

Acquiring Talent in a Candidate Driven Market

Working Perspectives on Hiring in Consulting

By: Clark R. Beecher, Magellan International, L.P.

At Magellan, we get calls every day from consulting firm leaders who talk about their need to hire experienced professionals to meet client demand. They need the best people -- and they need them now!

The good news for those firms is that their businesses are growing. The bad news is that this is a candidate-driven market: there is a far greater demand for talent than the supply of “active” professionals seeking new employment.

As professionals gain more control over their careers, the sourcing, selection, and hiring of talent has become extraordinarily competitive. As a result, to fuel the growth of their practices, consulting firms must be more thoughtful and creative in their methods of recruiting and attracting talent.

The following five steps will help your firm successfully navigate and hire in this candidate driven market.

The Rise of the Candidate Driven Market

'00-'03 Business Downturn

The downturn between late 2000 to early 2003 put the brakes on the hyper-growth of the late 90's. Professional services -- and consulting firms in particular -- were among those hit the hardest as the client base downsized and stopped spending. Most firms not only stopped or severely curtailed hiring to stay competitive in the downturn, but also tightened their up-or-out plans, leaving them with a leaner model or pyramid. As a result, in 2006, we are seeing a shortage in supply of talent for the middle of the pyramid just as demand is increasing.

Clients in the Driver's Seat

When the recovery began in late 2003, clients started to shift the way they thought about purchasing, and valuing consulting talent and services. Today's more sophisticated buyers of consulting services demand that their consulting firms bring more industry depth, functional depth, and operational experience to an engagement or they rebel at the notion of teaching consultants about their business. As a result, firms are changing their staffing models. Firms now need to bring in talent with fully developed and seasoned skill sets rather than just newly-minted MBAs. This shift in client demand has forced firms to bring in more lateral and non-traditional hires at the middle to senior levels, especially in firms with underdeveloped industry and functional practice areas.

New Sources of Competition

Consulting firms, once the top choice of employers of graduates of first-tier business schools, now see competition for top candidates from private equity firms, hedge funds, and traditional corporations. Talent is now without a doubt a company's most prized asset, particularly in knowledge-based businesses. To meet this challenge, consulting firms must place the highest priority on attracting and retaining the talent they need to meet their business goals.

① Partner with a Trusted Advisor

Firms that have made the investment and have built a strategic hiring program are more prepared for success than those who are not. When trying to attract mid-to senior level hires, it is in a consulting firm's best interests to partner with a search firm.

The right search firm should bring a solid understanding of the firm's business and an independent perspective to the process. It is also very important that the search partner has deep industry knowledge and expertise and is dedicated to the passive candidate market. Used effectively, a search partner can positively extend your firm's brand, sending a strong message to the candidate market and creating positive PR as they communicate the firm's desire to attract great professionals and grow.

② Audit Your Needs Perpetually

The first rule is to continuously audit your practice to identify your short and long term hiring needs. This can be done by commissioning an internal program or by partnering with a third party with deep market knowledge in the industry. Your audit should identify gaps in talent by functional, industry, or geographical capability. It should also bring insight into what clients want from outside professionals, what the competition is doing and trends in acquiring talent.

When completed properly, an audit will give your firm a solid understanding of the talent portfolio required to meet both client needs and firm growth objectives.

③ Define a Talent Acquisition Strategy

Once a talent auditing program is in place, firms need to define their talent acquisition strategy. In today's talent market, it can take twice as long to acquire the same talent as it did just two years ago.

Firms should align their talent acquisition strategy with their business strategy for the next three to five years. Determine what you want to keep in-house and what part of the implementation you want to give to a talent acquisition partner. At this point, it is productive to involve any external partners in the strategic planning process so they can internalize your business objectives and have greater success early in the execution phase.

④ Execute a Dedicated Implementation Program

Given that the market is very competitive, attracting people has become more of a strategic initiative for consulting firms. To effectively shift talent from competitors and industry, most consulting firms should consider putting a perpetual lateral hiring program in place that rivals their campus hiring program. Firms that have done so have been able to stay ahead of the curve and have been able to hire the talent they need.

⑤ **Stay Dedicated to the Passive Market**

The goal in sourcing is to identify everyone capable of doing the job, and 90% of the time those individuals are passive. With the advent of the internet and greater volumes of information easily accessible, clients are seeing mostly active candidates. To best tap the passive market, Magellan uses a three part sourcing program that leverages independent new research, referrals from industry executives who buy consulting services, and our own network.

When a sourcing strategy is combined with experience, persistence, and good relationships, the chances for success dramatically increase. Often this may also lead to attracting a group or doing a complete lift-out opportunity for our clients.

At Magellan, our mission is to constantly identify factors and trends like these for our clients. Our goal is to ensure our clients are aware of new market challenges and that we provide solutions to address their changing needs. We want our clients to be as successful in acquiring talent as they are in managing their own practices and firms.

Clark R. Beecher, a Managing Director with Magellan International, L.P., is a leader in the firms' Professional Services Practice in North America. He advises the world's leading consulting firms on hiring experienced talent to drive business and shareholder value. He can be reached at 713439-7488 or crb@milp.com. Additional information can be found on our website at www.milp.com.