

# Frey & Associates

strategic talent acquisition



[click on  
picture to meet  
me](#)

## The Talent Report

May 2010

A monthly update for executives who hire top talent

### The insider's guide to choosing an executive search firm

After 20 years in the recruiting business, I've realized that most people don't have a lot of experience working with executive search firms - let alone, figuring out which firm to hire. Today I want share how to go about choosing an executive search firm.

Before we jump in, I'd like to clarify what executive search firms do and don't do. An executive search firm works on behalf of companies, not for people who are looking for jobs. Companies hire a search firm to identify, attract and secure exceptional talent, so they can focus on their core competencies.

You don't need to hire an executive search firm for every position you need to fill. Really, the best time to use an executive recruiter is when: (1) You need to make a strategic hire quickly, efficiently, and (sometimes) confidentially, and failure is not an option. (2) You need a selection process that ensures you have the best match for your position, and you want access to A-level talent who may not be actively looking for a new job.

### Three types of executive search firms

There are three different kinds of executive search firms, and each has its pros and cons.

Type	How they work	Advantages	Disadvantages
Contingency	These firms are paid 25% to 30% of the hire's salary only if they fill the position.	If you work with more than one firm, you should see a lot of candidates quickly. It's a horse race! There is no cost to you, as long as you don't hire one of their candidates. You can still search on your own.	Working with multiple firms is time consuming. You're apt to see many unqualified candidates because minimal time has been invested sharing needs. If the position is difficult to fill, firms tend to give up quickly.

<b>Engagement/ Container</b>	Typically 20%-30% of salary. Requires an upfront investment of \$5,000 to \$10,000, with the remainder at risk and due when/if the search firm fills the position.	Firms are 100% committed to filling your position with the best possible talent in the least amount of time. The upfront dialogue makes the best use of your time. You can expect accurate, reliable data on the talent market and pay trends. You can continue to search on your own, but it's likely the firm will fulfill your needs.	There is an upfront investment, regardless of whether the position is filled.
<b>Retainer</b>	Typically used for "C" level and VP positions. Requires 30% - 35% of the total targeted first year earnings: 1/3 upfront, 1/3 after a specific number of days, and 1/3 upon the position being filled.	Retained search firms typically have a national or global network. Their talent reach is far and deep.	Expensive and fees are due regardless of who or how the position is filled. Retained search can take several months. Front-end recruiting may be done by less experienced recruiters or sourcers.

## Tips for choosing an executive search firm

Here are a few tips for selecting the right executive search firm for you:

**Learn about a search firm's specialties.** Choose a firm with depth and expertise in the function and geography you're looking to fill.

**Ask in-depth questions** of the search firm to explore the firm's:

- **Knowledge of the talent marketplace:** Has the search firm been around for a long time? Do they have strong, long-term relationships with clients and candidates? Does the firm have the experience to share market data around compensation and availability of skills?
- **Speed and fill rate:** What's the average number of days from agreement to presentation of candidates? What percentage of their searches have they filled?
- **Accuracy:** Of the candidates who are presented, what percentage are interviewed by their clients?
- **Offer acceptance rate:** What percentage of offers that are extended are accepted?
- **Hidden talent poll:** What percentage of their hires come from active recruiting and referrals?

**Ask for references** (including candidate references), and call those references exploring the firms' strengths and weaknesses.

**Look for firms that ask probing questions.** Does the search firm

## Prepping for the talent turnover

As the economy improves, many organizations face a possible **workforce turnover rate of 25%** over the next two to three years. These companies may need to upgrade their talent in order to meet the needs of the new economy.

*Source: Workday - Top 10 Predictions for HR in 2010.*

want to learn about your culture, personality and team fit, rather than just taking a job description? Do they take the time to understand what you expect your new employee to deliver within their first three months?

### Chemistry counts

**At the end of the day**, make sure there's good chemistry between you and your recruiter, and follow your instincts. Executive recruiting is not an exact discipline, but when it's done well, it's a combination of art (relationship building, networking, knowledge sharing and influence) and science (research, sourcing, assessing and talent tracking) that can elevate your talent and team to a new level.

© Frey&Associates, LLC 2010 All Rights Reserved

*Karen Frey is the president of Frey & Associates, an engagement-based, executive search firm. She has been delivering strategic talent within **Human Resources and Corporate Counsel** since 1999. Contact Karen at (303) 400-6271 or visit [www.freyassociates.com](http://www.freyassociates.com).*



**(303) 400-6271**

**[karen@freyassociates.com](mailto:karen@freyassociates.com)**