

SEARCH AND

Executive search and recruitment companies have sprung to prominence as the talent pool for top positions and technical roles has dried up. *Human Capital* takes a look at how the process works

Imagine the scene: you are at an industry function and someone approaches you with their business card and the words, “Give me a call sometime.” The person then discreetly disappears into the crowd. No, it is not an awkward attempt at a chat-up line, but the first approach by what is colloquially termed a ‘headhunter’. Most business professionals have heard of similar stories to this, or have had it happen to themselves before.

Alternatively, you have placed ads for an executive level position in a national newspaper and received limited response over a lengthy period of time. What’s the next step?

Clearing up the misconceptions

Contrary to popular opinion, there are differences between the services of

a typical recruitment agency and the services of an executive search agency, yet there remains confusion over some of the terminology – particularly when the term headhunter is thrown into the mix.

“There most certainly is a difference between a typical agency and an executive search company,” confirms Anita Ziemer, MD, Slade Group. “Headhunting is a colloquial term for ‘executive search’, but it is a commonly used term. Most people in the industry use the term executive search but they will refer to it at the pub as headhunting.”

It is a sentiment echoed by Peter Tanner, MD and founder of Tanner Menzies. “In Australia, we don’t like the term headhunting. It’s something that’s in the press and what have you, but the practitioners in this industry don’t like the term, because it doesn’t sound positive. It sounds like something from prehistoric days when you’d bang someone on the head with a bone through your nose – and it isn’t like that at all.”

Unlike most of the roles filled by standard recruitment agencies, executive search agencies will focus on roles requiring quality not quantity, and will often search for months to fill hard-to-fill executive and technical roles. “Executive recruitment is what’s termed advertised selection, where you run an ad and the candidate self-selects and applies to the ad. Executive search or headhunting, on the other hand, is a fairly long and drawn out process where you identify the companies from which the candidates may come from, you research those companies and the possible candidates within those companies, then you target them, approach

them about an opportunity and establish whether they would like to discuss it,” says Tanner.

How it works

In many ways, executive search turns the traditional recruitment process on its head. Instead of waiting for candidates to apply for a position – the traditional recruitment approach – with executive search the legwork is done by the search agency. It is a far more proactive approach. “Slade Partners has a very strong research division,” says Ziemer. “That doesn’t mean our people have microscopes or wear labcoats, but we have four people working on talent mapping. They have all the tools on hand that allow them to track, find and search out the people who are most likely to be of interest to a client employer.

“During the talent-mapping process, you might come up with 60 names, then you’ll go through them with a client and look at who’s the most likely fit. Then you’ll approach them and get them interested in the role, and drill down and get who you want,” she adds.

A good executive search agency will be aware of what is happening not just in the local industry but around the world as well. Many executive search and recruitment agencies will have strategic alliances with offshore recruitment agencies to provide referrals for international candidates. No matter where they are sourced from, candidates will be tracked, industry databases checked, and newspapers and trade publications will be read to see who is on the move, who the emerging stars are and what companies are being taken over. Industry and networking



Anita Ziemer

FIND





Peter Tanner

events will be attended. In short, the good candidates are known to most of the executive search companies, potentially even before the targets themselves are aware of their star potential.

Of course, there is a financial price to pay. A premium is paid for executive search, with the industry average being 24–30% of the successful candidate's

first year salary package. For a \$300,000 role, one could expect to pay \$100,000 or thereabouts to have that role filled. However, many would argue that, for the critical roles these services are engaged to fill, it is money well spent. "A stand-out employee – whether in a technical or leadership role – will, over the course of their employment, return the search fee paid 100 times over. At the top, it sounds really overwhelming, but if it's done properly you need to look at the long term," says Julie Mills, CEO of the Recruitment and Consulting Services Association (RCSA).

Driving the demand

Over the past five years, the number of executive search and recruitment agencies has increased dramatically, as companies struggle to fill positions in a tight labour market with low unemployment. The traditional recruitment methods are no longer working.

"There's definitely been a shift to executive search, but it's not just for senior levels, it's also for those hard-to-fill technical roles in engineering, medical, academic and property," notes Mills. "Currently, because of the skills shortage and full employment, the only way employers can fill their critical vacancies is

to look for search consultants to help them hunt out the talent they need."

For the senior executive roles and hard-to-fill technical roles, Ziemer believes HR can no longer simply put an ad up on Seek, or in *The Sydney Morning Herald* or *The Age*, and expect that people will respond. The popular consensus is that the best candidates are already employed – and may not even be looking for work elsewhere. "You have to actually go in search of them, tap them on the shoulder and create a compelling reason as to why another employer is going to be a more attractive career move than where they are currently," Ziemer says.

Change in direction

One industry sector that has witnessed the struggle for talent first-hand has been the tertiary education sector. Liz Bare, HR director at University of Melbourne, has witnessed a significant shift from traditional internal search committees to greater use of external executive search agencies. "What traditionally happened in a university would be that a position would become vacant, a selection committee would be set up, and part of that committee would be designated to be what's called a search committee. That search committee would be tasked with

View from the other side

Ken Munro, senior development manager for property developer MAB Corporation, shares his experiences of being headhunted.

Human Capital: Had you been headhunted before or was this the first time?

Ken Munro: I was previously headhunted for my position at Australand four years ago.

HC: To your knowledge, is this practice used extensively in your profession?

KM: In most senior development and project management appointments, a headhunting approach is used by recruitment agencies. These positions are often not advertised in the media because they are filled beforehand.

HC: How did you find the process?

KM: I found the Slade process very thorough and well managed. The procedure and steps were discussed beforehand. This is important as interviews can be extensive

and with a number of different parties. With the MAB appointment, I went through five different interviews.

HC: How long did the process take for you?

KM: Approximately three months.

HC: Have you had ongoing contact with your headhunter and would you approach them yourself in the future to investigate other opportunities?

KM: The headhunter has done follow-up discussions on my progress. However, there have been no other opportunities discussed.

HC: Any tips you would give to people who are approached by a headhunter?

KM: Be honest about your expectations. Do not pursue the role unless you are sure that you will be serious about following through. This wastes everyone's time and energy. In addition, do not seek a new role for financial gain only – consider the intangible benefits of staying or moving on.

Rules of engagement

Thinking of engaging an executive search agency?

Here are some tips:

- Look for someone who will value the partnership they will have with you, and has similar values to your company. Due to the sensitive nature of information likely to be passed between your company and the recruiter, discretion is a key trait to look for.
- Remember that first and foremost they are the first person that a potential employee comes in contact with, so make sure you are comfortable with them representing your company.
- Check their credentials. Do they have industry experience? What is their track record like? Does their agency have access to overseas talent?
- If you are comfortable with the recruiter, make sure they have excellent methodologies to identify and interview candidates.



identifying key people who should apply,” she explains.

Why has this shift to external search functions occurred? Bare believes the reasons are twofold. “First of all, the growth of the industry itself – there are more executive recruitment firms out there. Secondly, the level of competition in the higher education market for people at senior level has grown quite extensively, and this potentially refers to chancellors, deputy vice chancellors, deans and heads of admin functions like IT or HR,” she says.

There are three primary reasons why the University of Melbourne uses executive search agencies. First, there is the ability of search agencies to spread the net internationally. Despite the costs involved, Bare says this is vital, especially given that there are only 38 universities in Australia and only a limited number of candidates for roles like vice chancellor and deputy vice chancellor.

Secondly, search agencies are used when it is known that a role is going to be a challenge to fill. “It’s when we know the job is going to be hard to fill with the right calibre person,” Bare says. “We would look at an executive search firm that has specific expertise in a particular area. For example, if we need an IT person we might look at a firm that does a lot of work in that space.”

Finally, Bare notes that there may be instances when, for internal political reasons, a hands-off approach is required.

Relationship building

An effective executive searcher, or headhunter, is someone who can build solid relationships with their clients. Because the headhunter is likely to be the first point of contact for a potential candidate, a good relationship with the client is vital. For the consultants at Tanner Menzies, a good consultant is “someone who knows the area they work in and may in fact have come out of that industry themselves. They understand who’s who because they’ve worked in those areas. They’re specialists in their field, they’re multi-tasked, they’re tenacious, and they’re genuine relationship builders and believe in delivering a quality product”, Tanner says.

“The things we look at are track record in our industry and the calibre of the people doing the search. We usually want to interview the people who will be doing the search, and past experience on whether or not they’ve delivered past results to us,” says Bare. “So, when we seek expressions of interest from search firms we actually want the CVs of the people doing the work.”

When the hunter becomes the game

In an employee-driven labour market, agencies have set up strategic relationships not just with the company that engages them, but also with the

candidates they place. Many agencies offer career guidance advice and act as the eyes and ears of those they place, and will present opportunities when it is perceived the time is right for the person to move again.

Most HR professionals have had the misfortune and frustration of spending large amounts of time and money in career development for key personnel, only to have them snatched up by headhunters on behalf of the competition. “Yes, of course that happens,” says Bare. “I mean, I don’t know when people come and resign whether it’s because of headhunting, but at senior level, yes, some of our staff have been headhunted.”

For Tanner, it is just the nature of business: people will always look, but they will not always move. “Candidates are always looking in the marketplace, and it’s up to the client to look at ways in which they can retain their people. Remember, people won’t move if they’re happy where they are and are being looked after,” he says.

Fortunately, most executive search and recruitment firms have a ‘hands-off’ policy when it comes to headhunting from clients. “We would usually require a headhunter who’s working for us not to poach any of our people. I’d be surprised if anyone breached that, because most of the people we’ve dealt with have been very ethical,” says Bare.

Flattery will get you everywhere

How is the experience for the candidate? Mills notes that, depending on the expertise of the headhunter, it can be either flattering or monotonous.

“If you’re in a limited field, and they just contact you every time there’s a position available, they’re not really doing their work, because they don’t look at where you are and where you might want to move to.

“If it’s managed well it’s a very good exercise, but if not then it can be very frustrating. It can also present a poor message to the executive who might want to move but they’ll subsequently be very selective about which agencies they put their business with,” she concludes. **HC**