A Guide to Engaging an Executive Search Firm

Strong nonprofit organizations are built on a number of ingredients. However, the need for strong senior leadership (that is, the mix of skills required to lead and manage the organization) is often underestimated. Many organizations equate strong leadership solely with the presence of a charismatic chief executive. But Jim Collins, author of the best-selling book Good to Great, noted that at the best organizations, good leadership extends beyond the chief executive. Collins wrote, "…many organizations say that people are their most important asset. That's not exactly accurate. The right people are organizations' most important asset. Nonprofits need to be rigorous, not ruthless, in determining who should be in their organizations, and in which seats." Given the potential of what the right people in senior leadership roles can accomplish, it is vital for organizations to invest both the time and resources necessary to attract and assimilate those leaders.

Organizations have the option, when attracting senior leaders, to conduct their searches for senior management internally (i.e., through personal networks, board, and staff) or to engage professional assistance. This guide focuses on the latter option, with the goal of providing guidance to boards and executive directors seeking to best utilize professional assistance during a senior management search.

What is the role of an executive search firm?

An executive search firm comprises professional recruiters who have training and expertise in a range of recruiting activities, including identifying the core responsibilities and qualifications needed for a given role; writing job descriptions; developing a candidate pool; assessing how candidates' skills, experience, and personalities match up against the open position; conducting reference checks; and providing advice on the negotiation process between the organization and the final candidate.

What are the benefits of working with an executive search firm?

Organizations typically engage the expertise of search firms when they are facing new situations or challenges. For example, an organization may be experiencing a growth phase and need access to candidates with skill sets not previously required. Such might be the case for an organization hiring a chief operating officer for the first time.

Regardless of the situation, working with search firms can offer the following benefits to the hiring team:

> Identification of qualified and motivated candidates. A search firm can develop an outreach strategy to identify candidates outside of an organization's personal networks. This may include a strategy for placing advertisements and/or a set of phone calls/emails to uncover new candidates—including potential candidates not actively job hunting.

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Functional or other expertise. Many search firms will have a particular expertise. It might be focused on a particular service area (e.g., higher education or healthcare), a particular budget size, or a particular function (e.g., executive directors, chief financial officers, chief operating officers, development directors, etc.).

Third-party objectivity. A search firm is an objective participant in the process. As such, the assigned consultants should be able to flag issues as they arise. This can be particularly helpful in cases where the search committee is divided on the profile of a position or on a set of final candidates. Third-party objectively is also useful when conducting references on potential candidates.

Efficient processes. Working with search firms can free up valuable time of the board and/or executive director. For example, search firms can create useful resume screen and interview tools to save time and create a better outcome.

Confidentiality. From time to time the nature of a search must be confidential in order to avoid publicity over an impending chief executive officer or senior manager departure. A search firm can conduct a search without sharing the name of the organization.

How do search firms provide services?

To find the right firm for your search, you must consider a number of factors. Search firms can vary greatly by size, ranging from large firms to independent consultants. They may have an international, national, regional, or local focus. Some firms are generalists, while others may specialize in a particular function, industry, sector, or in an area like diversity. Firms also vary in the way they offer services and in the way they bill the client for those services. Retained search firms typically provide the whole range of search services as a package, including executing the search process, managing the search committee, and doing reference checks. For this type of search, an organization pays a fee, typically one-third of the position's salary plus expenses related to the search. Retained firms have a strong motivation to work on even very complex searches until they are completed because their reputation as a firm is dependent on their clients' satisfaction. However, the client commits to paying the fee regardless of whether or not the retained firm actually finds and recruits a successful candidate. In a retained search, the client also commits to work with only that particular firm on the search. Some full search firms offer a la carte services. This means, for example, that depending on the needs of an organization, it could hire a firm solely for advice on formulating the job description, or developing a candidate pool.

Other search firms work on a contingency basis. Contingency firms do not generally provide consultative services, but rather focus on generating potential candidates to fill a position. The client may use multiple contingency recruiters for the same position, and only pays a search firm if the firm actually finds the successful candidate. While recruiters at a retained firm are salaried, individual recruiters at a contingency firm are compensated when they personally identify and present a successful candidate to a client. They may be competing with other contingency recruiters, even in their own office, to find and place successful candidates. Contingency firms typically rely on their database of job candidates, reaching out to their networks to quickly fill the search. That may result in straightforward, easier-to-close searches receiving higher priority than more complex searches, such as those for senior positions.

When deciding between a retained and a contingency firm, you should consider what type of relationship you need to have with the search firm. Will you need advice and support throughout the search, or do you simply need to generate a number of candidates to interview for the position? Is it important for you to have one recruiter consistently representing your organization throughout the search or is it acceptable for candidates to get multiple calls from multiple recruiters? Find out which recruiters at the search firms will be working on your search and exactly what their roles will be in the process. The recruiter you choose will be acting as your organization's proxy. Since a search process can be a valuable time to cultivate new and existing relationships, carefully consider how the recruiter will represent your organization. You should examine the expertise of the recruiters at each firm. Typically, retained firms have more experience with senior-level executive searches, while contingency firms focus more on junior- and mid-level managers.

What actions should be taken prior to selecting and engaging with a search firm?

Before an organization selects a search firm, it should undertake the following actions to facilitate the selection process:

Create the draft outline of the ideal position description and candidate profile. Creating the draft will help facilitate the process of selecting the type of firm best for the organization (e.g., does the candidate profile require a local or a regional/national search?) and guide the initial stages of the search process.

Organize the stakeholders involved in the recruitment process. For an executive director role, a search committee should be composed of board members and, if appropriate, members of the senior management team and external stakeholders. A search for a direct report should include the executive director and other relevant senior staff and board members as appropriate (for example, the head of the board finance committee will most likely want to meet chief financial officer finalists).

How should an organization select a search firm?

The relationship between the organization's search committee and the search firm's consultant is based on trust and communication. The time spent up front by the search committee to carefully vet and select the right firm can be as critical to achieving the best outcome as interviewing and referencing the candidates. Once the initial job description is created and the committee formed, there are three major steps to selecting a search firm.

Step I. Build the short-list of potential search firms. Often a good first step in the process is to talk with colleagues and associates to identify the firms or individual consultants they have worked with in the past. While compiling the list, assess their experiences. It's just as important to talk about the consultant as it is to talk about the firm. Questions for references might include:

- What kind of position were you seeking to fill?

- What impressed you the most about this firm/consultant?
- How did working with this firm compare to other experiences you have had in hiring senior management?
- Describe the process your organization followed when developing the job description.
- If the search committee drafted a job description prior to the search engagement, how did it differ from the original specification (i.e. what was the contribution of the executive search consultant)?
- Did you get outstanding candidates (who you might not have gotten on your own)?
- How well did the search consultant represent your organization to sources and candidates?
- How accessible was the search consultant?
- Is there anything else you would like to share about the experience that you think would be helpful?

Step II. Request proposals from and interview the short-listed firms. Once an organization has narrowed down the firms it may want to work with, there are two key components to consider before making a final decision:

- How does the firm build its candidate pool? The methodology used to access good candidate talent pools is a point of differentiation between firms. The search committee will want to ask: Is this firm tapped into the networks needed for a successful outcome? Is the firm innovative in its approach in a way that will bring access to a talent pool that would otherwise not be accessible? For example, if the position requires someone with specific business skills, the organization will want to understand how the search firm would build the candidate pool, if it has done this type of search before, and how successful it has been.
- Who will be working on the search? Each search is different depending on the actual consultant involved. In some cases, more than one person in a firm will be working on a project. Therefore, it is important to understand who will be conducting each of the key activities. For example, who will carry out the initial research? Do the sourcing? Make calls to initial candidates (this is especially important because this person is often the first contact with the candidate and plays a significant role in getting great candidates to the table). Who will interview candidates, especially short-listed ones?

Step III. Ask the firm for references.

What should be done once an organization has engaged a search firm?

Once an organization has chosen a search firm, there are three steps that can help the recruiting process go smoothly:

Identify communication methods. The search committee and the search professional should establish clear lines of communication that allow key points to be brought to bear. For example, as the search professional meets with candidates, s/he may discover that the salary is too low to attract the caliber of candidate the organization desires. Bridgestar suggests a weekly phone and/or email update with the executive search consultant to go over ground covered, issues raised, market feedback, and progress.

Establish clear roles for everyone involved in the recruitment process. The search committee and the search professional should ensure that all participants know their roles. If participants have never worked with a search firm before, provide an overview of the process in order to set expectations. For example, what will each person's responsibilities be? Who will be involved in resume reviews, short-list interviews, and final interviews? Establishing these guidelines up front will ensure a better result.

Explore who can and cannot be contacted. It is important to discuss off-limits issues with the search firm so that clear expectations are set immediately around who can or cannot be contacted (is it okay to contact funders or past employees?). This will help protect relationships and networks as the firm works to build a candidate pool. Questions to discuss include:

- Where can these firms search, or not, given existing client relationships?
- Where would the organization not like the search firm to look? Who are the individuals not to be contacted for this role?

Concluding thoughts

Recruiting the right people in the right senior leadership roles is not easy; it is a process that requires investments of time and other resources. However, the results can have significant impact for an organization and for the nonprofit sector.

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