Selecting an Executive Search Firm

Some Critical Questions And Answers About Why and How To Select An Executive Search Firm

Why Use An Executive Search Firm?

The most important part of any organization is its people, especially its leadership. If your company is to grow and prosper, you can't afford to compromise on the quality of your key people. The use of an executive search firm is the surest way of recruiting the best people.

However, don't use a search firm if you can avoid it…promote from within:

- It's faster.
- It's safer…you know what you are getting.
- It builds morale.

But, if internal promotion is not in the best long-term interest of your organization, seriously consider using an executive search firm for those positions, regardless of compensation level, that are critically important to success.

Why Not Do Your Own Recruiting?

Finding interested candidates is relatively simple. Finding the best possible person for a senior management position is complex and time consuming. It requires:

- Resources – particularly the time input of people whose judgment you trust, but also research materials, files on industry leaders, etc. Search firms offer these resources.
- Expertise – search consultants spend all of their time in the executive marketplace. They have experience identifying sources and prospects, building candidates' interest, conducting confidential reference checks, structuring compensation packages, and closing the deal.
- Objectivity and Confidentiality – because they are outside of your organization, good search professionals have more credibility in presenting the opportunity to potential candidates and more objectivity in assessing the candidate pool. At the same time, if required, they can maintain strict confidentiality.

Few companies have the resources, the expertise and the objectivity to conduct a thorough and timely search. What would it cost your company if a "less than best" executive were hired? What opportunities would be lost if a key position remained unfilled for 3 or 4 extra months?

Why Not Rely On Your Own Advertising?

Typically, the best people are currently employed and do not respond to advertising. When was the last time you read and responded to a classified ad or an Internet posting?

The best way to attract the highest quality executives to your company is to:

- Identify individuals who have exhibited superior performance by contacting respected business executives and other qualified sources.
- Approach these individuals directly and professionally.

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What Is The Search Process?

The search process can be described in four key steps:

1. Work with the client to understand the position, the company, and the reasons why an outstanding individual would want the job.
2. Identify sources and prospects: Typically, more than 100 people are directly contacted during a search to find candidates. Of these, the best 8 to 12 will be interviewed in person. The 3 or 4 most outstanding and interested candidates will be presented to the client.
3. Check references – certainly one of the most important steps in the process.
4. Negotiate the compensation package and close the deal.

The actual process and its duration can vary. Most searches are completed within 2 to 4 months.

Which Executive Search Firm Should A Company Select?

The reason for using an executive search firm is to achieve business objectives through improvement of management capabilities. The qualities of a search firm that will assure this result are:

- Actual management experience of the search consultant. This greatly improves communication.
- An understanding of the client's needs.
- Relevant search experience in the type of position or in the client's industry.
- Both the management experience and the search experience should be on the part of the person who will conduct the search – not a senior partner whose main function is client relations.
- Time available to conduct the search when it needs to be done.
- Few or no "off-limits" conflicts.
- A reasonable and clearly stated policy on fees and expenses.

Personally evaluate the quality of the firm and the individual who will be conducting the search. Ask tough questions.

Who Will Actually Conduct The Search?

Screening candidates for an executive position is a very personal activity. The individual carrying out the search is as important as the firm.

Some of the larger firms have sales people, who sell searches. They employ subordinates who take over once the search is sold.

The subordinates:

- Usually do not meet the client.
- May not have the background to understand the client's business.
- Might not be able to represent the client professionally.
- Are unlikely to have judgment that can be trusted.

Avoid these firms.

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Does The Search Consultant Understand Your Business And Your Needs, And Can The Search Be Conducted Without Delay?

Your company, your needs, and your problems are unique.

To do your job properly, a consultant must be able to view the search from your position, must understand your business concerns and objectives, and must take the time to find and attract the person who will best fit your needs and solve your problems.

Does the individual consultant who will be handling your search have the background to understand your situation in depth?

Will the consultant recognize the candidates who can solve your problems in the most effective manner?

Is the consultant available to start when needed? How many other searches is the consultant handling now? Will the consultant take other searches in conflict with your assignment?

From What Companies Is The Search Firm "Blocked?"

Ethical firms make it a policy not to approach potential candidates in existing client companies. Usually this policy extends for at least two years after the last search.

If the candidates for your position are likely to come from a particular industry or company, be sure to find out if any of the "target" companies are "off-limits". The larger the search firm, the more often this is a debilitating problem. You should inquire about such restrictions before selecting a firm to help you.

Why Does A Smaller Firm Make Sense?

The development of large executive search firms has often resulted in poor service to clients.

We believe that clients can be served best by a smaller firm:

- The search is actually conducted by senior consultants who have personally met with the client, who can understand their needs, and who can make constructive recommendations on organization, compensation, and candidate qualifications.
- In addition, a smaller firm offers the advantage of having few, if any, client conflict situations.

We believe that quality search work is best accomplished through a close working relationship between one consultant and the client.

Are The Firm's Policies On Fees And Expenses Reasonable And Clear?

Unlike contingent fee firms which must "sell" you a candidate to earn a fee, retained firms are paid to act on your behalf in an objective, competent and thorough manner.

Fee policies vary and can include:

- An agreed percentage of first year cash compensation, usually including anticipated bonus amounts.
- A fixed fee.
- An hourly rate for professional time.
- Or some combination of the above, as suits the client and the firm.

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Expense policies generally call for a monthly billing for routine expenses such as telephone and mailing costs, research, related office expenses and local travel. Non-routine expenses such as out-of-town travel for consultant and candidates are usually agreed to in advance, and itemized when billed. Be sure that the expense policies are clear and acceptable.

Finally, Would You Be Comfortable Having The Search Consultant You Select Represent Your Company To The Outside World?

Does the consultant project the image of your company as you want it projected?

The first impression a potential candidate has of your company is created by your consultant. Select one who reflects the quality of your company – one who will most likely be able to impress and attract the highest quality candidates.

Summary

Your company's future success depends totally on the quality of its people. That quality, in turn, will be greatly affected by how well you select and work with an executive search consultant.

Our mission is to make you successful through having the best possible key managers.

Our principals personally conduct your search…and we have few "off-limits" conflicts.

We keep the search focused on your needs, we act without delay, and we work professionally on your behalf.

We think these things are important.

When you have senior staffing needs, we think they will be important to you, also.