

## What to Consider When Using Recruiters

If you plan to use recruiters to find and present candidates for leadership or manager positions, you first need to decide what type of recruiter you should consider and then you need to understand how you can prepare yourself so you get the most from their expertise.

### Types of recruiters

The two basic types of recruiters are Contingency and Retained. Here is a brief overview of how each type works:

#### Contingency

Recruiters who work on a contingent basis earn their fee when you employ someone they refer to you, even if you do not employ that person until several months later. Their fees usually range between 20% and 25% of the person's starting salary.

Contingency recruiters maintain databases of resumes from people who have sent their resumes. When you contact the recruiter, they will quickly search their resume database and contact people in their network to try to identify someone in transition who may be close to what you want. They may have a limited discussion with potential candidates to make sure they are currently available and that their experience is close to what they understand you want. Their decision to send you resumes, however, will be based mainly on the content in a person's resume.

Companies often engage more than one contingency recruiter at a time. Consequently, the one that is the first to send you the resume of a candidate you ultimately hire is the one entitled to the payment of their fee. As a result, contingency recruiters cannot take time to interview or perform thorough assessments of candidates to ensure they meet your requirements.

#### When you might consider using a contingency recruiter:

Contingency recruiters might be an effective choice for you in the following circumstances:

- You need someone quickly.
- You are willing to consider candidates that might not be a perfect match for what you need.
- You are open to considering candidates who are in transition.
- The position is below C-Level where there would be a larger pool of potential candidates, such as managers, supervisors, and those in technical, sales, accounting, and administrative support roles.
- The salary range is more appropriate for lower or mid-level positions.
- You are a smaller company without a strong or long growth record with limited financial resources and the success of the company will not be dependent on the person you hire.
- You are in an industry or business that will not be as attractive as a high-tech, bio-tech, or high-profile one.

### **Retained**

Recruiters who work on a retained basis have exclusive contractual arrangements where they search specifically for the person you want. Their fee is usually one-third of the first year's total compensation and is payable in installments. Retained recruiters are usually referred to as Executive Recruiters or Executive Search Consultants. However, since recruiters who work on a contingent basis may also call themselves Executive Recruiters, you should seek clarification from the recruiter.

Retained recruiters will meet with you to discuss the opportunity and will prepare a summary about the company and the opportunity. They will call the summary a Position Description, Position Specification, or something similar. Companies will be able to maintain better control of the recruiting process, however, if they prepare this before engaging external recruiters. To learn how to do this, read Carl's Employer Recruiting Tips: *The Position Description: The First Step*.

Retained recruiters use researchers to perform the actual search for candidates. The search will take several weeks depending on their success at finding suitable candidates who have the skills and experience you want. They typically search for candidates who are currently employed in your industry but will use other sources to identify potential candidates, such as their in-house database and the Internet.

Retained recruiters will conduct detailed interviews of all persons they believe might be considered a candidate and might perform some online personality assessment for those they plan to include on a shortlist. They strive to have at least three candidates they can present to you for your consideration.

### **When you might consider using a retained recruiter:**

Retained recruiters might be an effective choice for you in the following circumstances:

- You do not have the resources to search on your own or confidentiality is a paramount consideration.
- The position is at C-Level or for other leadership or significant management roles.
- The person you need to employ must have prior experience that could be key to the success of your company.
- You are offering an attractive and competitive compensation package that will entice someone in a high-level position at another company to join your company.
- You are offering a career opportunity that might not exist at their current employer.

The top 25 executive search firms handle approximately 15% of the total executive search business with the other 85% being handled by boutique search firms. Since you are dependent on the professionalism of the individual recruiter who will be in charge of your search, there is very little distinction between success from a top 25 search firm and a smaller boutique firm, despite what you might hear from the search firm.

Approximately 40% of all executive search assignments fail. While that might sound alarming, consider that it includes situations where (1) The company decided to promote or transfer someone within the organization instead of hiring a new person, (2) The company decided not to fill the position (often because of a reorganization or pending acquisition), and (3) The recruiters were not able to find candidates that met the company's requirements.

### **How to improve the success of retained recruiters**

Working with retained recruiters often results in unfulfilled expectations or less than optimum results for employers. Here are some suggestions from someone who owned an executive search firm about how employers can get the most from their recruiters. These suggestions will help your recruiter do a better job and help to ensure you get the person you need.

1. Management must take the lead to prepare the description of the position. Follow the guidance in Carl's Employer Recruiting Tips: *The Position Description: The First Step*.
2. Confirm with the recruiters that they are clear on the requirements of the position. Ask what questions or concerns they have that might affect a successful search.
3. Meet the recruiters and any other individuals that will have a meaningful role in the search, particularly if they will be involved in screening or interviewing candidates.
4. Recruiters may tell you they or someone from their staff will meet with you to "prepare the brief." If you have previously given them the Position Description that you prepared, ask what additional information they need.
5. Ask them to describe in detail the interviewing and evaluation process they will use.
6. Request that they prepare a list of companies with the names of the people in the positions that they anticipate contacting on your behalf. Give them feedback on the completeness of the list and the appropriateness of the positions they plan to contact. Be sure the companies on their list are the ones you want on the list.
7. Ask if there are any companies they cannot use as a source for candidates due to an existing or prior client arrangement.
8. Ask them to describe the timeline for their milestones and make sure you and they are clear on what happens if they do not meet their milestones.
9. Modify the contract language so that if they are unable to present a suitable candidate that meets your expectations or if the candidate they present does not accept your offer, you are not obligated to pay the final installment. This would not include situations where you decide to promote or transfer someone from within your organization to the position.

*Carl Wellenstein works with small and middle-market companies when they want to take charge of the recruiting and interviewing process for executives and managers. He helps them create and implement a comprehensive system that improves their and their recruiter's success at getting the right people the company needs. If you would like to know how Carl can help you, contact him at [carl@execglobalnet.com](mailto:carl@execglobalnet.com).*