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Retained Search's "WARRANTY FLAW:"

two simple steps can protect your company.

"As a search firm, we are committed to your success. Our warranty is for twelve months. If the candidate does not work out, we are on the hook to redo the search for you at no charge."

That is an impressive warranty!

It *would* be if the authors were bistro managers and we hired a person to join the wait staff.

We could probably make a decision about whether the new employee will work out within three business days. And we will not hesitate to take action.

A twelve month warranty is impressive at this level.

Now change your perspective from hiring a wait staff member to hiring a Chief Financial Officer. The CEO had to have the selected candidate reviewed by the Chair of the Board and the Chair of the Audit Committee. The CFO job is far more complex than the wait staff. How long does it take to determine that this new person is not going to make it? And once having made the decision, when will the CEO go to the Board to discuss mistakes made in hiring this person?

A twelve month warranty does not work for senior level positions.

Eighteen months is a far better time period for these more complex roles.

How Long Would Your Business Survive with a 60% Success Rate?

If you look at retained search success within a twelve month period, it appears that retained search is doing a good job for corporate clients.

The twelve month framework masks a problem: the real decision point is month 18…..six months after the expiration of the warranty.

Several years ago, one of the world's leading retained search firms did a study of its most recent 20,000 placements. Eighteen months after selected candidates began, only 60% were still employed at the company. In other words, 40% had been fired or had resigned. (Masters, 2009)

How many months would YOUR business survive if it honestly promised customers that its products or services would have a 40% chance of failing in 18 months?

Managing the Inner Contradictions of Job Descriptions.

One of the problems behind these retained search dismal statistics is the job description.

Job descriptions are public documents. And these documents must serve multiple masters with conflicting objectives. It must serve hiring authorities who wish to make good hires. It must serve compensation professionals who conduct salary surveys using job descriptions as a key data point.

Finally, the document must serve marketing/sales professionals who know that competitors will view their company's job description to identify weaknesses for exploitation.

These conflicting stakeholders tend to result in job descriptions that emphasize the positives about the job. People reading job descriptions assume that they are walking into "good to great" scenarios and nobody bothers to tell them differently….until after they begin working. (Stybel Peabody, 2010).

Write a "Going In Mandate:"

In our retained search work, we interview key officials to ask a different set of questions called the Going in Mandate.

This is not a job description that is to be public. It is a customized set of challenges that the selected candidate will be measured on a year later.

We conduct an interview and then create the first draft of the Going in Mandate.

Three Core Questions:

1.0 What needs to be changed over the next twelve months.

       1A. Business Processes. (How we do what we do and with whom)

       1B Technology (software/hardware).

       1C. People

       1D. Culture

2.0 What need to be preserved/honored over the next twelve months.

       2A Business Processes.

       2B. Technology

       2C. People

       2D. Culture

3.0 What issues are not front burner for the next twelve months.

       3A Business Processes.

       3B Technology

       3C   People

       3D Culture

Sample Going in Mandate:

Below is the Going in Mandate for a newly hired VP, Development for a global nonprofit.

1.0 What needs to be changed in the next twelve months?

Number one thing is financial planning around restricted funding. We are getting more restricted funding. We account for it being spent. But we are weak in planning for it in the budget.

I would like a process in place to have an in depth review of quarterly results.

A monthly outline of your Board interaction: make sure I am copied and kept in the loop. I want no surprises from you!

Check with me about messaging before talking with Board members.

Our digital strategy needs special attention. It is just getting going. It will need high level review. There is an interim director of online campaigns. The VP will make a decision about who gets that job. I think the VP should first hire a consultant on digital strategy. Let's be strategic about this but I want to see fundamental change in 12 months.

Reach out to the country offices; identify those people with potential. Work with the high potentials.

The key triangle: corporate communications, programs, and philanthropy. Everybody needs to be working together. On the communications side, the VP needs to work with the head of communications for a plan for how communications will support philanthropy. The program leaders need the VP to provide them with a much better understanding of the implications of restricted funding. I need to see much, much better communications between Development and Programs. There is too much silo mentality around here. I want the VP to be the example of culture change and I will also be pushing in the same direction.

2.0 What needs to be preserved/honored over the next twelve months?

Never develop a business process that aims at the lowest common denominator in the name of <u>team</u> buy-in. That's never been my style. And I don't want it to be the VPs style. Get everyone's input but be aware that I would rather manage problems that are a result of creating <u>creativity</u>. You cannot be successful with me if you seek to avoid offending others.

We are spread out around the world. We do not have smooth internal communications. Don't be hierarchical. Go to the individuals directly. Don't go through channels without expecting your message to get filtered.

3.0 What Issues Are Not Front Burner Over the Next Twelve Months?

Further consolidation of IT and fund raising departments. It can wait.

Upgrade the donor database system. (I'd like to see this done within 24 months but it doesn't have to be done in the first 12 months).

There is no need to look at major reorganization.

Conclusions:

There is a warranty flaw in classic retained search.

The classic retained search warranty is twelve months and yet the "moment of truth"

comes six months after the warranty expires.

One simple step to be taken is to insist that your retained search contract be for eighteen months.

A second simple step is to insist that your search from stop acting like a search firm: the definition of a successful search is when the corporate client declares that the "search is over."

You want the search firm to act like it is committed to your company's leadership success. All search firms can say they are. But how many of them have the search firm corporate culture and the financial incentives systems to support the claim? It is your job as the buyer to ask good questions.

The Going in Mandate is a tool that we use as part of a new leader on boarding system.

We have shown you how we construct Going in Mandates. Why don't you try it out and let us know how it works for you.

Call us in 18 months!!

Reference:

B. Masters. "Rise of a Headhunter." Financial Times, March 30, 2009 https://next.ft.com/content/19975256-1af2-11de-8aa3-0000779fd2ac

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Maryanne Peabody and Larry Stybel are co-founders of Boston-based Stybel Peabody Associates, Inc., an Arbora Global Company. Clients include 21% of the one hundred companies named "Best Employers in the United States." Its mission is "Leadership and Career

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