



Career Wise

By Jeanine Drahota
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Question: Why do contingency recruiters charge what they charge?

There are men and women working in the staffing marketplace who are actually willing to work before they are paid and sometimes they are not paid at all. They are contingency recruiters. They will work jobs without charging for their time because a hiring manager has agreed to pay them a fee if they are successful in their search. They will place their bets that somewhere through this process a sale will be made, a referral will be hired and a placement fee will be earned.

A contingency recruiter traditionally will have more failures than successes, but it's the successes and the exhilaration of those successes that keeps a contingency recruiter in the business.

The fee rate isn't all that complicated. Historically, contingency recruiters have charged from 15% to 35%. Over the past two years, there has been a trend for companies to ask their contingency recruiters to work for 20% or even 15%. However, the industry seems to be recovering its confidence as rates seem to be currently stabilizing around 25%.

Even if there is no hire and no resulting earned fee, contingency recruiters are still going to conduct the search, source and interview the prospects, deliver and move the candidates through a company's process and, if asked, do background checks and monitor additional testing. Sometimes, the contingency recruiter will put together a relocation, schedule drug testing, arrange for temporary housing or furniture storage. They'll act as the travel agent and book flights and rooms and arrange for car rental or taxi service. They'll do an in-depth study of the community, churches and schools and identify realtors. Often, they will do after-placement follow-ups.

All these things affect the investment the recruiter makes, and thus the fee.

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