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## **Will the candidates you place now outlast your guarantee?**

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Consultants who don't find out why candidates are leaving their jobs over the next few months increase their risk of placements who "bounce", and could lose a lot of time and income in a 'place and replace' cycle, says human capital consultant Anthony Sork.

A significant number of people are now leaving or intending to leave their employers, after many organisations "focused on results and performance to the detriment of people and engagement activities" during the downturn, he says.

A risk arises because these candidates are very much focused on their reasons for *leaving* their companies, Sork says, whereas in different economic circumstances they would give much more thought to what they are moving *for*.

Traditionally, he says, candidates have two 'lists' operating: 'why I want to be here'; and 'why I would choose not to be here'. When the first list has greater force they stay where they are, and when the balance is in favour of the second list they look to move.

The problem with candidates being so focused on reasons to leave their employer is that they will likely accept new positions that don't tick all their 'want' boxes, and they won't properly consider whether the new environment might also have their 'don't want' factors.

"In situations like that, people shift and move, and then all of a sudden... find there's two things going on. One: 'I realise now I wanted more than I was consciously seeking - there are things I'm not getting here that I would like.' And two: 'There are also things present in this new environment that I was focused on leaving in the last environment - I was so focused on getting away that I didn't pay attention to what was going on here.'"

### **Don't get stuck in a replacement cycle**

Sork, the managing director of Sork HC, predicts there will be a second wave of attrition, when people realise they have made poor choices in their rush to move and start looking again - more carefully - for new opportunities.

How quickly it happens will largely depend on how consultants and employers conducted the recruitment process the first time, he says. Critical factors will be "the care and concern that recruitment consultants give to making sure they explore [candidates'] reasons for leaving and desire in the new employer, and then the support they provide to their clients to help them attach and onboard effectively this new employee".

Where the process involves little attention to these factors, placements could fall out within the first three-to-six months, affecting the many consultants and recruitment businesses that offer guarantees.

"There's a real danger for consultants to be caught in a 'place and replace' cycle, which will very quickly become de-motivating, and also be financially a significant risk to

agencies who think that their businesses have taken off."

### **Avoid the risk**

To avoid the risk and ensure they benefit financially from increased mobility during the upturn, consultants must invest time and effort in understanding the reasons why candidates want to change jobs, Sork says.

Historically, he says, consultants focus more on a candidate's 'want' list, and neglect the 'don't want'. Often the latter is "skimmed across and consultants just ask the question, 'Why did you leave where you were?' It's sometimes a bit of a superficial question so the consultant can assess whether that is going to be an acceptable reason for their clients."

What they *should* ask, he says, is not "Why did you leave?" but rather "What were the factors or reasons that forced you to look elsewhere? Are those factors going to be significant [if they exist] in another environment?"

"Be aware of the 'what I want' and 'what I don't want' lists - it's really important for consultants to manage this."

The next step is to work closely with the hiring manager, or the new employee's "primary carer", and help them understand the importance of the critical attachment period (the first 120 days) and how the perceptions employees form during this time will affect their level of discretionary effort and performance in the new environment.

### **Guarantees - "a poisoned chalice" or an assurance of quality?**

The traditional replacement guarantee model might have served the interests of the recruitment industry well over the years, but in a candidate-starved market "it can be a poisoned chalice", says James Cryer of JDA Print Recruitment.

Particularly in a niche industry, sometimes there just might not be a suitable replacement, he says. When this occurs relationships can break down, because the client assumes the recruiter isn't trying hard enough, and recruiters often lose interest, suspecting the client was a "bad employer".

In lieu of guarantees, he says, JDA offers a lower fee regime (a maximum rate of 10%) and a "fee holiday", where no fee is payable for 30 days after the candidate starts. "During this period, the client can observe the candidate's performance, and if the candidate is not up to scratch, or leaves - for any reason - there is no fee to pay."

Cryer says that as with any system, this model creates "winners and losers", and concedes JDA has "occasionally lost out on a fee".

"On the other hand, we have been spared the agony of having to replace a candidate - especially when the employer may have contributed to the problem."

**Science People recruiter and managing director, Diana Heery**, believes replacement guarantees are not about taking the blame for a placement gone wrong, but rather an assurance of her efforts to find people who will have a long-term career with the employer.

Her replacement guarantee is "three months unconditional - no questions, no fine print", but she has, on occasion, stretched it beyond the three-month period "in the interest of long-term customer relations".

She adds that her guarantee is also a successful client retention tool.

"All clients I have returned money to, and thankfully there have not been many in my 10 years, have returned as clients and have become more loyal clients."

Heery says she has also sent refunds to clients who have immediately asked her not only to refill the role but also find other staff for them.

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