

## **Recruiting the Recruiter**

### **Put these myths aside before you pick up the phone.**

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Your company is thinking about hiring a recruiting firm for an important executive search. How much do you know about working with one?

The first step in your quest is to assess your own perceptions of the recruitment process. Are you thinking that with more people in the job market, top talent will be easier to find? And if they're easier to find, then shouldn't a recruiter's rates be less? On top of that, do you believe a recruiter's fee structure is an important factor when choosing a search firm?

Recruiters say "none of the above" is the answer to these misconceptions they hear from businesspeople. Here's a clear look at what to expect – and what *not* to expect – when recruiting your recruiter.

#### **Misconception #1:** **Recruiters Cost Too Much**

The greater the value a certain hire represents to a company, the better bargain a search firm represents to them, say recruiters. A good recruiter has the ability to reach beyond a company's finite talent pool – current or former employees, personal business contacts, and those applying "cold". When considering this pool, recruiters ask, how likely is it that it will include the best possible CFO or vice president of marketing?

"Look at your own staff," says Paul Beard, vice president of sales with the Minneapolis search division of TMP Worldwide (formerly Hayden & Associates), based in New York. "Who do you think is actively looking, and who doesn't even have a resume together?" If the best people at your company aren't likely to be following classified advertisements or job posting boards, say Beard, then chances are good people at other companies are not job searching, either. The strength of a good recruiter is finding those people. "If you're sacrificing candidate quality just to not pay a fee, you're being pennywise and dollar foolish," he says.

Recruiters save companies the time and money it takes to find and screen applicants themselves. "One myth is that Monster.com and all these [online] job boards will wipe out the recruiting industry," says Patricia Comeford, president and founder of The Esquire Group in Minneapolis, a search and consulting firm for law offices and corporations. "But the addition of those avenues has just created chaos rather than order, because there are so many more people to process," she says. "Screening and assessment becomes more critical and much more problematic."

#### **Misconception #2:** **Recruiting is Easier and Cheaper Now**

The market may be down, but unemployment hasn't increased as drastically as it might seem. Two years ago, according to the Minnesota Department of Economic

Security, the state had an unemployment rate of 2.7 percent; in October 2002, it was only up to 4.0 percent.

For recruiters, the downturn is just enough to send more candidates to their doors, while making it harder than ever to lure away the ones who are still employed. "I get twice as many e-mailed resumes from candidates now as I did two years ago," says David Schall, managing partner of Schall Executive search Partners, a Minneapolis firm. "And I probably get eight times as many referrals."

Because companies are being more careful with their dollars, recruiters say they feel pressure from clients to reduce their fees. Schall says that's to be expected to some extent: "I know I'll have to bid against four other firms, and then maybe I'll still be expected to squeeze my fee." But Schall and others warn companies to beware of a recruiting firm that would drastically reduce its fees just to win business. First, he says, this type of recruiting firm won't be able to cover its costs, and second, it will be more likely to be perceived as a lower-end provider.

### **Misconception #3:**

#### **Contingency Searches Better than Retained**

There are two ways to hire a search firm. A company can retain a firm, paying it installments totaling about 33 percent of a candidate's expected first-year compensation at the beginning, middle, and end of the search. Or it can hire a firm on contingency basis, meaning it does not pay the firm any fee until the firm produces a candidate it wants to hire. Some companies think retained firms rip them off by trying to inflate a candidate's salary, thus winning themselves a higher fee. Others think contingency firms bilk them by not providing the quality of candidate or background checking they expect. Recruiters say neither myth is true of a reputable search firm.

Then a client retains a firm exclusively for search, the firm can focus all of its resources on ensuring a candidate fits the job and the company's culture. This means over a period of weeks or months, recruiters will contact hundreds of people before bringing back to the client a narrowed list of candidates. "By the time we come back to the client, we've had about 200 conversations," says Christopher Johnson, managing director of Minneapolis search firm C.P. Johnson and Company. "Maybe of those, we've interviewed 13, and brought them five to take a closer look at. What they're really buying from us is a thorough approach."

Contingency searches, say recruiters, focus on getting the best candidate to the client the fastest, since it might be competing against another firm to get paid. "Sophisticated clients understand that on a contingency basis, [a recruiter] can't put the same amount of resources in [to the search] because the return is diminished by the fact you might not even get paid," say Bruce Frimerman, president and CEO of Recruit Masters, a Minneapolis-based firm that does both kinds of searches.

Contingency searches are often unfairly denigrated as being low quality, says Steve Yungner, president of Eden Prairie-based Healthcare Recruiters International of Minnesota. "The ethics that govern the business are exactly the same," he says. "The kind of search depends on what's in the best interest of our client. If you're looking for a CEO, a retained search may be okay. But if you're looking for a vice president or a director, you may be walking by a lot of opportunities that way."

**Misconception #4:**  
**Specializing is Key**

Recruiters say too many companies get hung up on choosing a search firm that serves only specific markets, such as health care. "What matters is, how creative you are?" says Johnson. "Is the search firm listening to you? Are they asking you new questions and getting you to think about this decision? Are they putting together a good strategy and following it? Are they using courtesy and trust?"

The same kind of thinking goes for filling the positions, say many recruiters. A particular industry background may guarantee that a candidate can hit the ground running, but not necessarily that the prospective employee will take the company to the level where it needs to be. Yungner, whose firm specializes in recruiting for medical device and other health care companies, says that industry is beginning to diversify – for example, bringing in someone from retail to create direct-to-consumer medical device marketing campaigns. Still, he says, getting companies to think this way is a challenge.

**Misconception #5:**  
**Recruiters Hire**

It may seem simplistic, but recruiters are not to be confused with employment agencies – they do not find candidates jobs, and they do not hire candidates for clients. "It's my job to create a difficult decision for my client," explains Johnson. "With three to four names on the board, they need to be stumped about who to hire."

A successful search also requires active participation from the client, says Susan Boren, a partner and managing consultant at the Twin cities office of international search firm Spencer Stuart. "They have to deal with the structure of the job, the team, the compensation, and give feedback about the process and the candidates. But if they do it well, it will go a long way toward keeping the person."

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