

For the Recruiting Industry, an Extraordinary Opportunity Arrives

By Mike Hard, Chief Executive Officer, BountyJobs

There's no denying the challenges the third party search industry faces, and the stakes are high indeed—evolve or perish.

Search firms and professional headhunters, take heart! An extraordinary opportunity has arrived: the opportunity to evolve and thrive.

Many pundits disagree. Some say the contingent recruiting industry is in a state of slow and steady decline. Others predict a more imminent and complete demise. As proof, they point to slashed corporate recruiting budgets, the growing urgency among HR departments to bring hiring in-house, and the rise of job boards and social media to source talent directly. There's no denying the challenges the third party search industry faces, and the stakes are high indeed—evolve or perish. In fact, many agencies and headhunters already have perished. But those who remain can carve out a promising future if they adapt in synch with the changing marketplace.

The Recession and the Rise of Internet Sourcing Tools

The recession has driven an obvious shake-up in third party recruiting over the past 18 months. In response to the dramatic need to slash costs, many corporate staffing departments cut way back on contingent fees and the jobs they sent to headhunters. A joint report by the American Staffing Association and Staffing Industry Analysts (SIA) estimated that retained search sales slid by five percent to \$7.3 billion from 2007 to 2008, while contingent search sales dropped 16 percent to \$8.2 billion. Most people that I speak to in the industry felt that the trend continued in 2009, with even fewer dollars and jobs flowing to contingent search firms.

Corporate recruiters aren't just cutting back on third party search because they can't stomach the fees; they're also fighting for their own survival. In a much-discussed presentation at ERE this spring, Lou Adler urged companies to convert their corporate recruiters into "Darwinian headhunters" by using social media tools to reach out to high-quality candidates rather than "post and pray." When corporate staffers use job boards and LinkedIn to source candidates directly, they are using many of the same tools headhunters have come to rely on. It's no surprise that headhunters may sometimes seem redundant as well as expensive.

The problem, as we all know from experience, is that web-based job boards are not a perfect alternative. The majority of candidates available from job boards are active job seekers, not necessarily the *best* talent.

Much of the top talent in any discipline is employed, even during a recession, so the resumes of many high-quality candidates simply aren't available on job boards. The time required to screen resumes is daunting, especially as job seekers utilize a multitude of job boards. While aggressively marketed as a solution for finding passive talent, LinkedIn can be time consuming and difficult to use at scale for filling particularly hard-to-fill roles. In the end, these web-based resources can present as many challenges to employers as they do solutions.

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Finding the Way Forward

As the job market shows signs of improving and companies prepare to hire again, there are important implications for "post recession" contingent recruiting:

1. Employers will rely on headhunters principally for their most difficult-to-fill positions.
2. The Internet will fundamentally change the way employers evaluate, engage and work with their third party search partners.
3. With employers firmly in control, headhunters must adapt by differentiating themselves in ways they've never done before.

While a wise recruiting strategy will leverage several channels at once (including in-house efforts, job boards, social media, employee referrals, and headhunters), the new reality is that employers will rely on headhunters mainly to find high-quality passive candidates, especially for hard-to-fill or specialized positions. According to Tim McKenna, director of Staffing for Acxiom, "We use contingent recruiting when we need to augment our internal team in one of two ways: either we've got a search for senior talent that we're struggling with or our internal recruiting bandwidth is just too stretched."

The Internet has forever changed the ways corporate staffing departments and search firms work together. Just as recruiters of all types use online networks such as LinkedIn to find the best candidates, staffing departments now use online recruiting marketplaces to locate and engage with the best headhunters. The classic benefits of the Internet to make vast amounts of information more accessible have come to third party recruiting. Within hours of posting a hard-to-fill job, employers can find the best headhunters specializing in their open position, regardless of where the headhunter is. In addition, employers can review relevant data related to their headhunters' past successes and the quality of their candidates.

Jennifer Morris, manager of Recruiting and Employment at The Medical Center of Plano in Plano, Texas, and a nine-year recruiting veteran, says,

“We used to get inundated with cold calls from headhunters. I could have hired someone full time just to handle headhunters. When they called I honestly couldn’t tell who was good and who wasn’t. What I like about online marketplaces like BountyJobs is that I can see a history of all of the search firms that are asking to work with me—their interview rates, their history, where they focus and more. It gives me an opportunity to work with search firms I never would have found otherwise.”

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More than ever, employers are in greater control of their relationships with search firms. This is partly because they’re forced to do more with less and partly because the Internet gives them access to information they never had before. With the combination of choice and power, employers dispense with the hassles they endured when jobs were more plentiful and talent was scarce. Post-recession, employers will set the fees they’re willing to pay, asking recruiters to accept the engagement only if they are willing to work for that fee, and seven to eight highly qualified headhunters will work on a single job at the same time. Rather than bemoan this control, the best headhunters will embrace it, working only on the jobs for which they’re most qualified and competing on the basis of differentiation, responsiveness and speed.

Obviously, I don’t agree with the forecasts of industry-wide destruction. But I do agree that survival will be granted only to the fittest—those who bring real expertise, results and renewed value to the table. There will *always* be a place for great third-party recruiters and headhunters, especially as employers continue to realize that job boards and social media do not provide a blanket solution to their needs.

The recruiting industry’s future is by no means assured. But we can secure it if we’re willing and smart enough to adapt. If this isn’t a time of extraordinary opportunity, what is?

About BountyJobs: Headquartered in New York City, BountyJobs is the global recruiting marketplace where employers engage top headhunters to fill any job, anywhere. With over 10,000 active headhunters, a third of the Fortune 500 as customers and hundreds of millions in bounties across six continents, BountyJobs is the most effective recruitment marketplace in the world. For additional information, visit www.BountyJobs.com.

About Mike Hard: CEO of BountyJobs, Mike Hard has almost two decades of success in the technology industry. As an executive with Microsoft for 17 years before he joined BountyJobs, Mike developed a passion for building technology platforms, then delivering great sales and service to help customers use those platforms to solve business problems. From 2006 through 2008, Mike was vice president of U.S. sales for MSN and a member of the Executive Board of the Interactive Advertising Bureau. He ran sales and marketing subsidiaries for Microsoft in Asia, Latin America and New York, winning the Microsoft Builders Award for founding the Financial Services Vertical for Microsoft in 1999. He graduated from Yale University in 1984 and received his M.B.A. from Harvard Business School in 1991.

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