

WANT HIGHER FEES AND MORE RETAINED WORK?

It's a basic principle of selling and recruiting. If you want to command higher fees than the next recruiter, you'd better be able to explain why you deserve them. It can mean the difference between struggling for 20-percent fees and winning more retained work than you can handle.

The secret is a strong value proposition, and if you don't have one, you'd better establish one.

Beyond Fees

A few years ago, I decided there were better ways to spend my free time than mowing my lawn—all five acres of it—for six hours every Saturday. I set up appointments with five local lawn-service companies. I asked for a bid from each company to not only mow my lawn, but to keep it the way it should look – green. One by one, they came out, looked at my lawn with little or no discussion, gave me a “competitive” bid, and left. Four companies came in at around the same price. The fifth company's representative said he couldn't give me a fair estimate until the next day.

I was shocked that he wasn't prepared to give me a quote on the spot. He said he needed time to complete a thorough analysis of my lawn-care needs. The next day he was back – with a detailed proposal. He knew exactly how his company was going to fulfill my requirements. He presented a detailed mowing, maintenance and treatment schedule for the entire year to insure that our lawn would have the best look and design in the neighborhood.

By the end of his presentation, there was no question who would get my business. The sale was made – before we even talked price. And the same is true in recruiting: with a strong value proposition – the sale is made before you even talk fees.

Understanding your customer very well, and knowing what you bring to the table and what differentiates you from your competitors are key components of your value proposition. They are the critical reasons a client would choose to do business with you, as opposed to all other alternatives.

The best recruiters in the world have developed winning value propositions. That is why some recruiters and recruiting organizations command the highest fees and secure more work than they can handle; because the perceived value of their services far exceeds the amount of money their customers are paying.

You Get What You Pay For

It's the truth: people are willing to spend more money on a product or service if the perceived value is greater than the price. It is basic economics, and it happens every day in every industry in the world. Recruiters and recruiting firms must bring real value to the table: value greater than that of their competitors. That is the foundation of a strong value proposition.

Create A Winning Value Proposition

1. Know the target market or niche you are going after.

The more specific the market, the more added value you can offer. This is the reason many individual recruiters and firms focus on niche markets. Through in-depth knowledge of a market or niche, you become the go-to person or firm. You possess the expertise to truly understand human capital needs and to present real solutions.

2. Define the specific needs you can meet or problems you can solve.

Focus. Go after one vertical market and identify horizontal positions you wish to fill. The more you focus on a specific market, the more you get to know that market intimately. That knowledge and experience increases the value you can add. One warning: Don't get so specific that your market is too small to generate the volume you need to achieve your recruiting goals.

3. Explain the benefits your clients receive from your recruiting solutions.

The client needs to derive some very tangible benefits from partnering with you. Will you save them time and energy? Will you provide significantly higher quality candidates than anyone else? Are they buying your expertise, your in-depth industry knowledge, or your skill at uncovering hidden top talent? Every recruiter and recruiting firm possesses unique strong points. Know them and quantify them. Many successful recruiters track the results of placements they've made. For example, I placed a super star in a document management company. He saved the business \$50 million in his first year of employment. This has become an integral part of my value proposition. When potential clients hear huge results like that - directly in their industry - you can bet they sit up and take notice. It is vital that you let prospective clients know just how good you are and what superior results you and your candidates have achieved.

4. Know why you are better than your primary competitor.

Here it is. The secret to success. What differentiates your offering in the eyes of the client is ultimately what wins the game. Know why you are better than your competitors. Explain your unique strengths and accomplishments that make clients want—need—to do business with you. There are thousands of executive recruitment firms out there. You've got to break away from the pack. Whether it's through your vertical market, your expertise, your search level, time to fill, quality of candidates... establish what it is you do best. Based on your differentiation – if the perceived value of your service outweighs the price the client has to pay – fees will no longer be an issue.

Get your message out there loud and clear. If you remain just another recruiter or recruiting firm to potential clients, your perceived value is basically nothing. Fees will always be a problem. That's why recruiters who command the highest fees get more retained work than they can handle. And why some are still haggling over 20 percent and struggling to find any good work at all.

Making it Happen

Once you've established your winning value proposition, how do you make it work for you?

Earn their respect. A typical recruiter in a phone conversation with a hiring authority starts talking about fees before even explaining why he called. Wrong approach. For too long, our industry has accepted the premise that no one should pick up the phone for less than a 30-percent fee. This is the most ridiculous trend in recruiting today. Good hiring managers and seasoned human resources professionals eat these over-eager recruiters for lunch. You have to work for their business. Show them why you are worth more. Help them understand what you do and how you do it better than everyone else.

To truly get the most from your value proposition, you must have a real understanding of your clients and your markets. Be an active listener and interviewer. Conduct an in-depth needs analysis of the client and the position. Ask great questions and get detailed answers. Ask why often! Go three questions deep on important subjects.

Give yourself time to prepare a search strategy. After your initial contact, always set up an appointment later that day or the following day. Why a second call? Because you need to go back and do your homework. Reexamine your information, come up with new questions, and discuss the specific search requirements with your team. Can you fill this search? Do you have the resources and the time? You want the client to know that solid research is being done. This establishes you as not just another recruiter arguing about fees without any justification as to why.

If the hiring manager requests a service fee quoted off the cuff say: "I would love to be able to do that, but I can't. I need to consult with my team. We will do some research on our side to evaluate the market and the difficulty level of the search. We take into consideration our pipeline of critical jobs to fill, and the time commitment filling your position will require. We can then determine how to allocate our resources to give you the best results within your timeframe. Only then can I quote you an accurate service fee based on a fair ROI (return on investment). Can we talk at 9:00 a.m, tomorrow morning – and I will have everything clarified?"

This accomplishes a few things. It gives you a chance to turn this job into a search assignment by further qualifying and positioning yourself correctly as a professional. It allows you time to do your due diligence. It puts you in control, letting you determine the viability of this particular search at this time. It lets you decide whether this search is one you want to undertake based on the specific requirements and your available resources. Most importantly, it gives the perception that you are best recruiter in this business.

The call back is like the all-important second date. Both of you will be evaluating whether the relationship should continue. Review the job specifications in detail with the client to make sure nothing has changed. Let them know you and your team have conducted considerable research. Then make your proposal. Explain with confidence the specific steps you will take to fill this search in the agreed amount of time. Talk about your value proposition again. Once you've convinced the client of your value and secured their agreement on your search plan, then and only then, you discuss the fee.

Have the Courage of Your Convictions

Your value proposition is not just for your clients. Once you take the time to develop and articulate your key differentiations, it can change your career. This isn't just a generic sales pitch or a script you are reciting. It is your unique story, the successful recruiter or recruiting organization's touchstone. Believe in your professional worth: never let a vice-president of human resources or a hiring manager bully you into lower fees.

You have shown them the value you bring to the table. Any service fee is based on a favorable return on their investment. If you have someone persistently badgering you to lower your fee, don't waver. Say, "I've explained our search strategy. Which step shall we skip?" I am so confident in my own value proposition that I will not be swayed—even by a talented negotiator—and neither should you. Remember, it is a fair price based on the service you will deliver.

Recruiting is not for the meek. You have to be sure of yourself and your value. This isn't empty self-esteem mumbo jumbo. It is confidence built upon hard-earned professional equity. Develop a winning value proposition today to earn higher fees and more retained work tomorrow.

About the Author:



Jon Bartos is a premier writer, speaker and consultant on all aspects of human capital and achievement. As president and CEO of Jonathan Scott International in Mason, Ohio, he has achieved industry-leading success. He is one of an elite group of executive recruiters who bill over \$1 million annually. In 10 years Jon has billed over \$10 Million in personal desk level production. Jon has also established Jonathan Scott International as a top 10% executive search and contract staffing firm. The office has won 16 international awards in the MRI Network, including International Billing Manager of the Year and Top 10 SC Office. Jon recently launched the Magnum Program, a personal coaching venue to help business professionals reach new levels of personal and professional success. If you or your organization is ready to achieve their potential, you can reach Jon at 513-701-5904 or jon@jonathanscott.com. www.jonbartos.com