

5 Common Contingency Search Myths

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If you are an employer, hiring manager, or corporate recruiter and you are considering using an agency, this article is designed to educate you on some of the common myths and misconceptions of the contingency fee approach. The following are common misconceptions employers and hiring managers have about the contingency search model.

1. Having more agencies engaged in my search means I'll have more candidates
2. Having more candidates equates to having better candidates
3. Contingency search eliminates my risk
4. I'll get better results if recruiters know they are in competition
5. Retained search is only for Executive level recruiting

Myth #1: The More Firms I Engage the Better the Results

It is true, you may get more candidates (at first), but will they be high quality candidates? If you don't hire any of your first-round candidates, you will likely find that the candidate flow diminishes greatly (and will continue to do so over time). This is due to what the recruiting industry calls "fill ratio". That is, recruiters will not invest more time in a search if they feel their chance of success is low. Since time is the killer of all deals, the longer the search is open, the greater their risk. This means they invest little up front to truly understand your organization and how to ensure success. Instead, they take your job description and ask a few clarifying questions (if you're lucky) and then send you a few resumes that require little effort on their part. If you don't hire someone in the initial batch, their enthusiasm drifts to the next search with the highest likelihood of a commission. Overall, depending on the difficulty of your search, you will likely find poor quality, poor service, and waning commitment from your contingency recruiter over time.

Myth #2: More Candidates Equals More Quality

Contingency recruiting is a race to the finish line. This approach gives little incentive to truly understand your organization, the operations of your business, how you make money, your vision/mission/values, and myriad other important details that are critical to conducting a successful search. Without these critical elements to guide your recruiter, you are almost certainly starting a game of pin the tail on the donkey. Yes, sometimes you get it right, but you will likely end up looking at people who are good enough to get an interview, but not good enough to get an offer. In fact, some agencies will send you "decoy" candidates to interview along with one or two mediocre candidates. The psychology behind this practice is manipulative. They want you to hire the mediocre candidate that looks better standing next to a "decoy" that they know is not even qualified. So, in essence, you waste your time talking to candidates you should never have even considered.

By engaging in contingency search, what you have is the equivalence of trying to build a house using a napkin sketch. Yes, they have key details, but generally not the level of detail needed to conduct a highly effective search. There is not a direct correlation between volume and quality.

Myth #3: It's Free Until I Decide to Hire

Nothing is free. If you think your cost is the equivalent of what you pay a recruiter, then I'd encourage you to think about what it will cost if you allow the job to go unfilled for an extended period. Do you have missed opportunity costs? What impact will a vacant seat have on morale, billings, customer satisfaction, stress, and numerous other soft costs? If you have a critical position to fill then you need a dedicated recruiter to help you fill the position quickly, not a band of commission chasing recruiters

playing pin the tail on the donkey and crossing their fingers they win. Your hard dollar cost of a retained search will be similar, but you'll have a far better experience and will have true commitment until the job is closed!

Myth 4: Competition is Good, Right?

If you knew every order from your clients was being bid competitively each time, would you be motivated to do quality work? Probably not, and I wouldn't blame you! We all want clients who value our product and service enough to engage in a partnership. Plain and simple, contingency fee recruiting is not a partnership and anytime you have a high risk of losing, motivation wanes. Just try racing your kid to the car and beating them every time. How many times does that happen before they quit wanting to race you? Exactly.

Myth 5: I Am Not Hiring an Executive

Retained search is typically the method of choice for reputable companies hiring key executive talent, but that doesn't mean you should only engage in retained searches at the executive level. You will get better results from start to finish when your recruiting partner knows you are equally committed to the same success. I'd encourage employers to evaluate the nature of the position and how key it is to the organization's success and let that be their guide for determining if having a dedicated recruiting partner makes the most sense. Again, retained search doesn't mean 'more expensive', it is simply a different structure for compensating someone for services.

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