

Recruiting Executives in a Candidate-driven Market

How Recruiters Are Overcoming Today's Top Recruiting Challenges

EXECUTIVE RECRUITING HAS CHANGED. HAS YOUR APPROACH?

We don't live in the same world we lived in two years ago. Fueled by the pandemic and rapidly shifting economic conditions, the world has experienced dramatic changes in a very short period of time. As a result, the rules of recruiting aren't the same.

And yet, many firms are still relying on outdated approaches.

This whitepaper explores the various shifts and trends we have seen take place in executive recruiting. Learn how to modify your firm's approach to meet changing candidate expectations, ultimately boosting your ability to secure the executive and leadership talent your company needs.

HOW EXECUTIVE RECRUITING HAS CHANGED IN A POST-PANDEMIC WORLD

The executive recruiting market has become more competitive than ever. Driven by a variety of factors, including the pandemic, changes to how people want to work, and other economic factors, the process of finding and hiring for executive-level positions has significantly changed in a very short period. More than ever, it's essential to find the right candidate.

But that is often easier said than done. The war for talent for the most senior positions in organizations has reached a boiling point in many parts of the world. Where hiring once was strictly about finding the right person to fill leadership roles, today the market is far more candidate driven. That changes the calculus around how candidates are vetted, interviewed, hired, and retained long term.



According to the Association of Executive Search Consultants (AESC), the economic and business impact of the pandemic is forcing many boards and owners to re-evaluate and refocus their executive search efforts. Today, organizational leadership is focused on hiring leaders who can truly drive change and who have a better understanding of how to strategically apply digital technologies.¹ And while diversity, equity, and inclusion have been a driving force behind many strategic changes to hiring in recent years, the imperative today is stronger than ever. According to a well-known McKinsey study from 2020, organizations with gender diverse executive teams are 25 percent more likely to outperform industry peers.²

Amplifying these external pressures on recruiting, the talent pool in some markets is highly competitive, with candidates receiving multiple offers simultaneously. This is in part related to the “Great Resignation”, where approximately 4 million Americans quit their jobs in July 2021 while there were still more than 10 million job openings.³ While the Great Resignation was mostly driven by mid-career employees, executives have also been seeking new opportunities at faster than usual rates.

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“This is a time where executives who feel they have been mistreated are departing,” says Todd Hohausser, CEO of Harvey Hohausser & Associates in Detroit, Michigan. “They are gaining better clarity on their mis-match to the values and culture of their current employers. A massive reality check is occurring as people focus on what is truly important to them.”

However, Europe appears to be experiencing a different type of crunch, one that is driven by long-term demographic trends finally coming to fruition. Each year, the number of executives in the Baby Boomer generation are retiring at greater rates, while the next generation is considerably smaller. In fact, the pandemic has likely sped up this trend, with many Baby Boomers either being forced out of the workforce or leaving voluntarily in order to maximize their quality of life.⁴

“We see a shift in generations in the labor force, including in leadership roles,” says Gerald Knol and Jan Beerling, partners at Netherlands-based Holtrop Ravesloot. “The incoming generation is smaller in population size than the current generation, which means we have to find the right candidates from a much smaller pool of qualified individuals.”

What’s more, the candidate-driven market conditions have increased uncertainty around whether candidates will see through the recruitment process all the way. “It’s not always clear whether a candidate will even accept a job offer at the end of the process,” says Sarah Lo Negro of Progress Associates in France.

The end result is essentially the same in both cases: Fewer qualified candidates for key positions means many organizations are being forced to rethink how they appeal to executive candidates beyond the compensation package.

In fact, in some markets, executive-level candidates with a desire for better work-life balance are taking a totally different approach by making themselves

available for a more project-based advisory role. “The awareness and acceptance of this model both at the clients and candidates end have started to make conversations far more enriched than mere transactions,” say Jyoti Bowen Nath of Claricent Partners in India. This might serve some purpose, they say, given the constant state of change that recruiting and hiring experience today. “Executive search firms who can support the employee hiring process from hiring to aligning to integrating will be valued far more than the plain vanilla transactional search approach,” adds Nath.

And while it might appear that some of these shifts facing executive recruiters and their clients are temporary, many believe that these shifts will have a lasting effect on the market. Of course, only time will tell which trends will stay and which are passing. But regardless, firms need to deal with the here and now, and that’s affecting nearly every aspect of the executive recruitment process.

INDUSTRIES CURRENTLY SURGING



DIGITAL SERVICES



LEGAL



EDUCATION



GREEN ENERGY

AS SOME INDUSTRIES SHRINK, OTHERS ARE SURGING

To be sure, the pandemic has stress tested many businesses in a wide variety of industries, and not all of them have survived. But that doesn’t mean they’re gone forever. Instead, we’re seeing a vast modernization of how businesses operate. And that, in turn, is fueling the growth of other business sectors.

Specifically, many businesses have accelerated their approach to digital transformation. Where some firms may have been slow to adopt digital tools in the past, the pandemic has forced many to rethink the ways in which they operate and communicate with customers. By one estimate, Covid has caused firms to accelerate digitization initiatives, moving their timelines up by three or four years and implementing changes 20 to 25 times faster.⁵

Of course, digital transformation isn’t just about throwing technology at problems. It involves strategic changes within organizations, and thus strong and effective executive leadership. Many organizations that do not have in-house leadership with digital experience and capabilities are racing to make strategic hires at the executive level. In many cases, firms are needing to create entirely new roles and reorganize leadership structures to accommodate them.



Another area that has seen a surge is the legal industry. “The growth in law firms is fueled by uncertainty in the market,” says Todd Hohaus. “Business owners are navigating new challenges and engaging in legal action to protect their businesses.” What’s more, many firms are facing legal issues regarding employee health and safety in relation to Covid, requiring both in-house and law firm leadership to ensure they are adhering to safety standards while balancing the need to protect both workers and the business.

But it’s not only professional services that are seeing the boost. The education industry has also experienced “a tremendous uptick across the board in higher education,” notes Jeff Harris of Harris Search Associates in Columbus, Ohio. “Both academic roles such as department chairs, deans, provosts, presidents etc. as well as administrative roles such as CIO, CFO, and senior HR roles are seeing significant transitions.”

Finally, “green” industries are experiencing huge surges right now as governments around the globe race to reduce their dependence on fossil fuels. “While companies are showing strong intent by making investments in this segment, central and state governments are making policies that accelerate electric vehicle and renewable energy adoption as part of their growth strategy,” say Jyoti Bowen Nath. There has been a wave of new, talent-hungry startups, with significant emphasis on R&D roles. Indeed, in markets like India where interest in green technology is surging, companies are looking for experienced leaders in European and other markets with more developed green technologies.

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While these industries are surging, there is a fundamental shift underway both in terms of what candidates are looking for and how firms define and recruit for leadership roles. “With more entry-to mid-level employees leaving their jobs for other jobs or to become self-employed, executives have to rethink and redesign their organizations’ policies in order to attract and retain talent,” notes Sarah Lo Negro.

FOUR KEY TRENDS IN EXECUTIVE RECRUITING TODAY

Like many other industries, the pandemic has accelerated the adoption of new technologies and ways of doing business in the executive recruiting industry. Here are four trends that our executive recruiters are seeing across markets.

Remote/Hybrid Work

The pandemic forced many businesses to allow employees to work from home. Even as recently as March 2021, approximately 70 percent of the workforce say they were working remotely, while more than half expected to be working remotely for at least the next six months. What's more, 30 percent expected remote work to become permanent.⁶

Candidates for leadership positions are also more likely to look for positions that offer remote or hybrid work opportunities. For recruiters, this has generally increased the pool of candidates, given that geography is becoming less of a factor.

At the same time, candidates must not only be capable of getting work done remotely, but also of managing remote teams. This places a greater emphasis on interpersonal skills.



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Video Call Interviews

One of the biggest challenges for recruiters is to make an assessment about a candidate's suitability for the organization. One way this is deduced is through nonverbal cues and body language. However, with the increased reliance and preference for video interviews, gathering all the information is more challenging without the same visual information available, and getting an insight into a candidate's personality is that much more difficult.

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New Technologies for Talent Mapping

Talent mapping is an essential part of the recruitment process. By tracking local and global hires in an industry, companies can evaluate their competitors' capabilities and structures, ultimately giving a complete understanding of the market. In the past, this type of research was often done in a painstakingly manual fashion. Thankfully, there are digital tools today that enable this research to be done much faster and more accurately. And while they certainly existed prior to the pandemic, recruiters are far more frequently turning to digital technologies to not only und-

erstand the talent market, but often to predict changes in position responsibilities and definitions. Ultimately, these tools help recruiters and their clients be more proactive and smarter in their efforts to fill mission critical roles.

Increased Diversity

As mentioned, increasing diversity at the executive level is a growing imperative. But it goes far beyond the simple business case of developing more profitable organizations. Diverse organizations also are generally more innovative and more productive.⁷ Diversity at the leadership level often means a team with more diverse experiences, and thus the ability to understand and relate to a broader spectrum of people. Diverse leaders often bring more varied perspectives, allowing organizations to uncover and test new opportunities and approaches to problem solving. Lastly, candidates at all levels increasingly seek out organizations that truly value diversity, making it a powerful tool for recruitment, engagement, and retention.

WHAT FIRMS NEED FROM LEADERS TODAY

With new challenges and rapidly changing market conditions, organizations also need to redefine leadership roles in their organization. That can range from areas of responsibilities and structure, but it is as much about the soft skills a leader brings to the table as it is about their industry knowledge and expertise.

The new nature of remote work certainly requires a changing skillset than in-person work. “People skills are even more important nowadays as managers have to deal with remote teams,” says Michel Grisay of Hoffman and Associates in Brussels.

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Hoffman & Associates

It is now more important than ever for leaders to have empathy and strong communication skills. From economic insecurity to family members succumbing to Covid, workers have faced enormous amounts of pandemic-related stress since it started. What’s more, the Great Resignation has empowered many employees to seek out

new employment opportunities and are now more likely to leave a company where they do not feel appreciated or welcome.

Today’s leaders need to have “great oversight [skills], stamina, and the ability to keep the peace when things get rough,” says Gerald Knol and Jan Beerling. They need to be flexible, creative, and entrepreneurial, while also being able to keep people involved and committed to both short and long-term organizational goals. “A strong ability to deal with stress and uncertainty are key,” adds Michel Grisay.

But leaders also need to be able to be vulnerable, says Todd Hohausser. “Executive candidates that can be vulnerable to their direct reports grow stronger relationships and create harder working employees,” says Hohausser. “Research has shown that leaders who present themselves as ‘human’ and vulnerable, who can accept their mistakes and learn from them in turn inspire teams to perform at higher levels.”

More than ever, executives need “out of the box thinking, resilience, and have an outcome-focused orientation rather than a problem-focused orientation,” says Charlotte Eblinger of Eblinger & Partner in Austria.

THE FOUR NEW RULES OF EXECUTIVE RECRUITING

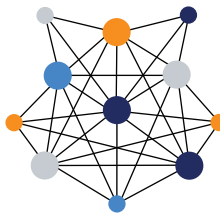
If anything, the volatility we’ve experienced around the globe in the past two years have changed the rules of executive recruiting. And if firms want to attract the top talent, they need to recognize these changes and adjust their approach to attracting and retaining them. To that end, we believe there are four new rules of executive recruiting that clients must be recognize if they want to be successful in their hiring efforts.



Acknowledge Candidate Expectations: Candidates want more than just career opportunities; they now expect more flexibility and an improved work-life balance. Hiring firms need to not only respect those desires, but to formulate policies that make them possible.



Get Your Story Right: Candidates don’t want to simply work for profit; they want to make substantive contributions to something that is meaningful. Organizations need to find ways to incorporate purpose into their mission. “Companies have to be attractive for candidates, not only salary wise, but also from a sustainability point of view, future orientation, a culture where people love to work, etc.,” says Charlotte Eblinger.



Stay Connected: The pace and competitiveness of recruiting executives has dramatically increased. As such, it’s essential for clients to consider taking a proactive approach to utilizing search firms to conduct talent mapping to track executives in key roles.



Act Swiftly: With a considerable number of potential opportunities available, candidates aren’t going to wait around for offers. Communicate swiftly and in a timely manner; don’t put off organizing meetings and interviews; and provide feedback as quickly as possible so that the candidate can either consider the offer or move on. “We are advising academic institution clients to expedite the process where possible as candidates are actively being pursued for multiple opportunities concurrently,” says Jeff Harris.

While some of these changes might require a significant culture shift, it’s clear that there won’t be a return to “business as usual” any time soon. The sooner organizations accept and adapt to this, the more successful they will be in finding the candidates that will lead their firms into the future.

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