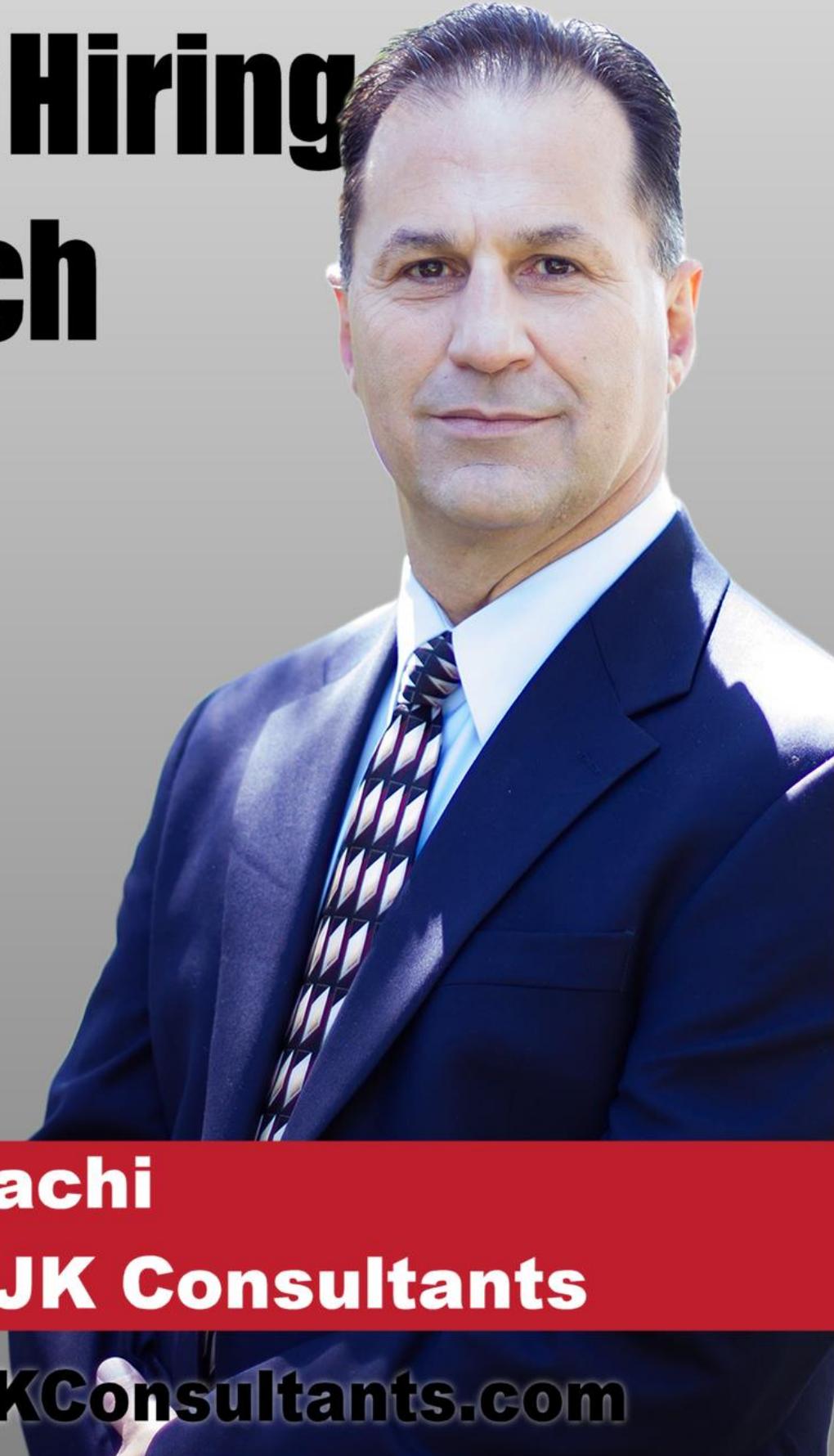


# **10 MUST-ASK Questions** *Before Hiring* **a Search** **Firm**



**by Fred Khachi**

**President, JK Consultants**

**[www.JKConsultants.com](http://www.JKConsultants.com)**

## About the Author

Fred Khachi has over two decades of experience in the executive recruiting industry. He is the President of JK Consultants, a retained executive search firm based in Arroyo Grande, California. JK Consultants has the distinction of being one of the first search firms to offer a one-year guarantee, the longest in the industry, and one of the first to track key performance indicators. JK Consultants has a 98% success rate in placing highly productive candidates with their clients, and 97% of the candidates they place have 4+ year tenures with their new organizations. Perhaps the greatest testament to the success enjoyed by JK Consultants' clients is the fact that 80% of JK Consultant's business comes from referrals or repeat clients.



# Introduction

If you have this guide in front of you, chances are you hold a key position in your company or organization and need to have top performers around you. Is a vacant position costing you time, money, or opportunity? Is an underperforming team member hurting your organization? If so, the time to act is now!

A great executive search firm can provide an invaluable service by helping fill your position of need with a superstar performer that takes you to the next level. But how do you know what separates a great search firm from all the rest?

Search firms are not created equal! Recruiting companies vary greatly in how they go about their work, the types of service they provide, and their effectiveness. Knowing what questions to ask *any* search firm you're considering is paramount to your success.

In the guide that follows, I've enabled you to tap into my 30+ years of experience in the search industry by sharing the most important information you need to know when considering a search firm, as well as some inside tips.

In laying out the ten most important questions to ask when considering a search firm to hire, I have explained question-by-question what to look for, what some of your options are, and what kinds of answers from a firm you're considering should raise red flags. I've also shared at various points along the way how we do things at JK Consultants, to give you an idea of some of the possibilities that exist.

I'm confident that if you read this entire guide and heed the suggestions I've made, you'll be able to bring on a great search firm and hire the right person for your vacant position. If we can do anything to help you along the way, give us a call at (209) 532-7772. I wish you and your company the very best!

To your success,

Fred Khachi  
President, JK Consultants

## **Question 1: Should I Hire a Search Firm to Fill the Position?**

The first and most important question to ask when you have an important position to fill is whether you should hire a search firm. Here are some points to consider:

1. A great search firm is able to work quickly and focus all their resources on what they do best – recruiting.
2. A great recruiting firm will identify and recruit the best candidates who are generally currently employed elsewhere but are open to exploring a position with your organization.
3. The knowledge and experience that a good search firm brings to the table simply cannot be matched. In addition to presenting high quality candidates to interview, a good search firm can coach you through the interview process, assist with the employment offer, resignation process and onboarding of your new employee, and then provide aftercare to ensure a smooth transition.

Open positions cost you significant time, money, and/or lost opportunities. On the other hand, the right candidate offers a significant return on your investment that can include increased profitability, productivity, innovation, competitive advantage and stability in your workforce.

## **Question 2: What Is the Difference Between a Retained Search Firm and a Contingency Firm?**

There are two main types of search firms: retained search firms and contingency firms. It is critical for you to understand the differences between these two types of firms and to find out whether any potential firm you're interviewing is a retained firm or a contingency firm.

Contingency firms are candidate-driven; they want to place active candidates from their own databases and are paid a commission if and when they successfully place one of these candidates in an organization. Although it is tempting to have no financial commitment to them unless they successfully fill your position, you should first realize where these candidates are coming from.

In other words, a contingency firm is basically doing the same thing your HR department already does – They collect résumés from a pool of currently unemployed candidates. Since firms always retain their best talent, this talent pool can be the best of the worst available.

Contingency firms generally work from a job description and on a non-exclusive basis. They simply cannot afford the time to get to know the real needs of your company and will often submit as many résumés as possible to every possible company in hopes that one of their candidates will be hired. These candidates will generally be pre-screened, but the hiring company will often need to take more time to screen, interview and evaluate these candidates more carefully, particularly considering that there is usually only a 30- to 90-day guarantee, if any.

This process can lead to contingency firms having very low rates of success in filling positions – far lower than retained search firms.

The amount of commission paid to a contingency firm is usually negotiable. It is good business to provide the best service and best product for the best price. Therefore, it is only natural that contingency firms would give their highest priority and best candidates to the companies that pay them the highest commissions. The lower you negotiate their commission, the lower a priority you can become. This will waste your valuable time and resources and ultimately your position will remain vacant.

Retained search firms, on the other hand, are client-driven. They are focused on meeting your needs and are usually much more concerned with building a good, long-term relationship with your organization. A retained firm generally works on an exclusive basis, so it gets to know your needs, the needs of your company, the team, the vacant position, and then identifies key candidates who could be a

great fit for you whether or not they are actively looking for a new job. The retained firm then performs focused recruiting of those ideal candidates. The candidates with which retained firms fill those positions will usually be of higher quality and be a better fit for your company than the candidates provided by contingency firms.

JK Consultants, a retained search firm, takes the time to understand your needs, your company's needs, your team and the vacant position. But we go further, we integrate behavioral tools and questionnaires to ensure we have the most complete view of the candidate, including their emotional profile, how they make decisions, what motivates them and their approach to leadership and problem solving. This careful screening and interviewing ensures only the best candidates will be presented to you. Our candidates are worth the investment.

The bottom line is that contingency firms are focused on placing their candidates, whether or not those candidates are a good fit for you. Retained search firms, however, are focused on meeting your needs.

### **Question 3: What Is Your Process, and How Are You Compensated for Your Work?**

Before hiring any search firm, be sure to gain a good understanding of what will be their process for finding and presenting candidates and how you will be compensating them for their work.

Contingency firms get paid a commission only when you hire one of the candidates they have in their database. Because of this, they focus on collecting résumés from candidates, most likely who are unemployed, and then sending those résumés to as many companies as they can hoping that their candidates will get hired. They can have a low level of commitment to you and very little vested interest in getting to know your organization and your needs. They may do a preliminary prescreening of a candidate, but the burden of in-depth interviewing and screening will fall upon your company.

The benefit (at least on the surface) of contingency firms is that they represent little cost up front to your organization. The drawback is the valuable time wasted if you don't make a hire from their available candidates and the cost to your organization of hiring a mediocre or ill-fitting candidate that you then have to replace later. A bad hire can impact your profitability, competitive advantage and the stability of your workforce.

Retained search firms work on an exclusive basis, so they get to know your company and its needs, identify top candidates from all sources, and then perform a direct recruitment. Their fees may be either a flat rate or a percentage of your new hire's first-year salary.

Retained firms are usually paid on a schedule or according to certain milestones. Often, retained firms are paid one third of their fees up front, one third after 30 days or when they provide you with short list of candidates, and the final third 30 days after that.

So after 60 days a retained firm is often paid in full, whether you have made a hire or not. For this reason, be sure that you're dealing with a retained firm that has an excellent track record of success and with which you feel very confident.

## **Question 4: What Is Your Success Rate?**

Before you hire a search firm, ask them what their success rate is in filling positions, how many of those candidates meet their objectives and how long they stay with the organizations with which they're placed.

Contingency firms often have success rates of 20% or less. Their business model is to submit the résumés they have on hand to as many companies as possible hoping for a hire. It is unlikely a company that hires them will receive a firm commitment to results and timeliness.

Retained search firms usually have much higher rates of success, but even some of the well-known retained search firms have failure rates as high as 40%.

To give you an idea of the kind of results that can be achieved, JK Consultants has a 98% success rate filling positions with high quality candidates who meet or exceed their first year's goals and objectives, and 97% of the candidates we place have 4+ year tenures with their new organizations.

As you can see, with the extremely wide range and unpredictability in success rates among different recruiting companies, it's paramount to find out what is the track record of any recruiting firm you're considering.

## **Question 5: What Do You Do to Guarantee Your Work?**

Another critical question to ask any search firm you're considering hiring is what they do to guarantee their work. Be sure to get their guarantee in writing.

Ask them, "What happens if you don't fill the position?"

Also ask them, "What happens if the candidate I hire doesn't stay with us?"

If the firm you're considering has a track record of success, giving a good guarantee should be no problem at all. A great search firm will confidently stand behind their work with a solid guarantee. A guarantee ensures the vacant position will be filled.

At JK Consultants, we have always given our clients a one-year guarantee, the longest in the industry.

## **Question 6: Are You Restricted from Recruiting from My Competitors?**

Before hiring a search firm, find out if they have any limitations on where they can recruit candidates.

Some companies specialize in providing recruiting services for certain industries. This type of specialization has benefits as well as potential drawbacks.

The benefit is that a specialized recruiting firm will know your industry well and know who the key players are in that field. The drawback is that they may have unfavorable alliances and commitments to some of your key competitors that prevent them from recruiting people out of those organizations.

On the other hand, there are more generalized search firms that provide recruiting services in all kinds of different industries. They are less likely to have unfavorable alliances with your competitors, but it also may take them time to learn your industry, figure out who are the key players in that industry and then develop contacts within those companies.

At JK Consultants, we select two or three leading companies within each market or region for whom to provide recruiting services. That leaves us the rest of the market space from which to source excellent candidates.

## **Question 7: How Fast Can I Expect to See Candidates?**

When hiring a recruiting firm, results are paramount. Be sure to ask any company you're considering how quickly you can expect to see candidates. Look for firm, confident answers, not wishy-washy responses.

The longer you have a key position open, the more time and money you lose. Long-term open positions or a bad hire can cost you far more than you would ever pay a good search firm to help you fill the position.

At JK Consultants, speed is one of the three pillars upon which we've built our business, and we make every effort to identify and deliver 80% of the "bulls eye" candidates within three weeks. Make sure that any search firm you hire is similarly confident.

Be sure to also find out how candidates will be presented to you. Don't accept a search firm simply sending you résumés. Instead, look for a firm that will give you a complete view of each candidate that includes a complete résumé, profile and behavioral assessments. This complete view results in better assessing not only

whether this candidate is the best person for the position but also whether this person will have long-term success in your company

The search firm you hire should thoroughly interview each candidate before presenting them to you and present only those few candidates who are uniquely qualified for the position. Although it might seem like a search firm is working hard for you when they present many résumés to you, it is better to receive only three to five qualified candidates ready to be interviewed by your team. In fact, it is not unusual for a client to be so impressed with the candidates presented by JK Consultants that they hire more than one. The search firm should do all the recruiting, screening and interviewing before submitting those final candidates to you. Again – don't settle for just a résumé!

## **Question 8: What Will You Do to Support Me During and After the Hiring Process?**

Recruiting firms are not created equal! One of the important questions you need to ask any recruiting firm is what they will do to support you during *and after* the hiring process.

Will they create a complete profile of the ideal person you need in that position? Will they look only at a candidate's qualifications, or do they look deeper into their accomplishments, motivation, goals and personality to determine whether this person is a good fit for your organization?

Ask what they will do to help prepare you for the interview process and coach you through it. Ask if they will help with the employment offer.

Ask what they do to help the candidate transition smoothly into your company. Do they help your new employee through the resignation process in the best and most professional manner possible? Ask if they will help with the transition and onboarding process.

Find out what kind of aftercare the search firm you're considering provides for you and your new employee. Will they follow up with you and with your new employee to make sure there is complete satisfaction for all parties involved?

At JK Consultants, the first step in our process is to first thoroughly understand you, your company, your team, your needs and the vacant position. Once we understand the ideal candidate's experience and background, we also integrate behavioral tools and questionnaires to ensure we provide the most complete view of the candidate including their emotional profile, what motivates them as well as their approach to leadership and problem solving. We believe in continuous improvement, so we bring you the best sources, the best candidates and the best candidate assessment tools.

We carry out thorough pre-qualification of candidates before presenting them to you, and then we provide extensive support during the interview and hiring process as well as aftercare once your new hire is on the job.

The big idea here is that recruiting firms vary greatly in the level of service they provide, so ask good questions before hiring one to determine what exactly they will be doing for you.

## **Question 9: What Will You Do to Ensure Confidentiality Throughout this Process?**

Confidentiality is vital to your company, both internally and externally. Internally, you may have someone currently in the position you're seeking to fill, so the situation is very sensitive. Externally, confidentiality is important because you may be creating a new position or moving into a new market, and you want to protect those competitive secrets from outsiders.

Be sure to ask any search firm you consider what they will do to ensure confidentiality throughout the process.

At JK Consultants, all conversations with our clients are confidential. We only disclose your identity to a candidate when we have a perfect match.

Ensure that any search firm you're considering will treat your confidentiality with the utmost of care.

## **Question 10: Are You Going to Recruit People out of My Company?**

The recruiting firm you hire is going to meet executives inside your company and learn some amount of inside information. One final question that is vital to ask any search firm you consider is whether they will recruit people out of your company later.

Don't only ask this question, but insist that the answer be given to you in writing.

Here again, it's important to recognize what type of search firm it is with which you're dealing. Contingency firms have limited resources and are happy to find candidates anywhere they can and to place them anywhere they can. Beware of this dynamic if you deal with a contingency firm.

Retained search firms have a client-first focus, so they have much greater reason to protect their relationship with you and to never do anything to violate your trust.

To help gauge a search firm's commitment to protecting relationships with their clients, ask them how much of their business comes from referrals or repeat clients. The answer will tell you a lot about whether they treat their relationship with you as an alliance or as a transaction.

At JK Consultants, we have always made our relationships with our clients the highest priority. That's why 80% of our business comes from referrals or repeat clients. Our motto says it all: "You never know where professional friendships may lead."

## Time for Action!

Now that you have a good idea of what questions to ask any search firm you're considering, as well as what pitfalls to avoid, it's time to take action! Perhaps an open position is costing your company significant time and money, or perhaps you are missing out on opportunities by being understaffed. Maybe an underperforming team member is hurting your organization. Whatever the case, don't wait any longer!

It's time to pick up the phone and interview some potential search firms to find one that is a good fit for you. Why not make JK Consultants the first call you make? You can reach us at (209) 532-7772. We're excited to learn about your organization and your unique needs and see how we might be able to serve you.

Past clients and candidates we've placed [have many good things to say](#) about their experiences with us – in fact, 80% of our business comes from referrals and repeat clients. Clients love the fact that we are extremely quick in delivering the highest quality of candidates, and they appreciate our elite level of service and the personal relationships we build with them.

JK Consultants' track record speaks for itself: We have a 98% success rate filling positions with "bulls eye" candidates who meet or exceed their first year's goals. 97% of the candidates we place have 4+ year tenures with their new organizations.

Pick up the phone now and give us a call at (209) 532-7772. Remember: "You never know where professional friendships may lead."