

Recruiter fears free-for-all as rules ease

By John Cunniff

When a search firm finds a high-caliber executive for a client company, it agrees not to re-recruit that individual for a certain period of time, generally a minimum of two years.

That has been the standard for 36 years, part of the ethics code of the Association of Executive Search Consultants. In fact, the standard further limited the search firm from recruiting anyone from the client firm.

Not anymore. Under the new code, disclosure of a hands-off time period is optional, and it has raised more than eyebrows: blood pressures, for instance, among both members and clients.

One association member, Robert Heidrick, suggested that it could result in a free-for-all, with valuable executives being recruited away soon after arriving at the client company, which generally pays a hefty fee.

It may surprise search firm clients, said Heidrick, head of Heidrick Partners, “that despite today's renewed focus on business values and ethics, the executive search profession recently lowered its ethical standards.”

Outraged, Heidrick surveyed 100 corporate executives and found they felt pretty much the same way. Sixty-one percent thought hands-off period was especially important during these days of restructuring and re-engineering.

Reasons for changing the standard are undoubtedly complex, but those reasons were hard to come by. The association's executive director was said to be “unavailable.” So was the public relations adviser it recommended.

Other sources however, suggested that the association believes a rigid code is unenforceable and that it does not wish to pretend it is because it is a standard-setter but not a regulator.

But Heidrick, for one, is hardly in a mood to limit his criticism. “This is not the time to lower standards and begin a descent down the slippery slope to 'headhunter-ism,’” he said.

The term “headhunter” is anathema to most executive recruiters, who consider themselves the elite of the business, dealing as they often do with corporate chiefs, directors and others in the executive suite.

Since they often are privy to corporate secrets, they take pride in their reputations for discretion and discernment, qualities that are not easily won and that could be damaged by controversy.

But controversy is what they now have. In Heidrick's survey, 73 of the executives said “no” when asked if they agreed with the change in the ethics code, and 70 of them indicated that the change would hurt executive recruiters' reputations.

Asked if they would be more or less likely to hire a search firm that did not observe an off-limits period, 94 executives responded “less likely.” And responses to other questions confirmed their desire for off-limits periods.

That being so, Heidrick suggests that clients protect themselves with formal written agreements that spell out ethical standards of behavior that previously were assumed to be common practice.

Why should Heidrick or any other company observing strict ethical standards be so concerned that they seek

repeal of the new code? Wouldn't their own high standards make them stand out as the industry's elite?

No question about it, but at the same time they feel there would be a general erosion of the industry's reputation that would dull that eliteness and sort of package them all as headhunters.