

RECRUITING FIRM TRANSFORMATION SYSTEM

90 Days to Transforming Your Business into
an ELITE Search Agency

Session 6: Pricing Strategy, Negotiations &
Moments Of Truths



Transcending Potential Worldwide

SESSION 1: INTRO



- Research on top agencies and 63 multi-million dollar producers worldwide
- 18%/50%/94%
- Understanding contingency search
- The history of contingency search
- Understanding shared risk search
- Reasons why you need to go to shared risk
- Reasons why your clients NEED YOU TO GO THERE
- Other transformations in the executive search industry:
 - Outsourcing
 - Business models of highly-effective executive search firms

SESSION 2: THE FOUNDATION OF A HEALTHY RECRUITING BUSINESS

- 10/1000 activities
- Zebra
- Synergies
- Value proposition to clients
- Value proposition to candidates
- Structure of day
- A day in the life of a recruiter: activity targets, results targets
- Metrics for marketing
- Metrics for recruiting
- Technology setup for marketing
- Technology setup for recruiting
- Touch plans for both client and candidate
- Metrics management system (RPM Dashboard)

SESSION 3: THE VALUE PROPOSITION OF SHARED RISK

- Explaining contingency search
- Explaining shared risk search
- The candidate experience
- The client experience
- Explaining why go \$ down
- The Magic Question
- Key: Finding the pain and maximizing it
- Objections and rebuttals of shared risk:
 - We have never done this before.
 - We have other recruiters on the search now.
 - Let me think about it/Let me run it up the ladder/Meeting with...



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SESSION 4

- Narrowing down your Zebra
- Understanding "Talent Management"
 - Peter Drucker: Knowledge Worker
 - Jack Welch: Straight from the Gut / The Bell Curve
 - Brad Smart: TopGrading
 - Geoff Smart: Who
- Transition to trusted advisor
- The process and transition to ROI call
- Role play the search assignment call
- Transition to the ROI call

SESSION 5

- The ROI call (Return on Investment for client) and transition to service agreement
- Types of service agreements: Exclusive/Shared Risk/Fully Retained
- What positions lead to which service
- Establishing value in the process used
- Client communications
- Setting expectations
- Targeted candidates
- Setting clear expectations for communications with clients
- Setting clear expectations with candidates on all aspects
- Matching
- The weekly update call and reports
- Setting clear expectations for delivery
- The Executive Summary
- The Comparative Analysis Spreadsheet
- The resume
- Re-qualifying the client
- Re-qualifying the candidates

SESSION 6

- Win-win service agreement negotiations
- Moments of truth situations/rebuttals
- Role play

SESSION 7

- Keys to success and putting it all together...
- Review:
 - 18/50/94
 - Shared Risk
 - Understanding talent management
 - Understanding why your client NEEDS shared risk
 - Taking an existing client up the value chain
 - It's all about process and perception
 - The Magic Question
 - Explaining contingency search
 - Explaining shared risk
 - The process of the ROI call
 - Selling the shared risk
 - The performance guarantee
 - Delivery



Important Concepts to Master from Session 5

THE ROI CALL.....

- Review Job Requirements
- Review Time to Fill – Work Backwards
- Review Hiring Process
- Review Pain they are experiencing (Maximizing it)
- Review Research Results
 - a. Salary Survey (www.salary.com) & Your ATS
 - b. Team to put on Search
 - c. Time Frame to Get Started
- Go Through Process of Filling the Search
- Give them the Options they have
- Give them the choice they need to make
- Give them your Value Proposition
- Give them the No – Brainer/Money Back Guarantee.....



Important Concepts to Master from Session 5

Critical Client Topics...

- Client Expectations
- Candidate Expectations
- Recruiting Expectations (Face to Face, Skype, Phone)
- Weekly Reporting
- The Weekly Update Call
- The Executive Summary
- The Comparative Analysis Spreadsheet
- The CV/Resume
- The Targeting Candidate and Delivery Expectations
- Candidate Delivery and Expectations
- The EPOEJO CALL(Phone or In Person)





CONSUMER PSYCHOLOGY

People Buy For Emotional Reasons....
But Justify it with LOGIC!-Use Both

EXPERIENCE =

USABILITY/ANALYTIC + DESIGN/CREATIVE

Left-Brain Functions

Analytic thought

Logic

Language

Science and
math

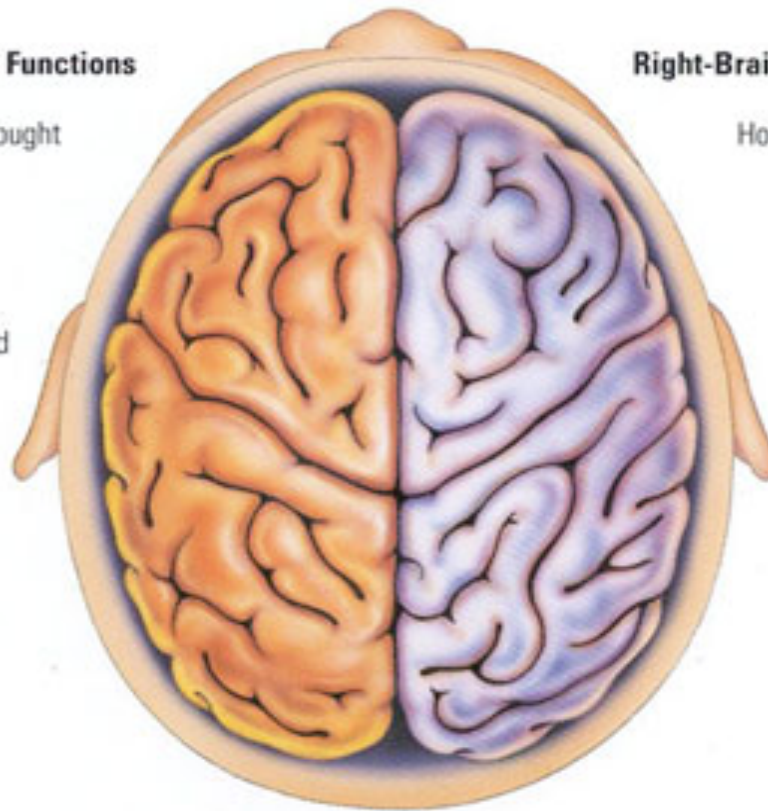
Right-Brain Functions

Holistic thought

Intuition

Creativity

Art and
music



Emotion Or Logic?



People Want What They Can't Have

- Remember your dating years?
- People want what they can't have
- People want what other people are fighting over!
- All people will want to use, do or buy something that will be more of a challenge to get
- The perceived difficulty of the challenge AND the perceived likelihood of success dictate how strong the pull will be
- Concept of SCARCITY-
 - HOW IT IS USED IN EVERY INTERNET MARKETING CAMPAIGN (only 20 units left, or “limited time only”.. etc)
- For Recruiting-You MUST create challenge and competition!!

We want what we can't have,
we crave those who hurt us
and we desire the touch of
those who reject us. Human
nature.

- Unknown

Authority!

- People are more convinced by someone in authority
- Use of a great title can help
- 3rd party testimonials of how you are an “expert” help
- Let them know how/why you are different than others
- Self proclaimed authority also works (done on internet all of the time)
- Create a great webpage showing this (even though you won’t get traffic)
- Tell them you are an expert on matching, or knowing when it’s right
- Expert on the job market
- Publish articles and refer people to them



Conviction

- All things equal, conviction will outsell non conviction
- The hidden message is that it's believable and right!
- Mehrebian study myth- but it still is key!
 - Communication broken down into Words, Tonality, Body language
 - Words 7%
 - Tonality 38%
 - Body language 55%
 - Misleading!!!!- ONLY deals with feelings and attitudes and not general communication
 - Congruency is the key here and in study!!!
 - Message must be congruent with tonality and body language
 - So don't take this to mean that you don't need great testimonials, or great script (selling plan). YOU MUST HAVE THESE!!
 - Words are FAR more important than 7% in selling!
- Sound excited and confident about an opportunity to a candidate
- Have more conviction over a candidate you are pitching to a JO-
 - If you are more convicted then competition then one step ahead
- Rookies have a tough time with conviction
 - “fake it till you make it” ALL TRUE
 - “being the expert



The Fear Of Loss/Pain Avoidance

Losing something or having something bad happen is **MORE** powerful than gaining something or having something good happen

- People are more motivated to **AVOID** pain than seek pleasure!
 - Work much harder to chase/catch a thief who stole a \$5 bill from your table than would earn \$5
 - What Kahlua and vanilla extract taught me.
- Terms you have heard:
 - “stir the wound”
 - “find the pain”
 - “tear off the scab” (scary profession 😊)
- All should focus on how they can get out of a bad situation or avoid a problem VS gaining something good or getting better service.



Scarcity again- People don't want to lose something!

- Limited supply, 10,000 Obama commemorative plates minted
- **ACT NOW!** IT won't be around for long
- This offer is only good today!
- I use it for mine! I make them real. I don't do a lot of seminars, etc.
- **Make your scarcity real. SOMETHING THEY LOSE IF THEY DON'T CHANGE THEIR MIND NOW**



Comparability-The Theory Of Relativity

- It's all relative
- Ask for more to get less
 - Sometimes you get more
- You don't ask you don't get
- Girl scout cookies





BEHAVIORAL ECONOMICS

Behavioral Economics



Consumers of anything always have the option to DO NOTHING!

- Make the cost less painful!
- Delayed payment
 - (Logic-time value of money makes it a better deal/Emotionally-all losses, even financial ones are unpleasant but the NOW IS MOST IMPORTANT)
- This short term sting removal is key
 - (PayPal credit)
 - Credit Card
 - Invoicing
 - 1/3, 1/3 1/3

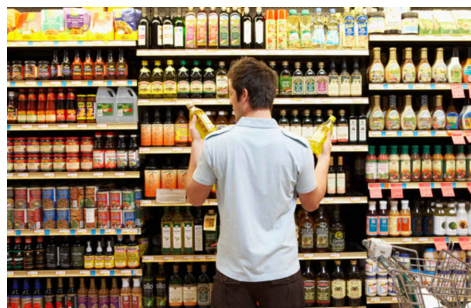
Behavioral Economics- The Power Of The Default Option

- Presenting one option as a default increases the chance it will be chosen.
- Defaults—They are what you get if you don't actively make a choice
 - These work by instilling a perception of ownership before any purchase takes place, because the pleasure we derive from gains is less intense than the pain from equivalent losses. When we're "given" something by default, it becomes more valued than it would have been otherwise—and we are more scared to part with it.
- Best when they are too indifferent, confused, or conflicted to consider their options.
- Key when client has too many choices—a default eliminates the need to make a decision.
- The default, though, must also be a good choice for most people



Behavioral Economics- Limit Choices

- Too Many choices overwhelm!
- When a default option isn't possible, marketers must be wary of generating "choice overload," which makes consumers less likely to purchase.
 - In a classic field experiment, some grocery store shoppers were offered the chance to taste a selection of 24 jams, while others were offered only 6. The greater variety drew more shoppers to sample the jams, but few made a purchase. By contrast, although fewer consumers stopped to taste the 6 jams on offer, sales from this group were more than five times higher.



Choices hurt:

- First, these choices make consumers work harder to find their preferred option, a potential barrier to purchase.
- Second, large assortments increase the likelihood that each choice will become imbued with a "negative halo"—a heightened awareness that every option requires you to forgo desirable features available in some other product.
- Reducing the number of options makes people likelier not only to reach a decision but also to feel more satisfied with their choice.

The Movie Popcorn Method



Smithsonian Magazine:

- Why do we pay so much for “air” at the movies??
- What else would we be willing to pay so much for?
- You can’t just raise prices in a vacuum. There needs to be a reason!

Behavioral Economics- Option Positioning

- Everything has a price: Each of us has a maximum price we'd be willing to pay.
 - Simply charging more can make the quality appear higher.
 - The power relative positioning explains why you benefit from offering a few clearly inferior options.
 - They won't sell, but they may increase sales of slightly better products that you want to move.
 - Similarly, many restaurants find that the second-most-expensive bottle of wine is very popular
 - so is the second-cheapest. Customers who buy the former feel they are getting something special but not going over the top. Those who buy the latter feel they are getting a bargain but not being cheap.



Behavioral Economics- Product Anchoring

- How to price Your popcorn/service we're willing to pay higher prices when they are "anchored" by an even higher price.
- Offer three options, from least expensive to premium, and most people will go for the middle one.
- Influenced by the fear of loss of savings than by actual savings.
- You can also make your "Premium" product a no brainer vs. the other options!

You can switch packages or cancel any time

Manage UNLIMITED projects Includes 100 GB for file storage	\$150/month
Manage up to 100 projects at once Includes 40 GB for file storage	\$100/month
Manage up to 40 projects at once Includes 15 GB for file storage	\$50/month
Manage up to 10 projects at once Includes 3 GB for file storage	\$20/month

Also included in every package: Unlimited users, SSL data encryption (the same as online banks), and daily backups of your data to prevent permanent data loss.

Get started today with a 45-day free trial

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Behavioral Economics- Product Anchoring-Movie Popcorn Study

- First test group offered a small popcorn for \$3 and a large popcorn for \$7
 - The majority chose to buy the small popcorn They said that \$7 was too expensive for a popcorn or the small was a better size for their appetite.
- Second group was offered 3 sizes. A Small for \$3, Medium for \$6.50 and Large for \$7.
 - A much larger bought the Large size! They said that It was only \$0.50 more to get the large!" They perceived so much value in the extra popcorn for only \$0.50.



Behavioral Economics- Product Anchoring-Which Do You Think People Buy?

BALTHAZAR - RESTAURANT -

HORS D'ŒUVRES

ONION SOUP GRATINÉE	13.00
MIXED FIELD GREENS <i>in a sherry vinaigrette</i>	12.00
BALTHAZAR SALAD <i>with haricots verts, asparagus, fennel, ricotta salata and truffle vinaigrette</i>	16.00
ESCARGOTS <i>in garlic butter</i>	15.00
ENGLISH PEA RISOTTO <i>with pancetta, mascarpone and pea tendrils</i>	18.00 / 27.00
BRANDADE DE MORUE CROQUETTES	13.00
SEAFOOD CEVICHE	18.00
STEAK TARTARE	18.00 / 26.00
FRISÉE AUX LARDONS <i>chicory salad with a warm bacon shallot vinaigrette and a soft poached egg</i>	18.00
HEIRLOOM TOMATO SALAD <i>with basil seeds, whipped feta cheese, arugula and lambrusco vinegar</i>	20.00
WARM GOAT CHEESE AND CARAMELIZED ONION TART	15.00
ROASTED BABY BEET SALAD <i>with endive, mâche, toasted hazelnuts and fourme d'Ambert</i>	18.00
HOMEMADE SWEET CORN AND RICOTTA AGNOLOTTI <i>with lobster, celeriac and chili oil</i>	19.00 / 28.00
CHICKEN LIVER AND FOIE GRAS MOUSSE <i>with red onion confit and grilled country bread</i>	17.00
GRILLED OCTOPUS <i>with charred eggplant purée, shaved fennel and shishito peppers</i>	20.00

LE BAR A HÙÎTRES



PLATEAUX DE FRUITS DE MER	
LE GRAND	LE BALTHAZAR
95.00	145.00

OYSTERS		SHELLFISH	
Wellfleet	half dozen 21.00	Little Neck Clams	15.00
West Coast	P/A	Half Crab Mayonnaise	23.00
Oysters du Jour	P/A	Half Lobster	P/A

Shrimp Cocktail 19.00

Behavioral Economics- Become A Luxury

PRICING LUXURY AS PERCEIVED BETTER QUALITY

- Most go for middle or best relative options-Some go just for luxury option on its own!
- Pricing well above your competition may actually win you clients. They believe you must be better!



Behavioral Economics- People Pay Attention To What You Call it

Don't Say Small-Medium-Large

Don't say standard fee, full fee, contingent fee, etc.





NEGOTIATIONS KEY THEMES

Hear & Listen



Hypothetical It Away



THE

Stay Calm!



It's A Game That MUST Be Played



- You can never cut to the chase!!
- It's the “under promise / overdeliver concept” —
- BUY GOOD WILL WITH THE GAME

Know Your Three Targets

- Always have your three targets in mind:
 - The ultimate/ideal (Full Retained Fee)
 - What you hope to close the deal at (Container)
 - The rock bottom (Contingent Exclusive)

- Always start at the IDEAL, even if you NEVER EVER GET IT

More Tips



- The harder you work and play this game, the more “goodwill” you have to barter with!
- “Goodwill” bartering makes this a win-win. They need to win something and by playing this hard and letting them win, you get something in return.

More Time Invested=Greater Outcome



SHUT UP!



Negotiation 101-More Tips



- Always have them throw out the first offer or budget
 - Where did they get this from?
- Always **REJECT** it and come back with your **MAX**

The Next Best Alternative?



THEIRS??

What did you learn from the job order (i.e. how long in the process, other competitors, etc)

OURS??

Have A Bad Cop



Stir That Wound!



Be Willing To Walk (Or The PERCEPTION You Will)



Negotiation Leverage

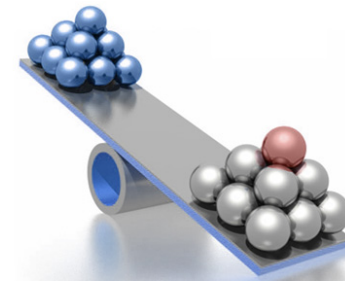
- Every time you “give in” (IE give something up/ lower your fee from original position, etc, you should get something in return)
- What can you get in return that can increase your odds of closing this deal?
- REMEMBER “EXPECTED VALUE”?...It’s all about the math!!!

Leverage.



What Can You Leverage?

- Future business
- Guaranteed number sendouts
- Guaranteed interview slots
- Guaranteed start/one call fill
- Employer in office interviews
- Exclusive
- Semi-exclusive (head start)
- Exclusive on NEXT deal
- Conversion fees
- Length of assignment
- Direct send outs (i.e. no resumes)
- Perm business if this is temp (Temp if this is perm)
- Payment/deal terms
- New contacts
- Live presentation assured with additional hiring manager



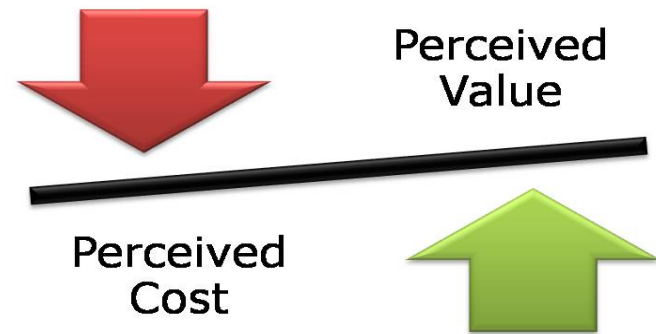
Other Ways To Discount

- Discount on NEXT order
- Discounts on VOLUME
- Annual rebates
- Apply difference to next deal



It's Rarely All About Price

- Why are you different?
- What is your elevator pitch?
- Do you have a great niche?
- Do you always sell testimonials/references that address price?
- Other points of difference?
 - Other key clients
 - Any awards?
 - Long term tenure?
 - Etc





MOMENTS OF TRUTH

Moments of Truth Conversations

1. How is your current methods working for you?

- How do you measure success?
- How many people are achieving their objective?
- Is this a position you can afford a mis-hire?

2. May I suggest an alternative method to give you better results?

3. Transition to ROI Call

4. Three ways we work

- **exclusive contingency**
- **fully retained**
- **Priority (shared risk)**



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