



DYNAMICS OF THE EXECUTIVE JOB MARKET

Understanding how the executive job market functions is important to the executive seeking to fill a senior level position. The information in this brochure provides guidance to the hiring executive in selecting candidate sourcing strategies. It also gives the executive who is seeking a career change important practical information for structuring a campaign and preparing a resume.

THE EXECUTIVE JOB MARKET

The executive job market is a dynamic, poorly understood, and often elusive mechanism through which management personnel are employed in senior organizational roles. The process is so difficult to gauge that, on a probability basis, we can make but two predictions. First, the majority of senior position will be filled through internal promotions and, where careful manpower planning is practiced, they should be filled this way. Second, most senior executives will turn to their personal/professional networks as a first source of candidates when there is no one qualified to promote.

The executive job market of the next millennium may look very different. On-line job matching services, electronic bulletin board services, the increased feasibility of scanning and storing resumes for longer times -- all will radically alter the hiring equation, even at senior levels. With explosive growth projected in cyber-employment, a shakeout is inevitable. For timely information regarding this, we recommend *Electronic Job Search Revolution* by Joyce Lain Kennedy.

THE EMPLOYER'S STRATEGY

First and foremost, an employer with a senior level opening is interested in a quality solution. In pursuit of candidates, the organization has to balance the elements of cost, turnaround time, and confidentiality to choose an appropriate identification method. The recruiting vehicles available are discussed below in some proximate order of their probable usage.

Internal Promotion

By far the most effective way to fill a key executive position is to promote someone with the appropriate skill and ability. A host of reasons support this as the best alternative. First, the learning curve is shortened if the person already understands the formal and informal organization, the communications patterns, the business' history and nuances as well as the industry in which it operates. Given two people of equal ability, the insider will become productive more quickly than an outsider. Second, our cultural heritage leads us to reward hard work and achievement. As a result virtually everyone feels good when a competent manager is promoted. Finally, a key promotion can create a motivational "ripple effect" because each promotion opens an opportunity for another promotion.



Networking

There are times, however, when an executive competent to execute the responsibilities and obligations of the open position is not present in the organization. In other cases, an individual may be capable of filling the open job but incapable of succeeding to higher levels and, if promoted, might block a pivotal role in the management succession program. At this point, the hiring executive may commission an executive search to fill the position. Alternatively, his or her personal business network may be utilized as first step in candidate identification.

There is a significant level of personal comfort attached to receiving a recommendation from someone whose judgment is respected. While not all such referrals yield optimum solutions to senior staffing problems, that comfort level is a significant motivation to turn to co-directors on the boards of profit, not-for-profit or civic organizations; or, to professional acquaintances and service providers of the executive's company, such as bankers, accountants, lawyers, or key suppliers. The executive may also participate in industry associations, which can be utilized to generate candidate ideas.

In this informal networking process, the goal is primarily one of obtaining recommendations from people whose opinions on other matters have been valued in the past. The assumption -- and it is most often correct -- is that those individuals would be careful to refer only someone whom they believed to be very competent, who met the expectations of the executive making the inquiry. There is a high comfort level knowing that the person making the referral can "stand behind" the person being recommended. This does not mean that the potential employing organization should not be very careful in its evaluation of this candidate, but there is often an exceptionally high degree of positive predisposition attached to such referrals. In fact, it is probable that the same candidate would be evaluated more sternly if originated through a neutral referral source.

This networking approach has the advantages of quick access, trustworthiness in confidentiality, and no significant associated costs. Its disadvantage is that the number of people sourced is relatively small and unscientific. This can lead to a situation in which the *best* prospective candidate may never be identified or hired.

Executive Search

The use of retained executive search can significantly expand upon the employing executive's personal network without jeopardizing the confidentiality of the recruiting effort. The search firm has the unique ability to contact many executives in competing organizations, industry associations, supplier organizations and others. This is accomplished through a planned research and identification program, which significantly improves the chances that the best qualified candidates will be considered.



Media Advertising

For some senior level and middle management level positions, organizations utilize advertising in local, regional or trade newspapers and magazines to generate potential candidates. Advertising can be relatively cost effective when it produces the right candidate. However, advertising poses a number of potential problems.

First, only those who have read the advertisement and responded to it can be recruited. This suggests, of course, that those who are unemployed or disenchanted with their current positions will be aggressively reading help wanted advertising and are likely to respond. Those individuals who are not active in the job market, however, are not likely to respond and may actually be the desired candidates. In this way, the executive search process is far superior to advertising because it seeks out people for their ability and competence, and is not limited to those who are actively in the job market.

Another drawback to media advertising is that certain situations do not lend themselves to being displayed in the paper. The position or the company itself may be so unique that even a blind ad could alert the community to a confidential situation.

Finally, there are two timing issues that must be accepted if advertising is used. From the time an ad is prepared and inserted in a publication, it is normally 30 days from the publication date until the majority of the responses to the ad will be received. This means, in the case of a weekly or monthly publication, the quality of the ad response may not be known for as long as two months. This turnaround time may, in itself, be unacceptable. Secondly, if the first advertising approach does not generate the required candidates, a second ad or a migration to the executive search approach will take additional start-up time.

Employment Agencies

Contingent fee recruiting organizations provide a valuable service to employers, primarily for clerical and experienced staff level recruiting. Most employment agencies specialize by function or industry, accumulating resume information and forwarding this information to interested employers. Although practices vary by firm, the majority "sell from the inventory" of accumulated resumes. Therefore, if a highly qualified candidate is actively seeking a new position and is known to the agency, an employer may fill an opening immediately. If not, a point of diminishing return may quickly be reached.

Clearly, at lower compensation levels (under \$50,000), an agency source may be fruitful. Where positions demand more highly specified credentials and experience, a proactive search is preferable. Also, at higher levels the cost of a tailored search is roughly equivalent to an agency placement, meaning more service is rendered for the same price. It is important to understand that the contingent fee firm must operate on a probability philosophy. Since there is no cash flow until an employment agreement has been



consummated, the agency must have "many irons in the fire." The focus is on the achievement of the accepted offer and since agency counselors work primarily on commission, the quality of the placement can become a secondary issue. Employers and candidates alike can expect high-pressure treatment because a high quality candidate is often marketed to several potential employers simultaneously. Also bear in mind that many employment agency counselors do not have professional interviewing skills and some never interview candidates at all, but merely send resumes from a file. And, unfortunately, cases of misrepresentation of both client openings and candidate qualifications are not uncommon. This latter problem requires that clients complete the screening, which should have been done by the intermediary. Good employment agencies do have a role in the lower salary end of the management job market, especially where confidentiality is not a concern and where management time can be allocated to the process. In most circumstances, however, serious consideration of retained executive search is advisable for positions that pay over \$50,000, require extreme confidentiality, or where prior recruiting difficulties have been encountered.

Unsolicited Resumes

Companies routinely receive unsolicited resumes on managerial and executive level candidates. Many of these are submitted by individuals who have written directly to a company while many others have been sent through the offices of employment agencies (for which the employer pays a fee contingent upon the hiring of the individual candidate), outplacement firms (wherein the most recent employer has paid a fee to the outplacement firm to assist the displaced executive in seeking new employment), and executive counseling services (where the unemployed executive pays a fee to the counseling firm to assist in the identification of a new employer). From time to time a resume received through one of these methods can lead to the structuring and acceptance of an offer of employment. There is cost associated only if the employment-agency-referred candidate is hired. In many cases these solutions are excellent ones, although they, too, suffer the lack of rigorous seeking out of candidates, utilized in the executive search process.

SUMMARY

When the decision to seek candidates has been made, the sourcing choice will be a function of timing issues, costs, and the need for confidentiality. The exhibit on pages 10 and 11 conceptualizes these factors as a decision-making tool.



DECISION FACTORS FOR CANDIDATE SOURCING

	<u>Personal Network</u>	<u>Media Advertising</u>	<u>Employment Agency</u>	<u>Executive Search</u>
Turnaround Time*	Variable	30-60 days	Potentially immediate	60-90 days
Candidate Quality	Above average	Variable	Variable	High
Management Time Required	Modest to high	Potentially heavy	Moderate to high	Low
Confidentiality	N/A	Some exposure	Potential exposure	High
Reliability	Questionable	Unpredictable	Varies by counselor	High
Cost	Low	Moderate	High - 25-30% of Compensation	High - 30-35% of Compensation

***From inception to client interviews**



INDIVIDUAL STRATEGY

For the executive who is interested in accelerating his or her career, it is clear that most positions are known only to a limited number of individuals inside, or close to, the organization, and that the procedures followed by any given organization in filling a senior role are difficult to anticipate. Since there is no central clearinghouse of executive job information, finding an appropriate opportunity becomes a probability driven process. An individual's strategy, therefore, must be one of high-volume exposure.

An executive who has made a commitment to seek a new career opportunity must put himself/herself into a direct mail marketing mode. Since it is not possible to predict the location of an appropriate opportunity, the only way to find it is with many attempts. One should be armed with (literally) hundreds of resumes. In fact, a recommended initial job search campaign would include distribution of 1,000 resumes to recruiters and others in a broad, yet rational way. It is more efficient and less frustrating to answer incoming calls from interested parties than to make outgoing calls to disinterested ones. Flood the market with resumes.

Depending upon the acceptable risk level to be employed, a smaller number of resumes may be discreetly mailed -- but with the understanding that the turnaround time will tend to vary directly with the number distributed. This process takes time. A middle level executive should anticipate -- assuming full time effort is being expended -- a minimum three month turnaround. This estimate must be lengthened in each situation of reduced demand, i.e. compensation in excess of \$100,000; chief operating or chief executive officer status; age 55 or over; or significant experience in a depressed industry.

Although the basic strategy is to deploy a large volume of resumes as a way of generating interviews, there are some rational priorities that will help to make the process a logical one. Each of the sections below will indicate a specific group of persons or organizations to which resumes might be distributed, presented sequentially in order of preference.

Personal Network

Resumes should be sent first to personal friends and professional associates. They receive top priority because they are the only people who will take an *active* role in making introductions to relevant business contacts. Their friendship and respect motivate direct advocacy for a friend or colleague.

Search Firms

Although executive search firms are retained to serve specific client interests, they may help in an individual's attempts to find employment. Because each search firm has the potential to refer someone to more than one potential employer, they represent a point of



information leverage. While most executives will not find a job through a search firm introduction, search firms are an important vehicle to use in the process.

There are hundreds of firms in the executive search business and the strategy should be to send a resume and cover letter to virtually all of them. There are firms that have reputations for dealing with certain industries or functional specialties and a cross-index is included to identify those specialties. However, only the recruiter knows what assignments are in progress. For example, in spite of a firm's stated specialty in the chemical industry, they may be engaged in a presidency search in the metal working industry. Since it is not possible to outsmart the system, be comprehensive and write to all the firms.

When mailing resumes to search firms, there are three assumptions to keep in mind: First, do not assume that search firms serve only local clientele. Recruiters often have clients located across the country and local clients may have widely dispersed subsidiaries. So, to get full coverage, write to everyone. Second, do not assume that firms with multiple offices will necessarily communicate the receipt of a resume from one office to another (Search firms appear in *The Directory of Executive Recruiters* which is available from *The Consultants News*, Fitzwilliam, New Hampshire, 03447). To be safe, write to them all. Third, do not assume that all firms retain resumes. Most don't. Someone who is still active in the job market three months after the first mailing should send another.

Finally, remember that the executive search business is one in which the recruiter will call when it is appropriate. Where there is an apparent match with the needs of a client, the search professional will call immediately to discuss that situation. Making calls to search firms is of no benefit when there is no assignment in progress that matches a particular set of credentials. Available time spent on a personal search is best spent sending out additional resumes, rather than making telephone inquiries to executive search consultants. After all, a candidate and a recruiter can help each other only when the right position is available.

Employer's Networks

Another highly productive information leverage technique is to anticipate the employing organization's contact network. Envision whom the chief executive of a potential employer would call when someone with your credentials was to be hired. This could include accountants, attorneys, well-known consultants, and directors of various industry organizations. Every not-for-profit association has one individual who, formally or informally, carries out the task of matching talent and need throughout their membership. Identify those people and send them a resume.



Employment Advertising

Respond to advertisements if they appear to be an accurate match of ability and career plans. While most senior assignments do not appear in media advertising, some employers will use this as a first means of attracting general management candidates. And, while hundreds may respond to an advertisement, at least it is an identified opening! To be viewed as outstanding in such a large grouping, the caliber of your experience as reflected in the resume and cover letter will be critical. Some advice on this topic appears in a later section.

Direct Mail

The final step in a job search campaign is to write directly to potential employing organizations, circumventing all intermediaries. This step is the last because the information leverage is slight. There may be only one appropriate position in any given organization and obviously, if that position is filled with a productive individual, there will be no interview. On the other hand, there are many positions that never reach search firms and a resume often arrives at just the right time. A resume received by a senior executive can be a catalyst to action. A re-organization may have been planned, but not effected because a critical set of skills is lacking. Or, the decision to replace a marginal performer may have been delayed for the lack of a suitable alternative. In these cases, the only candidate for such a position may be the one who wrote directly. This indicates that direct mail can be productive and should be pursued in an aggressive personal campaign.

When involved with this level of direct mail, letters should be addressed to a highly placed executive in a line function. This recommendation is made because of the aforementioned catalytic impact the resume might have. Recommended directories for such mailings include the *Directory of 51,000 Largest U.S. Corporations*, published by Newsfront, which lists companies by SIC code and home office locations by zip code. This reference is particularly helpful because it provides condensed information, which can be easily photocopied for use in addressing letters. Other suggested reference sources are *Standard & Poor's Register of Corporations*, published by McGraw Hill; *The Directory of Corporate Affiliations*, and *The Standard Directory of Advertisers*, which are published by National Register Publishing Corporation. All of these books will help in locating companies by geographic or product classification. The latter ones are helpful in locating divisions and subsidiaries in addition to corporate headquarters. These directories are quite expensive but can be found in a good business library.

RESUME PREPARATION

The process of seeking an executive position dictates that most introductions will be made primarily by the written word. Therefore, it is imperative that the resume and cover letter be carefully prepared and professionally reproduced. The resume should be structured bearing two concurrent goals in mind: First, it is a sales document intended to result in an



interview invitation. Second, it should be an accurate portrayal of credentials and career achievements.

Since the resume will be scanned first to determine whether it is relevant for a given position, it should be limited to two pages and laid out in a logical fashion. Critical academic and professional credentials, as well as, titles, employers, and dates of employment should be highlighted by typeface and position on the page. Because credentials and present responsibility levels are so important in the initial screening process, it is recommended that the credentials and the section describing the most recent or current employer appear on one page. The desired impact is to provide information that is easily understood and, through good use of white space, makes a pleasing appearance.

The resume content must be well written, results-oriented and an honest description of the career achievements to which legitimate claim can be made. Under each major employer, include a one or two sentence description of the nature of the company and/or the critical sub-organization so that the reader will understand the size, nature, and objective of the employing organizations. A brief statement of responsibilities, which will indicate the scope of each position, should follow this. Next comes the most important part, a listing of key personal contributions made during the time of that employment. These have the most impact if each sentence -- which may be presented in highlight form -- begins with an active verb. Examples are: designed, implemented, wrote, increased, decreased, improved, etc. Remember, the resume is meant to tell some of what was done and to stimulate interest in a more detailed discussion. One need not and should not attempt to include every detail in the resume. Select those items, which are both consequential and indicative of the range of experience.

This portion of the resume complete, use the remaining space on page two to highlight important personal or professional activities or memberships. If space does not permit the inclusion of such items, they can be omitted since it is doubtful that they will influence an invitation to interview for a key position. What is important is to draw the reader's attention to the history of active contribution to past employers.

COVER LETTERS

A cover letter should always accompany the resume and is intended to convey certain specific pieces of information. As may have been noted, no statement of objective was included in the recommended resume format. By including the objective in the cover letter, it can be tailored to the specific nuances of a particular situation, allowing the resume to be utilized in a wider variety of circumstances. This statement of objective can be very specific in responding to an ad, or very general, encompassing several career options, when distributed to executive search firms. The objective statement should indicate desired roles, industries, functions, and geographic locations. This statement



should be carefully thought out because action will be taken upon the information contained in the letter, often at face value.

So that inquiries will be relevant, a statement concerning compensation expectations should be included. Do this by either indicating the lower end of an acceptable compensation range or by indicating present or most recent base salary and bonus experience. A statement of expectation may be preferable if, for example, a compromise between compensation and expanded experience is acceptable. Otherwise, it is best to indicate the specifics of current income level.

The cover letter need not be lengthy since it is meant to complement the resume. Reception of information contained in the resume is unnecessary and cumbersome for the reader. In fact, many skilled professionals routinely scan the resume, first looking at the career path and industry focus and then read the cover letter last. A letter of qualifications is an ineffective substitute for a resume. Due to the high volume of resumes reviewed by employers and intermediaries, such a letter may not be read at all. The well-laid out resume will receive adequate review for matching purposes.

SUMMARY

The smart strategy includes preparing an intriguing and informative resume, which is transmitted to a broad audience with a concise cover letter. Although little ego gratification accompanies this process of logical mass distribution, it has the saving grace of being effective.