

PRESS RELEASE  
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Subject         A Year in Review – 12 months to forget about

Thank god it's over.....

The first quarter of 2009, Jan to March started out quite frightening. No one knew how bad things were going to get and no one could see or know if the end was in sight and when we'd hit the bottom. Employees didn't know if they'd still be employed the next month and employers didn't know how long they could survive a depressed market.

The Rudd government announced the stimulus package in February with handouts starting on the 11<sup>th</sup> March. They had little impact within the recruitment industry, with the majority of business owners experiencing no benefit either personally or professionally.

The permanent recruitment market was decimated. Those agencies that were 90% or more perm reliant were hardest hit. This of course includes the rec2rec sector of which a number of players are no longer.

Apr – Jun quarter didn't really provide any reassurance. A number of general and specialist agencies had already gone into liquidation while many others were opting for voluntary administration. Consultants and Managers were getting fired or made redundant all over the place; we noted almost 50% of the employees within the industry found themselves jobless.

The end was not yet in sight but at least we were starting to understand the playing field we were now on and how best to manoeuvre in the dark.

With the New Financial year came a new hope or at least the opportunity to sell the concept. "employers are waiting for new budgets to commit to hiring decisions".

Since July and the new FY however, the industry has started to settle, positivity has slowly started returning to the work place, new relationships are being forged and the recruitment bell has started ringing.

This months topic of “a year in review” we decided to ask owners of differing recruitment businesses “what the best and worst thing was to have happened in their business over 2009?”

The answer to the best thing over 2009 was unanimous.

All those we talked with spoke of the cleansing of the market, wiping out both the cowboys and the unproductive overpaid recruiters that had gone from job to job doing little but pushing salaries up as they had done so.

As referred to above, we noted that almost 50% of employees within the recruitment industry found themselves jobless. Not all of these were obviously recruiters however, recruiters were still probably the majority.

What happened to all these recruiters?

Who cares, the question you as recruiters should be asking yourselves is, “what happened to all the client relationships those recruiters had had”?

Today’s successful recruiters are the ones that can answer this question as they approach the market with confidence having picked up a number of new clients in recent months.

Of the recruitment business owners we spoke with that were asked “what was the worst thing to have happened in 2009”?

Answers varied from, “profit projections weren’t met”, “having to make redundancies”, “the fear of the unknown market conditions” and “clients trying to screw us on fees”.

Given our findings we concluded it was a bad year for all.

Sure, we can all talk about the benefits of the year, “it’s given us the opportunity to sharpen our processes and procedures”, “make consultants more accountable than before”, “what a great lesson to have learnt” etc etc

But in reality, would any of us want to go through 2009 again?

No! (and anyone who tells you anything different is lying)

Recruitment agencies are in business primarily to make money. If they are not making money, they will not be in business for long.

The many agencies that still made money in 2009 did so at a cost. Profits were not as high as previous years. Rather than profits coming predominantly from greater sales revenue, profits had to come from greater cost reduction.

If in 2010 we can all therefore maintain cost reduction but once again push greater sales revenue, we will all be in for a terrific year in terms of profitability.

One last point we would like to raise with you all before entering 2010 is on the note of what one of the business owners we spoke with answered to the worst thing of 2009, "clients trying to screw us on fees"

Do not allow clients to dictate your fees in any market conditions. Believe in your service offering and present your value proposition with confidence. If a client doesn't recognise your value by saying they can get the same service at half the price, either you haven't sold it correctly or more realistically, the client is a mere waste of time and it will serve you well to quickly forget about them and move onto a new client that absolutely recognises your value and very much appreciates the service you provide.

Don't drop your fees in 2010. Be strong, be confident and you will be rewarded.