The Hunt for Top Talent: 11 Questions to Ask Prospective Search Firms

By Walter U. Baker
Managing Partner, Signium International
Tampa Florida

Have you identified the need to fill a critical executive level position...one that will play a key role in facilitating your strategic business objectives? In a highly competitive and dynamic business environment, selecting an executive with the appropriate skills who will contribute as a key team member is crucial. However, finding and recruiting senior level talent is becoming increasingly difficult. In their third annual Human Resources Survey, the AESC (Association of Executive Search Consultants) reports that 84% responded that they are currently seeing a global shortage of talent, and 90% predict that there will be a war for talent in the next five years.

Given the high cost of a poor hiring decision and the importance and timing of finding the right person, many organizations choose to engage an Executive Search Firm. As a specialized branch of management consulting, Executive Search Firms are experts in assisting clients with the critical and challenging task of bringing top executives into an organization. As with other senior level advisors, a professional and competent search consultant will help your organization identify and recruit the best executives in the market for a particular appointment.

Unfortunately, many organizations fail to properly qualify Executive Search Firms; often with disastrous results. A less qualified executive could be hired; or, even worse, a critical position could go unfilled. Therefore, understanding how to evaluate a search firm's capabilities up front is crucial.

The following list of questions (and answers) has been developed to assist in the identification and selection of an appropriate Executive Search Firm. A firm/consultant's responses will allow you to effectively assess their experience and competency, and potential to achieve a successful outcome.

1. **What is your firm’s industry focuses – who are some of your current clients?**

   - This determining factor allows a hiring organization to assess a firm’s market and functional knowledge relevant to their specific situation and need. One must have confidence that the consultant knows where to look for the top talent, and how to engage and recruit them. This confidence will support a cohesive and functional client/consultant relationship throughout the course of the project.

2. **Who will be doing the work; how is your firm structured?**

   - Given the consultative nature of search, it is critical to determine how involved and engaged the lead consultant will be during the course of the project. Will the consultant who sells or ‘pitches’ the assignment do the majority of the work? Is the research and candidate development conducted in-house, or outsourced to a third party? Does the firm have the appropriate project management and communication tools to ensure timely and accurate feedback? Who, exactly, will be accountable for your specific project?
3. **How many searches does the consultant handle simultaneously?**

- Here is a good question to ask as a follow up to the previous discussion. A consultant handling over six or seven projects at one time is average. You need to be comfortable that your project is going to receive the time and attention needed to be a success.

4. **What percentages of searches are successfully completed? Is there a guarantee should the placement fail?**

- The industry average for completing projects is between 65% and 70%. This is partially a result of cases when specifications and/or business conditions change, organizations restructure, or the skill set you seek does not exist. While there are many variables that can affect this number, a reliable number should be in the 75% – 90% range. The key here is to be wary of the consultant who tells you that they have a 100% completion rate. This is not realistic!

- Most firms offer at least a one year replacement guarantee, and will replace a candidate who does not work out for expenses only.

5. **What are the timing and key milestones of the process?**

- In most cases, executive level searches take between 90 and 150 days to complete. Most professional and competent firms/consultants will be able to provide you a well defined and detailed outline of their process and timeline. Typically, you should expect a detailed progress review, including a list of pre screened and qualified candidate backgrounds between weeks four and six, and begin to see candidates face to face between weeks six and eight. Note: Often times searches are lengthened because of candidate availability and scheduling conflicts, especially for those candidates currently employed.

6. **What are the firms current “off limits,” i.e., where is a firm blocked from recruiting candidates based on existing client relationships?**

- This is a critical question to ask either large firms with specialty practice groups, or smaller firms focused on specific functions or market sectors. Firms typically cannot recruit from an existing client for one to two years after an assignment. If a large number of target companies (those where the majority of potential candidates are currently employed) are blocked, your ability to access a strong candidate pool could be severely limited.

- You must also ensure that there is agreement with your chosen firm as to the length of time they may not recruit from your organization. Be careful not to let the fox into the henhouse!

7. **How is candidate quality assured?**

- The lead consultant needs to have a clear understanding of the performance metrics and evaluation tools that will be used by you and your organization to judge candidates. It is important to have confidence in their abilities to understand both your organization’s culture and the scope and requirements of the position to be filled.
The search consultant must function as your agent in the market to both engage and recruit the best available talent. They must have the ability to recruit the best candidate for the job, not the best candidate looking for a job.

8. **How and when are references conducted?**

   - This has continually been a key issue and one that is fraught with pitfalls. Consultants must be able to reach beyond just career history and focus references on discussing competency, character and potential. References should be sequenced into the process. We recommend that at least two are done before you decide on a final candidate. This will go a long way in eliminating the possibility of costly and potentially embarrassing problems later in the process! Final references should be checked with a combination of supervisors, peers, and subordinates, and with individuals other than those provided by the candidate. Keep in mind that while you may want to do ‘backdoor’ references yourself, in order to protect a candidate’s privacy, all references should be coordinated through your search consultant.

9. **What is the firm’s role in candidate negotiations and closing?**

   - This is a crucial step in the recruitment process, one in which a professional search consultant should be both comfortable and experienced. He/she must be able to effectively negotiate and communicate with both parties to achieve successful outcomes.

10. **What are fees and expenses?**

    - Retained firms typically bill between 30% and 33% of a candidate’s first years total cash compensation, paid in three equal installments over the first three months of a search. Most firms bill you for all expenses directly attributable to conducting the search, and some firm’s bill for non itemized, or communication expenses. Upon request, firms may agree to a flat fee, or a discount based on volume of work. In some cases, firms will tie the timing of their invoices to their successfully attaining specific stage gates during the search process, including linking a portion of the professional fee to the completion of the assignment.

11. **Is your firm accredited, are you a member of an Industry Association?**

    - There are several key industry associations for retained Executive Search Firms, the most visible and important being the AESC (Association of Executive Search Consultants). AESC members comprise an elite group of top tiered retained Executive Search Firms. All members agree to abide by the Associations **Code of Ethics** and **Professional Practice Guidelines**, and meet strict membership criteria. Membership in the AESC is the only form of quality accreditation that exists for retained executive search consulting. The other key organization is the IACPR (International Association for Corporate & Professional Recruitment) whose mission is to provide the senior-level recruitment community with opportunities to network, share best practices and build cutting-edge expertise within a collaborative environment, and whose members are comprised of both corporate recruiters and executive search consultants.
In Conclusion:

Regardless of size and scope, not every firm is perfect for every search. A professional search consultant, whether a member of a firm or a sole practitioner, must provide your organization with the tools, resources, and information to make a knowledge-based decision for the recruitment of superior talent. In order to have the confidence necessary to identify and recruit the best available talent to your team, I encourage all current and potential users of retained executive search, (regardless of pre established relationships), to evaluate and interview face to face a minimum of two firms, prior to making a final selection.

Reliable and non biased information on search firms (locations, practice specialties, scope of services, etc.) is available on the worldwide web from the following sources:

- Association of Executive Search Consultants (www.AESC.org)
- International Association of Corporate and Professional Recruitment (www.IACPR.org)
- The Directory of Executive Recruiters (www.recruiterredbook.com)
- The Riley Guide (www.rileyguide.com)
- www.recruiterlink.com
- www.searchfirm.com

About the Author:

Mr. Baker is a Managing Partner with Signium International, a leading Global Executive Search Firm with over 35 offices in 20 countries, and a member of the Americas Council of the AESC. Based in Tampa, Florida Mr. Baker has 20 years of retained search experience. He can be reached at wbaker@signium.com