

## *Why Executive Search & Placement Firms Are Worth What They Charge*

*“When I need a heart by-pass, rest assured that I won’t select my surgeon on the basis of what he charges.”*



That’s what an ailing executive recently opined when he was informed by his doctor about his arterial blockage problems.

Why then are corporate executives so tightfisted when dealing with what is so commonly thought of as the “heartbeat” of their companies . . . top-talent employees?

Companies think very little about paying the often excessive fees charged by their outside accounting and legal firms . . . or even to the multitude of consultants who promise cost-cutting, productivity improvements and streamlining miracles in other areas of operation.

Yet, when faced with brain drains, talent deficiencies or the need to replace one employee with a better one, their thoughts

too often turn to parsimony. This K-mart Blue-Light mentality belies and contradicts their stated objectives to “hire the best,” especially at pecking order levels below the “big picture” executive suite inhabitants.

Of course recruiting fees can vary from firm to firm but, when they do, you will almost always find that those on the low side are sure to exclude some very key ingredients of the process, all of which are vital to providing the indispensable services necessary to satisfy the needs of the employer.

*So why are executive search and placement firms worth what they charge? Here are just a few of the unspoken reasons:*

**Expertise** – Nobody knows the employment marketplace better than a professional executive search and placement firm...nobody! In-house human resources, no matter how effective (or Internet-savvy), view the marketplace through an imperfect or misrepresentative prism and tunnel vision is a frequent occupational hazard.

Just as physicians are cautioned against treating members of their own families, so too is it folly for an in-house H/R professional to believe that they have an undistorted and unbiased picture of the employment landscape. They are vulnerable to the pressures of internal politics and cultural dimensions which do not hinder the outsider.

Street-smart executive search and placement firms already know the neighborhood, including the unlisted addresses so often overlooked by the insiders.

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**Cast a wider net** – A professional fisherman will always have more to show than a weekend angler. Executive search and placement firms are in the marketplace day in and day out. They know the un-fished coves, reefs and inlets that are unknown to others. The job-hunter bookshelves are filled with lore about the “hidden job market.” The same holds true for professional executive search and placement firms who have a detailed roadmap to the hidden talent sources which will never be accessed by newspaper ads, alumni associations, applicant databases, the Internet or any of the other more familiar sources of people.

There are occasional pearls through these sources (someone inevitably wins the Publisher’s Clearinghouse Sweepstakes), but you have to shuck an awful lot of smelly oysters to find them. Professional executive search and placement firms only give you oysters proven to contain pearls. Your only job is to determine which pearl is the best.

Want to catch what you’re fishing for? Hire a guide!

**Cost** – There is a misconception among employers that the cost of a hire equals the cost of the ads run or postings on the Internet designed to attract the person hired. Nothing could be further from reality.

Try adding these to the true cost and you’ll see just how cost effective an outside executive search and placement firm can be:

Salaries and benefits of the employment/recruiting staffs plus those of the line managers involved in the hiring activity (who are not productive in their normal job pursuits when they’re out recruiting); travel, lodging and

entertainment expenses of in-house recruiters; source development costs; overhead expenses including (but not limited to) telephone, office space, postage, Express Mail Services, PR literature, applicant database maintenance, website costs, reference checking, clerical costs to correspond with hundreds of unqualified respondents and more-over you could probably come-up with a few more of your own.

**Unbiased third party input** – Contrary to what some believe professional executive search and placement firms don’t try to put square pegs into round holes. A search and placement professional’s stock-in-trade is their integrity and their reputation for finding someone better than a company could have found for themselves.

For a mid to senior-level executive, the average executive search and placement professional may develop a long list of a hundred or more possibilities. Each must be called and evaluated against the position specifications as well as the personality “fit” with the company and the people with whom they will ultimately work. Once this is winnowed down to the “short list” an even more intensive interviewing process begins to narrow the search to a panel of finalist’s candidates for review by the client.

This process is not, as some believe, simply romping through the file cabinets or putting the job opening out to others on the executive search and placement consultant’s network with crossed fingers that someone good will show up. And for most, the Internet just increases the clutter.

It is highly unlikely that a professional executive search and placement firm will be

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plowing new ground with your opening. They deal within spheres of influence far more familiar with your needs than any internet recruiter and, more often than not, view the finalists as people who are competent to solve client problems rather than just fill an open slot in the organizational chart.

Because they want to do business with you again and again, they are looking for (and challenging you to excellence by hiring) the “truly exceptional” rather than the “just satisfactory” so often settled for by in-house hirers.

**Confidentiality** – Advertising or otherwise publicly proclaiming an opening, aside from its cost and demonstrated ineffectiveness for sensitive senior level openings, often creates anxiety and apprehension among the advertiser’s current employees who wonder why they aren’t being considered or worry about newcomer transition problems. Just as often it alerts competitors to a current weakness or void within the company.

**Speed** – The recruitment process is always faster through a search and placement professional that is continually tapped into the talent-pool marketplace; than one having to start the process from scratch. For every day that a key opening remains unfilled, a company’s other employees must grudgingly do double duty. And this doesn’t factor in the profit opportunities or a competitive advantage lost to a company because a position remains unfilled or is done on a part-time basis by others less qualified.

**Post-Hire Downtime** – Not only is speed an essential part of the professional search and placement process, the ability to

locate a person who can immediately “hit the ground running” with a minimum of “ramp-up time” saves time after the hire. All too often, a hire selected through less effective sources offering a smaller talent pool requires several months of expensive training and orientation.

**Reality** – Professional executive search and placement firms often recognize and have a duty to inform clients that they may be mistaken as to the type of person sought, the salary required to attract them or the possibilities that the solution might just lie in areas outside the traditional target industries . . . something an internet recruiter is politically disinclined to do. Too many hirers fail to understand that a professional executive search and placement firm’s primary function is not necessary to fill a slot but to provide the right candidate to solve a problem.

**Negotiation** – Master negotiator Herb Cohen says that “negotiation is the analysis of information, time and power to affect behavior . . . the meeting of needs (yours and others) to make things happen the way you want them to.” As a buffer and informed intermediary, the professional executive search and placement firm is better able to blend the needs and wants of both parties to arrive at a mutually beneficial arrangement without the polarizing roadblocks which too frequently materialize in face-to-face dealings, especially in this “show me the money” economy.

**Prioritizing Company Resources** – It is often amazing to see how much of a company’s revenues are squandered on non-productive perks for existing high-level employees while they penny-pinch on what

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is every company's lifeblood...talent acquisition.

Club memberships and the like may be fine, but no one with an IQ higher than Forrest Gump's believes that these expenditures contribute to a company's profit margin. But one well-placed employee can be the cause of a company's profits skyrocketing. And the fee for having hired these people pales to insignificance when compared to the contributions they make to the bottom line.

The next time you think a professional executive search and placement firm's fees are too high, put them in the proper perspective before asking for that Blue Light Special or spinning your wheels thrashing about trying to fill vital openings with less effective (but not necessarily less expensive) pedestrian methods. Enlightened executives learned long ago that the fee paid to a professional executive search and placement firm is a shrewd strategic investment, not an extraneous expense.

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*You have our best wishes and regards  
for continued success.*

*John C. Colson, President*

