

An extraordinary Success Story

David Head talks to Simon La Fosse

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DH: I believe you started the business in 2007, how has it gone so far?

SLF: It has been a tremendously exciting few years. We have grown on average by over 100% every year and we're now 25 people strong with a turnover of around £10 million and great profit margins.

DH: Sounds impressive, who are your backers?

SLF: Well, we don't really have any. I put in the initial investment and we've funded our growth simply through retaining our profits and reinvesting in our development. The benefit is that we still have 100% of the equity to distribute internally to our staff rather than giving it to the money men!

DH: What are your plans for the future?

SLF: We feel hugely positive about what lies ahead. Our service offering and culture has been really well received by the marketplace and the client demand has meant we have grown at a time when most recruitment firms have been shrinking. The IT market is huge in the UK and we haven't really even made a dent in it as yet. We could be several hundred consultants strong in the future and still not be a dominant player. So it's all to play for really and we feel that the progress we have made so far is just a start.

DH: Have you thought about expanding abroad?

SLF: Yup, we do discuss it and there is a possibility that we will have offices in the States and Canada in a couple of years. Having said that there is a lot to go for in the UK first. We already do quite a lot of work in Continental Europe and the US without a permanent presence out there and I'm sure we will continue with this in the meantime.

DH: How about acquisitions in the future?

SLF: Very unlikely I think. We feel our success has come down to having a great culture and values and we need to ensure we don't risk diluting or damaging this as we grow.

DH: What areas do you operate in?

SLF: At this point in time we are predominantly focused on the IT marketplace, although we do have a small finance practice.

DH: Will you expand into other areas?

SLF: That's an interesting question and I'm not sure I have the answer really. We are massively ambitious and quite opportunistic so if we saw an individual who shared our values and wanted to open a new market for us we would be delighted to talk.

DH: And do you define yourself as an executive recruiter or a contingent recruiter?

SLF: Neither. We were clear right from the start that our proposition is simply about delivering an outstanding service at whatever level the client wanted to engage. The people who joined in the first year were predominantly senior recruiters working at CIO and leadership level so this was typically the work that came to us. However, as we've grown we are increasingly engaged at all levels working on a contingent, interim and contract basis as well. Our reputation as a senior recruiter makes it much easier to start a dialogue at the top of the food chain, and our clients seem to like the idea of one organisation providing a comprehensive recruitment service from top to bottom.

DH: What else differentiates your firm in a pretty crowded marketplace?

SLF: I could bang on about this for ages! I think it's fair to say that we are pretty innovative as an organisation. Because we haven't been established for long we don't have preconceived or dyed in the wool ideas about how the recruitment process should work. The digital revolution has presented us with all sorts of opportunities to produce a better service for our clients and I would like to think we are very much at the forefront of exploiting this. It's also pretty clear that as a young and successful firm we approach things with real energy and passion and our clients get a clear sense of this. I think we have a challenge ahead of us about how we maintain this hunger when we become a more established player but for the moment it's a distinct advantage. Our "top to bottom" recruitment model is also an important differentiation for us. Clients who enjoy working with us have been delighted that they can buy a number of different services from us. It's not an easy model to establish but once it's working it is very powerful. We won't compete on price and strangely I think clients respect that. If they want the lowest cost operator then we will happily recommend suitable organisations. As we come out of recession it seems that recruitment becomes more urgent and strategic and a cheaper and second rate service becomes increasingly irritating for organisations. So, to an extent, our offering is timely in terms of where we are in the economic cycle. Our strategy of shared ownership, of having the equity spread across the team, has also given us an edge. I believe everyone here feels a greater sense of ownership. Clients see the difference in the care we take and candidates appreciate being dealt with in a more respectful way. Don't get me wrong, I think we are far from perfect in terms of how we deal with our clients and candidates but the feedback we get suggests that we are doing a better job than most of our competitors in this regard. This not only motivates us to continue with what we're doing but also directly results in more recommendations and new business. We don't believe in bashing the phones for the sake of it. All the feedback we get suggests that our clients don't want any more calls from recruiters asking for business! Our approach is very marketing driven. We would much rather get in touch with a client to invite them to an event we are running and build a relationship in this way than simply call to ask for work. We are also lucky enough to be completing a lot of senior work so typically the candidates we deal with will also recommend us and use us for work in the future. And again, this gives us an additional incentive to really look after people when we are considering them for our assignments. Lastly, and perhaps most importantly, we have a really high quality team in place. Offering people an equity stake has allowed us to take on the kind of people who I think we would not otherwise have been able to attract. Increasingly we also find that the momentum of our brand and reputation is tempting other high quality consultants to come and approach us directly.

DH: How have you gone about finding good people for your own company?

SLF: It sounds like an awful confession for a recruitment consultancy but I couldn't say we have a particular strategy for attracting talent. That said we have assembled an outstanding team of people in a very short period of time so I guess we must be doing something right! If I look at the people we have on board a lot have come from recommendations through existing team members. The cliché that good people

now good people really applies I think. Our success has also been quite visible and this has meant that a lot of people have just got in touch.

DH: What kind of people do you look for?

SLF: We focus on just three dimensions: achievement, values and ambition. In terms of achievement, they need to be a top 20% performer in their current environment or it's unlikely that they will fit in. The value piece is really critical also. We are passionate about delivering an outstanding service, treating candidates with care and respect and really supporting each other. It seems to me that high performers in our industry split into two camps. Those who are almost exclusively focused on just maximising revenue in the short term and those who are more interested in building an outstanding personal reputation. It's the second category that fits better with our culture, and in our view, adds more value to our business and brand in the long term. The ambition piece is also fundamental. We are at an early stage in our development and our potential is huge. We need to take talented people and encourage them to develop into our future leaders as quickly as possible. Whilst we will of course give them every support, there needs to be an inbuilt desire to build on their success and continue to really stretch themselves.

DH: Sounds pretty selective to me. Do you think that you might be limiting your ability to expand by being this particular?

SLF: Yes, I think that's a risk we run but I would much rather that our expansion slowed and we stayed true to our values than went for growth at any cost. Having said that, there are hundreds of thousands of people in recruitment in the UK and we only want a few hundred of the best ones!

DH: Understood. But why should they want to join you?

SLF: A whole host of reasons I think but the one that appears to have brought most good people to us so far is simply about feeling aligned with our values and way of doing business. It seems to me that there are a lot of people in our industry who don't feel culturally aligned to the companies that they work for. We hear too often of intelligent and motivated people being KPI'ed to death. And too frequently personal billings seem to be the only real measure of success, with the candidate and client experience being very much a secondary consideration. In addition to the values piece I think our ability to grow during difficult economic times has also given credence to our way of doing business and attracted a lot of interest. Additionally, we have a stated aim to gift an unusually large amount of the equity of our company to the people who help to grow it. And equity in an organization with our trajectory is something that really seems to be valued. Apart from anything else it helps to build a culture where we are all pulling together and equally focused on building the long term reputation of the firm. I think this spread of equity has also helped to break down the traditional management and worker divide. It also allows us to attract 'intrepreneurs'; people who might be thinking about doing their own thing but like the idea of similar levels of value creation without the risk. Additionally we have a pretty empowered culture so they will also have the space and autonomy that typically appeals to that breed of person. We work hard to ensure that people are appreciated and we take time to just enjoy each other's company outside of work. We always seem to fit in a weekend skiing every year and other stuff like spa days, sailing, surfing, track days and water skiing are organised on a pretty regular basis. Lastly, we offer a great career path for people who have been recruiting at junior level but want to take on more senior work. Often, their existing organisations don't have the brand or capability to offer them this opportunity but for us it's a natural part of everyone's progression.

DH: You make it all sound very easy. What are the challenges that La Fosse Associates face going forward?

SLF: There are loads! The most significant I think will be maintaining the ethos and quality of what we do as we grow and scale our model. A personal touch is easy when the firm feels like an extended family but getting this pride and care to extend throughout the organisation once we are in our hundreds will not be easy. We can't pretend to have all the answers to this yet. However, I do see an extraordinary collective will within La Fosse to maintain an environment that we enjoy so much and see working so well.

DH: What should people do if they want to find out more about the possibility of working at LFA?

SLF: Just get in touch. We are interested in a whole range of people from recent graduates all the way through to practice directors, and future business leaders.

DH: Simon, thanks so much for your time. It's been a revealing chat and I look forward to watching La Fosse's progress.

SLF: My pleasure!