

Using Recruiters To Find Personnel

by Len Adams, C.P.C., President and Chief Executive Officer

Whether your business is small (and seeking start up staff) or large (and seeking to replace key executives), there are many methods of identifying and attracting qualified staff, including running newspaper ads, internet recruiting, job boards, asking for recommendations from existing staff, "networking," or just depending on walk-in candidates. All of these are fine, but recruiting firms, when used properly, can be one of the most effective methods of getting quality personnel. How do you find and use recruiting firms as an effective staffing option? Here are some details on why, when, and how to use them.

Varied situations. Whether the position becomes available because of termination, resignation, retirement, or addition to staff, the key reasons for retaining a recruiting firm are:

- **Confidentiality.** Particularly when expanding your staff or when replacing an employee, you may not want your competitors or other employees to know your plans. So a newspaper ad may be out of the question (a blind ad - with a box number - is possible, but many candidates won't answer it for fear of applying to their own employer). But you can conduct your search in confidence through a recruiter: Since the recruiting firm's most valuable asset is information, it won't reveal its clients. All preliminary interviews are completed without identifying the client organizations. Only when there's sufficient interest in setting up an interview is the client revealed.
- **Cost effectiveness.** When searching for qualified candidates, there are cost factors that need to be considered. For example, the cost of advertising in a major newspaper or business publication can range from several hundred to several thousand dollars. If an ad generates only a few responses, the money may be wasted. Even with a large response, the time and cost involved in processing responses and interviewing applicants can be overwhelming - and may not reap a qualified candidate. A recruiting firm, on the other hand, saves both time and money simply because it handles the preliminary screening and interviewing. Thus, the client interviews only those candidates who fit its criteria. And if the recruiter is hired on a contingency basis, there's no financial obligation until the position is filled.
- **Ability to tap the market.** Some of the best candidates do not read newspaper ads. A recruiting firm can reach those candidates who are not actively seeking new jobs. Further, a recruiting firm may be able to attract candidates from within your industry without compromising your firm's reputation.
- **Ability to attract talent.** A recruiting firm that's active in a particular industry generally has developed relationships with "up and coming" candidates. Such a firm may be able to reach high-caliber individuals who may not be approachable otherwise.

Commitment

Don't consider using a recruiting firm until you've completed an unsuccessful internal search, are convinced that using a recruiter would be your most cost-efficient option, and are ready to cooperate fully with the firm.

Types of Recruiters

Employment agencies find jobs for people, while contingency search firms and retained search firms work for the employer. Method of billing is another way of distinguishing the types of firms. With all three types of recruiter, fees are paid by the employer and are based on a percentage of the candidate's estimated first year's compensation - generally 1% per \$1,000 of salary to a maximum of 30% (for example, at a salary of \$30,000, the fee would amount to \$9,000).

Employment agencies and contingency search firms get their fees when the candidate begins work with the client; fees paid to a retained search firm are delivered on a set schedule (usually one-third when retained, another third after 30 days, and the final payment when the candidate begins work). Retained search firms also bill additionally for expenses. Guarantee periods vary from 30 days to 90 days, with full or partial credits or refunds

Tools of the Search

After you've selected a particular recruiting firm, it's important to provide it as much information as possible about your company and the open position, Adams says. To educate the recruiter about the company, you should furnish the details of your main business line, operating units, asset/capitalization size, and benefits. An annual report and organizational chart, if available, are also helpful.

Supplying information about the available position is imperative. This should include: the exact functional/operational title; education, experience, and expertise requirements; salary range; why the position is open, how long it's been open, and whether in-house candidates have been considered; background of employee currently holding position; personality factors, including traits needed for job success and the personality of the position's supervisor (a meeting with the recruiter is advisable); competitors or other companies where a candidate is likely to be found (and companies that shouldn't be tapped); and your interviewing and hiring procedures. A written position description is generally helpful.

Recruiting firms could also be characterized by specialization. Discipline specialists handle certain fields (e.g., data processing, engineering, human resources) and cross industry lines. They usually deal with positions that are technical or at middle and upper management levels. Industry specialists will handle all types of jobs at all levels within a given industry (e.g., banking, medicine). And generalist firms have no specialty.

Services Provided

When a recruiting firm, whether contingency or retainer, accepts an assignment, it doesn't just "empty its files" (send numerous candidates or resumes to a client, hoping one will be a match). Rather, the firm begins a comprehensive process, which consists of researching, file searching, networking, recruiting, prescreening, preliminary interviewing, in-depth interviewing, reference checking, negotiating, and closing the placement. Note that part of the firm's role in this process is to participate in salary and benefits negotiations and to assist the client in determining the candidate's motivation for making a move.

Recruiting firms can be a valuable source of information, too. Most will provide; as a service— up-to-date surveys and information regarding salaries, benefits, and availability of candidates in any particular location or category. And recruiting firms can also help employers troubleshoot turnover problems or difficulties attracting staff.

Finding a Recruiter

Recruiting firms range from small, independent operations to large public companies and subsidiaries of international firms. How do you choose? Ask around. Check references on prospective recruiting firms just as you would a prospective candidate. Rely on the recommendations of colleagues and business acquaintances. Recruiter industry associations (see box on page 78) also tend to be excellent sources of recommendations. Specialist firms' often are members of professional or industry associations, which can also be helpful in finding a recruiter.

Because recruiting firms strive hard to build their reputations, it's not too difficult to identify the reputable firms in any given location or specialization. Be sure, however, not to confuse reputation with visibility or public relations image. Evaluate firms on their track records and methods of operation.

To establish a recruiting firm's ability, require it to provide lists of its current clients and recently completed assignments. Also require it to provide other information to prove its experience in handling the type of position you need filled. What are the firm's procedures? Who in the firm will handle recruiting, interviewing, and dealing with you? Is the firm able to attract candidates from other areas of the country? How much time will it need to fill the position? Also find out about fees, expenses, and payment schedules.

After you get this information, consider that the recruiting firm you choose will be representing your company to prospective employees. And you should feel comfortable with the firm. If the chemistry isn't right, it will be very difficult to work well together.

Other Considerations

Large or small firm? A small firm may be able to offer more personalized service and have a smaller "hands-off list" (employers with whom the firm does business and therefore can't use as recruiting sources). However, a large firm has greater resources available but may have a larger hands-off list, thus limiting the companies from which it may recruit. More important to your choice should be the firm's reputation, professionalism, and ability to produce viable candidates.

Contingency or Retainer? Both types operate using substantially the same methods. The basic difference is that the retainer firm is compensated for a portion of the fee at the beginning of the search. Thus, retainer firms have more of a reporting responsibility to the client.

Specialist or generalist? For a position requiring special knowledge or technical expertise, a specialist firm is the preferred type. For positions of a general nature, a generalist firm will suffice. Bear in mind, however, that if a recruiting firm is worth its salt, it can recruit for any job, given adequate information. Firms will generally turn down assignments they can't handle.

Negotiating Fees

If the recruiter's fee seems steep, remember that it isn't payment for finding just one individual, but payment for the range of professional services rendered in recruiting that individual. A recruiter's overhead and expenses are comparable to those of any other business.

Provide the recruiter as complete information as possible about your business and the position or positions to be filled. This information serves as a road map for the recruiter. Also be sure to provide the recruiter with feedback - both positive and negative. If the firm is on the right track, let it know. If the firm is moving in the wrong direction or if some aspect of the position changes, alert it. And listen to the firm's advice and evaluate it on its merits.

Be Realistic

Your criteria for the job candidate, the salary for the position, and the deadline for filling the opening should be obtainable. For example, asking a recruiter to find a candidate at a salary that's 30% less than the position and experience level warrant is a tremendous waste of time and effort.

It's a good idea to establish a relationship with one or several recruiting firms, so they will be ready to assist you at the appropriate time (don't wait until an emergency staffing situation arises). However, don't engage 15 recruiting firms to fill one position. Such action will sabotage your search. For example, if a potential candidate is approached by 15 recruiters about one position, that person will probably think there is something wrong with the position or your firm.

On the other hand, granting an "exclusive" to one recruiting firm could facilitate results. Nothing motivates a recruiting firm more than knowing that a client has faith in its ability.

Information on Recruiters

A variety of national trade associations represent the recruiting industry. In addition, just about every state has a group or association representing recruiters. Here are some of the national groups that could help you find a recruiter to fit your needs:

National Association of Personnel Consultants

Roundhouse Square

1432 Duke Street

Alexandria, VA 22314

(703)684-0180

National Association of Executive Recruiters

P.O. Box 2156

222 South Westmonte Drive, Suite 110

Altamonte Springs, FL 32715-2156

(407) 774-7880

Association of Executive Search Consultants

17 Sherwood Place

Greenwich, CT 06830

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