



▶ MOBILIZATION OF SEARCH



▶ THE NEW RECRUITERS



▶ PLUG YOURSELF INTO THE CORPORATE RECRUITING FUNCTION

Recruiting *Entrepreneur*

ADDRESSING THE UNIQUE NEEDS OF SENIOR LEVEL EXECUTIVE RECRUITERS AND EXECUTIVE SEARCH FIRM OPERATIONS

As market conditions worsen and experts predict a long recovery, how can search firms prepare for an economic downturn and ensure they survive?

Ten Survival Tips for Executive Recruiters

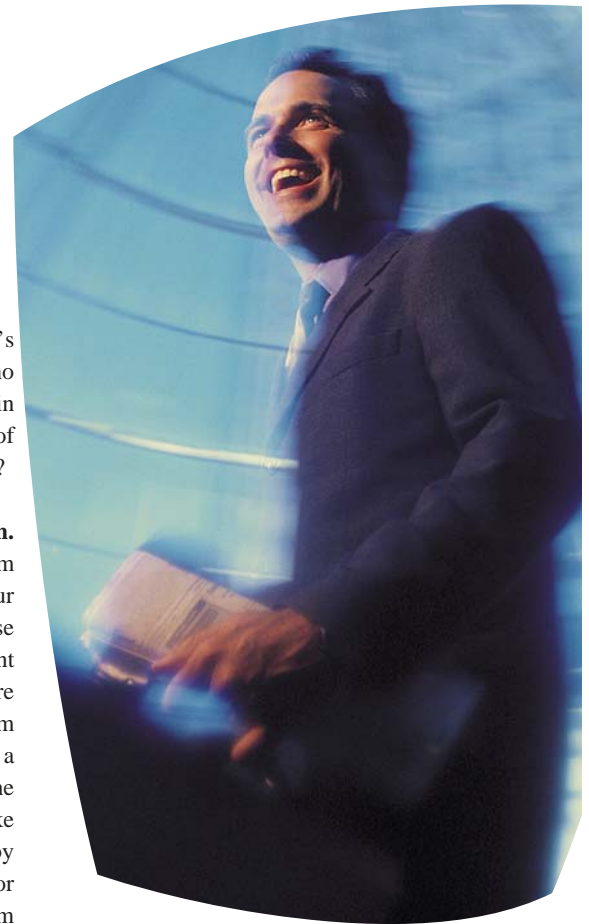
Most of us remember the economic hardship felt in executive search beginning in the late 1980's and again in 2000. Consider yourself lucky if your firm survived – most didn't.

What did we learn during those times and how can we apply those lessons today? Most large firms apply the same practices over and over: Hire when busy, fire when slow, keep the big revenue generators. Unfortunately this is an important factor in the inability of large firms to grow their profit percentage, improve their completion percentage and lower risk. A new model is needed, so why not take this opportunity to build it right?

For smaller firms or sole proprietorships, the issues are the same, but on a smaller scale. With employee compensation a significant

component of your operating costs, it's natural to look first to cut staff. Those who bring in revenue are at lower risk, but in these market conditions no one is free of risk. So how can firms survive these times?

1. **Restructure your compensation plan.** Creating a lower risk for you and your firm requires you offer a greater upside to your employees too. Firms can lower base compensation in exchange for frequent bonuses tied to search revenue. For a more aggressive option, move your staff from employees to subcontractors. You'll pay a higher price, but you'll remove the obligation to pay benefits. You can make this process easier on your employees by helping them set up their own subcontractor model and offer to get them business from other firms too. Continued >>



BusDev Tip

Niche recruiters have great success if they can position themselves as experts. (do one thing great) If you are a successful niche player it's likely your competitors are few. In this case establish strong, trusted relationships with other niche recruiters. Often these recruiters are asked by their clients to recommend experts to address needs in other niches. These business referrals can be a significant help to you business. Even recruiters who share your niche may focus on larger organizations, preferring to pass along business to peers who cover smaller or middle-market companies.



Top Ten Survival Tips for Recruiters

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2. **Review your budget** and list items that can be scaled back or removed during downturn. Most firms are paying for things they're not using very often. Look at research-related subscription fees, for example. In many cases these can be removed and reinstated without penalty when needed.

3. **Share operating costs.** Most of us have friendly relationships with many of our industry peers. Identify those who might be willing to share the costs of tools and services. Subscriptions, researchers and even administrative assistants can be shared among multiple recruiting partners.

4. **Eliminate your office.** Rent is often a major component of the monthly operating costs. Corporate landlords usually have little flexibility on the terms of your rent. If your rent is expensive, review the cost benefit of your office to see if you can function effectively elsewhere – even temporarily. Do candidates and clients visit your office? How often can these meetings be held elsewhere? Can you be effective from a home office or from a less-expensive suburban location? One firm even moved its 6-person office to an apartment.

5. **Adjust your bandwidth.** For many offices, bandwidth is excessive – especially after eliminating employees. A firm with fewer than six users can get away with DSL-speed internet (often as

low as \$39/mo.) A recent survey found 80% of boutique firms were overpaying for bandwidth or providing too much bandwidth to their employees. Moving from standard T1 back to DSL can save an office \$400/mo.

6. **Automated Attendant.** Many senior-level search boutiques pride themselves on having live persons answer the phone. To lighten monthly costs, owners should consider an automated attendant. This computer-assisted answering program is usually included on all phone systems. Alternatively, there are external services that can answer your phones for you at a fraction of the cost of an employee. Today's senior executives are much more comfortable dealing with an automated system than in the past.

7. **VoIP Phones.** If you don't have them already, consider a Voice-Over-IP telephone. These phones and services use the Internet to make your calls (you might need more bandwidth to ensure high quality). The cost of these calls is extremely low or even free. Using a VoIP phone or phone system will likely reduce your phone costs by at least 75%.

8. **Restructure IT.** Outsourced IT services are readily available from local providers and even big-box stores like Best Buy. Consider switching your internally-hosted applications with web-based solutions that require no in-house support. Online recruiting databases are now available from providers such as Prospect City, Bullhorn and others. These services require only an Internet connection with no software to load on your computer. Most include document storage too, so you can remove all in-house computer servers too.

9. **Don't be a bank** for your clients. Instead of paying for recruiter and candidate travel in advance and later requesting reimbursement from your clients, ask for an expense advance with your first invoice. Many companies now charge a \$5,000 expense advance as part of the first invoice with a promise to refund any overage.

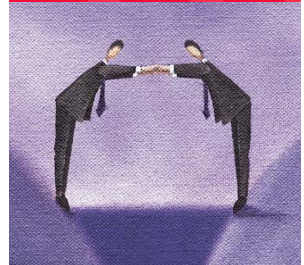
10. **Consider passing along operating costs to clients.** Some firms pass along communications costs (phone and Internet) on a flat fee or percentage basis, and postage/delivery costs. This is a common practice with larger search firms and has had some resistance from client companies, so be careful not to cross the line between real expenditures and "cost of doing business."

A more radical approach is taken with larger firms, charging a one-time expense reimbursement based on a percentage of the search fee. This usually ranges from 10-13% of the total fee, billed with the first invoice. However, larger firms use this to demonstrate a willingness to spend on the client's behalf, but internally operate to achieve profit from this percentage. Some clients have grown suspicious of this practice over the years and there is increasing pressure to provide more transparency in search. Overall, applying a detailed analysis of operating costs can significantly lower the monthly obligation of a search operation in a down market. Structuring creatively can help you weather the storm and even increase profit margins in an up market.

READER TIPS

Submit your tips to

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"After the industry I focus on was hit hard by the economic downturn I resolved to make an effort to re-invent myself with a new, more promising industry. Because of personal reasons I made a move to another city too. Finding myself in a new city with no close contacts I set out on my new endeavor. I found that using my old, strong contacts to introduce new ones in my new city helped greatly. I also found myself reinvigorated as I set out on this new challenge. After joining the local chamber and meeting local leaders I was on a path to success. After just 60 days I had my first search in the new industry and found the execution of the search itself invigorating as well. I joined various local groups and even took a couple of classes at a community college to learn more about the latest industry innovations. All of this seemed to help get me on my feet while making me feel young again."



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Questions or Comments?

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Have you tried Google Chrome Yet?

Google has joined the browser market by offering Chrome, it's highly touted web browser to compete with Internet Explorer and Mozilla's Firefox. Our contributors tested all three and found IE to be slowest, but with helpful components such as an easily-accessible zoom feature. Firefox is a terrific, speedier system with lots of nice feature. Let's get to Chrome: Readers found it slick and more naturally integrated with Internet browsing as it combined URL entry with Google searching. It also features a history screen that automatically appears when you open a new tab (window), listing all recent website in smaller frames on the screen. It's in beta form so it remains to see who's bug-free.