

# EXECUTIVE SEARCH: THE FUTURE AND HOW WE GET THERE

BY RICHARD STEIN, CHIEF GROWTH OFFICER

Service firms of every kind were slow to respond to the radical acceleration of change in the digital era. Not anymore. Now, for example, accounting firms are hiring not just data scientists but engineers, medical professionals and architects out of a recognition that clients need expansive strategic responses for operating environments that only a fool would claim to predict.

Executive-search firms have been slow to pick up the pace. Prominent leaders in our industry tour the conference circuit giving speeches about data analytics and artificial intelligence all the time but the industry’s response to this era of change has too often been ad hoc where it needs to be strategic, improvised where it needs to be transformational.

Conventional wisdom says the search-firm business model has been digitally disintermediated by phenomena like LinkedIn, job boards, social media and so on. That will only be

true for firms that think finding talent and matching it to job openings is still their core business.

For the rest of us, moving deliberately in a transformed landscape, the underreported story of the talent-management professions is the already remarkable power of predictive tools in hiring and, more importantly, in nourishing talent. Those furthest along in thinking about the future of talent strategy are becoming a force in organizational design, management assessment, HR process, coaching and leadership development. Like the clients we serve, we’re challenging convention and defining new ways of working.

## No MORE NOISE

The conventional recruitment process has always been full of noise, to use a term beloved by data scientists. The noise comes from resumes, job boards, hit-or-miss personal ref-



ferences and the (usually unconscious) bias of interviewers. Humans have a hard time with objectivity. And we like to make quick decisions. How much simpler to check a CV for a brand-name university and an uninterrupted job history.

CVs and LinkedIn profiles are lists of jobs held and skills acquired. Lists won't capture signals about future performance—qualities like motivation, cultural fit, comfort in collaboration and the distinctively human capacity for persistence. Lists won't identify the predictive variables that talent managers may not even realize are predictive variables.

Executive-search firms of the future will work with clients to infuse talent-management with applied predictive analytics—not just to hire but to onboard, develop and retain. The reward for clients will be reduced talent turnover and grow better decision makers.

Filtering out the noise starts with the assessment process, which should be framed even before a search begins. In any search different assessments should serve different objectives—an obvious point to make yet one that's often overlooked. Depending on strategic need an assessment might place greater emphasis on one kind of potential over another. Assessment during and after a merger, for example, would focus on performance in the very near term. By comparison, a succession plan or talent benchmark would focus on the potential for long-term personal development.

We are in the business of helping clients create their future. Buyers of talent-management expertise need help pinpointing progress, gaps and challenges in their talent pipelines. They need help identifying the qualities that will produce success in an operating environment that won't ever stop changing.

Executive search firms should be joining software companies in developing what I call “forensics”—predictive analytical tools married to a strategic perspective on a client's industry. We will no longer view the elements of talent in isolation but in their integration.

Among most search firms this is not yet the reflex. But it will be.

## A NEW DEFINITION OF 'FIT'

Right now, even in large organizations, predictive analytics are not commonplace in human-capital planning. The reason

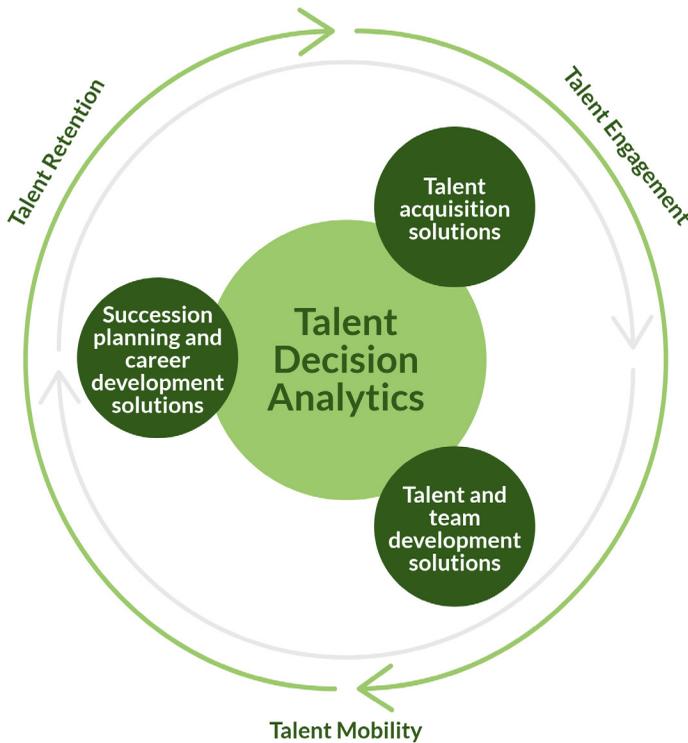
## 20 WAYS TO IMPLEMENT TALENT ANALYTICS:

- Project dollars of business impact resulting from talent actions**
- Reveal current/projected improvement in employee revenue**
- Create an easy-to-compare management performance index**
- Place a numerical replacement cost on individual employees**
- Predict upcoming productivity issues**
- Predict upcoming behavioral issues**
- Plot the career trajectory of employees**
- Identify factors that identify leaders or leadership capabilities**
- Identify selection factors that predict an innovator**
- Predict an upcoming large volume of position openings**
- Predict upcoming external talent availability and opportunities**
- Predict where significant internal redeployment will be required**
- Forecast upcoming retirements**
- Predict when an employee will become underpaid**
- Identify diversity roadblocks**
- Measure first-year attrition**
- Measure cost per hire**
- Reveal candidate experience**
- Measure and forecast offer acceptance rate**
- Measure sourcing channel effectiveness**

is to a large degree cost; big data tools are expensive. But it's also about having the people resource equipped for the new disciplines. The talent profession is late to the game in adding to its ranks people educated in machine learning, data sciences and psychometrics.

Still, it's not at all difficult to imagine a day sometime soon when even small firms have access to pools of raw data about talent and can even construct the algorithms for predicting fit. And by “fit” I mean something far more crucial than its traditional meaning of cultural congeniality. By “fit” I mean suitability to the operating environment that's arriving, not the one that is passing into history.

In 2018 executive search firms should be collaborating more carefully with clients to devise better assessments that capture a candidate's ability to acquire new capabilities and adapt to changing conditions. I refer to this as “learning



intelligence”, defined as the ability to look critically at one’s presumptions about the world and one’s place in it. This requires a temperamental openness to new perspectives and an agility in responding to them.

To this effort at sense making a good recruiting partner should also bring competitive insights, predictive analytics, competitor mapping and strategic profiling.

When our firm launched its strategic research and benchmarking offering, OGiQ, we thought it might become a kind of external-CIO for clients, providing data, analytics and real-time industry intelligence. The strength of OGiQ and of analogous platforms in development among our competitors lies not just in better hiring decisions but in decision making along every dimension. After we launched we were startled by the uptake for the new offering. One attraction of OGiQ is that for senior leaders it offers a way out of their isolation as they plan for where they will be in one year, five years and beyond and as they try to understand the talent they’ll need to take them there.

OGiQ’s talent analytics are meant to be strategic tools. It is not hard to imagine using them, for instance, in devising programs to manage the life cycle of talent management initiatives. That would change everything from onboarding, employee development, executive coaching and retention.

We took a similarly preemptive step toward the future when we partnered with the pioneering assessment firm, Psynet. Psynet is an artificial-intelligence tool. Its power is in the match of AI with psychological and strategic insight. Because the future of executive search won’t be all about software.

A constant in a successful search firm’s value proposition will remain the degree to which its wisdom is esteemed by clients—wisdom not just about talent but about the direction of the client’s industry and the world it occupies. Such wisdom will be informed by organizational context—the near-term and long-term needs of a management team, of an organization and of the business environment in which they operate, all of it married to the human genius for framing problems and finding answers.

More than 20 years ago McKinsey coined the term “war for talent”. Back then the speed with which digitization would transform our economy—indeed our world in its totality—could only be guessed. The guesses were far short of the revolution that’s still going on.

Parts of the talent-management profession were slow to grasp the meaning of the revolution. For those adaptive enough to embrace the revolution the opportunities of the next 20 years will change them utterly.

## OPTIONS GROUP TEAM



Richard Stein is a Partner, Chief Growth Officer, and Head of OGiQ. He joined the firm in October 2014. With over 25 years of consulting and recruiting experience, Richard is one of the industry's top advisors. His expertise lies in the financial services industry, across wealth management, risk, capital markets, consumer banking, technology and operations. Throughout his career, Richard has originated and executed search and competitive intelligence assignments for major investment banks, hedge funds, asset managers and alternative investment firms around the globe.

In addition, Richard is also a member of the Partners Operating Committee for The Options Group, Richard is directly responsible for the firm's Strategy and Corporate Development Function, Firmwide Marketing and Client Coverage, Business Development and Consultant Support, Competitive Intelligence, Talent Analytics and Consulting, as well as OG University (training and talent development).

Richard began his career at Options Group before founding his own firm, Futures International. He remained at Futures International through its merger with Whitney Group until 2003, then served as Senior Client Partner at Korn/Ferry International. Richard holds a Bachelor's Degree from the University of Buckingham.

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## GLOBAL PRESENCE

**New York** 121 East 18th Street | New York, NY 10003 | 212.982.0900

**London** 3 Copthall Avenue, 5th Floor | London, EC2R 7BH | +44.207.448.0100

**Hong Kong** 20/F Dina House, 11 Duddell Street Central | Hong Kong | +852.2155.1300

**Sao Paulo** Rua Do Rocio, 288 11th Floor | Sao Paulo - SP | +55.11.4082.9010

**Tokyo** NEWS Kyobashi Suite 1101, 3-10-1 Kyobashi, Chuo-ku | Tokyo 104-0031 | +81.3.6228.7460

**Zurich** Bahnhofstrasse 106, 8001 | Zurich, Switzerland | +41.43.497.3048

**Bogota** Av. Chile Carrera 7, No. 71-22 Torre A Piso 5 | Bogota, Colombia | +57.1.358.2602

**Frankfurt** Hochstrasse 33 60313 | Frankfurt, Germany | +49.69.971.941.10

**Mumbai** Office No. 38, Paragon Plaza | LBS Marg | Mumbai 400070 | +91.22.6129.3200

**Singapore** Levels 57 Republic Plaza, 9 Raffles Place | Singapore 048619 | +65.6823.1388

**Sydney** Level 4, 20 Bond Street, NSW 2000, Sydney, Australia | +61.2.8098.5900

**Dubai** Office 1, Level 3, Gate Village 10 DIFC, Dubai, U.A.E. PO Box 125115 | +971-4-401-9105

**Amsterdam** World Trade Center, Zuidplein 36 (5.14 Toren H), 1077XV Amsterdam | +31.0.20.799.7626