



## NLE Quick Tip: Alternative Fee Agreements

There are times when a financially committed/retained search is the best option, and there are times when contingency recruiting is the appropriate approach. Certainly, the urgency and critical nature of the position are factors. Accountability, access, and search status are all variables as well. There are times, though, when neither of these solutions is the best answer. Unfortunately, most recruiters tend to work one way or maybe two and then sell why their way is the best. A true consultant gathers all relevant information and then makes an informed professional recommendation.

In order to truly be a consultant, one has to be prepared to craft the appropriate agreement based on the client's unique needs and expectations.

### Meeting: "Alternative Fee Agreements"

**(Facilitator):** Having creativity in the way we craft our process, relationship and terms is the essence of serving clients in the manner that best suits their needs. Jeff shares the concept of an alternative fee agreement, which could be appropriate if a firm needs to conduct a competitive analysis (overviews could include departmental structures, systems, and people), market research surveys or salary information/analysis. The key to incorporating this new approach is to be prepared; review the scripts provided below and create your own that would suit your style and market conditions.

**THE PREFACE:** *"A lot of the companies we have done business with, especially in light of the changing economy, have loved the service that's been delivered from a financially committed and engaged search; they loved the professionalism, they loved the thoroughness of process, they loved the dedication of effort, the ensuing accountability of the search consultant, AND they loved the search process to ensure that the best possible candidate is identified, attracted, and landed.*

*What they didn't love was the inflexibility they felt sometimes they received in their agreement. All of the "what if's" - what if I find it on my own, what if I decide not to fill the position, what if you can't find someone even though I paid you, what if what if what if. All of these "what if" scenarios came into play and that was a problem for them yet at the same time they were very open and desirous of all the benefits that came from the style of a dedicated search. What we have done is created a hybrid of the best of both worlds, as we've always tried to maintain in our client focused search approach a flexibility in customizing our agreements around the unique individual needs of our client and even the unique individual needs of the marketplace at that moment in time. As such, we have customized and created a consulting agreement that allows us to include all of the benefits associated from our traditional dedicated retained search effort yet all the flexibilities and freedoms that one usually only finds in a contingent based agreement. Does that sound like an approach that would fit your needs?"*

**YOUR PREFACE:** \_\_\_\_\_

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# NEXT LEVEL Exchange

**THE EXPLANATION:** *“The consulting approach allows us to go out into the marketplace specifically on a position or a series of positions, and we dedicate sufficient resources to contact a certain number of individuals on the position or positions that you dictate. Depending on the amount of people that we contact on a monthly basis dictates the financial monthly retainer that you would pay us. The more people that we contact or the higher the number of positions that you give us, the greater the market penetration, the greater the financial commitment.*

*The flexibility of this style of agreement can allow all those “what if’s” to be answered. What if we find a candidate on our own for that position? You would immediately make us aware of that and we’d dedicate our efforts towards a different position perhaps in a different department and we would begin immediately conducting our search efforts and those volume of calls to a different industry or a different marketplace. You effectively could change your mind every month for the next 3 months in having us look for 3 different types of people in a 3 month time period.”*

**YOUR EXPLANATION:** \_\_\_\_\_  
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**THE CLOSE:** *“On a weekly basis, I will talk with (# of) people that are in the (type of) space within (radius/volume/etc). I will summarize that information and send it to you at the close of each month. This will continue until you tell us that you no longer need this information. Our service charge for this market intelligence is \$2,500 a month (for example). Of that, half can be applied to a retainer for any positions that you do need filled within the next three months. If you do end up hiring someone that comes from our search efforts, our standard service charge of 30% applies. Who, besides you, needs to sign off on this?”*

**YOUR CLOSE:** \_\_\_\_\_  
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