



Hexagon

Architecting Careers

**A Comprehensive Guide to
Executive Recruiting**

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Use the Experts, Get the Best

Good management is essential to the health and welfare of all companies; excellent management is the key to success in today's highly competitive business environment. The services of outside professionals are utilized by prudent companies for high-level legal, accounting and other special needs. Executive recruiters should be viewed in the same light: as skilled specialists who can identify the best executive to fill an important position on the management team. Although executive search can be performed by in-house human resource departments, employing the services of an executive search firm is ultimately more expedient, efficient and effective. Executive recruiters provide strict confidentiality, an extensive network of contacts, objectivity in candidate evaluation, and negotiation experience and expertise.

Executive recruiters observe strict confidentiality. Organizations with an opening in their executive ranks are vulnerable. Whether for an existing position to be filled, or a position newly created by downsizing or market opportunity, the hiring process must be strictly confidential. Confidentiality can keep competitors from being tipped off to management shake-ups, new product and market initiatives, and can protect against employee, stockholder, and supplier apprehension. Search consultants value the highly sensitive information they become privy to during the search process. They are acutely aware and respectful of their client's vulnerability.

Executive recruiters can tap into a global network of contacts. Top notch executive talent is a scarce commodity today. The limited contacts of in-house human resource departments can't compare with the wide net cast by a recruiter's network. (A transnational search especially calls for the capabilities of transnational search firms.) The best candidates are already employed; many will deal only with a recruiter. They appreciate the worth of third party representation, confidentiality and professional mediation. Recruiting superior candidates is intricate and best performed by a discreet professional.

Executive recruiters bring objectivity and feedback to management. Executive search is a time-consuming, sensitive process. Recruiters can help clients evaluate their expectations, review relevant organization structure and reporting, and define a realistic profile and compensation package for the open position. Search consultants provide objective feedback on the candidates and advice to the client. As experts in research and reference checking, search firms can glean significant information from even reluctant reference-givers.

Executive recruiters are cost effective. The benefit of using an executive search firm can be weighed against the cost of preparing and executing an advertisement/recruitment campaign, screening and qualifying candidates, and operating without a needed employee for an extended length of time, compared to the relative insurance of getting the right person for the job. The use of executive recruiters is an investment in improving the quality of an organization's managerial might. But even beyond that, the risk not to use executive recruiters is too great. For smaller companies—in which one hiring mistake can have disastrous results—using executive recruiters is sometimes more important than for corporate giants. Hiring an incompetent employee who makes bad decisions can cost a company large sums of money—or its very existence. More than ever before, executive talent is at a premium and can make or break the fortunes of a business. Professional executive recruiters can deliver the best.

How to Select an Executive Recruiting Firm

1. Create a Short List

This guide will help you build a short list of search firms and individual recruiters who should have the right background to work successfully on your assignment. At this stage, your primary concern should be to target recruiters who have recently filled similar positions for comparable companies. Appropriate industry or functional experience is important. In all likelihood your company may have relationships with a number of recruiters, some of whom may be relevant for this search. Check with colleagues in other departments or friendly contacts at other companies to get additional recommendations. The number of names on a good short list will depend on the assignment in question, but we recommend it include a mixture of large, generalist firms as well as smaller specialists.

2. Ask Recruiters Questions

When you telephone short-listed recruiters, have a list of questions ready and go through the list with each recruiter. Your objective at this stage is to whittle down your list to a handful of finalists who you will most likely invite to a face-to-face meeting where the recruiter will formally present their credentials and recommended approach. Here are some simple questions:

- How long have you been a recruiter? What is your training? What was your prior work experience?
- How long has your firm been in business? Do you operate locally, regionally, nationally or internationally?
- Does your firm specialize in particular industries or functions? What background do you have in our industry? What do you know about our company?
- What kinds of searches have you worked on recently? How have the executives worked out?
- What is your process for working on a search? What can I expect if we work together?
- How can you insure that you will find the best candidates for my position? What capabilities and resources does your firm have for researching good candidates?
- Do you participate in any of the following: creating the job description, checking references, setting up interviews and negotiating compensation?
- Who will be leading the search from the recruiting firm?
- What is your policy for recruiting candidates from your current and recent clients? Among companies in our industry, which ones would be "off-limits" for this assignment?
- Is your firm a member of any professional associations?
- Is your firm a member of any networks of recruiters that can help with the assignment?
- What are your fees and what is your policy on expenses?

3. Balance Industry Experience against Blockage Problems

Companies usually want to select a recruiter with experience and contacts in their industry. Unfortunately, if the best recruiter has worked recently with two of your closest competitors, both companies will probably be "off-limits" for your immediate assignment, thereby limiting the available field of candidates.

This critical issue must be assessed carefully on a case-by-case basis. If you view your direct competitors as highly likely sources to fill the position, do not work with a recruiter who cannot touch those executives. However, it is usually an acceptable compromise to use a recruiter who is intimately familiar with your industry and has a few blocked competitors.

The standard "off-limits" policy in the recruiting industry has been that a search firm will not approach a company for whom it has worked during the previous two years. But be aware that there are considerable variations from this norm, and the ground rules themselves are in flux. Some recruiters specify one year instead of two. This will mean they have fewer companies that are blocked from you, but it will also mean your own future protection against being raided is that much shorter. Some search firms observe no off-limits restrictions, and some clients do not require them.

The "off-limits" problem has a second dimension. When a retainer recruiter is working on an assignment, he or she will typically take possession of the search firm's files on suitable candidates for the position. If you then retain a second recruiter at the same firm, this recruiter will not have access to these files until the first recruiter returns them to the firm's database. This policy is designed to avoid outright competition for executives within a search firm. For large firms that work on many assignments at once, and for highly specialized firms, this can mean that many of the best candidates are not available to you. Ask about the number of searches that will be going on simultaneously in your area. Your recruiter will always try to gather the best slate of candidates for you, but if the files of the five best VP's of Business Development in telecommunications are sitting on a fellow recruiter's desk down the hall, you are never going to see them.

4. Evaluate Search Firm Presentations

For higher end assignments the more aggressive search firms will often assemble thorough briefings that include target executives -- a good reason not to skip this phase of the process. Expect every firm to have smooth, professional presentations. Your challenge is not to focus on the quality of the sales pitch but to assess the real expertise, cultural fit and enthusiasm of each recruiter. Is this someone with whom you will enjoy working? Do they seem sensitive to the special characteristics of your company? Are they savvy to any internal politics? Do they have any unusual and creative ideas for the position that needs to be filled? How responsive are they to your own suggestions?

Pay attention to what is not said. Are there companies that should be important hunting grounds for your assignment at whose mention the recruiter appears uncomfortable or changes the subject? Many recruiters hope that clients do not ask directly about companies that are "off-limits" to them -- a kind of "don't ask, don't tell" policy. Your best strategy is to ask about every company you would like the recruiter to consider.

5. Clarify Who Will Do the Work

By now you should have one or two front-runners. Before you pick the winner, there is one more trap to be avoided. Some recruiting firms are blessed with tremendous "rain-makers" -- people who are skilled at winning assignments from companies and who spend most of their time doing just that. Charismatic, powerful, entertaining -- these rain-makers are experts at attracting clients, but once the assignment is sold they move on to the next opportunity, leaving the actual search to other members of the firm. Since an important part of your choice should be your sense of rapport with the recruiter with whom you expect to work, make sure that this person will be closely involved during the following months. How many other assignments will they be handling? How do they manage their workload? Will others be involved? What will they be doing? Who should you be calling day-to-day?

Recruiting firms also differ in the extent to which they use back-room research staffs. Some firms, particularly the largest ones, employ almost as many researchers as recruiting consultants. Researchers do much of the front-end work on an assignment, scouring through databases to uncover candidates, and often making the initial contact to gauge a candidate's interest. This can be an effective way to speed up an assignment, allowing your recruiter to focus on evaluating candidates. The danger is that the busy recruiter ends up relying too much on the short-list of candidates presented by a researcher. The best searches usually involve a good blend of digging for resumes (by researchers) and inspired networking (by recruiters). Make sure the firm you work with is not overly dependent on just one approach.

6. Make the Final Choice

Your final decision may well come down to the finalists' track records and your gut feelings about each recruiter. A few years ago Korn/Ferry International, (the world's largest retainer firm) commissioned a market research group to ask companies which were the most important factors for senior-level searches. The ten factors, from most to least important were:

1. Firm's track record
2. Firm's ability to understand client needs
3. Quality of the individual doing the search
4. Knowledge of the client's industry
5. Ability to find the right candidates
6. Firm's reputation
7. Firm is easy to work with
8. Firm completes searches in the stated time
9. Firm's integrity and ethics
10. Cost

One Fortune 500 company's head of HR reported a different perspective to Executive Recruiter News. They pick retainer search firms based on these seven factors:

1. The search firm must have completed searches at comparable salary levels in the last three years for one of their divisions or a "highly reliable" reference in other Fortune 500 companies.
2. The search firm must not offer outplacement or career counseling to executives, but it can occasionally operate on a contingency fee basis.
3. Maximum fees are 33.3%. They try for 30%, and they negotiate as to whether or not the executive's bonus is included in the calculation of fees.
4. Expenses are reimbursed only for mail, long distance phone calls and pre-approved travel.
5. There should be a two-year off-limits policy, preferably applying to their entire company, though this policy is flexible for a middle management position.
6. Off-limits situations at other companies must be identified at the outset.

7. If the new executive resigns or is terminated for performance-related reasons within 12 months, the search firm should work without charge to find a replacement.

A final client perspective is offered by John P. Finnerty of National Westminster Bank: "The real test of any search firm is not only how well they know their own business but how well they know ours." In addition to this six-step process outlines above, we have found a few issues that crop up repeatedly. The following section discusses these frequently asked questions.

Is it important for the search firm to have a local office?

In most cases, no. It is far more important that you find a recruiter who will bring you the best candidates than one who happens to be based nearby. This is particularly true when the assignment in question will involve looking for executives nationwide (or worldwide). Many effective searches are completed by recruiters operating out of different cities than their clients. Frequent telephone contact and occasional meetings can work well.

The largest recruiting firms do maintain offices in major cities around the world. This can be an advantage if they can bring local knowledge to bear in finding good candidates. These candidates can then be interviewed in person by the local office before going to the expense of flying them to see the lead recruiter and client. If an assignment demands a local executive be hired, then it does make sense to use a hometown recruiter. Local presence can also be thought of as a tie-breaker between otherwise comparable search firms.

How Does a Firm Perform a Search?

Once an executive search firm has been selected, the multi-step process of professional executive recruiting begins. Each step is managed by the search firm in partnership with the client team; successful results require diligence during each phase of the process. The key stages of executive search are:

- evaluation of the employment need
- research
- candidate screening and reference checking
- candidate "short list" identification
- interviews
- negotiations
- hiring

The search begins with extensive evaluation of the client need. The search firm works closely with the client to arrive at a thorough understanding of the company, its culture and organization, and the specifications of the position to be filled. Job specifications include title, department definition, reporting structure, and details of compensation.

Once prepared, a draft of the search brief is submitted in writing to the client team for approval. It is imperative that the job description reflect a clear understanding and agreement between the client and search consultant before proceeding.

When the job description is finalized, the intensive research phase of the search commences. The search firm engages in extensive industry research and networking; existing sources are contacted, leads are vigorously pursued. If the client wishes, an internal search of the client company can be performed to identify company employees suitable for possible promotion.

Based on research well underway, the search firm contacts prospective candidates by telephone and begins screening interested and promising candidates. Personal interviews ensue in parallel with thorough reference checking activities.

Good recruiters regularly report their progress and, at some agreed-upon point, present a strong candidate pool to the client. Recruiters sometimes recommend the best candidate(s), though the client and recruiter often arrive at an initial selection of the most promising candidates. Client interviews are arranged with the best two or three prospects. The search firm prepares the client to meet the candidates and may or may not attend the interviews.

After the successful candidate has agreed to accept the position – and when candidate and client have agreed to acceptable terms, the dynamic aspect of the search effort is complete. Most search firms "guarantee" their executive candidates for 60 days (contingency firms) to a year or more (retainer firms). The firm will replace such an executive should he or she leave the client company for any reason. Often these replacement searches are free or at a greatly reduced price. Though a sensitive topic, clients need to have a clear understanding of the search firm's replacement policy, and all fees associated with such searches. The search firm stays in touch after the new hire comes on board to help smooth the transition and assure client satisfaction.

Does Executive Search Work?

Executive recruiters liken themselves to problem solvers. Clients constantly face dilemmas whereby the solution calls for just the right person (or people). Search pros are brought in specifically to fill that void. Even though search pros account for less than 15% of all new job hires in any given year, they're identifying the managers whose actions will have vast repercussions on an organization.

Making the right executive hire pays huge dividends for the client. The right choice can dramatically increase a company's value; and that value rises exponentially as you move up the management chain. So from the clients' perspective, retaining an expert to identify these candidates makes perfect sense. The fees associated with any particular search become almost incidental considering the ultimate payback.

About 75% of all searches are successfully completed. For those that aren't, the reasons are usually straightforward:

- clients cancel the search, usually for budgetary reasons
- clients can't agree internally on job descriptions or continually change the descriptions
- compensation for a specific position doesn't coincide with what the marketplace demands

Most search pros try to achieve 100% client satisfaction. It's fairly clear to gauge this in the contingency world since recruiters' fees are directly tied to hiring the candidate they've identified. Retained recruiters, meanwhile, face a different situation. Although they get paid regardless of the search's outcome, retained search pros tend to go to even greater lengths to maintain good client relationships.

Another point that should be covered is the so-called "Off-Limits" policy, under which the recruiter is barred from recruiting from the client for a specified period. Some clients want this spelled out very carefully: others don't give it much or any significance. Our point is that the issue should be addressed so there are no subsequent surprises or disappointments.

It's the recruiter's responsibility to help the client define the terms of any search engagement. A good recruiter usually works around the aforementioned obstacles that can lead to failure. The best recruiters take the consultative approach with the client. Such objectivity means search pros may turn down business rather than start a hopeless engagement -- which in the end is a much better prospect for the client.

Retainer or Contingency?

When selecting an executive recruiter for an assignment, you can choose to work with a firm that operates on either a retainer or a contingency fee basis. The immediate difference between the two working arrangements is simply that contingency firms get paid only if and when they fill a position, while retainers require that the recruiting firm be paid regardless of the outcome of the particular search. This distinction is not always

clear cut – some retainer firms occasionally take contingency assignments, and contingency firms sometimes obtain retainers from clients. However, most recruiting firms fall clearly into one camp or the other.

It may seem fundamentally more attractive to pay for success (contingency), rather than for the process (retainer). Culturally, and in terms of working methods, the two types are quite different. Most contingency firms tend to operate like brokerages, working quickly and uncovering lots of resumes. Retainer firms typically assembling a small slate of pre-screened short-list candidates to present to the client. The right choice depends on your particular assignment: fees are comparable.

When to Focus on Contingency Firms:

- The job is junior or mid-level management, typically paying a salary of Rs. 15 lakhs or less.
- The job needs standardized, clearly-defined skills and experiences.
- Filling the post rapidly is more important than locating the "ideal" candidate.
- It would be valuable to see many resumes on a continuing basis.
- Multiple positions with the same skills need to be filled.
- It is important to fill the position at minimum cost.
- The post can be filled locally, to save time and relocation costs.
- There is a wide pool or universe of potential candidates.

When to Focus on Retainer Firms:

- The position is senior or top management, typically paying a salary of Rs. 15 lakhs and or more.
- The search will be a difficult, customized effort in a narrow universe.
- Locating the perfect candidate is more important than filling the post rapidly.
- It is important to maintain strict confidentiality about the search.
- The position is new, involving unfamiliar skills.

Beyond these differences, contingency and retainer firms also tend to specialize in different industry and functional areas, depending on salary levels. Many contingency firms emphasize advertising, fashion, publishing, and mid-level IT specialists. Retainer firms have a strong presence in Board of Director recruiting, investment banking, management consulting, venture capital, and top general management positions.

Fees

How Firms Charge for Search Assignments

Recruiting firms bill their work in two distinct ways. Contingency firms are paid only when their client's position is filled by an executive identified by the recruiter. If another candidate gets the job, the recruiter gets nothing. Retainer firms, in contrast, are paid regardless of the outcome of the search. They may be hired to work on a specific assignment, or they may be put on a true "retainer" to work on assignments on a continuing basis, but in either case they will submit invoices regardless of their rate of successfully closing searches.

Basic Rates

The most common approach to fees is to charge a percentage of the new executive's first year compensation. For many years the benchmark has been either 30 or 33.3% for searches performed within the United States. Fees of 35% or more are sometimes charged when the search has to be international. Sometimes recruiting firms will offer discounts from these percentages in return for a guaranteed volume of assignments. At least one Top 20 retainer firm offers retroactive discounts when annual billings hit certain pre-defined targets.

Percentage-based fees are used about 80% of the time. Alternatively, some recruiters bill based on a fixed fee for the assignment. This approach is becoming more common for the most senior management positions with very

high salaries. Recruiting a top-notch CEO who will demand a million-dollar package of salary, bonus and options is certainly a challenge for executive recruiters, but clients tend not to be happy about paying \$300,000 when the "search" involves only the handful of executives who could step into the position.

Occasionally recruiters will work on some other basis, such as hourly rates for time spent, or even (with some venture capital backed start-ups) for equity instead of cash. But the percentage model remains the standard approach in the profession.

Timing of Payments

Retainer firms have varying policies concerning when they submit invoices. One common method is to bill one-third at the outset, one-third a month later and the final third a month after that. Or, the first invoice may be sent after the first month's work. Or the firm may use fifths, with a fee due every month until the full amount is paid or the search is completed. Sometimes the final slice is paid only when the position is filled. "Con-tainer," as this fee structure is known, is a hybrid of retainer and contingency billing.

Expenses

Almost all firms bill for the expenses they incur while working on an assignment. Typically including telephone and fax charges, travel, and meals while interviewing candidates, expenses can range from 5% up to 20% of fees, and even more for some complex international searches. Clients should pay close attention to expenses. In general, clear policies should be agreed upon up front. From time to time, we hear instances of recruiters using expenses as a profit center by marking them up, or double-billing one meal or trip to two clients. Such abuses are thankfully rare, since most firms realize that their biggest asset is their professional reputation. A few firms bill their clients separately for work performed by their research departments: this can vary greatly from assignment to assignment. We recommend that clients monitor expenses carefully, but also bear in mind that being too aggressive could inhibit recruiters from making sufficiently thorough efforts on the assignment.

What If an Assignment Is Canceled?

It depends on when the assignment is canceled and the reason for cancellation. It is not unusual for clients to find an internal executive for a position after engaging a recruiter. In this case, the client should normally pay retainer fees on a prorated basis. (A contingency firm would not be paid anything.)

Sometimes clients change the job description substantially during an assignment so that the recruiter has, in effect, to begin a new search. It is common practice in these circumstances for client and recruiter to negotiate a partial payment on the previous work and begin a new fee agreement.

When the search fails to produce a candidate that the client is prepared to hire, or when the executives offered the position turn it down, contingency firms walk away without compensation. In theory, retainer firms will be paid in full, since their agreement is independent of the outcome of the assignment. In practice, there should be some discussion of why the search failed. If the recruiter bears some responsibility, it is not uncommon for the search firm to receive partial payment only, or to give the client a credit against future work.

Not every newly hired executive succeeds in his or her new position. When the executive is terminated or resigns for performance-related reasons within a year of being hired, most search firms will agree to find a replacement for zero or modest fees.

Clearly there are a number of ambiguous and potentially awkward situations that can and do occur regarding fees. While these problems cannot be predicted in advance, they can be mitigated if the client selects recruiters on the basis of building a close working partnership, not simply to carry out a hiring transaction.

Before the Search Begins

Successful executive search is a team effort: client and search firm complement each other's knowledge and strengths. It is advantageous for a client to do some "homework" both independently and together with the search firm before the search process formally begins.

- Define who is responsible in your company. Assemble a client team to work in partnership with the search firm. Designate a "team leader."
- Clarify the responsibilities of the search consultant, including what the role of the research department will be. Who is the "head search consultant" on your project? Will researchers interview candidates?
- Develop clear job specifications and qualifications with your client team – and with the search firm team. Agree on a job description and compensation range.
- Agree on a general schedule and timetable for progress reports. Discuss and document an expected time line.
- Ascertain off limits and blockages; specify the search firm's obligations and limitations.
- Outline an expectation of involvement in negotiations including presence at interviews. If the search is transnational, what exactly is the role of the search firm's other offices?
- Review the details of the search firm's method of charging for services and expenses.
- Discuss some "what happens ifs" scenarios – don't make assumptions regarding unexpected results. To ensure success, a clear understanding of the search process and responsibilities must be discussed and understood by both the client and search consultants. Do that work before the search is underway.

Assessing Candidates

There are many books and training guides on interviewing and evaluating executives for managerial positions. In this section we present some introductory advice from expert interviewers, suggest a general structure for interviews, and reveal favorite interview questions from a number of top executive recruiters.

Advice on Interviewing

Most interviewers use the candidate's resume to structure the interview. This can have the disadvantage of giving effective control to the applicant. Jim Kennedy of Management Team Consultants in San Francisco suggests building an interview around three modules: 1) general topic openers ("Tell me about..."), 2) self-appraisal ("What is it about you that..."), and 3) situations ("How would you handle..."). Jim also points out that many interviewers talk too much and telegraph answers to questions they pose. Here is another way to organize questions to help you evaluate the skills of a candidate:

- Problem: "How have you reacted when a client or customer has been angry with you or a member of your team?"
- Continuum: "Where do you see yourself on a continuum of bottom-line results versus developing the skills of employees?"
- Comparison: "How do you compare improving performance through cost reduction versus revenue growth?"
- Future assessment: "How do you see competition in our industry developing?"

While it is important to use the interview to form an assessment of the skills, thought-processes and attitudes of each candidate, there are also minefields to be avoided. For instance, asking what citizenship a candidate holds is discriminatory on the basis of national origin. Similarly, asking how often the candidate has been absent from work due to illness discriminates on the basis of health or disability. Avoiding this kind of pitfall makes thorough preparation for every interview vital. You should have a game plan mapped out before sitting down with the candidate, no matter how seasoned an interviewer you are.

Suggested Structure for First Interviews

1. Introduction

Your first objective is to put the candidate at ease. Smile, be friendly, make eye contact. Use small talk, offer a compliment, make sure the candidate is comfortable.

2. Take control, define objectives

Now you review the purpose of the interview and your plan for the conversation. Mention the planned length of the interview. State whether you prefer questions to be kept to the end or not. Clearly identify yourself and your position.

3. Questions

Work through your prepared set of questions. Attempt to be concise. Don't allow answers to run on excessively. Ask questions that reveal the applicant's poise, intelligence, experience and communications skills.

4. Sell the opportunity

Base your comments on the job description, but add your personal enthusiasm for the opportunity. Do not offer feedback on the candidate's apparent fit yet.

5. Answer questions and close

Offer candidate the opportunity to ask questions. Don't feel obliged to comment on sensitive areas. Start looking at your watch. End the interview on a positive note.

6. Post interview

Allow time immediately after the interview to write up your notes, while details are fresh. Be careful not to let an isolated response outweigh positive information and impressions.

25 Favorite Interview Questions

1. How do you perceive your early background and family experience to have impacted your career?
2. How has your personal background influenced what you are today, your career progression, your management and people style?
3. Where do you relate the best? Up one level, down one level, or with peers?
4. How are you best managed?
5. How do you build a team under you?
6. What qualities have you liked or disliked in your bosses? Why?
7. How do you evaluate the performance of your subordinates?
8. How do you show your anger and frustration?
9. Discuss the importance of your job vis-à-vis your family.
10. Have you ever been burned out?
11. How do you reward yourself for working hard? How would you spend more time if you had it?
12. What are the visible career prospects in your current company?
13. Tell me about your most recent interview.
14. According to your definition of success, how successful have you been?
15. Do you consider yourself lucky?
16. When and why have you fired people?
17. Have you made any mistakes during your career? If so, what were they? How did you fix them?
18. Let's talk about set-backs. How have they affected you and your family?
19. Is there any pattern to critical feedback you tend to get from others?
20. What is the most adverse situation with which you have had to deal in your personal or professional life? How did you deal with it? What was the outcome?
21. Tell me about the events surrounding severely reprimanding someone.
22. If you were speaking tonight at the National Association of Manufacturers, which subject would you select that would enable the audience to see what is special about you as a business person?
23. What was the most difficult ethical decision you have had to make and what was the outcome?
24. What is the difference between a good position and an excellent one?
25. Tell me how your approach to managing an organization has changed from the way it was ten years ago.

How to be a Good Client

The successful partnering between client and search firm is a two-sided arrangement that requires substantial measures of trust, chemistry and professional respect. The client's approach to this association influences the speed and outcome of the search process. The single most important factor is for the client to understand the process and their part in it. Clients should follow a clear path towards this end.

1. Select the right firm for your needs; get a good fit. Communication between search firm and client must be open and cooperative; the relationship should feel friendly and comfortable. Reflect on the atmosphere during initial meetings with search firms.
2. Do your homework before meeting with the search firm. Define long and short term expectations for the job. Think through key organizational issues: reporting and working relationships, number of people new hire will manage, who he or she will work with most closely.
3. Assemble your client team. The client team is a cross-functional task force that should represent all major constituencies. A search committee of three to five people is ideal; one senior member should be the designated leader. The client team must agree on the objectives of the position and be willing and able to commit time and energy to make the search effort a high priority. Make sure the client team members are compatible in their thinking. Get feedback from the search firm to identify differences of opinion among the selection committee.
4. Develop the search plan with the search firm. Client team and search firm must understand the key issues of the job. Provide all the necessary information. Be explicit about the chemistry and corporate culture of the company. Use the expertise of the search firm to get input on the market, organization, and compensation. Ruminates on possible issues that could be stumbling blocks such as style differences, reporting relationships, unrealistic expectations. Do not hide information, be thorough and honest. Disclose both good and bad, positive and negative aspects of the job and have no surprises waiting. Key elements to define for the job description are:
 - title;
 - objectives;
 - criteria by which hired person's performance will be measured;
 - major issues new person will be expected to address immediately;
 - organization charts: including those above, at the same level and lower level;
 - how many (and what kind of) people will be managed;
 - current budget of the department;
 - salary including bonus, stock options, stock purchase or incentive plans, general details of retirement plan, fringe benefits; and
 - career path opportunities.
5. Establish high standards in evaluating candidates, but be sensitive to feedback. Understand the trade-off between the candidate qualities you require and those you desire. Don't be impatient with the process. Keep things moving from the client side: give timely feedback, schedule regular reviews with the search team, conduct candidate interviews promptly, maintain security and confidentiality.

Handle candidates skillfully. Don't "window shop," but don't compromise either; keep an open mind. Don't confuse a candidate's former position and company with his or her qualifications. After the search is complete, give the search firm feedback on progress of the new recruit.

Remember, the alliance between client and executive recruiter requires teamwork. Clients need to provide access to top management and make decisions without delay. A spirit of partnership will go a long way towards enabling search firm and client to reach their mutual goal.

Common Pitfalls during the Executive Recruiting Process

This section lists ten commonly heard complaints about the process of executive search from clients. Search firms cannot guarantee a successful placement, but they do expect to be successful at least 75% of the time. You can reach (or beat) that average if you choose your recruiter carefully and invest time and effort in the search process. The following problems are all avoidable with a little advance planning:

1. **No internal consensus** before beginning the search. It is a mistake to bring in an executive recruiter before you have developed a clear analysis of the company's needs. Searches sometimes fail because a client rushes to engage a recruiter to find a VP of Marketing before developing a detailed job description that is agreed to by all of the other relevant executives.
2. **No manager with final responsibility for the search process.** Searches don't manage themselves. Nor should the executive recruiter be left to work independently. One member of the client organization must be the "point person" for the search process. This person should take direct responsibility for the success of the search and should demand briefings from the recruiter every week or whenever new developments arise.
3. **Settling for a "satisfactory" candidate.** Sometimes clients feel obliged to hire the best candidate of a weak group, rather than let the search be a "failure." This is a mistake. The point of using an executive recruiter is to find superior managers. Everyone involved in the process should share this expectation.
4. **Excessive focus on candidates' flaws.** All candidates have flaws. It's important to be aware of them and to reject candidates whose problems are serious. But your hiring choice should be driven by candidates' strengths, not weaknesses. If you understand what is good about a candidate, you can then place any flaws in context. For example, some view frequent job-hopping as a bad sign in a candidate. However, an executive may have been headhunted frequently precisely because she is ambitious and talented.
5. **Evaluating candidates based on industry prejudice.** "We'd never hire someone from ABC Company -- they're too process-driven and set in their ways." Whatever the scuttlebutt about other companies, individual executives should be evaluated purely on their own merits. Weak companies have great executives, and vice versa. It's very easy to confuse a corporation's culture with the executive's abilities.
6. **Second-guessing the candidate.** "There's no point in offering X a job -- he'd never take it, and if he did, I'm sure he wouldn't stay very long." This kind of logic leads to poor hiring decisions. As part of undertaking a rigorous search process, you must confront hypothetical concerns like this with data. If you are concerned about a candidate's likelihood of moving on to another job, raise this issue during the interview process.
7. **Recruiter did not understand the position/the client.** A common reason for searches to fail is that some hidden qualifications were never discussed explicitly at the outset. For example, for a Vice President who will become a key member of a management team, the candidate might need to be a nonsmoker, enjoy talking about sports, be comfortable talking in the language of finance, be a member of a church, be married, be clean-shaven, or be enthusiastic about working most weekends. All too often, these "background" factors stay in the background when they should be used "up-front" to eliminate otherwise qualified candidates who will never pass muster with management.
8. **Recruiter presented too many unsuitable candidates/too few good ones.** Seeing unsuitable candidates is a problem that can be quickly fixed by tightening up the job description and working more closely with the recruiter to decide whether prospects should become candidates that will be presented to client management. When the recruiter struggles to find good candidates, this can have several root causes. The job title and salary may not be competitive relative to alternatives in the job market. Possibly

the client company has a poor reputation. Perhaps the qualifications list for the position has been drawn up too tightly. Most clients like to choose between a handful of excellent candidates, and this target slate should normally be attainable. Occasionally the problem may be that the search firm is facing unusual client blockages. This issue must be clarified at the outset.

9. **Recruiter was too slow or is overloaded with other assignments.** Recruiters often behave towards their clients as if they work full-time on their account only. In reality, most recruiters are handling half a dozen or more assignments simultaneously. Good recruiters should be able to handle this amount of work, but occasionally crises develop on more than one assignment at a time. At times like this, clients may feel that they are not receiving sufficient attention. We recommend that clients recognize that they only have a partial commitment on their recruiter's time. It is also important to recognize that the process of searching for superior executives inevitably is measured in months, not weeks. If the pace falls badly from the prearranged schedule, ask for explanations, extra resources, or an adjustment to fees.
10. **Recruiter overcharged us.** The most common problems in the area of fees concern re-reimbursable expenses and whether a percentage fee applies to all forms of incentive compensation, such as stock options. In every case, the best way to avoid these time-consuming and unsatisfactory disputes is to cover all eventualities in writing, before the assignment starts.

Using Smaller Firms

Is it safe to work with smaller recruiting firms? Do they provide the same level of service as the multioffice, multinational giants? Are there any advantages to working with a solo recruiter?

The recruiting profession remains extremely fragmented. A handful of big retainer firms are well-known but have only about one-quarter of the market: a similar condition prevails in the contingency field. These big firms don't dominate the market the way that the Big Six firms do in accounting, for example. Even some of the firms on the Executive Recruiter News 40 Largest list have fewer than 10 search consultants. Small is the norm.

Advantages of Small Firms

Small firms proliferate in executive recruiting because they can be very effective operations. Many search professionals acknowledge that the quality of an individual recruiter is more important to the client than the brand name of any firm. Evidence for this comes from the fact that when recruiters leave a firm, they often take most of their clients with them. Given this, firm size is of far less significance to clients than finding an individual recruiter with energy, perseverance, industry wisdom and sensitivity.

Quite a few of the small firms in this directory are run by recruiters who formerly worked at a large search firm. Having benefited from the training offered by a large firm, many of these recruiters have concluded that they can be more successful working for themselves. So it's quite common to find small search firms with highly entrepreneurial professionals. There may be fewer systems and back office support, but on the plus side, you may get more committed assistance. After all, your business represents a much larger slice of the firm's total billings.

Client Blockages

One advantage that small firms may claim is that they have fewer client blockages than their large competitors. This can be critical for certain searches where the field of likely candidates is limited to your major competitors. While small firms on average have fewer clients, they may be industry specialists, in which case their blockage problems may be just as great as those of large firms. As ever, it pays to ask.

Brand Names

Large firms like to point out that their well-known names give them an advantage in catching the attention of busy executives. While this may be true on the margin, it shouldn't be a prime reason to choose one firm over another. Small firms often have strong name recognition in the targeted areas they serve.

In Conclusion

We recommend that clients consider both small and large firms. Both types of firm have advantages and drawbacks: national and international coverage, brand name, research departments, specialists, blockage issues. The smart client should pay close attention to the individual recruiters. You will find talented, highly qualified people at recruiting firms of all sizes.