Episode 79 - Why This Downturn is Not That Bad for Recruiters Transcript

00:00:00:00 - 00:00:09:19

00:00:09:19 - 00:00:25:21
Unknown
Welcome to another episode of The Lone Recruiter podcast. I'm your host, Brett Clemenson and if you are a recruiter out on your own or just lacking general advice or mentorship, you've come to the right place. Our episodes are designed to give you the motivation, the strategies and the support you need to become the very best lone recruiters. So join us,

00:00:25:23 - 00:00:31:11
Unknown
grab a cup of coffee and let's take your desk to another level. Now today's episode is more of a I'm going to put

00:00:31:11 - 00:00:45:08
Unknown
my hand on your shoulder and say everything will be okay and what I mean by this is recruiters live and die by economic conditions, right? When the economy is up, we're up, when the economy is down.

00:00:45:10 - 00:01:07:22
Unknown
You know, not all of us, but, you know, theoretically, we're down as well. And what I really want to point out is that this slowdown that we are feeling, I think it's global. But for my Australian followers, because that's where I live and and work, there's certainly a slowdown happening. Some pockets have very much contracted. Others, you know, are starting to feel it now.

00:01:08:00 - 00:01:30:16
Unknown
But my key message today is that this is nowhere near as bad as any hit we've seen over the past sort of decade. When I'm talking about the COVID crash, the mining crash, even the GFC will bring that into it. What I hated and what I dislike about those crash scenarios, where it’s shock, boom, wow the bottom's falling out of everything. Is that

00:01:30:16 - 00:01:54:03
Unknown
it's a shock, right? In a very short period of time, the economic landscape changes and that shock is the worst thing that can possibly happen for us external recruiters, because all our clients, all of them, even us, everyone in the world just goes and they hold their breath. They hold their breath until they understand what the new normal is, right?

00:01:54:03 - 00:02:22:22
Unknown
Does that make sense? And it's in that holding of the breath. The first thing to stop is hiring. Even if they've got needs, right? Even if they've got projects, they’ve got all this work and they're going. We do know we need to hire people for this work, but that big thing just happened and we want to

make sure that we want to guarantee and secure our future so therefore we won't hire anyone just yet.

00:02:23:00 - 00:02:46:16
Unknown
And then the other side of that too, is that candidates do not like to move when a shock happens because all of them go, huoop. They all say it, we've all heard it, last in first out, which is bullshit, but there must be some truth to it somewhere. I think quality stays, always. But last in, first out when it gets really bad is a thing if you're within probation because it's easy to go, go, there's no redundancy payout, whatever.

00:02:46:18 - 00:03:05:18
Unknown
So there's this 3 to 6 in a worst case, but it's I think it's about a three month pocket where people freak the fuck out, hold their breath and nothing happens. That is the danger zone for a recruiter. And that is why you always need to have at least three months cash cash flow in the bank so that you can ride and weather that storm.

00:03:05:19 - 00:03:32:13
Unknown
Now, why I wanted to put this episode together today is that we are without doubt in an economic contraction phase, but it's a very normal part of the economy. And what I like about this phase, yes, that's right I said it, I like about this phase, is it has been very predictable. It is like a slow rolling missile coming towards us that we saw a mile away and we went okay

00:03:32:13 - 00:03:49:09
Unknown
there's a missile over there. It's coming our way. We can do something about it. And I think we're at that point, it's at the end of the year, we've had a huge amount of rate increases. We've had a huge amount of inflation pressure. Right. And those two have combined to really put a lot of pressure on households and businesses.

00:03:49:11 - 00:04:08:18
Unknown
So people are asking for higher wages. Businesses profit margins are being squeezed. It is creating and we're getting to that point now coming to Chrissy, I think a bit of pressure in the economy. It is normal. I will also because I studied economics at university, you do not want inflation to get out of hand. It is the worst thing that can possibly happen.

00:04:08:18 - 00:04:32:16
Unknown
But this is what we're dealing with and I would just want to say that this slowdown is nowhere near as bad as those other big catastrophic events that have occurred because there is no holding of the breath when it slowly declines. There's just a slow narrative change people can adjust with slow narrative changes. They can't adjust with shocks because they're in shock and they don't know what's going to happen.

00:04:32:16 - 00:04:52:19
Unknown
But we have all seen this coming and I think that actually puts us all in a pretty good position. We should be in an okay position now, if you have seen this pressure coming into your markets and

you’re starting to freak out because it's you didn't do anything about it six months ago and you’re still holding onto your market and it's only continued to contract.

00:04:52:21 - 00:05:16:05
Unknown
Well hey, first of all, I'm sorry, that sucks for you. You should have seen it coming, but b.) still something you can do. You can still make some changes and I'm hoping that this episode, I can give you a few ideas, a few things to do that will help you, right. So first of all, I have done a few episodes that you might want to revisit.

00:05:16:05 - 00:05:34:08
Unknown
If you're finding yourself in a bit of a pressured situation, your market's not really firing, it's coming to Chrissy, you’re freaking out because you’re thinking no one's going to hire until January, February. I've got no money coming in. What do you need to do? It's not too late to pivot. It really isn't but I would point you to episode 18 of this podcast.

00:05:34:10 - 00:06:02:20
Unknown
It is how to identify a new high value recruitment market. I think there's some gold in that and episode 64, which is how to win retained business. That's another thing that's going to help you through this period of pressure. But look, the main question I want you to ask yourself today in this episode is this slowdown, this economic slowdown 1.) Is it affecting you?

00:06:02:22 - 00:06:24:04
Unknown
The answer might be not. There are markets that when the economy contracts, the markets go up. And, you know, I'm not going to point you to those ones, but there are markets that do go up in these times. And I actually think there's a bit of a we've heard of the term two speed economy. I think tech, IT has been largely hit.

00:06:24:06 - 00:06:46:19
Unknown
I still think there's a large majority of the economy that's still doing quite well, whether it be mining resources, construction, engineering, I think all that stuff’s still quite buoyant. Medical, doctors, nurses, that's all still pumping. And I think IT's hit some sort of a bottom. It's coming back up. So it's not doom and gloom, but there's going to be someone here listening to this going, I'm freaking out.

00:06:46:19 - 00:07:09:23
Unknown
I don't have work. So the first thing you need to do is - is my market okay? If it is, done, well done. Congratulations. Go to episode 64, get some retained work, bridge yourself over Chrissy. You're done. But if your market’s starting to feel a bit shitty, starting to feel a little tight. There's way more candidates than there are jobs and the clients are kinda not really giving you briefs and you start to freak out.

00:07:10:04 - 00:07:29:14
Unknown
Where am I making money? That's the feeling you've got. Then stay on the line we're going to keep going. Review your job specs, the first thing you gotta do is review your job specs. If you've

got enough work, even if it's one or two jobs, it's going to give you 20-30 grand. Go and tighten them up. Go back to the client,

00:07:29:16 - 00:07:51:06
Unknown
just go cool, got the break. This is where I'm at. Has anything changed? What do I need to know? What are your timeframes? All that sort of stuff. Let's just review the job specs. Let's just start with the work in, right. If you really are freaking out and the market's flatlining, there's nothing there. You've got no briefs, you've called all your clients and they're not giving you anything, then we need to pivot.

00:07:51:08 - 00:08:13:12
Unknown
Okay? So if we need to pivot, we need to find a new market. So as I said, episode 18 is a great one for finding a new market and that's probably the best steer I can give you in regards to that. If you're in that situation, you might be, so the third thing is you might be worried about cash flow.

00:08:13:14 - 00:08:34:18
Unknown
Okay. So what I would encourage you to do is talk to your accountant, ask what levers are available to you, what can you do to help bridge where I am now to February? Because in that period I'm going to pivot. Okay. And they might give you some good ideas and some of those levers might look like this, you know, invoice financing.

00:08:34:18 - 00:08:52:13
Unknown
You might have some invoices coming up. You might be making placements now. There's another issue that comes up. People are making placements now. They're not getting paid until they start back in February. Is there a gap that makes you nervous? Go and get them invoice financing. Some people will pay you 70-80% of that invoice value.

00:08:52:18 - 00:09:10:10
Unknown
Now you pay a little premium for that luxury and then you get the rest when they start. That's a great way to plug holes if you need that. The ATO I know will do payment plans. So if you've got big BAS or tax invoices due and you're looking at that going, even if I just didn't have to pay that, I'd be okay.

00:09:10:11 - 00:09:43:01
Unknown
Go and get a payment plan, pay it out over three months you'll be fine. Again bit of interest on that, but it will help you over that Chrissy break. Another thing you can do if you've got a buoyant market, but you are worried about that Christmas gap. Go and change your terms to reflect payment on signature. Pay it back in full if they don't start, but that's a great one, that can get some some money in the bank today, bridge it for Chrissy. If you got a credit card or you've loaded some things up on that, don't worry about paying that down to zero.

00:09:43:01 - 00:10:10:22
Unknown
If that's going to help get you through this gap, just pay the minimum and put it into your cash flow so that come February, March, you know, you've got to pay that one back. But that's another way to sort of shift some funds around and really help get you over this Chrissy period. And then

last thing that is probably the best thing you can do is go and secure some retainers, some up upfront payments, secure some finances, secure some briefs. You've got now work to

00:10:11:00 - 00:10:44:00
Unknown
have ads up for over the break things to come back to in January, I actually think December is the month for retainers for everyone sake. Client wins, you win, candidate’s win, everyone wins with retainers in December. If you're not chasing them in December, you really should. So, look, a bit of a whirlwind episode. I started by saying, I really don't think this slowdown in the economy is nearly as bad as other big shock events that do occur in the financial systems, in the economies that have happened over the years, the GFC, the COVID you know shock and all that sort of stuff.

00:10:44:02 - 00:11:07:03
Unknown
But they are still, a slowdown is still a slowdown. And if you don't do anything about it, you will find yourself in the poo poo. It is the end of November. There is still a whole month until Christmas. That is so much time. If you are in shit street, do not freak out. Do not pull up stumps and whatever. Just do some real simple planning.

00:11:07:08 - 00:11:23:12
Unknown
What do you need to do between now and Christmas to secure yourself? Not even just for this gap and for the short term, but like long term? If your market’s dying? You need to find a new one. That's all I have time for today. I hope you got something out of it. If you did, please like, share, subscribe. It does help us grow.

00:11:23:14 - 00:11:27:19
Unknown
Have an amazing day and as always, may all your deals come true.