Caldwell



BUYER'S GUIDE TO EXECUTIVE SEARCH

How to choose a recruitment partner

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A BUYER'S GUIDE TO EXECUTIVE SEARCH

How to choose the right recruitment partner

The hard truth about talent, especially leadership talent, is that if you've got the wrong talent in place, it can quickly become your company's Achilles heel. Alternatively, great leadership can serve as a business multiplier.

According to the 2021 Conference Board Annual Survey findings, attracting and retaining top talent ranks as the top priority for CEOs and other C-Suite executives globally. These survey findings have repeated year after year. Quite simply, securing the right leadership talent is critical for business success.

The most effective way to secure talent depends on the type of role to be filled.

RECRUITMENT CATEGORIES

There are a few basic search categories.

Job board services can work well for entry-level to middle management roles, especially when there is an abundance of qualified candidates. The availability of talent is important, as job boards only capture those actively seeking a new job.

In-house recruitment also functions best when filling roles up to middle management. For senior executive roles, confidentiality becomes a significant concern. Candidates may hesitate to speak openly about a potential new role when connecting directly with representatives of a competing company. This is just one situation in which the third-party role offered by an executive search consultant provides value. It is also worth noting that each year, about two-thirds of jobs are filled by passive candidates---individuals recruited into the role by a personal outreach.

Technology-enabled research and sourcing firms, such as IQTalent Partners, a Caldwell business, help expand the reach of in-house recruiters. The on-demand model, with hourly billing, is designed to augment the work of in-house recruiters in broadly identifying potential candidates, using its database of more than 300 million

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global professionals. IQTalent also offers candidate assessment systems.

Contingent recruiters present specific candidates to a hiring company, from within the recruiter's network of candidates. The same candidate may be presented to multiple companies simultaneously. The hiring company conducts the evaluation of the candidates. The recruiter is paid only when a placement is made, aligning them with any placement, not necessarily the best one.

Retained executive search differs fundamentally from the other methods. Clients hire the search firm to conduct an exclusive search that is tailor-made to specific client requirements. Consultants leverage their established networks, research capabilities, and industry knowledge to present clients with a selection of high-quality candidates. This greater access to passive candidates and a guaranteed placement offers clear advantages when filling senior roles. In their third-party capacity, retained executive search consultants ensure the required confidentiality while smoothing negotiations and buffering both the client and candidate from any contentious issues.

Elite candidates understand this too, which helps explain the higher rate of response from candidates to outreach from retained executive search consultants.

THE SEARCH PROCESS, BRIEFLY

In the **launch phase** of a retained executive search, the consultants get to know the client company and its needs and goals. This includes understanding overarching business goals, from strategic plans to organizational objectives such as increasing diversity. The two parties will agree on the assignment deliverables and timelines, define the search strategy, and develop a carefully calibrated candidate profile. Building a working mutual partnership tends to deliver the best outcomes.

In the **research phase**, search consultants work within their networks of industry experts and relatable roles to identify potential candidates. Consultant outreach gauges candidate interest, and a longer list of prospective candidates is created.

During the **review phase**, as recruiting continues, assessment tools are utilized, additional research is conducted on potential candidates, and both clients and consultants interview prospective candidates. A short list of candidates is created.

In the **selection phase**, references are checked for all finalists, key stakeholders participate in candidate interviews, compensation is negotiated, and the hiring decision is finalized.

During the **transition phase**, the search consultant stays in touch with the new hire and supports the integration process, including by assisting in defining initial goals and objectives.

Psychometric testing, such as from Caldwell Analytics, contributes to

the search and onboarding processes by leveraging scientifically proven, results-driven assessments that support selection of the best talent, in concert with the goals of building high-performing teams. Our suite of diagnostics can reveal engagement levels and context that provide better understanding of talent as it relates to the company, team, individual, strategy, and culture.

For a deeper dive into the search process details—including the client's role in the process—see "The Client Company's Role in a Successful Search" below.

THE COST OF RETAINED EXECUTIVE SEARCH

The typical professional fee for retained executive search is one-third of the total first year compensation for the executive position. This includes base salary, target bonus, and any signing bonuses. This fee is usually invoiced in three equal increments, on the start date of the engagement; 30 days after the start date; and 60 days after the start date. Upon completion of the engagement, estimated compensation is reconciled with actual compensation. Agreed upon expenses are billed at cost.

The fee also includes a guarantee of the executive placement. If a recently placed executive leaves the company for any reason within a short period of time, the firm will repeat the search with no additional fee to the client.

Retained executive search differs fundamentally from other recruitment methods. Retained firms leverage established networks, research capabilities and in-depth industry knowledge to deliver a tailored selection of high-quality candidates.

WHAT MAKES RETAINED EXECUTIVE SEARCH WORTH THE INVESTMENT?

Many features and benefits are unique to a retained executive search engagement.

The best access to **passive candidates** is the calling card of retained executive search. Senior level and C-suite executives overwhelmingly are passive candidates, and executive search consultants put in the effort to establish and foster networks of these leaders in their target industries. High-performing executives who are not actively looking for a new role will take the call from a well-connected executive search consultant. Executive search consultants are also innovative when thinking about new roles, often bringing an unconventional candidate to consideration, with the right skills coming from an unexpected location and/or background, ensuring candidates of diversity of background and thought.

SENIOR LEVEL AND C-SUITE EXECUTIVES OVERWHELMINGLY ARE PASSIVE CANDIDATES. ALTHOUGH THEY ARE NOT ACTIVELY LOOKING FOR A NEW ROLE, THEY WILL TAKE THE CALL FROM A WELL-CONNECTED EXECUTIVE SEARCH CONSULTANT.

A **third party** between candidates and the hiring company can be useful in many circumstances, protecting the time and privacy of both sides, while at times absorbing some of the heat. A third party is valuable when recruiting from a target company with which your company has good relations, replacing an underperforming executive that is still in the role, seeking an executive with skills not found in your network, or simply conducting negotiations.

Confidentiality and discretion are critical elements in any senior level or C-Suite search. Top-tier executives who become candidates appropriately demand complete privacy during the search process.

Client representative. Search firms understand that they serve as an extension of the client's brand and reputation during the search process and behave accordingly.

Competitive intelligence. In their regular course of business, executive search consultants become steeped in information about their industries, the competitors within those industries, and the job market. Clients often appreciate the knowledge shared by search consultants.

Achieving the nuance of a **cultural fit** can be one of the most important aspects of a search. Beyond matching skill sets, the search consultant will bring an understanding of the hiring company's culture, business needs, and historical context to the search.

According to a Glassdoor survey on **diversity and inclusion** in the workplace, more than 3 in 4 employees and job seekers (76%) report a diverse workforce is an important factor when evaluating companies and job offers. Diversity is an incredibly important part of the search process and the right firm can help you ensure that your approach is inclusive from the start.

Onboarding support is provided to ensure a successful transition for the new hire. Among other areas of support, the consultant can help to "interpret" the company's expectations and set early priorities for future success.

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"OFF LIMITS": THREADING THE NEEDLE OF FIRM SIZE

There's an old business adage that dates from the 1970s: "No one ever got fired for hiring IBM." The phrase—never a tag line of IBM—referred to the tendency of those charged with hiring consultants to simply select the mega-firm in the industry. It was an act of self-defense, so if something went wrong with the project, it would not be the fault of the person who hired the consultants.

But the executive search decision can turn this phrase on its head. As it turns out, there are compelling reasons to look beyond the largest firms when seeking an executive search partner.

Off-limits refers to an agreement between a search firm and its clients to not recruit candidates from those client companies for a period of time following a completed search engagement. For larger firms that conduct more searches, that means many more companies are "off limits" when it comes to identifying candidates for the next client's search, and the talent pool available for your search is severely reduced.

Additionally, if the search firm is currently conducting, say, five CFO searches, then the 25 or so executives on those candidate slates would also be "off

limits" to the client looking to launch the sixth CFO search. When firms layer on other consulting services beyond search, such as succession planning, board assessment, etc., additional off-limits restrictions may apply.

The problem becomes evident. The more business the search firm conducts, the more extensive the restrictions become and the more significant the reduction of the potential candidate pool becomes.

Smaller firms, simply by virtue of conducting fewer searches, will be less constrained by off-limits restrictions, theoretically giving them clearer access to the broad talent pool when conducting the next search.

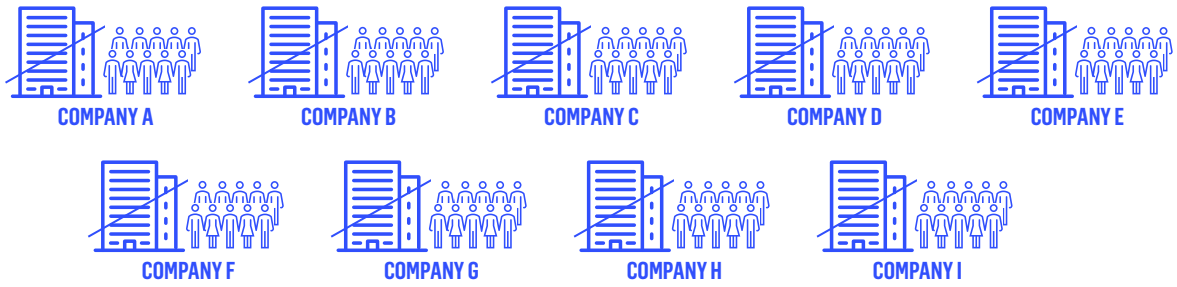
In years past, the size of an executive search firm used to confer its access to talent and ability to conduct candidate research. But in this globally connected age, firms of all sizes can be active across the global marketplace, with unlimited research resources. Today, more important than the number of office locations is finding search consultants with the knowledge, network and tenacity to secure the right leader.

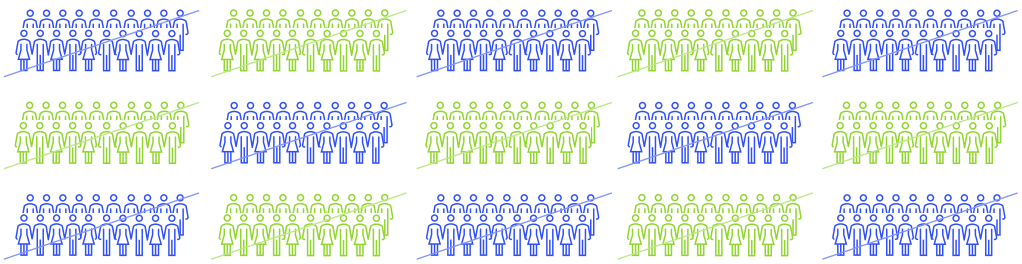
Caldwell considers its mid-size position a business attribute. We are big enough to offer the broad expertise and deep experience needed for a successful search; small enough to bring personalized attention to each search engagement. We are also of a size that we are able to leverage a robust array of global enterprise-level research databases and leverage real-time client and candidate portals and AI-based technology that small firms cannot afford to have.

WHAT OFF-LIMITS REALLY MEANS FOR YOU AND YOUR SEARCH

Off-limits refers to candidates that will not be available to you for your search for one of two reasons:

Search firms agree not to recruit candidates from their clients for a period of time following a completed search engagement. The largest firms have many more companies that are "off limits" when it comes to identifying candidates for searches, severely reducing the talent pool for your search.





It is against industry standards to put a candidate on more than one slate at once. The largest firms might have 15 other searches like yours going, putting the 20 or so highly qualified executives on those slates (~300 in total) off limits for your search.

Caldwell combines the resources of a major international firm with the benefits of a boutique-style practice. We can leverage real-time client and candidate portals and AI-based technology without the conflicts of multiple "off-limits" agreements that restrict the larger firms' access to the best talent.

DECISION POINTS IN SELECTING A SEARCH PARTNER

A few well-directed questions to a search firm should provide valuable information. And consider your own "gut check" as well, as you and your team review the questions below. Finding a "fit" with a search partner is key.

- Track record.
- Knowledge of sector space.
- Knowledge of functional role.
- Understanding of your company.
- Geographic reach, as demonstrated by clients and candidates placed.
- Level of engagement - is the process thorough, with sufficient time devoted to getting to know the client, its culture, and the position requirements? Will they be fully involved in this search?
- What is their commitment, success rate, and approach to diversity, equity and inclusion in the workplace? Do they routinely provide diverse slates of candidates?
- Will the process be transparent, with regular communication? Will the deliverables be concise, informative, and comprehensive?
- What role does each member of the team play, and who does the work? Who will lead the search? Are more junior consultants doing the work?
- What is the team's current workload?
- Off limits. Where can the team go to source talent? Where do they have conflicts? How will that impact the needs of our search?
- How well does the firm's experience and expertise align with this search?
- The firm's access to psychometric assessments — behavioral and learning agility.

YOUR ROLE IN A SUCCESSFUL SEARCH

While the search partner will do the heavy lifting, company officers must be willing to devote time and attention to the process, to ensure the best possible result. That begins with in-depth discussions regarding the company's strategic goals, and the role this soon-to-be-hired executive will play in helping to achieve them. Corporate culture should also be discussed.

First Steps:

- **Look to the future**. Collaborate with the search partner to build a job description and candidate profile that incorporates a forward-looking strategic view for the company. In establishing the key criteria, it is useful to define "must have" vs. "nice to have" credentials.

- **Build consensus**. Be sure that all those involved in the hiring process have approved the job description, reporting structure, qualifications, desired candidate credentials, and compensation package. This may avert delays and save complexity down the road.
- **Map the search strategy**. The search firm will outline their strategy for identifying candidates. This is a good moment for the hiring company to mention competitors where they would or would not like recruiting efforts to take place. Strategies for seeking diverse talent should also be discussed.

During the Search Process:

- **Commit to the interview and communications timetable.** The hiring company and search partner will need to firmly schedule dates for candidate interviews. Similarly, prompt client feedback regarding candidates and other outreach from the search partner will keep the process on track.
- **Promote the employer brand.** When in competition for the best candidates, accurately sharing information about your employer brand can make a difference. This will aid the search partner in putting the company in the best possible light.
- **Respect all candidates**. A candidate that is not quite right for the current job, may be exactly right for the next role. Appreciate the time and attention candidates put into the process.
- **Expect questions from candidates.** Remember that candidates will be asking questions of the company during the interviews. Both sides need to be satisfied to find a fit.

The Finish Line:

- **Tap the consultant's opinions and expertise**. During the final selection process, ask the search partner for insights about the candidates. Does one stand head-and-shoulders above the others in the consultant's opinion?
- **Utilize Onboarding**. After the hire is made, collaborate with the search partner for onboarding support to a smooth transition.

It is evident that having the wrong leadership talent in place can negatively impact business across multiple channels. There are clear advantages to working with an executive search firm to secure the right executive talent. Their combination of knowledge and experience, confidentiality and discretion, and objective insight into internal and external forces that affect an organization's human capital needs is unparalleled to traditional methods of recruitment.

Caldwell

WE BELIEVE TALENT TRANSFORMS

Caldwell Partners is a technology-powered talent acquisition firm specializing in recruitment at all levels. Through two distinct brands – Caldwell and IQTalent Partners – the firm leverages the latest innovations in AI to offer an integrated spectrum of services delivered by teams with deep knowledge in their respective areas. Services include candidate research and sourcing through to full recruitment at the professional, executive and board levels, as well as a suite of talent strategy and assessment tools that can help clients hire the right people, then manage and inspire them to achieve maximum business results.

caldwellpartners.com