

HOW TO MAXIMIZE YOUR EXECUTIVE SEARCH PAYOFF

You will learn:

- ❖ Why executive search is harder than ever—and what you can do about it
- ❖ **Four critical questions** that vet potential executive search firms
- ❖ **Three tips** for shortening your search
- ❖ **The ten critical factors** that distinguish retained search firms from recruiters—and what that means for you
- ❖ The **three secrets** to search success AFTER the placement

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I. Introduction

According to the U.S. Bureau of Labor Statistics, the demand for new employment for top executives will grow at least at the rate of the average of all occupations through 2012.¹ During that same period, however, experts are forecasting a **severe shortfall in executive talent**. Retirement of the boomer generation and the demand for exacting new aptitudes for building flexible, innovative, knowledge-based corporations in the global economy will leave many major corporations without the “bench strength” to be fully competitive in the future.

Retained executive search firms are driven by their client's needs. They find people for roles, not roles for people.

A. Executive Acquisition Is Critical

While this situation has many organizations wondering where they will find their next “superstar” or senior executive, market-leading companies are looking well beyond the next gap to the proactive creation of an *ongoing acquisition strategy*. Those companies that will survive, and thrive, in the evolving global economy know that no corporate activity will be more central to their success than the ability to identify, enlist, and align key leadership.

But if the development of a robust, ongoing acquisition strategy is vital, there is an even more critical necessity for that strategy to work, and to work reliably. Statistically, a staggering 50% of all employment situations result in a mishire²

- The U.S. Department of Labor fixes the cost of mishiring a \$100,000 per year manager at \$300,000.³
- Other estimates run the gamut from a conservative 10 times the executive's base salary⁴ to an astounding 24 times that salary.⁵

Suffice it to say that any executive acquisition strategy that repeatedly misses the mark will create a significant drain on corporate coffers.

B. Retained Search Provides a Solution

Many forward-thinking organizations are crafting executive acquisition strategies with the help of retained executive search firms. Retained executive search firms are paid a retainer by companies who wish to recruit a specific set of aptitudes, skills, values and business experience for a specific position. This type of arrangement is typically reserved for senior-level management, such as Presidents, Vice Presidents, Directors, or in larger organizations, persons at the Manager level. There are large, international firms who engage in this activity, as well as regional and more nimble “boutique” firms. Some firms have specialized practice areas for specific industries while others are generalists.

Executive recruiters work for their client companies. They do not actively place out-of-work individuals. This would not only be a conflict of interest, it would also be financially unwise. Retained executive search firms are driven by their

specific assignments for their clients: they find people for roles, not roles for people and they seek to create trust-based relationships that will lead to repeat assignments for the client.

Clients are often under the assumption that they will receive a more comprehensive search if they use multiple recruiters. However, when multiple recruiters are given the same assignment to work on, the search becomes a race with the emphasis on the speed of the search rather than the quality of the candidate.

Also confusing the situation is the difference between recruiters—who work for individuals—and retained search firms, who have the entire organization as their client. The following chart helps clarify the ten key differences between the “recruiter” or headhunter, and the professional retained executive search firm.

10 Critical Distinctions between Retained Search Firms and Recruiting Agencies

	Recruiting Agencies	Retained Search Firms
1.	Often represent individuals seeking employment.	Represent client companies only.
2.	Are usually in competition with other similar firms or contingency agencies for the placement.	Conduct search assignments on an exclusive contract basis only.
3.	Professional staff is usually paid on commission for placements made.	Professional staff is usually salaried with possible bonuses or incentives for business development.
4.	Typically search for lower level organizational positions	Usually works at middle to senior management organizational levels.
5.	Focus on presenting the first few candidates they find since time to present is often more critical than the quality of the candidate.	Thoroughly vets the client’s marketplace, targeting the top 10% candidates and assessing their candidacy since the quality of the candidate is the primary focus.
6.	Focus primarily on applicants who are actively seeking employment. Recruiting is placement oriented.	Actively targets and recruits employed candidates who are not looking for a job. Recruiting is a process and is result oriented.
7.	Recruiter works as many jobs as possible and usually spends 1-2 weeks recruiting on each job.	Consultant focuses on a smaller number of searches, generally 3-5, where active participation with the client and candidate pool is critical.
8.	With no guarantee of payment for services performed, the recruiter cannot afford to invest much time in a search beyond basic recruiting and submission of resumes.	Search team may invest 80-160 hours per month per client assignment in recruiting, evaluation, and client interaction.
9.	Works well when employer seeks to review a large number of resumes and conduct multiple interviews without pre-screening. Will present most candidates within 1-2 weeks of obtaining job order, may submit substantial paperwork to increase probability of a placement.	Usually recommends 3-5 pre-screened candidates to client company in 4-8 weeks. Candidate background is verified prior to submission. Continues to work until the position is satisfactorily filled. Focus is on assessing "fit" and skill.

10.	Relationship with candidate usually ends with placement.	Relationship with candidate may extend through transition, onboarding and settling in with new position.
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I. Choosing an executive search firm

Should you choose to develop a strategic partnership with a retained executive search firm, you'll want a reputable firm with a good track record. Narrowing the field can be made simpler by asking some fundamental questions about the firm's policies and processes.

A. Four important questions you need answered before you retain a firm

1. *Exactly who will be doing the work?*

Your retainer entitles you to know what priority your search will be given by the search firm. Will you have a dedicated account representative for your search? What level of oversight or attention will come from the firm's senior executives or partners? If more than one person will be involved, find out who will be responsible for which parts of the search and the number of years of experience each person involved has in executive search.

2. *Do they have a proven a search methodology?*

Is there a systematic search methodology in place that will target any industry, function or geographical area? Ask about typical search time lines and how results can be measured and benchmarked at each stage of the search.

3. *Do they have a defined candidate assessment process?*

What tools are in place for comparative candidate grading or scoring? Is there a client assessment mechanism that works to define, articulate and match for corporate culture?

4. *Does the firm have experience in filling positions relevant to the position you are seeking to fill?*

Finally, ask about the firm's experience and those companies for which it has secured top management and industry leaders.

B. Knowing what you're paying for

The standard retainer schedule for executive search calls for three equal payments, each representing one-third of the fee. The first retainer is payable upon engagement and remaining portions are typically paid at 30 and at 60 days. It's important to note that this type of fee schedule is **time-based** and is not contingent on any search progress or outcome.

A more unusual, and more desirable, fee structure is a performance-based retainer schedule. Here the first third of the fee is also paid on engagement, but remaining portions are billed upon the search firm achieving specific milestones. These milestones may be such events as "presentation of a slate of candidates" or "upon acceptance of the offer by the selected candidate."

Should you engage a firm which employs a time-based fee arrangement, make sure to get agreed-upon thresholds to evaluate your search firm's performance.

II. Tips for shortening the search

A. Invest in the position description.

One of the greatest impediments to the conclusion of a swift and successful search is a poorly written, or inadequate, position description. The position description or profile is the set of “specs” to which your search team will work. A boilerplate description with boilerplate competencies not only hobbles your search team in trying to evaluate candidates against such vague competencies, but it can lengthen your search and increase the chances of mishire.

Time invested *on the front end* in crafting a well-written position profile—one that effectively conveys the key criteria necessary for qualifying and also highlights what makes the role a compelling opportunity—will pay for itself in a more effective, and shorter search. Professional retained search firms will ask for one, or more, face-to-face meetings with the hiring executive, board or search committee and other senior managers to accomplish this.

A good retained search firm will draft a position description for you after they have had the opportunity to meet with the hiring executive. Be prepared to share with the search firm not only the details of the job requirements, but also elements that will attract precisely the right candidate such as career advancement, job enrichment, work-life balance, location, and company culture.

B. Set clear expectations with your search firm

Your search will run more smoothly if there are clear agreements on level and thoroughness.

- ❖ Decide who the executive, hiring manager or HR person who is empowered to speak for you, as “the client” will be.
- ❖ Discuss and agree upon the specific reference and background checking process.
- ❖ Let your search firm know if there are firms or individuals that you do not want contacted.
- ❖ Agree on what will happen if internal candidates emerge. Will the search firm vet them also?

C. Be a proactive client

Beyond the injunction to work hard with your search consultant to get those specs rights, it's incumbent on you as the client to help keep communication lines open. Communicate changes promptly, be willing to accept input, and don't become evasive or defensive if surprise issues arise. Remember: these pros are working for you, not against you.

III. The three secrets to search success after the placement

What happens at the end of a successful search can vary greatly based on client needs and the professionalism of the retained executive search firm.

- 1. Market assessment.** While you need not expect a 50-page market research report, your search firm should provide you with reasonable feedback gleaned from the search experience. This may include comparative assessments of candidates within the industry, information on compensation levels, and competitors' recruiting strategies.⁶
- 2. Follow-through.** The best firms will assist the newly hired candidate through their resignation process, help them prepare for counter offer issues and facilitate their seamless integration into your organization. But many search executives see themselves as ongoing consultants whose jobs do not end when they place an executive in your organization.
- 3. Ongoing partnering.** Make sure you choose a search partner who understands how critical it is to help an executive settle into your company successfully. Many search firms work in partnership with consultants who have the talent, skill, and expertise to help with onboarding, public anointing of the new hire and aligning expectations between the new executive and key stakeholders.⁷

"It's not just about the success of the search, because we're only ever as good as the success of the last candidate hired— even if it was years ago."

Dave Sobocinski
CarterBaldwin

At the end of a successful search, your search firm will share with you a considerable knowledge base about your company's operation, culture and values. It will also have some exceptional insight into the general perception of your organization in the talent marketplace and will know a lot about how to go about acquiring the kind of executive talent you need. You both have a vested interest in continuing the relationship and in the success of that new hire.

Find Out More



We hope you've enjoyed this paper on maximizing your executive search payoff. If you'd like to discuss any of the approaches or insights in this white paper, we invite you to call to speak with anyone on our partnership team.

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IV. Bibliography

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⁴Karen Benjack Glatzer, "Hiring is Just the Beginning: How to Insure the "Right" Hire gets off on the Right Foot." Available at <http://www.carterbaldwin.com/e-news/CB-200710.html>.

⁵Topgrading: How Leading Companies Win by Hiring, Coaching and Keeping the Best People, Bradford Smart

⁶[Http://www.aesc.org/article/clientrights/](http://www.aesc.org/article/clientrights/)>

⁷Karen Benjack Glatzer, "Hiring is Just the Beginning: How to Insure the "Right" Hire gets off on the Right Foot." Available at <http://www.carterbaldwin.com/e-news/CB-200710.html>.

Author Bios

David Sobocinski is a Founding Partner of CarterBaldwin. He also serves as Managing Partner, providing overall daily leadership and managerial oversight for search operations.

He specializes in “C” level, Officer, and Board of Director searches for a wide spectrum of clients ranging from a \$1BI financial services organization, several Fortune 500 companies, and a Global 100 manufacturing conglomerate, including Arby’s, Newell Rubbermaid, Unisource Worldwide, Dover Industries, InterContinental Hotels Group, and Charter Communications, Inc.

As a Founding Partner, Mr. Sobocinski has been a major contributor to the Firm achieving year over year annual growth since CarterBaldwin was formed, having been the top producer in 2006. His industrious efforts have also contributed to CarterBaldwin being named twice to the prestigious Inc.500 list of America’s fastest growing privately held companies.

With experience in building and leading teams from start-up through aggressive growth and turnaround, Mr. Sobocinski has a thorough understanding of organizational, human capital, and strategic growth needs, translating into efficient, personal, and successfully conducted executive searches across multiple industries and roles of responsibility.

Mr. Sobocinski began his career in the search business as an Executive Recruiter with a top ten firm in Atlanta, progressing to Partner, with responsibility for company-wide operations, including additional offices in Boston and Washington, D.C. Prior to this, he worked in consumer product sales in the mass-market Food and Drug Industry.

A graduate of James Madison University, Mr. Sobocinski earned a degree in Organizational Communication, with a Minor in English Literature.

Margaret A. “Maggie” Bellville joined CarterBaldwin as a Partner in 2005 to establish a Telecommunications and Broadband Practice, which has grown to 30% of the Firm’s overall revenue.

Ms. Bellville specializes in “C” level, Officer, and Board of Director searches for public and private clients in the areas of operations, business development marketing, sales, customer care, and advertising.

Throughout her executive career, Ms. Bellville has established a proven record of attracting key leadership, and successfully partnering with each individual to drive success and change. Most recently she exhibited these skills as Executive Vice President and Chief Operating Officer for St. Louis-based Charter Communications, Inc., (Nasdaq:CHTR), a Fortune 500 company controlled by Microsoft co-founder Paul Allen, and among the nation’s largest cable television distribution companies.

Previous to Charter, Ms. Bellville was President and CEO of Incanta, Inc., a start-up streaming media company based in Atlanta. She has also served as Executive Vice President of Operations for Atlanta-based Cox Communications, Inc., and held leadership positions with the former Century Communications, and the former GTE Wireless/Contel Cellular.

Ms. Bellville is the recipient of numerous honors and distinctions, including being named among the Top Ten Women in Business in Atlanta, and “Woman of the Year,” a national award presented by Women in Cable and Telecommunications. She serves on the Boards of Vyyo, Inc. (Nasdaq:VYYO), a broadband solutions company; and the Academy of Television Arts & Sciences Foundation.

A graduate of The State University of New York, Ms. Bellville also completed the Advanced Management Program at The Harvard Business School.

Price Harding is a Founding Partner of CarterBaldwin. During his eighteen year executive search career, he has been a principal consultant for “C” level, Officer, and Board of Director searches for public and private clients in the industrial, technology, finance, and not for profit sectors.

As a Founding Partner, Mr. Harding has played a key role in development of the Firm’s vision, and in laying a foundation of client satisfaction that has resulted in year over year annual growth

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since CarterBaldwin was formed, and national recognition, including being named twice to the prestigious Inc.500 list of America's fastest growing privately held companies.

Mr. Harding was a Finalist for the Atlanta Chamber of Commerce Small Business Person of the Year Award, and has directly contributed to three privately held companies being named to the Inc.500 List. He has authored articles in various industry trade publications, and has served as an executive search expert in numerous periodicals, including Inc Magazine, The Wall Street Journal, and The Atlanta Business Chronicle.

Prior to entering the executive search industry, Mr. Harding served as Director of Manufacturing Operations for Astechnologies, an Atlanta-based company that produced hydraulic presses for the automobile industry.

Georgia Governor Sonny Perdue appointed Mr. Harding to the Board of the Department of Economic Development in 2004. He also serves as Chairman of UTG Solutions, the Executive Committee of the AeA Council, and the boards of the Technology Association of Georgia (TAG), There's Hope Ministries, and High Tech Ministries.

Mr. Harding earned a degree in Theology from Baptist University of America, and conducted graduate studies in Pastoral Counseling at Temple Baptist Seminary in Chattanooga, Tennessee.

Jennifer Poole Sobocinski is a Founding Partner of CarterBaldwin. Ms. Sobocinski has achieved regional and national recognition for her skill and expertise in executing "C" level officer, and board of director level searches for public and private clients. Her clients range from start-ups to Fortune 500 companies in the manufacturing, industrial, and technology sectors.

Under her leadership, CarterBaldwin has achieved more than 400% revenue growth since its founding in 2001, been named twice to the prestigious Inc.500 list of fastest growing privately held companies, been named among Atlanta's Top 10 Retained Search Firms, and has expanded the organization's presence throughout North America. The recipient of numerous awards and recognition in the search industry as a consistent top producer, Ms. Sobocinski was recognized by Catalyst Magazine as being among Atlanta's Top 50 Entrepreneurs.

Prior to founding CarterBaldwin, Ms. Sobocinski was the leading search consultant for one of Atlanta's top search firms. She began her professional career as a Financial Advisor in the Financial Services Sector.

Ms. Sobocinski serves on the board of the Technology Executive Roundtable, and is a sponsor of the Atlanta CEO Council. She is also involved with Women in Technology, a professional organization, and will co-chair their Women in Technology Awards in 2008.

Ms. Sobocinski is a graduate of Auburn University with a degree in International Business and Finance.

Terry Addington joined CarterBaldwin in 2007 as a Partner to expand the Technology Practice in the area of wireless telecommunications, and its periphery technology and service areas. He specializes in "C" level officer, and board of director searches for public and private clients, with special expertise in start-up, wireless operations and telecom related technologies.

Mr. Addington's distinguished 23 year career as a leader in the wireless telecommunications industry enhances the Firm's industry leading stature. He was President and CEO of First Cellular of Southern Illinois until its sale to Alltel in 2006, and was Chairman of the Board of the Cellular Telecommunications and Internet Association (CTIA), and President of the Rural Cellular Association (RCA).

Prior to starting First Cellular in the early 1990's, Mr. Addington was a Region Vice President for GTE Mobilnet and Contel Cellular in Louisville, Kentucky, and General Manager of Contel Cellular of Mobile, Alabama, and Pensacola, Florida. Before his wireless experience, Mr. Addington worked for AT&T (pre divestiture).

Mr. Addington is the recipient of numerous honors and distinctions for his work in federal and state legislative, regulatory and policy matters, including the Wireless Industry Presidents Award, presented by the CTIA, and the GTE Mobilnet Presidents Award. He is a member of the board of Motricity, the nation's leading content provider to the Wireless Industry, and Open Range Communications, a start-up wireless high speed data provider to rural America.

Mr. Addington earned a degree in Economics from Central Washington State University, Ellensburg, Washington.