

Planning for expansion

Declan Rowan,
Joint MD, Extrastaff

Many recruitment agency owners with children are not sure what will happen to their businesses when they retire. The Rowan family of the former Rowan Recruitment had it all worked out. Their sons Declan and Piers Rowan took over the company earlier this year, rebranded it as Extrastaff, and embarked on a 'controlled' expansion program destined to put the organisation right up there with the majors.



Extrastaff Joint Managing Directors, Piers (left) and Declan Rowan.

Rowan Recruitment, a \$20-million a year organisation, was established in 1990 but had origins dating back to 1965. It had offices in Adelaide and Melbourne employing a total of just under forty people. Now re-branded Extrastaff, it has developed a franchise model to create a presence across Australia.

'As with any business in our industry, the issue we faced was that unless you want to remain

a small niche player you have to have a national focus. Clients switch – through no reason at the local level – because deals are done in Sydney or Melbourne. We needed to go national and we've chosen franchising as one of the ways to do that,' says Declan Rowan, Joint Managing Director.

'We really struggled to see opening a large branch network as a long term proposition. It's not particularly expensive but we were concerned



by Dialog



INFORMATION TECHNOLOGY



Business Solutions Partner

AXiOM Suite

"...freedom to focus on your business."

Suite – integrated to Microsoft Navision





- Labour hire payroll
- Standard payroll

- General ledger
- Budgeting

- Receivables & payables
- Multi-currency

- Cash management
- EFT

Phone: 1800 358 447 Email: axiom@dialog.com.au Website: www.dialog.com.au/axiom

RECRUITMENT SOLUTIONS @ WORK

about erratic performance, because looking at large multinationals there can be a lot of change at branch manager level. With a franchise system, you have somebody at the local level who has local knowledge and a vested interest in the business – that's very powerful,' Declan says. 'As well as that, all the back office functions such as administration and payroll are centralised, so they can focus on working on sales and recruitment at the local level.'

Extrastaff launched the franchise concept in November last year, and their first franchisee opened an office in North Sydney in February focused within the office recruitment market on the ten kilometre radius around North Sydney. Declan is currently actively looking at other options across the country and plans to fill out the gaps with other office support type branches as well as industrial, engineering, technical and health branches.

'Over the next twelve months we'd like to write up five more franchises and then Extrastaff can grow significantly from there – developing to forty or fifty over the next five years or so,' he says.

'We're not the first franchisors in the industry, but we're definitely trying to differentiate ourselves. There are a lot of the people out there trying to sell franchises who seem to determine their success by numbers of franchises sold. We're interested in making the model successful, because in turn we will be successful. I know some horror stories with people being conned into buying franchises, then finding they've bought nothing. There's no future in that. At the end of the day, the franchisor/franchisees relationship should be very long term. We don't want people questioning what they've bought so that's why we wouldn't want to sell any more than six in a twelve month period to be able to give people time to get up to speed and flourishing.'

Working through the ranks

Declan knows something about the work and

time it takes to get up to speed: he came into the industry in 1994 and went through the ranks, starting with the industrial division in the Melbourne branch and eventually moving back to head office in Adelaide. His brother Piers joined the company around 14 years ago. 'We were in the business because of Mum (Beryl Rowan MRCSA)', Declan says. 'She's been in the industry for many moons. Dad came from senior management roles prior to joining the company.'

Declan and Piers bought the company from their parents late last year. 'It was a collective idea – something our parents always wanted us to do, and something we also always wanted to do. It was a natural succession plan – Piers and I are both equally ambitious and keen to grow the business and go national.'

Working with a joint MD is an unusual concept in a family-owned business, yet Declan and Piers don't seem to have too many problems. 'Being brothers and growing up together and then working together has been interesting at times, but we worked out what we're good at and fortunately that's different things, so we complement each other exceptionally well,' Declan says.

'As a family we've worked together for close to fifteen years. You always get challenges in something of that length. But once everyone recognised where they were coming from, which wasn't very difficult, it's worked very well – although obviously some days are more difficult than others! I guess it's like anything; the driver behind it was what each party wanted to do longer term. The folks have done well out of the business and were at a stage where it didn't excite them to take it much further, whereas for us it's really an opportunity to expand.'

Declan and Piers divide responsibilities, with Declan looking after most of the day to day operations and business development, including the franchising. Piers is certainly across Declan's role but he is more involved in the systems, processes and marketing. Extrastaff have a new system called Recruit Online that they

have developed internally and will soon launch a version for clients to use. 'It's a product that's been built to help us manage our business but then also allows clients and candidates to log in and see varying parts of the recruitment process. Obviously, being online, you can use it no matter where you are in the world, as long as you've got an Internet connection and a browser. The version of Recruit Online that we are looking to sell sits between the online job boards and your full blown recruitment service. It's that middle ground that companies themselves, (as opposed to recruitment agencies), would buy to manage some of the recruitment processes that they wouldn't use a recruitment agency for anyway.'

Declan's business philosophy is that, in such a competitive, crowded industry as ours, it's important to look at ways of differentiating your business through technology and process-simplification.

'We feel we're different to a lot of other companies out there. One of the key things we really try to do is understand the reason why clients are using our services. The more we understand about our client business and the industry, the better we are placed to add value to that.'

His goals, apart from completing his MBA in August, are to prove that Extrastaff's franchise model works, which he's confident about. He firmly believes that the overall efficiencies and the return to the franchisees will be higher than if the company were to look at the same amount of sales with a normal owned national network.

And Beryl and Malcolm Rowan? 'Malcolm's now running his rural interests – farms and property development,' Declan says. 'Beryl is doing some consulting to us and this is a great resource to have. Being our mother she's always going to be consulting to us! But it's great – she loves the industry and she knows it well.'