



## Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

### **The Case for Retained Executive Search**

In a highly competitive, complex, global economy the quality of an organization's senior executive team is critical. It is the key factor that will determine an organization's success or failure.

Why is it then that some organizations still use short cuts, gut feel, the old boy network or, worse still, family connections, when recruiting senior executives? A more reasoned approach is to employ specialized professionals who will help the organization identify the best executives in the market for a particular appointment and then effectively recruit them. Since many organizations employ outside advisers and professionals for key legal, financial and other needs it makes sense to do the same with a critical task such as senior management recruitment.

But how should such professionals be employed? What qualities should they offer and under what terms should they be engaged?

The answer lies in retained executive search consulting, a specialized branch of management consulting, that is specifically designed to assist clients with the critical and challenging task of bringing top executives into an organization.

Developed in the United States after the Second World War, today retained executive search is employed by thousands of organizations around the world in a wide range of industries and for many different functions. It is not by chance that the profession has grown to almost \$10 billion in worldwide revenues. It is a reflection of the increasingly important role that it plays in free enterprise economies and societies where merit and ability are the key criteria for success.

What differentiates retained executive search consulting from other forms of recruiting?

The retainer agreement is the key. It is signed in recognition of the consultant's reputation and skill in the market and commits the consultant to their best efforts to complete the recruitment assignment as effectively and as quickly as possible. The consultant will be fully committed to success not only because retainer fees are normally paid in installments – a dissatisfied client is unlikely to pay promptly - but because they know that they have an exclusive mandate from the client and their reputation with that client will depend upon successful completion of the assignment.

The client thus buys full commitment, focus and resources and can expect regular feedback and consultation throughout the search. The commitment to a mutual goal and

to full collaboration between the consultant and the client as expressed in the retainer agreement is critical to success. Without it the highly complex and sensitive task of recruiting a senior executive into the organization can easily go awry.

The process of retained executive search is essentially straightforward but it is the skill, judgment and experience of the consultants and their research teams that qualifies executive search consulting as a profession in its own right. Separating the exceptional from the average performer and assessing them against the needs of the position and the potential of the client organization requires more than just pedestrian skills. It needs the focus of senior professionals who can relate to client management and the executive community as their equals and who can bring to their work comparative judgment and the experience of meeting and assessing thousands of executives.

Today executive search consultants have backgrounds as diverse as the industries that they serve. But the best have often left successful careers in management consulting or industry because of the satisfaction of helping clients to solve problems with the elusive solution of 'the right person'. McKinsey & Co has examined the impact of high performing individuals on organizations in their War for Talent study. In their judgment, the difference between an A and B performer is so quantifiable that it makes great sense to invest considerable time and effort in engaging and exploiting the potential of scarce A players.

When it comes to the recruitment and development of executive talent the rewards of "getting it right" and the penalties for "getting it wrong" are so great that many successful Chief Executives consider getting people into the right positions to be their most important task. Seeking the help of professionals outside the organization gives the CEO a competitive advantage that may be one of the most important in his or her arsenal of management tools.

The confidentiality and targeted nature of retained executive search also helps to minimize the danger of information leaks during the recruitment process that might endanger the client's strategic plans or indicate management instability. Worries and speculation on the part of employees, shareholders, and suppliers can also be avoided. Search consultants are highly sensitive to these issues - the retainer agreement reinforces the obligation on both the client and the search consultant to ensure that the highly sensitive search process will be carefully and professionally handled.

Top candidates may not indicate interest in a position except through a retained search consultant who will act as a professional and discreet intermediary. Their own reputations are at stake and they will only venture into discussions knowing that the client has made a professional commitment to handling the process correctly.

The retained executive search consultant will also provide feedback to management on the market perception of their organization, on compensation levels, and other issues that can affect their ability to recruit the best. Advising clients on realistic expectations, job

descriptions, job titles and reporting relationships can be crucial to a successful search assignment.

The costs of retaining an executive search firm should be weighed against the potential costs of a hiring mistake. For a small or large organization a bad appointment to a key position can have consequences that can take much time and expenditure to recover from.

Supporting the profession of retained executive search consultants is a code of ethics and professional practice established by their worldwide professional association. As the global representative for retained executive search consulting firms The Association of Executive Search Consultants has established clear-cut guidelines of how to practice this specialized branch of management consultancy. It only permits the highest quality firms into its membership and acts as a guardian of best practice to the benefit of clients and the profession itself.

Senior management recruitment is too important to be left to chance. By retaining an executive search consulting firm leaders of organizations can satisfy themselves and their stakeholders that they are making a prudent investment in getting the process right.