

NLE Quick Tip: Pitfalls & Tips for Retainers

In this NLE Quick Tip, Scott shares tips and pitfalls to watch out for when migrating your recruiting practice to the retained services model.

Meeting: “Pitfalls & Tips for Retainers”

Pitfall #1: False Perception Retained vs Contingent Search

Retainers are not better – unless they are in the best interest of the client to proceed in that manner, and in your best interest as well. Review the list below and consider creating a checklist to ensure each retained search you take on is a “good” one.

Why a client would prefer an engaged or retained search:

- They need to ensure that someone is held accountable to fully covering the marketplace on their behalf
- They need tremendous amounts of documentation or market research performed
- They want to ensure a truly consultative approach
- They want to compare outside candidates to their internal ones, but want all vested interests removed

Why a recruiter would prefer to work on a retained basis:

- Money upfront!
- Your client is fully committed to partnering with you to consult and solve their problems
- Because of exclusivity, you will avoid the frustration that comes with multiple recruiters working on the same search
- The chances of a retained client turning into a repeat retained client are very high

Pitfall #2: Retained Search with a Bad Client

Of course, not all searches are engaged-worthy! Below is a list of questions to ask in order to uncover red flags that might arise after you commit to partnering on a search. What others would you add?

- When do you want this position filled? Is there a drop-dead date to fill? If the answer is ASAP, would you be prepared to make an offer to the right candidate tomorrow?
- When do you realistically expect to have the position filled by?
- What are some of the long-term, lasting effects of not having this position filled by your timeline?
- Has anyone done a recent salary survey to ensure that your salary range is competitive?

- What are the rumors, or negative perceptions, about your company that someone may have in the marketplace? Every company has people who have left, and true or untrue, they talk about their past employer. What objections am I going to hear that I need to anticipate, and what do I say to get around those?
- How many interviews have already been conducted for this position? Who did you interview? Who internally have you considered? What candidates are currently in process?
- How many offers have you extended that were rejected? Why?
- Have you used other search firms on this position? What has worked? What didn't? If other recruiters (internally or externally) have already searched on this position without surfacing the right candidates, what do I need to do differently to ensure a different result?
- Share with me the typical timeline of the interviewing process.
- What is the process by which you will decide who to hire and why you will hire them over the others you interview?
- _____
- _____
- _____
- _____

Pitfall #3: Time Cost and Opportunity Cost

What is the value of your time? Below is a formula for focusing on the activities, positions, and clients that pay you the most. This is essential to help you define when, how, and with whom you should spend your time! This is a starting point for growing existing relationships, maintaining others, and letting go of a few if needed.

First, take a moment to track your own overall key performance indicators. Knowing your data related to how many candidates have been submitted, knowing how many interviews have taken place, and knowing your production revenue are all things that should be easily tracked and pulled when needed. If you do not know this information, start tracking today. This is the first step in working smarter, making more placements, and prioritizing your time.

Last 12 months for you personally:

- Total Submits (candidates submitted to a client) per placement = _____
 - Example: 300 total submits with 20 placements made = 15 submits to placement ratio
- Total Interviews (either telephone or F/F, just measure consistently) per placement = ____
 - Example: 60 interviews with 20 placements made = 3 interviews to one placement



- Average placement fee = _____
 - Example: \$300k total revenue with 20 placements made = \$15,000 average placement fee
- Value per candidate (total billed revenue divided by total submits) = _____
 - Example: \$300k total revenue with 300 submissions = \$1,000 for every submit

Next, select two of the clients you've done the most work with (or two you are working with currently). Compile the information unique to each organization as a whole.

Client #1 (Name): _____

- Total Submits per placement = _____
 - Example: 40 total submits with 5 placements made = 8 submits to placement ratio
- Total Interviews (either telephone or F/F, just measure consistently) per placement = _____
 - Example: 30 interviews with 5 placements made = 6 interviews to one placement
- Average placement fee = _____
 - Example: \$100k total revenue with 5 placements made = \$20,000 average placement fee
- Value per candidate (total billed revenue divided by total submits) = _____
 - Example: \$100k total revenue with 40 submissions = \$2,500 for every submit

Client #2 (Name): _____

- Total Submits per placement = _____
 - Example: 12 total submits with 2 placement made = 6 submits to placement ratio
- Total Interviews (either telephone or F/F, just measure consistently) per placement = _____
 - Example: 6 interviews with 2 placements made = 3 interviews to one placement
- Average placement fee = _____
 - Example: \$50k total revenue with 2 placements made = \$25,000 average placement fee
- Value per candidate (total billed revenue divided by total submits) = _____
 - Example: \$50k total revenue with 12 submissions = \$4,166 for every submit

Tip #4: Not securing written agreement, including search parameters

Send over a summary of what the client has engaged you to fill, and consider incorporating this paragraph into your retained fee agreement:

In the event that Client cancels or revises the requirements for any given position after interviews have been facilitated by (firm), creating the need to source a different pool of candidates, the payments for the original position will not be refunded or credited to Client. An additional payment of \$_____ will be required to initiate the new search or you may specify that one payment will be credited and the other(s) will not.

Tip #5: Be Willing to Walk Away

Don't be afraid to walk away – but tell the hiring manager why you are doing so! Make sure to always speak in terms of what is important to the hiring manager. This is not the time to express your needs or your wants. In order to influence others, you've got to look through the lens of what is important to them. What will solve their problems? What will make their life easier? What motivates them? How are they motivated or evaluated? An example script is as follows:

"I appreciate you spending the time with me that you have, and obviously I failed to convince you that there's a slightly better way to approach this solution to your problem. Because of that, there is a disconnect between the way you want your services delivered, and the way I successfully deliver them for my clients. I also fully respect that it's your company, you get to call the shots, and I'm the one that's failed to persuade you that there's a better way to approach this. Based on that, I'm going to respectfully pass.

I'm not going to submit candidates at this time, and let me defend why. Let's pretend you and I have never talked before. We had a great conversation up to this point, and I go out and put together a short list and submit one individual, or two individuals, or perhaps nobody. You and I then have this same conversation again in six months. Is it possible that in the back of your mind you think "Why would I give him/her an exclusive, when I gave him an assignment six months ago and I never really saw anybody?"

That's exactly what's going to happen, and I'd rather do it the right way MAYBE someday."