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YOUR SEARCH FIRM'S BLUEPRINT

- *Jeff Kaye*

How many recruiters do you know who have been in the business for 10, 15 or 20+ years?

My guess is probably not many. Why do they exist among lawyers and doctors but not recruiters? The journey from rookie to successful recruiter is a daunting gauntlet and of the many that set out to make it, few do. That said – why do so many recruiters who do make it through fade, burnout, and ultimately enter a different profession or stay in recruiting but leave the third party side? I believe that the same issue that causes slumps in the short run leads to burnout in the long run. **ON THE SURFACE**, it can look like a lack of motivation, a failure to stick with the fundamentals, or a reduction in work ethic. However, these are **ONLY THE SYMPTOMS!** If you only treat the symptoms and not the **DISEASE**, you might find that one day the "*prescription*" stops working and what you thought was a slump is *so much more*. This is a common time for people to quit. Some recruiters feel the symptoms and think the prescription is to "*go out on their own*". Many of you may be contemplating that same prescription right now. Sometimes that prescription is the answer; however, in many cases it is a temporary solution to a problem that will reappear again. Consequently, that person will come to realize that they bit off too much and found themselves failing to build a business while simultaneously watching their personal practice fade. This is burn out for the opposite reason!

I submit to you that the underlying reason for the disease itself and the majority of departures from our industry is **BOREDOM**. That's right. A lack of challenges causes boredom which leads to the symptoms. Like a hamster on a wheel or a factory worker on a "*placement making*" conveyor belt; monotony sets in and boredom soon follows. The only way to correct this long term is to create challenge before it is too late.

The boredom is rooted in two issues. First, what attracts people to our industry is the excitement which draws high energy, low patience, nonconformists who get bored quicker. Second, issues stop being as challenging after making 50-500 placements. Most recruiters feel that they've "*mastered*" them all. While full mastery is not possible, there are only so many new ways to cover a counter offer, make a recruiting call, or get past the "*I'm happy where I am*" objection. To better understand our issue, let's compare recruiters to doctors and lawyers.

Like recruiters, doctors and lawyers have tasks that they do repeatedly. However, they don't suffer the attrition rates that we do. How many 10+ year lawyers do you know who still do all their own research? When was the last time a doctor checked your blood pressure or drew blood for a test? If you've ever had surgery, did the surgeon spend more time with you during the surgery or in pre- and post-op care? Does a senior lawyer handle the same type of work that a two year lawyer does? In all of these examples, don't the successful practitioners outsource the less challenging work to junior staff that are not only capable of performing the work at a lower cost but also challenged by the work itself? **Can you see where I'm going with this?**

These professionals have institutionalized outsourcing as well. The nurse practitioner gives exams, the nurse checks blood pressure, and the scheduling department makes appointments. Each of those tasks are important but will neither provide the doctor with the challenge they need nor the financial rewards necessary to justify their time. In the case of lawyers, they have paralegals, legal secretaries, and associate lawyers that they entrust. The lesson that we can learn from both professions is that outsourcing certain tasks to other team members is not only more financially rewarding but also allows for greater challenges. The senior executive search world also does this and so does the temporary/contract staffing industry. It's no coincidence that we see **HUGE** revenues and **LONG** tenure in those worlds.

Outsourcing must first start with basics like research and name gathering but can later include recruiting, prepping, and even marketing and deal running. To give you an example of what this might look like consider a full practice solo recruiter who hires a researcher/junior recruiter to research, name gather and make some basic recruiting calls. This allows the recruiter to do more business development and handle more "*deals*" thus creating more challenges. The researcher/junior recruiter performs so well that he or she is now allowed to begin handling all activities with one or two clients. This creates a need for junior recruiter #2 as junior recruiter #1 is starting to grow. Soon junior recruiter #1



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begins to market and gets clients; as well as manage some of the existing clients which results in less recruiting. There are now two junior recruiters plus the senior recruiter. Flash forward five years and the team has grown to eight people. Roles have been better defined, career paths have been built based on increasing responsibilities and financial rewards, and the practice has grown significantly. Now the senior recruiter/team leader must play a role in the practice by working on the most challenging issues only, directing the team while managing and leading effectively, training new team members that are replaced or added and handling more strategic related issues. How can that person be bored?

Is that person a hamster on a wheel going around and around? **NO!** Will that person have to develop new skills and abilities to take on those additional responsibilities? **YES!** This is where the challenge comes from. If it grows too fast, the result is stress, which is bad. However, without growth comes boredom and with boredom comes burn out.

The mid-level recruiting industry is not one that takes top producers and makes them branch managers, district managers, etc. It's a rainmaker's model that allows producers to grow by making rain. Eventually, even the most prolific rainmakers can even get bored making rain. This is when they will need to develop the ability to turn their entire practice over to the team and begin hiring and developing other rainmakers. This is when they transform from being a rainmaker to being a pure leader. Some will never make this transformation. Others will not want to. The mid-level recruiting market has been trying to develop these systems and structures for a long time. The problem, in my opinion, is that they have been far too concerned with how to "*count revenue*", for comparative purposes of solos versus those with others on the team, and not concerned enough with how to create the roles and models that will generate greater long term tenure and challenges!

There are other reasons why a team structure is ideal. There is less reliance on one person. If you are a solo producer or an owner leading a few recruiters, watch for signs of a slump, but look beyond the surface for a deeper issue. If you are looking for a "*pick me up*" or to learn some new techniques then go to a motivational seminar, read a book or watch our recruiting training. However, if this issue resonates with you or anyone in your office, I recommend developing an appropriate long term system for practice and even organizational development. There are several models for structuring practices even in the same office. Only once you develop a system (that can evolve in time) will a practice or series of practices begin to look like a business.

Although most firms need their own corporate recruiter, recruiting trainer, coach, MarCom specialist and IT support person and could use additional operational, finance and even legal support, most are simply not in a position to afford to hire the bench needed.

This creates a Catch 22.

The firms need the team to achieve their objectives and goals, but can only afford the support with the **higher revenue** that the support would allow them to achieve. As such, our industry remains one of the most fragmented and cottage-like in the world. Instead of trying to find a very inexpensive Jack or Jill of all trades who could help with all of this, imagine having a percentage of the time of the best in every category you need help in when you need it.

The barriers to entry to start one's own firm are lower than ever. Thus, offering a **true value proposition** to current or future team members is essential. Most firms started because of someone leaving someone else's firms to build something different. The challenge is that those firms end up with the same challenges that the firm they left had in acquiring, training and retaining talented search professionals.

We all would agree that most people initially hired into our industry fail. I suspect the percentage of those hired to those who remain our industry for at least five years is less than 10% and perhaps 5%.

The path to becoming a successful search consultant is not easy but there are numerous training programs (Next Level being one) and organizations that have helped to produce many successful practitioners and increase those percentages.

However, when it comes to helping a search firm owner become successful in hiring, training, developing search practitioners and designing and implementing blue prints for successful firms, the number of programs and organizations with a successful track record **DROPS SIGNIFICANTLY**.

Thus, the area of greatest need for search firms has the least amount of people with a track record of success willing to fully share those best practices.

The fact that someone was great at making placements does not mean that person knows how to build a successful search firm. The typical situation is that the owner gets more quantity of quality searches than one can handle. He or she begins to hire people to work on those searches. As they hire, the time away from their desk rises, as they need to do all the activities in support of hiring, onboarding, training and coaching recruiters. They also become significantly more involved in operations, technical, financial, and legal aspects of running a business.

The costs also rise and potentially revenues decrease during this phase. Most people ultimately cannot succeed and end up, in time, as solo lifestyle producers. Some actually enjoy this, but in my opinion most are only this because they attempted the “growing thing” and simply **found it too challenging**.

I suspect that same 10% figure applies to those who actually were able to build a solid team. Therefore, 10% of all recruiters or less make it long term and then 10% of owners are able to successfully hire and train successful recruiters.

Now, after a few years of success most firms begin to lose their top people who perhaps like the owner themselves feel that the grass is greener by starting their own firm. I believe that less than 10% of those firms who do succeed truly are successful long term in establishing a firm built on a solid infrastructure with great retention of their associates.

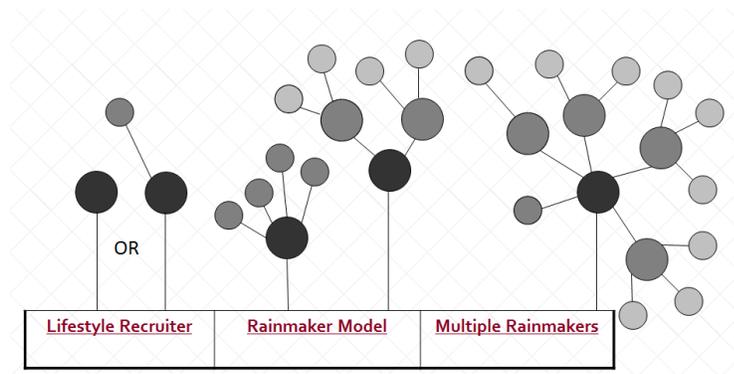
The biggest reasons why most fail here is that they don't have the **appropriate blueprint** to build a sustainable firm and even if they do, they lack the resources needed to implement that blueprint that would offer that value proposition needed to acquire, train and retain the successful hires.

Retention based on a true value proposition not only has longevity but also has far more true leadership satisfaction than one built on guilt and/or fear.

Think about the business you have today and the one that you want 3-5 years from now.

- What will it look like then?
- What will need to happen to get you there?
- Who will help you and what resources will you need?

The first place to start is to examine what your business looks like today. In my experience, search firms fall into one of three categories; this drawing illustrates those three models.





The first model is the lifestyle recruiter; of course, the main feature of this model is that the owner has no one to worry about besides oneself. There are benefits of course to this model but also many drawbacks. The key is this is **the right one for you**.

- If the lifestyle model is the right one for you, what resources do you have in place to ensure you are maximizing your efficiency so that you are achieving the results you want?
- Who motivates you and whom do you have as a coach to help hold you accountable to those results?
- Who do you celebrate those successes with, besides just the person in mirror?
- Do you ever feel a sense of isolation and wish you could be part of something bigger than yourself?
- Do you need help with a MarCom (branding and marketing) campaign?
- Need someone to call to help you with your computer, phone, accounting or some legal matters?
- Wish you could tap into the buying power and split business opportunities of a larger network?

The second model is the Rainmaker model. Here a team is built around **YOU**, the leader. You are the person who secures searches and then you have a team of researchers, recruiters, sourcers, and/or account managers who help you deliver results for your clients.

This model can be extremely lucrative and allows one to outsource many of the activities that do not necessitate your level of skill. You can create a career path for those who enjoy the sourcing of candidates and perhaps driving the search process but do not have the competency and/or desire to engage in client development activities quite yet.

As in the solo model, there are also many benefits but also some drawbacks. The business is still mostly reliant on you and the team is dependent on you 100% for their development, and there is no career path for those who want to rain make themselves. If there is a career path, then of course that is actually the final model of multiple rainmakers. This is usually an outcome of rainmaker firms that created a career path for others to become rainmakers or full life cycle 360 recruiters as well.

If you pursue the option of a multiple rainmaker model or even a sophisticated single rainmaker model then there is one approach that we have not only taught for decades but one we **designed and successfully implemented ourselves**. This approach built Kaye/Bassman International that has generated well over \$150 Million dollars in search revenue in the past decade, has over 3 dozen search consultants who have generated over \$400,000 each in a calendar year, and with 100% retention of that group this past year.

This model of multiple rainmakers is the third model. The third model may have you as a leader no longer working a desk, or have you as a producing owner that balances running a personal practice with also running a search firm where others are building their practices within your organization.

There are some obvious benefits to this model from a leverage, diversity, financial and valuation perspective. However, this is the most challenging model where many talented search professionals who could make placements with ease found themselves failing to grow a firm of any scale.

In this model, you as the owner must develop the internal systems and resources to help your successful recruiters build what they want within the walls of your firm so they **don't feel the need to leave it**.

So in review, becoming a successful recruiter is challenging. Only a small fraction of those who do and become owners are able to consistently and successfully hire and train other search professionals who produce at a significant level.

Of that small group, an even smaller number have been able to successfully build a tenured and stable search firm.

We believe that with the right blueprint and support **this number can increase significantly**.



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Clearly we are not doctors, lawyers or even senior executive recruiters for the most part. Nor will most in our world ever want to create the same sized firms that exist in those professions. That does not mean however that we all don't want to grow and be challenged. The **SINGLE** biggest difference between our worlds is **NOT PEOPLE** as I believe the hardest working, talented and knowledgeable recruiters are in our space!!!! I believe that the single biggest difference is having a specific and proven career path that allows for increasing levels of responsibility and challenges at the rate that people desire and can handle.



*Jeff Kaye is the Co-CEO of **Sanford Rose Associates International** as well as Co-Chief Executive Officer of both **Kaye/Bassman International** and **Next Level Exchange**. Jeff graduated from the University of Texas at Austin with a Bachelors Degree in Business and entered the search profession immediately. In his first year, he was named Rookie of the Year and ranked in the National Top Ten Account Executives with the nation's largest search and recruitment organization. In his second year, he was named National Account Executive of the Year out of a network of over 4,000 recruiters. After several years of record setting performances, Jeff relinquished his personal search responsibilities.*

Jeff Kaye leads Kaye/Bassman, a search firm that has averaged over \$15m annually for the last decade, while simultaneously starting a training firm that now has over 2,000 recruiting firm clients in 30 countries. In 2012, his organization purchased Sanford Rose Associates and has increased the number of offices in the network by 50% yet revenues increased by over 600% in the same time.

Throughout his tenure, Jeff was named one of the most influential leaders in the staffing industry and is considered an industry expert in executive, professional and technical search. He has appeared on CNN, FOX, Bloomberg and NBC and is quoted regularly in publications including USA Today, The Wall Street Journal, Business Week, Time and Fortune. Jeff is also a frequent speaker within the staffing and human resources community and been featured in dozens of international training meetings and videos. He lives in Dallas with his wife, Tracy, and their three children.