This is **Part 2** of a series of articles by Romney Rawes, Chairman and Founder of the RIB Index. They were originally published in Recruiter Magazine to open up awareness and debate on the importance of good measurements within a successful recruitment business.

Motivating better performance - "What gets measured, gets done!"

One of the most important tasks that the management of a recruitment business has to do well is to motivate fee earners to generate high revenues. This is clarified well by what I have, for many years, called "The Driving Wheel." There are four elements, all totally inter-related and inter-dependent. The first three are common enough – Target; Reward; Motivation. In essence, you *Motivate* the fee earner, having set/agreed the *Target*, by providing *Reward* for its achievement. However, unless the fourth element is available, it will not work, namely *Measurement.* This is obvious, but what is less so is how to enable the *Measurement* element to drive the others to be more effective.

Let me explain. The typical way in which the above is done is simply to measure the financial outcome, namely the permanent fees or temporary margins. Every recruitment business will measure this, whether or not they relate the earnings of the staff to achievement of certain levels (eg by means of a Commission system), if only for accounting purposes.

What is worth looking at, however, is how this measurement is used to drive better performance. If, as so often I see it in businesses I visit, it is only a historic overall metric, measured weekly or monthly, certainly in total and usually broken down by fee earner, many tricks are being missed. Without, at this point, getting into whether you have Commission payable on an individual or team basis, or a combination of both, you need to make it work for you instead of simply being an (essential) accounting figure. Most people recognise the need to have goals to achieve improved performance.

These goals should be "SMART" – Specific, Measurable, Achievable, Relevant and Trackable. Thus setting the goal of "significantly improving our Sales this year" only meets the "R" criteria (and possibly the "A"). If instead, the goal became "improving our Sales during the next 12 months by at least 10% against last year's figures" it becomes SMART and much more effective. But even now "Sales" is a potential problem – better it were replaced by "Gross Profit". What if the temporary business achieves the target 10% in turnover terms, but at the expense of lower margins, thereby actually reducing the Gross Profit? Using "Sales" may have been SMART, but it wasn't clever!

Consider these questions in relation to the new, SMART Gross Profit goal:

1. Do you have the figures for last year set up, so that the base against which the 10% is to be achieved is clearly and readily available to those who are supposed to deliver the goal?
2. Will you "publish" the 10% uplift figures as the goal, each quarter in advance?
3. Will these overall figures also be broken down for each individual fee earner?
4. Will there be any correlation between the achievement of the total or individual goals and the earnings (or other rewards) of the contributors?

5. Gross Profit is certainly measurable; again, is it broken down by individual (this may need clarification if there are to be "splits" between fee earners)?
6. As you have a timeframe (12 months) the Trackable element comes into play. How will you portray the achievement (ideally visually) of Actual against Goal as you go along?
7. Is this 10% uplift Achievable in month 1? It may well be so, but try to ensure that there are some logical reasons to support this element, eg "the last 3 months have averaged a 9% uplift."

From this it can be seen that providing a reasoned, measured backdrop can enable the goal to be more likely to be achieved. Indeed, it would form an initial element for establishing a budget – yet another example of measurement driving results, by having something to benchmark actual figures against.

Finally, all this has been based on the financial outcome as the *Measurement*. Why not include the activities, that drive that outcome, in the *Measurement*? So, if you measure and record (for establishing trends and ratios) the essential activities that are required to achieve the financial outcome, once more the *Measurement* can drive the improvement of performance. All these are often referred to as "KPI's" – Key Performance Indicators.

So, for example, it might be regarded as essential that consultants should register X Candidates, find Y Vacancies, and make Z First Interviews for their candidates with their clients. Once you have the ratios between these 3 activities and the subsequent placements, driving results becomes easier.

Thus, if a permanent consultant is tasked (targeted) to produce £8,000 fees per month and we know (because it's measured!) that the average permanent invoice value is £2,000 they need 4 placements a month. If we know that we have a 5:1 First Interview to Placement ratio, a 10:1 Candidate to Placement ratio and an 8:1 Vacancy to Placement ratio, we know that there are logically compelling reasons for the Consultant to recognise they need to generate 40 Candidates, 32 Vacancies and 20 First Interviews per month (10, 8 and 5 respectively per week; 2, 1.6 and 1 each day). Set up the wherewithal to track this daily.

Now the trick is motivate the achievement of the KPI's you choose – back to my Driving Wheel. You now have the *Targets*, you *Measure* (daily, weekly and monthly, by fee earner) to enable R*eward* (not necessarily financial!) and thereby *Motivation* to be achieved.

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