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Search Firms or Not! What Can They Do For You?

FINDING TOP-LEVEL TALENT FOR THE PRIVATE CLUBS SOMETIMES CAN BE DIFFICULT HOWEVER, SEARCH FIRMS CAN HELP GENERATE A TALENT POOL TO FIND PRIVATE CLUBS LEADERS.

There's a general consensus that search firms today can do what private clubs generally cannot do very effectively, and that is search out top-level management personnel such as general managers, chief operating officers and chief executive officers for positions with private clubs.

Search firms are attuned to the market, know where to find the best candidates for the best opportunities and can help clubs fill vacancies generally much more quickly than a club's search committee can do, mainly because

They are not aware of the service. They are not aware of the benefits versus the costs-they do not see/know the value. They perceive that they have the time to do it themselves. They do not want to spend the money. They do not trust headhunters or consultants-some do lack ethics and integrity. They do not think that a firm will provide enough service to them-they perceive the firm is too busy. They sometimes do think that some firms will place their friends or pet candidates.

~ *Scott McNett, GSI Executive Search*

of the access to candidates, knowledge of whom might be available for particular positions, and the fact they have the resources needed to undertake a comprehensive search.

Search firms can save an average club hundreds of hours that might be required to undertake a thorough search, plus clubs usually can take advantage of a 'guarantee' that the candidate they hire, will ultimately work out in the final analysis.

"The recruiter's process results in no surprises for the client and candidate," says Scott McNett, a principal with the St. Louis, Mi based, *GSI Executive Search, Inc.*

"The club client accepts final responsibility for the hiring of a candidate. We as the search firm provide the candidates and all the information possible to make that hiring decision. We may make a recommendation to hire one candidate over another and clubs sometimes elect to go a different way. It is their (the club's) decision. In the end, however, we stand by our guarantee on every hire the club decides to make," stated McNett.

It's not all peaches and cream when searching for that elusive GM who can take your club to the top of your sphere. Phony resumes, fake references and make believe stories don't only happen in the corporate business world; it's also been know to happen in the private club world.

"We've earned a reputation for attention to detail," outlined Harvey Weiner, principal with *Search America*.

"That, in itself often serves as a self-screener/qualifier: If there's a cloud in your background we are likely to find it. With the industry's most comprehensive database and a worldwide network of trusted, discreet friends-of-the-firm, we minimize unpleasant surprises.

"Having said that, we were disappointed by a particular candidate, whom we had presented to a client as one of several for preliminary consideration. The client board,

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without further consultation, rushed into interviews and unanimously selected him as their general manager/COO. He accepted and gave notice to his current employer," Weiner remarked.

"We conducted background checks and discovered falsification of a college degree, a felony, a bankruptcy and other fabrications. This was one bad dude and a very adept liar. The candidate, when confronted with our facts, withdrew his acceptance. His current employer apparently neglected to check his background when they hired him a decade earlier, and refused to let him withdraw his resignation.

"Handling all of the details: communication, reference checks, interviewing, etc. are often too time consuming for a busy manager. Managers today do not have the time it takes to conduct a comprehensive search because of their day-to-day responsibilities.

A club search without a firm can take four to six months. A search firm can fill a position within six to eight weeks and many of us guarantee our candidates. We guarantee ours for one year.

"Because we are also operations consultants, our network reach is wide and deep. We have found that we are only about two degrees of separation from just about anyone and are able to call on friends and colleagues to get more information," Reid explained. "Additionally, we use behavioral

Some clubs believe they can save money by conducting the search process themselves but often the result does not produce the variety and caliber of candidates that a search firm can source for the club. Additionally, some clubs believe they have a strong "in house" candidate and they don't need to evaluate other prospective managers. Our view is that any "in house" candidate should be taken through the same process that all of the potential managers will experience and they may or may not be selected after a fair and impartial evaluation. That type of process is the best insurance policy that a club board can have to insure that they have fulfilled their obligation to the membership to hire the very best general manager.

~ Dick Kopplin, Kopplin and Kuebler

"His wife, apparently oblivious to his deceitful history, has since dumped him and he has not worked in the club industry since.

"Here's the lesson: Don't lie to us. We will catch you. If you're going to fabricate your qualifications don't even call us," he cautioned.

Yes, while search firms and clubs may proceed with all due diligence, there are other considerations. Search firms and private clubs need to know the candidates are 'whom they appear to be.' How does a search firm dig out and validate this information?

"Search firms know the 'best of the best', can quickly filter through candidates, are not emotionally involved, and are professional interviewers; able to garner information that managers and board members cannot," outlined Whitney Reid, principal with *Reid Consulting Services*.

style interviewing, which often helps to get a well-rounded view of the candidate."

In general, these firms also spend a considerable amount of time talking and working with top candidates, and speaking to references and others who may have worked with the candidates.

"We do our best to ensure we know whom we are presenting and give a well-balanced view to the club. The most important thing to remember is that if someone appears too good to be true, they probably are. So we search out all sides of the person because we believe in finding the perfect fit – for the candidate, the club, the members, and the management team.

"We now ask different and more in-depth questions to be sure we are getting what the person appears to be and insist our opinion is acknowledged in writing if we feel someone is not the right fit for them. Even with all of this, we carry lia-

I think many clubs have a difficult time quantifying the value of using a search firm because of the large sum of money invested. Board directors are often very successful business people in their field and feel that they can conduct the search themselves. Unfortunately, because they lack the nuances of managing the club operations, and the network we have for information and access to candidates, they are often left with a person who interviews well, but cannot necessarily do the job. A bad hire is not only costly in terms of the board's time but also mismanagement of the person can be extremely costly to the club in the long run.

~ Whitney Reid, Reid Consulting Services, Inc.

bility and errors and omissions insurance policies but have never needed it," Reid commented.

Dick Kopplin and Kurt Kuebler, partners in *Kopplin and Kuebler, LLC* generally visit about 200 private clubs a year, "and we're always evaluating clubs and the management as we view their daily operations," explained Kopplin.

"This allows us to focus on the candidates who in fact are 'doing what they tell us they do.' We can be much more effective than a search committee in conducting this due diligence since club general managers will typically welcome our visits to their properties."

Background checks and fiduciary responsibilities are two of the most significant factors search firms must consider, and of course, information that must be passed along to the client club.

"We use an outside professional company to verify education degrees, run credit reports, driving records, court records and the sexual offender registry," explained GSI's McNett. "We confirm and contact references, but also go 'off the list' to check other references, and look closely at involvement with CMAA and other professional association for education and professional certification."

Whitney Reid says her firm "verifies employment and education because there have been instances of exaggeration on resumes...contact previous employers and try to talk with board members if we can. References are always confirmed and contacted and sometimes do a reference check on a person's reference to ensure they are on the up and up."

Background checking and referencing is an essential part of the work for Kopplin and his firm works exclusively with Kevin Peters of K.R. Peters Security, Washington, DC. A club manager early in his career, Peters also served for 20 years as a U.S. Treasury




Department special agent conducting special investigations. "He interviews all the references and presents a thorough written evaluation including criminal background check," Kopplin added.

Considering a club's fiduciary responsibilities requires great care and consideration from search firms, but do search firms in fact provide that expectation of 'fiscal safety' clubs are seeking?

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Clubs traditionally expect the search firm to understand financial requirements based upon position and facility, background and experience, as well as, expectations. Fiscal responsibility rests with the objective and collaborative process of matching of each candidate. I would say internal placements are typically done for two primary reasons. The first being, most clubs are caught off guard in having to fill a mid to upper management level position and bringing in a recruiter to do the placement is not in the budget. Secondly, depending on the position needing to be filled senior management, boards and/or committees feel they are qualified to serve as the recruiting expert(s) and cannot justify hiring a professional to do a task they feel capable of fulfilling.

~ Donna Coyne, CEO/Placement Specialist

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“One of the most important qualities that club search committees are seeking in a general manager is strong financial skills. More than ever before the ability to manage a business and the corresponding budget process is an absolute fundamental to a candidate's success. We take considerable time discussing the financial acumen of each candidate and will often ask them to review the current financial statement of the client club and comment on what they have observed,” Kopplin stated.

However, Whitney Reid added, “there is no guarantee of ‘fiscal safety’ necessarily because one cannot guarantee what challenges a club will face at any given time. We have seen clubs, by their own policies and procedures create a difficult financial situation that even the best manager cannot overcome.”

Typically search firm fees will range from a retained flat fee basis, with the various expenses added to professional fees; to a cost of \$30,000 to \$40,000 for a general manager search, including candidate travel costs; to a fee of 15 to 18 percent of base salaries for mid-management positions, upwards of 25 to 30 percent of base salaries for top level positions.

So if all these factors seem to make it a good deal for a private club, why don't more of them use companies like these in their search for their executives?

PUBLISHER'S FINAL THOUGHTS...

I'm not sure why a club would want to do its own search for a GM/chief operating officer as opposed to hiring a search firm that understands the private club culture.

Maybe it's just the \$\$\$\$\$, or could it be that particular

The investment in a professional search for the club's senior manager can return immense value to the club's members. The return on investment, in the better private clubs, is often measured in terms of member satisfaction and not just dollars. The club's board must ask itself, before embarking on the employment of a new manager, ‘By what criteria will we determine that we made the right selection?’ Those of us in my firm thrive on the excitement and challenge of executive search on behalf of the boards of private clubs. We rejoice in the opportunity to discover new talent and detect unique skills in people who may not have even recognized that particular quality in themselves.

~ Harvey Weiner, Search America

board members want a certain kind of GM/COO with beliefs aligned to their thinking.

What I do know is this:

- Hiring a search firm can alleviate some of the liabilities a board may have when hiring a new general manager.

- Search firms have a comprehensive knowledge and understanding of the private club industry

- There's a confidential treatment of information

- The search firm should take time to understand your club's needs (culture,

specific issues your club is having, such as the need for more members, keeping the ones you have, member usage, golf course issues, whether or not your club is for profit or non-profit club, food and beverage issue and so on.)

- When considering a search firm, clearly communicate your hiring needs to the search firms

- The firm also should provide a detailed progress on the search

- Ensure their program includes extensive background checks, written reports of each candidate profiles and assessments, and

- I believe the candidates should have industry training and certification.

Lastly, in my opinion, a board should never reject an application for employment from a GM that has moved from club to club every couple of years. Many of these general managers are well qualified.

The difficulty arises with changing private club boards. Every three years there's a good possibility in many clubs of a 100 percent board change because of revolving board members' terms.

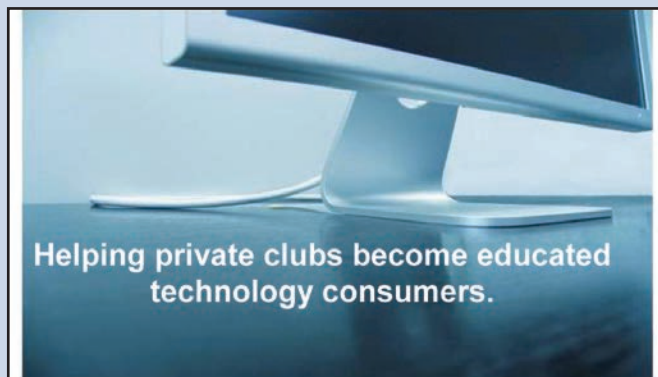
I have seen great GMs fired because the new board members didn't like them, or the new board has a different agenda, or the club is going through a completely different situation than three years earlier.

The key is finding a general manager who can remove the club's 'pain', solve the problems and be a leader in executing the club's mission and vision established through a club's strategic plan. A search firm can definitely help your club find that general manager.

At least that's the way I see it! **BR**

John G. Fornaro, publisher

If you have comments on this article or suggestions for other topics, please contact John Fornaro at (949) 376-8889 or via email: johnf@apcd.com



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