


# Executive search: current trends and challenges

by  **Klemens Wersonig**,  
Founder & CEO,  
TARGET Executive Search



**The 2016 World Executive Search Congress took place on September 26 and 27 in London. This article summarizes three trends which dominated the discussions and are most likely to shape the future of the global headhunting industry.**

**Boutique bunnies chase Executive Search dinosaurs**  
“Boutique search firms are better!” This was the main message echoed from most participants at the 2016 World Executive Search Congress in London. The global big boys of executive search are now openly being called “Dinosaurs”. They are very big, still powerful, getting the biggest deals, but they are also inflexible, slow to react and often outdated in terms of fee policy. Their traditional 1/3 fee of gross salary regardless of any success element is rejected by more and more corporations. Today, the search fees have settled around 25% of annual gross salary. Many clients also want to see flexibility in fee structures with some success part. Boutique firms are eagerly responding to such requirements.

In every country, hundreds of boutique bunnies chase the slow moving global dinosaurs. A boutique executive search firm is a small entity of three to ten people. It is owner driven and therefore offers a family culture. This means long-term commitment to the staff and the clients. It is about quality, not about the quick money. It is also about speed and flexibility. The main advantage of global players has always been their ability to conduct global searches but this advantage has vanished. Today, many searches are bolder-less, covering several countries. The internet and executive search are not limited by borders. Boutique firms are also able to work globally through partner networks, using various tools to search across such as LinkedIn or XING.

It is interesting to notice that some clients are also still

acting like dinosaurs. “You can only search in Bulgaria if your executive search consultant sits in Bulgaria” is a typical statement of such old school thinking. “Why can the native Bulgarian researcher not sit in neighboring Romania and work with LinkedIn and conduct Skype interviews?” Modern boutique search firms typically work with a lean approach, fast and flexible. They act like the new generation of candidates everybody wants to hire. Competent and efficient, embracing the latest technologies. Six weeks is the new competitive executive search time, not three months anymore. Speed kills, also in recruitment. The bunnies will continue to chase the dinosaurs.

**The LinkedIn threat is over**  
For the past few years, the rise of LinkedIn was threatening the executive search industry. Today, the LinkedIn threat seems to be over. Why?

The coverage and usage of LinkedIn differs greatly from country to country, but the fact is that there are still many executives, who are not on LinkedIn. There are also many, who are on LinkedIn, but the settings of their profile don't allow them to notice a message from a recruiter. From the headhunter's perspective, all such LinkedIn candidates are just landing in the “not interested” category, because they never even responded, since they are not active on LinkedIn. This means basing a search on LinkedIn alone is misleading. Using only LinkedIn will not produce the best talent from the market. It is still a useful tool, a necessary tool, like a phone book used to be in the past. LinkedIn is a modern

interactive phone book, very nice to have, but not without limits — not everybody is listed in a phone book.

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LinkedIn is a social network focusing on serious (adult) topics focused around jobs. More and more people are joining, but this also means searches within LinkedIn become more and more complex and time consuming. Executive search firms train their researchers to become experts in getting the most out of LinkedIn. Either way, LinkedIn delivers just profiles and CVs. The high end of qualified recruitment work still needs to be done separately, namely interviewing, judging and making the personal match. By now most corporations have realized the limitations of LinkedIn and they are returning to executive search firms, who

use LinkedIn as one among various other available tools.

**The new 3C dimension in executive search**  
A few years ago, big corporations like Microsoft or General Electric decided to build up their own in-house headhunting teams. They hired experienced headhunters who helped to build up the function internally. Eventually, they became perfectly equipped to solve all headhunting issues in-house. This represented a real threat to the executive search world, especially to the dinosaurs, the global players, who typically did business with such global companies. Now, a few years later, this in-house competition has realized its limits, represented by the 3C dimension.

- **C for Confidentiality:** If a search is highly confidential, by definition you cannot realize it in-house. It will be outsourced.
- **C for Complexity:** If a search is too complex and too complicated in terms of market and industry know-how, it is contracted externally.
- **C for Capacity:** If the in-house capacity is limited, the search will be given to a search firm.

Overall, instead of competition there is now cooperation among internal and external headhunting teams for the difficult and challenging topics. The easy ones are handled in-house. But the executive search firms have confirmed their position for sophisticated recruitment.