



▶ NEXT MONTH...



IS OFFICE LOCATION IMPORTANT?



BLACKBERRY VS. I-PHONE

○ NINE

○ ONE

○ 2007

# Recruiting *Entrepreneur*

ADDRESSING THE UNIQUE NEEDS OF SENIOR LEVEL EXECUTIVE RECRUITERS AND EXECUTIVE SEARCH FIRM OPERATIONS

*With large search firms historically able to attract and retain powerful business development-focused executive recruiters, we asked those who successfully transitioned to boutiques...*

## Why should recruiters leave the mother ship?

Scenario: Some time ago Recruiter A reached a pinnacle of success within a large search firm. Having led the most lucrative practice, joined in the inner sanctum of leadership within the firm, having a seat at the boardroom table, and multi-million-dollar business development to her credit, Recruiter A decided it was time to break out on her own – in what most would consider the prime of her career. Why?

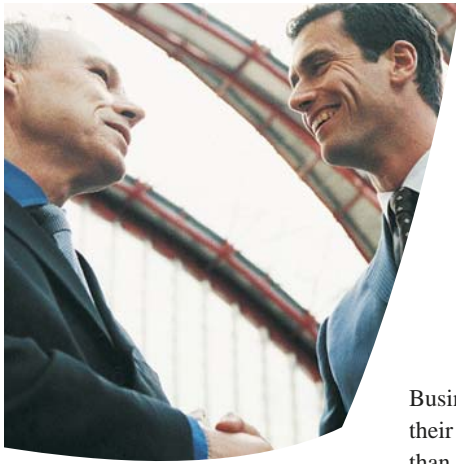
For most successful recruiters, there are usually just two primary reasons to leave: Quality of Life (QoL) and Money. “Those are pretty good reasons” says Bob Stein, who leads Prospect City, a firm that helps recruiters head out on their own. “Recruiters who hang out their own shingle can increase their annual keep from 32% to

over 75% if they do it right.” An improved profit margin allows recruiters to work with a smaller, select portfolio of projects which results in quality of life improvements; flexibility for family, less travel, more vacations, etc. “Recruiters tend to stretch their days under the solo model, but frequently cut out pieces of each day to focus on family and personal affairs” adds Stein. “It often adds up to a win-win for work and family.” The early decisions in a startup are keys to success, especially financial decisions. “Get search projects first, and build on your client’s dime,” says Stein, “or you’ll wind up with a really nice office you can’t afford.” The impact of large personal investments on the front-end can force you to accept search projects you may have otherwise turned down.



## BusDev - Tip o' the month...

Executive recruiting is a business of personal contacts and with it comes personal branding. Recruiters should focus on promoting their personal brand regardless of the business card they carry. That includes giving personal attention to everyone you contact, including sources, prospects, candidates and clients. In addition, it pays to reach out to intermediaries whenever possible. They include management consultants, psychologists, legal firms and reporters. These individuals are usually in a great position to recommend you for search work. Make friends via club memberships, events and speaking engagements.



# Startup Lessons: Don't make these mistakes

*Early spending can be detrimental to the success of your firm. Have patience and you can build on your client's dime.*

When considering your own firm, take note:

## BACKSTORY

A firm spent lots of money on image-related items such as a print brochure, an expensive office location, remodeling and expensive furniture. The problem was that had not officially opened their doors yet. Even more important – they had no clients.

# 1: Generate revenue first. A friend had an office outfitted with lawn furniture and cell phones until he had enough revenue for the investment in furnishings. Until that time, he didn't bring clients or candidates to the office. In fact, he had very few visitors.

## BACKSTORY

A firm went first-class on legal and accounting services, spending over \$60,000 when they could have spent just \$750.

# 2: Don't be intimidated into overspending on legal and accounting issues at the outset.

Business owners can register their business online for less than \$1,000 and use online templates to write an operating agreement. You can always modify the operating agreement and other important paperwork as the needs arise. The choices you make can be changed at any time. For accounting, start with a simple software program like Intuit's QuickBooks which uses interviews to help set up proper chart of accounts, etc. Using a simple software program will make it easy to deliver information to your tax preparer too.

## BACKSTORY

A recruiter friend decided he needed technology that would parallel systems used at the bigger firms so he could prepare to scale his business over several years. This included a sophisticated database and tools for email and calendar sharing.

# 3: Spend on technology where it's a necessity, not a luxury and research before you buy.

The recruiter was convinced by a software vendor that he needed to build a sophisticated database now so he could easily

add users later. This required a significant investment of several thousand dollars, taxing his budget. To support the system he also had to bring servers in-house and hire technical support to build and manage the systems whenever he had trouble, or when upgrades were released by the software maker. The additional cost doubled his initial investment and added significantly to his monthly operating budget. He later confided that he didn't perform any research ahead of his commitment.

## BACKSTORY

Our final example is a recruiter who worked hard to create a marketing proposition filled with complex language, formulas and fee structures. He spent months adjusting his approach until he finally had a frank conversation with a client about what he preferred. The client's response was simple: You've convinced me I made the right choice when you complete the search.

# 4: Get opinions from your clients and candidates before settling on a simple marketing message for your business.

## advantage: boutique?

Most hiring executives agree boutique search firms provide better service. Big fish/small pond, etc. But why doesn't this always translate to a distinct advantage for boutiques over large brands? "No one gets fired for hiring a big brand", says one recruiter. Although large firms tend to struggle with completion percentages, they are still considered a lower risk based on the big brand image. This is especially true for clients who don't use search often. Boutiques are combating this perception of risk by changing fee structures to leave a percentage dependent upon successful completion. The result can be as much as a 50% reduction in retainer fees (risk) if a project is not successfully completed. However, as boutiques demonstrate success with their clients they tend to move back to a traditional fee arrangement.

## TIPS & QUIPS Recruiter Suggestions



### RESEARCH



When using an independent outsourced researcher, I don't agree to an hourly rate. Instead, I commit to a budget tied to results such as a number of prospects. I support this proposal with incentives for presented candidates and a successful completion. This allows me to commit a fixed % of my fee to research while giving the researcher every opportunity to maximize profit. Frankly, I don't care how many hours they work – I want good candidates.

### TECHNOLOGY



Using a technology vendor who doesn't know your business puts you at risk. Ask your vendor about his/her customers and be sure those customers relate to you. In addition, ask to reference those customers in order to determine if the product or service works to their satisfaction. Be wary of vendors whose products address mid-level and volume recruiters. I overpaid for bells and whistles I don't use or care about.

### WEBSITE



Most clients and candidates look to a website as a validation of your business. It should look very professional but not be overcomplicated or contain too much text. Also, most clients already know about executive search so there's really no need to explain the search process, especially if you are working at the senior level. For me, websites don't sell, they just validate my image.



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Questions or comments?  
rcruz@recruitingentrepreneur.com