Introduction

In this short report I aim to give an idea of what to expect and give some ideas on what you should consider when partnering with a Search firm. Many of the individual topics are subjects that multiple books have been written on and a piece like this can’t compete, rather it is intended to answer some early questions that hiring managers often ask me.

I base this on my extensive experience in the Recruitment industry, the last 12 years of which have been spent running my own Executive Search Practice, Pathfinder. We work with Enterprise Software businesses throughout Europe.

Note: Headhunter, Search Consultant, Search Partner and Search Firm are used interchangeably.

A quick primer

There are 2 main ways of paying for recruitment services, **contingency** and **retained**.

- **Contingency** - is payable upon a candidate accepting an offer. Fees cover a huge range (10 – 35%) of first year salary or package. Rarely are these worked on an exclusive basis i.e. a company using only one Recruitment firm.
- **Retained -** firms receive some of the fee on commencement of the Search Assignment, another part of the fee upon production the candidate shortlist and the final part on candidate accepting an offer (typically a 1/3, a 1/3 and a 1/3). Fees typically range from 25-35% of first year salary or package. Retained search Assignments are almost always on an exclusive basis and have to be this way to ensure both client and Search Firm protect the substantial investment that is made in the process.

If you research the subject long enough you will find people speaking about 'guarantees', 'containers', 'shared risk' and many other things but essentially they all fall into retained or Contingency.

Retained Search

What to expect

Retained search is not just a way of recruiting it is also a specialised area of Management Consulting and is about 50 years old. Large companies have long used these retained Search Consultants to find senior professionals in mission critical roles but now we are seeing greater demand for this service lower down the ladder as well. The purpose of this report is not to explain why this is or to give an in depth description of the retained research industry but to help people know how to work with a retained Search Consultant and what to expect.

The reasons for working with a retained Search Firm are numerous and can include:

- Confidentiality. For lots of reasons it is often best to not handle a recruitment process in house.
- New territory. Using a headhunter who has worked across borders can be a huge benefit.
- Time critical.
- Wanting a greater sense of control over the process.
- Higher quality of candidates.
- Better retention rates for placements.
- A desire to stop dealing with the fragmented and hectic culture of the Contingency recruitment industry.

Getting off to the right start

Regardless of how quickly you wire the money over to your retained Headhunter the most important thing he or she needs is your time and commitment to the Search Assignment. This is a management consulting activity as well so for the most part the Search Consultant should walk you through the process. Here are some key things to consider:

- How will the information gathering and early consultation be conducted? Telephone? On site meeting?

- The Headhunter should be told who all the key decision makers are for the hire. This is important for multiple reasons. Often this kind of access is not granted during contingency work but it should be – during retained work the Search Consultant should view this as crucial.
- Do they provide a written Job Specification agreed on by all stakeholders? This will also be the basis from which the opportunity is 'sold' to the candidates.
- Be prepared to be challenged. After looking at your business and speaking with all decision makers it might become apparent that a new head of R&D is not what the company needs.
- Search methodology. Expect to get a brief overview of how they do things and how they ensure suitable candidates are not missed. Or worse, spend time chasing the wrong people.
- How and when will you receive progress reports?
- How will candidates be screened? This is very different to how candidates are found.
- Confidentiality. A search firm should be happy to treat all information about a client as absolutely confidential. Will they provide a written guarantee of this?
- Clarify fees early. Calculated just on base salary? Benefits as well? Some Search firms will charge on projected bonus and in the case of Sales people this can often double the potential fee. Be careful! (We often receive positive feedback saying how clear and straightforward our contracts are and this is no accident – I personally hate small print!)
- Clarify the situation with regards to expenses at this stage as well, particularly important if this is an international search Assignment.

If any of these items are missed then consider finding someone else.

After these initial telephone calls (and ideally onsite meetings) you should feel confident that the Search Consultant has a good understanding of the role and your requirements. At Pathfinder we provide a white paper containing all the information we have gathered. This is reviewed and agreed upon by the client so that we ensure all stake holders are moving in the same direction. If they are not the Search is doomed to failure and this needs to be sorted out quickly.

Going live

The consultation process can (and probably should) feel like it has been exhaustive. However, a live search assignment often throws up new questions and you should be prepared - and be happy - to reply to additional requests for information quickly. This is not because the Search Consultant missed something it is because every Search Assignment is different and the Search Consultant has the skill and capacity to treat your assignment with the care and attention it needs.

When the contract for the Search has been signed the first invoice will be sent - we are now 'live'. This is the part that you the client never sees. Even in a familiar niche the Search firm can be dealing with a huge amount of new information that has to be managed very carefully and this takes time to turn into something that can be worked with. For this reason do not expect anything other than a metrics based update after the first 7 days. Things like number of target companies, number of candidates identified so far. I have seen many highly experienced and successful Headhunters feel overwhelmed in these early stages and this is another reason to use a Search firm who has been in business for several years. This is where the Search Consultant really uses his experience and resources and will be very busy for a sustained period of time. However, it is not an excuse for them to not deliver progress reports as agreed. If this does happen without good reason or without warning then you are entitled to firmly ask that the Search be realigned to expected parameters.

It is worth noting here that advances in software designed for recruitment companies has made a noticeable difference in the last 5 years. Why not ask the Search Consultant how they have made the most of this? I have never once been asked, which is surprising when I work with Enterprise Software professionals on a daily basis.

Seeing real results

It should not be a surprise when the shortlist is received as you have been receiving regular updates. Indeed much of the content may not be a surprise but take the opportunity to re-read the original job specification that was agreed earlier in the process. You will also receive the Search firms 2nd invoice at this stage. Some important things to keep in mind:

- It's impossible to tell you how long it will take to produce an individual shortlist but a range of 30-90 days is normal. Pathfinder has always delivered within 45 days.
- How many candidates will be on the shortlist? Again this is impossible to answer but 3-10 is normal with 3 being more typical for very senior positions.
- Acknowledge receipt of shortlist and provide feedback immediately - good and bad. If the Headhunter suggests a meeting to explore the shortlist and time can be found that won't delay interviewing then do it. It can be absolutely invaluable.
- The greatest Headhunter in the world cannot keep top candidates interested indefinitely so find time to interview quickly. Even if it means cancelling appointments to do so. Large investments of time and money have been made by you and the Search firm to create the shortlist – don't waste it.
- Take some time to consider again how you are going to sell this opportunity to the candidates and involve all stake holders. A good Headhunter should absolutely be willing to get involved here and remind everyone to sing the same tune.

Interviewing

Are you good at interviewing? No one ever says no when they are asked this question but be honest, if you could be better, ask your Headhunter to help steer you and give you some ideas. He or she should be able to tailor this to the specific candidates you are going to be interviewing – potentially very powerful! If there are a number of stake holders/decision makers involved in the interview process meet with all of them before interviews commence and agree what specific areas you are going to probe and again make sure you are all selling the same opportunity. Again it would make sense to look at the original specification that was agreed upon.

- It's a controversial topic to raise but are you worried about your HR department? Increasingly managers are speaking to me 'off the record' about this. HR often have to be involved so speak openly about it with your Search Partner. An experienced Headhunter will have dealt with much more sensitive information than this.
- Remember these are headhunted candidates and need to be treated like busy executives. Do not get the basics wrong. It will reflect badly and the best candidates will not remain in the process if this happens.
- Provide feedback to your Headhunter after interviews as soon as possible. This is absolutely vital. Without the flow of new information it is virtually impossible for the Headhunter to effectively manage the candidate.
- The interview process should include a maximum of three stages – ideally two. More and your chances of losing the candidate increases dramatically.

Let me share a very quick story about a recent interview I booked for a sales person: He was the superstar of the shortlist, he had beaten target every year for the last 10 years often by more than a 100% sometime as much as 300%. Fluent in multiple languages with an international network of connections that any company would want. Schedules were busy so we had to settle for a Telephone interview. The problem was the client didn't call at the scheduled time. Even worse we didn't get an explanation for 48 hours as to why. The damage was done. The candidate, a man of very high integrity, instructed me to remove him from the process.

Highly successful people are very often the most ethical – treat them with respect. Four weeks of work, millions of €uros in potential business and the chance to have immediate exposure to new territories all lost.

Offer preparation, negotiation and acceptance

If the Headhunter has done their job then this process should have started a long time ago and would have been part of the early consultation. Same with the candidate. There really should be no big surprises at this stage. Upon an offer being accepted the final invoice will be submitted. Top search firms will remain involved long after this to assist in making sure the candidate gets off to the best possible start. Pathfinder has a proven 6 month programme in place that ensures the candidate is happy and flags any issues – it would be a real shame to lose the candidate after all the hard work.

- The Headhunter must be able to give hard numbers on what will be accepted
- Now is the time to discuss how to deliver the offer - through the Headhunter or not? There is no hard and fast rule here but the Headhunter needs to have put in the ground work. Discuss why this is earlier in the process.
- Do you need market data to assist in preparing the offer? Again your Search Partner should be able to assist.
- Discuss the search firms post placement support strategy. If they don't have one then consider finding another Search Partner.

Conclusion

I feel I have only covered about 1% of subject but I hope this has given you some insight into what can be expected and things you should discuss before signing the cheque. Executive Search is hard and the weak do not stick around for very long, so choose someone with experience.

Finally, consider this, a Headhunter gets to see a lot. He sees how a candidate reacts to the first surprise phone call, he sees how he copes with questions, he sees how they returns calls, he sees how they deal with others, he sees how they deal with good news and bad, by the end of process the headhunter knows the candidates incredibly well. It would be a shame to not use this insight to your advantage.

If you are looking at recruiting senior individuals in the Enterprise Software space and have additional questions please get in touch.

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Or book a 15 min call by clicking on this link **https://pathfindersearch.acuityscheduling.com/**

Or visit: pathfindersearch.co.uk

What next….

There are some subjects I would have liked to have included or expanded on here, but to keep this paper focused I haven't included. However, I would be happy to discuss these in more detail should you be interested in developing a relationship. These subjects would include:

- Search methodology
- Cross boarder search
- Reference checking
- Dealing with counter offers
- New territory specifics
- Search firm size – bigger is not usually better
- Off limit restrictions
- Post placement support.

Bruce Wright is the founder and Managing Director of Pathfinder Executive Search Ltd and has over 14 years Recruiting, Staffing and Executive Search experience. Over 12 years of this has been spent in Executive Search. He has been helping top Enterprise Software companies find senior level executives and helping build world class teams across Europe and North America since 2003. Unlike many Executive Search Professionals who claim to work across borders, he really has placed Senior Professionals with Enterprise Software companies in France, Germany, Spain, Sweden, Switzerland, The Netherlands, UK and North America. Often working across borders simultaneously for the same client – this generates a synergy that makes for truly outstanding results. He is also a committed endurance athlete who has competed in challenges around the world, including the infamous Marathon des Sables, Zurich Ironman and the magical Ultra Trail du Mont Blanc. In addition to UTMB he has twice run 100 miles non-stop.