
COUNTER OFFERS, RUTHLESS HEADHUNTERS, ESCALATING SALARIES, SIGN-ON FEES, AND BUMPER BONUS AND INCENTIVE PACKAGES: IF THE PAST 12 MONTHS ARE ANY INDICATION OF THE YEAR AHEAD, HOLD ON TIGHT, WRITES FINANCIAL RECRUITMENT GROUP'S (FRG) JUDITH BECK.

In 15 years as managing director of FRG and after placing hundreds of senior candidates, I must say I have never seen it as cutthroat as this year. There is a high level of competition out there to get the best candidate. It is most evident with financial planners, business development managers (BDM), practice development managers (PDM) and key account positions.

Counter offers are an everyday occurrence with companies fighting hard to keep their good staff. Sign-on fees are again being offered to lure the potential employee to the company to compensate for the bonus they may be leaving behind.

Headhunters are still pursuing candidates vigorously even after they have accepted other roles or have been in a role for less than 12 months. Companies are giving assignments out to multiple recruitment firms with the ill-conceived view that the more people looking the better chance they have in getting a candidate. Salary levels are increasing as companies are paying to get candidates over the line rather than taking an up and comer. A signed letter of offer doesn't mean you have secured your new employee.

Following are some of the key issues raised and the things companies and candidates can do to stop the madness and still get a good end result.

THE COUNTER OFFER

As an employer you don't want to lose a good employee, so your natural reaction is to try and stop the person from leaving. But what message does that send to the rest of your employees, not to mention it could put your salary ranges out of line with the rest of your team. The message you might be sending could be interpreted as 'I can threaten to resign and get an increase'.

Companies should remember the likelihood of that employee leaving within a year is very high,

so find out if your employees are happy before they resign. Look for early signs of dissatisfaction and address them quickly.

Ongoing communication with your employees is far more effective. Ensuring your team has a competitive salary with a structured bonus plan will prevent competitors from knocking you out of the water, resulting in the loss of your good employees. Bonus plans must be fair and clearly defined.

I can't tell you how many decisions to leave a company are made on what the candidate believes is an unfair and undefined bonus structure. I must also point out that the ones complaining are usually the high achievers who have exceeded their targets. The biggest complaint is when the bonus is earned and not paid when expected. The underachievers are happy with anything they get and don't have high expectations. Those are the ones you don't lose.

As the candidate, if you have been approached by a competitor and engage in a process with them, just be honest and let them know you are not looking and your current employer will try to keep you. Let them know up front that for you to move, the opportunity must be better than your current position. If you lead the prospective employer down the garden path without being up front with them and then accept a counter offer, you will damage your reputation. Never sign a letter of offer and then accept a counter offer. Make your decision before you sign.

DEALING WITH HEADHUNTERS

From a company's perspective, in this type of market it is more important now more than ever to work with one headhunter in an exclusive arrangement. At FRG we would never consider working in tandem with other companies because our reputation to attract good candidates is also



JUDITH BECK

important. How a headhunter behaves is very important in getting candidates to the table for discussions. The old saying 'quality is better than quantity' will always hold true.

Exclusive assignments will get a focused approach, proper research will be conducted and candidates will be approached professionally. Give it to three and they will all rush out to try to get anyone in the door. This is not the image you want to put across.

It still amazes me that companies will give an assignment to two or three companies at a time on a contingency basis and think they will get the best result. Why on earth would anyone consider it and expect to get quality?

What you will get is a lot of resumes of unassessed candidates who have been told half the facts to get them interested. You will end up interviewing a lot of 'maybes' who won't be the best the market has to offer. In addition, good candidates are being approached by those same two to three headhunters and won't even consider the role because they are worried about their confidentiality. When they ask questions about bonus structures and job specifics, the headhunter can't answer because they have only been given a position description with no formal brief. Your brand will also get tarnished by this unprofessional approach and you still pay the same fee as you would if you assigned the role to one firm on an exclusive basis.

You should also treat your relationship with the search firm as a partnership and make the process a priority as much as possible. Timing is very important in getting the best result. If you expect

“Communication, social interaction and support all cost nothing in dollar terms, but will save you thousands in the long run.”

candidates in this market to jump through hoops and interview with your whole team, think again. Three interviews are acceptable and psychometric testing if required. Anything over that will increase the risk of you losing the candidate to another competitor or having them lose interest altogether.

For distribution roles, a good search firm with a strong network and good reputation should be able to provide a short list within three weeks – one week to compile its research and develop a long list and two weeks to interview and form a short list. Once this is completed you should also be able to complete your interviewing within this time frame, taking into account conferences and interstate trips. The whole process shouldn't take more than six to eight weeks.

If the headhunter is having difficulty filling the role or candidates are getting to offer stage and then accepting something else, especially with BDM or PDM positions, then some of the reasons could include candidates' perception of the company, the salary or bonus structure may not be competitive and the company

procrastinating in the process. Don't shoot the messenger/headhunter if this happens, but instead sit down with them and come up with a solution and listen to their recommendations. It is not in their interest to continue with a difficult assignment in a buoyant market, so working with them will normally bring the result you need. No point giving the assignment out to another firm that will tell you how easy it will be just to have it approaching the exact same candidates all over again. It sends out a negative message for the company. Candidates who have heard about the role will start questioning why it is still in the market and what is wrong with it. Your brand will be tarnished.

From a candidate perspective, taking calls from headhunters is not a bad thing but you should qualify a few things first. My recommendation is you first ask them if they have an exclusive assignment. This will tell you if they have a full understanding of the role. They should also be able to provide you with a comprehensive position description. They may be restricted from telling you the name of the company if there

are sensitivities involved, but they should be able to provide you with an unbranded position description. If they don't have the role exclusively, you need to be careful because they may have just heard about the role and are trying to generate a good candidate to open a door with the client. Make sure the person you entrust your confidentiality and career with can be trusted. Ask questions of them as to where they are from, how long they have been with their company, their background and how they got your name. You wouldn't get your financial planning done by a novice so why would you entrust your career to one?

DOES A SIGNED OFFER MEAN IT'S SMOOTH SAILING?

It used to be that once a candidate signed a letter of offer, you could feel comfortable (and rightly so) that they would honour the contract. After all, if you pulled out of the contract, as the employer, imagine what litigation would arise. What happened to my word is my bond? In the past 12 months we have seen and heard of several cases where candidates have backed out of signed contracts just to take up better-perceived offers.

This is often the case where they have been entertaining two or three different opportunities at the same time, and accept something not

SENIOR FINANCIAL PLANNER REMUNERATION

LOCATION	Senior financial planner Bank				Senior financial planner Non-bank			
	2007	2006	2005	2004	2007	2006	2005	2004
	Average remuneration package of companies surveyed (\$)				Average remuneration package of companies surveyed (\$)			
SYDNEY	102,000	85,000	83,000	80,000	115,000	114,000	110,000	105,000
(Remuneration package range)	95-105,000	72-93,000	70-90,000	75-85,000	103-125,000	103-125,000	99-120,000	95-115,000
MELBOURNE	102,000	85,000	83,000	80,000	104,000	103,000	99,000	95,000
(Remuneration package range)	95-105,000	72-93,000	70-90,000	70-80,000	93-114,000	93-114,000	89-110,000	85-105,000
BRISBANE	102,000	85,000	83,000	80,000	98,000	95,000	91,000	87,000
(Remuneration package range)	95-105,000	72-93,000	70-90,000	60-70,000	87-108,000	81-104,000	78-100,000	75-95,000
ADELAIDE	102,000	85,000	83,000	80,000	98,000	98,000	94,000	90,000
(Remuneration package range)	95-105,000	72-93,000	70-90,000	60-70,000	87-108,000	87-108,000	84-104,000	80-100,000
CANBERRA	102,000	85,000	83,000	80,000	103,000	103,000	99,000	95,000
(Remuneration package range)	95-105,000	72-93,000	70-90,000	60-70,000	94-114,000	94-114,000	90-110,000	85-105,000
PERTH	102,000	85,000	83,000	80,000	104,000	104,000	100,000	97,000
(Remuneration package range)	95-105,000	72-93,000	70-90,000	70-80,000	94-114,000	94-114,000	90-110,000	85-105,000
Bonus range	30-100%				40-120%			

1. Regional financial planners may receive a car allowance in addition to their remuneration packages.
2. Bonus payments are in addition to the remuneration package stated above.

SOURCE: Financial Recruitment Group



knowing if the other one will come in. They tell the pursuing company they have accepted something else but because the pursuing company is desperate to get them over the line, they convince them it is okay to back out of the first offer and accept theirs instead.

We are constantly being told by candidates that they are being approached by companies when they are still in their probationary period. As always, there would have to be a very good reason to make an early move, such as being 'over sold' a role or a change in the company's circumstances. This is another reason to ensure the search firm you use understands the role and your business.

As a company, how can you minimise this happening to you? It's really not that hard if you ensure you keep the lines of communication open and ensure a proper induction to the company. Once the candidate signs your contract and resigns from their former employer, it is important the new company starts to bond with them. Immediately contact them to congratulate them and invite them to lunch or dinner to meet some of the team. Keep the lines of communication open and get them in the team colours as soon as possible. Once they start, regular communication is also very important. Often employers take it for granted that a new employee is settling in well. They feel because they are senior staff members, they don't need to hold their hand. It doesn't make any difference how senior they are, you still need to make sure they are settling in. Candidates are more likely to accept other roles during their first nine months of employment. This is the period of uncertainty and they may not have bonded entirely to the company. After this initial period, they are starting to make headway and want to see out the fruits of their labour. If they like the company, it is harder to entice them out. The next time period is after three years, when they may be looking for their next challenge.

You must ensure that during the first nine months your new employee is settling in. You hired a senior person and shouldn't be expected to hold their hand, but the little things are still important. Communication, social interaction and support all cost nothing in dollar terms, but will save you thousands in the long run.

"If you lead the prospective employer down the garden path without being up front with them and then accept a counter offer, you will damage your reputation."

SALARIES, BONUS STRUCTURES AND LONG-TERM INCENTIVES

This is the fifth year FRG has conducted an annual salary survey. The focus in past years has included a variety of roles, including technical, product and marketing. This year, the movement in those areas has been limited, so our focus has been on pure distribution where the activity has increased substantially. No doubt there will be a flow-on effect in other areas of a business as a result of increased sales within distribution.

The salary levels for pure sales-related roles and financial planners have increased as you will note from our survey, however, the real area of focus has been the short-term and long-term incentives. What is effective and what isn't? Our findings show the majority of effective bonus structures are clearly defined and the highest percentage is for individual performance, followed by a percentage for state and company performance. There may also be a component for team participation and contribution. The average is 50 per cent of salary on target with the ability to achieve over 100 per cent of salary uncapped in some cases. The least popular are discretionary bonuses and, therefore, those companies are the easiest to headhunt from and the hardest to headhunt for. Top performing candidates want to know what their budgets are and what they will get for meeting and exceeding their targets.

Competitive companies have commercial salary

packages with well-defined bonus structures. There have also been some creative internal competitions developed this year to encourage high performance and to recognise achievement. In addition, at certain levels long-term incentives will go a long way in ensuring employees think twice before making a move. But make sure they are the ones you want to keep.

Non-salaried financial planners are motivated by equity plans or profit-sharing arrangements. As the principal, you may say "why should I give part of my business away when I have put all the hard work in getting it up and running?" That is a fair enough assumption, but you should then ask yourself why should someone leave one company and come to work for you. The answer is simple, there has to be a carrot. Find out what the carrot is and sell it to them. It could be equity, a great bonus structure, a great culture, profit share or a combination. The end result is they want to build a business within a business and have something to show for it at the end of the day. Most don't want to set up their own businesses or have the means to and want to be a part of a team environment. If you can provide them with the right incentives and culture, others won't be able to move them. □

Judith Beck is managing director of Financial Recruitment Group.

BONUS STRUCTURES & LONG-TERM INCENTIVES

Bonus structures are a percentage of the base salary

- The majority of companies surveyed paid an average bonus of 50% this year – there were several cases of high performers earning in excess of 100% of their base.
- Long-term incentives were offered within most companies at state level upwards, which included options and shares that vest over a three-year period.

NB: As with the last two years there has been an increased trend towards uncapped bonuses.

SOURCE: Financial Recruitment Group