



Book Deciding Who Leads

How Executive Recruiters Drive, Direct & Disrupt the Global Search for Leadership Talent

Joseph Daniel McCool
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Recommendation

The old-fashioned headhunter you used to call on to bring in a quick hire is completely out of date and this book will help you understand why. Author Joseph Daniel McCool is a highly regarded journalist who has written about and lectured widely on executive search. While offering great information about search consultants, he also shows you the importance of creating your own internal processes for grooming candidates. He advocates establishing “onboarding” programs to create a foundation for new hires. McCool writes clearly and invitingly. He persuasively describes the real value companies can derive from using executive search services productively. *BooksInShort* recommends this book to anyone involved in executive searches.

Take-Aways

- If you understand how your corporate culture defines success, you will hire better-suited executives.
- Firms that emphasize leadership development and succession planning have less need for executive search services.
- Engage recruiters for long-term consultation, not for quick, one-hit transactions.
- Bad hires are costly; if you add them up, you will be shocked at just how costly.
- Modern business is global, so firms must pursue executive talent worldwide.
- Use recruitment firms that enable you to meet your quality and diversity goals.
- As gatekeepers for your new leaders, executive searchers deeply affect your corporate culture.
- Executive recruiters must act with sincere concern for their clients to avoid being seen as body snatchers.
- Off-limits rules may protect your talent, but they also restrict your pool of candidates.
- Develop a powerful “onboarding” program to get new executives off to a great start.

Summary

Search the World for Talent

At many companies, outside executive search consultants deeply influence changes in top management. These consultants, whom companies hire to search for the best new leaders, make the first cut among candidates before they present the company with a list of people to consider for available positions.

“Human capital is...the most critical intangible asset riding on corporate balance sheets.”

If your company is recruiting, be sure your executive search team knows the kind of person you want and has access to the caliber of talent you need. While you may

find plenty of bright, capable people, the market for the very best talent is competitive. You want to locate and hire men and women who can motivate your people and optimize your processes. Like much else in business, the competitive market for top executives has gone global, so your search should have a worldwide reach. Seek executives with international experience who know how to adapt, compete and win in the modern marketplace.

Improving Executive Search and Succession

Former General Electric CEO Jack Welch once said that if the company properly did its job of building executive talent and planning for succession, it would never need executive search consultants. But GE, like so many other firms, turns to consultants to fill in its upper-level gaps. Executive search consultants wield a two-edged sword. They can help you hire for open positions, but they also might create holes in your staff by recruiting some of your best people for other companies.

“Deciding who leads is...shared by executive search consultants and their client organizations, but deciding who gets a chance to contend for a top corporate job rests mostly in the hands of the searchers.”

As gatekeepers for the talent they present to your firm, executive search consultants can have a powerful impact on its development and culture. To get the best results from search consultants, actively engage them in your organizational vision. If you look at your searchers as old-style headhunters, you will waste time interviewing candidates who do not fit your company, and you may never meet the kind of dynamic executive who can lead the change you want and who understands modern corporate governance. Don't be afraid to recruit globally. You are looking for rare talent, so don't compromise your future by hiring from a limited, local pool.

How Disney Did It

Roy E. Disney and Stanley Gold played a big role in hiring Michael Eisner as CEO of Disney. After years of tremendous success, Eisner became the object of shareholder ire. When it became clear that he had to step down, Disney announced a wide-ranging search to select its next leader. The chairman of the board, former Senator George Mitchell, announced that Robert Iger would succeed Eisner, but only a select few knew the details of the supposedly extensive search. Disney, Gold and many other shareholders suspected that Eisner had manipulated the search process, and they filed suit. These directors and the business press wanted to know who among the world's top CEOs had been included in the search. Had Eisner and company really conducted a global independent search? Did they engage several executive search firms as promised? Which ones? What candidates did they present?

“Executive search is often the only way hiring companies can attract and recruit...senior management talent.”

If the suit had unfolded, the legal process would have included deposing the executive recruiters, and making their work and their personal notes public. This threat became the catalyst for a truce between the factions. How your firm handles succession is up to its board, but be sure to deal with internal political issues before a crisis erupts. Get to know a number of executive search firms before you need one, so you can make a well-informed choice. Have the consultants learn about your, so they have a better idea of which candidates to present. Using a search firm to disguise internal political manipulation is counterproductive for everyone involved – just ask the folks at Disney.

Why Headhunters Are Passé

Search consultants have to manage their industry's own image problems. If you are an executive recruiter, don't be sloppy or careless. Don't earn a reputation as a “body snatcher.” If you act professionally, you will stand high above the quick-hit, slick “headhunter” (a widely used term that is an insult to a true executive search consultant). Match the soft skills of each executive recruit with the culture of your client's firm. Measure your success in terms of the respect you earn from the executives who sign contracts with you or those you place in new jobs. Track the quality of the improvements your placements bring to a firm. Search consultants who do their jobs well improve the lives of their clients and the executives they place. To build a good reputation, develop a strategic affiliation with your clients, not just a transactional relationship. Even top executive searchers know, though, that corporate hiring executives are apt to take credit for great candidates and to blame the executive search consultant for poor hires.

Modern Leadership

If you are a corporate executive who hires search consultants in your quest for new leaders, you'll be a better client and have a more productive outcome if you identify the kind of candidate you want. Seek someone who can listen, build consensus and use emotional intelligence, rather than the top-down commander of yesteryear. To make your company a learning organization, look for candidates who show that they value learning in their personal and professional lives. Recent ethical scandals, such as the events at Enron, demonstrate the importance of recruiting leaders with integrity and solid ethics. Be aware of all the subtle contexts in which the person must lead. A savvy leader can still fail despite having technical brilliance, boundless energy and business virtuosity if he or she doesn't grasp the firm's social environment.

“Hiring is always a gamble. The trick is to improve the odds...[and] make sure the chemistry is right for both parties.” [– Leadership consultant Andy Hunter]

A skilled executive search consultant can also help you in the evolving area of CEO compensation. The demands on corporate CEOs have never been greater. They want to be paid well for sacrificing their personal lives and privacy. This isn't just about a big paycheck with juicy benefits and generous options. It includes signing bonuses – like the one Ford had to pay Alan Mulally to persuade him to leave Boeing – and golden parachutes. Remember the scathing press over Jack Welch's lavish retirement package? Trying to get CEO compensation just right, and aligning it with shareholder and stakeholder interests, is always tough. Your search consultant can help you design a compensation package with all these complicating factors in mind.

How Much Does a Bad Hire Cost?

The cost of hiring a bad CEO or other high-ranking executive is far more than the sum of the wasted salary and the executive search fee. Add in the opportunity costs of lost business, lost customers, lost employees and lost time, plus the expense of nursing the company back to health and conducting another search and hiring process. To avoid bad hires, your recruitment team must agree on its goals and options. Be clear in telling candidates exactly what you want. Work with a prospective

hire to set realistic expectations before he or she becomes the boss. Beware if the candidate resists learning from your observations or harbors expectations that don't fit your culture. Seek flaws before you hand over the wheel and let someone drive your firm into a ditch. Work with people before hiring them, so you know their motivations and leadership styles. Determine how compatible they are with your firm. Check references; don't assume anything.

Getting Your New Executive Off to a Successful Start

If you handle hiring for your company, it is in your best interests to be engaged actively in each new hire's early success. You already built a search team and a selection process. Now, assemble a strong "onboarding" program with a solid support system. Help the executive acclimate to the corporate culture and communicate his or her vision to the firm. If you assume that such a highly qualified individual should be able to make his or her own way, you run the risk of having your organization reject the new executive like your body would reject a transplant if it didn't get proper medication. Don't be fooled by the happy honeymoon phase. Early enthusiasm is based more on politeness and hope than on sincere, informed support for the new leader. Make your onboarding program broadly based, so every area of the firm becomes invested in helping the new leader succeed, and so new executives learn who and what they are leading. Consider using a consultant who specializes in onboarding to help develop your program and track its results.

Hired Guns or Partners?

When you engage an executive search consultant, decide if you are getting help for one assignment or beginning a strategic partnership. Is the executive search consultant competing with your internal HR department or serving as a resource to help HR? For a successful search and hiring process, HR and the executive search consultant should work in tandem to identify and recruit the best talent. Position your executive search firm as a strategic competitive resource. Communicate accurately with your search consultant; be open and honest about your hiring processes and desired candidates. When you develop a working relationship with an executive search firm, its consultants may offer you great prospects when you aren't searching, especially if they know you value talent, and can hire and develop top people even if you don't have an immediate gap to fill.

Executive Search and Diversity

All leaders talk about diversity. Many companies have programs to bring in gifted people from underrepresented minorities and to add more women to their executive ranks. Yet when hiring time arrives, most firms hire people who re-create the present version of their company. Most executives know other people like themselves, and feel comfortable hiring and promoting from their social group or from current management. To broaden your base, choose an executive search firm with the connections to find great talent that fulfills your diversity goals. Let the search firm coach your HR staff on how to approach, recruit and retain these people. When you include women and minorities in your executive searches, you increase your access to the best talent available anywhere. By going beyond the old ways, you gain a strategic advantage and reach people you never would have recruited under your standard processes. Review the criteria your search consultants are using to ensure that they are not excluding candidates you would like to meet. Be sure your gatekeepers are keeping your gate the way you want it kept.

How to Manage Your Executive Search Consultants

Become an informed consumer of executive search services. Don't assume that because a search firm has conducted similar quests for your competitors, it will be ideal or even suitable for your needs. Your culture and company structure might require a much different type of search. Seek a consultant who understands your needs and has access to appropriate talent. The size of the search firm might be relevant, though a small firm may provide exactly what you need. Investigate any search firm's qualifications and references, but also dig a bit deeper to learn how its expertise strengthens your firm beyond the candidates it brings to you.

"Executive search consultants...make their living off the long-perpetuated failure of organizations everywhere to develop executive talent from within."

If you protect yourself by forbidding a search firm from hiring or recruiting from your executive ranks, it might drop you as a client if it finds key talent in your roster that it could market elsewhere. Worse, you may not have access to top people at your consultants' other client firms. Think these policies through and discuss the realities with a search firm before you hire it. When you are recruiting or hiring top talent, heed these best practices:

- **Understand your corporate culture** – Hiring a senior manager who does not fit your corporate culture sets him or her up to fail, and will cause turmoil in your firm.
- **First look for talent internally** – Groom your insiders. Unless your company is in a crisis, look for the next top leader among your internal candidates.
- **Use referrals** – Draw on your contacts and friends to help organize your search.
- **Understand what constitutes success in your organization** – Match the style and talents of the candidate you hire with the way executives succeed within your firm.
- **Use executive onboarding** – Create and use a process to help new executives get a fast start and realize early success.
- **Track your search firm's results** – Monitor the activities, performance and new knowledge you derive from your executive search consultants.

"I've always had a love-hate relationship with the search industry...I'd like to put all of you out of business. If we did our job [developing leaders], we'd never call on you." [– Former GE CEO Jack Welch]

Build a leadership pipeline – Don't wait until you need new executives to begin looking for the right people. Identify and groom promising talent.

About the Author

Joseph Daniel McCool is an industry analyst who deals with global executive search consulting and executive succession. He has written three books on the subject.
