

HOW TO SELECT AN EXECUTIVE SEARCH FIRM



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Imagine a stone dropped into a pond, whose ripples disperse erratically, growing and gathering strength until they reach the water's edge. The final effect can be carefully planned, but never entirely predicted. This image illustrates what can follow the hiring of a new senior-level executive. Once made, this single choice sets in motion a series of related events, decisions and directives, actions and reactions that reverberate and build upon one another indefinitely.

Therefore, the responsibility of selecting an individual with talent and experience perfectly suited to a company's long-term needs cannot be underestimated; neither can the consequences of a misstep.

It is little wonder, then, that so many organizations enlist specialists in the field of executive recruitment when seeking talented individuals for their highest levels. It is our professional belief that the selection of an executive search firm can and should be approached with the same discernment and rigor as the selection of the candidate who will ultimately fill the role.

While many organizations feel confident in a top-tier search firm's ability to judge the credentials and capabilities of candidates, fewer may be as certain about the best method for evaluating the suitability of an executive search firm. As experts in corporate governance and leadership, Heidrick & Struggles has a unique perspective on both sides of this equation. Through our more than 50 years of experience, we have amassed a collection of recommendations to offer organizations facing the challenging task of selecting the right search firm.

WHY USE A SEARCH FIRM

Leadership succession is among the *prima facie* duties for every board of directors, and the hiring of key general management executives should also be a fundamental priority for CEOs and other senior management. But shouldn't they be capable of doing this unassisted? The answer is yes, and some do. But they often find themselves unacquainted with the market of available candidates, and bound by the limitations of their own professional networks, the necessity of confidentiality, and the differences of opinion that can cloud even the clearest of intentions.

In contrast, an executive search firm can objectively assess spoken and unspoken requirements, and then approach with absolute discretion the highest quality candidates regardless of their employment status. Also, some search firms have developed specialties in leadership assessment and development, giving them insight into the qualities and competencies that typically translate into success in critical senior-level positions.

SELECTING A SEARCH FIRM

One of the most important aspects of selecting the right search firm for your organization is understanding the value a search firm provides. Search is a consultative and collaborative process whereby a search firm assumes the overall obligation to identify, attract and present qualified candidates deemed suitable by the client. To best serve the long-term objectives of a company, CEOs and their hiring managers would be wise to evaluate each potential search firm according to these critical guidelines:

- Which firm and consultant team, by reputation, skill and prior experience will be able to first *identify*, and more importantly, *gain access* to the most qualified executives for the position? Of all the value an executive search firm provides, the access and influence it possesses may have the most significant impact to the outcome of the search.
- Which search firm can provide consultants who truly understand all the strategic, financial and operational issues your company is facing? Unsurprisingly, world-class search firms attract and recruit world-class consultants. With a solid understanding of the key issues and ample relevant experience, the right consultant team can gain a quick start on conducting the search as well as detect and ward off any potential problems along the way.
- Does the search firm fully understand the unique culture of your organization, its strengths and challenges, and its greatest needs? Our experience has taught us that companies are unique, each with a distinct culture and set of values. It is no simple undertaking to preserve a culture while at the same time energizing it with new people who bring with them fresh ways of thinking.

- Which firm understands the core competencies required for the placed executive to succeed? Whether your organization faces a turnaround scenario, a succession planning issue, or simply hopes to stay on a successful course, the firm you select should be well-versed in sourcing those candidates with the precise skill set and experience required.
- Once suitable candidates are identified and contacted, which firm will be the best “ambassador” to present the opportunity and create interest, and ultimately “close the deal” with the best candidate?
- What priority will be given to your search by those involved? As mentioned earlier, this decision represents a serious and far-reaching responsibility that deserves top priority not only from your organization, but from the firm you retain.
- How comfortable are you with the consultants who will be responsible for managing the relationship with your company? How confident are you in their proposed approach? Your impression of them is likely to resemble the impression your potential candidates gather as well. The highest standards of professionalism, expertise and trustworthiness should not just be talked about by the firm; they should be evident.

Other things to consider include the geographical extent of the search. Will the search be national or multinational, and do the firms under consideration possess the resources and capabilities to conduct an assignment of this scope? Also, consider all the possible industry and functional areas where qualified candidates may be found. Which firms have substantial and appropriate resources, contacts and track records in these areas? And finally, invest the time to personally check each firm’s references. More can be learned about the firms and consultants in this manner than in almost any other way.

As part of the final evaluation of search firms, the following information can be included in a proposal or discussed in the firm’s in-person presentation:

- A list of the search firm’s activities and completed searches in relevant positions


and industries during the past five years;

- Professional references, including relevant industry and general business leaders, current and former clients, and placed candidates who can appropriately evaluate the capability of the consultant(s) involved;
- A demonstrated knowledge of your organization (its operations, products and services, strategies and outlook) and a similar understanding of relevant industries;
- A preliminary search strategy based on company and industry knowledge;
- An overview of the firm’s search process and methodology;
- The firm’s fee schedules, including an outline of any expenses beyond the fee.

WHY HEIDRICK & STRUGGLES?

As the leader in executive search, we are highly committed to serving our clients’ interests. Our top priority is forging long-term relationships with clients and candidates, and for more than five decades we have helped businesses in every industry build thriving, high-performance management teams. We are an international search firm with a reputation for successful and impactful search completions for senior-level positions. Our access to the market’s best talent and our ability to recruit these executives are unparalleled. Our consultants are the best in the industry.

Heidrick & Struggles has long been a proponent of the value of people. People who can add significantly to the value of an organization. People who can capture the imagination of the marketplace, unleash ideas and energy in the people around them, and win the trust and confidence of investors and the organization. It is people, after all, who shape and grow strategy, capital, products and brand, and all the disparate elements that constitute the entity we think of each time the word “company” is used.

Invest time and care in selecting the firm that will assist you in selecting talented individuals. It is one of the wisest investments any company can make. 

REASONS TO USE EXECUTIVE SEARCH

- A qualified, experienced and objective third party identifies and evaluates the appropriate talent for your organization.
- Often the need for confidentiality is high enough that companies are limited in their ability to source or approach candidates on their own. A search firm can maintain discretion within the client organization and to the outside market.
- Searches are often conducted at times of duress or change, so drawing upon a search firm’s demonstrated capability and experience of placing top-tier executives in relevant industries can significantly reduce a company’s risk when embarking on a critical search.
- Search firms will typically ask and help companies work through the tough questions regarding the structure and reporting relationships of the open position, the priorities of the company, and the level and type of candidate the company realistically hopes to attract.
- Without a search firm present, a company may not be successful in bringing to the surface issues and disagreements about the ideal candidate. Worse, when candidates come for an interview, they may perceive differences in these individual expectations, which may cause them to withdraw as a candidate.
- Search firms provide a mechanism to interview and assess internal and external candidates in-depth, simultaneously. Search firms can also help to absorb internal and external sensitivities and “political” pressures.
- Search firms handle all interviewing and scheduling logistics, and manage client and candidate concerns throughout the process.
- Search firms conduct professional referencing. Often these references are more candid with search firms, providing a complete and balanced description of the candidate.
- Search firms assist in negotiating the offer and reaching closure with the final candidate of choice.
- A professionally directed search provides a much better chance of success for finding and recruiting the best long-term “fit” for an organization.