

Thought Leadership

**BountyJobs**

## The BountyJobs Headhunter Index:



A Unique Look at Trends in Third-Party Recruiting

## Overview

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The use of headhunters by corporate recruiters rose sharply in the first quarter of 2011, another sign that America is rebounding from its worst recession in 50 years. And while common wisdom might have predicted otherwise, headhunters who weathered the recession and continued to provide quality results over the past 27 months have seen their fees hold nearly steady.

Those are the primary trends from the initial release of the BountyJobs Headhunter Index, the first nationwide project to track the jobs that corporate recruiters fill using third-party recruiters.

The headhunter trends are derived from data collected by BountyJobs, the online marketplace that connects corporate recruiters with a national network of seasoned headhunters in seconds. BountyJobs is the contingent search solution for more than one-third of the Fortune 500 and features more than 10,000 approved headhunters in its marketplace. Its initial release of the BountyJobs Headhunter Index is based on data through March 2011.

“Even at the bleakest point for recruiting, in the fourth quarter of 2009, there were leading indicators that signaled the worst was over and jobs being posted to headhunters were strengthening,” said Mike Hard, CEO of BountyJobs.

One leading indicator was that even though the number of jobs put out to headhunters was very small at that low point, the quality of jobs suddenly jumped.

“The juiciness of the bounties, looking back, was an indication of the salaries of the jobs and of the continued need for quality headhunters to find those candidates,” Hard said. “Ever since that spark, things gradually improved.”

This report expands on the three key trends in the first BountyJobs Headhunter Index.

## Third-Party Recruiting Jumps in Q1 2011

The number of jobs sent to headhunters through the BountyJobs online marketplace jumped over 36 percent in the first three months of 2011 compared with the same quarter a year earlier and rose more than 27 percent over the previous quarter. The number of jobs posted in Q1 2011 reached its highest level in two years, according to the BountyJobs Headhunter Index.\* In fact, headhunting activity in Q1 2011 was fully 74 percent higher than in the fourth quarter of 2009, the lowest point of the poor third-party recruiting market.

“The jump in jobs posted on BountyJobs is an important leading indicator of broader hiring down the road,” Hard said. “Jobs filled through headhunters are generally more senior-level positions and more critical to an organization, and that means they’re a harbinger of either good or bad news in future hiring, depending on if their postings are up or down.”

Lou Adler, president of the Adler Group and a bestselling author and recruiting industry expert, agreed with Hard’s assessment.

“As the hiring market heats up, third-party recruiters with deep networks of top talent emerge as the key people you want to know,” Adler said. “Interestingly, BountyJobs has many of the best of these third-party recruiters already engaged in their network. If their data shows more people are sending jobs to search, that means even more jobs are coming soon.”

Hard said that the data also “confirms what everybody knew – that Q4 of 2009 was the bleakest of the bleak, because the number of jobs put out to headhunters was the lowest it’s ever been.” Headhunters felt that, and the BountyJobs Headhunter Index shows it.

“What everybody may not have noticed, especially as the number of active headhunters dropped as many firms went out of business, was that with one exception, in every quarter after Q4 2009, the recruiter-headhunter marketplace saw a steady increase in jobs posted,” Hard said. “It wasn’t spectacular, but there were steady increases over time.”

### Trend in the Number of Jobs Posted to BountyJobs, Q1 2009-Q1 2011

(The number of jobs posted on BountyJobs is proprietary. This graph illustrates the variation in the number of jobs posted each quarter compared with Q1 2009, the first quarter reflected in this report.)



\* For proprietary and competitive reasons, BountyJobs does not report the total number of jobs that corporate recruiters place on its online marketplace but instead reports the trends in those numbers.

## Average Headhunter Rates Virtually Unchanged in Last 27 Months, Hovering Around 20 Percent of Candidates' Salaries

The average rate paid to qualified headhunters varied less than 0.6 percentage points between early 2009, and March 31, 2011, according to the BountyJobs Headhunter Index.

On BountyJobs, the corporate recruiter sets the percentage of salary that he or she is willing to pay a headhunter for a successful hire. The fee is posted with the job requisition, and headhunters can choose to accept the fee and submit candidates.

“When the recession happened, everybody thought headhunters would be so desperate, with so few jobs being posted and so many people in the job pool, that headhunters would accept much lower fees,” Hard said. “You would expect fees to go down, but they didn’t. The headhunters who have survived are a very strong and resilient group.”

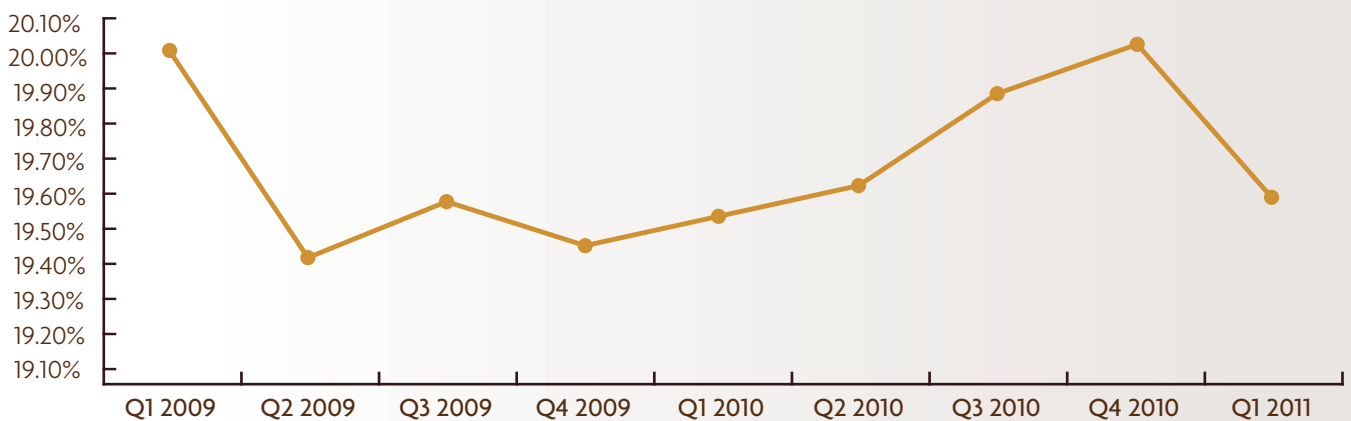
Between Jan. 1, 2009, and March 31, 2011, the BountyJobs Headhunter Index shows:

- **The average headhunter fee posted on BountyJobs (the “bounty”) was 19.72 percent of candidate salary.**
- **The lowest rates were posted in the second quarter of 2009, when the average dropped to 19.45 percent of candidate salary.**
- **The highest rates came in the last quarter of 2010, when the average hit 20.02 percent of candidate salary.**

“It shows that headhunters who survived the worst recession in 50 years and continued to offer quality results were able to maintain their fees,” Hard said.

The strong consistency in the average fee rates for headhunters bodes well for the headhunter industry and the corporate recruiter-headhunter relationship.

### Headhunter Bounties as a Percentage of the Salaries for the Posted Jobs



## Salaries for Jobs Being Searched Remained Consistent

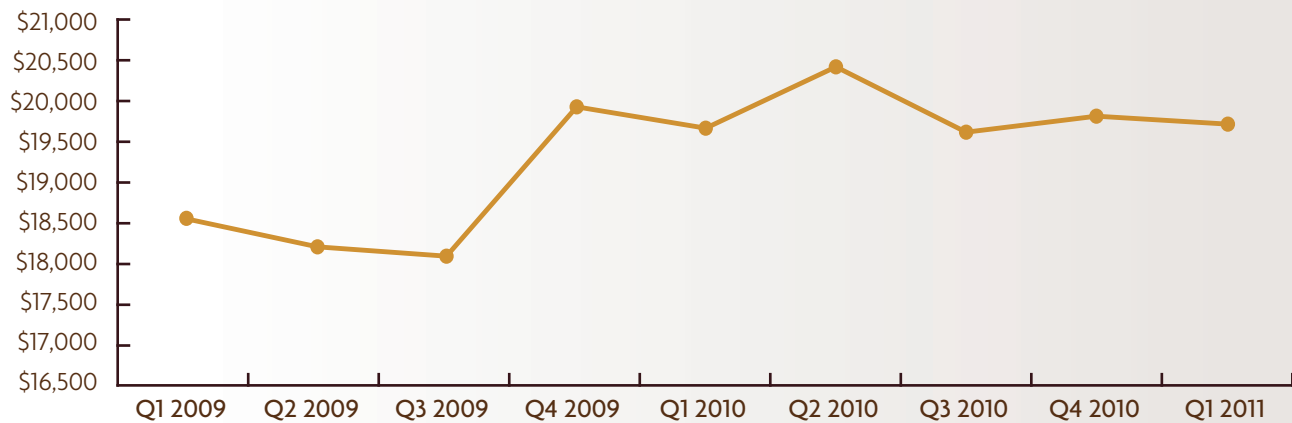
The average amount paid to a headhunter through the BountyJobs marketplace has risen steadily since the third quarter of 2009, despite modest fluctuations and despite the recession, the BountyJobs Headhunter Index shows.

- **The average fee paid to headhunters on the BountyJobs marketplace was \$19,300.**
- **The lowest fees were paid in the third quarter of 2009, when they averaged \$18,070.**
- **The highest fees were paid in the second quarter of 2010, when the average hit \$20,436.**

After dropping slightly but steadily during the first nine months of 2009, headhunter fees spiked dramatically in the last quarter of 2009. The amount paid on average rose 10.13 percent in the last quarter of 2009, to \$19,990, presaging a momentum that continued throughout 2010 and into Q1 of 2011.

“In summary,” Hard said, “rumors of the demise of the headhunting sector are greatly exaggerated. Despite facing a dismal valley in Q4 of 2009, the seeds for growth in third-party recruiting were starting to be sown. Better jobs were being sent to agencies and we saw an explosion of the number of those jobs in Q1 of this year.”

**Average Headhunter Bounties in Dollars, Q1 2009-Q1 2011**



## About BountyJobs

BountyJobs is an online marketplace that connects recruiters and employers with a national network of seasoned headhunters in seconds. Rather than being chained to the phone with headhunters all day, BountyJobs guarantees efficient collaboration with the headhunter channel through a single Web-based application. BountyJobs is the preferred contingent search solution for more than one third of the Fortune 500, and our marketplace features more than 10,000 approved headhunters.

**Happy Headhunting.**

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