medium term or long-term strategy.

Now that can sound a little bit high-falutin as far as a strategy goes, but you do have to have some form of idea where you want to go. You'll have to react to the opportunities and the setbacks that arise in the first 12 months, two years, so having a rigid business plan isn't realistic really because you are going to get opportunities that you need to warm to, you're going to get setbacks; it's not going to go as you expected for a positive way and also a negative way. But if you have a rough idea of whether you're going to be just a super biller working from home or whether you're going to be a biller that wants to recruit rookies to work for, or resourcers or get 360 billers or hire ex-colleagues; whether you want to grow fast, whether you want to grow slow. Do you want to be a boutique organization, do you want to grow bigger than that. All these things that should really be considered because it's the whole set off with the end in mind.

A mentor can be your roadmap

If you don't have an idea of where you want to go, it's going to be 10 times harder to get there, using a basic analogy, if you set off driving from Lands End to John O’Groats without a map it would take you a bloody long time to get there and with business you do need to have an idea where you want to go. This is where it comes back to getting the balance right between working on your business and working in your business and that's one of the benefits of having a mentor, a coach, or an experienced business partner. That person can help you discipline a bit of time to work on the business but also take away an awful lot of the business building, business infrastructure tasks which quite frankly get in the way of billing, because the most important thing in your first year, two years is getting cash in because cash is king in a start-up. Cash is King in any business to be fair.

But in your start-up, you need to make money and you need to make it fast. Once you've got the money it’s then how you invest that money to make that money make money for you because in a business that's what money is for. Money is there to be invested in the business in whatever aspect and make money for you. You've got to make the money work and the way I grow the recruitment businesses with the partners I work with, we always look at what returns you get for every pound you invested so as an example if you hire a member of staff, you probably get back two to three pounds for every pound you invested in salary.

Working on the business rather than in it

If you're looking at marketing that'll vary dramatically but some of the results we get in the spend that we do in the marketing could be as much as 20 or 30 pounds back for every pound you spend. So, you want to make the money work for you, but you’ve got to get the money first. And this is where a mentor and a coach and a working partner/shareholder which is the way I work with the partners in Davidson Gray. It could be a massive benefit because if that person can take away from you all the complication and the hassle and the trying to learn on the job of putting the infrastructure together in the business, that allows you to bill and that's the important thing: getting the cash in and then you can use that to spend and as the business grows over the first six-12 months, two years or whatever, it is affording that time to work on the business.

And when I say work on the business, that isn't, as I did, just trying to wing it, it's actually having some real thinking time outside the business. It doesn't have to be much; it could be an hour a month. Having some thinking time outside the business. you're making considered decisions of how to grow the business not just reacting to, oh right, well I'll add this widget to my website, or I'll do some Google ads, oh I want to hire somebody, I'll just go and hire somebody. I'll speak to a rec to rec. It's not wise to make decisions on the fly and it's also wise to have somebody there to bounce their ideas off. With the mentor, the coach, the co-shareholder, that person should be offering you the experience to prevent the mistakes, the experience to repair the mistakes but also I think for myself I think the importance is to help grow your ideas - how you want to grow your business - but doing it in the most cost-effective way with the highest profit in the safest way possible and just do it as efficiently as you can.

You can lose a tremendous amount of time with your start-up in the first year or two by looking into areas that aren't going to be of value, jumping from one task to another, being distracted, looking at the marketing and giving it all the worth for the day or two then doing nothing for six months. There's got to be a level of consistency so it's very hard to do that when you’ve been running a desk because you are a bit like a racehorse - you're trained to run. We all know that time kills deals, so you do everything fast like a good recruiter has to and you react to opportunity really fast and also you train to sniff out a really good candidate and a really good vacancy.

They can add real value

If you're running a business you've got to put some of that to one side and that’s the difficult bit. Knowing when to take some time out from chasing the candidates and chasing the vacancies and spending a bit of time on your business but also added to that, as a lot of you probably heard, is always hire somebody better than yourself if you can and that's adding real value to your team and to your business. Now with a mentor or coach or a co-shareholder it's not necessarily that they’re better than you, it's just more experienced.

I wouldn't like to think of myself as being better than all the business partners I work with. I've got loads more experience but that doesn't make me brighter or more intelligent. I'm massively enthusiastic about what I do. I’m massively about recruitment and massively enthusiastic of building businesses and that enthusiasm achieve a lot. It also has allowed me to upscale massively but that doesn't necessarily mean I’m any sort of genius. It's just that I'm really passionate and a bit of a geek when it comes to growing businesses.

So, what I try and do is help use the natural enthusiasm that you have from any start-up business owner and steer them to grow. But it's growing in the ways that they want to grow because as an MD of a business you don't have to be good at everything. You don't have to be good at the accounts, you don’t have to be good at the marketing, good at the brand management, good at all things. You see that any successful business will have a board of directors and they'll have a director responsible for the finance, one for the marketing, one for maybe Human Resources, one for operations.

They can help you in specific areas

The smart MD will hire people to take ownership of certain areas, people that are specialist in those certain areas. So, if you're a growing a recruitment business, you don't have to be brilliant at everything if you have a co-director, a mentor, or a shareholder. You can task that person with doing those bits that you maybe don’t have any interest in, or you have no skills in, or you have no desire to learn. Finance might be an example, putting the infrastructure in place might be an example. It could even be managing. I know an awful lot of successful start-up business owners or rather SME business owners who found out through experience they weren’t particularly good man managers and they hired somebody to manage the team so they could bill, lead by example, and look at strategy. And there’s absolutely nothing wrong with that.

Man-management is a very difficult thing. To be honest, I tried it twice and I was rubbish both times. The third time I managed to get it. I think I was mature enough, but the first couple of times I found it really tough, so there’s nothing wrong with not being a particularly good man manager. But this again is where it helps to have a mentor or a coach because that person can help you understand what you’re good at and what you want to do and help you think a bit deeper about the business rather than just trying to run a business at the speed that you recruit, which is a hundred mile an hour. Because if you do it at a hundred mile an hour, you’re going to make mistakes, you’re going to miss opportunities, you won’t plan for your future, and you won’t have the foundations for growth.

Future-proof your business

If you’re looking to build a very successful business, you want to build the foundation for a skyscraper, not a bungalow, because it’s just going to fall apart. You also want to future-proof it as much as you can. I know a lot of small business owners don’t know at the beginning how big they want to be, but if you set yourself up to be as big as you want to be, if you don’t grow particularly big, that isn’t going to backfire. It can only do you good. If you do want to grow to a good size, you’ve got the foundations. It’s very helpful to have that experience of someone who’s grown a business before.

Conclusion

I hope this podcast has been helpful on the use of a mentor or a coach of a co-shareholder. I’ve not quite got into having a non-exec, but I think that’s for further down the line when your business is a bit bigger. I hope that gives you a flavour because I have seen a lot of very talented recruiters who have wanted to do it themselves, as I did when I first set up. They’ve got the ego, they want to do it themselves, the want to have 100% of something rather than 75% of something that’s 3 times as big and they come a cropper, and it’s such a shame. The idea of failing a business is horrible; I’ve never done that – I’ve never failed at any business I’ve set up. It’s not so much the financial hurt, it’s the emotional hurt. You can’t really fall to fail as a business owner. It would be really damaging, and you could have some very good potential business leaders that come a cropper for the first year or two just because they haven’t reached out and got somebody with experience help navigate their first 2 years. And that is a shame.

So, I’m hoping that this podcast will help some of the people listening to this, whether it’s taking on a co-shareholder or a business partner or just trying to find a mentor or a coach. Whatever it might be, my advice would be to not try and wing it, see if you can get the experience and help you’ll have a much better chance of succeeding and you’ll probably make a lot more money in the long run and you’ll enjoy it a lot more with a lot less stress.

I hope you enjoyed the podcast. If you are thinking of setting up your own recruitment company and you’re interested in what I do, i.e. help business partners as part of Davidson Gray, then feel free to contact me direct on LinkedIn and we can have a chat.