

CHAPTER 1

Great Expectations

Defining Value

Never tell me “the sky’s the limit” when there are footprints on the moon.
—Paul Brandt

The midday flight to L.A. had been uneventful—up, down, no delays. Exactly how I like my flights.

Michael, my designated “second” on this project, drove from the airport. We were both pretty quiet as we limped through the heavy Los Angeles traffic heading toward the client’s office in the City of Industry. Going straight there was my idea and Michael was visibly nervous. I guess I should have been too. I had voiced my concerns to Michael on the flight down. I saw no point in stopping at our hotel to rest, let alone unpack, as we might not be there long. Although this was potentially going to be my 1,000th recruiting assignment, Michael knew I wasn’t certain we were going to accept the assignment we were heading to discuss. But I’m getting ahead of myself. Let’s rewind a week to when our story began.

It was a typical Friday morning. I was halfway through my second cup of coffee. Fridays are always busy: closing out projects, reaffirming next week’s meeting itineraries, weekly strategic results review, and so on. For me it’s a designated quiet time from 7 to 10 a.m. and the staff knows to hold my calls: no one gets through unless it’s an emergency and they know what constitutes an emergency. So when the phone rang I picked it up immediately, expecting to hear my wife or one of my children’s voices on the other end.

“Hello,” said the stranger’s voice. “Is this David Perry, the Rogue Recruiter from the *Wall Street Journal* article?”

"It is!" I replied. "Who am I speaking to and how can I help you this morning?" I replied. Obviously, the "Rogue Recruiter" reference indicated that the caller had read the *Wall Street Journal* article, which revealed some of the more innovative tactics I had employed for successfully contacting elusive and highly desirable senior execs regarding executive search assignments. The *Wall Street Journal* article was a lengthy and revealing piece that had caused quite a stir in the executive search industry. It also brought forth a flood of interest from individuals and companies floundering with their executive recruiting efforts. Even NBC's *Today Show* called requesting an on-air interview.

"Are you the recruiter that did all those crazy things to recruit executives? Was it all true? Are you as good as they say?" he asked.

"Yes," I responded with a laugh. "I am the Rogue Recruiter ... and what can I do for you?"

"My name is Fred Teshinsky. I'm the owner of a manufacturing company, Tulip, in L.A. and I read that article. I need to hire a COO and I've had two companies try—and they both failed: miserable waste of money and my time. So don't you waste my time! Are you really any good?"

Now he had my attention. "Fred, tell me what you do and what the recruiters did for you."

"I told you, I'm a manufacturer. We make products for companies out of plastic. How hard can it be to find a COO in the Midwest with this recession going on anyway?"

Fred and I talked for a good half hour about his company and more specifically why he needed to hire this chief operating officer. At the end of the call I agreed to give him a proposal, and an extensive list of references.

Much to my surprise, Fred phoned all of the references and asked some pretty pointed questions. He was obviously satisfied with the answers because he signed the search agreement and sent the retainer check with two first-class tickets to Los Angeles, as I had requested. I wasn't about to try to resurrect a search that two of the largest firms in the country had failed to deliver on before meeting face-to-face with Fred. That's just asking for trouble. I don't need the headaches and, frankly, in the recruiting business you're only as good as your last hire, and it turns out that my next assignment would be a significant milestone for me.

My business partner Anita Martel had reminded me that the next search I did would be my 1,000th, and I wanted it to go well. Up to that point I had achieved success in 996 out of 999 executive recruiting assignments. So my 1,000th recruiting project was looming, and I didn't want to turn it down until I understood the circumstances that led to failure for the other two firms.

So there we were, crawling through the Los Angeles traffic on our way to meet Fred—and possibly heading straight back home. When we reached our destination we were parked outside a nondescript industrial building made entirely out of cinder block: clean, neat, but certainly nondescript. Apparently, neither the customers nor the owners of the company placed a high priority on the image their building conveyed.

I pushed down hard on the buzzer. It was hot outside and I hoped they had air-conditioning. After a few seconds, somebody, somewhere, must have looked through the video camera to determine that we were okay to let in, and that we were either harmless or lost, because the door was unlocked to allow us to enter. We proceeded into a very small vestibule adorned with wood paneling. The magazines on the coffee tables were all current. I was relieved. The reception area was upscale for a manufacturing facility: That made me feel hopeful that a candidate would not be alienated by an initial bad impression of the office facilities.

No executive recruiter wants to waste his time—or that of a client or prospective candidate—on a wild goose chase. We sell our time and expertise, and it's important to undertake risk mitigation. That's why we were here.

The meeting room we were ushered into up on the second floor was furnished with a massive old mahogany boardroom table. Solid. Heavy. Imposing. With ornately carved high-back black leather chairs. I sensed this boardroom was rarely used for impressing visitors. It was not adorned with pictures of the owners, employees, or the products manufactured. There was nothing personal on the wood-grain paneled walls. I saw the unimpressed look on Michael's face.

For me, though, the modest digs were a good sign. I prefer to deal with companies that focus on producing quality for their customers and aren't unnecessarily obsessed with image. Personally I gravitate to companies that solve real world problems, not ones that spend a lot of time and money on fluff. The boardroom was functional and had seen lots of traffic over the years. It felt solid. This company was real.

Fred came in. He's a short guy, and was favoring his left leg. He was followed by three other gentlemen who turned out to be retired executives sitting on Fred's board of directors. Fred introduced himself first, then turned toward the three gentlemen and introduced each of them quickly by name only. I would learn their pedigrees later over lunch. Fred was gregarious and welcoming, inquiring about our flight and how we found the directions getting here.

I introduced myself and Michael and then turned to Fred and said, "Let's begin. I need to ask you three questions."

Perhaps he was startled by my forwardness, but Fred fired back, "You work for me now, and I'll be asking the questions."

What followed sent a waterfall of perspiration gushing forth from Michael's balding head.

"Oh really!" I said. Reaching into the inside pocket of my suit jacket I held out the envelope Fred used to send our signed agreement and check. I quickly produced a single slip of paper and held it up for Fred's inspection, saying, "This is your check, which I haven't cashed. I'm going to ask you the three questions. If you answer them correctly we will take the search. If you don't, we won't, and I'll rip through the signature box, return the check, and we can all go for an early lunch. Fair enough?" I didn't bother to wait for his response.

"First question. Fred, I understand you hired not one but two of the top search firms in America to find your chief operating officer and they both came up empty. Did they give you a hands-off list before starting?"

"A what? What's that?" was Fred's response.

"Fred, did the search consultant present any of your competitors' people, or were most of the people you interviewed consultants?" I quickly asked as question number two.

Fred shook his head and was about to speak when I interrupted him and asked, "Fred, did either search firm provide a written plan detailing their approach to filling the search? Did they provide a Talent Road Map?"

"No," was all Fred said.

Now, by this time Michael's breathing sounded a little labored. Indeed, Michael was new to the search business. This was the first time I had taken him with me to visit a potential new client, as we had only recently started working together. Michael had been my client.

He had been a very successful high-tech executive for more than 40 years—a professional engineer and master negotiator. Michael had risen through the ranks to become chief executive officer of several large companies and two start-ups. Michael is a brilliant engineer and solid chief executive officer. Under his leadership his last company had literally gone from worst to first (dead last in their space) and into an acquisition in less than a year.

When Michael started twisting my arm to let him join Perry-Martel and become an Executive Search Professional (ESP), I was only too pleased at the prospect. Michael had the experience of several hundred hires under his belt by this time and certainly had the moxie! We had gotten off to a fast start working on two critical hires together and he was soaking it all in. But looking at him right then and there, I knew he didn't approve of my reaction to Fred. Clearly he was thinking, "You're nuts. We just flew 3,000 miles for a meeting that lasted less than six seconds and now you're going to rip up his check and go home?" It was a priceless moment—for me, at least.

"We'll take the search and complete it," I said as I pivoted around to face Fred. "Fred, I'm pretty certain that most of your competitors' best executives didn't even know you had a search going. Further, in terms of attracting top-level executive talent, I don't think the fault lies with your company. I'll tell you exactly why the first two search firms were unsuccessful and why neither firm should have taken your money: because that's all they did ... take your money. The previous executive searches haven't worked out because you were only getting access to a limited segment of the entire executive talent pool. The options those firms were presenting to you were likely significantly limited by the hands-off restrictions they were ethically bound by. And you just confirmed they didn't disclose any limitations that might compromise the search. That's one drawback to working with the larger search firms. Since they deal with thousands of different companies every year, they're often restricted from approaching any executives from companies the search firms have done business with during the previous 12 to 24 months. It's very likely that, because the two firms you hired were among the largest in the USA, many of the firms you would have liked to talk to people from were on that list. Both firms should have informed you about which of your competitors they could not approach."

I felt confident the search hadn't really been done thoroughly because I understand the restrictions ethical search firms are under with regards to "poaching" from their clients. While the ethics are commendable, in this case it drastically reduced the resource pool

the search consultants could draw from—yet they didn’t disclose this to Fred. It’s professionally sloppy, at best, that neither search firm disclosed the limitations of their search options. They should have. I respect such agreements as well, but because I’m a boutique firm and highly selective in choosing clients, I have significantly fewer hands-off restrictions on my searches. I also spend considerably more time vetting both the client and the candidate to ensure a realistic and well-defined mandate targeted at a scrupulously vetted list of candidates.

In any case, we spent the next two hours speaking with Fred and his board of directors to get a clear idea of exactly what was needed in the role now and after Fred retired. This was simultaneously a succession planning exercise for the CEO role. We focused on competitive issues around the business; where the plastics manufacturing industry was; what impacted their competitiveness; how its customers bought; and what the board felt the company needed to maintain their lead. But what I really wanted to figure out was: which executive out there was made for this company? Who was Fred’s professional soulmate, the “one” who shared his vision and sensibility as if he or she was destined by fate to sit at that mahogany table and not miss a beat.

Because every executive search project is very much like arranging a marriage—an economic marriage. It requires mutual respect, transparency, maturity, and the near-certainty of a good fit on both sides. The goal isn’t simply to fill the position. It can’t be. Otherwise I’ll end up having to do the same search six months later, and that’s not something I particularly enjoy (or have to do very often, considering our 99.97 percent success rate). That’s why we can guarantee the executives for 12 months following a placement. It’s also why I value my candidates and their needs just as much, if not more, than the companies who pay me to find them. The process has to be “bottom up” and, ultimately, about making a good match: otherwise it’s much more likely to end in failure, which can result in wasted money for the company and a stalled or even ruined career for the candidate.

Indeed, the technical aspects of executive searches are usually fairly straightforward. The key to success lies in the subtleties of the pairing. We’ve recruited executives at every size of company: early-stage companies, small- and medium-sized businesses, billion-dollar multinationals and Fortune 500 companies. And no matter what stage of growth, no matter the market, you need to appraise the company’s culture—and determine the best fit for both the firm and the executive—to ensure you understand what works, what doesn’t, and why in all cases.

WHY HIRING GREATNESS MATTERS

Picking a person is the most important business decision you'll make. What's an employee worth? Not compensation-wise—but *value-wise*.

As an extreme example, entertainer David Bowie floated a personal bond issue a few years ago. He offered investors a portion of his future royalties from previously recorded material and receipts from future concerts. The "Bowie Bonds" were gone within an hour of the offer, for more than \$50 million.

In an even more striking case, when Dreamworks SKG went public investors immediately drove the value of its bonds to \$2 billion. Dreamworks was a film studio without a studio, a film, or even a star. All it had was the intangible value of its founders: Steven Spielberg, Jeffrey Katzenberg, and David Geffen.

The *intangible value of being*—that's what the new knowledge economy is all about. Veteran information age guru Stan Davis has confirmed the increasing value of people in today's economy.

A person's value is just a measure of how much someone is willing to pay to obtain something from them.

In their book *Blur*, Davis and Meyer point out that the boundaries between your work and home life are disappearing.¹ In fact, today the rate of change and the depth of connectivity are so fast that every person, product, service, and company are blurring together. Computerization and communications have made us all a linked community. There are, for example, nine times more computer processors in our products than in our computers—9 billion CPUs in items like phones, hotel keys, consumer electronics, day planners, and cars.

As products become more software-driven, they also become easier to link together. Intelligence and information have become the key value being offered in a consumable (some 90 percent of the value of a new car is estimated to be in the computers and software). And you are the value-adder.

Instead of resources or land, "capital" today means human capital. It doesn't take a shoe factory to go into the shoe business these days. Nor do you need raw materials or fleets of trucks. Nike became a shoe industry leader by concentrating on the value-producing capacity of its employees for design, marketing, and distribution know-how. The

real capital is intangible: the person's knowledge level, combined with an aptitude for application and execution.

Today, employees—in the high-technology world especially—tend to think of themselves as “free agents.” Like a professional athlete who is always in training, knowledge workers are continuously investing in the next set of skills and training, driving up their personal “stock price.” This puts knowledge value in the driver's seat.

Employers, like yourself, will try ever harder to retain smart, boldly entrepreneurial overachievers.

Google used stock options to attract exactly this kind of person, and has created thousands of employee millionaires. Apple employees who contributed the maximum to Apple's employee stock purchase plan (ESPP) have seen their shares grow in value to approximately \$1,112,189 over the seven years—that's 635.76 percent.²

In this world, *value* is not *salary*—not for the employer and not for the employee. Your search for a star candidate should be value-focused, not salary-driven.

The authors, both experienced Executive Search Professionals, understand how to look for *knowledge value*. And just as you'd expect from the complexity of the human factors involved, it is an intensive process. What we bring to the table is a set of guidelines developed from years of experience in locating just such value, and the experience that lets us apply these guidelines quickly on your behalf.

We know what's important for today's knowledge workers—be they executives or programmers—and we bring these elements together and explain them for you in this book.

In the “olden days” (10 years ago) a leadership search was like a two-dimensional board game. It allowed a company a leisured amount of time to send out requests for résumés, which could then be judged along a price/performance set of axes. It allowed for a precise, two-dimensional grid, and a search process so structured and simple that judgments could be handled by a corporate HR department's less-skilled staff.

Now the world moves in three dimensions, at a speed more resembling a video game. It's zap or get zapped, in real time. In such a fast-paced dogfight, you need to define your missions very carefully: no

wasted energy, no blurred vision. The right people are even more important to find than ever before.

You need a team of people who think in three dimensions. Nothing else will do.

You need a seasoned recruiter who will be your success partner, who can think in terms of a fast-action, complex world.

Our methodology is based on a “value grid.” The grid identifies the value that a candidate can bring to your company, and then matches the candidate’s value systems to your own requirements to ensure a perfect fit.

We apply three measures, or axes, to deliver a successful skill set to your company. There are three dimensions of human value that work as a framework, whether you’re hiring or being hired.

The three dimensions to recruit talent, by assessing the *value of an individual’s* contribution, are shown in Figure 1.1.

Hiring Greatness	
Height of Value	Know what’s important. What value contribution does your company need? How do you evaluate the worth of someone’s contribution?
Sight of Value	Find what’s important. Where can you find the precise combination of skills and values and proactively identify the ideal candidates?
Flight of Value	Get what’s important. How can you attract that talent to land in your company?

Figure 1.1 Three dimensions of value.

HEIGHT OF VALUE: KNOWING WHAT'S IMPORTANT

The production of value is the most important criterion of hiring and should be your most important. Value is not salary and worth doesn't flow from a job title. Knowing what's important to a company means looking beyond job titles and compensation tables, especially in the knowledge-based economy where sudden changes and uncertainty are the norm.

Knowing how to evaluate the worth of someone's contribution is the important element. Being able to assess a candidate's star performance capabilities is the key between average and extraordinary. There are two elements you need to consider:

1. Understanding thoroughly what the value contribution is that you want, and;
2. Understanding how you'll know when you find it.

Today's executives are on the edge of change, and they see better than anyone else how their worth measures up.

What is the *value* you're looking for from an employee's contribution to your company?

Especially for its senior positions, a company is rarely looking to fill in a tick-box on a standard employee recruitment form. Usually, companies are looking for something more nebulous and important. You're looking for a senior person who can deliver a *quality*, not a quantity. Instead of filling in a box, you're looking to explode out from an open-ended, initiative-driven space.

Qualities are difficult to find, measure, or test in an ordinary recruitment drive. And you don't find those qualities by searching for specific salary levels—the qualities that make up the *New Value Table* are money-resistant.

The New Value Table

The qualities that create value for your company are shown in Figure 1.2.



YOUR CORE VALUE REQUIREMENTS	QUALITIES THAT DELIVER THE VALUE
1. Create new intellectual wealth for my company; add to my intellectual assets.	1. A relentless desire to make something new; to cut a new path rather than take a road.
2. High-energy enthusiasm for the job, regardless of the hours worked.	2. Work is a game—an integral, vibrant part of his or her life.
3. The money is not only not the most important issue — it's beside the point.	3. Internal pride to leave a "legacy signature" on their work, rather than strive for a paycheck.
4. Enduring performance.	4. An ability to stay and finish the race, because not finishing is inconceivable emotionally.
5. "Think around corners" to creatively problem-solve.	5. Has an inner voice saying, "There's always a way [to create a technology fix: make a deal]"
6. Brings up-to-date professionalism into every fray.	6. Contains a desire to grow professionally—to become the best person he or she can be: invests in him- or herself.
7. Ever-increasing contribution.	7. The key to inner pleasure is recognized as making an individual contribution.
8. Identifies and develops values for your company.	8. Instinctive grasp and exploitation of today's real value: the intangible capital of brand image, staff talent, and customer relationships.

Figure 1.2 The new value table.

You need to match the value you require to the qualities of special candidates. Knowing the nuts and bolts of the industry is not enough. It requires taking the time to get to know the inner workings of your company: its products, people, and culture.

This goes beyond skill sets and résumés. You want professionals whose *qualities* match your value requirements. You should share a similar vision. Only then will there be a successful fit for you, your candidate, and your future growth prospects.

SIGHT OF VALUE: FINDING WHAT'S IMPORTANT

More than ever in our history, huge value is being leveraged from smart ideas—and the winning technology and business models they create. So the people who can deliver them are becoming invaluable, and methods of employing and managing them are being transformed.

The candidates you're looking for aren't looking for you. They already have jobs, almost certainly a good job. They aren't scanning the "Careers" section.

So how do you find someone who doesn't raise a hand and say, "Here I am"?

The Location Process: The Old Way

As my friend Joe Zinner, from Zinner and Company Leadership Search, always says, "There are two kinds of candidates in the job market: People who are running *from* something and people who are running *to* something! Advertising and job boards typically yield the unemployed, the unhappy, and most often the unqualified applicants."

Lame and Tame Approaches

Everyone has heard the recruiting call that starts "...who do you know..." This is the hallmark of an inexperienced recruiter, hoping you'll say, "Why that person you described is me and I'd love to meet your client..."

This overused ploy today nets the response, “I don’t know anyone...” and a prompt hang-up. Such a conventional and unimaginative approach ends quickly and doesn’t garner the recruiter any opportunity to present the career pitch, pique their interest, or qualify their background. Prospective candidates hang up quickly because the recruiter is deemed to be “light.” This doesn’t afford the recruiter the option to repackage and represent the offer.

There Is an Alternative ...

Candidates are more sophisticated than ever and expect recruiters to be professional and knowledgeable. So many people now manage their own careers aggressively, and if they’re going to talk to a recruiter they want someone who can talk to them, their industry, and their challenges.

As a recruiter you need instant credibility, spontaneous bonding, and respect in less than 30 seconds—on your first phone call.

You need staying power and the ability to repackage and re-present an opportunity around a candidate’s needs.

Recruiters can’t afford to waste a prospect with the hackneyed “who do you know” question. Because they do know! Winners know they’re winners, but aren’t going to waste time telling you that. So a potential candidate for your organization will get turned off in disdain by an old approach.

Traditional recruiters are actually human relations amateurs, and that’s why the placement industry has such a high turnover. These unprepared people get shot down in flames by yet another prospect before they even get a chance to tell the story of the opportunity.

Today, Science!

Research must underpin a search project. The upfront work is often laborious, even tedious, and not enjoyed by many search professionals who simply want to sell the project.

But good research makes you able to tightly target your prospects. Hone the message and deliver it to the right individual. Then you're able to speak from a reference point of knowledge about them, their company, their industry, their challenges, and therefore emphasize the positives of your opportunity.

You bond instantly. You develop a relationship. You're trusted. You're an advisor they refer to their friends and associates even when unasked.

The process has changed to one of scarcity. Now all candidates are scarce and demographics will keep it this way. The good ones are being hidden by their company's management and are incented to stay. They need to be wooed.

They need to be enticed in the most professional manner possible.

How?

First you have to select a career opportunity that's interesting. Not an easy feat. You need to ask the clients the hard questions beyond, "Why should someone take this job?" to really understand the business drivers: their market pressures; their culture inside and outside the boardroom; the dynamic beyond a snapshot in time of your current needs.

You need to understand the career implications and be able to relate them to a complete stranger—often thousands of miles away—who is happy, productive, and achieving for someone else.

It takes more than four minutes on the phone to do that.

This is a proprietary process that sets up the "close" from beginning to end. And that process is painstakingly thorough—because it's your future we're creating.

FLIGHT OF VALUE: GET WHAT'S IMPORTANT

It's Not Always about the Money

How you attract and land the star candidate you want requires more than a checkbook. Without overpaying for the identified value, how

do you meet the needs of the human being you're dealing with? What value requirements does he or she have that you could fill?

- For many top performers it's not about money ... Facebook, LinkedIn, Tesla, SpaceX ... it's about changing the world.
- Cofounders Larry Page and Sergey Brin brought Google to life in September 1998 as a means to find information faster on the web.
- Steve Jobs is the entrepreneurial creation myth writ large: he cofounded Apple in his parents' garage in 1976, was ousted in 1985, returned to rescue it from near-bankruptcy in 1997, and by the time he died, in October 2011, had built it into the world's most valuable company. Along the way he helped transform seven industries: personal computing, animated movies, music, phones, tablet computing, retail stores, and digital publishing.³

Today's knowledge workers don't want to be managed. They want to lead and be trusted. They need to be empowered with the right information to make sound decisions, to grow the business and to be part of a community that is contributing to something worthy of their time and energy.

Listen and Learn Now

In literally thousands of pages of articles, research documents, and interview transcripts, what comes through loud and clear is that the knowledge industry, in its battle for human resources, has stagnated into a bidding war where the only winner is the company with the deepest pockets.

"Shrimp wars," signing bonuses, golden handcuffs, gift baskets, three raises a year, beer fridges, pool tables, planes towing banners, booths set up at gardening shows, paid tuition, options, flexi-hours, the list goes on—when does it all stop and at what point does one realize that the war, fought in this way, is lost already?

Those companies with the highest profile—Apple, General Electric, Google, et al.—have already won. And they'll continue to win until

a company like yours either changes the rules, or plays the game differently.

It's Not the Money

The people you're after, be they chief executive officers or product managers, define who they are by what they do and where they do what they do. There's nothing they love more than facing a challenge and accomplishing what's never been accomplished before. It's how they work, play, and compete among themselves.

Being a company structured in such a way that allows the individual to succeed, as part of a team of top performers, is the key to attracting people.

Is This Person Familiar?

Let's look at some of the characteristics of our target audience, by tracking a typical candidate:

In high school, “jocks” defined who they were by their athletic prowess, the “beautiful people” by their looks and charisma, and “geeks” by their seeming solitude, introverted nature, and tape-repaired glasses. The geeks weren't the fastest or strongest and certainly weren't the most popular, but they were the smartest. They took pride in knowing that while the athlete was up collecting his trophy, they were the ones tutoring him in math.

When our geek—let's call him Corey—moved from high school to university, he found an environment in business, computer science, or engineering, which embraced who he is. He was also, for the first time in his life, surrounded by hundreds of like-minded souls. Nirvana.

But Corey soon realized that this new environment came with a down side: The bar was raised. He wasn't necessarily the “smartest kid in the class” anymore. Now he had competition.

Oddly enough, Corey thrived in this environment because, in a way he really is no different from an athlete. He's driven to improve his times, his scores; he's driven to get around barriers; he's driven to go

places no one has gone before. University, and the work environment he was about to enter, wants people who are competitive and Corey always pushed to find if he had what it took.

Over the course of time Corey evolved from the introverted, computer-obsessed person he was to a still somewhat quiet, confident person who realizes the interests he's had for so long are now highly sought after. He's realized he can share his dreams, and his journey, with a company that wants people just like him.

Location, Location, Location

"Coreys" define themselves not only by what they do, but also where they do what they do.

People like Corey know the money will come. They know they're highly sought after, and that should they choose to leave a company in the morning, often, that same morning, they'll be hired by someone else. This is challenging because the leverage of money that most companies use to attract people doesn't work with this group. They're looking for more.

The person we want to speak to wants to be the best, be perceived as the best, and wants to change the world. A lot of this will be defined not only by what he or she does, but where he or she does what he or she does. There are companies out there with so much cachet that employees want people to know where they work. They're proud of working for the company and want to identify themselves with it.

The "I"s Have It

Although our audience wants to "buy in," they also are very individualistic. We believe it's largely because of where they've come from. High performance people want to be part of an elite team, but also want to make an individual difference. The power of individual accomplishment within an organization is one of the single most important strategic elements that must come through in a pitch. People—the people we want to talk to—need to know, for selfish and unselfish reasons, that they can make a difference.

One of the most startling things in our industry was an employee survey that indicated people don't actually want to move around: As long as they can believe they're working for and with the best, they're happy to stay. Likewise, one of the key elements employees look for is the training offered at a company. Essentially, what training seems to mean to these people is "marketability," should they need or want to leave a company. What both these issues say to us is people need and want stability. People would rather deal with change in the job they do, not where they do that job.

Shrimp Wars - The Price of Playing

By and large the whole industry plays by the same rules and, occasionally, someone does something interesting. It seems the following incentives are the price of admission for companies looking for new hires:

- Signing bonuses
- Multiple annual raises
- Options and restricted stock
- A great work environment
- A courtship process that would woo the most coy lover

But ...

Every company that promotes itself effectively must make both a logical and emotional connection with the consumer. The needs of the recruit must be reflected at both an emotional and logical level. The company shouldn't present itself as boring, staid, or traditional, but as an emotionally based image of dynamism, youth, and forward movement. The emotional appeal of a company offering individual meaning, status, and project glory can upset the conventional offers of conventional players. We need look no further than the New Economy companies who have grown successful in a short period of time.

Our audience is smart, educated, motivated, and in possession of an inordinate amount of business savvy that their predecessors lacked. They represent the elite of the work force. Every company in every country wants them.

So recruiting executive talent today requires:

- The ability to microtarget the competition's employees where they live, not where they work
- The occasion to treat each potential candidate as an individual, providing a customized response tailored to their needs
- A value proposition—*like an elevator pitch*—focused on their needs

That's how you Hire Greatness and increase your value.

THE "PERFECT STORM"

I encourage companies to use Executive Search Professionals under the right conditions, which I will now explain.

Let's look at a typical scenario where the decision to outsource recruiting and use an Executive Search Professional (ESP) is imminently critical.

You're a member of the senior management team of a successful business. You are profitable, but top line growth isn't what you or your board would like to see. You have both entrenched and emerging competitors. You meet with your fellow management team members and decide you must expand your product management, product development, sales, and ultimately support personnel. You collectively develop a budget for the acquisition and employment of these resources, and at the suggestion of your human resource (HR) organization, assume minimal outside recruiting help (if any at all) with the exception of a few contingency recruiters.

Your HR organization feels confident they can staff these positions on a timely basis and demonstrate their strategic value to the team. The senior team then presents the plan to the board, who want to see a return on investment and understand how the company's

size, market reach, and valuation should be impacted. They not only approve your proposal, but encourage you to move quickly because they have extreme concerns about the new and emerging competitors entering the marketplace. The stage is set for the recruiting “perfect storm.” (Personal note: Every executive hire should be judged on its return on investment—ROI is not just for capital expenditures.)

Your HR manager meets with the hiring authorities and develops a brief description of the individuals required. He or she then looks at existing job descriptions and determines titles and compensation from the long-standing company compensation plan. Having identified the individuals, he or she checks back with the hiring authorities who really “don’t have time” to review and will assume they can sort it out when they interview candidates.

The HR organization then moves forward as planned: advertising, posting to various job boards, and encouraging employees to submit suggestions from their networks. Because the market is growing, they are inundated with résumés. These are mostly from people who aspire to become the individual you’re looking for, but are far earlier in their career and lack experience. There are also key skills dealing either with specific functional responsibilities or new markets not emphasized in the generic write-ups that were posted on the job boards. Remember: The best executives aren’t looking on job boards. The result is a flood of ambitious underqualified and overqualified individuals and, for the few who are qualified, an inability to attract them given the compensation that has been (based on history and not current market conditions) set from the opening.

This goes on for about three months, which brings you to your next board meeting. The board is still anxious about competition and wants to know how you’re progressing with your expansion. The truthful answer is: You *aren’t*, and you *won’t* until you change the way you’re approaching it. This fact leads to some difficult discussions and frustration on the part of the CEO and senior management team, and raises concerns with the board.

Now you look at the more senior positions and say, “Perhaps we should look outside for additional recruiting talent to support our overloaded HR organization” (who are sorting through thousands and thousands of résumés, all of low value, trying to save cost). This brings

us to what kind of recruiters to choose, and what selection criteria you'll use to pick one. For the more senior positions, you and the team choose to look for an ESP who will help you fill the most critical openings quickly.

As in every profession, ESPs fit on a performance continuum from low to high. Your collective task is to find one on the high end of the scale. Bear in mind that unless you and the other senior managers involved interview the prospective recruiters, and also assume the role of ultimate decision maker in selecting an ESP, this task will likely be handed off to your HR or purchasing department. More often than not, they'll be habitually inclined to find the lowest price alternative. Alternately, they may run to the largest firms, where they'll pay full fee for a severely limited candidate pool. And, in the case of HR, finding the "right search firm" assures they regain whatever "political juice" they may have lost by not making any progress to date. The selection of an ESP must have senior management involvement.

Unfortunately, using a competitive bid strategy to select an ESP may compromise the value proposition of the search. The collaborative level of corporate commitment required in the successful executive "recruitment and hiring cycle" requires significant time, energy, patience, and cooperation. It requires the priority dedication of human and financial resources to a level that matches the urgency of the task. This might not be the time or place to bargain hunt—drilling down deeper than price should be your first order of business when comparing ESPs. If executed correctly, the ESP investment will achieve simple payback with meteoric speed. Your recruiter should establish his or her value, disclose his or her limitations, and delineate the comprehensive process he or she will follow in your search. He or she must consistently demonstrate his or her expertise and drive the process to a successful conclusion.

So, whereas return on investment (ROI) is always important, beware the low fee or "recruiting mill" arrangement. Low cost may equate to low value. It is apropos to say that "*true ESPs have to personally, and by hand, shovel tons of coal to find the perfect diamond.*" Recruiting mills dig fast, but not deep. Their employees make a living by handling large volumes of concurrent searches, often by simply throwing résumés at their clients as fast as they can until something sticks. Beware, lest they get the gold and you get the shaft.

Similarly, beware the automatic assumption that it's always best to use the largest search firms with domain dominance. If they have domain experience, they also likely have many companies in the space they're barred from recruiting from. As in Fred's case, defaulting to the largest firms might actually limit your choices by eliminating ideal candidates and may also force the search farther afield, usually raising the compensation cost, introducing relocation cost, and lengthening the recruiting process.

Recapping the scenario we've constructed, your principal issues are timing; adequacy of the job description; adequacy of the compensation; and involvement of the management team in the process. A true ESP will identify these issues very quickly and help you sort through it. Most retained ESPs have held senior-level positions in a variety of companies and have often had P&L responsibility. If you lowball the fees, credible ESPs will outline where the value resides in their fee structure. They will guarantee the executive for at least 12 months so they have a vested interest in ensuring that the right hire is made. There is far more to a successful recruiting agreement than just the fee. This is not the place for average.

Amid all this stress, you and the other team members desperately need a method to objectively evaluate your alternatives and quickly move forward before your competitors sense your hesitation. For your convenience we have provided a set of key questions and considerations to help you select an ESP and his or her firm after you've inquired about the firm's hands-off companies. (And I do mean the firm's hands-off companies and *not* just the individual consultant's—ethically they should be the same, because if that firm will raid from their other clients, they'll also recruit people away from your company.) It should also help you understand the value they bring and where it's required. The ESP you select will represent your company when they talk to candidates, competitors, suppliers, and other players in the marketplace, along with profiling your company in enticing the candidate to interview for the job. Remember most people on job boards are either unemployed or constantly seeking employment. The ESP will help you find those who are already employed and who are more than capable of meeting your organization's requirements, and in the aggregate at a far lower actual or opportunity cost.

If you're now actively considering retaining an ESP we urge you to read the following four questions. If the search firm passes muster,

download the free Executive Search Score Card available on the website at www.HiringGreatness.com. Asking the additional 21 questions will help ensure your search is handled by professionals and is executed in a timely manner.



Executive search score card.

The Four Critical Questions to Ask an Executive Search Professional (ESP) Before Hiring

1. Is the ESP free from restrictions in terms of recruiting executives from your direct competitors if necessary?

You need to know if the search firm's hands-off list unreasonably restricts your pool of potential companies. Determine if the list excludes some or all of the firms you would want to look at for executive leadership. If they do, you must determine if they're still able to meet your needs. Some of the big firms are so large they can't ethically recruit from tens of thousands of organizations, so if your best candidates would ideally come from a competitor, you would be wise to ensure the ESP doesn't have a hands-off agreement with any of them. Otherwise, they won't be able to ethically touch their employees. Ethics matter greatly to search professionals. None will risk an ongoing relationship with an established client to feed a new account. Our best advice: Ask for a list and check it.

I don't understand why anyone would steal from a client, but the practice was commonplace when I started recruiting 30 years ago. Since then, the industry has come a long way in cleaning up its public image. But the downside of that is when you choose one of the large search firms you may be limiting your reach into companies you want to go into. The math is simple: A company serving 1,000 clients per year has 1,000 fewer companies they can go to present your opportunity. Clients of the search firm have the expectation, often with legal recourse, of not having their staff approached by the recruiting firm for opportunities elsewhere, often for two years. This narrows your candidate pool by 2,000 companies every year on a rolling forward basis, and is one of

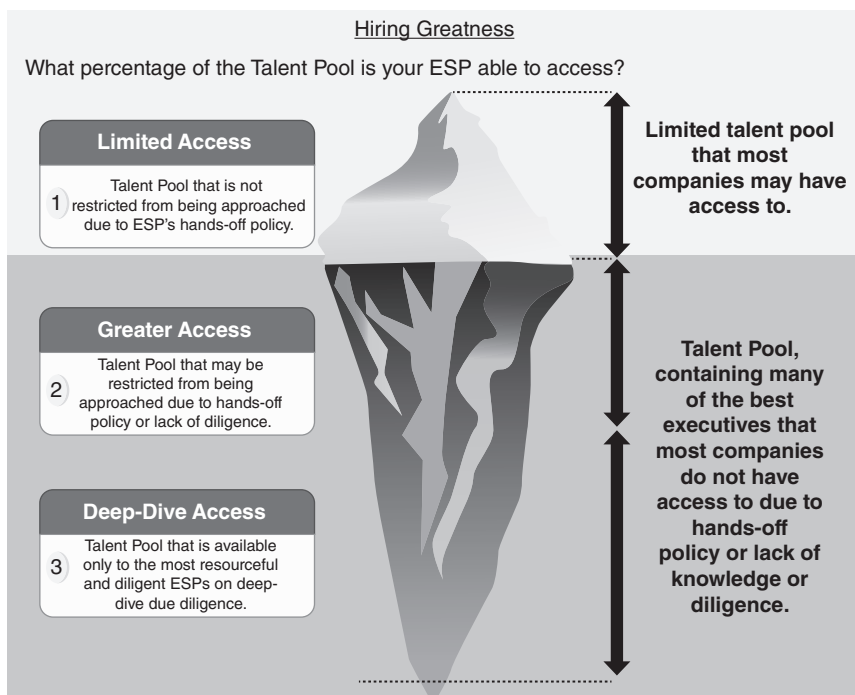


Figure 1.3 Executive talent pool.

the worst things about hiring a firm that specializes in a particular vertical: the smaller the market, the more restrictive the hands-off rules. Now imagine how shallow the talent pool (Figure 1.3) becomes with a firm servicing 10,000 companies a year. Bigger does not necessarily mean better—it may mean the exact opposite. Ask for a list of hands-off companies before you engage a consultant, and determine for yourself if the firm will be too restricted.

The two firms Fred had previously engaged represented roughly 40,000 companies on their respective hands-off lists. It was clear from my tone that I felt the firms should have told Fred about this, and that neither firm should have taken the search given the limited pool of potential candidates available. When dealing with search firms, you need to quantify the risk by obtaining disclosure on competitive restrictions.

2. Does the ESP understand the role you need to fill?

A good executive search firm will help you refine the position description based on their market knowledge. Starting with a clear candidate road map—which all parties have agreed to after participating in its creation—is critical to your success. Investing in the front-end definitions of role, responsibilities, and demonstration of achievements will produce superior results.

TIP

It's impossible to understand an organization's culture from a job description, and trial and error recruiting takes too much time. Your ESP can only gauge a candidate's fit if they've invested time with several members of your organization and performed a benchmarking interview. Also, quickly conducting a candidate benchmarking exercise (more on this in Chapter 4) will go a long way to ensuring you and your consultant understand what's required from a skills and chemistry/cultural fit.

3. Will an experienced ESP actually perform the search?

Typically, a firm's representative will be their most polished business development person (a knife and fork salesperson) who may have a decade's worth of experience but play no ongoing role in the search. There are many firms that will put a team onto your assignment and, while this may sound great, this team may be comprised of very junior people learning the ropes. Often they're freshly minted MBA grads.

I can't overemphasize that it is critical to ascertain precisely *who* will perform the search. Before you sign any agreement, you must meet the person responsible for delivering your project successfully—and if it's a team, you'll want to meet all the players. Ensure you're comfortable with the specific recruiter assigned to the project if they're not the same as the person who sold you the project. Key to your success is the individual who first makes contact with a prospective recruit. It's not uncommon for a senior executive to decline when called for the first

time. After all, he or she is busy and successful, likely has a great job, and isn't actively looking for work.

Your success depends on understanding what happens with that potential candidate next. Early in my career I made a very good living as the “recruiter of last resort,” brought in to rescue stalled or failed searches. Most times I recruited an executive who had already been dropped from consideration weeks or months earlier simply because he or she declined the first approach. If at first they say “No,” should the prospect be dropped—or should another attempt be made? If so, how? When? Why? Your ESP must have the savvy to skillfully reignite the interest of a candidate who has already dismissed the opportunity. When considering an ESP, ask for specific examples of how they may have resurrected such candidates in the past.

In one instance, it personally took me 51 phone calls—each time leaving a unique voicemail message—to entice a divisional president from Motorola into considering an opportunity. I was working with a smallish start-up, which absolutely needed his specific set of skills and Rolodex. There were always other candidates, but none were as ideally qualified. Regrettably he was very busy and quite happy where he was. Fortunately, we had enough runway and, following an extended six-month “courtship,” he accepted the role and led a very successful IPO.

4. Does the firm offer a performance guarantee?

Every time you do a search you need to protect your investment against two possible scenarios: (1) no suitable candidate is found, or (2) the selected candidate doesn't work out. Either scenario could leave you with an unfilled position despite having paid a full fee. Ask about guarantees up front.

Scenario #1: The search firm presents several slates of candidates, *all* of whom you deem to be unacceptable. Will the firm continue searching until they find a suitable candidate or will they walk away? You need to ensure they're in it for the long haul. By the way, this is another excellent reason to benchmark a candidate soon after the project gets started so you don't waste time and lose momentum or the element of surprise with your competitors.

TIP

You can tell a lot about the firm by the amount of up-front due diligence they do defining the requirement—the more, the better.

Scenario #2: The selected candidate doesn't work. What's the warranty period? There's no industry consensus on that, so it's typically a negotiated term. You should be certain to put it in the signed agreement. A guarantee could be as short as 30 (calendar) days or as long as six months. You probably already know how long it takes your people to judge a new executive's competency, so make sure you either get the search firm to cover your investment for that amount of time or shorten your assessment program so you're covered in case of a bad hire. Determine up front what an appropriate period of time is for your company—one year is not unreasonable. Also, discuss what extra charges, if any, you may incur. It's also not unreasonable for direct costs associated with the search to be billed if the firm needs to redo the search from scratch.

The time to discuss these issues is before the beginning of the ESP relationship and, most certainly, before you commence a search. Finding great leadership at the CEO or executive level is complex. It requires a firm with a breadth of experience in completing senior executive assignments. It requires critical thinking and problem solving skills, and a proactive and fresh approach to each assignment because even the most successful searches are filled with challenges. The active involvement of the Search Committee Chair throughout the process is pivotal to insuring a high-quality result.

There are yet more questions you need to ask, which we'll cover in further chapters. But first, we suggest you download the Executive Search Score Card referenced earlier in this chapter from the book's website, www.HiringGreatness.com.

NOTES

1. Stan Davis and Christopher Meyer, *Blur: The Speed of Change in the Connected Economy* (New York: Warner Books, 1998).
2. www.forbes.com/sites/troyonink/2011/10/19/1-1-million-for-apple-employees/.
3. <https://hbr.org/2012/04/the-real-leadership-lessons-of-Steve-jobs>.