Top Echelon

THE MONEY CALLS

THE MOST IMPORTANT CONVERSATIONS IN RECRUITING

Greg Doersching

NEXT LEVEL Coaching

"The production you are seeking is in the work you are avoiding…"

~ Greysen Doersching

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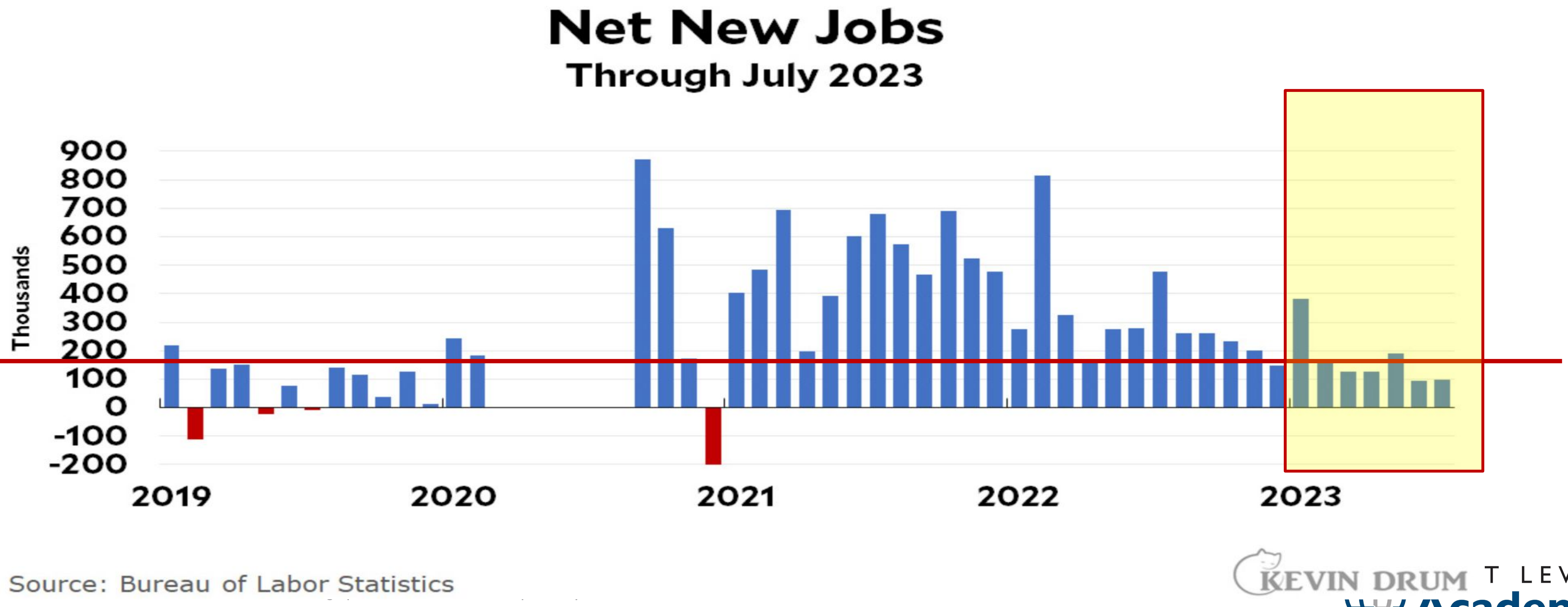
WAS 2023 A “DOWN” YEAR

RECRUITERS EVERYWHERE ARE ASKING THE SAME QUESTION – IS IT SLOWER?

- THE ANSWER IS …. YES AND NO.
- IT’S SLOWER THAN 2021 AND 2022 – BUT IT’S “NORMAL” IF COVID HAD NEVER HAPPENED



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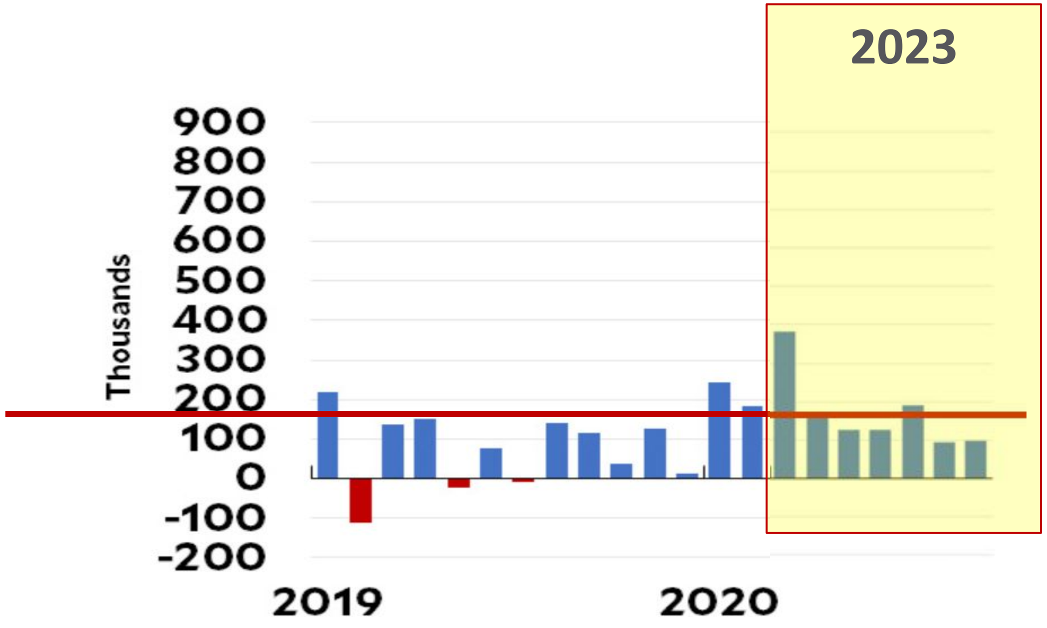

Source: Bureau of Labor Statistics

THE MONEY TALKS MATER

EACH DEAL WILL BECOME MORE AND MORE IMPORTANT AS WE CONTINUE TO SEE…

- Further declines in the candidate pool
- Candidate’s becoming much more selective about their career moves
- Candidates almost always having competing offers
- Client’s have more Search Firms approaching them as service providers
- Client’s continue to evaluate the “value” of the service we are providing

YOUR ABILITY TO TALK ABOUT MONEY THE RIGHT WAY WILL SIGNIFICANTLY IMPACT YOUR SUCCESS

- **THE 3 MAJOR MONEY CONVERSATIONS**
  - Talking about your pricing
  - Talking about Compensation expectations with a Candidate
  - Negotiating the Offer

TALKING ABOUT PRICING

RULES TO ALWAYS KEEP AT THE TOP OF YOU MIND WHEN TALKING ABOUT YOUR PRICING

1. Avoid using the word “fees” – it has an instant negative connotation – use “pricing programs”
2. Don’t use hedge words
    - “we try to get **ABOUT** 25%”
    - “we **TYPICALLY** ask for 25%”
    - “we like to work **SOMEWHERE** between 25 and 30%
3. Be prepared to offer options right away – this is not a “1 price fits all” industry
4. A Financially Committed Search – MONEY UP-FRONT – is **THE** most important objective
5. Clients LOVE “simple” negotiations – where they feel nothing is hidden

FINANCIALLY COMMITTED SEARCHES

IT IS FINANCIALLY BETTER FOR YOU TO TAKE A LOWER FEE % AND GET MONEY UP FRONT THAN IT IS TO WORK CONTINGENT SEARCHES AT A HIGHER PERCENTAGE

- **FILL RATE OF CONTINGENT SEARCHES**
  - ***27%***
- **FILL RATE OF "MONEY UP-FRONT" SEARCHES**
  - ***64%***

**IN 2022 (TAKEN FROM A SAMPLE OF 170 SEARCH FIRMS ACROSS MULTIPLE SECTORS)*

YOU WIN 10 SEARCH ASSIGNMENTS - $100,000 BASE SALARIES

- 30% Contingency
  - *You fill 27% (3 out of 10) = $30,000 each x 3*
  - ***$90,000 in cash for you***
- $2,000 money up-front and 20%
  - *You fill 64% (6 out of 10) = $20,000 each x 6 = $120,000 + $8,000 upfront (4 you didn't fill)*
  - ***$128,000 in cash for you***

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CLIENTS WANT “SIMPLE” NEGOTIATIONS

IN THESE ECONOMIC TIMES CLIENTS ARE DESPARATE TO CONTROL COSTS

- Flat fee pricing options provide a much-desired solution for our clients
  - They know the costs up-front
  - Gives you leverage during the offer negotiations
  - They can more easily see the cost differences in pricing models

REMEMBER THAT BUYERS WANT OPTIONS
(Position will pay a base of $100-110,00)

- *Plan A – Contingent Fixed Rate*
  - *Deliver the results of a 100 targeted person search to you within 28 days – 100 called 2x, email 2x*
  - *The Fixed Rate for this service is $26,000 all of it payable upon successful hire*
  - *Program comes with a 180-day replacement program should the candidate leave in first 6-months*
- *Plan B – Engaged Fixed Rate*
  - *Deliver the results of a 150 targeted person search to you within 18 days – 150 called 2x, email 2x*
  - *The Fixed Rate for this service is $22,000 - $4000 at engagement - $18,000 payable upon successful hire*
  - *Program comes with a 5-year replacement program should the candidate leave within the first 5 years*

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YOU CAN CHANGE PRICING PLANS FOR EACH SITUATION

1. CONTINGENT OPTION WITH A %
2. CONTINGENT OPTION WITH A FLAT FEE
3. ENGAGED OPTION (AROUND 1/5 UPFRONT) WITH A %
4. ENGAGED OPTION (AROUND 1/5 UPFRONT) WITH A FLAT FEE
5. PARTIAL RETAINER (1/3 UPFRONT) BALANCE IS CONTINGENT WITH A %
6. PARTIAL RETAINER (1/3 UPFRONT) BALANCE IS A FLAT FEE
7. TRUE RETAINER (1/3 UPFRONT, 1/3 SHORTLIST, 1/3 AT THE END)
8. ROLLING RETAINER – EITHER MONTHLY OR CARRY OVER

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YOU HAVE TO NEGOTIATE EVERYTHING

REMEMBER TO NEGOTIATE ALL THE BIG PIECES UP FRONT

- Fee Percentage vs Flat Fee
- If it is a percentage what is based on? – Total comp? Base Salary Only?
- Up-front money
- Replacement Program (NEVER SAY GUARENTEE)
- Candidate Ownership
    - Give me a list of people you're claiming as yours OR
    - Anyone you haven’t done a video/in-person interview with in last 6 months is fair game
- Specific Deliverables
    - 100 people – contacted 4 different ways – 21 days to deliver short list and market intelligence

TALKING COMPENSATION EXPECTATIONS

WHEN IT'S TIME TO TALK MONEY WITH CANDIDATE'S THERE IS A VERY SPECIFIC PATTERN TO FOLLOW

Money *makes the world go round – so I'd like to talk about if for a minute.*

- ***"What kind of compensation would you be looking for to make a move like this?"***
  - ***"I'd be looking for $XXX,XXX."***
- ***"Is that total comp or simply base salary?"*** (If they answer, "*Total Comp*," – then you follow up – ***"How much of that is base?"****)*
- (No hesitation) **"Oh, and how did you come up with that number?"**
- Now you will begin to get a picture of where their mind is regarding compensation

TALKING COMPENSATION EXPECTATIONS

MAKE SURE YOU KNOW “LEAP FROG LOGIC”

- Typical raise is 2 ½ - 3%
- Companies want to offer around 10% more than you're making now
- Result is they are “leap-frogging” you 3-4 years ahead overnight
- Nail an interview – might see 15%

- You also need to discover their “Uhm” number – an offer needs to be me AT or ABOVE the price tag a candidate places on themselves.

- Get the idea of a “range” out of the conversation – no one gets offered a range!

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YOU HAVE TO UNDERSTAND THE TOTAL

COMPENSATION COMPARISON WORKSHEET

CURRENT COMPANY		NEW COMPANY		DIFFERENCE	
				PER CHECK	ANNUALIZED
Base Salary:	$110,000	Base Salary:	$123,000	$500.00	$13,000.00
Bonus Potential:	15%	Bonus Potential:	20%		5%
Bonus Actual:	$5,000	Bonus Actual:	$8,250		$3,250.00
BENEFITS	PER CHECK	BENEFITS	PER CHECK		
Health Ins:	$200.00	Health Ins:	$275.00	($75)	($1,950)
Vision:	$10.00	Vision:	$5.50	$5	$117
Dental:	$12.00	Dental:	$5.50	$7	$169
STD/LTD:	$28.00	STD/LTD:	$24.00	$4	$104
Life Ins:	$4.00	Life Ins:	$8.00	($4)	($104)
401(k):	$2,100.00	401(k):	$4,620.00	$97	$2,520
OTHER		OTHER			
Tuition:	up to $3000	Tuition:	up to $5000		$2,000
Transportation:	NA	Transportation	NA		
Vacation $	$2,693	Vacation	$4,443		$1,750

NET GAIN:	$532.92	$20,856.00
Cost of Living Adjustment	11%	$23,150.16

THE NET GAIN HAS TO EXCEED THE INCREASE IN BASE SALARY OR YOU STAND VERY LITTLE CHANCE OF MAKING THE PLACEMENT HAPPEN.

FINDING THIS OUT AT THE LAST MINUTE IS A SURE-FIRE WAY TO CREATE PROBLEMS FOR THE DEAL.

THE OUTLINE OF AN OFFER BEGINS AT SUBMITTAL

- How you present a candidate's compensation expectations will set the tone for an offer
- Make sure you disclose everything that would affect an offer in a submittal document

Candidate Profile

GRIFFIN SEARCH GROUP

Candidate: Phil Darken
Submitted for: Vice President of Operations

Expected Compensation Outline:

Base	$123,000	**Vacation**	• 2 weeks remainder of 2023 • 4 weeks as of Jan 1, 2024
Relocation	Don would need full relocation from Ohio to Wisconsin – he has a house currently valued at $450,000 and believes it would sell very quickly	**Other**	• Phil is due his Quarterly bonus on Dec 31 – he is expecting $3500 • His daughter is getting married March of 2024 in Jamacia

Make sure you send the exact same information to the candidate as you do the client - you don't want even a hint that you are playing one against the other.

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YOU RECONFIRM EXPECTATIONS EVERYTIME YOU SCHEDULE AN INTERVIEW

___________, we are at a different place now, before we had to find out if _______________ had any interest in your background and now we know – they do. So this tells me things are getting serious now – so you've had a couple of extra days to think about this - if something about this opportunity isn't sitting right now is the time to pull out – so I have to ask – do you want me to schedule this interview?

___________, that's great to hear. Especially because in my mind I keep thinking about what you said about why you were liking this opportunity to begin with ___sell back their prime motivator___and now we're on our way to achieving that.

I'm very curious – you've had some time now to think about this and talk to people – how do your friends and family about this opportunity?

I'm hoping you got a copy of the Submittal document I sent you – that is EXACTLY THE SAME information I share with (Company Name). As you saw I told them your salary expectations were $123,000 has anything happened to change those expectations?

YOU GO OVER IT AGAIN WHEN IT'S THE FINAL INTERVIEW!

- __________, because we are at the final step – we do need to talk about money one more time.   When we originally talked about money and when I first presented you, we told them that you wanted $_____________(be exact). If this interview goes well and then come to me and say "your name, we want to offer _______ this __________? Do I have your permission to tell them "yes, he/she will accept that offer."
  - Take away amounts – close them to the "Uhmm" AGAIN!!
  - We must prepare for the counteroffer, and this is a great time to get candidates to come clean about what they think is likely to happen. Also, this is an important time to gauge a candidate's desire to leave.

EMAIL TO THE CANDIDATE

Don,

I want to just confirm everything we talked about earlier today. I am going to schedule your personal interview with ABC Foods for 10 am on Friday the 27th. Also, I wanted to make sure I had a very clear understanding as to all the things we discussed concerning compensation, so I am outlining what I heard below. Please review this and email me back that my information is correct. As soon as I get that email back from you, I will schedule the interview with Kim.

Thanks,

Greg

Expected Compensation

Base: 121,000-123,000

Bonus: 20% as per plan

Vacation: 2 weeks remainder of this year & 3 weeks as of Jan 1. 2005.

Benefits: As per plan

Relocation: Only issue is a 30’ sailboat and there will be some cost in moving this.

EMAIL TO THE CLIENT

Kim,

I wanted to let you know the Don Johnson is all set for his interview on the 27th but I wanted to take a minute here to go over something with you one last time before we spend the money and time necessary to bring him in. Don and I have had numerous conversations regarding his salary expectations, and I wanted to make sure you had clear information regarding this, so here are his expectations:

Expected Compensation

Base: 123,000+
Bonus: 20% as per plan
Vacation: 2 weeks remainder of this year & 3 weeks as of Jan 1. 2005.
Benefits: As per plan
Relocation: Only issue is that he owns a 30’ sailboat and there will be some cost in moving this.

As long as you are confident that we can work within these parameters I see no reason to not proceed with the interview. If you have any serious issues, please call me to discuss them.

WHEN IT'S TIME TO PRESENT THE ACTUAL OFFER

- Make sure you have all the details together before you start
  - Base Salary
  - Bonus
  - Vacation
  - Benefits and when eligible
  - 401K
  - Sign on bonus – when do they get it? Is it "grossed up"?
  - Any special circumstances
    - *Upcoming Trips/Events*
    - *Special Relocation Issues*

WHEN IT'S TIME TO PRESENT THE ACTUAL OFFER

- When you talk to the candidate cover all the non-monetary motivators first
  - This is how it improves your quality of life
  - This is why they know you'll be good at this job
  - This is how it's an advancement for your career
  - This is how the location would make sense
- After all that – then you outline the actual details of the compensation
- Email shortly after your conversation a revised Compensation Calculator – talk about both "base gain" and "net gain"

HOW TO REACH ME

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