

BEST PRACTICE SERIES

When Do I Use a Search Firm?

By Bill Holland

A key manager just resigned... when do you contact the search firm? Most of those employed in the executive search industry would agree you should go immediately to them. I don't agree. There are a number of approaches available to ensure you hire the best talent as captured in the following perspective.

Many positions can be filled through other methods, the most obvious ones being internal candidates and internal referrals.

For many companies, posting a job opening internally first, is policy. But do your internal candidates get a fair shot at getting the job? Hiring managers may form their own opinions about employees before these employees have an opportunity to apply for the position. Ensure that your internal hiring policies are open and fair to all who apply. Take the opportunity to get to know the talent within your organization.

Many job openings are filled through referrals from internal employees, or active job seekers who call companies in search of employment. Organizations that have created resume tracking systems, be it electronic or paper files, have that 'leg up'. The talent you are looking for may have applied to you two months ago but you have no way of knowing unless there is a developed way of managing the information. You don't need to make a significant financial investment to develop department level systems. Invest in one today and you will be rewarded for your efforts.

Most companies will have a list of preferred search firms to choose from but which one should you use? Search firms are usually categorized as retainer or contingency firms. As well, many specialize in specific industries and/ or functional areas. It makes sense to return to the firm you have had good experiences with, but ensure that you are not unduly influenced by department heads to use firms you have not checked out. It wouldn't be the first time a recruiter was recommended because they were helping the department head find their next job.

Contingency firms are generally used for entry-level to mid-management roles. They are regularly used to search the marketplace while the organization is considering internal candidates and referrals. This is good practice. However, ensure that you are working with a quality firm. The last thing you want is your internal staff to learn you are recruiting in the marketplace while they are being considered for the job.

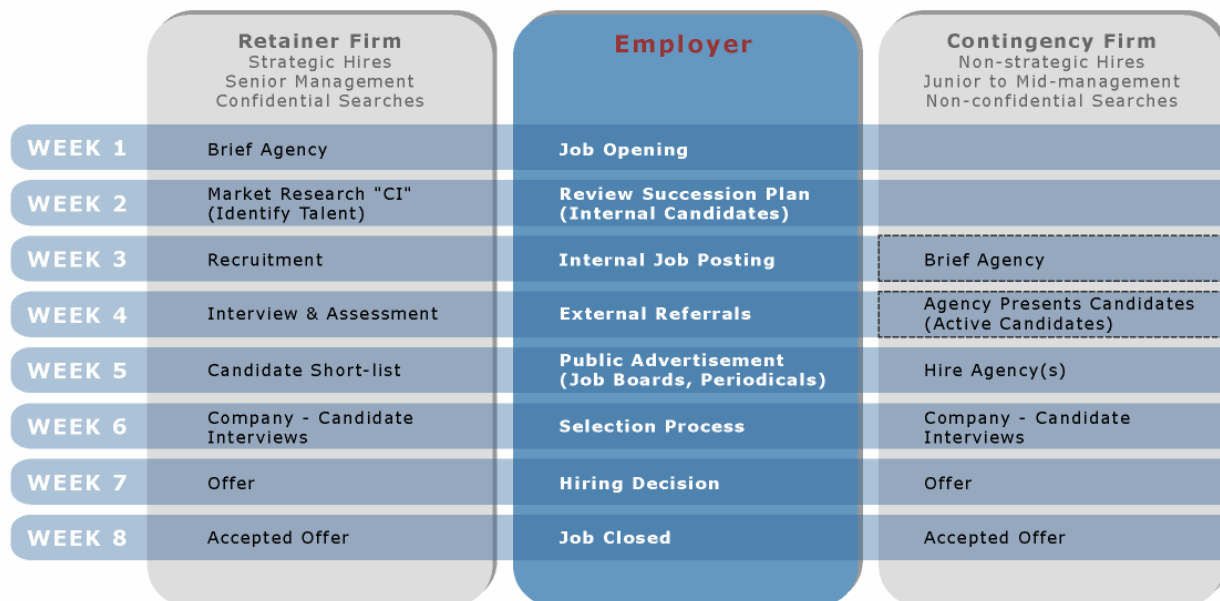
One of the most popular reasons for companies to use contingency firms is due to their fee policy. Not only do contingency firms have lower fees, they only charge their clients when their candidates are hired. All-in-all, there are many good firms to choose from in the contingency category, but buyer beware, there are bad ones as well.

Retainer firms are hired when the company wants to hire for more senior management roles, or, the position being recruited for is deemed a strategic vs. non-strategic hire. Retainer firms are not only well-equipped to find talent in highly competitive markets and draw individuals from smaller candidate pools, they maintain relationships with candidates throughout their careers, following them through each career move they make. Retainer firm consultants have current knowledge of the talent in the marketplace and are skilled at influencing talent to consider your company, whether they are actively looking or not.

There is an upfront investment when you hire a retainer firm, but the old adage, you only get what you pay for, rings true. Retainer firms will work on your project until you hire the right person. Contingency firms will likely move on to greener pastures when the going gets tough, unless of course you are fortunate to work with a contingency firm that operates with the same commitment that retainer firms do.

When do I use a search firm? If cost is a factor, wait until after you have exhausted your internal candidates and referrals. When you want to hire the best person for the job, you should consider hiring a search firm to manage the external marketplace at the same time you are looking internally. Retainer vs. contingency...hire the right firm for the job that needs to be done.

Hiring the right individual for your organization takes approximately 8 weeks from posting the job opening internally, to making the formal offer. So which firm will best meet your expectations and deadlines? Retainer or Contingency? The diagram below demonstrates how retainer firms vs. contingency firms stack up against employers' deadlines.



If you decide to contract the retainer firm during the early stages, you can expect them to complete the recruitment process within your timeline. However, if you decide to hire the retainer firm after you've begun the process, it can push your timeline further as retainer firms, on average, fulfill searches within an 8-week period. On the other hand, a contingency firm will conduct and fulfill a search over a 4-week period. Unlike retainer firms, contingency firms generally do not conduct as thorough a search of the marketplace. Because of this, contingency firms can be brought in later in the game and produce quick results.

If you want to learn more about how retainer and contingency firms can benefit your organization, please feel free to contact Bill Holland at (416) 922-5600 extension 234 or bill@wwwwork.com. Bill's background includes 30 years in human resources consulting, preceded by a career in sales and marketing.