Evaluating Executive Search Firms

When evaluating executive search firms, it is critical that the Board understands what to look for and scrutinizes several key areas that will be critical in the decision-making process that will ultimately lead to the success of the search. All firms are not created equal and the differences go far beyond cost. The experience, references, scope of the services and the firm’s stake in your cooperative’s success are critical. The selection of a Chief Executive Officer or General Manager is the most critical decision that a Board may have to make. The decision will impact your system’s operations, reputation and financial viability of the cooperative for years to come. The wrong decision will cost the system far more than the investment in the search and selection process. The true cost can be far reaching and may potentially include the Board’s credibility and tenure as trustees.

Initial points to consider when selecting an Executive Search firm

- Work with established search firms with a good reputation. Check references from other cooperatives and job seekers.
- Choose search firms that have a passion for finding the best candidates possible.
- Select a firm based on their knowledge of your organization's unique issues, mission and industry.
- The selected firm should facilitate a proven process where the Board is positioned to make the most educated decision possible.
- The consultant should facilitate a transparent, confidential, objective process where the Board makes the final decisions, not the consultant.

It is the Board’s fiduciary responsibility to know who they are dealing with. To perform their “Duty of Care” and to ensure that they meet the obligations of the business judgment rule, the Board should exercise sufficient effort to avoid and manage the risk associated with the hiring of a new CEO. As you review the qualifications of potential Executive Search Firms, keep these items in mind and research the following important areas and ask questions:

Firm Experience and Structure

- How long have they been doing searches with electric cooperatives?
- How many searches have they facilitated in the industry and for the CEO position?
- What type of recent references from both cooperatives and job seekers are provided?
- What type and size of candidate databases do they utilize? How fresh is the data?
- How comprehensive are their networks within the industry?
• What is the ownership structure?
• What or who stands behind the consultant?
• Is there a team of consultants with support and research staff available?
• Does the firm have a business continuity plan? Is there a structure in place that provides long-term continued support?
• If the lead consultant is no longer available, what is the backup plan or support structure?
• What type of “guarantees are provided?
• What structure is in place that guarantees that the guarantees can or will be met?
• Is the firm structured to provide support beyond the search?
• Does the firm have a “vested” interest in the success of the search beyond the fee?

Industry Knowledge, Involvement, Resources, Relationships and Understanding

• Are they part of and intimately involved with the utility industry?
• Do they attend electric cooperative meetings, participate and build relationships that are critical to acquire industry knowledge, expand networks, and build trust and relationships to ensure that they have the best database of qualified candidates?
• What level of relationship and involvement do they have with the primary stakeholders, key organizations and individuals such National Trade Organizations, REC Financial Partners, Statewide Associations and Generation & Transmission systems?
• What level of relationships does the firm have with the key influential industry professionals across the country?
• What level of access does the firm have to information specific to your cooperative?
• What research and support capabilities do they possess to create and then communicate the various critical statistical data points and current issues specific to your system?

Value, Scope of Services Offered

• How detailed are the processes utilized and what steps are involved?
• Are the individual Board members provided tools to evaluate the skill sets, characteristics and experience requirements?
• Is the Board provided compensation and benefit data and analysis?
• Does the Board select which candidates they will interview from a short list developed from their detailed and agreed to parameters?
• What guarantees are included in the search?
• Are the interviews facilitated professionally and fairly?
• How are negotiations handled?
• Are there services provided or available beyond the search process?
• What technologies are utilized?
• Does the firm utilize valid and reliable assessment for greater candidate insight?
• How widespread and wide reaching are the advertising and communication capabilities?
• Does the firm’s website provide instantaneous notification of openings to hundreds of qualified candidates?
• Can the firm electronically communicate your opening to thousands of cooperative leaders all at once?
• What reference and background (criminal, credit, education) checking capabilities does the firm utilize?

We at NRECA’s Executive Search are here to help. We work exclusively for our members and have a vested interest in the success of your efforts.

For a confidential meeting to discuss our search process, please contact:

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