

MARKET MASTERY: THE MANTRA OF DENNY CRANE

For those of you unfamiliar with the hit TV show Boston Legal, Denny Crane is that character played by William Shatner (Captain Kirk). Denny exudes self confidence so much so that he uses his own name like a mantra every chance he gets. He uses “Denny Crane” as a way of validating any opinion he holds. It may as well be synonymous with the American Bar Association in his mind. Now, of course, Denny Crane is fictional and acting like that as a recruiter would usually get you hearing a dial tone after a few minutes of self aggrandizement. However, the real point here is that expertise enhances credibility. Expertise in our profession is garnered not only by being an expert in recruiting but also in the market you serve.

In my opinion, a superior recruiter is one who has the ability to be an active participant in their client’s industry and is a master of that client’s market. Therefore, your market must be small enough that you are able to maintain a level of dominance in terms of industry expertise in that segment; however, it must also be large enough that it can provide you with enough space to accomplish what you want and need to accomplish. For example, if a recruiter says that they have a lot of experience in the healthcare field, that is a very broad area—he or she cannot possibly be an expert in the entire realm of healthcare recruiting. Rather, a skilled recruiter will focus on a specific area of healthcare, such as recruiting for hospitals or pharmaceutical companies.

The acronym **FILL—function, industry, location, and level** is a great way of ensuring the appropriate market mastery. A successful recruiter has to have the right combination of those four criteria in order to ensure that they truly understand their client’s market.

For example, an individual in healthcare may only recruit for hospitals (Industry) and only do so in Nursing (Function) in the Southwest (Location) and only at the director level and above (Level). The only searches the recruiter would ever work on would be in that segment. If there are fewer than 500 hospitals in our recruiter’s target area, it will not take long for that recruiter to get to know every Chief Nursing Officer, Director of Emergency Room, Critical Care, etc. —what their reputation is like; how those hospitals run their departments; and what the culture is like. As a result, not only can that recruiter quickly identify candidates who work in similar environments to that of their client company, they can also identify the individuals that are going to be best suited for that environment—as opposed to another recruiter who may work on only two hospital searches in a given year; as well as two for the drug industry; two for the medical device industry; two for the diagnostic industry; and two for the hospital equipment industry. You cannot have the same level of expertise throughout all of those industries. Some recruiters may claim to specialize in hospitals only, but then work across many different functional areas. However, this breadth can make it very difficult to develop an appropriate level of market mastery. Therefore, what differentiates a true market master from 95 percent of all recruiters is their level of in-depth experience and specialization. To illustrate this in an arguably unrealistic example may be oversimplifying but it will illustrate an excellent point. That said, review this market below:

* There are 50 companies that make widgets (fictional object!)

** There are exactly 20 widget makers at each company (so 1,000 total widget makers)

*** The industry boasts a 90% retention rate (VERY CONSERVATIVE) and 5% growth rate so that there will be 150 positions filled/job changes in the market. (15% of 1,000)

**** You make 10 of the 50 companies your clients and the other 40 your sources and assuming an equal distribution of need your clients would fill 20% (10 of 50) of the 150 positions or 30 jobs



(this is also VERY CONSERVATIVE because usually a few companies will do most of the hiring and therefore the 10 a good recruiter selects will probably do twice as much hiring as the others if not more)

***** Your client fills 10 of these 30 positions with other recruiters or on their own and you get 20 of the 30. Now let's assume your average fee is \$20,000. This would mean that you would bill \$400,000. If you double the market then it would rise to \$800,000. If you double the market and moved the fees to \$25,000 you would bill a million bucks.

Now, some questions to ponder:

- 1) How long would it take you to speak with every possible hiring manager at all 50 companies? A few weeks?
- 2) How long to speak with all 1,000 candidates? 3, 4, 5 months?
- 3) How long to take a candidate profile on every single widget maker? A year or two?

So, within six months, every possible hiring manager has talked with you multiple times and almost every potential candidate has talked with you at least once. Now flash forward three years. You have completed a candidate profile on every widget maker. The only new entries in the market are those fresh from one of the three widget making schools, and you know all the professors there well. You begin developing relationships with students in their senior year of widget making school. When you get a search, you enter the criteria in your well built database with detailed search codes and typically generate a pool of 15-20 viable targets on every search. So, to complete a search takes 15 phone calls. I can keep going, but I suspect you get the picture. Now, of course this example is fictitious just like a widget but nevertheless I think demonstrates the point that true specialization and market mastery provides great rewards.

If you could not call every possible company in your market in the next year then this is a good indication that you need to shrink your market. Budweiser would never give a rep a territory with bars that would not even get one sales call made in a year and the same should be true for your business. I realize this may sound counter intuitive but less usually means more in recruiting. To prove this, simply find 10 recruiters who regularly do 500k+ and I suspect you will find 8 or 9 are very niches specialists. They may give a more generic answer simply to lessen the competition, but go search the postings on their site or job boards if they actually use them and then see how similar they usually are.

As a market master, most every search you take is for the same type of position, so you have recyclability with the candidates you recruit. This provides for a deeper understanding of the people in your market, their reputations, their departmental structures, compensation and benefit packages, and the like. As such you know more about the market than the people in it or any "consultant." This level of insight generates a snowball effect (Denny Crane effect if you like) where the success you have in completing a search, will get you more similar searches, and the more you get, the more you fill. The more you fill, the better your expertise and resulting reputation. The better the reputation and expertise, the more clients will be willing to retain you if appropriate at higher fees and more favorable terms.



The search industry is finally acknowledging what other industries have known for decades—people want to hire specialists. Patients no longer see an orthopedic surgeon; they go to a surgeon that specializes in specific areas such as the spine or the shoulder. Beer companies hire specialty reps that deal with specific distributors such as big box stores, restaurants, or convenient stores. The drug industry does not just have one pharmaceutical sales rep that details all products; it has a rep that details cardiovascular products, and another that handles oncology products.

Recruiters must therefore become experts in their space, as companies increasingly rely on search firms to be experts not only in the generalized world of search, but in the world of search in a specific industry, a specific function, a defined geography, and at a specific level of candidate.

In closing, many people may think that this is ok in the good times but express concerns like “what happens if the market and number of searches begins to dry up? Then you will wish you were not so niched.” I would respectfully disagree, and that actually in the tough times, the more generalized recruiter dies. When a company needs 100 people, they will talk with virtually any recruiter. When they only need 15, then they will only use a select few. However, when they only need one or two then they will not want but one or maybe a couple recruiters. Darwin figured this one out some time ago, so did Denny Crane, and so can you!



ABOUT THE AUTHOR: *Jeff Kaye is President and CEO of Kaye/Bassman International and Next Level Recruiting Training. This former Management Recruiter National Recruiter of the year has helped build the largest single site search firm in the country with annual search revenue in excess of \$18M. His firm has won national awards for philanthropy and workplace flexibility as well as having been named the best company to work for in the state of Texas in 2005, 2006 & 2007. Kaye/Bassman has retained over 30 search professionals whose annual production exceeds \$400k. The same training that helped build this successful firm is now available through Next Level Recruiting Training.*

They have recently introduced new distance based learning programs and an entirely new subscription based program through an innovative delivery medium called NLE TV. To learn more about these programs or their other offerings please check out www.nlrtraining.com or www.nextlevelexchange.com. You can also email Jeff at jtk@nlrtraining.com.