

Retained Executive Search Trends in 2023

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In today's rapidly changing business environment and competitive global talent marketplace, companies cannot afford a "bad hire." Selecting the right executive search firm and approach is critical. Retained executive search involves an exclusive contract with one firm to recruit for a specific role at a pre-determined fee structure whereas contingency search involves multiple firms with the placement fee going to the selected candidate's firm.

Making the Case for Retained Search

Retained search is a highly customized process often used when confidentiality is essential, and the position requires a senior level executive with specific knowledge, expertise, and experience. Firms become intimately acquainted with their client's business objectives, culture, and values, in addition to detailed job requirements, to help ensure candidates are a true fit for the organization. Patrick Van Lijsebetten, Managing Partner of IMSA Search Global Partners Belgium and CEO of Rialto Executive Search, Part of the PROMAN Group, has deep experience in global C-Suite and senior management retained recruitment. Van Lijsebetten explains the benefits of retained search: "The retained approach has many benefits to companies and candidates alike:

- **More focused, more specialized** – Retained executive search firms work on a dedicated basis, focusing solely on the requirements of the organization and position, resulting in a more personalized approach and increasing the likelihood of a successful match. Firms often specialize in specific industries, giving them greater knowledge of the candidate marketplace; this is especially helpful in niche industries.
- **Broader candidate pool** – Often working under long-term contracts, retained search firms build relationships with top senior talent and have access to larger pool of high-level candidates. Their resources and large databases allow them to go beyond those individuals actively seeking new positions.
- **Better due diligence and alignment of goals** – Unlike contingency where speed of completion is driving the process, retained search is predicated on finding the best candidate for the position. While timeliness is important, due diligence is essential. Our deep understanding of a client's objectives and culture result in better alignment between the new hire and the organization's goals, leading to success and longevity in the role."

Hidden Costs of a Bad Hire

While costs can vary widely, executive search fees can often run as much as 33% of total executive compensation. (Intellerati.com 11/2022) However, Talentis Gobal estimates the cost of a "bad hire" can run as much as 2/5x salary, and factoring in significant additional benefits for most senior level positions, costs can escalate quickly. Also, over time, unsuccessful investments, bad decision-making, and leadership failure can cause financial damages to escalate far beyond the investment in a reputable retained search firm with a good track record.

Benefits of a Global Marketplace, Focus on DEI

Patrick Van Lijsebetten says, "With technology and digital connectedness, the marketplace for talent is global. This provides access to senior executives with diverse backgrounds and skill sets, providing organizations with a wider range of options to fill their leadership roles. This expands the talent pool beyond the local market, with more options for a successful placement."

Additional benefits include increased efficiency and improved matching of roles to experience and skills. Van Lijsebetten continues, "A global marketplace can use technology and data analytics to connect with candidates, streamlining the process, improving matches, and reducing risk of turnover. And as companies continue to prioritize DEI (diversity, equity, and inclusion), executive search firms play a crucial role in identifying and recruiting diverse senior talent, while helping clients create more inclusive hiring processes over time."

Trends in Retained Search

When asked about trends in retained search, Van Lijsebetten shared the following about technology, remote/hybrid work, importance of soft skills, and developing and retaining talent:

"**Technology** is playing an increasingly important role. Firms are using AI, data analytics, and other tech tools to identify and evaluate candidates more efficiently and effectively, with virtual interviews, online assessments, all of which has increased in the wake of Covid."

"**Remote/hybrid work** is on the rise. Firms are adapting to this by expanding our search radius, connecting with candidates who may be located in different parts of the country or around the world. Companies are also accepting that the best candidates may demand remote/hybrid be part of the scope of their position and included as part of their package."

"As the business world becomes more complex and interconnected, the **importance of soft skills** such as emotional intelligence, communication, and collaboration is increasing. Clients and therefore search firms are placing greater emphasis on evaluating candidates' soft skills and cultural fit, in addition to their technical qualifications."

"Executive search firms are increasingly involved in talent management beyond filling senior leadership roles. Clients recognize the importance of **developing and retaining top talent**, and are asking for support in areas such as leadership development, succession planning, and talent retention."

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