



The Hunted Turn Hunters

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A decade ago Swarup Choudhury's career leap may have been seen as a step back. The VP of growth markets at IBM moved to search firm Amrop India in September last after 10 years with the hardware giant and 17 years with HSBC India, where he quit as head of merchant banking.

When Choudhury moved to Amrop, neither those in the search industry nor in corporate India took more than cursory notice. Yet, with his experience, Choudhury was a good fit: he knew the talent required at senior levels in both industries. Clients could trust him with knowing what they were looking for, while candidates would be comfortable interacting with a peer who would understand their aspirations and pressures. Most of all, Choudhury brought priceless corporate contacts to the job.

An increasing number of search firms are bringing top executives on board. In April, S Subburaj joined EMA Partners as a senior partner. He was earlier president — HR at Chemplast Sanmar. Deepak Jayaraman, an engagement manager at McKinsey, US, joined Egon Zehnder International as a consultant in March 2010.

Ten years ago, such career moves would have been dubbed 'suicidal'. Search firms — there were just placement firms in the mid- 90s — carried an image of a cottage industry. But now, they are acquiring a sophistication in their way of working and acceptance outside. In a new market paradigm, search firms whose bread-and-butter is looking for talent for their clients are themselves attracting senior industry professionals.

With India continuing its economic march, the war for talent has intensified, opening up exciting opportunities for search firms. "Search is one of the few fields where you work across sectors, at the highest level, with the smartest people," says Nitin Gupta, partner, Spencer Stuart India.

Over the past few years, several industry leaders have crossed over to search firms as partners. Apart from being monetarily rewarding, professionals

derive a deeper satisfaction. "The work involves building trusted relationships with people across organisations," says Jayaraman. "I moved because I felt I would enjoy doing that."

The industry, dominated by people who tenured within, too has come of age. Executive search has acquired an aura that usually surrounds premier consulting firms, and techniques meet scientific rigour. "We compete with consulting firms," says Arun Das Mahapatra, partner in charge — India, Heidrick & Struggles, a leading global search firm. "You'll find 20-30% of the senior professionals in top search firms in India from prestigious consulting firms, including the McKinseys," he says.

Today, Egon Zehnder International has Arjun Shrivastava, the former marketing director of flavoured beverages at PepsiCo Inc, US, and Amitabh Sharma, former COO of Active Private Equity, as partners.

Former MasterCard South Asia GM Nitin Gupta is among three C-level executives to join Spencer Stuart in the past two years. Korn Ferry India MD Deepak Gupta says he is looking to hire more partners, from top industry positions.

Partners typically provide the highest value in consultative recruiting. They invest the time to understand a client's business, its people, culture and staffing needs before beginning a search. Essentially, two kinds of professionals join search firms: strategy consultants, for whom both industries require similar skills — project and client management — and those with a corporate leadership background. For the latter, search assignments, which call for face-to-face interactions, provide opportunities to meet highfliers. However, while strategy consulting is often backed by clear facts and analyses, search often involves exercising judgment based on limited information, says Jayaraman of Egon Zehnder. Because it is an industry driven by relationships, trust and confidentiality, senior executives find executive search attractive. "The search profession is a lot more entrepreneurial, which makes it very exciting and provides the 'buzz'," he says.



Executive search can also be financially rewarding at the high end. A search firm bills clients based on the time spent — like a law firm. Typically, at the top end, hiring commissions can range between 30% and 35% of the annual salary of the position.

During the economic slowdown, headhunting firms had faced a decline in business of up to 50%, and salaries were frozen. However, in the past year, the situation has turned around. Movement within search firms is expected to pick up as both remuneration and job profiles become attractive.

Executive search firms are offering 30- 40% increase in fixed salaries to attract talent, says a Delhi-based head-hunter who does not wish to be named. While the firms are reluctant to share official salary figures, those within say a senior partner in a leading executive search firm can earn a fixed salary of Rs. 35-50 lakh a year and a variable pay of Rs. 75 lakh to Rs. 1 crore. "In the long term, rewards in the search industry more than match corporate remunerations," says Gupta of Spencer Stuart. "You create higher value as you grow old in the profession, and that can extend your professional life." While people retire from corporate careers in their 50s, the search industry lets them work longer.

Till a decade ago, though business for the Indian search industry wasn't this good. Other than MNCs, it had few takers — 85-90% of revenues came from global clients and MNCs. The refrain was: "Why do I need an outsider's help to fill a senior position in my company?" Indian corporates mainly relied on advertising-led selection for senior levels, and the space was dominated by ABC Consultants. "Those initial years, 10-12 years ago, of educating the market/industry about executive search and its advantages were tough," says Gupta of Korn Ferry.

The stirrings of the transformation were noticed well after the economy opened up and multinationals started setting up shop. **Early movers included Amrop, Egon Zehnder, Korn Ferry and Transearch.** Heidrick & Struggles entered in 1998. At that time, there was no such thing as 'executive search'. Instead, small placement agencies dotted the landscape, hawking their shortlist of potential candidates to clients. "It was all about database recruiting then and the profession didn't carry any credibility," recalls Atul Vohra, managing partner, Transearch India. The process was simple: Once the client accepted the

list, candidates were placed and the agencies got their fee. End of search.

Towards the early- and mid-2000s, the emergence of new industries and a war for talent led multinationals to demand a more scientific approach to top-rung hiring. Search firms began importing their knowledge base, global best practices and proprietary tools to their Indian subsidiaries. Firms that had been in India for a while began expanding to service the increasing number of international clients. There were also new entrants, such as Russell Reynolds and Spencer.

The rise of India Inc's aspirations and emergence of the Indian multinational too spurred the change. In family-owned businesses, a new generation at the helm changed their talent acquisition strategy. New industries and verticals, such as education, retail and private infrastructure opened up a whole new set of opportunities for the search industry. "The changed ecosystem threw up a different demand pattern," says Preety Kumar, managing partner, Amrop India.

The changed environment turned out to be a great opportunity for the search industry — it brought Indian clients in their radar and expanded the pie. "From MNC-led a decade back, the search industry has become an Indian MNC-led market in India," says K Sudarshan, managing partner of EMA International in India. Today, analysts estimate, 65-70% of the search industry's revenues come from Indian clients.

The demand for candidates for CXO role peaked around that time. In 2006-07, the number of mandates for top-level searches stood between 300 and 500, including the 30-plus marquee searches for clients such as Lehman Brothers and Walmart. That year, Egon Zehnder, the leader in executive search in India, closed 50- 60 CEO searches. Unlike the 1990s, when recruitment was proprietor-driven, interested in business, today, headhunters and search firms work with the idea of building long-term relationships with clients. "Clients treat us as advisors and not as vendors," says Mahapatra of Heidrick & Struggles.

Another transformation has been the way search is conducted. From a process that leveraged simple 'networking', search has evolved into a well calibrated science. "Today, the market differentiates between placement and search," says K Sudarshan, managing partner — India, EMA Partners, a UK-based search firm.



With the entry of MNCs, the informal network of accountants, consultants and legal firms was no longer the best way to source candidates. “The scale and complexity of executive search has vastly changed as clients today demand a thoroughness, quality and rigour in hiring,” says Vohra of Transearch.

International search firms brought in strict hiring parameters, hired people with domain knowledge and ability so they could engage with clients at a broader level. Specialised services such as board-level practices, succession planning and leadership consulting were added to search firms’ portfolio.

Most firms have their own tools for mapping skill sets. For instance, Korn Ferry uses the Korn/Ferry Advantage to assess the leadership characteristics of candidates. The firm developed this tool after over eight years of research into the characteristics of successful candidates in key positions worldwide to create benchmark success profiles for different sectors and roles. The database, with more than 1.5 million profiles, lists the leadership characteristics essential for a particular role in a given environment — like a new business unit being set up, or being able to take tough decisions. Clients are also asked to list the characteristics they feel are mandatory. These criteria are then used to search and assess candidates in any new mandate. “Executive search has become a strong combination of science and art,” says Gupta.

If this is how detailed the search process can be, planning for client meetings is equally meticulous. Amrop’s managing partner Preeti Kumar says she goes into every detail, even though it may not materialise in business. So, last month, when a \$2-billion Indian infrastructure company wanted a global search for a CEO, she spent a week thinking through the search process. Aiding her was a team of researchers and Amrop’s global delivery group. “We challenge the client’s mind,” says Kumar.

The rigour was not without reason, though. Kumar’s mandate could yield revenues of ₹1-1.5 crore. Besides, clients today expect headhunters to put together the next level of leadership, as the critical differentiator is the quality of people at the top. For instance, Sachar of Egon put together the top management team at Centurion Bank of Punjab; Stanton Chase managing director R Suresh played an important part in building the Vedanta team, while Kumar of Amrop helped SAB

Miller structure its leadership team early on.

Today, the search industry is not about hiring top talent alone, but about an incessant enquiry into the process. This is done through research at local knowledge centres. Heidrick & Struggles’ largest knowledge management centre, with over 200 people, is in Delhi. It provides database management, research and quality assurance services to the firm’s global offices. The centre provides an analysis of company and industry information and identifies potential sectors where candidates can be identified on a daily basis. Similarly, Egon Zehnder has a 40-member centre in Gurgaon.

Consultants and employees in the search industry are also routinely sent to premier Bschools, so knowledge is cutting edge and contemporary. At the end of the day, though, “clients buy our judgement and not database,” says Vohra of Transearch. All the world’s leading search firms are in India, including the five firms considered to be the Big Five — Heidrick & Struggles, Korn/Ferry, Egon Zehnder, Russell Reynolds and Spencer Stuart. Apart from these, there are several mid-sized firms with a global footprint and other boutique firms specialising in areas such as boards or sectors such as IT or banking.

The evolution of executive search practices in India is entering the final lap, with search firms looking at board practices — advising and helping clients to identify a director, searching for independent board members and hiring them — more seriously. Search teams are being groomed with this in mind, while firms have begun visiting B-school campuses for entry-level hires and researchers.

Perhaps the most dramatic icons of this transformation over the decade are search firms’ own offices. Back then, Egon Zehnder, Korn Ferry and Amrop India operated out of rented apartments or small business suites in five-star hotels. Typically, they started operations in India with just one or two partners.

Today, while the number of partners has swelled, so have researcher and consultant teams. Amrop has 5 partners, Korn Ferry has 9, Egon has 11, while Transearch has 13. Similarly, Heidrick & Struggles, which opened an office in New Delhi with just two consultants, has more than 10 consultants and offices in Delhi, Mumbai and Bangalore. The search firms’ swank offices in Gurgaon, of course, keep pace with the limits they challenge in business.