REALIZING THE VALUE of the
INTERNAL EXECUTIVE TALENT ACQUISITION FUNCTION

<u>INTRODUCTION</u>

Report after report from well respected organizations (Boston Consulting Group, Deloitte, Accenture, McKinsey, the Conference Board) indicate that talent acquisition has a significant impact on the performance of a company. Those same organizations' surveys of CEOs and CFOs indicate that these executives' greatest concern is the ability to attract and retain the talent necessary to implement current business strategy and innovate for the future.

Considering both the greater impact of executive talent, the greater cost of executive talent and the greater cost per hire of executive talent acquisition, we submit that the impact of successful executive recruiting may be even higher than other levels.

However, the same studies indicate that some current executive hiring practices are insufficient for meeting current and future business strategy. This despite the plethora of information and resources available for building effective recruiting capability. The dissonance could be attributed to conflicting priorities, limited budget allocation or other internal barriers.

Increasingly large companies are choosing to implement in-house executive talent acquisition functions (ETA), although data show that 60% of executive hiring is still outsourced to third parties.[1] I would argue these data indicate significant lost opportunity. Done well, in-house executive talent acquisition can have a tremendous impact on the bottom line and long-term performance of a company (and not just save on search firm fees).

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[1] The Official Board. Survey: "Executive Search Firms Still Dominate Executive Recruiting". 02 Feb. 2016.

THE VALUE PROPOSITION

The data presented by the Official Board[2] suggest that few C-suite executives understand either the capabilities of in-house executive recruiting, or the impact that the function can have on the bottom line in terms of cost savings, revenue generation and profitability. Unfortunately, the data suggest, perhaps, that fewer still know how to seize the full value proposition of a well implemented internal ETA function.

The full value proposition of a strategic ETA team is in their ability to enhance not only external talent acquisition, but also improve internal executive talent strategy and processes, and also to inform business strategy. Each of these initiatives can have a tremendous impact on a company's bottom line.

Pursuing Best-in-Class Talent Acquisition Practices

A good hire yields more than a good employee; it can increase yearly profits and market value by a third. Even for a small company — say one with a market value of $100M — a 10% improvement in the quality of executive hires would have an expected run of almost $2M in additional profits per year an mean an increase in market value of $30M to $40M (paraphrased from Groysberg)[3]

Building a strong, well strategized internal executive recruiting team can dramatically improve the quality of executive hires. (The impact of an internal ETA function at one Fortune 50 company resulted in an improvement in QoH by as much as 300%). I will argue that the reason for this dramatic impact is that talented executive recruiters instinctively implement full life-cycle best hiring practices. End-to-end best hiring practices proceed through the following phases: Anticipating the hiring need, specifying the job, developing the pool, assessing the talent, closing the deal and integrating the newcomer.[4]

Anticipating Hiring Needs
Even without access to succession-gap data, executive recruiters develop an innate understanding of the strengths and weaknesses of an organization's (both their own and their competitors') executive

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[2] The Official Board. Survey: "Executive Search Firms Still Dominate Executive Recruiting". 02 Feb. 2016.

[3] Groysberg, Boris, Nitin Nohria, and Claudio Fernández-Aráoz. "The Definitive Guide To Recruiting In Good Times And Bad". Harvard Business Review. N.p., 2009. Web. 28 Jan. 2016. https://hbr.org/2009/05/the-definitive-guide-to-recruiting-in-good-times-and-bad

[4] Groysberg, Boris, *et al*

talent. Further, they have a keen ability to distinguish superior talent from others and an innate instinct to connect with these leaders, build relationships with them, track their development and tap them as resources whether for referrals on searches or prospective candidates. Executive recruiters naturally develop talent pipelines because, ultimately, it makes their search work easier.

Specifying the Job

Every executive recruiter has stories of the situations when they've accepted a hiring executive's job order at face value, conducted a search strategy according to the hiring managers position specifications and discovered late in the game the hiring manager's initial assumptions were inaccurate. Every seasoned executive recruiter knows that most hiring managers' understanding of the talent that they really need is insufficient, and every seasoned executive recruiter possesses the consulting skills to thoroughly assess talent requirement to include those of the job-based competencies, the team-based competencies and the firm-based competencies[5] within the context of the market realities and the short-and long-term business strategies.

Developing the Pool

The primary tenant of executive recruiting is to find the best possible talent whether or not that talent is looking for new adventure. Executive recruiters will identify the most relevant talent pools from which to recruit. (Joseph Bower in a November 2007 issue of HBR[6] identified talent pools as those of insiders, inside-outsiders, outside-insiders and true outsiders — it's an excellent way of segmenting the various talent pools that recruiters instinctively tap in their sourcing strategies). They will leverage their own networks, they will conduct targeted research strategies, and they will mine the talent pipelines they are ever cultivating.

Assessing the Talent

Estimating that an executive recruiter closes between 10 and 15 searches a year and thoroughly interviews between five and eight prospects for each search, the recruiter interviews between 50 and 120 executives every year. Over the course of their career, an executive recruiter will conduct thousands of interviews. The number of interviewed followed by a series of feedback loops such as that from candidate-client interviews and new-hire performance suggests that executive recruiters develop assessment expertise unmatched in most other professionals. (Anders Ericsson, the Florida State University psychologist whose research on expertise spawned the 10,000-hour rule of thumb indicates that a combination of practice, feedback loops and focused effort at honing a skill breeds

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[5] Groysberg, Boris, Nitin Nohria, and Claudio Fernández-Aráoz. "The Definitive Guide To Recruiting In Good Times And Bad". Harvard Business Review. N.p., 2009. Web. 28 Jan. 2016. https://hbr.org/2009/05/the-definitive-guide-to-recruiting-in-good-times-and-bad

[6] Bower, Joseph L. "Solve the Succession Crisis by Growing Inside-Outside Leaders." Harvard Business Review. November 2007. Web: 01 Feb 2016

expertise.)[7] Executive recruiters cultivated assessment aptitude can help companies dramatically improve their quality of hire.

Closing the Deal
The most successful executive recruiter recognizes that compensation negotiation is a process and not an event; and they begin the process during the very first phone call between the recruiter and the prospect. The process entails managing expectations on both sides (candidate and hiring entity) throughout the search, and includes strategizing with both to design a package that is consistent with market trends, internal parity, and both the Company's and the preferred candidate's priorities.

Integrating the Newcomer
The case for onboarding programs is well established. Successful onboarding of new hires impacts revenue growth by two and a half times and profit margins by almost twice.[8] Further, the Corporate Executive Board's research shows that onboarding activities impact new hire experience by over 12%.[9]

We don't need further argument that successful onboarding has significant impact to employees' performance, and therefore, companies' bottom lines. Most importantly—from an executive recruiter's point of view,—"40% of C-level hires who depart within two years do so because of integration difficulties."[10] This data is important from an executive recruiter's point of view, because when executives depart, the recruiter must re-fill the position — something we are loathe to do.

Executive recruiters are predisposed to ensure their placements are onboarded and integrated well. Recognizing onboarding as an integral part of the recruiting process executive recruiters stay involved even after a candidate accepts an offer. They coach both the new hire and the hiring executives during after the offer accept and before the start date as well as through integration and assimilation;

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[7] Popova, Maria. "Debunking The Myth Of The 10,000-Hours Rule: What It Actually Takes To Reach Genius-Level Excellence". Brain Pickings. N.p., 2014. Web. 28 Jan. 2016. https://www.brainpickings.org/2014/01/22/daniel-goleman-focus-10000-hours-myth/

[8] Strack, Rainer and Jean-Michel Case, Carsten von der Linden, Horacio Quitos, Peter Haen. "Realizing the Value of People Management: From Capability to Profitability." bcc.perspectives. Boston Consulting Group. Web: 01 Feb 2016. https://www.bcgperspectives.com/content/articles/people_management_human_resources_leadership_from_capability_to_profitability/?chapter=2

[9] Corporate Executive Board. "Achieving Operational Excellence in Recruiting." Recruiting Round Table. 2005.

[10] Groysberg, Boris, Nitin Nohria, and Claudio Fernández-Aráoz. "The Definitive Guide To Recruiting In Good Times And Bad". Harvard Business Review. N.p., 2009. Web. 28 Jan. 2016. https://hbr.org/2009/05/the-definitive-guide-to-recruiting-in-good-times-and-bad

typically, executive recruiters will also maintain these relationships to facilitate successful performance and new-hire retention through the placement's first years of employment.

Best in Class Summary
The most obvious value of an internal executive search team is that they are well able and naturally inclined to follow hiring best practices and as such, improve the quality of hire, which in turn impacts the bottom line. Further, well executed executive search can dramatically decrease the operating costs of executive talent acquisition (not to mention the cost savings of search firm fees).

Augmenting Talent Management

Less obvious—but perhaps more compelling—is the impact that an executive recruiting function can have on the costs and effectiveness of talent management.

When the executive recruiting team is involved in internal mobility, companies benefit from their ability to benchmark the various talent pools whether those of insiders, inside-outsiders, outside-insiders and true outsiders, and whether it's those individuals identified on high potential and succession lists or those hidden under rocks. As we noted above, executive recruiters maintain an awareness (and network with) of both internal and external talent. Counter-intuitively executive recruiters—even those charged exclusively with hiring external talent— are often aware of their company's hidden talent as well as the development needs, career interests and flight risk of that talent. It is a trove of knowledge sorely underutilized because of the firewalls typically (and understandably) erected around companies' internal mobility and succession planning initiatives.

Further, the assessment capabilities that executive recruiters possess can significantly augment the assessment capabilities typical of talent management professionals. Most hiring executives assert that executive recruiters typically are better at aligning capabilities to position descriptions than most talent management professionals.

Supporting Business Strategists

The least recognized value of a high-functioning, well-strategized executive recruiting is their ability inform overall business strategy initiatives whether those of M&A, or new innovation such as product or service development.

The average executive recruiter closes between 10 and 15 searches a year. For each of those searches, the recruiter will speak with as many as 20 to 150 prospects for each search, phone screen between eight and 10, and thoroughly interview between five and eight. Taking averages, an executive

recruiter will speak with approximately 1,020 executives within their company's competitors annually.

Though these conversations, executive recruiters gather vast amounts of competitive intelligence that can significantly inform business strategy. (It is important that this is done ethically, see Paul Houston's article in the Fordyce Letter[11] on the topic).

Recruiters are constantly monitoring the competitive landscape of a given marketplace often aware of pending re-organizations, mergers or divestitures, long before the information is public. They are also often aware of pending success or failure of companies' new initiatives or innovations. They gain this intelligence because it impacts the careers and lives of the executives involved; the executive share with the recruiters because they leverage recruiters' assistance in career management. In short, executive recruiters are often aware of "risks and opportunities in the market before they become obvious."[12]

Paul Houston, both an executive recruiter and a board member of SCIP (Society of Competitive Intelligence Professionals) asserts that "Unlike many other specialties in the business world, executive search consultants … intuitively… know how to gather and analyze competitive information in order to be good at what [they] do."[13]

Certainly while competitive intelligence should never be a primary objective of executive recruiting, and while most executive recruiters will vehemently protect the confidences of individuals in their network, this benefit of ETA is often overlooked. It's a vast trove of knowledge typically untapped by corporations' business strategy leaders; in fact Houston's study discovered that 86% of their subjects had no formal process that routinely captured the marketplace knowledge that resides within their internal recruiting staff.[14]

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[11] Houston, Paul. "Competitive Intelligence Specialist Or Corporate Spy?". ERE Media. N.p., 2004. Web. 28 Jan. 2016. http://www.eremedia.com/fordyce/competitive-inteliigence-specialist-or-corporate-spy/

[12] "Competitive Intelligence." Wikipedia. Wikimedia Foundation, 23 Dec. 2015. Web. 31 Jan. 2016. https://en.wikipedia.org/wiki/Competitive_intelligence

[13] Houston, Paul. "Competitive Intelligence Specialist Or Corporate Spy?". ERE Media. N.p., 2004. Web. 28 Jan. 2016. http://www.eremedia.com/fordyce/competitive-inteliigence-specialist-or-corporate-spy/

[14] Houston, Paul. "Competitive Intelligence Specialist Or Corporate Spy?". ERE Media. N.p., 2004. Web. 28 Jan. 2016. http://www.eremedia.com/fordyce/competitive-inteliigence-specialist-or-corporate-spy/

INDICATIONS OF MISUNDERSTOOD VALUE PROPOSITION

Unfortunately few organizations that have built in-house executive search functions know how to leverage its full value proposition. The indications of this are an inappropriate organizational design, inappropriate leadership, and insufficient resourcing; implications are compromised efficiencies and effectiveness and, ultimately, unnecessary cost and decreased ROI.

Organizational Design

Typically the first strategy mistake is to position the ETA function under talent acquisition and the second is to allow talent management to exclude internal executive recruiting from talent planning and succession initiatives.

Under the Talent Acquisition Organization

Most companies position executive recruiting beneath the head of talent acquisition. One multi-billion transportation company sought to recruit your author to their lead ETA role which reported to a recruiting manager, who reported to a recruiting director who reported to a talent vice president who reported to the chief human resources officer. This is an extreme case of burying the function, but the inclination to place the function under talent acquisition is common. (Incidentally, the same organization now has their head of ETA reporting directly to the CHRO. They could have avoided a significant amount of cost and grief if they had begun here—unfortunately, like most, they had to learn the hard way.)

This presents a multiplicity of challenges, perhaps the greatest of these has to do with internal branding and expectations.

Placing ETA under talent acquisition sends the message that the policies, practices and procedures for executive recruiting are the same as those for staff recruiting. The differences between recruiting and executive search are multifold, some tactical are:

Volume and Level
General recruiting leverages recruiters focused below the executive level. They manage large numbers of requisitions at a time. Executive recruiters focus on positions within the top compensation bands. The demands on executive recruiters limit their success volume to no more than 10 or 12 searches at a time (even this is a lot) while general recruiters often manage upwards of 50 requisitions (or many more depending on the company).

Confidentiality
General requisitions are almost always visible both internally to employees and externally to a broader market through applicant tracking systems and job boards.

In order to maintain confidentiality throughout the search process, most executive openings are not advertised either internally or externally. This is often necessary to prevent premature notice of pending initiatives, whether they are reorganizations, incumbent replacement, or new lines of business.

Sourcing, Search Management and Candidate Development
General recruiters accept an established requisition and using both internal and external job boards find relevant candidates. Typically, these are individuals who are seeking new employment. They determine whether those candidates' resumes match the required and desired skills identified within the requisition, screen for interest and availability and pass along the resume to the hiring manager to interview and hire. Because of their volume, general recruiters are forced to limit engagement with either the hiring entity or the candidates.

Not constrained by the same volume, executive recruiters pursue the best-practices defined by Groysberg *et al* on each and every search. Their approach is a sophisticated, complex and customized process where the recruiter orchestrates every phase. They are highly engaged with every stakeholder ensuring a positive candidate experience as well as high client satisfaction.

Compensation Development and Negotiation
Compensation below the executive level is usually established by predefined criteria and offers typically require little negotiation. Executive recruiters on the other hand are intricately involved in the compensation design, presentation and negation of executive offers.

Generally, staff recruiting is high volume and therefore of necessity transactional, routine and reactive. Successful executive recruiting is low-volume, high touch, customize, consultative and proactive. Failure to recognize the differences and place ETA under recruiting forces the ETA team either to compromise their approach to executive recruiting by attempting execute search following junior recruiting policies, procedures and practices, or else consigns them to educating the internal customer on a search by search basis. Thus, not only is the recruiter saddled with the complexities of executive search execution, but (s)he is burdened with change management throughout each search assignment. In either case, the value of the ETA function is compromised as is effectiveness and efficiency, which in turn negatively impacting cycle time and the associated costs.

Greater inefficiencies and costs, however are incurred because traditionally, executive talent management initiatives are firewall from the internal executive recruiters.

Bifurcated Processes

In segregating executive recruiting from other executive talent management initiatives companies are missing tremendous opportunity to improve their executive quality and dramatically reduce operational costs while doing so.

The traditional approach talent management pursues to develop bench strength proceeds through a series of steps whereby managers identify high potential talent, the talent management team assesses and tracks these individuals' competencies, devises and executes development plans rotating the high potentials through openings believed to fit development needs. The process is flawed for a variety of reasons; we'll address four here.

First, typical approaches to executive talent management rely on the altruism of a company's leaders, and second, it relies on assessment and development professionals who—most executives assert—rarely have business or market acumen to accurately match position descriptions against qualifications, experience and development needs.

The largest risk is that the best talent is hidden under rocks, for all leaders know that when they nominate a high potential, they are likely to lose their star to a development rotation or promotion. When performance metrics focus on the bottom line (as they usually do) rather than on developing and maturing talent (which they rarely do), only the most altruistic leaders will nominate their best talent as high potentials; more likely it is the second string that is nominated. What then, happens then to the stars? They witness their less capable colleagues identified as high potential, given choice assignments and promoted. The true high-potential talent, then, understandably feels undervalued and often leaves.

A secondary risk is that "high potential" individuals are mismatched in their development roles. While most talent management professional are well able to leverage diagnostic tools to assess values, work style preferences and leadership quantities, many executives complain that they lack the ability to accurately assess a person's experience and capabilities within real-world environments of position descriptions and market demands. Consequently, executives are often saddled with high-potentials that don't meet their business needs, the high potentials in rotation are often placed in positions too far of a stretch for their current capability, or they are rotated too quickly and never experience the consequences of their business choices. The consequences of these failures are that hiring leaders often do not benefit from the internal talent best suited to their business needs and "high potentials" are often set up for failure.

Third, because talent management professionals are generally disinclined to manage the internal hiring process, the hiring entity is usually burdened with it, and —despite the best of intentions — internal candidate experience is compromised. For example, leaders frequently (and erroneously) assume that they know internal candidates well and do not vet them thoroughly enough. Additionally, feedback and status reports are often neglected for internal candidates (it is

not uncommon for internal candidates to learn that they are no longer in the running when the new-hire announcement is disseminated). Failure to provide a thorough assessment, feedback about suitability for a role and search status reports conveys to internal candidates that they are not valued; further insufficient feedback to internal candidates represents lost opportunity for development conversations that enable internal candidates to take control of their own career and development plans. Compromised internal candidate experience, of course, negatively impacts morale, performance and, ultimately retention.

Fourth, the challenge with the traditional approach to talent management is that the internal and external talent selection processes are disjointed essentially requiring hiring executives to proceed through two searches: the internal, and if that fails, the external. Without question, this increases the operational costs of executive talent selection. Few also recognize that this also introduces litigation risk as not all candidates are qualified through the same processes.

Under Resourcing

Endemic in the failure to grasp the value proposition and consulting component of executive search[15] is the failure to grasp the competencies and infrastructure requirements of executive recruiters. From this ensues additional inefficiencies increasing costs and compromising talent quality.

Capability Requirements

The Association of Executive Search Consultants (AESC) defines executive recruiting as "a specialized form of management consulting that assists organizations to define and recruit for senior management positions."[16] There's no question this definition is accurate, but I believe it falls short of differentiating executive recruiting from other levels. The objective of executive search is to partner with hiring executives to fill senior positions with the best possible talent, whether or not that talent is seeking new opportunities. They are small phrases, but "best possible" and "whether or not," change the game. "Whether or not" and "best possible" requires the recruiter to convince passive prospects to endure thorough vetting processes, to entertain risk, a new opportunity, a new company, new customers, and often family relocation—even though they have no reason and no initial desire to do so. This in turn changes the candidate relationship from an exchange to a courtship and, therefore, the recruiter to a consultant.

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[15] The Association Of Executive Search Consultants. "Executive Search At 50: A History Of Retained Executive Search Consulting." 1st ed. Association of 2009. Web: 28 Jan. 2016. https://members.aesc.org/eweb/upload/AESC_50thanniversary_Article_FINAL.pdf

[16] AESC. "Why Use Executive Search." The Association of Executive Search and Leadership Professionals. 2015 Web: 01 Feb. 2016 http://www.aesc.org/sites/default/files/uploads/documents-2015/Why%20Use%20Executive%20Search.pdf

Executive search is more art than science, each project is unique; the risk of failure is typically high, and failure is always visible, often externally so. Business acumen, market knowledge, strategic networking, diplomacy and negotiation are at the heart of executive search success. Executive recruiters provide thought leadership to each hiring client and career guidance to each candidate. Further, employing the best-practice process identified above requires complex orchestration and cooperation among all stakeholders; it is impossible without skillful politicking, the ability to manage competing agendas, earned trust and sound judgement.

The versatility and agility required to consistently achieve success in executive talent acquisition requires a unique set of knowledge, skills and ability. Individuals with the full slate of competencies are expensive and typically companies are loathe to hire executive recruiters at the right pay grade.

Infrastructure Requirements
Most companies don't initially build an appropriate executive recruiting team or establish the infrastructure necessary for the function to be successful. Instead they assume that a single executive recruiter can manage the same "req load," use the same systems, follow the same processes and procedures and operate under the same policies as their general recruiters. Unequivocally, this approach does not work and every sustainable internal ETA function eventually implements policies, processes and procedures unique to the function; also they eventually acquire an executive-search specific data management system. Unfortunately, by the time the resource needs are finally understood and accommodated, the function has incurred unnecessary cost and sacrificed significant opportunity along the way.

OPTIMIZING THE VALUE PROPOSITION

Optimizing the full value proposition of in-house executive search requires:

- Hiring the right leader
- Appropriately staffing the team
- Providing the proper data management system
- Integrating with talent management, and
- Tapping the team's competitive intelligence expertise.

Hiring the Right Person.
As stated above, the versatility and agility required to consistently achieve success in executive talent acquisition requires a unique set of knowledge, skills and ability.

Broad Human Resources Competencies

Whether it is through experience or training, executive recruiters must have cultivated knowledge of all the major pillars of human resources to include organizational design, succession planning, executive compensation; leadership assessment, development and executive coaching.

All of these skills are requirement help define position descriptions, shape teams, successfully identify and recruit the right talent, successfully manage the stakeholders, and finally, prepare both the new hire and the hiring entity for success post-hire.

Business Acumen and Market Knowledge

Also pro-forma to successful executive recruiting is keen business acumen and vast market knowledge. Although important, this requirement moves far beyond that of establishing credibility with the client. Without business acumen and market knowledge, executive recruiters are severely handicapped in their ability to identify the most relevant talent pools, in their ability to attract and sustain the attention of the top performers (credibility with the target prospects is paramount—top talent will not talk with recruiters they don't trust and they wont trust recruiters who don't have business acumen and market knowledge sufficient understand the executives' place in the market and the value proposition of changing jobs). They are also handicapped in their ability to assess talent, to successfully guide their clients toward the right hiring decision, and convince the right candidate to accept the offer. At best, these deficiencies not only harm the reputation of the ETA function, the lengthen the recruiting cycle time and costs, and—worse—result in a mistake hire. In order to add value, executive recruiters must understand the business for which they are recruiting and be intimately familiar with their clients' market context. Executive clients aren't willing to have to educate their consultants—and they shouldn't have to.

Competitive Intelligence Capability

Business acumen and market knowledge are worthless with out the ability to connect the dots and recognize patterns. Executive recruiters must have the ability to "link the seemingly unlinkable … and leverage pattern-recognition capabilities."[17] This is vital for recognizing opportune talent and assessing leadership capabilities and cultural fit.

There is a reason third-party executive search is expensive: This is because it entails engaging a management consultant rather than a recruiter. Executive recruiters are not compensated for their time, the are compensated for their capabilities cultivated over a life-time of experience. Additionally, executive recruiter are compensated to serve as ambassadors for your company. Assuming that one can hire a recruiter who has done some leadership recruiting, give them a

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[17] Popova, Maria. "Uncommon Genius: Stephen Jay Gould on Why Dot-Connecting Is the Key to Creativity." Brain Pickings. May 23, 2013. Web: 27 Jan. 2016 https://www.brainpickings.org/2013/05/23/uncommon-genius-stephen-jay-gould-connections-creativity/

high-level LinkedIn subscription and expect them be successful at executive search is akin to assuming one can successfully hire a mid-career human resources specialist as a CHRO.

Management Consulting
It is unclear why C-suite executives don't understand the competency requirements of executive recruiters. Perhaps it is because executive recruiters, like all experts, make their craft look easy. On this topic, a colleague, John Cronin, once commented:

"I am reminded of a story in which a wealthy art collector met Pablo Picasso and asked him to draw something. He took out a piece of paper and drew something. He handed it to her and said that will be $ 25,000. The woman was shocked and blurted "but that only took you five minutes." To which Picasso replied, "no, that took a lifetime".[18]

As every art form takes discipline and practice to look easy, every kind of work takes years of diligence to perfect. executive recruiting is no different, but few professions look so simple.[19]

While it is true that data on prospective candidates is now commoditized thanks to social media; and while (thanks to email) it is relatively easy to access executives without referrals from trusted sources, and while it only takes an hour to learn the process, perhaps two years to learn good search execution, and maybe 5 years to develop appropriate assessment skills, it takes at least 10 years to cultivate the consulting skills, market and business acumen necessary to effectively manage stakeholders and overcome the barriers that impede successful executive search.

I once overheard a conversation amongst executive recruiters: One posited that "until you have at least five years under your belt, you don't even know what you don't know," to that another replied, "Heck, I have 20 years of experience and I still don't consider myself an expert."

Building the Right Team
Executive search is an apprenticeship business and it takes time and experience to become skilled; this is often why we see the multi-strata organization of executive search teams: beginning with coordinators, researchers, recruiters, junior partners, and finally, partners. Not only does this structure promote talent development, it is also more cost effective for search firms to leave the grunt work of search to more junior recruiters while the partners attend to the management consulting.

Companies would do well to adopt the same organizational structure for the same reasons: talent development and cost effectiveness. Unfortunately, most companies initially assume that a single

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[18] Cronin, John: https://www.linkedin.com/in/johncronincfr

[19] Jennings, Miles. "Why Recruiting Looks Easy." Recruiter.com. January 09, 2012. Web: February 01, 2016. https://www.recruiter.com/i/why-recruiting-looks-easy/

executive recruiter can manage all of the aspects of full life-cycle executive search (often several at a time) by themselves and they don't staff the initiative for long-term success.

Providing the Right Infrastructure
The best-practice executive talent acquisition processes advocated by Groysberg et al deviate from the norm of most companies' hiring methods. Human resources leaders should recognize this early and design, develop, and codify ETA-specific strategies. Those who promulgate company-wide change management initiatives to implement ETA-specific processes, procedures and policies will save themselves significant cost, infighting and (internal) customer ill-will that typically ensues when the executive search team has to educate their stakeholders on a search by search basis.

Additionally, the sooner companies provide their executive recruiting team with a data system that enables confidential search management, facilitates networking, relationship management, and talent pipelining, the sooner they can reap the cost savings of improved efficiencies and the benefits of a more pro-active approach to executive talent acquisition.

Integrating the Process
We have already discussed the challenges presented by bifurcated executive talent management and executive talent acquisition initiatives (sub-optimized workforce utilization, increased executive placement cycle-time, un-necessarily burdened hiring managers, compromised internal candidate experience, heightened risk and, of course, unnecessary expense).

A better approach is integrated executive talent management whereby ETA is integral to the aspects of succession planning, including high potential identification, gap and development analysis, and executive selection. Adopting this approach enables a strategy that leverages the entire internal executive workforce, mitigates risk and eliminates unnecessary expense.

Executive recruiting can facilitate access to internal executive talent pools beyond those identified on high potentials lists. The executive recruiting team is well suited to this task; in fact, even if not granted access to the relevant data, executive recruiting teams will likely cultivate their own competitive intelligence on the executive talent within their own company.

If granted access to the internal executive workforce ETA is capable of optimally leveraging high-potentials, finding hidden internal talent, assessing the capabilities and development needs of the internal executives, recognizing succession gaps, and—when there are vacancies—aligning capabilities to position descriptions and managing the process ensuring that all stakeholders (including internal and external candidates, as well as the releasing and receiving leadership) is properly engaged throughout the process.

Further, if ETA is involved in internal mobility, they will be able to benchmark internal talent against the external and be able to manage the entire executive selection process from beginning to

end (regardless of the recruiting pool: internal or external). Integrated talent management will ensure a more fully leveraged executive work force, augment retention of high-value (sometimes hidden) talent, decrease vacancy times, identify development needs, help internal executives manage their careers and reduce costs across a broad spectrum of operations.

Tapping the Competitive Intelligence
Finally, C-suite executives should open the lines of communication between business strategy leaders and those of executive recruiting: executive recruiters regularly interact within vast networks of leaders across competitor companies, and they intuitively connect seemingly unrelated information. This affords vast competitive intelligence typically untapped by corporations.

Summary: Optimizing the Value Proposition
Many are aware that talent acquisition has the highest business impact of any of the human resources functions. The Boston Consulting Group reports that the talent acquisition impact of the most capable companies is at least is 3.5x revenue growth and 2.0x profit margin.[20]

Less understood, it seems, is how to access and leverage the full value proposition internal ETA. Those that are well strategized, staffed correctly, provided the appropriate infrastructure, given access to all relevant talent pools (internal and external), and given the latitude to manage both the internal and external executive selection processes according to best-practices will dramatically improve the effectiveness and efficiency of executive talent management overall thereby decreasing cost affiliated with filling executive vacancies.

Further, in-house recruiting initiatives can have a dramatic impact on the quality of hire to include diversity, performance, retention, and high-potential nomination. Coca-Cola, General Electric, Lockheed Martin and Nike all cite quality of hire as a primary benefit of internal executive search[21] and 55% of the companies in the Official Board's survey indicated that quality of hire is the primary

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[20] Strack, Rainer and Jean-Michel Case, Carsten von der Linden, Horacio Quitos, Peter Haen. "Realizing the Value of People Management from Capability to Profitability" bcc.perspectives. Boston Consulting Group. Web: 01 Feb 2016. https://www.bcgperspectives.com/content/articles/people_management_human_resources_leadership_from_capability_to_profitability/?chapter=2

[21] Hymowitz, Carol, and Jeff Green. "Executive Headhunters Squeezed By In-House Recruiters". Businessweek.com. N.p., January 17, 2013. Web: 28 Jan. 2016. http://www.businessweek.com/articles/2013-01-17/executive-headhunters-squeezed-by-in- house-recruiters

driver for bringing executive search in-house.[22] Improved quality of hire can dramatically improve companies' bottom line.

Finally, a well-leveraged executive recruiting team can add further value by enhancing business strategy initiatives impacting decisions about M&A, divestitures, and innovations in product or service development.

CONCLUSION

Given economic climates as well as the (current or pending) impact of disruptive innovation, there is intense pressure to ensure that organizations' talent strategies go beyond alignment with with business strategy and instead becomes indistinguishable from it.[23]

Yet, the strategy design of most ETA initiatives indicate that C-suite executives have not only failed to marry talent and business strategy, they have failed to implement optimal strategies for leveraging either internal or external executive talent pools.

It is imperative that CEOs recognize their executive recruiting programs for what they are and support more strategic initiatives[24] because "[B]usiness leaders that fail to make talent management (the acquisition, growth and retention of top talent) a strategic imperative <u>now</u> could find themselves —and their companies—casualties of an increasingly competitive and global business environment."[25]

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[22] The Official Board. Survey: "Executive Search Firms Still Dominate Executive Recruiting". 02 Feb. 2016.

[23] PwC. "10 Minutes on Talent Priorities." PricewaterhouseCoopers International Limited. October, 2012 Web: 01 Feb 2016 http://www.slideshare.net/PWC/pwc-10minutesontalentpriorities

[24] Groysberg, Boris, Nitin Nohria, and Claudio Fernández-Aráoz. "The Definitive Guide To Recruiting In Good Times And Bad". Harvard Business Review. N.p., 2009. Web. 28 Jan. 2016.

[25] AMA. "Strategic Talent Management." American Management Association, 5 Aug. 2010. Web: 31 Jan. 2016. (emphasis mine) http://www.amanet.org/training/articles/strategic-talent-management.aspx