



MODULE 2 Finding and Attracting a Great Recruiter

Mike: All right, Module 2. This module's going to be all about finding and attracting talent. If you have got a chance to glance at the action guide, you can kind of see the topics we are going to get into today. These are all kind of woven together. Last week, we talked a lot about vision and different roles people can play. That sets you up if you have kind of done any vision work on where you want your firm to be down the road. That is a huge part in selling. This is also going to link very heavily into the next module, Module 3, the interviewing process because the interview process is as much of a sales process as it is a qualification process.

So, all this work that you did in the last module and the work you are going to do for this module ties seamlessly into the next one. And that is why when I kind of mapped out all the things that a successful hire is, it is not just being able to get somebody in the door. And that is when we get into on-boarding, training and motivation systems. I have seen great people come in with very little direction, very little handholding, very little expectations and accountability structures. And that person would be wildly successful in a bunch of other firms and does not make it, and the owner thinks this person just did not get it. So, all these modules kind of link seamlessly one into the other, but I have broken them down by topic.

So for today, telling a story that can be attractive to new recruiter prospects. We kind of touched on this in the preview call a bit, and I am going to just touch on it briefly here, the myth of the reality of an ideal profile. And, again, there is no such thing as an ideal profile. There are ideal profiles for different types of offices, meaning someone that might be wildly successful in my office, may fail in one of yours and vice versa, based on how I teach, how the person learns. And that is part of what I want you to look back at when you start thinking about hiring is what are the type of people that worked out well for me and did not work out well for me? Are there certain types?

And we are going to get into profiles later in this call of people that, universally, not just in our firm, but in the recruiting industry, based on studies and things I have read, and people I have spoken with, profiles that have worked better than other profiles. And places where you can hunt for them, where they tend to come out of.

But, again, recruiters, for all the meetings I have gone through over the last 20 years, a land of misfit toys. If you really start probing into their backgrounds, the real successful ones have come from all walks of life. And on the flipside, the people that have not made it have come from the same exact places. It is more of the type of person they are, and we will get into some of those things, more likely next week on, "Interviewing."

Your story, past, present and future, a lot of times where I have seen people talk – we talked about vision last week, so I am not going to talk tremendously about vision this week – when people tell their story, they tend to focus on the past and the present. Here

is where we are; here is where we have been. That is very important. And I see a lot of people leave out incredibly important aspects of the past and present, as well as leaving in the future. So, when you look back at your past, here is some questions, write these down, have you won any awards for anything related to recruiting? It could be Industry Association, Recruiting Industry Association. If you are in a franchise organization, you can use your rankings.

One area you can look into to create your own award, if you have a local business journal. And especially, if you are in a smaller metro, like we are in Hartford. There is a Hartford Business Journal, and I found that they ranked recruiting firms. By the way, most of the business journals that are in cities have an annual ranking of local recruiting firms, and they can't find most of you. So, if you apply to get ranked, more than likely, you are going to be in the top 10, top 20, based on size, just knowing the small ones I saw in the Hartford market that qualified.

At the time when we were 13 or 14 recruiters, we ranked second in the Hartford marketplace. So, I ordered the plaque for 100 bucks, I throw that up on the wall. All our awards are on a wall in our waiting area, where people that are waiting to interview have to look at them. I always make people, by the way, wait for me, especially most people who are early. I make people wait for me to read the wall of things we have done, to help build credibility before the interview. It is also important to collect this information, and we are going to get into in a moment putting that in your advertising.

If you have any trade magazines related to the specialties that you work in, in technology, there is a magazine called The Purple Squirrel. And they were running a thing on fastest growing recruiting firms in the technology space. We applied for that, and we were the 11th fastest growing recruiting firm. And I am sure we weren't, but we were the 11th fastest recruiting firm that applied. But, we were able to say for years we were ranked by a national magazine as the 11th fastest growing recruiting firm in the technology space.

Huge selling point, and we actually got copies of magazines and put that in, we were talking about last week, building kind of a brag portfolio folder. And that was one of the things that went into it because I can say things all I want, but if I have got certifications or publications of someone else telling me that, it is a huge credibility builder.

Certifications. In a franchise organization, is there a certification that you have got as an owner, your people have? In NAPS [SP], there is certified levels of recruiters. Huge selling point. I would even stress, not so much in the advertising, but even in the process, what it takes and how you are going to back them up to get it. It gives not only your office, but the industry credibility.

Parts of your story are what adversity did you overcome? Did you struggle building the office? People love to identify with real people. And they do not need to know that you are perfect as an owner. As a matter of fact, if you can talk about things that you messed up early on in your development and what you did to correct it. It basically shows them you are real, and it makes it easier for them to paint themselves in a picture to the fact that they can be successful in the business.

So, put those down. Again, all of these are credibilities. Then, now you have taken all the work you did in the last module in “Vision,” and you layer that on top. So now, you have your past, your present and your future. There is your story. You have a big story for the interview. And then, obviously, you have to condense that into some bite-sized selling points, which could be even put in a bullet-sized format for advertising, whether you are using job boards or what we are going to get into later, part of your recruit presentation.

“What makes you different?” The easiest way to find this out is interview your people. Ask them two questions, and here is the two questions to ask them. Probably ask these questions on a job order for your clients. “Why did you join?” “Why do you stay?” “What is it about our culture?” You do not want to ask them do you have fun because they are not going to say no. But, “What are the aspects of this that make it different from other jobs you have had that you liked better?” is probably the better way to put it. “What are the most challenging parts of this?” “What are the things you look forward to?” So, put those questions down. Again, all this stuff, and I am going to read you quickly kind of my ad in a minute, how we kind of incorporated all this.

Next, use real earnings, if possible. Actually, there should not be any reason you should not be able to use real earnings. If you are part of a franchise, sometimes, they calculate that. I have used a number that is a little dated, it is old, but it is low. The number I use is \$98,315, is what an average tenured recruiter – and the definition of a tenured recruiter is someone with more than 12 months in the business. The actual number’s probably closer to \$125,000. So, I am well within integrity using that number, under-promising.

If you get the Fordyce letter, they usually have an annual earnings statement. If you do not get the Fordyce letter, there is just a ton of good stuff for just a couple hundred bucks a year in there. And they have all these surveys, they have different comp plans. They might even have some of the dated ones at the Fordyceletter.com because I think that resource posts all their articles that are more than two or three years old. So, if you go in there and you do a search on compensation, you might find a number, even if it is two or three years old. Again, the number last year was probably the highest, so you are using a number that you would be in integrity with.

Do not say \$95,000. If there is a number like \$98,315, use that number. This is an analogy I have used in other trainings that I do. Ivory Soap, 99.9 percent pure, if you remember that commercial from the late 80’s or early 90’s. In actuality, Ivory Soap is 100 percent pure. It is just that the number sounded too unbelievable, if that is a word. So, what I would challenge you to do is, even if you have five people in your office with experience, take their W2’s, average it out, and use that number, or use one of the sources I gave you.

On the next page, “Designing advertising that lures your future, million dollar producer,” first, you want to avoid this mistake, which is the poor message to market. In the preview call, I read you a couple boring ads. I am not going to waste your time again and read you bad ads. Basically, bad ads come from the perspective and the needs of the person advertising them. By that, I mean they tend to say things like, “We need sales experience; we are recruiting in this space; we want, we want, we want.” Very boring. We should know better, as recruiters, is people buy.

Or the other thing they are overloaded with is, “Make \$100,000 a year, six-figure opportunity.” Well, the job boards and the newspapers are loaded with six-figure opportunities. One, going back to what I just said, why you want to use a specific number. Two, get into the other aspects of it.

The other thing, a huge mistake I see people do in their advertising, they put their requirements in, three to five years’ sales experience. If they want recruiting experience, they put that in. When we all know, as recruiting firm owners, when we put in requirements, if we are posting a job for a client in the times that we do that that everybody under the sun applies anyway. “Do not apply if you do not have . . .” I had a recruiter that did this a few years ago and he would get frustrated, “Why do these people still apply?” Well, if you know they are going to apply anyway, take the requirements out. Let them, by reading your ad, kind of get a picture of what the job entails.

And, again, I will read a couple lines, and what I will do for all you guys, too, is I will post my ad later today, if not tomorrow morning, up on the member site and you can download it. You can modify it for your own office, but you can use the format. But, when you write an ad, what you want to do is keep in mind, write it from their perspective, not what your needs are.

Next, integrate your vision, which is what we talked about, the chunks of the module last week and your story. Paint a picture for them of what they are going to be doing in the future in their career. And part of this is also having a good headline, something that is going to grab their attention, not sales opportunity. One of the ones I like to do is build the next generation organization. People do not really know what that means, so it is intriguing, it is different. Come up with something, especially if it is niche-oriented, where you can do a play on words, something creative and niche-oriented.

The whole goal of a headline is not to get them to apply, it is to get them to read the rest of the ad. And whether you are in the newspaper or on a job board, the goal is to get them to read. And hopefully, then, the sales copy, which is what an ad is, the sales copy of your ad is compelling enough for them to apply. And then, you can weed out the Taco Bell third shift manager. You can weed out the truck driver, all the people that might not appeal to you. I would rather look at more quantity and quickly disseminate the ones out and try to get the better ones applying, just as a pure numbers game.

And as a quick pause, I am not going to read the whole ad. I am just going to couple the elements of the sales copy ours starts with. This has been highly effective. I have modified it a couple times, but I have used this for years. It draws well. We are in a second-tier market in Hartford, so we do not have the competition of a New York or a Chicago that might be a little tighter. But, again, all the things we are talking about are multiple strategies in a toolbox to attract people. You should be using all of them, not any one of them. The first one we are happening to be talking about is advertising.

So, our ad starts, “Build the companies building the Internet. Play an integral part in building some of the fastest, most forward thinking companies in the technology industry by recruiting outstanding talent for them. You will interface with executives, deploying leading edge technologies. You will become part of their growth strategy. We seek

bright, ambitious people to teach the craft of executive recruiting, who we have trained to be a talent scout for our clients. If you are looking for easy days in a quiet, low-key environment, please do not apply for this. With revenue exceeding \$500,000,000, MRI is the leader among executive search firms.

Our Glastonbury office, the Hudson Consulting Group, was rated the 11th fastest-growing IT search firm nationally. Our account professionals are fully trained through an acclaimed learning program, based on 39 years in the recruiting industry. Furthermore, you will learn the industry from the ground up in a mentored environment by individuals who ranked in the top two percent of our profession. You will be provided a defined career path that takes advantage of your strengths. Sales experience and degree preferred, however, no recruiting experience is necessary. Realistic first year earnings are \$50,000 to \$60,000. Established recruiters average \$98,315.”

Again, you do not have to write that down; I am going to put that up. But, I just wanted, before we went any further because a lot of the things I am talking about are collecting this kind of information. That incorporates the past, the present and the future. And it paints the whole thing. I wanted to use words to paint a picture of something that was intriguing and exciting. That is what we do. We are talent scouts. We interface with executives and we help them build their companies. If we build client relationships, we are part of their growth strategy, a lot sexier way than saying we get people jobs or we are matching.

When I asked people – one of the things we are going to get into next week as part of my interview process – what caused them to pick up the phone and call me or what caused them to forward their resume, they really liked the one I hear about the most, a mentored environment. People are looking for leadership and mentoring in their career. Be their leader, be their mentor. And number two, was that we used a real number. They said, “I could tell your number wasn’t pie in the sky when it was real.”

I always distinguish, and again, I am getting ahead of myself, in the interview process that that is what experienced recruiters make, but I have not distinguished, as you heard in that last sentence, \$50,000 to \$60,000 in our office is realistic first year earnings. Some do better, some do worse.

That kind of falls under what prospects are looking for in a recruiting career. Just to make it clear under that point, they are looking for mentoring, direction, leadership. We have even used in other ads, the word, “apprentice.” The word, “apprentice,” itself, connotes a very intricate relationship with the firm or the person they are going to go to work for. Our philosophy, just one thing that you guys should know, I do not like hiring experienced recruiters. I find undoing the habits a lot more difficult than just creating somebody from scratch because when you hire somebody and bring them on from scratch, you can basically say, “Here is the way it is.”

And hired experienced recruiters, I had one that worked out, but I have not hired a lot. Most of them do not. Even though they left the firm because they did not like it, what you will hear over and over again is, “That is not how we did it over at XYZ, that is not how we did it over at XYZ.” Yet, they weren’t happy there. So, what prospects are

looking for in a recruiting career, training, development, mentorship. You can hint at it in advertising, you can really nail it in the interview process, and that is a degree of certainty that they will be successful.

The next page, another tool when you want to start your journey, and when you start trying to attract people, you should launch all these tools basically like an arsenal, like launching the Army, the Navy, the Marines, the Air Force, all at once. And you are having an attack plan. You are not just running an ad. You are not just really working on your employee referrals and direct recruiting strategies. So, for referral programs, one, I would challenge you to find out what motivates the people in your office.

And I would not just ask them, “Well, I want to put together an employee referral program; what would motivate you to refer employees?” I would just say, “I am trying to put together some contests,” because the stuff that motivates them, you can use in a variety of different types of contests. We will get into this in the last module motivation areas. And then, you can pick out some of the ones that you can apply effectively that you can customize. I will give you some ideas in a minute, but you can pick out some of the ideas of things that will motivate them for an employee-based program.

Things that work that we have used, and/or that I know that peers of mine have used, one is a weekend getaway. Generally, you can budget that for about \$750.00 and they get that after the employee referral makes their first deal. So, it generally works out to be about three to four percent of the placement. Very cost effective. A lot of people won't give themselves to this. A lot of people do like cash. But, cash has no memory. If I give them a check for \$750.00, it gets deposited in their account, it is blended in with their credit card payment, their mortgage payment or whatever.

A weekend getaway will always be associated with the work they did to bring somebody into your firm. And it reinforces it for the next time, for the next referral. They talk about it in the office when they come back. The bleed off effect of doing something non-financial is a lot more effective than just writing a check for \$750.00.

But, if you want to write a check, there is ways that I have seen it done, where people have paid five percent of the first deal to the recruiter. I have seen it where it is done as a fixed dollar amount. When the person you refer makes their first placement, you will get a check for \$500.00, \$750.00 or a percentage. I have seen where they get paid on the first one. I have seen up to the first three placements, where they might get five percent of the first placement. They might get three percent of the next two. And again, think about it, if you get somebody that sticks, paying five percent of a couple deals is nothing. Do not be cheap here. Do not say they should want to do it, anyway.

Now, my program, the one I have used, I have used the bonus structure, I have used the weekend getaway. The one we use now is we run an incentive trip in our office. If you generate \$290,000 in cash in, not just billings, but the money actually comes in, we have an annual trip. It is a week for them and the person of their choosing in the Caribbean. That trip runs us, with airfare, about \$4,000. And that is for their personal production. What I have done is I have given out for employee referrals, for everyone that starts, they do not have to last, but anyone that starts, 10,000 points credit. So, if they bring somebody on, now they only need \$280,000 in cash in credit.

For whatever reason and I do not know what it is, I do not care because for us, that one worked the best, people go out to the local Chili's, they recruited – and by the way, Chili's is a great place to recruit, those national chains with their wait staff. Usually, a lot of them are part-time. They are there in college and they have gone through some professional customer service training. We have gotten some great people out of Chili's because these guys talked it up at lunch. And then, they would come back from lunch, arguing who really attracted that person. What I did in those situations to encourage them, since it really does not cost you anything, I gave them both 10,000 points credit.

Dirty little secret is that 10,000 points was never the difference in them making the trip, so, in effect, it cost me nothing. But, the perceived value to them – that is the key here – the perceived value to them was far greater because that annual trip is something that we kind of talk a lot about here. So, in a couple situations, I gave 10,000 to both because I wanted them at lunch, I wanted them being magnets for our firm.

As it relates to employee referrals, when I am getting into a hiring mode, I will have morning meetings and I will say, “Think about the last job you came out of.” Some of these people have come out of sales environments. “Who was really good? Who was frustrated?” And they will say, “Well, this person, but they are kind of lazy; I would not want to bring them in here.” And they kind of pre-screen for you, they kind of take pride in who they attract. But, you have to be assertive in putting it out there and helping them “refer a prospect.” By that, I mean, in your last employer, in the employer before, who's over there that is any good? Can you give them a call? Can you get them a meeting? Have a morning meeting around that.

I think half our office right now is employee referrals. At any given time, I think half our office was employee referrals. And the beauty – and I am singing to the choir here because you guys already know this – but, the beauty is, you already know their history before they come in. Do they all work out? Of course, they do not all work out. But, you have got a little bit of an edge because it avoids the professional interviewer because at least their performance was observed by someone in your office prior to them coming on to your firm.

All right, direct recruiting strategies in the recruiting industry, the story of the tailor's children have no clothes, we are hired to find and identify great talent and that is what we sell all day long. And for the most part, most of the owners that I have talked to, I do not know necessarily on this call, but we only post ads or we run ads. Or, we might do some degree of an employee referral program. Very few people that I know have a direct recruiting strategy, even though they know how to recruit better than anyone out there. If the process of posting ads worked well across the board, across the industries, there'd be no recruiting industry, or our fees would be \$1,000, \$2,000, \$3,000 to just avoid the pain and aggravation of sorting and screening.

But, the biggest frustration and again, this came from the survey that I think most of the people on this call filled out, “What are the two or three things that keep you up at night as recruiting firm owners?” 64 percent said finding and attracting and retaining great talent, yet, it is supposedly, our core competency. So, I am going to give you some ideas on where to look and how to approach people, things that we have done that have worked real well, things that I know that other people have done successfully.

So, a good direct recruiting strategy, one, just like anything else, create a search assignment. Do not get too much into the qualifications. That is the one area I want you to stay light on, especially with number of years' experience and things like that. We all know. How many times have we recruited a superstar for a client that was maybe three or four years out of school when, ideally, that profile required somebody with 10 or 11 years' experience. Stay light on the requirements. Be heavy on the duties, especially if you are going to give this assignment to somebody and heavy on the selling points, and I will give you some thing to look for.

Again, go back to that question I asked earlier for your advertising when you talk to your existing employees. And I would do this one on one, or actually, you can even do this if you want to do kind of a group focus group around a conference table, "Why did you join this firm? Why do you stay at this firm? The days you are excited, what gets you up in the morning? What are you excited to come and do and why?" And especially if you are going to have someone other than yourself conduct this search, and I recommend you do do that, you do not do this yourself, that they hear all this. So, not only do they know it a little bit, themselves, but they have heard it from other people.

One of the things I did just as a billing manager, if I had a company within three hours of here and we had multiple assignments, I brought my team that would recruit on it to sit with the management team. And I would take those searches in front of the management team because I wanted the people that were going to be executing on the search to feel the passion of the people that were giving me the search, instead of me just regurgitating what the requirements were. It makes a recruiter so much more effective in their approach.

So, in that search assignment, again, you are going to incorporate those things. You are going to incorporate your story on a much more expanded basis because now, the recruiter can tell it, but they will have those bullet points, they do not have to fumble and wing it. And you are going to incorporate your vision. That is kind of the presentation. I am not going to go into the exact process because you all know how to recruit. I do not have to train you on that. It is the same process except you are going to be light on qualifications and a lot heavier on listening for things that they say and how engaging they are, and a lot heavier on your story and what is appealing about it.

Unless you really want to do it, the one environment I do not suggest you recruit in is for existing recruiters. My experience is the ones that are going to be drawn to you are going to be the ones that are going to be the biggest headaches. There is always exceptions to that, so do not bombard me with e-mails about how I am wrong. But, my experience, when I talk to other owners, my own personal experience is people with existing experience being recruited, nine out of ten of them are a bigger headache than they are worth.

One of the things then, we were conducting that search, and I am going to get into this more, is I want you to train that recruiter. Are they engaging with the recruiter on the phone? How do they use words? Are they short? Do they probe? Is it playful back and forth? Because those are the talents we are looking for, kind of people on the fly. When we are conducting searches, how do they react? Do they pick up on cues?

And you probably want to train the person that you are going to have recruiting on this to look for those types of things that they might subconsciously pick up, but to at least make notes about, so if they get that person's background and that person does want to interview with you, that they are assessing for those types of things on the phone because on a recruit call, prospects are not in interview mode. In most industries, as you know as a recruiter, you start talking to somebody, they do not really go into interview mode. They are a different type of person than when they go on the first interview. And I want to take advantage of that because I want to try to find and identify the "real" type of person this is, versus who shows up for the interview.

So, some of the places that, historically, study-wise, have been proven in the recruiting industry to be very successful, and our own experience would mimic this, one is the retail industry, a very target rich environment. Not necessarily your Wal-Mart's, not necessarily your bigger places, but smaller boutiques. Generally, like in the dress shops in the malls, things like that, places that are maybe 1,000, 2,000 square feet, 3,000, 4,000 square feet. Generally, the assistant manager's making \$30,000, \$35,000 a year salary, no bonus, works every night, Saturday and Sunday and has Monday and Tuesday off. In my experience when I have interviewed these people, it is a 60, 70, 80-hour a week. The other great benefit of these people is a lot of them have had pretty good training on customer service, dealing, interfacing with people.

There is two ways you can go after these people. One, you can call them. It is a very easy name to get when you call in. And two, you can visit them. You can play the role of the customer. And without even telling them you are trying to recruit them, you can kind of even evaluate their skills of how engaging they are and things like that. I know a number of people that have done that because generally, in those small boutiques, most of the associates, the manager and assistant manager, they do not have a ton of employees. And you can just start engaging them in conversation, come up with a need of what you are trying to buy, see how they qualify you. Again, how do they use words? Do they paint pictures for you? Are they friendly? Do they play? Or, are they abrupt?

Another one is – this is going to sound a little bit cheesy – but, car dealerships. Same types of things, nights and weekends are the prime time for these people. If you have an environment that they can come in at 8:00, work till 5:00, 6:00, 7:00 at night, it is summer camp, compared to the environment that you have, even though they might have to make a sacrifice in earnings. Car dealers, and a lot of them are bad, let me say that, so I do not want you to think this is a panacea. But, you can go car shopping and find and identify the people.

Especially does somebody walk up to you because how many times have you gone to buy a car and there is three or four people hanging around a counter because they do not even want to deal with you. If you go during the middle of the week and if you make this kind of a lunch break thing, those dealerships are dead. I would not go on a weekend when they are active because generally, you are more likely to get pounced on.

I did bring on a person a few years ago. I did this kind of randomly, I was actually shopping for a car. I have had a number of conversations. Some of the people, I could not recruit, but I asked kind of one question – I do not tell them I am trying to recruit them – "I am an executive recruiter and I just want to ask you, if you could hand-carve

your ideal job, what would that look like?” “Well, the only thing, Mike, I do not really like about what I am doing now is the hours, the hours.” Retail and dealerships have the same problem. And some of these people have people much earlier stage in their career, not burnt out people that really do not want to be doing it. I want to find somebody, especially in a dealership, that is on an earlier part of their career.

Another good one especially now, brokerage banks and insurance. First, brokerage. These people, by the way, if they are in a brokerage firm, it is not hard to get their name because if they are licensed, their name is publicly available. And you can get it, I am not sure of the database, but if you look it up. And there is a term in brokerage called, “The trailing 12.” And it means how much commissions have they generated, fees, for themselves, have they generated in the last 12 months?

So, if somebody’s generated, for example, \$100,000 in fees, maybe they made \$30,000, \$40,000 bucks. It is not a lot. But, generally, those are newer stage financial advisors. I would suspect now that a newer stage financial advisor is probably a little panicked about his career choice. I would not want somebody with a trailing 12 of \$200,000, \$300,000, \$400,000. Those people are making \$100,000, \$200,000 a year. And you might say, “Well, Mike, they are probably burnt out.”

My experience, though, is with those people, once they get to that level of billings, most of their business has become referral-based and they tend not to work, if you can attract them, number one, which would be very hard because why would they walk away from a \$200,000 personal income stream if they are doing \$400,000, \$500,000 in fees for their firm? But, the early stage person really is in a mode where they are hitting the phone hard. Their call count is 300, 400 a day. Then, they have to set up an appointment. Guess when? At night, or on the weekends, to hopefully take and get you to put \$25,000 into a mutual fund or a couple equities they are brokering. So, to find the firms that have people within 10 or 20 miles of you, phenomenal target.

Banks, commercial lending departments. Commercial lenders, especially the newer ones, tend not to make a lot of money, and I would imagine that income stream is now at risk or a lot harder to get. It could be a good one. The same thing with insurance brokerage in local agencies.

When they are in the practice-building mode is probably the easiest and when they are ripest. And, again, the benefit is all these people have generally gotten phenomenal training in not only sales, but customer service, interfacing with people and things like that.

Restaurants and hotels, generally what I talked about last week, the role of a recruiting associate, that role, we have found a lot of waiters, waitress, most of them degreed, most of them either in a management training program. They are making decent money in tips, but when are they working? When are good tips? Thursday, Friday night, Saturday night, all day Saturday and all day Sunday.

And again, you kind of want to approach them, are they looking for more of a corporate type of job, especially if they went to school? They probably had this vision of working in an office building with fairly normal hours, fairly normal holidays. That is the other

thing with retail is we kind of wind down in recruiting, we give Christmas Eve off, day after Thanksgiving, things like that. That is when these people have to work.

So, huge selling point, know that that is what your market's objection's going to be to their current career and ask them, "Well, have you ever thought about using the skills you have developed in customer service and working with people in an environment where you are working normal work hours in a corporate environment, where we kind of keep the temperature around 71 degrees, we have got a full pot of coffee all day long. We will even put another one on if you like decaf." Paint the picture of something where they are not checking their schedule because a lot of these people, especially in retail and hospitality, their schedules are not predictable week to week. They change every week. Those are huge career wounds when we have done this process.

The next area to look is anyone who calls on you, and by that, I mean the copier rep, if you have got people calling on you to get a DSL line, office supplies. Their huge wound, especially if they are doing copiers, office supplies, everyone can sell Sharp, everyone can sell Canon. So, what are they trained to sell on? They have to differentiate themselves by the quality of service of their firm, which is exactly one of the ways we need to distinguish ourselves, as recruiters, in a market with other search firms in our niches.

So, I welcome those cold calls. I have our admin's program to bring them down. I do not try to recruit them right away. I let them sell me. I want to see, one, are they in a pitch mode – and I hate that word; that is why I use it intentionally here – where they are just going to come in and say, "We have got this year-end sale; we are pushing this four-color laser copier all in one," blah, blah, blah. Does he or she ask me any questions about what my needs are, what my firm is, what we do, how we do it, and then, try to integrate a solution? Those are the best ones, if you get those.

That is the bonus points. If they do all that stuff, it is a very attractive person. And then, I will tell them, "Well, being in sales, myself, I am always very respectful of people's time. I do not want to keep you here that long. We bought our office copier, integrated one, about a year ago. Is there any compelling reason you can give me to consider trading it out now?" Because let's face it, if someone can show me ROI in anything, I will consider it. So, that is a genuine statement.

Generally, though, they can't, and that is when I flip the meeting into something like, "Now, we are an executive search firm and let me ask you, I have no idea what your current situation is, but are you at all open about hearing about something that could be potentially stronger than your current assignment?" And again, they have no idea where you are going. And then, you just take it from there. "Well, as a search firm, one of the things we are in, I always have an eye out for great talent. I was real impressed with the way you did things and again, I have no idea what your timing is, but we are in a position either this week, this month or next month, where we are going to be expanding our firm and are you at all open to hearing about an opportunity in recruiting and what that might look like?"

Most will hear you out, and we have gotten a few people from that mode. I always want to know how they broke into the business. I love the ones that were given nothing. And

again, I am jumping into the next module a little bit. “Now, I know you have got some training on how this stuff works, but how did you learn?” And I like the person that tells me, “Well, you know, they only teach us so much, so one of the things I had to do, there is one of the techs here, he’s pretty friendly, I will buy him lunch once a week and I pick his brain, I will pick a product. This week, I am focused on the Sharp, blah, blah, blah, 3200.” That is demonstrated initiative.

Any areas, and I am going to take you through some next week, of how to find and identify these traits, so I do not want to get too much ahead of myself, but think of anyone that comes in and calls on you. It is a phenomenal opportunity to, one, have them demo their skills, and then, try to direct recruit them.

The next one is collect all these names, build a database, however you have to code it, however your database works, local candidates, recruiter prospects, whatever, so that no matter who’s in your firm – one of the things I had done in the past was if there was a right of passage for me to promote a recruiting associate to an account executive, he or she had to find their replacement. So, you give them the traditional search assignment. If you start them from scratch, there is no database, so they have to do their research and find and identify the names. But then, hopefully, just like in any search in any geographic area, they are going to build that database for the next person and the next person and the next person. And that database should grow over time.

What you want to make sure they do, just like in anything else, they put notes about what the person would want to see or hear about, they put notes about how the conversation went about what the recruiting career might be with any potential objections, what their compensation currently is, what their needs are. Again, just like any other recruit assignment.

All right, page 6, take a drink of water because this is the other thing where there is no magic, compensation plans. First, let me define compensation. It is not just commissions. Think about it, some of you offer 401K’s, there is paid time off, we have training that is part of the compensation, whether people realize it or not, any recognition programs, trips, benefits. And if you do not have benefits, with the compensation structure that I am proposing to you, if you buy into it, all this stuff, when you are able to structure the comp plan the way I do, basically, you are taking the money you might be paying at top end commissions to brand new people that allows you to fund these other areas, which have more value, perceived value than the money, itself.

The whole thing is you want a package to be attractive. And when you basically say, “We pay real high commissions, but we do not pay benefits,” all the person has really heard is they do not pay benefits. Why? How do I know that? Because I have interviewed people when I compete locally with other recruiting firms that pay higher commission rates than me. But, the fact that we offer benefits – now, I do not pay for it all, it is a shared basis, but the fact that we offer benefits has been a huge competitive advantage in my marketplace.

What motivates top employees? One of the things, I am going to read a couple of stats to you from a survey done, which was entitled, “New Employment Deals By Watson and Wyatt.” “What motivates top employees? Desire to maintain a good work reputation – 81 percent of the people.” They could pick multiple responses. “The importance of work

– 76 percent.” And what that means is being energized and excited about the business that they are in. “Appreciation, that their work is appreciated – 66 percent.” Get this one, “Expectation of financial reward? 15 percent.”

And all we do year after year, as owners of recruiting firms is emphasize the amount of money we pay out. And we de-emphasize in our attraction process all the other things. So, that is why I put up there recognition and appreciation in the section before as part of the compensation. And it costs so little. It took me a while to catch on to this, too. We just choose not to do it.

One of the big things I did was I surveyed my office a few years ago because I wanted to put together a contest, and basically the same type of things I challenged you guys to do earlier. Extra time off was a huge motivator. Now, if you give extra time off, the commission brackets do not change, so you might lose some hours work, but you do not lose any money, if that makes sense. That will generally make it up. Generally, extra time off in an environment like we are in, which is fairly intensive, people are doing it the way it needs to be done, is actually like money in the bank. You actually get a very strong on investment.

If they are a top employee and you are able to award an extra two days off or whatever you want to make that award for, they are generally checking their messages and their e-mail when they are out of the office. You do not have to tell people that are top performers to do that. It is in their blood. But, they do not have to be in the office, they do not have to be cranking it out. But, if there is preps, if there is debriefs, if there is deal closes and you give extra time off, my experience in the last 10 years that I have been doing stuff like this, it happens, they do not ask for coverage on it, even if they go away.

Now, non-monetary compensation, which is the next thing in the action guide, another study, another group, Steven Miller, slight pay increases, shift focus to non-monetary awards from – this study was done by SHRM [SP] – growing trend to offer, alternative to compensation that adds value to employees’ total compensation packages – this is what really appealed to me – at less cost to the company. Tuition reimbursement, employee training, flexible work arrangements, family-friendly work environment, other kinds of perks. And for us, one of the big perks is we have a casual work environment five days a week. We have no local business. The only people that come in are FedEx, UPS, the mailman, and the building maintenance guy. I instituted that. I never realized what the benefit of it was.

As just one example, I was joking around with a guy in the office and he was faxing something, faxing a resume. He goes, “I could not leave here. Just the fact that I do not have to wear a tie anymore is worth \$10,000 a year to me.” I said, “Oh, come on.” He goes, “No, seriously. I would need \$10,000 a year to compensate if I had to go back to an environment where I had to put on a suit and tie every day.” These are the little things that we tend to underestimate how much they might mean to our people.

The other one, non-compensation, where you get strong ROI, career development, seminars. You can send people to NAPS conference. Danny Cahill, the Fordyce Forum is phenomenal. I have been to that this year. Both owners and recruiters, it attracts. Peter

Lefkowitz, all these people have one and two-day seminars. Depending if you send them to a NAPS conference, you can either go to a state or the national. And the more experienced, obviously, am I going to send a rookie here with six month's experience, one placement? No. Once people start to catch on, I am going to put an extra emphasis on their development, for two reasons. One, it recharges their batteries. Two, it shows that I am reinvesting some of what they are making back into them. And actually, third, they actually kind of implement some of the things.

If I ever send someone to training, one of the things I tell them is when you come back, I want five things you are going to implement on your desk and why. Now, I have got an accountability structure for the training they went to. And if we all go to the same training, we run a series of four or five meetings, where everyone goes around the room, they talk about two or three of their top things. And now that I have got them all when I do my individual coaching with them, which I am going to get into in the last module of this course, I have things to follow up with, did this actually occur or is it occurring?

Flexible work hours. Once people begin producing here, and I tell this to people in the interview process, unless I have a morning meeting plan, I am less rigid on when they come and when they leave and how long their lunch is because my system is based on how many presentations, how many job orders, how many interviews you get. If you are hitting your numbers in those targets, I do not care when you come and go – to a degree. That type of environment pays dividends that you can't calculate because I can run an environment where I am mandatory, everyone is here at 8:30, mandatory, everyone.

Now, when they are new, yes, by the way. When they are new, first year, I have specific times. But once they are up and running and especially when they get to \$300,000 plus in production, unless I have a training meeting scheduled, I do not know when these people come and go, provided they hit whatever their individual weekly target is.

So, I know owners out there, they get real hung up on this, and I have gotten into arguments with them about this. And their average PDA is \$150,000, where mine might be \$350,000. And I run a real loose environment. You start tight and you loosen up. And what I tell people in the office is that I am very fairly unfair, meaning that I favor production. Production gets you trips, it gets you extra time off, it gets you flexibility. Non-production is more of a gulag. The beauty is you get to choose which pool you want to play in.

A huge one with us and this costs money, but it is not physical compensation, is a President's Club trip. And I was hinting at that earlier. At the \$290,000 level, we have a trip. It is generally Hawaii, Cancun, Puerto Rico, Sunday through Thursday, five star resort, most meals paid for, flight paid for, spouse paid for. Again, if you budget at \$4,000 to \$5,000 bucks, but if you think about it, what percentage of \$300,000 at \$290,000 and \$5,000, it is an extra payout. Getting into what I am going to get into in a moment, if you alter your comp plan with maybe future employees, you might not be able to alter your comp plan with your existing employees.

The other thing I do and parts of that to reward types of activities I want, if someone gets a retainer, I give them 3,000 bonus points. If somebody gets a fee, a lot of our fees are 25

percent, they get 1,000 bonus points for every point they got above 25 percent, provided they close, obviously, the deal, not just the signed fee agreement.

The next one, what I would love to see if I was a missionary in a shrouded monk suit, whatever they call it, is the death of the 50 percent comp bracket, especially with new people. The research I have done on this, and it hasn't been extensive, but I have done some, this goes back to somewhere in the 60's, the top commission rate was 50 percent. And it started at 30 percent of the first 3,000. 35 percent of the next 3,000. I think it graduated to 30 percent of the first 5,000, 35 percent of the next 5,000, boom, boom, boom, boom, all the way up to 50.

That comp plan, and it is still published, even in the Fordyce letter and different alterations of that, is still the industry norm. It is not ours. And I look at what is changed, what is our overhead now? In an office this year, you have got computers, you have got maintenance contracts, health insurance, 401K programs, job boards, hoover subscriptions, other subscriptions that are specific to your industry niches. Those subscriptions are not inexpensive, and they are great investments in your firm.

What was the overhead in the 60's and 70's? Three by five cards, steel desks. Most did not offer benefits back then, and benefits for a healthy person in their 30's, based on the research I was able to do, is \$10.00 to \$15.00 a month in the mid 70's to mid 80's. It did not even go up that much. And you could put a whole family on benefits for 150 bucks. And if you say well, inflation's, inflation is nowhere near what it costs, the two are not even related. I think health inflation has been two or three times the rate of normal inflation.

What you do, though, is you bring somebody on. When someone joins our firm, the top bracket is 35 percent, period. What I do, and I do not announce that it is not in their comp plan because I use it when I feel they are ready, and it is usually somewhere around a million to a million and a half dollars in career cash in, not annual, but in career cash in, I will create a 40 and a 45 percent bracket. I still do not have a 50 percent bracket. But, that 40 percent bracket does not kick in at \$20,000 or \$25,000 in cash in for the quarter. It kicks in at everything over \$50,000. Between \$50,000 and \$90,000 is 40 percent. Everything over \$90,000 in a quarter, not a year, in a quarter, is at 45 percent.

Now, what is that? That is two-fold. One, they are getting more money and two, they are getting recognition of performance. Once you start at 50, even if you do not buy into my argument that 50's too high, and that is fine – by the way, most people that thinks 50 isn't too high are former account executives that went into their own business. I dated a waitress in college for four years and she tipped like 50 percent. So, the empathy, I understand the empathy, but hear it, consider it, open your mind for a minute.

I have been able to have phenomenal retention and I have one of the lowest payouts. And I have all these other forms of compensation. I am huge into other people's training and investing in them. We had a 401K program, benefits, and I pay part of the family benefits and things like that, but you can see now, with a lower payout, I have more money to invest in other places on their behalf. And especially when people are joining, they do not know any better.

Now, if you have existing employees, and that is a whole ‘nother conversation, we will get a little bit into that maybe under motivation. You might have to have two tiers, a new person and an existing person tier if you buy into the argument. But, there is not enough time for me to get into that today.

A big question I get a lot, salary or draw? My question is, “What is the difference? A salary *is* a draw. A draw is a draw.” Now, our salary, we have two tiers, depending on the person, different payout structures, \$25,000 and \$30,000. Most people take the \$25,000 salary because the payouts are higher. Somebody billing \$100,000 will make \$6,000 more on a 25K base than they will on a 30K base. So, most people take the lower salary.

The analogy I use is – well, not the analogy – if you pay somebody \$2,000 a month draw for four months and they make no placements and quit or you fire them, how much do you get back? None, which is the same exact amount, the same exact amount you do not get back if you put them on salary. So, why not call it a salary, change the payout, and I will show you what I do on the first \$10,000 a month so that the payout is identical to what you were paying out before.

But when Johnny or Mary, they are 25, 26 years old, especially if you are hiring some younger people that are newer out of school and they go home and they say they found this great new, exciting job because you found them in this retail establishment where maybe they were making \$35,000 and they were going to have to go backwards to join your firm short term, and you tell them you are going to pay them \$1,000 or \$1,500 a month draw, mom and dad, aunt and uncle hear straight commission job. And they are thinking, oh, my God, we just invested \$200,000, \$250,000 in this person’s college career and they are working a straight commission job.

So, I challenge you, if you offer a draw, figure out a way to make a salary and change the payout structure so it is revenue neutral, this should cost you nothing. I am not saying offer salary because you are going to pay more. For example with us, the first \$10,000 cashed in in a month is paid out at 10 percent and then, everything over \$10,001 and higher is paid out at 35 percent, which basically allows us, if you do the math, \$2,000 a month, plus \$1,000, it is like them being paid out at the 30 percent rate on the first \$10,000 in a month. But the whole perception changes.

Basically, the term draw, and whenever I mentioned that, for me, I was never even comfortable with it. It was like pulling a lead ball with my ankle, once I dropped that, it became very liberating and I got into a lot less compensation discussions in the interview process.

Now, on that, a question I will get anticipating is what if they blank a month? The \$10,000 does roll over. So, for example, they make no placements in January, \$20,000 cash ins in February, they get paid 10 percent of the 20, 10 plus 10. Anything that comes in that month would be paid out at 35 percent. The only exception is anything that comes in their first three months, same plan, 10 percent of the first 10. But if they make a placement month two and money comes in month three, I do not build up the three months. The first 90 days do not roll over until the fourth month and by that, I mean, they

are not building up this \$10,000, \$20,000, \$30,000 at 10 percent. Each month stands on its own. Months four and beyond begin to accrue.

OK, marketing coordinator. Basically, the marketing coordinator and the recruiting coordinator comp plans are identical, but I just have them segregated because you can play with them in your own office and I thought I would give you some ideas. What I do with those is I pay people on the entire fee if they are a recruiting or marketing coordinator. I pay them a smaller percentage on the whole fee. So, I will pay five percent of the first \$30,000 in a quarter. They are on a \$25,000 salary, also. Five percent of the first \$30,000 cashed in in a quarter, 10 percent of the next \$15,000 cashed in in a quarter, and 15 percent on everything over 45 cashed in in a quarter, three calendar month.

Same for both people, pay them on the whole fee. You might say, well, what about the split? I used to pay them twice the percentages on half the fee, so you are thinking, OK, what is the difference? There is no difference. Except, again, perception and semantics. PC's would start to think and marketing coordinators, I could not believe that, if it wasn't for me, they would not have got that candidate, I worked the whole process, I did this. And I do not want to get into the argument of what percentage of the deal they did, so when I had to rebuild my office, I just changed the comp plans and I had the percentages that I paid on the whole deal. And guess what? Since then, no arguments.

So, hopefully, you are picking up something on this, basically in both modules, how semantics and words and how you choose to position things – this is key – how you choose to position things is sometimes 25 percent to half the battle, where nothing physically has to change. Your payouts do not have to change. You do not have to pay out more money, but just change how you position it. If you are hearing people bitching, moaning, whining, complaining about something, say, can I fix this in area where it will cost me very little or it won't cost me that much?

One of the things to be attractive, what I have done is created win-win compensation ideas that help me attract new recruiters, despite a low salary because 25's low. I even say to people in the interview process, you are not going to be attracted to this job because of its "high salary." There are people that have legitimately opened up to me that said, "Mike, with my car payment and my rent payment or my mortgage payment," whatever, they might need a little more cash. Well, I want to know if they are serious.

And so what I used to do was I either gave them a higher salary or I gave them a draw, in addition to the salary, a fully recoverable draw, in addition to the salary. And these people came on, and I would freakin' pull my hair out because they were so desperate financially, yet they would not execute. So, the way – again, look at the situation – the way I remedied it was I would say to somebody if they really need more than the \$25,000, I will offer \$200.00 to \$300.00 per pay period, and we pay people twice a month, per pay period, so up to \$400.00 to \$600.00 more a month to help them through their ramp up. I usually put a timeframe on it, 90 to 120 days. However, it is 100 percent contingent upon them hitting certain activity benchmarks. And I will give you what mine are.

One, the first week's free. Not the first pay period, but the first week's free because there is too much training, it is harder to measure, more of a pain in the butt to measure than it

is worth tracking. However, the second and the third week to get whatever number I have negotiated, they need both 15 hours connected and 70 live presentations in the week. And we covered the definition of a presentation in last week's Q&A call.

Fourth week and above, in addition to 15 hours and 70 presentations, they need to arrange one first time interview a week. Now, in our office that is based on an eight to one first time interview to placement ratio. So, if you have a really tight desk where it is two, three to one and very hard to find, you might say one interview every two weeks. Or if you have something a lot higher, you might say three interviews every two weeks, but you get the idea.

With somebody coming on in a PC role where they have no control over the interview because they are going to turn that over to you as a billing manager, or they are going to turn that over to an account executive, they have to be able to fully control their environment, so what I tell them is they need two, what I call interviewable candidates a week. And I will give you kind of a quick definition of that. In addition to the 15 hours connected and the 70 presentations, they need two interviewable candidates.

The definition of an interviewable candidate is imagine your account executive or you, as the billing manager, is the hiring manager and you go, "Tell me why I should present this person to my client. They have done a great job qualifying the person." You go, "This person's got a great background and I am going to try to get him interviewed." That is one.

I do not care how many resumes, how many data sheets they come up with every week, if you go, "No, this person isn't good enough because . . ." it does not count. But, they have the element of control because they are not dependent upon you setting up the interview. If you say it is good enough for you to present, it should be good enough that you think you can get them the interview. It puts the degree and the element of control back on the person, so that they are not frustrated and they can control their draw.

Now, I have had people come on and not hit any of these benchmarks. Generally, I have gotten rid of them anyway, but I did not have to pay extra draw with a person that was insincere. And I have had people whine and they say, "Well, I did not hit that number." You did not get the draw. I find it amazing that you could not survive without this extra money, yet you leave at 5:15 being 15 minutes short on your connect time calls.

So, in sum, again, kind of pouring, continuing off what we did last week, pouring the foundation, getting your story straight, putting in advertising, incorporating it into your recruit presentations, having some ideas on attractive compensation programs. And again, I pay out at a lower bracket. And when I have gone head to head with firms that pay out at a higher bracket, because of the way I bundle my comp plan, combined with the training we are going to do, the career opportunities, the roles they are going to play when they start here, the mentoring environment, the apprenticeship, the trips, the whole thing, that is why when I talked to you a few minutes on it, that is your whole compensation package. That is your story. That is what is going to make you attractive. Any one of these things on their own isn't. Bundled together in a strategic way makes you much more attractive to the person.

So, in the next module, we are going to talk about then, taking all of this to the next step and now, finally, your first person's applied and how to handle him or her and how to take them to the interview process. So, I appreciate your time today. This has been module 2, "Finding and Attracting a Great Recruiter." Send your questions to info@therecruiterU.com Module 2, question in the subject line. And I will talk to you on Thursday. Bye, guys!