

**White Paper: Executive Search Firm – How to Engage and Utilise Them Successfully.**

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## **Introduction**

Engaging an Executive Search firm or a Headhunter can sometimes be confusing. It's often portrayed and even seen as a dark art, the preserve of the all-knowing HR executive with a special black book of search contacts who can execute the perfect talent acquisition assignment. Of course this is not the case today however how does one successfully engage a search firm, what exactly is a search firm, what are the benefits, what are the pitfalls, how much to pay, how to pay, what do you get for your money, how best to measure performance and progress, what makes it different from a regular recruitment agency, are just some of the questions that come to mind for so many clients. I will do my best to provide an honest and open insight into this world with independent advice which I hope is useful for the reader.

There are several steps you can take to ensure that you get the maximum value out of the process. Firstly, as any good and professional search firm will always operate with long term relationships in mind and never short term gains, make the most of this fact when engaging the search professionals. For example, for Hunter & Chase as a global headhunter it is crucial that clients trust and respect the brand. Therefore, clients can negotiate service agreements or clarify their understanding of the agreements at anytime, as well as provide feedback throughout the process to us, ensuring their needs are considered and expectations are met even exceeded. Below is some advice to help potential future and current users of executive search companies. Hope it helps!

## **Before you Start**

Before even engaging a search firm ensure you have established your need internally. Is this a genuine need or a speculative thought, do you have buy-in from all internal stakeholders, and is there a general understanding of the role, compensation, reporting lines, potential career progression, so that you can brief the search firm appropriately. Remember you need to help them to help you so you can get the most out of your investment in their professional service. Although most professional search firms should assist you in plugging gaps, provide an interactive service and facilitate changing the requirements when new discoveries arise during the search process, certainly from my experience Hunter & Chase adopt this approach even to the extent of structuring person specifications and job descriptions should this be required.

Check if and what current relationships your company has with search firms. How have they performed, and crucially, what do they charge you - then decide which would be most appropriate for your needs. How do they compare to the current market? Are you getting the best deal in both service and cost, compared to other potential firms you don't have a relationship with? Honestly ask yourself what impact is or has the last professional they assisted you in hiring making to the business today. Remember you may have a great relationship with an incumbent firm but pay a premium for this "special" relationship. Do your research and see how the market may have evolved from the last time you commissioned a search.

Invite three firms to pitch. Choose the one you feel most comfortable with, (remember this is a people business and you will be spending a lot of time interacting with individuals not company), choose the person that asks those inquisitive questions and challenges your thinking, that really understands your

company, your stakeholders, your reasons for hiring, the type of candidates you seek, as well as your industry, market and company culture - and crucially the person that also really wants your business. Ask for track record (anyone can talk a good game), and ask for a full proposal of the service in writing before you finalise any agreement.

### **The Briefing**

A good briefing is critical to a good search. The search firm should want to really understand the brief and delve into detail, how the role fits in your organisation, responsibilities and opportunities for development. Hunter & Chase formally trains its staff in how to handle briefings! They should want to understand your firm's key selling points (why would someone with options want to come and work for you - apart from the money!!!), your firm's strategy and plans for the future. Brief the search firm as fully as possible and engage them as a business partner – remember they are there to help you and want to get this right, should there be a confidentiality concern you can sign a non-disclosure with the search company, although if there are certain areas that are no go and you simply do not wish to divulge then the search firm should understand and respect that. They should come back to you with their understanding of the brief, usually within a written proposal, to ensure you are all focused on the same objectives.

### **Search Process**

A search strategy should be adaptable to each client, robust and methodical. The search firm should manage your expectations on how challenging the search is likely to be from the outset. They should outline a thorough process, proposing the target market and companies and even 'baseline' candidates (including likely compensation) to ensure that the search is as focused as possible.

An agreed search strategy can help both you and the search firm keep on track, have a record of what was agreed and a progress map should there be a need to change direction. If a change is needed, a good search company is understanding and flexible. Also make clear if the search is confidential and if an incumbent is in the position.

Be prepared to agree time lines on when they should deliver a long list (where appropriate) and short list, although a good search firm should be dynamic enough to operate on different timelines. Bear in mind international searches can take longer to research. Furthermore, you should be prepared to discuss your 'off limits' and understand theirs, i.e. companies not to approach. Often some specialised search firms will have too many off limits agreed with other companies within your industry, thus stopping them from approaching a considerable amount of talent that could otherwise be on the short list!

The search firm should meet all candidates face to face. For international candidates that are not close to regional offices, they should either fly over for efficiently scheduled interviews or use teleconference, assessing them against your specification and gain third party views on them – from networks and

industry contacts. They should then provide you with a detailed report and CV highlighting the candidate profile against the criteria, this should also include current compensation, and separately the salary expectation with justification. At Hunter & Chase our clients find this structured information pack invaluable and pour through the details to objectively assess candidates and support their decision making process. Most search firms will provide you with plenty of information so use it, and remember you can always ask for more or different information if you are not satisfied.

The search firm should assist with due diligence and reference checks, and when required, advise during contract terms and compensation negotiations with the candidate. Highlight any issues you have around potential style/ culture fit before you get to offer stage as not to waste time negotiating with candidates you may not be hiring. Furthermore, always choose at least one back up candidate in case a deal is not agreed with your first choice candidate. This can happen and set your efforts back weeks even months if you don't plan to control such scenarios. At Hunter & Chase for example every client is encouraged to assess candidates with this mindset and chose an option A, B and even C if they feel the candidates in question fit their expectation and criteria, this is something clients often say they liked and it helped in the securing the right person for their role.

## **Fees**

This is a common tipping point in making a business decision for a lot of clients. It can be the most confusing, misunderstood and sceptical stage of engaging a headhunter. Too many search firms want too much and too many clients want to pay too little. The industry standard is around one third or 33% of the full first year compensation (basic salary and bonus and cash equivalent of all related benefits) on a retained basis\*. However different search companies will charge varying fees, if you look hard enough you will find (as in life generally) a fee as low as you want however just remember you get what you pay for .

A good search firm should charge according to each project, complexity and challenge. Another criteria is often the salary, as a percentage without numbers holds no value, it makes sense to understand what will be the resulting amount that will be paid (approximately) before a final fee is agreed. Bottom line, always negotiate hard and never accept a fee that has not been justified to you, although, just remember, search firms as any good company will have fixed overheads and talented people who need to be rewarded!

## **Recruitment Agency Or Search Firm – isn't it the same thing?**

If you are thinking this I don't blame you! The industry is crowded and convoluted the lines are muddy and the whole area of recruitment vs search/ headhunting has become one big grey area for many of us. To help differentiate remember a simple rule, a recruitment company will never charge a retainer based fee and a search or headhunting firm will always charge a retainer fee\*. There are some so called search firms who will not charge a retainer to do a search project instead they will follow the recruitment model of no win no fee, I don't personally agree you can get the best out of search firm using this

approach, and, moreover, you will find most of these projects will actually end up turning into recruitment projects. If the industry standard is a retained search and someone is saying we can do the same thing as everyone else but without using the same charging model as every professional headhunter out there, ask yourself how - and why!

\* For those unfamiliar with the two models, contingency fee is when a recruitment company will charge a fee if you successfully hire a candidate from them, these are usually specialists in one or two fields and will operate like a high volume sales company. A retained fee is structured in several ways, usually a portion is paid upon commissioning the project to retain the services of the firm, and remaining portions are paid at stages or on final completion depending on successful outcome usually. Search firms will always operate exclusively and always charge a retainer fee as they will commit dedicated resources to your project, without these two ingredients a search company no matter how they paint it will in fact deliver a glorified recruitment service.

## **Communication**

Each search firm will have its own templates, methods and options to provide plenty of information and updates throughout the process. Although here at Hunter & Chase we tend to initially clarify clients' preferred method of communication, frequency, detail level and type etc before initiating such process, any good confident search firm will always be transparent and have a regular reporting channel. It will want to check in with you at an early stage to discuss market feedback and the progress of the search, as well as present a baseline candidate to gauge understanding and search direction.

Some search firms insist on calls or written reports or neither (and just popping up with a shortlist after a period of silence), instead you should highlight to the search firm your preference of receiving and discussing progress updates and be prepared to make time to ensure the direction of search is correct and to address any challenges.

Work in partnership with the search firm, give feedback at the close of the search to ensure the relationship continues to grow and improve. I always find having a formal step in place at the end of the search process acts as a good reminder to go through the lessons learnt and makes giving feedback that little bit easier. Of course a professional search company should be open to feedback throughout the process. Remember a good search firm is there to make your life simpler not more complicated and should manage the entire process making it a seamless and burden free experience for you.

## **About Hunter & Chase**

*Hunter & Chase is a professional search, headhunting and advisory firm, supporting organisations all over the world with middle management to senior level search and headhunting services. For further advice or information visit <http://www.hunterandchase.com> or contact a member of our team on +44 (0)20 7692 1881.*