

Smart firms start hiring

A CTPartners Perspective

Right now, every business day brings mixed signals. Each small gain at the market close seems clouded by the next morning's headline predicting that the recovery is far away. With that kind of uncertainty obscuring the near term outlook, just timing when to execute 2009 business plans has become a challenge for management teams.

We are already halfway through 2009. Leadership teams at many firms are realising that cost-cutting is not a strategy and that their focus has to shift towards the most immediate opportunities for real business growth. The critical factor to be successful in this uncertain environment is having the right team to drive the business strategy.

CTPartners consultants have noticed a major change in client meetings since mid-May. Discussions now focus on specific hiring to build new products or geographies, or on upgrading existing teams. The trend is borne out by our data and it is striking. Since the start of 2009, we've seen slow but steady growth in the number of searches initiated. But the jump in new projects from April to May was over 27% and the volume in June is already substantially greater than any prior month.

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So some firms are picking up the pace. Others are waiting, deferring decisions on hiring strategies until September, but this is a risky strategy. People are not commodities. It may take many weeks to woo and hire the most valuable, talented executives. Adding garden leave and the on-boarding period, and it may be months before there is a real impact. Starting a hiring process cold in September postpones any hire's contribution until well into 2010.

Feedback on how some companies are thinking about hiring in this market is particularly instructive. This bulletin sets out some of the issues confronting employers as they make difficult calls on recruitment strategy. It also seeks to challenge some of the common misconceptions about the nature of hiring in this unusual market. These are some we hear frequently:

'There is a lot of available talent in the market'

Yes, there are some very talented people who, unexpectedly, are without work at the moment. But despite the downsizing, the most talented individuals have kept their jobs. Irreplaceable talent has been locked in. The smart firms are looking to hire the best people, and not restrict themselves to those who are available quickly.

'There aren't many bids out there - it will be easy to attract talent'

Paradoxically, it can be more difficult to hire in a downturn. Many fear the 'last in, first out' syndrome should they move. When you know a firm well and have established credibility for your performance, leaving for a new environment may not be as attractive. Sometimes, even an accepted offer isn't enough. Recent headlines highlight how far companies

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will go to pursue their former key employees even while on garden leave. Access and influence with these highly sought after professionals is the talent management aspect of the search business. At CTPartners, it is our job to understand what motivates the candidates we contact, and to understand when there is an opportunity they can't afford to ignore.

'We built an in-house recruiting team- they have capacity'

Many companies have established in-house resourcing teams who can be invaluable partners in leveraging relationships with external search consultants in executing searches. With candidates risk averse and difficult to move, the in-house teams can ensure that the candidate's hiring experience is professional, comprehensive and expedited with momentum and can be invaluable in maximising their organisation's ability to recruit well and to construct the appropriate offer packages.

A specialist search firm like CTPartners develops deep, ongoing relationships with candidates, building trust and knowledge of their skills. As both informal coach and advisor we help executives make decisions in their business and career. The intermediary role is critical however. Senior candidates worried about market competition can be more open about their experience and leadership contribution to a trusted third party. This intelligence can be particularly decisive when advising on lateral hires; individuals who might be suited for a position that builds on existing skills but is a departure from recent roles. It is our deep relationship with individuals which enables CTPartners to understand how their strengths and match them to our clients' needs.

'All sectors are in downturn'

The economic cycle is only one factor in determining business opportunities. Many industries are operating with momentum and a growth imperative that exceeds the drag of the current markets. The aging population demographic of the developed world continues to create opportunities for Life Sciences and Healthcare companies, from services through to critical care. The rapid development of mobile communication technology, cloud computing, Software as a Service, Web 2.0 are creating opportunities for growth in the Technology space. Talent in these sectors can be hard to find in the current market. Even in the struggling financial services sector, restructuring, distressed investing and capital management, are driving activity as major companies seek to adapt to the downturn.

'We'll wait and see how things shape up over the Summer'

This is perhaps the most dangerous assumption out there at the moment. Research shows that for many high-performance companies, such as WL Gore, Southwest Airlines, Microsoft and KPMG, recruitment is a continual, proactive discipline, unconnected to the economic cycle. In practical terms, if a search starts now, the candidate should be resigning early in Q4. With a typical 90-day garden leave, the first day they start work may be January 2, 2010. Companies that start their searches in September will be facing the reality that this key hire won't be on board at all in the first quarter of 2010. At CTPartners, we understand the business impact of the search process. We track the time it takes us to complete projects for our clients and reward our execution teams with an extra bonus for searches completed in under 100 days. When it comes to hiring, the opportunity cost of being late will never be clearer. The smart leaders are recruiting now.

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