

The end of executive search as we know it?



It was October 2009 when we had our Global Shareholders Meeting of IIC Partners in Beijing. During a debate I challenged some of my colleagues' views about the future of our industry and even about its name: Executive Search - which I have to admit I find to be completely obsolete in our times.

You may wonder why...

“Search” is not what clients pay for

It is firstly because I believe that a company does not contract an executive search firm just to “search” for a certain executive with a certain profile. The primary objective of such a service is, in my opinion, the performance of the hire and while (and only while) there is a great fit with the organization as a whole (its context, culture, values, key stakeholders, vision and strategy).

Some of my partners present at the debate, many of them at that time in the late 50s and coming from top global executive search firms, somehow rejected my stand point. They argued that hiring and post hiring performance is not in our “courtyard”; that the hiring decision is a decision between well informed adults - highly experienced executives - and what happens after hiring is in the sole responsibility of the employer and the new hire. Except, of course, the misconducts from the employee/er that leads to a separation covered anyway by the replacement guarantee offered by the executive search firm.

Despite these arguments I haven't been convinced we have no play in the real success of the process. Looking at the new business lines opened lately by the major players in the industry it looks that the market started slowly to understand, shift and adapt.

Volatility, uncertainty, cost-cutting and software ate up the traditional executive search pie

Secondly, we live in times where companies don't need recruitment services the way they used to. During the last years, consultants were listening to clients' needs and this process was followed by selling them “solutions”. This worked well in a not so connected world, in a world without LinkedIn, in a world where mobility was much lower. And in that world, most companies didn't know how to solve their own complex recruitment problems so they mainly went outside for help.

Today, ease of accessing information, full time hiring former headhunters and specializing them on regions and functions, etc. determined many companies to avoid external support.

Reality and studies show that around 60% of what companies used to externalize to Executive recruitment, is now solved internally. In such a world, an executive recruiter could be easily more of an annoyance than an asset unless that consultant could quickly prove the added value brought to company growth.

And why not admitting with all due respect, that I have personally met lately many internal recruiters that are well ahead of many the consultants I know from the industry...

The lack of “growth mindset” in recruitment

Thirdly, on top of that, it is not only LinkedIn or cost saving attitude (sometimes irrational, risk adverse driven, very often against company interests, etc.) or access to information that determined a decline in demand (especially in Eastern Europe market which behaves very different than the Western world from this perspective).

It is often the mistrust of companies in these services due to the wrong attitude of most recruiters, the little innovation in the industry, the poor process, the lack of “growth mindset” as Microsoft names it and a more value for money purchasing trend.

One CEO told me recently it is rare to meet a good “sparring partner”, someone who understands his challenges and has the courage to challenge his views. And in the end, find the right solution: a solution that may well be very different from what the CEO had in mind initially.

If you add to the above, the trend during the last years to assign for several strategic roles very good people yet with potential rather than experience (mainly due to cost reasons and with clear cost saving focused KPIs) the pressure on fees increased dramatically.

What short term results oriented companies ignored to see though, was that the higher the pressure on fees, the lower the quality received as no firm could survive on “peanuts”.

These are just few of the reasons Executive Search has to look different, for this form of consulting to really add value in the new global environment.

How to identify a good recruitment consultant

To really make a difference, executive recruiters need to address the clients’ potential to change rather than the potential to buy these services, to help redefine the existing needs of companies rather than meeting the existing needs.

- In many cases internal recruiters assume the needs of their companies are well defined and thus can deliver a great internal service yet, a good external consultant could help benchmark with larger market knowledge.
- A good external consultant could add value through reaching rare resources with whom they have developed strong trusted relationship over the many years, rare resources that may not react on direct invitations from employers, on LinkedIn invitations or even be on LinkedIn.
- A good external recruiter should be so good to be able to selecting among great shortlists the right one, to help in transition management of the hire, to coach and mentor, etc.
- A good one has had hundreds of clients and different businesses he/she learned from and he/she was constantly curious to learn new things and adapt.
- A good one has been specialized in great “transplants”, in understanding what “right and suitable” means and not necessarily the best.
- And last but not least, a good consultant treats the individual executive during the process with the care and respect he/she treats his/her clients...

I strongly believe the times where the economy growth sustained some major leadership imperfections and lots of misfit situations are over. The times where the executive search professionals think they have done a great job when the hiring offer is signed are over as well.

If our industry wants to thrive again, especially in cost driven markets like ours, consultants really need put all the efforts to be more ethical, better, smarter and more knowledgeable than the internal recruiters for their value to be recognized and sought after.

Over to you now:

do you think external consultants have a role to play in recruitment? if yes, what would that role be? what would you like it to be? would you accept someone to challenge your opinion on recruitment?

I'd like to hear you comments.