

The 7 common barriers to setting up your own recruitment business



recruitart

You're a superstar recruiter and thinking about starting your own recruitment business. **WHY NOT!**

It's a great idea – and here's why

- Senior recruiters working for agencies usually only receive around 1/3 of their billing.
- Recruiters running their own business can retain anywhere up to 2/3 or more of their billings. Imagine being paid up to an extra 33% for what you do every day! (The amount you could earn depends on the industry segment and operating expenses).
- It can also be incredibly rewarding to have your own business, to determine your brand, your vision, your values and your work hours – to control your own destiny.

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Let's take a simple example

A senior permanent recruiter in an agency, billing around \$500,000 per year, might be on a base salary of \$120,000 per year (including super) plus commission of 1/3 (including super) of all billings over \$350,000. They would therefore receive a bonus of $1/3 \times \$150,000$, or \$50,000, taking their total income to \$170,000.

Not a bad result!! They will also receive support from the agency to varying degrees, including office and admin resources, systems, processes, finance, marketing, business development, etc. In simple terms, however, their billings are split around 1/3 for the recruiter and 2/3 for the agency.

The same recruiter operating their own business and generating billings of \$500,000 per year could generate a profit of anywhere up to \$350,000 or more, by operating their own business. In simple terms, they could more than double their earnings by starting their own business, depending of course, on their operating costs.

	Agency Recruiter	Independent Recruiter
Billings	\$500,000	\$500,000
Base (incl super)	\$120,000	
Bonus (incl super)	\$50,000	
Costs		<\$150,000
Total Income (incl super)	~\$170,000	>\$350,000

And that's just the start

They could further increase earnings by scaling the business, by bringing in additional staff or adding a temp desk. As they grow, they also build value in a business which can ultimately be sold at a multiple of net earnings.

The conundrum

So, if starting your own recruitment business is so lucrative, why doesn't every senior recruiter do it?

Because there are 7 key barriers preventing superstar recruiters from starting their own recruitment business. We know they can be overcome.

[Read on to find out how](#)

Barrier 1

I can't risk walking away from my big or secure salary

We get it - this is probably the main barrier.

We all have financial commitments and get nervous about risking a secure job to take a chance on building our own business.



The two most common fears

- 1. Cashflow.** Yes, you will need an initial stake before starting your own business. This may come from your own savings, or you may borrow some of the money (making sure you can manage your debt). To work out how much you need it's important to prepare a business plan with a simple cash flow forecast to work out how much you need before you start earning income. You should also allow a contingency or buffer in case things don't go to plan. There are also strategies to help smooth cashflow – for example you can offer a 'recruit now pay later' product which ensures you get paid up front but your client can pay you in equal instalments over the next 3 to 12 months.
- 2. Failure.** Leaving a great job and starting your own business involves taking a risk – but it doesn't have to be permanent. If you give your own business a go and for whatever reason it doesn't work or you don't like it, you can always go back to an agency. One thing we can guarantee is that you will have learnt a lot more about the recruitment business which will make you a more versatile, more skilled and more desirable recruiter.

RecruitArt helps reduce the risk

We provide you with a comprehensive suite of services to support your key functional requirements in admin, tech, operations, marketing, finance and business development. We can help you develop a business plan, and then if you decide to proceed, we can have you up and running, earning income, in as little as 60 days.

Barrier 2

I get enormous value and support working for a brand name agency

You're absolutely right. Agencies often have a great brand which attracts clients. They can also have great systems and processes and large client and candidate databases. **But** they charge you up to 2/3 or more of your billings to access these.



The truth is, the world has changed enormously over the past few years. Today's technology and business systems enable you to build a brand and an extensive client and candidate database in just weeks. Building a brand and a business no longer takes years. You can also enjoy quick wins from well-crafted digital marketing and business development strategies and campaigns. These benefits can be accessed much more cost effectively than giving away 2/3 of your earnings to an agency.

RecruitArt provides you with the assets you need

We help you with your business development plan, branded digital assets and website, the technology, systems and marketing campaigns – most of what you were given at your agency, and sometimes more. If you decide to proceed, we help you launch so you are up and running, earning income, in as little as 60 days.

Barrier 3

I've always leveraged the agency brand and client base – Where will I find clients if I start again?

Marketing and business development have changed considerably, especially in the last 10 years. The core principles that made you successful, such as persistence, sector experience and personal relationships are still important, but the rest is much easier than before – it can largely be digitised and automated using technology.



Here's how.

- First, don't underestimate your personal network and contacts. These can usually help you kick start the business and start generating income. BUT, always be careful about engaging with existing clients of your former employer – you will likely have agreed to a restraint or not to solicit these clients. Usually it's OK to respond to an unsolicited approach from a client, as long as you're not bound by an enforceable restraint.
- The next step is to build a database of clients. This is now much easier than before using LinkedIn searches and software that can assist to ensure contact details and data are kept up to date and constantly refreshed.
- Once you have a database, you can engage with the database enmasse or in a segmented way, to bring you and your business to the attention of prospective clients. A well-orchestrated digital marketing and business development campaign can generate a surprising number of leads to get your business up and running much faster than pounding the pavement the old way – although that certainly helps as well!

RecruitArt provides you with the assets you need

We help you quickly build a client and candidate database, your own custom branded website and promote these using a best-in-class business marketing and business development plan. if you decide to proceed, we can have you up and running, earning income, in as little as 60 days.

Barrier 4

I can't leave because I'm bound by a restraint

We're talking about legal stuff so we'll begin with a disclaimer - this does not constitute legal advice.

If you are considering setting up your own business, but it may depend on a restraint or employment agreement, you should seek independent legal advice before deciding to proceed.



What to consider

Restraints are not always what they seem. Many aren't enforceable.

Some are poorly drafted and some don't prevent you setting up a business of recruitment, as long as you meet certain requirements, such as not actively soliciting a former employer's clients. Understandably employers will try to rely on restraints or interpret them as widely as possible, which is why you should get independent advice on this important matter.

BTW – this issue hasn't stopped hundreds of new recruitment start-ups every year! As long as you operate with integrity and within the boundaries of what's legally required you should be OK.

RecruitArt will guide you on obtaining independent advice

We can help you at the decision stage with a business plan, and refer you to a legal expert for advice on restraints.

Barrier 5

I've always had access to the agency's extensive candidate pool – how am I going to build one from scratch

As is the case with business development, it's now much easier to use digitised tools, automation and new systems and processes to quickly build a candidate database from scratch.



This is now much easier than before using LinkedIn searches, software and low cost services of virtual agents who can assist to ensure candidate details and data are kept up to date and constantly refreshed. You can even stay in touch with candidates enmasse through regular nurture campaigns throughout their employment journeys.

Of course your candidate database will also grow organically based on responses to ads that you run, not to mention the candidates you already know through personal or prior contact.

RecruitArt will help you build a candidate database

We deliver a comprehensive suite of services across admin, tech, operations, marketing and business development areas. Using our best-in-class tools and processes, we help you build a powerful, up-to-date candidate database that is easily searchable through advanced segmentation techniques.

Barrier 6

Working on my own will get lonely - I like working with a team

We get it, humans enjoy human company.

But COVID has shown us that we can't always rely on working in an office for community.



We also need to build community amongst our clients and candidates (we call that business development), with other like-minded recruiters (we call that a quick way to get a feel for the industry), with associations, and of course with our friends and families.

Community is available to you everywhere – online and in person (depending on the rules at the time). In fact since Covid, most of us now enjoy more community time than ever before, because we have the technology to help us engage in so many more ways – including online meetings, messaging apps and social media groups.

But, if you like a busy office there are some excellent co-worker spaces in most cities now, that provide a strong sense of community, not to mention potential clients.

RecruitArt provides community

If you decide to proceed, you'll be joining a powerful group of experienced recruitment professionals who will be helping you. We also enjoy being in communities, and will help you extend your reach and meet new people.

Barrier 7

I'm an expert recruiter. I have no idea how to set up a business, the admin, finance, systems, branding, marketing, etc.

Setting up a new business can be daunting, with literally hundreds of tasks to do including: incorporating the entity, setting up an office (even at home), building a website, systems and procedures, marketing, bookkeeping, accounting, payroll, invoicing, paying bills, learning new tech and lots more.



When you worked for an agency, they took care of these and took 2/3 of your billings as well.

You could do it yourself, but even if you know how to do it, you're going to spend a lot of time on these tasks, especially early on. It's certainly going to delay your ability to earn income and can lead to many late nights and exhaustion.

There's a better way – outsource all of these to experts. We can assure you that all of these services can be provided to you for a fraction of giving away 2/3 of your billings.

RecruitArt is invested in helping you succeed

We empower recruiters to succeed in starting their own branded recruitment business. We deliver a comprehensive suite of services across admin, tech, operations, marketing and business development. We can help you quickly get to work and be generating recruitment fees by helping take care of your admin, tech, finance, operations, marketing and business development requirements. Think of it as a complete recruitment business out of the box.

Interested in finding out more?

Visit recruitart.com.au and register your interest, email us at enquiries@recruitart.com.au or phone on 1300 917 944.

We'll arrange a mutually convenient time to have a confidential chat and exchange further details.

About RecruitArt



Divyesh Nathoo
CEO

RecruitArt was founded by Divyesh Nathoo and Sol Rabinowicz who have extensive executive level experience in HR and recruitment, sales and marketing, operations and finance, and business consulting.

Each have built their own businesses and held C Suite and/or Board level positions in some of Australia's most successful companies.

Experienced recruiters, keen to start and grow their own recruitment business, will be mentored, guided and supported by an extraordinary group of people who have been hand-picked for their specific expertise, skills and service capabilities.

You could not be in better hands.