

Searching for the right searcher – a special case in times of crisis

Even in times of a proceeding financial depression worldwide, one thing is for sure: The best will survive. This is true both for employers and for employees. Another idiom is true, as well: each crisis contains a chance. Any company that really cares about remaining successfully in stormy weathers must be paying attention to one of the most critical factors: its talent.

Has your company really got the right talent on board to successfully face the financial crisis?



Place: London. Time: September 2008. Lehman Brothers just filed for bankruptcy. No sooner had Lehman Brothers employees reached the doors with their belongings in cardboard boxes than headhunters and recruiters of the bank's former rivals were setting up shop in cafés nearby, looking to benefit from the talent fallout. It is estimated that, by this way, 20% of Lehman Brother's crop of employees was skimmed off by the bank's former competitors or other important players within one month.

Let us take these 20% as what they probably are: lucky losers, having been the cream of their former employer. Because another truth is that the financial services sector is urged by the necessity of cost reductions. So it can be estimated that for the hiring of this 20% "cream" an even higher percentage of firings of "low performers" will follow.



**Companies need to re-evaluate their talent needs,
get rid of gamblers, blithering idiots and narcissistic egocentrics
rather than snapping up the best individuals from the growing pool of available people
who are equipped with the skills needed to weather the storm.**

The development of leaders is more important than ever: fresh, unjaded, upright people from the inside should be promoted. After having assessed the potential internal candidates, there will probably remain a considerable number of replacements or other executive-level needs which cannot be filled adequately from the inside.

Both, the assessment of internal candidates and the search for external alternatives, can theoretically be handled by a company itself. And indeed, there is a rising number of large corporations implementing - beside the existing executive development program - an own executive recruiting department – with more or less success.

**Finally, it is a matter of a cost-benefit calculation whether and in which cases companies
revert to own recruitment sources or to the services of an external provider.**

For a retained search, fees of 30%-35 % of the target annual income of the position to be filled are common practice. But how to find the right searcher for the assignment? According to David Lord, founder and principal of the agency Executive Search Information Services (ESIS), the top 5 selection criteria of the US Fortune 500 companies are:

1. Industry or function expertise.
2. Track record at the company.
3. Recent relevant engagements.
4. Understanding of the role.
5. Will represent the company well.

**“The single biggest operational issue we have is the off-limits issue, because it prevents us from going after a lot of the best and the brightest. The more business we get, the more talent is blocked for us.”
(officer of Heidrick & Struggles in: Fortune Magazine, July 25, 2005)**

Yes, indeed, this is the biggest dilemma of every global player in retained executive search: the high number of clients in nearly every industry, and as consequence of this, the restrictions in actively approaching possible candidates. Knowing this, potential client companies more and more distribute their search mandates, exiting from preferred-provider programs with a little number of “top” searchers and looking instead for more suitable niche providers who combine industry expertise with a lower number of off-limits.

Niche search firms are the future – but how to choose the right partner?

How Coca Cola satisfies its thirst for global leadership talent, was impressively reported by John Goldberg, Director, Executive Talent Acquisition Coca Cola Corporation, on a conference 20 - 21 October 2008 in Frankfurt/Main (Germany). Among others, he makes out the following essential points in choosing the right external recruitment partner:

- Seek to partner with those who provide value beyond just executing the search.
- Engage with firms who will represent your company in the marketplace just as you would yourself.
- Provide them with the right access to company leadership and information to enable their success.
- Highly effective recruiters are able to assess candidates quickly and accurately, and to determine how styles will integrate into a company and culture.
- They have deep knowledge of executive compensation, current trends and practices, and customization of packages as a means of closing deals.
- They have process management capabilities and they use technology and metrics to ensure the executive staffing process is effective and efficient.



**Last, but not least: Some recommendations by a neutral expert
of what an in-house director in charge of executive recruiting
should try to accomplish by assigning a search firm**

We refer once again to David Lord, in: search-consult, issue 34, 2008:

1. Focus on the real business case for managing search activity: higher completion rates, faster searches, higher quality candidates and added value from search partnerships.
2. Avoid being driven by reducing search fees. "If you really want the best talent, you probably want the best search consultants finding it and evaluating it for you, and the best search consultants don't need to discuss their fees."
3. Get top management buy-in (!!!)
4. Gather information rigorously on outcomes of all search engagements and use it to inform the search firm selection process.
5. Do not rush into a request for proposal/preferred-provider program.
6. Generate the engagement letter and use fixed fees. "It's your chance to spell out the process as you want it carried out, addressing all issues important to you, setting the schedule of what will happen then, and educating all parties on their roles. Fair (not discounted) fixed fees are cleaner and crisper than percentage fees and should include all expenses except pre-approved travel."
7. Gradually consolidate search activity into partnerships with a short list of large and small firms.
8. Separate the oversight of retained search from contingency recruiting: "Retained search is an (exclusive to you) management consulting service. Contingency recruiting is one of many forms of candidate identification; no more, no less."



For any further discussions please do not hesitate to contact us at any time.

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