



State of the Industry

Published on March 15, 2017



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The executive search industry is at a critical inflection point. The Big Five search firms that have dominated our industry for so long both in size and in business models are changing. Increasingly they are focusing more on holistic talent planning management and HR products. Consequently, their search professionals are being asked to cross-sell those products rather than manage their accounts with the usual emphasize on more traditional modes of talent acquisition. The result: first, the Big Five are moving away from the management consulting model that had been at the core of their original businesses toward a lower-touch, streamlined, commoditized business model. Second, there are a lot of unhappy recruiters at the Big Five.

The changes at the Big Five began at least partly in response to the economic crisis of 2008. The pressures that made the Big Five look for lower cost, higher flow business models also hurt smaller firms, driving many of them out of business. Most of the survivors emerged smaller and financially fragile.

For Options Group, the current scenario is full of promise. The Big Five are pulling away from their traditional markets. Unlike competitor firms, we are positioned to grow to take advantage of that retreat. Some of our growth has been internal; our headcount is up compared to 2008. Some of our growth has been external; last year, Options Group acquired Whitney Correlate, a financial services search firm in Hong Kong, to strengthen our Asia Pacific business. We are poised to make further acquisitions over the next four years and we intend to open several new offices. We anticipate that by 2020, we will have over 400 consultants working for us around the world.



Options Group, we have embraced change and are striving to transform our business by leveraging technology and using big data to our advantage. Rather than offer our clients qualitative talent management and HR solutions, we have heavily invested in data aggregation software and predictive analytics that forecast future results on success and failure. For example, we are currently developing OG Predict, a machine-learning platform that will focus on predictive analytics for HR clients. Over the years, we have developed an exceptionally robust CRM database that includes massive volumes of information on hiring activity and people moves. At any given firm, we know who has been hired, whether those hires stayed, were promoted, or left the firm. By analyzing that intelligence on a firm-by-firm basis, OG Predict will be able to forecast which candidates are mostly likely to succeed at the firm and which are most likely to fail. Such information is profoundly valuable for HR executives at even the largest firms, saving them both time and costs associated with unsuccessful hires. For smaller companies, OG Predict will be able to scale up the recruiting function in a highly cost-effective manner.

Building on the success of our compensation studies, we are expanding into a compensation advisory and analytics business. At the same time, we are building a revenue-tracking database and analytical tool that will be able to break out revenues from the division all the way down to individual production. OG University, our in-house career development and training program, will offer clients tools to keep the best candidates by helping them hone their skills and shape their career paths.

One of the challenges for any firm that is changing is to communicate its new identity. A new web site, exciting graphics - all of that is good, up to a point. People need a reason to learn about those changes and need to feel that they are already invested in a firm's evolution. We think we have found a way to do that. For years, we have shared market and people news through daily newsletters. We have now taken the next step and created OGAxess, a news aggregation and information portal that we update throughout the day. When clients and candidates come to OGAxess to see news relevant to their careers and businesses, they also see the full range of Option Group's offerings. They see our compensation studies, advisory and analytics business; OG Predict; OG University; our product newsletters; and our white papers.

All these developments are fueled by one simple yet profound insight: our clients want a competitive advantage in talent and in intelligence that gives them an edge in their markets and helps them become more like the most dominant firms in their industry. That's what we need to give our clients, plain and simple. We are uniquely positioned to provide talent and information that differentiates our clients because from our inception, we have been a technology-centered firm as well as one which offers data-driven recruiting. Options Group has always been known for its research; but our understanding of what our research can be and what it can do has grown. We have always excelled at mapping our clients' competitors. Now we can provide those same



information module.

Talent itself is changing and our business is changing to reflect that. The talent that financial services firms want may be more readily found in other industries today. For example, consumer behavior modeling is vitally important to consumer banking; but the talent is already working in pharmaceutical firms. Options Group excels at recruiting front office quants because we understand that they are an entirely different breed from modelers. We know that bio-statisticians, applied mathematicians, and research psychologists have the backgrounds that financial services firms need.

Options Group partners with our clients to provide real time competitive intelligence and benchmarking in all aspects of their business. We are skilled operators who have successfully served in key senior executive leadership positions, on behalf of some of the worlds largest and most globally diverse financial institutions. We have a proven track record of successfully leading major global transformation programs, which have delivered exceptional and sustained results and our team is comprised of talented and innovative professionals, who possess deep subject-matter expertise in their respective disciplines. Our experts have pioneered many of the financial services industry's best practices relating to operational excellence to increase profitability and brand value.

There are some in our industry who believe that recruiting is dying, or even dead. They say that digital marketing has dis-intermediated search firms and put candidates and clients in direct contact. The challenge and the opportunity of this new world is for recruiters to guide their clients and candidates in a world that has blown away all the old borders and landmarks.



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