

How to Work Effectively with an Executive Search Firm

By Mark Feffer

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Though the terms "recruiting" and "executive search" are often used interchangeably, there's a notable difference between the two. Recruiting is focused on filling the wide variety of roles necessary to make a business run, from skilled labor to senior manager positions. Usually this is referred to as a contingency search, where recruiters are paid only if they fill the position they've been contracted for. In many instances, a client may hire several contingent recruiters to go after candidates for the same job.

Executive search, on the other hand, is about finding the people who develop policies and strategies and oversee the organization's far-flung operations. These are leaders like the CEO, other C-suite officers, vice president of product development or the head of an individual business unit. Often, these searches are conducted on a retained basis, where the search firm gets paid whether it finds a winning candidate or not. Also, executive searches usually are exclusive, meaning only one firm is at work trying to fill a particular role.

Steve Kasmouski, president of WinterWyman Executive Search in Waltham, Mass., elaborated on the distinction: "In executive search, the potential impact on the company is significant. You're looking for a specific person as opposed to a specific skill set."

As you might guess, the dynamics of an executive search are markedly different from the hunt for, say, a management accountant or

systems administrator. For one thing, the hiring manager may be the CEO or a committee of the board. High-stakes politics may be in play, and the search will almost certainly take more time and attention than would the hunt for your average department head.

For another thing, retained searches can cost more money. Nancie Whitehouse, principal of recruiting strategy consulting firm Whitehouse Advisors in Stamford, Conn., said the industry's standard fee is about 33 percent of the role's annual salary, bonus and signing bonus. (Consider your CEO's pay to get an idea of how much he or she might be worth to an executive recruiter.)

As for contingency recruiters, they usually earn a fee in the area of 20 percent to 25 percent of the role's first-year cash compensation—again, salary, bonus and signing bonus, and only if they succeed in filling the job.

At large companies, managing an executive search usually falls to the chief human resources officer or vice president of HR, and staffers may find themselves in supporting roles as their boss labors to keep the effort on track. In smaller firms, HR directors or managers may have to step up, even if they represent an HR department of one. In either case, executive recruiters say, make no mistake: Leadership searches are big deals.

Making Both Sides Happy

While the actual hiring decision may not be HR's, executives and board members usually rely on the department to make sure things get done, both by the search firm you've engaged and within the company itself. The keys here, executive recruiters agree, are preparation, regular communication and utter transparency on both sides.

"HR sometimes doesn't realize the level of detail we need," said Judy Boreham, managing director of Philadelphia-based Diversified Search. "Sometimes they're surprised by it." Tom Silver, New York City -based partner for executive search firm Top Gun Ventures, agreed. "Clients aren't as ready as they think they are," he said. "They need to articulate the business solution they're looking for and the type of person they need. They often haven't dived as deeply into it as they think they have."

Like many executive recruiters, Silver has been on both sides of the table. He first encountered Top Gun Ventures when, as senior vice president of North America for Dice Holdings (now DHI Group), he engaged the firm to find a managing director for the company's job board, Dice.com. Becoming an executive recruiter, he said, "was kind of like going behind the curtain in 'The Wizard of Oz.' As a client, I had no real sense of what it takes to find game-changing talent. Clients don't always realize the effort that goes into sifting through to find that needle in a haystack."

But getting into the weeds—even with what you might think of as insider details—is critical for the search firm, Boreham explained. "It's important because we can't attract the right kind of candidate in a vacuum. We need to know what's going on so we can be prepared when candidates ask tough questions." HR, she said, "should see us as an extension of their brand and a real partner. To work well, communication has to be seamless."

"There's a sense of rigor in executive search when it's run the right way," added Eileen Finn, president of Eileen Finn & Associates in New York City, which specializes in searches for senior HR and corporate office executives. Like her peers, she stressed the importance of regular communications. At Diversified Search, Boreham said, "We have weekly calls, but may also have informal daily conversations to talk about what we're seeing and share intelligence."

Search firms need information that's both organized and unified. More often than not, they're pursuing passive candidates who don't need the job, have many years of experience in the field, and are sure to ask tough questions not only about the role in question, but about the

company, its culture, its health and its plans for the future.

That means HR has to get the search's stakeholders in sync, said Kasmouski. "Are they all on the same page about the need?" he asked. "If not, HR needs to get them there. There has to be a common understanding about the level of urgency and the priorities—what are the nonnegotiables and the nice-to-haves?"

To engage promising candidates, the recruiter must be able to articulate all that, describe what the first six to 12 months on the job will look like and also show where it might lead after that. With one voice, the search firm and employer must demonstrate why the position is exciting and "paint a picture of short- and long-term opportunity," Kasmouski said.

Getting Executives to 'Show Up'

Wrangling hiring managers is difficult enough when they're not the company's leaders. But in the case of an executive search, HR has to make sure the C-suite, and quite often the company's board, provides what the recruiter needs in terms of information, feedback and access.

For example, while most search firms will coach executives before they interview candidates, "HR shouldn't be passive," said Whitehouse. The department must make sure the recruiter's coaching has been effective so that interviewers know how to get the answers they need, and that sessions have been coordinated. "The candidate shouldn't be asked the same question by four different people," Whitehouse said. "The CEO should ask different questions than the CFO [chief financial officer], for example."

In addition, HR can't be afraid to "push back on unreasonable expectations on either side," Whitehouse said. For instance, executives should interview candidates as soon as they've been deemed qualified, no matter how busy they claim to be. "If someone is talking to you, they're talking to two or three others, as well," she pointed out. After an interview, executive candidates expect to get feedback from the company quickly, usually within 24 hours. There may be times when you and the search firm have to, in effect, gang up on your executive team—professionally and diplomatically, of course.

You're in This Together

Which brings us to the question: How do you know which search firm is right for your organization? Recruiters say it's not a decision that can be made on paper alone.

Of course, you want to qualify the firm for its expertise in your industry and the function of the job in question. Some firms specialize in certain sectors while others focus on specific capabilities, such as financial executives or health care leaders. Either way, these recruiters often have a network of passive candidates whom they know well and can match to your company's needs and challenges.

Recruiters themselves say that when selecting a firm, you should question it closely and aggressively. If it's a large organization, who will lead the search—the partner who's wooing you or an associate? Whitehouse suggested probing for details: Ask about the individuals who will make up the team and their backgrounds. Who'll be doing the research, the sourcing and the initial interviews? Also, what companies does the firm have to stay away from? Most are contractually precluded from recruiting among existing or past clients for a certain period of time.

But there are intangibles to consider, too. For one thing, there's that sense of trust and open communication. "The trust factor must be

there, a personal fit," said Boreham. "They should see us as an extension of the brand and a real partner." John Keller, a managing director for Diversified Search in New York City, put it another way: "Is this someone you can live in the trenches with?"

Indeed, he said, "it's the person, not the firm" you should be most concerned with. Before engaging someone, "get to know them. How interested are they in getting to know you and your company? They should ask good questions and know a lot about your firm. All that goes to the heart of whether they'll bring passion to the assignment."

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