

STERLING | MARTIN

a s s o c i a t e s

Career Management and the Role of the Executive Search Firm: *Developing relationships with several reputable firms is part of a long-term career strategy.*

By David S. Martin | Managing Partner | Sterling Martin Associates

As a retained executive search firm, we frequently receive phone calls and e-mails from individuals who are either looking for a new job or are interested in making a career change. They may be currently employed and in "exploratory mode," or they are actively searching for a new job. But is contacting a retained search firm going to bring the results they seek?

It can be confusing and a little overwhelming to consider how one goes about conducting a job search. It is not unusual for us to hear someone say, "I'm going to hire a headhunter to help me find a new job." However, approaching a retained search firm with the expectation of immediate or even short-term results can be frustrating if the potential candidate doesn't understand the role of the retained firm.

There are many different types of services available in the career field, so for the purposes of this article we will refer to only two types: the *retained executive search firm* and the *contingency search firm*. Retained executive search firms provide a very specialized service to the organizations that hire them, and the organizations are their clients. Contingency firms earn a fee that is contingent upon successful placement of a candidate with an organization.

If retained executive search firms are working on behalf of organizations, is it worth developing relationships with executive recruiters at all? The short answer is "Yes." However, developing those relationships should be viewed only as a part of a long-term career management strategy that may unfold over months or years.

As the managing partner of a retained firm, and having worked on the inside of one of the largest global retained search firms for a number of years, I have found that job seekers frequently don't understand why recruiters don't want to meet them immediately for an interview and to review their résumé.

One of the reasons there is confusion about the role of the retained firm stems from the fact that a jobseeker's experience early in his or her career has more likely been with a contingency rather than a retained firm. So logically jobseekers think that all firms work the same way, but that is not the case.

Defining the Differences

Generally, the *retained search firm* is "retained" by, or under contract to the client organization on an exclusive basis to conduct a search to find qualified candidates for a specific position, usually at

an executive level of the organization. For the purposes of this article, let's use the example of a search for the Vice President, Public Policy for a large trade association in Washington, D.C. Before the search begins, the client association may review multiple proposals and interview several firms before selecting one firm to conduct the search. Once selected, the client association pays a portion of the search fee up front (typically one-third of the total fee) as an initial retainer to get the search started.

This is important to understand because, by having paid a retainer, the client has made a substantial financial commitment to the search firm. Thus, the firm has a financial, and sometimes legal obligation to utilize its best efforts and resources to find well-qualified candidates for the trade association client.

Therefore, if you, as a potential candidate, do not meet the requirements being sought by the search firm's association client (if, for example, you are a Chief Financial Officer), the firm will probably not be that interested in conducting a courtesy interview with you – or with any other potential candidate who is outside of the scope of the VP, Public Policy search.

Once engaged for a specific assignment, the search firm spends most of its time and resources interviewing potential candidates for the search. It is also likely that the firm is engaged for assignments with other clients. So it is not hard to see how the search consultant's time is consumed by finding and interviewing potential candidates for those clients, which leaves little time for "get to know you" meetings with job seekers not related to a specific assignment.

That said, as professional consultants in a retained firm, we are always interested in developing relationships with qualified and accomplished candidates who, over the long term, we may contact about future opportunities. That may occur in two weeks, two months, two years, or possibly never. (It's a harsh world out there!) So the search consultant has to balance his or her commitment to finding qualified candidates for the association client with developing long-term relationships with potential candidates with whom the consultant might work sometime in the future, but possibly not for years.

The *contingency search firm* is so named because the firm's fee is "contingent" upon placing a candidate – filling a specific job – with an organization. No financial commitment is made up front to the search firm by the client; in fact, the client may have several firms working on an assignment. Equally, there is no financial or legal commitment by the contingency search firm to provide qualified candidates to the client. If the firm finds the open position too difficult to fill, they can simply move on to another assignment where they have a higher probability of making a placement. And if the contingency firm finds someone who seems like a marketable candidate, they may start contacting different organizations to market that person's background on his or her behalf in an attempt to generate interest.

Contingency firms tend to work on more mid-level or even entry-level positions for an organization. Thus, for most potential professional candidates, the first exposure in their careers to how executive search firms operate may not occur until 15 or 20 years into their careers.

So, while it is not unusual that there is confusion between the operations and roles played by retained and contingency search firms, the distinction is important.

Let's suppose that early in your career you were contacted, or made contact with a contingency search firm. You may have found the firm or consultant quite responsive and interested in receiving your résumé. The reason is that contingency firms are likely to be interested in presenting your résumé to various employers with whom they have relationships to see if an employer either has an interest in you or has job openings for someone with your experience. If you are hired for one of those jobs, then the search firm earns a fee. Therefore, the contingency firm has an incentive to shop you around to various employers, generating more activity and apparent interest in you.

Conversely, retained search firms will never utilize this approach because they are most interested in filling the position for which they have been retained. If you receive a call from a search firm, ask if the firm is retained by the client or working on a contingency basis. (And don't be surprised if the recruiter goes into a state of shock that you know the difference!) It is important to know because the contingency firm could send your résumé to various organizations without your knowledge, with the hope that they will find one that has an interest in your experience. If you are "registered" with more than one contingency firm, your résumé could be presented to the same client by different firms, adding to the confusion. And because most communications these days are by email, you don't want your résumé to end

up in the wrong inbox (for example, that of your manager or co-worker!).

When a retained firm contacts you about an opportunity, they generally will be presenting you only to that client, and only with your permission. If you are dealing with a retained firm, they should have a well-developed position description for your review to determine if you are interested and qualified for their search.

This raises another consideration if you are working with a retained firm. The search firm has an exclusive relationship with the client organization but will also only present your information for that specific assignment during the course of a search. For example, if you are active on Search A through a retained firm, you are considered "off limits" to other clients of the firm until such time that you are no longer active on Search A. If you want to be considered for Search B but are active on Search A, you generally have to withdraw from consideration on Search A in order to be considered for Search B. This can definitely be a tricky situation.

Understanding the differences between these two types of firms may help you understand why the retained firm does not seem to be as responsive to your immediate needs when you are a potential candidate considering a career change.

Now What?

As you advance in your career, the likelihood of being contacted by a retained firm increases. If retained firms contact you about a potential search, build good rapport with them by taking their calls. Recruiters won't be offended if you let

them know it is not a good time to talk and that you would like to schedule a time for a follow-up call. If you are rude or completely ignore them, that pretty much guarantees you won't be contacted about future opportunities.

Other possible responses might be "Hold on for a minute while I shut my door" (we like to hear that response because the person might be about to nominate him- or herself for the job!) or "I'm not a fit for that job because ...". (Some common reasons are a reluctance to relocate, feeling that the job is not a good fit, or having just begun one's current job.) If you say you're not a fit, that's not a problem – just be honest when the recruiter calls. Remember, the retained firm is not trying to gather résumés so they can market your background to clients, so it's fine to say that you are not interested or not qualified.

If you really want to endear yourself to the recruiter, suggest one or two people who are more qualified or might be interested that he could contact. You will then go into the "friend of the firm" section of the database.

If you are interested in the position for which you are contacted, ask for a position

description; reputable firms will have a detailed description at the ready. Also, you should ask the recruiter for an assessment of how closely your background meets their client's requirements.

If you are considering making a change, you need to employ several job-hunting strategies. These include networking, researching and targeting specific organizations where you are interested in working, and contacting search firms to let them know you are thinking about making a move. But don't simply send your résumé to several firms and think you are going to be contacted immediately.

Over the long run, executive recruiters are on the lookout for top performers in their respective fields, so it is important to make yourself visible in other ways. For example, attend association networking events or accept opportunities to be a public speaker within your industry. In your current organization, take new assignments to broaden your experience and add to your résumé; doing so will help you become a more attractive and well-rounded candidate. By building a strong résumé and developing expertise in your field, executive recruiters will be searching to find you rather than you contacting them.

David Martin is Managing Partner of Sterling Martin Associates in the firm's Washington, DC office. During his almost 20-year career in executive search, Mr. Martin has held senior-level positions with such global leaders as Korn/Ferry International and Boyden International, as well as boutique search firms.