

## How to Manage Headhunters – for Job Seekers

### Executive Search

#### What we do:

Godliman is an Executive Search firm. We actively search for candidates by researching our Clients' competitors.

We draw up a 'Long List' of potential candidates based initially on quantitative criteria (eg: experience level, assets managed, client channels covered, track record, etc). We then filter that down to a 'Target List' by taking qualitative references on the Long List from people we know in the market. We then actively approach the most promising – most of whom may have expressed no prior desire to move – with the aim of encouraging them to consider moving to our Client's company.

There used to be considerable barriers to entry to become a Search firm: you needed a proprietary knowledge base, and a robust research process to reveal the 'research universe' of candidates currently in employment across the market.

But, with the arrival of LinkedIn, the barriers are far lower. LinkedIn gives any recruiter a comprehensive map of the market – up to a certain level. As a result, many Agencies do now offer a more proactive search service, using LinkedIn to identify candidates.

With Agencies offering a slimmed-down Search service, it's sometimes hard to tell if a company is an Executive Search firm or an Agency - particularly from the job seeker's perspective - and particularly when many Agencies include the word 'search' in their company names, even though they are agencies.

Even so, there are some clear markers about how Search firms operate which can help you to work out if the recruiter you are talking to is an Agency or Executive Search headhunter.

#### 1. Research and Sector Expertise

*How well do they know the market?*

Executive Search firms are very research-focused, so have more in-depth sector knowledge. Hence, we can be a useful source of market intelligence. We can talk you through hiring trends: where the demand is for talent, which firms are hiring, which are firing (actually, you can follow this on our weekly Press Digest, which you can sign up to on the footer of our web site). We can help you with your company due diligence: which companies are doing well or badly, where is morale good or bad, etc. And we can help you with remuneration advice: what is the going rate of remuneration, what is the ratio between base and bonus, etc.

#### 2. Structures

*What is their organisation structure?*

Executive Search firms tend to have Researchers and Consultants. The Researchers do most of the phone work, mapping the market, speaking to referees and approaching and screening potential candidates. The Consultants interview and assess candidates and manage the client relationships. If the firm you are talking to does not have any researchers, or if everyone is a consultant, they are probably an Agency. But if they have clear distinctions between Consultants, Associate Consultants and Researchers, then they are probably a Search firm.

#### 3. Experience Levels

*How many years' experience do the Consultants have?*

Executive Search Consultants tend to have a lot more experience than Agency Recruiters: it takes time to build the sector knowledge and credibility needed to win retained mandates for senior hires. So anyone calling themselves Consultant

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under 30 is probably an Agency recruiter. Many leading Executive Search Consultants are in their 40s and 50s. At Godliman, even our Researchers are in their 40s and 50s!

### 4. Number of Clients

*How many clients do they have?*

This is not always apparent, as Search firms are often coy about revealing who their clients are. But Executive Search firms tend to have a far fewer clients than agencies. To some degree, the better the Search firm, the fewer the clients. This is because of their 'Off Limits' restrictions.

When we work for a client, we offer them an 'Off Limits' guarantee. This simply means that we will not try to hire or steal any of their staff for any reason. This convention probably evolved to give clients comfort that Search firms would not use any insider information against the hiring firm. Our clients usually treat us as trusted advisors, giving us Pitch Books and giving us access to team members so that we can properly brief candidates on the firm and its cultures, and it would clearly be a conflict if we used that information to identify and steal their people.

Hence, we cannot have too many clients, as otherwise the 'off limits' restriction would mean we have no one left to steal from! In practice, once we got beyond a certain level of clients, we would struggle to add more as the new prospects would be increasingly deterred by the length of our off limits list. The optimal number is almost certainly fewer than 20 and, in my view, fewer than 10, on the basis that I would rather work for a smaller number of clients whom I know very well, and who treat me as a trusted advisor and give me a broad spectrum of work, rather than spreading myself thinly over 20 or 30 clients;

### 5. Retained Mandates

*Are they working on a retainer?*

Executive Search firms work on retained mandates. This means that, if we're working on an engagement, we charge our clients an up-front retainer which pays for the research. And then we charge a 'success fee' when we place the candidate. The advantage of a retainer is that we can take our time to research the market thoroughly, to spend time getting to know candidates and to brief them on the role and client culture, etc as this is all time that has been paid for. Whereas Agencies work on a Contingent basis : this means they only get paid on a success fee basis. Hence, they are sometimes called 'Contingent Recruiters'. Because they are not retained, they tend to skimp on the research side, looking for 'quick wins'.

### 6. Exclusivity

*Are they the sole gatekeeper for this role?*

Executive Search firms usually work exclusively on engagements. This means that, once the search has been mandated, any candidates who present themselves 'belong' to the search firm, and must be referred back to them for inclusion in the process; and, if any candidate is hired for the role, then the search firm is paid no matter where the candidate was sourced from. The reason we insist on this is that, in order to complete our initial research, we have conversations with many people across the market. Inevitably word gets around and this usually leads to people either being recommended to our client or applying directly to them. Hence, we ask that they are simply routed back to us for inclusion in the search, as it was our process that was the catalyst for their introduction in the first place. In this way, once a search has been mandated, the only way into the role is through the Search headhunter.

By contrast, Agencies do not usually have exclusivity. In fact, it is common for firms to mandate several agencies on a role - after all, there is no up-front fee to pay, so it makes sense to spread the net widely. Hiring companies typically hold an 'agency briefing' of three or four agencies at the same time, where the requirement is set out, and then it's a 'first past the post' system: whichever firm lands the candidate gets paid, the remainder get nothing. This is sometimes called

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'Contingent Recruitment' as payment is contingent on a candidate being hired. There is a recent variant called 'Retingent Search' or 'Contingent Search' which means that the firm is given exclusivity for a set period - retained for three months, say, during which period they have the sole mandate for the role - but there is no up-front retainer, and so their fee is still contingent.

### How to Manage Executive Search Firms:

Once you are sure the firm you are talking to is a Search firm, how should you manage us?

Clearly, if we have a relevant mandate, we can include you in that process. But the reality is that Search firms represent a very inefficient way to actively look for a new role. Our benefits are all loaded on the side of the hiring company. From the candidate's point of view, Searches are slow and highly competitive. A quick search lasts for three months, average searches these days often last for five months, and some searches can run for nine to twelve months as candidates go through multiple rounds of interviews, which can each take several weeks each to arrange in busy client diaries. And, at the end of this slow conveyor belt, only one candidate gets the job, leaving six or seven other short list candidates disappointed and back at square one.

In my view, Search firms are most useful when you are reasonably happy in your role, but are offering you a role which is somehow additive to your current position. So you put your hat in the ring and see the process through its course: if you get the job, great; but if you don't that's fine too - no great disaster. But we are not an efficient way to look for a job if you are out of work.

So, the way to manage us depends on your level of motivation to find a new role:

#### 1. Level One:

*I love my job and have no intention of moving.*

Even in this situation I recommend that you speak to two or three Executive Search firms a couple of times a year. We are super-collators of market intelligence, and it can be useful to touch base with us from time to time to hear about market trends, as described above. That way, if you suddenly find your job is at risk, you at least have a good idea of the shape and size of the market, which firms are doing well, what the going rates of remuneration are, etc. And, if you ever do need to seek alternative employment, you will at least have a couple of headhunting relationships which you can rely on for independent advice.

#### 2. Level Two:

*My job is OK, but there are some frustrations which have arisen, which I think I am unlikely to be able to resolve. So, if I could find another job which addressed these, then I would be happy to consider it. But there is no immediate pressure for me to move: I can afford to take my time to find an additive role.*

In this situation, I recommend you speak to 10 to 15 Executive Search firms. This sounds like a lot of headhunters - and it would be too many if we were talking Agency headhunters. But, as set out above, our 'Off Limits' restrictions mean that no Search firm has many clients. It's a very fragmented market, from the job seeker's perspective. Which means that, to cover off the top 60 or 70 asset management houses, you will need to speak to a surprisingly large number of Search firms.

Many people I speak to fear that, if they speak to too many headhunters, their CV will start flying around the market. The idea of sending their details to 15 headhunters fills them with trepidation. This is just wrong: rather than reining in a team of wild horses, getting a response from the Executive search firms is more like whipping an old donkey into action. You are more likely to get no response than people firing your CV around.

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In practice, you have strong privacy protections from GDPR legislation: no one will be sharing your details without your permission for fear of being reported to the Information Commissioner. And, as set out here: Executive Search firms anyway are not set up to market candidates to the market. We work on research projects, commissioned by our clients, where there is a specific hiring requirement.

I recommend writing to up to 15 headhunters, with a brief covering e-mail, setting out your experience and competencies, and the types of roles you would like them to contact you about, and include your CV and personal contact details. Then sit back and wait for the calls to come in about relevant mandates they are working on. It's a bit like going coarse fishing: if you cast one line, you might get a fish. But if you cast 15 lines you will probably speed up that process - and meanwhile you can sit back and relax, waiting for the bites.

### 3. Level Three:

*For whatever reason, I've had enough of my current job - it's time to move on; or I've been given notice of redundancy, or told my job is at risk; or I'm unemployed, and actively looking for a job.*

In this situation, I recommend you talk to as many Executive Search firms as you can find. You need to spread the net as widely as possible to hear which mandates are live. But, even if you speak to all the Search firms, this is only one channel you need to cover in your job search. You may also need to cover off the Agency Recruiters, Talent Managers, Selection sites and direct approaches. More on all that elsewhere in our Godliman Insights.

There is more information on how to identify Executive Search firms [here](#).

## How to Manage Headhunters – for Job Seekers

### Agency Headhunters

#### What they do

Traditionally, Agency Headhunters are the type of headhunters who actively try to find candidates jobs. They are also sometimes known as Recruiters or Contingency firms. They get the name 'contingency' because they are paid only if a candidate whom they have introduced has been hired; so their fees are contingent on a successful hire; whereas, Executive Search firms and Selection Firms tend to get paid an initial fee (or retainer), irrespective of the outcome.

In a sense, agency headhunters are brokers of people, not dissimilar to estate agents or stockbrokers. These both take a commodity (a nice house or a good stock) and try to sell it to a potential buyer. It's important to remember that, in a recruitment context, the candidate (you) is the product that is being sold. Although it may feel like they are working for you, you are not the headhunter's client. But they are the only type of headhunter that actively markets candidates to the market, so they can be useful if you are actively looking for a job, particularly if they are an experienced sector specialist.

Before the arrival of LinkedIn, Agencies relied heavily on marketing and branding to attract job seekers whom they could represent; or else they sourced them through advertising, or selection, using job adverts to Hoover up candidates to sell. LinkedIn means that they are now able to offer a more proactive search service, and so the boundaries between Search and Agency has blurred.

Historically, Agency recruiters tended to work on less senior roles. So people started out their careers working with Agencies and then moved on to Executive Search firms as they got more senior. But these days, they are increasingly working at more senior levels, given their ability to identify potential candidates through LinkedIn.

With Agencies offering a slimmed-down Search service, it's sometimes hard to tell if a company is an Executive Search firm or an Agency - particularly from the job seeker's perspective - and particularly when many Agencies include the word 'search' in their company names, even though they are agencies.

Even so, there are some clear markers about how Agencies operate which can help you to work out if the recruiter you are talking to is an Agency or Executive Search headhunter.

#### 1. Research and Sector Expertise

*How well do they know the market?*

Agencies are essentially sales-driven. Hence, they do not usually maintain systematic knowledge bases on the market, and so will likely have less detailed market intelligence than Search firms. Having said that, there are some Agency headhunters I know who have worked their patch for many years and have become sector experts, though they are usually the more experienced consultants. So this is only a weak indicator.

#### 2. Structures

*What is their organisation structure?*

Agencies tend not to have Researchers: they are all called Consultants - even the new graduate trainees. Agency recruiter also tend to have many more people than Search firms: it's quite common to find firms with 50 or 60 consultants. Whereas, outside of the big Globals, most Search firms has smaller teams working on higher value projects.

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### 3. Experience Levels

*How many years' experience do the Consultants have?*

Agency Consultants tend to be much younger than Search consultants. Since they don't really have researchers, you become a Consultant as soon as you complete training. If the Consultant you are speaking to has less than 10 years' experience, they are almost certainly an Agency recruiter. And since it is quite a high-pressure, stressful job, they tend to have quite a high burn-out rate. I would guess that the average Search Consultant has around 20 years' more experience than an Agency Consultant.

### 4. Number of Clients

*How many clients do they have?*

This is probably the biggest marker of an Agency: like brokers, the better the agency, the broader the client list. So they will often work for up to 50 to 60 firms, listing them on their web sites (whereas Search firms rarely name clients on theirs).

Their relationships with these firms tend to be shallower and more transactional than Executive Search firms. They are given little commitment by the hiring firms (no retainers, no exclusivity, little or no insider briefing, etc) and, in return, they do not need to offer 'off limits'. This means they do not have the same natural cap on clients as Executive Search firms.

They also tend to be more candidate-driven: I know agency headhunters, particularly on the sell side, who have moved the same candidate four or five times over the years, .

### 5. Retained Mandates

*Are they working on a retainer?*

Agencies usually work on a contingent basis. Because they are not retained, they have a shorter-term mindset than Executive Search firms. For good economic reasons, they need to focus on the candidates whom they can place easily. They have rapidly diminishing returns on the time they spend on any one candidate, so will tend to lose interest and move on to the next candidate if the initial introductions they make are not successful. To be fair, this is perfectly rational behaviour: since job seekers give them no exclusivity, the agency could diligently represent a candidate for weeks and months, only for them to get a job through another agency, and then they don't get paid anything for all their work.

### 6. Exclusivity

*Are they the sole gatekeeper for this role?*

Agencies do not usually have exclusivity. It's common for firms to mandate several agencies on a role - after all, there is no up-front fee to pay, so it makes sense to spread the net widely. Hiring companies typically hold an 'agency briefing' of three or four agencies at the same time, where the requirement is set out, and then it's a 'first past the post' system: whichever firm lands the candidate gets paid, the others get nothing. There is a recent variant called 'Retingent Search' or 'Contingent Search' which means that the firm is given exclusivity for a set period - retained for three months, say, during which period they have the sole mandate for the role - but there is no up-front retainer, and so their fee is still contingent.

Because they do not usually have exclusivity, it is important that Agencies register your details with the client before you or anyone else does. Hence, they are often reluctant to name the client as there is a concern that, if the client name gets out, candidates may simply approach the client directly, or else other agency headhunters might try also to introduce candidates, ramping up the competition still further. So, another marker that the firm is an agency is they are reluctant to name their client. Whereas Search firms are more relaxed about naming their clients - unless there is a good reason not to do so (ie. the Search is explicitly confidential).

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### How to Manage Agency Recruitment Firms:

Once you are sure the firm you are talking to is an Agency Recruiter, how should you manage them? Because of their short term perspective and active sales methodology, it is best to talk to Agency headhunters only when you are actively looking for a job. They tend to work on less senior roles, so are more helpful to people at the start and mid-point of careers. It's unlikely that they will be helpful for more senior roles (Head of Department or C-Suite): these tend either to be mandated to Search firms, or direct hires.

In my view, they are a useful channel if you are in active job hunting mode - otherwise, do not engage.

So, the way to manage them depends on your level of motivation to find a new role:

#### 1. Level One:

*I love my job and have no intention of moving.*

Don't speak to them.

#### 2. Level Two:

My job is OK, but there are some frustrations which have arisen, which I think I am unlikely to be able to resolve. So, if I could find another job which addressed these, then I would be happy to consider it. But there is no immediate pressure for me to move: I can afford to take my time to find an additive role.

In this situation, you might speak to a couple of experienced Agency headhunters. Make clear to them that you want them to seek permission before they introduce your CV to anyone. If they ignore this and fire your CV out without your permission, you can do have recourse: by making a complaint to the Information Commissioner's office, you will bring all sort of fire and brimstone upon them, under the GDPR legislation. So I would be surprised if anyone dared to send out unsolicited CVs these days.

Keep a spreadsheet tracking which Agency has introduced you to which companies, and which contacts within those firms, and track the outcomes. Because their relationships are quite shallow, just because one agency has failed to get traction within Company A doesn't necessarily rule that company out. You might find that another Agency or Search firm has better contacts, leading to a meeting.

Keep in mind they are salespeople, wanting to transact, so get a second opinion on any opportunities they put you forward for.

#### 3. Level Three:

For whatever reason, I've had enough of my current job - it's time to move on; or I've been given notice of redundancy, or told my job is at risk; or I'm unemployed, and actively looking for a job.

In this situation, I recommend you talk to a couple of experienced Agency headhunters. Give them a couple of weeks to come back with suggested introductions. If they have not come up with anything interesting within a month, they are probably not going to. Given the diminishing returns on their time, they have probably drawn a blank and moved on to other candidates. So select another couple of Agencies and repeat, etc.

There is more information on how to identify Agency Recruiters firms [here](#).



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### Selection Firms

#### What they do

Selection firms represent companies, and recruit through advertising campaigns, 'selecting' a short list of candidates from the responses received. Selection recruiters used to advertise mainly in newspapers, but are now mainly on the internet: either on dedicated selection sites (for example: e-Financial News, Albourne Village, or LinkedIn); or on companies' own 'talent management portals'.

Most firms combine Selection with either Search or Agency headhunting. There are very few Selection-only firms these days. There used to be many Selection firms during the days of newspaper job adverts, where the whole process was more expensive and laborious due to the complexities of preparing copy for print deadlines. But the rise of the internet has effectively disintermediated and commoditised their function.

The most common combination is Selection and Agency, as Agency Recruiters tend to use adverts to Hoover up extra candidates whom they can then sell to their client base. It is common for recruiters to post adverts for jobs that don't really exist, or that they don't have the mandate for, simply as a way of identifying new stocks of candidates to sell. So, when you respond to an advert, you may find the role has apparently already been filled. It doesn't really matter: at least you know it's an agency that works in the sort of area where you would like to find a job. In fact, looking at job adverts is often a good way to identify relevant Agencies to meet – just bear in mind that these will almost certainly be Agencies and not Search firms. Make a note of the names of the agencies that tend to post jobs that you like the sound of, and then call them for a general meeting.

#### How to Manage Selection Headhunters

From the candidate's perspective, Selection is the most inefficient way of looking for a job. It's slow; it's highly competitive (we often receive a couple of hundred applicants to any advert we run), and it is also a very passive and random way of looking for a job. But it is a necessary evil, and a box you need to tick and then move on.

- Treat each advert as a new application: don't expect them to remember you between times;
- Selection can be useful if you want to change career direction, as relevant transferable skills are usually considered, rather than specific track record;
- Do not invest any emotional energy in Job Applications: just apply and forget.



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### Talent Managers

#### What they do

Talent Managers are in-house headhunters. Over the last five or six years, some of the larger Asset Management firms have internalised the headhunting function, and they usually sit within the Talent Management team.

In the early days, companies tended to use Talent Management on less senior roles. So they hired former Agency recruiters, who ran selection campaigns and did low level Search to hire people. Because they can from an Agency background, they struggled to perform Searches effectively, so companies tended still to mandate more senior roles to Search firms.

But in more recent years, there has been a steady stream of former Executive Search headhunters moving in-house. And, equipped with a 'Recruiter' LinkedIn Licence, they now have the knowledge base they need to conduct effective searches. Nowadays, most of the largest asset managers have Talent Management teams who undertake the lion's share of senior level hiring.

This means that, even if you spoke to every asset management headhunter in the market, there would still be some companies that you are missing, as they don't use headhunters for many senior roles.

Which means that, if you are actively looking for a job, you need to make sure you speak to the Talent Managers as well.

#### How to Manage Talent Managers:

Talent Managers are readily visible: unlikely HR Managers, they want to be seen and are open to being contacted. You can look them up easily on LinkedIn by doing an advanced search on the Company, and using the term 'Talent' in the keyword search box. Or else Google "Talent Manager" or "Talent Acquisition" and the company name.

Because they are directly employed by companies, you should engage with them if you wish to explore opportunities with that company. Being former headhunters, they are much more open to direct approaches than HR Managers. You can usually get hold of them through LinkedIn or through company switchboards.

## How to Manage Headhunters – for Job Seekers

### Career Coaches

#### What they do

Many people approach us for general careers and job search advice, but it isn't always possible to help them. We find that in many cases what that person needs is the services of a career coach rather than a head-hunter.

Many Career Coaches are generalists and work across industries and sectors. The advantage they bring is that they can work closely with you to help you to formulate and implement a job hunting plan.

Clearly there are many potential providers out there, but we would recommend two options:

#### Dan Whitehead at [www.citycareerlab.com](http://www.citycareerlab.com).

Dan is a well networked and connected HR/Talent Leader turned career coach with an in-depth knowledge of the careers landscape and job markets across financial services including Asset Management.

Before setting up CityCareerLab, he had over 20 years in Corporate HR, including 10 years' heading up Recruitment and Executive Talent Acquisition at Barclays Global Investors and BlackRock.

City Career LAB can help with personal branding and all areas of your job search strategy right through to broader career issues and advice.

#### Manchester Square Partners at [www.msp.co.uk](http://www.msp.co.uk)

Manchester Square Partners describe themselves as a discreet, private partnership specialising in leadership, succession and career management. They work with individuals, teams and boards as an independent adviser and objective sounding board.

They were founded over fifteen years and take a multi-sector approach, working with leaders from business, government and the third sector.