

# Insights

Issue 5

Fall 2008

Hi !

In this issue, you'll read:

[From the President](#)

[The Hiring Manager Really IS a Big Deal!](#)

[Recommended Reading](#)

[Reflections on the Financial Crisis](#)

[In the Press](#)

## **From the President**

Bear Stearns, Fannie Mae, Freddie Mac, Lehman Brothers, AIG, Merrill Lynch, Washington Mutual, Wachovia, National City Bank-- the list of troubled or failed institutions goes on and on. I suppose you can make a case that it's not a great time to be an executive search consultant specializing in the financial services industry! However, while things on Wall Street seem desperate, here closer to Main Street it doesn't seem quite so bad.

My wife and I recently drove out East for a much-- anticipated vacation. Nancy indulged me with some baseball (I got to visit Yankee Stadium before it met the wrecking ball), as long as the trip included a stop to visit relatives at a lake in Maine. We enjoyed getting behind the wheel and seeing a part of our country from a perspective not afforded by airplanes and airports. I was surprised to see, in spite of all of the negative economic news, how much of the world continued to be moving along. The interstates were crowded and many of the hotels along the way were full-- no room at the inn. This type of experience serves as a reminder of just how vast and dynamic our economy really is. I don't know if we have seen the light at the end of the tunnel just yet, but I think it's approaching.

In this issue I provide some commentary on the importance of the hiring manager's role in the recruiting process. We review the book *Deciding Who Leads*, by Joseph Daniel McCool-- an insider's guide to improving the executive recruitment and hiring process. And, finally, we take a look at how the financial crisis is affecting employment in the financial services industry.

Enjoy the issue, and please let us know your thoughts.

Gregg Carlson  
President, Carlson Search Group

## **The Hiring Manager Really IS a Big Deal!**

Attractive city/location-- check. Solid, growing organization-- check. Ideal position, with room to grow--check. Competitive, compelling compensation package-- check. Excellent manager . . . check? or maybe not?

Any time that I sit down with a client as we begin a new search, I conduct intake sessions to learn everything I can about the opportunity. While I do this, I am also going through the mental checklist that a candidate would consider. Every city has a story to tell, and there are usually terrific statistics, brochures, and other informational pieces that will help us state the case. Similarly, most organizations have spent significant time and resources to create brand awareness, and have the appropriate collateral materials to help tell their story.

Gathering and really understanding this type of information is necessary for every search.

At the intake meeting, much of our time is focused on gathering all of the necessary information about the position and the broader opportunity. Much of my effort will then be spent creating a marketing--oriented position specification that will tell this story in a compelling manner. This is an important component in the executive search process. I also work with the organization to help ensure that the compensation package will be attractive to the potential target audience that we are recruiting.

And here's the catch. Even when the location, company, position, and compensation are all terrific, the hiring manager still plays a major component in whether or not we are able to recruit the best candidate.

Candidates want to know everything they can about this new person who may play a key role in their future. Of all the factors involved in a search, the hiring manager is often the most difficult to quantify or qualify in the process. What is his or her background? Personality? Approach to work? Hot buttons? Track record in developing staff? All of these issues and many others are of tremendous importance for interested and engaged candidates.

The role of the hiring manager in executive search is often the least understood (and receives the least amount of attention) of all the elements in the recruiting process. Better understanding, polishing, and communicating the manager's story throughout the process is critical to the success of a search. In our next issue I will provide further insight on this important topic.

## **Recommended Reading**

### ***Deciding Who Leads: How Executive Recruiters Drive, Direct & Disrupt the Global Search for Leadership Talent, by Joseph Daniel McCool***

Forward thinking companies are zeroing in on the importance of attracting senior management through leadership recruitment and succession planning. They know their futures are based on the investments they make-- or don't make-- in recruiting, developing, and retaining leaders. But because of the inherent risks and rewards involved, many companies are looking for guidance in this process.

*Deciding Who Leads* provides corporate leaders with just that. In this new book, executive search expert and investigative reporter Joseph Daniel McCool explores the ins and outs of the executive recruitment process. His insider's perspective affords an honest, insightful look at the realm of executive search and its power to influence the world's corporations and the global war for talent.

McCool provides stories and strategies of successful recruiters and examines in depth the recruiting practices and experiences of leading companies such as Coca--Cola, Emirates, and Disney to illustrate search consulting's impact on global business performance.

As market dynamics continue to put pressure on organizational leadership, McCool's tactical advice for improving the recruitment and hiring process, minimizing the risk inherent in leadership recruiting, and delivering the highest return on corporate investment in management succession is timely. "With the demands of leadership at an all-- time high and executive tenure at a record low, executive search consulting is the single most influential form of management consulting engaged in by organizations," McCool explains, concluding, "The true potential of executive recruiters' work can only be realized if hiring organizations become smarter consumers of their services."

*Deciding Who Leads* offers a look at both the behaviors that make executive recruiters successful and the obstacles they face. McCool begins with a look at recent changes in management succession and executive recruiting and then examines key ingredients in executive leadership challenges and solutions. He reveals the true costs of a bad executive hire, addresses the intersection of executive search and executive onboarding and demonstrates the need for search consultants and decision makers to improve their collaboration. Finally, he discusses executive search as one of the keys to leadership diversity and explains how to engage executive recruiting firms.

McCool's experience as a writer, speaker, and consultant on executive search best practices and corporate senior management succession lends credibility to his writing. His insight is invaluable for companies currently engaging executive recruiters or considering such a partnership in the search for leadership talent. His study makes a hard--line business case for getting the best results from the recruitment and hiring process and provides executives with the new rules of engagement for working with executive search firms and recruiting and retaining senior leadership. This book is a great read for HR professionals, search consultants, and hiring executives.

## **Reflections on the Financial Crisis**

Many of us are spending a significant amount of time reading articles and watching news programs, trying to determine the breadth and depth of the current financial crisis and how it affects each of us-- our companies, our careers, our families, our investments and our lifestyle. And much of this reflection is based upon our own circumstances: the industry we work in, the company we work for, the stage we are at in our career, our investment portfolio, even our personality, including our risk tolerance and pain threshold. Here are a few random thoughts from where I sit.

- If you look at the troubled financial institutions previously mentioned, it really can seem like the sky is falling. The cost of the bailouts are approaching \$1 trillion-- now that's real money! Recently on the news one of the pundits mentioned that the stock market has averaged a daily move of 4% over the last several weeks! As I write this in late October, there seems to be at least a small consensus forming that the market is at or near a bottom and that there are some real bargain-priced stocks to consider buying. Along those same lines, we are probably about halfway through what will prove to be one of the deepest recessions of the past 50 years. Stay tuned . . .
- According to Challenger, Gray and Christmas, a global outplacement firm, the financial services sector has shed over 111,000 jobs in the first nine months of 2008. With recent merger activity it is anticipated that the sector will certainly outpace the record 153,000 jobs that were shed in 2007. It is important to note, however, that while many of the larger financial institutions are struggling with performance issues, other smaller, sometimes more rural, and definitely more nimble companies are still performing well in this economy.
- Interestingly, C-- level turnover is running slightly lower than it has over the past two years. According to Liberum Research, CEO turnover declined 13 percent, CFO turnover declined 21 percent, and overall C-- level turnover declined 23%. However, Richard Jacovitz, Senior Vice President of Liberum Research, believes that this trend will change once some of the difficult expense cutting has been accomplished: "I do expect as the financial crisis begins to bite and ultimately turn into a real recession, that we will see executive turnover jump precipitously."
- The financial services sector is historically the largest user of executive search services. So it is no surprise when Reuters reports that Korn Ferry and Heidrick & Struggles-- the only publicly traded executive search firms in the United States-- may see profits erode further over the next few quarters. Tobey Summer, an analyst for Suntrust Robinson Humphrey, wrote: "We believe the slowdown in financial services will continue to affect the profit and loss statement of executive search companies in the third quarter."

So, yes, it can seem a bit dreary out here during this economic crisis. Yet it's important for each of us to objectively assess where we are and what's important to us and to have a game plan to weather this storm. Because certainly things will be turning around-- it's not *if* but *when*.

In the meantime, as we approach the season of Thanksgiving, let's take stock of all we have to be thankful for. Certainly we have to start with our family, our friends and our many blessings and gifts. And from a business standpoint I'd like to add that, here at Carlson Search Group, we are thankful that our client base comprises primarily Midwest-- based companies, far away from Wall Street, and that many are still growing in spite of the headwinds. We are also thankful that some of these companies view this turbulent period as a time to recruit top talent that might not otherwise be available. And that many of our clients continue to understand the value proposition that we bring as an important strategic partner in their current and long-- term staffing strategy. For that we are truly blessed!

### **In the Press**

Gregg Carlson was quoted in eFinancialCareers Job News & Views, October 2008, in an article entitled "Commercial Banking Compensation Under Pressure," covering commercial lending, bank consolidation, the decline in loan opportunities, and the resulting pressure placed on salaries and bonuses. To view the full text of the article, follow this link: [http://news.efinancialcareers.com/newsandviews\\_item/newsItemId-15670](http://news.efinancialcareers.com/newsandviews_item/newsItemId-15670).