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LETTERS TO THE EDITOR

Include the writer's name, address, and daytime phone number.

Mail: Hunt-Scanlon Publishing
20 Signal Road
Stamford, CT 06902

Telephone: (203) 352-2920

Fax: (203) 352-2930

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Editor-in-Chief: James Peter Rubin
Editor: Dale M. Zupsansky
Graphics Editor: Diego F. Da Lan

RECRUITERS FACE MORE OBSTACLES IN CONVINCING CANDIDATES TO MOVE

Job candidates are more reluctant to change positions these days and that's changing the way recruiters and companies are luring them. Candidates are more often rejecting offers they might have accepted when the economy was booming two years ago. They're scrutinizing employers and taking longer to make up their minds. They want assurances that businesses are on solid ground and won't leave them in the cold. They're also more worried that companies may have skeletons in their closets.

To wit, 70 percent of about 300 **Korn/Ferry International** recruiters surveyed by the Los Angeles-based search firm recently said it was more difficult to lure candidates to new positions. The study also found that 84 percent of the recruiters said executives favored blue chip companies over smaller firms with high growth potential. Korn/Ferry, the world's second largest executive recruiting firm in revenue, regularly studies recruiting trends, although this is the first time it has drawn a statistical snapshot of candidates' willingness to switch jobs. "It's a completely different psychology than before," says Chuck Wardell, who heads Korn/Ferry's New York office. "Nobody is taking risks. People are saying, 'I want some proof that a job isn't going to go away in 18 months.'"

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AESC, SEARCHTALENT AGREEMENT TO HELP EXECUTIVE RECRUITERS

The Association of Executive Search Consultants will refer executive recruiters to **SearchTalent Partners**, according to an agreement the organizations worked out earlier this month. In return, SearchTalent, which recruits executive recruiters, will refer candidates for senior executive positions to the AESC's career services unit, **BlueSteps**.

Both groups say the arrangement will enable them to help job seekers who might otherwise get lost in the cracks. SearchTalent is an 18-month-old unit of London-based **Dillistone Systems**, which creates software for executive search firms to manage their databases of candidates. Both the search arm and parent company regularly receive inquiries from executives who may mistakenly believe it recruits in various sectors and industries instead of only the executive recruiting market.

BlueSteps maintains a database of executive resumes, which are available to the organization's 160 member firms, and provides information about executive search and other employment-related services. The AESC also lists recruiters' jobs on its Web site, although it doesn't funnel resumes to any one member firm. "It's really about

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Peter Crist

Three months ago, Peter Crist announced he was leaving Korn/Ferry International to start his own firm, Crist Associates. It is the second time in eight years Mr. Crist has left the safe environs of a major executive search firm to launch a boutique. In 1995, Mr. Crist departed Russell Reynolds Associates, where he first built his reputation doing major chief financial officer assignments, to open Crist Partners. He sold that Chicago-based business in 1999 and at one point was thought to be a candidate for Korn/Ferry's chief executive post. Mr. Crist was among the Los Angeles firm's most productive recruiters but says that upon turning 50 earlier this year he wanted to run his own business again. Here he discusses his 26-year search career and developments in executive search with Executive Search Review's editor James Peter Rubin.

Q & A

**FOR PETER CRIST, BOUTIQUES
HAVE THE BRIGHTEST FUTURE**

ESR: What was your first search?

Crist: My first search was to find the plant manager of a radioactive dosimeter company, which is a little badge you wear when you walk into a radioactive area. If it changes color, you're in trouble. They produce the badges. It was 1977 and I was 24 years old.

ESR: What prompted you to start Crist Partners?

Crist: After 18 years at one firm, Russell Reynolds, it was time for a change. At age 43, I was willing to take the risk of starting my own firm. I identified an opportunity in the marketplace that I thought was Midwest-centric for a high-end boutique. We got lucky. We hit the markets at the right time. We did the CFOs at Kodak and CVS, the big big drugstore chain.

ESR: Why did you decide to focus on CFOs?

Crist: When you work in the C-space you have to have a home field advantage card. Gerry Roche and Tom Neff have a home field advantage card because they can say they've done more CEO searches than anyone else. I took what was left. I went out and said I can be the best CFO guy so that became my home field advantage card.

ESR: Are you working more at the CEO level now?

Crist: I've done CEO searches throughout my career. When we sold Crist Partners in 1999, you could see my personal portfolio switching, including from doing CEOs of mid-cap companies to larger companies. I was named the chairman of the board

practice at Korn/Ferry. There was a tremendous change there that was helpful to me personally. I'm happy to do anything in the C area.

ESR: What's your favorite search in your career?

Crist: The CEO of the Federal Reserve of Chicago and the reason for that was the board resisted meeting the person I felt they should at least include in their conversation. His name is Michael Moskow. He was a professor at Northwestern. The board met and hired him and later asked why I didn't introduce him at the beginning. It tells you the influence executive recruiters can have in a positive way. He's been in the chair for 10 years and is recognized as one of the best Fed presidents in the whole system.

ESR: What's the difference between starting a firm now and in 1995?

Crist: The biggest issue is the ability to be effective quickly. In 1995 it took us six months to create a proprietary tracking system, create an internal research capability, get everything organized. Fast forward to 2003, it took us three weeks and the reason for that is that everything is geared to small business. You can acquire everything, computers, systems, equipment, tracking vehicles. It's so prevalent now, whereas in 1995, we had to create it all ourselves. Our first big search came within 10 days of opening our doors. The client didn't even question our resources. The client said, 'Are you ready to go?' In 1995, I got pushed around by every client asking, 'What are your resources, what is

your reach?' Those questions haven't been raised in 2003.

ESR: Will you have more off limits than you did in 1995?

Crist: It's a big, elastic market. The fact that we've turned down so many searches that have come to us in the last 90 days tells me that there's plenty of business out there. I've never concerned myself with revenue. My concern is making sure that each unit of search that comes into this business model is an attractive piece of business that can be completed. It must be completable. If it's not, it will jam your business.

ESR: How is this a return to, as you call it, 'the art of search?'

Crist: The market wants a high end global capability like Spencer Stuart offers and then a series of repositories of information. We are dealing with a sophisticated buyer now. Twenty years ago, we weren't. Twenty years ago, we could play the black box game – 'don't ask us how we do it but we do it well.' Now everyone knows our business. If I'm in New York and I need someone in Frankfurt, I need to be able to tap a global network. But if I'm a buyer of a service like ours, I want repositories of information. I want to know who the best chief information officer recruiters are, who the best CFO recruiters are, who's got a board capability. I can delineate in the market. The market wants people who are experienced – now it's 20 years to be considered an experienced player. Half of our business is science just tracking people. Half of our business is art, the ability to get to people through relationships, the ability to orchestrate conversations, to assess.

ESR: Do you believe Spencer Stuart will have the strongest position in the industry?

Crist: They do an exceptionally strong job of merchandising their brand. I believe there is a barrier to entry to certain levels in this marketplace. As long as Spencer Stuart continues to recognize what they do exceedingly well and don't dilute that, they will be the pre-eminent player, the McKinsey, the Goldman Sachs in the recruiting venue.

ESR: Do you see enough strong leaders and future leaders in the industry?

Crist: The fact that Korn/Ferry and Heidrick considered going outside the space is a statement in itself. The problem when you grow is you surpass your talent. You don't have the players capable of running businesses this size.

ESR: How do you see the industry evolving?

Crist: There's an inflection point where we're going to see one maybe two firms outdistance the rest. You're going to have an outside influence occur, an Accenture or a Hewitt buying somebody. Then you're going to have a splintering, people creating new firms, lots of boutiques because we finally have a generation of people who are experienced enough to start their own firms. The market isn't interested if you're offering services outside of search, if they want you to be in the search industry.

ESR: What are the goals for Crist Associates?

Crist: In 2003, we will remain one office. We will do 12 to 15 searches and we've already started nine this year and we have a minimum fee of \$250,000. In 2004, we'll probably be in New York and possibly London. In 2005, we'll be in Boston. That's where I believe the markets will be.

“As long as Spencer Stuart continues to recognize what they do exceedingly well and don't dilute that, they will be the pre-eminent player, the McKinsey, the Goldman Sachs in the recruiting venue.”

*- Peter Crist
Founder and CEO
Crist Associates*