Episode 51 - 5 Clauses to Add to Your Terms of Business Transcript

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Welcome to another episode of The Lone Recruiter podcast. I'm your host, Brett Clemenson and if you're a recruiter out on your own or just lacking general guidance 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 recruiter.

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So join us, grab a cup of coffee and let's take your desk to another level. Now today, if you're watching this, we're in our brand new podcast room, so hooray for us. Not quite finished, but I thought I'd give it a crack. So for your viewing pleasure. Check this out. I today want to jump into five clauses that you can add to your terms of business that you may not have already thought about. When it comes to recruiting and it comes to our terms of business.

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I mean, they're all very, there are some commonalities there and they're all very similar. If you've done the right thing, you've probably got a lawyer or a solicitor to pull them together and make sure that what you're putting out to clients is going to stand up. But ultimately, we all know what the main things are that our clients are looking for.

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How much is this going to cost me? How quick do I have to pay it? What's the guarantee? Right? They're the three main things everything else is there as a safeguard and you've got to get some debt, some level of sort of robustness around introductions and things like that. But I think they're all quite secondary. I don't want to bore you with those things today, but what I want to do is give you some ideas that may or may not already be in your terms of business that you might find useful or make you think, Huh, that's actually a really good idea.

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Should probably put that in there. Probably not what you think either. So we were really lucky to obtain, I think, 11 or 12 sets of terms of business from various recruitment agencies around Sydney. It was an internal person that we know. I just asked the question and they were able to give them to me. So that was actually quite helpful.

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I won't release those terms and I won't release the companies names because that is private. But it was really nice to read them and just to see what is common and what's interesting and what's new. I can say it ranges from simple one pages to 12 page

behemoths. And look, I think some of them are overkill. Some of them are underkill there has to be a happy medium, right?

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So let's jump into the five clauses that I think were of interest to me. And the ones that we utilise that I think are outside the norm. So let's go. Let's start with the payment period. Okay. So typically we see for contingent sort of standard recruitment from placement from the day they start. What? Anywhere from 7 to 30 days, right.

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That's kind of roughly what we see and what clients expect. What we saw and actually started implementing and had multiple benefits was actually getting payment made on signature. So when that candidate gets the paperwork and they sign the contract, we are actioning and raising our invoices to be paid within seven days of signature. I know that's unorthodox because when I speak to people about this, they go, really?

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And your clients pay it? Yeah, they do. The one question they have is, what happens if they don't start? Logical question. And our simple response is we pay you back in full. But if you're a lone recruiter or you're a small business, cash flow is king. And if you can get that payment in on signature, your work is done anyway.

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If your clients briefed you on a role and you've gone and done that search, you haven't been paid a cent up front and then you get someone to sign, Well look, you've done your job and I think that it's only fair that you request that that happens. That's the first benefit of doing that. The second benefit is what if they push back?

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Well, we all know what a negotiation feels like with terms. If your starting point is seven days from signature, you're probably going to get it to a point of, can we have it seven days from start or can we have it? You know, you're moving it 30 days forward, whatever. I think that you're going to get a better result for yourself.

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Nonetheless, even if your client doesn't bite on the signature, you are going to get it closer to when they start. On their start day or within that first week, because you know, it forms part of that negotiation rather than, hey, our terms of 14 days from start, oh, we really need 30 days. We've all heard that one.

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So that's my first one. Payment days make them seven days from signature and then just negotiate or manage from there. The second one that that stood out to me was actually putting an expiry date on your own terms. I think we see a lot of time coming from internal talent acquisition teams or larger firms that have their own terms

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and they make us sign those they have expiries but typically

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recruiters don't have expiry dates on their own terms and what are the benefits of having an expiry? The main one really is that if you get in with a client and you're doing business with them and something doesn't work out, you find that you know, they have high turnover and you have to keep replacing these candidates and you might need to adjust the guarantee period.

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Or you find that they promised you a whole bulk of work and you actually ended up only doing one, but you negotiated the price based on quantity of work. Having that expiry gives you an opportunity to reset and reestablish the conversation and now you've got a bit more information about how they work and how you work with them and what's working, what's not.

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You might be able to tweak dial up and dial down certain bits within your terms. Without the expiry, you haven't really got a reason to pull them up on it and it makes it a little bit harder to kind of reset. So putting an expiry in your terms, 6 months, 12 months, whatever you feel comfortable with is a nice one.

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I think to put in. The third one, now I hadn't even thought of this, but I guess within retained an executive search this is probably more common. But again for just contingent terms or exclusive terms, having a client's responsibility clause, what do you need from your client in this process? So things like what are the time frame expectations on responding to a CV submitted?

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What are the time frame responsibilities for the client on giving you appropriate feedback after interview, things like that. I think putting expectations into the client's quite wise. How many times have we submitted a CV and had to wait three weeks for them to come back and say, Yeah, I want to meet them and you go, the candidate is gone or they've lost interest, you know, So we understand why you want to keep timeframes tight,

particularly when you're headhunting and particularly when there's competition with other companies on that candidate.

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But I think sometimes our clients don't realise it. So having a client's responsibility clause I think is quite smart. The fourth one, we've done it in the past and kind of forgotten about it when we had a negotiation. But this one came up again in a couple of these terms docs I saw, which was a success fee.

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I'm not talking about just a placement fee, which we are typically talking about, but a success fee. So based on either longevity in the role, let's just say they got past two years in the job. Do you get a little kicker at the end to say we've really got someone who's nailed the brief? I think it works both ways, that clause, because a client will go, Oh, they get paid for finding someone not just for now, but someone who's going to stay.

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So if there's a perception out there that maybe recruiters just want a quick fee and then they don't care what happens in the long term, this sort of clause can be really nice with the client saying we back, the people we're putting through. We support them through that journey. When they come to us and say, Oh, I'm not sure what's going on.

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We manage that, we help them, we point them into the right directions, we call you in. There's this there's this sense that we get a second dip. If they last. I think that's nice. The other one to base it on is, if there's like a if they're in a sales portfolio or if their job’s quite measurable in terms of like property valuations for example, the difference between an average valuer and a really decent valuer can be three jobs a day versus five jobs a day, and that adds up over a period of a year.

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So what we've done in the past is gone. Here's our fee. You pay us upfront, then we actually get if they hit over X amount in their annual revenue, we get another fee on top of that. So actually having to think about the success fee clause, like what happens like we place, we fill the job, we get it done, great.

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But having a success fee has multiple benefits for you and the client because you both win. If you get the right person in for a long enough amount of time doing the right role, performing at the right level, I love that one. The last clause to really look at and this is where I think a lot of people get it wrong and this is around the introduction period.

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So how long do you have an introduction on a CV with that client? Typically 6 to 12 months, right? Let's just say for argument's sake, an ease of explaining this, let's go 12 months. It usually, that clause isn't around the day I introduce you on that CV, let's just say it's January 1. That means until January 1 next year.

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I have a claim over that CV. So if you place that CV or that person in your business within the next 12 months, I'm due a fee. We all know that one. Where it gets murky is what happens if that person starts a job on, let's say, the 1st of February a year and one month later, and we go, Oh, that's rich.

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Like they've just waited for the period to end. They've reached out and have gone for him. So a way that you can get around that or to protect yourself a little bit further is 1. The introduction of a CV triggers a 12 month period, but the last interaction, and this is where I've seen this quite cleverly done, the last interaction around that CV via email or written correspondence is the beginning point of a 12 month period.

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So if someone thinks, Oh look, we got him 13 months in, we don't have to owe them a fee if they actually go and look at the introduction period and realise, Oh my God, this person had followed up a few months into submitting that CV. We had interviews, we got to an offer. It didn't work out. The recruiter, followed back a couple of months later, maybe in June, and said, Hey, where are we at?

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Is that role reopened? Or, you know, would you reconsider this candidate or whatever that might be. That triggers the beginning of that 12 month period again and that's a vital one because that could be the difference between a 20 grand fee or not a 20 grand fee. And most clients, when it gets a bit murky around that, if you've got something to point to, they'll follow.

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They are looking for a reason to not pay our fee whether they like you or not. And we, I'm happy with that. I'm okay with that. As I say to my clients, only use us when you need us because we're going to be bloody expensive and if you can do it yourself. Do it, but we do what we do because we're good at it and you can't do what we do.

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That's it. They're five clauses and you may or may not be using them. And I have not scratched the surface on this thing, but I think there are five that stood out to me as ones that aren't common and areas that I think people can tweak. And again, if you liked any of these and you want to add them to your clauses, do it.

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Get the advice of a lawyer. This is not advice. I am not a lawyer. But you do need to take your ideas to lawyers to make them worded in an appropriate way. So that's what we have time for you today. I hope you got something out of it. As always, five star reviews. Love them, share it, you know, like it,

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comment wherever you're listening to this or seeing it, interact. We love it. We appreciate you. Thank you once again for joining us. Have an amazing day and may all your deals come true.

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