

ADVICE FROM THE FIELD

Afraid of "used-car" hiring?

It was not too long ago that buying a used car was simple—the odometer told the whole story. Beating the system by turning back the mileage helped create the "used-car salesman" image. Putting the "headhunter" into the same classification is causing companies to ignore a very valuable resource.

Although the following discussion is focused on the use of recruiters for mainly salary positions, it still relevant for all positions. Since more companies are using alternative hiring methods like "temporary" services, it implies a need to understand what those firms provide.

A headhunter's biggest drawback

Invariably the biggest concern a company has with using the services of a headhunter is cost. Unfortunately, that focus blinds companies to the real problem—poor hiring practices. Using contingency recruiters means that a fee is only incurred if a company hires one of the recruiter's candidates. Nevertheless, many companies fail to recognize that it is still their hiring decision not the recruiter's. It is one thing to hire a "slug" from a want ad but quite another to pay a recruiter \$20,000 for that same person. If a company's hiring system cannot distinguish a slug from an eagle, then it will probably blame the recruiter for their hiring mistake. Very rarely, do the matchmakers—recruiters—ever cause a poor hire. Their primary function is to present a candidate to a company so that each party—the candidate and the company—can make a proper hiring decision. Any services beyond that are what distinguishes one recruiter from another.

A recruiter's fee excessive?

When a recruiter's fee is compared to the costs for other hiring methods, it seems excessive. However, it is in reality a bargain.

The value of an average employee is a company's Intrinsic Value. (See previous article-"Master Breakthrough Hiring" in IBJ July 21, 2000, for a full discussion on this concept.) This number will vary from industry to industry, but a good approximation is \$200,000 per employee per year.

Even if you consider the payback for a recruiter's fee to be the company's Intrinsic Value, it is a good investment. However, the recruiter's objective is to find outstanding not average talent. Usually an "eagle" is considered four times more productive than the average employee. Therefore, the recruiter's fee for that type of candidate has a tremendous return on investment. The secret is to have a hiring system that can identify talent.

Slug or eagle recruiter?

The strong economy and record low unemployment probably have spawned more recruiters than we care to imagine. Let's look at the inside secrets on how to evaluate recruiters.

The first rule in evaluating recruiters is to understand that the first-rate firms are similar to other professionals; the best do not discount! Imagine that you needed a new heart. Consulting five doctors resulted in three of them saying that the cost would be twelve thousand dollars. The other two \$15,000. When confronted, one of the latter doctors relented and lowered his price. The fifth doctor said to use one of the other doctors if cost was your main concern and not your health. Which doctor would you use?

The above illustration is just as appropriate for recruiters except for one major exception. Throw in a labor shortage, as we are experiencing with today's record low unemployment. What company that has a top quality product or service will discount during times of tremendous demand? People are the heart and soul of any corporation. The best are not discounted goods, ever.

The next major delineator is the resume. If every candidate you interview has a resume, you are probably not seeing the most

talented. (If your company demands a resume before giving an interview, do not be surprised if the best recruiters have you on the alternative list.) Most people, especially the best, do not have updated resumes. Contrary to popular belief, the best will not put together a resume for a chance at an interview. However, the best will invest in a home telephone call, where the professional recruiter can obtain the necessary information to determine the candidate's qualifications. Therefore, the company could have a handwritten Candidate Data Sheet as the only written information before an interview.

Let's look at this from a different angle. If a person has an updated resume then he/she is actively looking. If a company is aggressive in its search for good employees, then this person's resume will be eventually discovered. Nevertheless, if other tasks are more important, then a "resume" recruiter is still an option. Regrettably, a resume-based hiring system will miss as many good prospects as it will interview bad prospects.

In 15 years as a successful recruiter, I have probably viewed close to 20,000 resumes. Only a handful were any good. Most of the perceived accomplishments still made sense when you added this statement at the end: "and I did a lousy job." In addition, a resume full of buzzwords does not mean expertise. Most of us can put on our resume a familiarity with an airplane cockpit (We have seen a few and know where they are located.). However, not many of us would even dare to sit in the captain's chair during a flight. Many resumes give the impression of being that pseudo-pilot. You are perfect twice in your life: once when you are born and again when you put together a resume.

Attitude and motivation checks

A hiring program that uses attitude and motivation checks not only surpasses the resume screening system but also reduces a company's workload. A recruiter should fit into that system. In using recruiters, you have two stages of attitude and motivation checks. The first stage is to develop a Recruiter Questionnaire to determine the services provided and the areas

of expertise. The particular recruiters are more important than the firm itself. If a firm does not return the questionnaire, why work with them? From the information gathered, a recruiter classification system can be developed. A "fax me a resume" recruiter might warrant a different fee than a firm that does all the work and who is an expert in your industry.

The second stage is candidate screening. Every candidate presented by a recruiter should have responded to your company's Candidate Questionnaire. Verbal confirmation is acceptable. This step insures that the candidate has been contacted. The goal is to use track record as the primary screening tool.

Today's hiring climate demands that a company uses a mixture of passive and active means to find and obtain outstanding talent. Using recruiters is one active method that can result in hiring top-notch employees at a reasonable cost for the value received.

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