The Flagrantly Fundamental Flaws Of Recruiting Consultants Through Headhunters

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For Boutique Consultancies And Solo Consultants
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Dynamic Innovations Squadblog
Did you know that if you put one pot of boiling water and another pot of lukewarm water into your freezer at the same time, the boiling water will freeze first?

This phenomenon has been known since the time of Aristotle, but apparently no one really understands why it happens.

Actually, the British Royal Society of Chemistry has put up a £1,000 prize for the first person who can explain it, but no has come forward so far.

The reason why I’ve mentioned this mind-mangling factoid is because the same situation often plays out in consulting firms.

Some recruit their own people while some use headhunting agencies to hire people.

And in spite of the fact that headhunting agencies use all sorts of fancy psychological and other testing processes to screen candidates, the best associates come from the people who’ve got directly recruited by their firms without any headhunter or fancy test interference.

We know this even from baseball or other highly popular professional team sports like, hockey or basketball.

Many recruits who tested excellently at their drafts ended up as borderline duds.

And many players who turned out to be borderline duds at their drafts end up becoming brilliant players.

And the same happens to many consulting firms too.

Over the last few years it has become increasingly popular to use recruiting agencies for finding new associates for consulting firms.

First, this lunacy has penetrated consulting giants, most of whom operate as contract labour mills, but now we can see this perverted tendency even among real consulting firms too.

It seems, firm leaders care less and less about the quality of associates they bring on board. I reckon, they are far too busy protecting their personal billable hours.

Thousands of candidates pass their headhunters’ screenings by having impressive credentials and bottom-achingly high scores on their psychological and other tests.

But when they start working at their designated firms, many of them quickly turn out to be as bogus as a $3 banknote.

When manual labourers are hired this way, it may be reasonable, but this is huge mistake for consulting firms.

While in other industries people are regarded merely as controllable expenses (some call it necessary evil), in a consulting people are supposed to be the greatest asset of the firm.

If acquiring this greatest asset is hardly ever delegated in other industries, then what is the logic in delegating it at so many consulting firms?

I’ve read somewhere that McKinsey & Co., the No.1 consulting firm according to various studies, invites some 50,000 resumes every year, senior partners and directors personally conduct
10,000 plus interviews and then they recruit 500 people.
The firm used to believe that their focus was on the client. Then they shifted to focusing on their
own people, and people in turn will focus on clients.
And it has worked. It is also important to note that the firm invests a small fortune in the ongoing
education of its people.
But by contrast, what can we see in most consulting firms?
They heavily invest in – often false – hope of prospects to become clients, but treat their own
people in the most skinflint manner.

Headhunters live up to their reputations, and they successfully hire the heads of people.
In *The 7 Cs of Consulting*, Mick Cope writes that in order to influence people’s hands (doing),
we have to focus on their heads (thoughts) and hearts (feelings).
And while headhunter agencies can succeed to engage the heads to a certain degree, they totally
fail to engage people’s hearts.
In his numerous books, Mick posits that without engaging the
heart, even if we can engage the head (mind), we can engage the hands to a certain degree, but it
will never be full engagement.

In *The 8th Habits*,
Stephen Covey uses these six levels of engagement.
Note the engagement levels depend on how well both the head and
the heart are engaged, starting at “Rebelling and quitting” and ending at
“Creative excitement”.
Think about it...
How many firms do you
know that operate on creative excitement? Now how many do you know that operate on
malicious obedience or willing compliance?
In 2007, Harris Interactive did a survey based on 23,000 people regarding their employers. But instead of boring you to death with the statistics, here is a short summary...

Translating the findings into soccer lingo...

- Only 4 out of 11 players know which goal is theirs.
- Only 2 out of 11 players even care.
- Only 4 out of 11 players know what position they play and what they are supposed to do.
- 9 out of 11 players would compete with each other, while ignoring the opponent.

And I firmly believe that the dismal results have a lot to do with the widespread domination of headhunter agencies in the process of talent acquisition.

Why?

Firms that are willing to dump hiring on headhunters care little about the quality of talents. And that which we don’t care much, we can be fooled by pretty easily.

Look at businesses that treat their marketing such a negligible function that they abdicate it to ad agencies. And most ad agencies live like kings by billing the living daylights out of their clients regardless of the value of their services.

Recruitment agencies live well by providing substandard talent that quit their firms in a year or two, so the agency gets paid again and again for the constant replacement.

Now, you may think this is a dishonest practice, but think again.

Look at sales, for instance.

Salespeople get paid for new clients.

They have no incentive whatsoever to land long-term clients.

They have all the incentives to land lots of short-term clients, if needed, at heavy discounts.

Recruitment agencies are the same. They have all the incentives to stuff their clients’ firms with low-priced short-term budget-grade professionals.

This approach sets up the never-ending rotating door, so the recruitment agency gets paid forever and ever.

**The Quality Of People Is Of Low Priority**

Look at many consulting firms and you see that some highly paid people, or even some partners, are responsible for restocking the stationary cabinet (No, we would never trust the office manager to do that) or arranging bottled water delivery in the staff kitchen.

Partners personally go from store to store to select the right photocopiers and filing cabinets, but they don’t have time to be involved in selecting their firm’s backbones, the work force.

In a way, this is the equivalent of asking your friend to knock up your wife, because you need a baby by Easter, but you have neither time nor inclination to do it yourself.
The example is pretty wild, but demonstrates the point.

What is the message sent out through the recruiting agency?

Simple: “Our people are NOT important enough for us to take time and handpick them personally. So, while pretend that you send us high quality candidates, feel free to send us people from the bottom of the unemployment scum barrel. We don’t really care.”

And guess what?

If people are not important enough before recruiting, they won’t be important enough after recruitment either.

Why do you think talent attrition is so high among consulting service firms? This is definitely one reason. And since most firms promote internal competition, when associates leave, they are highly likely to take their clients with them.

The way I see it, charity starts at home.

Firm leaders keep shouting at the world they want to partner up with their clients.

That’s fair enough, but first they should be able to partner with their own associates to build a kick-arse firm that can bring truly distinctive value into their clients’ lives.

Firm leaders first should partner up with their own people to create the kind of environment in which highly talented people are excited, energised and enthused to do their best and beyond day in day out.

Consulting firms should be able to provide exciting careers not merely jobs.

Sadly, only very few do.

And this leads us to some recruitment tips...

- Never recruit just because you have a need. If you wait until the need arises, you have to rush, and will fill the position with the best resume bulshitter. Recruiting based on a resume (a.k.a. Ridiculum Vitae) is a call for disaster anyway.

- Recruit for the culture not only for technical skills. Some 80% of success in the consulting business is of emotional nature, such as social skills and interpersonal skills.

- If you believe in your firm, show it. Recruit in advance.

- Involve the whole team in the recruiting process, and stay away from headhunters and hiring agencies, unless you want to hire mercenaries who are driven by money only.

- Understand that during interviews with good candidates, you and your firm are the sellers - of an opportunity - and the candidate is the buyer, not the other way round. There are lots of firms and very limited number of good candidates.

- Be honest about what opportunity your firm can offer. Far too many firms brag about great bonuses, but after being recruited, all new colleagues get are whips and chains, and being treated as indentured servants.

- Encourage new people to select mentors within the firm, so they can benefit from their
wisdom. That will reassure quick skill development and enhances loyalty.

- Recruit people for their enthusiasm, excitement, sparks in their eyes and springs in their steps. Remember that experience teaches us in a millennium what passion teaches us in an hour.

The basic difference is that while other industries hire people for jobs, consulting firms ought to recruit people for careers.

Failing to distinguish between the two can cause high talent and client turnover, and gradually eroding revenues and reputation.

Yes, you can use an agency to hire someone to do some manual labour work around the office, but don’t make that same mistake when you’re looking for someone long-term. You may not want a Dr. House calibre genius jerk. In real life, most Dr. House type geniuses are unemployed because no one wants to hire them.

They are just far too problematic, so good fate keeps them permanently unemployed.

On Summary

So, should consulting firms self-recruit or should they use headhunter agencies?

My reasoning may sound simple, but, well, that’s all I have.

Starting premise...

Exhibit #1: Recruitment agencies are collections of HR professionals.

Exhibit #2: Most consulting firms keep HR people on the payroll for being politically correct, but don’t let them even near the boardroom let alone inside it. Just read the Fast Company article, Why We Hate HR.

Now, when we add up these facts, we can realise that, in many cases, HR acts as the Human Remains department, keeping the best talents out, and giving only the remaining candidates a fighting chance to get the advertised jobs.

However, this is congruent with Pareto’s 80/20 rule that 20% of all consulting firms stand head and shoulders about the other 80% in terms of firm-wide profitability, client satisfaction, associate satisfaction and other important factors.

Or is it closer to 95/5 nowadays?

In my experience, the whole recruitment industry was born because some HR people, social science grads and psychologies couldn’t find work, so they joined forces, and used psychologists’ persuasion expertise to brainwash companies that they are too dumb to recruit good quality people and they’d better hand that work over to professional recruiters.

And now the recruiters are winning.

The psychologists in agencies can get licensed to administer those psychological tests.

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1 http://www.fastcompany.com/53319/why-we-hate-hr
Seriously!?

I believe any partner who cares about her firm’s future can recruit quality people by using a couple of widely available aids:

- Gallup Organisation: Strengthfinder
- Perry Marshall: Marketing DNA Test
- The Kolbe A™ Index/Instinct Test

These tests may not give you a clear answer to candidates’ psyches, but they tell you what those people’s natural talents are (Gallup), what their attitude is about sales and marketing (Perry) and how they act (Kolbe A).

And I think these are far more important than silly personality tests.

What do you think?

With victory on high...

Tom “Bald Dog” Varjan

http://www.di-squad.com/

Additional Knowledge Products to Build Your Consulting Firm

Here are some knowledge products on a broad range of areas as they apply to running a boutique consulting firms or solo consultancies. These products are sort of workbooks. They explain what is what, then walk you through the "how to..." part of the process. As you read the books, you do the exercises, and by the time you finish reading, all the relevant bits and bobs are in front of you on paper applied to your own unique situation.

I hope you find them valuable.

**Consulting Retainer Engagement Toolkit:** A comprehensive home study programme on the ins and outs of setting up consulting retainer engagements in which your clients receive great value and you are compensated for the value you bring to your clients' tables by making your brainpower available to your clients. For details see [Consulting Retainer Engagement Toolkit](http://www.di-squad.com/).

**It's All About Your Value: Consultants' Guide to Setting, Raising and Safeguarding Fees:** How to price consulting engagements based on buyers' perception of the value the consultant brings to the table regardless of time, materials and other retarded but commonly used factors. This booklet covers a step-by-step process of establishing the value of your contribution and how to get paid for that value. For details see [It's All About Your Value](http://www.di-squad.com/).
Mastering the Consulting Proposal Process: For many consultants proposal writing is a "hope-and-pray" game. They sit down with prospects, chat for a while and then volunteer to "submit a proposal" without knowing the full specifications of the intended project. But some, usually false, buyers are just collecting free information for in-house implementation. A proposal, just like a marriage certificate, is a short document, but it is silly to offer it unless the other party has already made a commitment to go ahead. This e-book walks you through the maze of developing your proposal and presenting it to buyers. Mastering the Proposal Process

Dynamic Duo Mentor Programme: If you're a solo consultant, my Dynamic Duo Mentor Programme may be a solution for you to have access to a second opinion on both strategic and tactical issues you’re about to put into action. For details see Dynamic Duo Mentor Programme.