

What clients think about Executive Resourcing - Summary

In 2006, Professor William Scott-Jackson carried out research into clients' views of the executive search market in the UK. William has extensive experience in resourcing, having founded CSA Management Consultants and earlier in his career been CEO of Alexander Mann Associates.

The research demonstrated that there were many opportunities to improve the ways in which executive search was carried out - and charged for.

The findings

The research identified some positive aspects of the present situation:

- **Relationships**

A strength of the current search firms is that many build good relationships with their clients and are easy to work with, as they have a 'Customer centric' approach. These relationships are often closer with the line managers involved with the recruiting, than with the HR team.

- **Knowledge**

Most search consultants also build a good knowledge of their client, especially in terms of the 'culture and fit' which is critical in identifying suitable candidates. Another key attribute is that consultants have a good knowledge of the relevant market and the personalities within it. This is especially true of the niche consultancies, who tend to try harder and who normally know their niche extremely well.

The less favourable responses included:

- **Service and Process**

Eighty percent of the respondents were unhappy with the service they had received. For example, participants considered that, once the search firm had the assignment they were slow and non-communicative. They also considered that the research for candidates was shallow and narrow with the candidates 'recycled', rather than the search firm undertaking creative research into the market.

There also appeared to be poor Project Management with the whole process clothed in secrecy ('magic' 'black box').

- **Costs**

The responses were similar in respect of costs, where again 80% believe that they are unjustifiable. Clients especially resented that consultants appeared to spend over 60% of time on new business, for which in effect they were paying. There was also concern that search firms got rewarded even if the search or the appointee failed.

Similarly, concern was expressed that as the consultants' relationships were with top management, each executive had their own 'pet' firms and there was little negotiation on price. This also precluded any ability to achieve volume related discounts.

- **Results**

Perhaps not surprisingly, given the issues noted above, the results of executive search are also seen as poor. The participants considered that that 50% of searches fail and, of those that do succeed, 50% of recruits don't last 18 months.

- **Internal impact**

Interestingly, participants worried that search discouraged promotion from within. It would appear that this concern is not great enough to change behaviour since 70% of respondents only used search for filling senior appointments. The answer may be that the participants do not have a rigorous talent management process in place which would overcome this concern.

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- **Other**

A number of other concerns were raised, especially around the knowledge built up during the search process. Specifically, participants felt that they had paid for the identification of possible candidates but that this knowledge could be used against them, by helping the search firm fill a vacancy for a competitor more quickly.

This was part of a wider concern about the ethics of search firms working for several organisations in a sector, the management and security of candidate data and how firms defined; if at all, how long the client's staff were off-limits to the search firm after they had conducted a search for that client.

How does Executive Search survive?

It is surprising that given the results described above that Executive Search has become such a growth business.

Some of the reasons participants considered search continued to be used was that it gave HR and the manager a safe cover if the search failed and they had used a major search organisation.

The other reasons were more personal. One revolved around personal reciprocal relationships i.e. the consultant would help the manager when they wanted or needed a job. Another reason for using the major search firms appeared to be the implied status it gave to the client or at least the top managers who gave out the search.

A new model for executive search

As a result of these findings, Professor Scott-Jackson has developed a new model for how an Executive Search firm should operate in order to provide the service that clients appear to desire. Some of the key points are:

Getting the 'best of the best': All too often, clients complained that search consultants simply phoned their network to identify a limited list of available candidates. The new model search firm would conduct a full, rigorous review of the relevant market for all assignments so that candidates are identified from the widest possible pool.

No conflicts of interest: is a difficult problem to overcome for the large search firms. The new model firm would remain small with a limited client base in any particular sector. It would also avoid over-specialisation so that its comprehensive researches do not have to worry about conflicts of interest or candidates they have previously placed.

Speed through Project Management: the model firm will have a sound project management process and would make this process fully transparent to clients. For example, clients would be able to plan at an early stage the dates for interviews, etc.

No 'black box': this approach to Project Management would also include keeping Clients in touch with, and having access to, details of project progress and content. The model firm would treat each search assignment as a consultancy project, where data is shared (within the rules of data protection and confidentiality) with clients.

Solutions focus: the model firm's objective would be to meet the clients needs in the most cost effective manner. That might mean helping with internal candidate search or assessment, identifying interims or applying consulting assistance. The model firm would think wider than just one search and would explore, with the client, all available options and its fees would reflect this approach.

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Client's data: as with other types of consulting assignments, the data which the consultant develops should belong to the client. In search this means that all the candidate data belongs to the client and that the model firm would provide this to the client so that they can build their own candidate database for future use.

Success: for the client success is recruiting the best person to perform the senior role, that the appointee stays with the organisation and performs to a high standard.

The model firm would maintain contact with the client and the successful candidate for a pre-agreed period. The model firm would work with the client to design on-boarding process and would also be able to mentor the appointee through their early weeks in the role.

The final part of the fee should be success based and only paid after a pre-agreed period of time.

Fees

The model firm would treat each search as a consultancy assignment and would calculate fees based on the difficulty and effort required, not just a percentage of salary. Such an approach could result in fees significantly less than the normal search fee based on salary.

As described above, the payment of the fee should not be payable just when a candidate is appointed but there should also be an element linked to the success of the candidate. Finally, fees should be refundable if the client believes the service they have received has been unsatisfactory.

Conclusion

This research has identified a series of serious and consistent concerns about the service provided by the existing executive search firms. However, the current firms are often hired not through a rigorous selection process but through personal relationships, which may have existed for a number of years. Also those hiring search firms rarely assess their effectiveness.

From the research, a new model for search firms has been developed which addresses the key issues raised by the respondents. The adoption of such a model will depend on those hiring search firms adopting a more analytical approach and also being clear of exactly the service they require.

Organisations are most likely to address this issue when they put in place a rigorous Talent Management Process and recognise that effective hiring is a key factor in medium term business success.

Feedback

Please let us know if you can think of any further improvements to Executive Search or to learn more about this research please contact William on wsj@cahrr.org.uk or +44 (0) 7785 110910.

Oxford Strategic Resourcing

In accordance with the principles of 'applied research', William has backed a new executive search company, Oxford Strategic Resourcing, to implement the recommendations of this research. To learn more or to try this fresh approach to executive resourcing see: www.oxfordstrategicresourcing.com or call +44 (0) 1344 780583.