

## Building *Your* Enterprise with Contractors

**Presenter: Michael Pietrack, Owner and Co-Founder of TMAC Direct**

Michael Pietrack heads up a Pharmaceutical Industry search firm called TMAC Direct. Though Michael oversees all recruiting at TMAC Direct, he runs a very niched desk as a true market master. By dominating a small segment of a huge industry, Michael has grown his \$1.2M solo practice into a \$2.6M mega desk. As a result of his success, he is a sought-after speaker for both the Recruiting and Pharmaceutical industries. Today, Michael will discuss how to gain additional revenue streams all with the same candidates, clients, and effort. You will leave this session with practical ways to build your enterprise.

### Meeting: “Building *Your* Enterprise with Contractors” by Michael Pietrack

**If you are reviewing this episode with a team, watch the entire Episode.**

**(Facilitator):** Michael is touching on a subject that many have considered but it stays in “consideration” phase because it requires learning a new offering to present to your clients. Regardless of if you are just getting started with the process of incorporating doing contract work with your clients, or if this is a significant portion of your recruiting portfolio, let’s first start with an additional benefit Michael didn’t address in depth. Imagine you walk into a restaurant, ready for a delicious meal and fabulous dining experience, and you open up the menu – and it’s all steak. It’s a glorious selection of T-bones, filets, and ribeyes and there is no steak this menu does not offer. Sounds perfect to some of you – and others may be thinking “*I’m trying to cut back on my steak consumption*” or “*I am actually more of a fish person myself*” or “*I’m a vegetarian.*” Think about the segment of the dining population that you are cutting out by offering only steak – and the fact that IF you are not the first choice for a dining party of four on their classy night out, they are going to head over to your competition.

Now, this might be that you choose to be an expert in steak – but offer other options for someone who would prefer a different dish. To put this in our terms, you may predominantly work on a contract basis, but conduct some perm position searches when it’s in the best interest of the client. Alternatively, your clients may be those who choose to hire primarily permanent employees, but who at times may need an interim solution. Whatever the case may be for your personal situation and that of your firm, it is important for all recruiters to be able to appeal to more than just the steak-lovers in their market – and learning the why is what Michael has tee’d up – let’s talk about the HOW!

#### **How #1:** Flip the call

- Michael inserted the key question when he hit a dead end – “*would you consider a contractor?*” Adding interim work to your business could be as easy as asking this simple question on every single call.

#### **How #2:** Create a script (example)

- “*Good morning (Name), it’s (recruiter) with (company). It is my understanding that you utilize temporary professionals from time to time, as most CEO’s and senior leadership at (type of) companies are facing a huge challenge in finding (type of) talent as the market for (roles) continues to explode. Many of these firms are turning to laser focused boutique search and staffing firms like ours to find great talent or experienced (type of) contractors. (Niche) is all we do, period. It’s my understanding that you may have a need for (type of person) – is that correct?*”

**How #3:** Increase your visibility

- Michael gave the suggestion of adding “ask me about our contractors” on his email signature, and sending out email campaigns highlighting interim services, and adding a section on contract to your website. Remember, if you do not educate your market on what you can do, they will not know what you can handle!

**How #4:** Setting your rates

- There are many factors that come into play, starting with the estimated duration of the assignment. Think of the work required to get a contractor out on assignment; now imagine that assignment is for one week instead of six months. For shorter term assignments, your bill rate could go up significantly, since you are not recouping the work done over a longer period of time.
- Next, factor in the seniority of the position. In general, the higher level of candidate or their expertise within your world, the higher the margin should be. As an example, the margin for a Chief Financial Officer would be different than that of a controller and than that of an accounting clerk.
- Third, take into account the available candidate pool – and much of this comes from the Market Mastery concept trained heavily throughout our Next Level program. The more you know every possible candidate in your space with a specific and sought-after and in-demand skill set, the better job you will be able to do of providing your clients with candidates they cannot find on their own or that other recruiters don't have the relationship with that you do. If you have to find an accountant in the morning and then conduct a search for a call center manager in the afternoon, you will reinvent the wheel each time you take on a new requisition. On the other hand, if you have a narrow and well-defined niche and have recyclability within your candidate pool, not only will you have identified every viable candidate – you can reach them quickly and increase your time to fill ratios.
- Next, the specific client should be considered when setting a bill rate. What is the volume of hiring that they anticipate doing in the coming months, and how much of that will be given to you for positions you place? How many other recruiters are working on the assignment, or is it exclusive to your firm? How many individuals do they have in process currently? Does this project allow for remote work, or does the candidate need to be based on-site? How smooth do you anticipate the hiring process to be, and how realistic are the client's expectations? Is there a chance this will be a temp converting to perm position, with a healthy payment on the back end? How attractive is this client to your market; will people be lining up to hear you share their story, or does their reputation precede them in a not-so-positive way?

**How #5:** Delivering your professional recommendation

- Let's start with a situation in which our professional recommendation is to work under a traditional contract staffing relationship. The client has a need for an individual, or individuals, to work on a specific project or for a finite duration of time, regardless as to the duration of the assignment. Either you, or your back-office partner, will become the legal employer of the contractors and handle all of the admin, legal and financial responsibilities. The client will pay you on an ongoing basis for the duration of the time the candidate or candidates are on assignment. If this model is appropriate for your professional recommendation, your script could sound something like:

*“Due to (circumstances), I think it is best to recommend a possible contract staffing solution in this situation. Contract staffing is the perfect solution seeing as you need additional*

*support but not sure of the long-term viability in both the budget or the role for such a position. We have subject matter experts who can solve your issue immediately and stay for a few months or a few years. On a contract basis, we will be the employer of record and pay the candidate's wages and provide them with benefits, handle payroll taxes, provide unemployment insurance, worker's comp, and so on. We will present candidates to you that are within the range of the compensation you have budgeted for this project, and you can evaluate their fit from there. Are you open to evaluating candidates on a contract staffing basis?"*

- The second situation you may encounter is one in which the client wants to hire a candidate on a contract assignment, but with the possibility that they will be converted to a direct and permanent hire within a certain amount of time. Of course this conversion is based on many factors including the performance of the candidate and the desire of the candidate to remain with the organization, but you will want to set up the client to be prepared to pay both an hourly rate to the candidate as well as a conversion fee if and when the candidate is converted to a direct hire. Even if the client does not anticipate hiring a candidate on a full-time basis, it is always advised that you include this language in your fee agreement. You never know when a client who adamantly declares upfront that their needs are purely interim or project-based who then have circumstances change over the months or years and a contractor is now hired permanently.

*"Based on what you have shared with me, I think it is best to recommend a contract staffing solution in this situation to begin. This will not only allow you to intimately get to know the skill set of the candidates working for you, but will also give you time to evaluate the longevity of this position/project/assignment. We have subject matter experts who can solve your issue immediately and stay for a few months or a few years. If and when you find yourself ready to hire the candidate permanently, you have the right to do so. On a contract basis, we will be the employer of record and pay the candidate's wages and provide them with benefits, handle payroll taxes, provide unemployment insurance, worker's comp, and so on. If the candidate is hired permanently, there is a transfer fee due of X%, which is a hybrid calculation allowing for a discount for the time already worked as a contractor, yet is fair compensation for the permanent transfer of this candidate to your organization and not to another assignment. Does starting off with hiring on a contract basis sound like an approach that would most effectively solve your need?"*

**How #6:** I have a client who wants to hire a contractor from me – NOW WHAT??

- Next Level has a partnership with a Back Office Solutions organization that offers a discounted rate to Next Level Subscribers. This is an ideal solution for most firms as it allows them to maintain cash flow, assume no risk on financial or legal issues, and remove the administrative element that can bog this process down. The rate for NLE clients is 20% of the candidate pay rate, and you are paid immediately once the candidate starts employment and is paid (there is no waiting for the client to pay first). There is no annual fee, startup fee or maintenance fee and they cover all burden and payroll processing. Most firms require at least 4 to 6 month contracts, but our affiliate has no contract term limit (a candidate out for 1 week, 1 month or 10 years is no problem). They provide all insurance coverages including workers' comp, professional liability and fidelity bonding that covers acts of dishonesty including third-party coverage.

In short, if adding contracting is of interest to you and you find yourself in a situation where you are close to the finish line, reach out to our team and we will connect you with the right individuals who will be able to help get this individual employed quickly and at the highest margin for you, the recruiter.