

Why Recruiters Are Worth What They Charge (*Reprinted from: The Fordyce Letter*)

“When I need a heart by-pass, rest assured that I won’t select my surgeon on the basis of what he charges.”

That’s what an ailing executive recently opined when he was informed by his doctor about his arterial blockage problems. Why then are corporate executives so tightfisted when dealing with what is so commonly thought of as the “heartbeat” of their companies -- top talent?

Companies think very little about paying the often excessive fees charged by their outside accounting and legal firms...or even the gaggle of consultants who promise cost-cutting and streamlining miracles in other areas of operations.

Yet, when faced with brain drains, talent deficiencies or the need to replace one employee with a better one, their thoughts too often turn to parsimony. This Kmart mentality belies and contradicts their stated objectives to “hire the best,” especially at pecking order levels below the “big picture” executive suite inhabitants.

Of course recruiting fees can vary from firm to firm but, when they do, you will almost always find that those on the low side are sure to exclude some very key ingredients of the process, all of which are vital to providing the indispensable services necessary to satisfy the needs of the employer.

So why are recruiters worth what they charge? Just a few of the often unspoken reasons are:

Expertise

Nobody knows the employment marketplace better than a professional recruiter -- nobody! In-house human resources, no matter how effective (or Internet-savvy), view the marketplace through an imperfect or misrepresentative prism and tunnel vision is a frequent occupational hazard.

Just as physicians are cautioned against treating members of their own families, so, too, is it folly for an in-house H/R professional to believe that they have an undistorted and unbiased picture of the employment landscape. They are vulnerable to the pressures of internal politics and cultural dimensions which do not hinder the outsider.

Street-smart recruiters already know the neighborhood, including the unlisted addresses so often overlooked by the insiders.

Cast a Wider Net

A professional fisherman will always have more to show than a weekend angler. Recruiters are in the marketplace day in and day out. They know the unfished coves, reefs and inlets that are unknown to others. The job-hunter bookshelves are filled with lore about the “hidden job market.” The same holds true for professional recruiters who have a detailed roadmap to the hidden talent sources which will never be accessed by newspaper ads, alumni associations, applicant databases, the Internet or any of the other more familiar sources of people.

There are occasional pearls through these sources (and someone inevitably wins the Publisher’s Clearinghouse Sweepstakes, too) but you have to shuck an awful lot of smelly oysters to find them. Recruiters only give you oysters proven to contain pearls. Your only job is to determine which pearl is the best. Want to catch what you’re fishing for? Hire a guide!

Cost

There is a misconception among employers that the cost of a hire equals the cost of the ads run or postings on the Internet designed to attract the person hired. Nothing could be further from reality.

Try adding these to the true cost and you’ll see just how cost effective an outside recruiter can be: salaries and benefits of the employment/recruiting staffs plus those of the line managers involved in the hiring activity (who are not productive in their normal job pursuits when they’re out recruiting); travel, lodging and entertainment expenses of in-house recruiters; source development costs; overhead expenses including (but not limited to) telephone, office space, postage, PR literature, applicant database maintenance, Web site costs, reference checking, clerical costs to correspond with the hundreds of unqualified respondents and more.

Unbiased third party input

Contrary to what some believe, recruiters don’t try to put square pegs into round holes. A recruiter’s stock-in-trade is their integrity and their reputation for finding someone better than a company could have found for themselves.

For a mid to senior-level executive, the average recruiter may develop a “long list” of a hundred or more possibilities. Each must be called and evaluated against the position specifications as well as the personality “fit” with the company and the people with whom they will ultimately work. Once this is

winnowed down to the “short list,” an even more intensive interviewing process begins to narrow the search to a panel of finalists for review by the client. This process is not, as some believe, simply romping through the file cabinets or putting the job opening out to others in the recruiter's network with crossed fingers that someone good will show up.

It is highly unlikely that a professional recruiter will be plowing new ground with your opening. They deal within spheres of influence far more familiar with your needs than any internal recruiter and, more often than not, view the finalists as people who are competent to solve client problems rather than just fill an open slot in the organizational chart.

Because they want to do business with you again and again, they are looking for (and challenging you to excellence by hiring) the “truly exceptional” rather than the “just satisfactory” so often settled for by in-house hirers.

Confidentiality

Advertising or otherwise publicly proclaiming an opening, aside from its cost and demonstrated ineffectiveness for sensitive senior level openings, often creates anxiety and apprehension among the advertiser's current employees who wonder why they aren't being considered or worry about newcomer transition problems. Just as often, it alerts competitors to a current weakness or void within the company.

Speed

The recruiting process is always faster through a search professional who is continually tapped into the talent marketplace than one having to start the process from scratch. For every day that a key opening remains unfilled, a company's other employees must grudgingly do double duty. And this doesn't factor in the profit opportunities or competitive advantages lost to a company because a position remains unfilled or is done on a part-time basis by others less qualified.

Post-Hire Downtime

Not only is speed an essential part of the professional recruiter's process, the ability to locate a person who can immediately “hit the ground running” with a minimum of “ramp-up time” saves time after the hire. All too often, a hire selected through less effective sources offering a smaller talent pool requires several months of expensive training and orientation.

Reality

Professional recruiters often recognize and have a duty to inform clients that they may be mistaken as to the type of person sought, the salary required to attract them or the possibilities that the solution might just lie in areas outside the traditional target industries -- something an internal recruiter is politically disinclined to do. Too many hirer managers fail to understand that a professional recruiter's primary function is not necessarily to fill a slot but to provide the right candidate to solve a problem.

Negotiation

Master negotiator Herb Cohen says that "negotiation is the analysis of information, time and power to affect behavior . . . the meeting of needs (yours and others') to make things happen the way you want them to." As a buffer and informed intermediary, the professional recruiter is better able to blend the needs and wants of both parties to arrive at a mutually beneficial arrangement without the polarizing roadblocks which too frequently materialize in face-to-face dealings, especially in this "show me the money" economy.

Prioritizing company resources

It is often amazing to see how much of a company's revenues are squandered on non-productive perks for existing high-level employees while they penny-pinch on what is every company's lifeblood -- talent acquisition. Club memberships and the like may be fine, but no one with an IQ higher than Forrest Gump's believes that these expenditures contribute to a company's profit margin. But one well-placed employee can be the cause of a company's profits skyrocketing. And the fee for having hired these people pales to insignificance when compared to the contributions they make to the bottom line.

The next time you think a recruiter's fees are too high, put them in the proper perspective before asking for that Blue Light special or spinning your wheels thrashing about trying to fill vital openings with less effective (but not necessarily less expensive) pedestrian methods.

Savvy executives learned long ago that the fee paid to a recruiter is a shrewd strategic investment, not an extraneous expense.