MEMORANDUM

TO: Personnel, Legislative and Public Affairs Subcommittee

SUBJECT: Process for Hiring a General Manager for the District

DATE: May 11, 2006

FROM: Marlin Petermann, Acting General Manager

The Board of Directors is currently faced with the responsibility of hiring a General Manager. There are several directions the Board could pursue ranging from:

1. Handling the hiring internally
2. Conducting its own state-wide or nation-wide search, or,
3. Hiring a consultant firm to handle recruitment, interviews, placement, etc.

To help understand the type of services provided by search firms, some promotional material from The Noll Company and an e-mail from Aureus Group are attached for your review and information. The cost of such services normally ranges from 25 – 30 percent of the candidate’s starting salary.

If the Board decides to pursue the option of utilizing a recruitment company to perform the General Manager search, the District’s Purchasing Policy for Professional Services (Policy 15.2 attached) would apply. An Ad Hoc Consultant Selection Subcommittee for General Manager Candidate Search would need to be formed and the Chairperson would need to appoint members to the Ad Hoc group. The Ad Hoc Subcommittee would bring a recommended search consultant contract to the Board for consideration.
HOW YOU, THE CLIENT, BENEFIT FROM AN EXCLUSIVE AGREEMENT

On the surface, it may appear as if you have more to lose than to gain by accepting an exclusive working relationship with your corporate recruiter. After all, why limit yourself to one resource when other firms may be able to provide assistance? The answer is that if you want to have control, it pays to dedicate yourself to one executive recruiter and develop a trusting relationship that will pay dividends for years to come. So the next time you are faced with that alternative, consider the following reasons to institute an exclusive search firm policy.

1. You receive the focused attention to your search you deserve and should demand. Quality search firms have exposure to dozens of opportunities each month in today's demand-side oriented market. You control their commitment to dedicate themselves to your search by offering exclusivity.

2. You save time and protect valuable information by disseminating corporate policy, hiring profiles, compensation plans, etc. to only one confidential source.

3. You eliminate the possibility of getting into a tug-of-war over a valuable candidate presented by more than one source.

4. You create a relationship based upon service and trust, not bodies. An experienced “search consultant” that is treated like a partner will counsel you on critical hiring issues and trends; i.e., counteroffers and incentive plans.

5. You can demand performance criteria from your search partner based upon your sole-source agreement. For example, if you select a firm that specializes in your field, and has the confidence to fill your requirements, an extended guarantee period is reasonable.

6. You become a team with your search consultant, combining your forces to implement a recruiting, negotiating and closing strategy that works repeatedly.

7. You do not have to tell the same 'story' over and over again. Once a competent recruiter knows your likes and dislikes, he or she can zero in on your target consistently without exhaustive effort.

The bottom line is that if you want more control over the process of identifying and securing your next critical hire, choose one search firm well and cultivate that relationship.

Look carefully for a recruitment company that knows something about your company, its products and your buzz-words. Make sure the recruiter has placed similar executives to the one you need. Consider the fact that this relationship deserves the same value that you put on your selection of an attorney or accountant. You wouldn't want to rely on more than one CPA if the IRS came knocking, would you?

Source: The Fordyce Letter, 1/98
OUR 25 STEPS IN THE FULL FEE PLACEMENT PROCESS

1. Coordinate the job description.
2. Interview hiring manager for clarification of real needs.
3. Research to locate logical talent pool.
4. Check existing database for leads.
5. Source to narrow research results.
6. Recruit.
7. Qualify candidates by initial telephone interviews against the necessary job essentials.
8. Sift the potential finalists from the window shoppers, wishful thinkers, tire-kickers and underqualified.
10. Check and verify candidates' credentials.
11. Test, rank and evaluate chosen nominees.
12. Present chosen candidates to client.
13. Arrange and coordinate interviewing schedule.
14. Prepare and counsel nominees for interviews by spelling out company needs, culture, organizational fit, hiring authority personality, etc.
15. Prepare client for interviews by providing full pre-interview information as well as results of any reference and credential checks.
16. Debrief candidates after each interview, answering unanswered questions, determine commitment, etc.
17. Debrief client hiring authority after each interview, assessing strengths, weaknesses, incompatibilities, etc.,
18. Coordinate with hiring manager on possible offers to be made and set the stage for acceptance.
19. Participate with company in providing necessary information required for negotiating an acceptable offer.
20. Reconcile any differences with successful candidate to smooth way for offer acceptance.
21. Arrange with Realtors, Chambers of Commerce, relocation consultants, moving companies, etc. to assure that candidate (and spouse) is aware of details regarding new location.
22. Assist successful candidate in cleanly terminating current position.
23. Reference check performance with former supervisors and colleagues.
24. Work with spousal placement (if necessary).
25. Follow-up after placement to assure new employee integration.

Also available at no charge in the Full Fee process:
1. Background checks-criminal and credit (with candidate's authorization).
2. Results of Noll behavioral test conducted by our Omaha Selection Division.
When I need a heart by-pass, rest assured that I won't select my surgeon on the basis of what he charges."

That's what an ailing executive recently opined when he was informed by his doctor about his arterial blockage problems.

Why then are corporate executives so tight-fisted when dealing with what is so commonly thought of as the "heartbeat" of their companies ... top-talent?

Companies think very little about paying the often excessive fees charged by their outside accounting and legal firms ... or even to the gaggle of consultants who promise cost-cutting and streamlining miracles in other areas of operations.

Yet, when faced with brain drains, talent deficiencies or the need to replace an employee with a better one, their thoughts too often turn to parsimony. This K-Mart mentality belies and contradicts their stated objectives to "hire the best," especially at pecking order levels below the "big picture" executive suite inhabitants.

Of course recruiting fees can vary from firm to firm but, when they do, you will almost always find that those on the low side are sure to exclude some
very key ingredients of the process, all of which are vital to providing
the indispensable services necessary to satisfy the needs of the employer.

So why are recruiters worth what they charge? Just a few of the often
unspoken reasons are:

Expertise
Nobody knows the employment marketplace better than a professional
recruiter. Nobody! In-house human resources, no matter how effective,
view the marketplace through an imperfect or misrepresentative prism and
tunnel vision is their occupational hazard.

Just as physicians are cautioned against treating members of their own
families, so too is it folly for an in-house H/R professional to believe
that they have an undistorted and unbiased picture of the employment
landscape. They are vulnerable to the pressures of internal politics and
cultural dimensions which do not hinder the outsider.

Street-smart recruiters already know the neighborhood, including the
unlisted addresses so often overlooked by the insiders.

Cast a Wider Net
A professional fisherman will always have more to show than a weekend
angler. Recruiters are in the marketplace day in and day out. They know
the unfished coves, reefs and inlets that are unknown to others. The
job-hunter bookshelves are filled with lore about the "hidden job market."
The same holds true for professional recruiters who have a detailed roadmap
to the hidden talent sources which will never be accessed by newspaper ads,
alumni associations, applicant databases, the Internet or any of the other
more familiar sources of people.

There are occasional pearls through these sources (and someone inevitably
wins the Publisher's Clearinghouse Sweepstakes too) but you have to shuck
an awful lot of smelly oysters to find them. Recruiters only give you
yysters proven to contain pearls. Your only job is to determine which
pearl is the best.

Want to catch what you're fishing for? Hire a guide!

Cost
There is a misconception among employers that the cost of a hire equals the
cost of the ads run to attract the person hired. Nothing could be further
from reality.

Try adding these to the true cost and you'll see just how cost effective an
outside recruiter can be:

Salaries and benefits of the employment recruiting staffs plus those of the
line managers involved in the hiring activity (who are not productive in
their normal job pursuits when they're out recruiting); travel, lodging and
entertainment expenses of in-house recruiters; source development costs;
overhead expenses including but not limited to telephone, office space,
postage, PR literature, applicant database maintenance, reference checking,
clerical costs to correspond with the hundreds of unqualified respondents,
etc.

Unbiased Third Party Input
Contrary to what some believe, recruiters don't try to fit square pegs into round holes. A recruiter's stock-in-trade is their integrity and their reputation for finding someone better than a company could have found for themselves.

For a mid to senior-level executive, the average recruiter may develop a "long list" of a hundred or more possibilities. Each must be called and evaluated against the position specifications as well as the personality "fit" with the company and the people with whom they will ultimately work. Once this is winnowed down to the "short list" an even more intensive interviewing process beings to narrow the search to a panel of finalists for review by the client.

This process is not, as some believe, simply romping through the file cabinets or putting the job opening out to others on the recruiter's network with crossed fingers that someone good will show up.

It is highly unlikely that a professional recruiter will be plowing new ground with your opening. They deal within spheres of influence far more familiar with your needs than any internal recruiter and, more often than not, view the finalists as people who are competent to solve client problems rather than just fill an open slot in the organizational chart.

Because they want to do business with you again and again, they are looking for (and challenging you to excellence by hiring) the "truly exceptional" rather than the "just satisfactory" so often settled for by in-house hirers.

Confidentiality
Advertising or otherwise publicly proclaiming an opening, aside from its cost and demonstrated ineffectiveness for sensitive senior level openings, often creates anxiety and apprehension among the advertiser's current employees who wonder why they aren't being considered or worry about newcomer transition problems. Just as often it alerts competitors to a current weakness or void within the company.

Speed
The recruiting process is always faster through a search professional who is continually tapped into the talent marketplace than one having to start the process from scratch. For every day that a key opening remains unfilled, a company's other employees must grudgingly do double duty. And this doesn't factor in the profit opportunities or competitive advantages lost to a company because a position remains unfilled or is done on a part-time basis by others less qualified.

Post-Hire Downtime
Not only is speed an essential part of the professional recruiter's process, the ability to locate a person who can immediately "hit the ground running" with a minimum of "ramp-up time" saves time after the hire. All too often, a hire selected through less effective sources offering a smaller talent pool requires several months of expensive training and orientation.

Reality
Professional recruiters often recognize and have a duty to inform clients that they may be mistaken as to the type of person sought, the salary required to attract them or the possibilities that the solution might just lie in areas outside the traditional target industries . . . something an internal recruiter is politically disinclined to do. Too many hirers fail to understand that a professional recruiter's primary function is not necessarily to fill a slot but to provide the right candidate to solve a problem.
Negotiation
Master negotiator Herb Cohen says that "negotiation is the analysis of information, time and power to affect behavior . . . the meeting of needs (yours and others') to make things happen the way you want them to." As a buffer and informed intermediary, the professional recruiter is better able to blend the needs and wants of both parties to arrive at a mutually beneficial arrangement without the polarizing roadblocks which too frequently materialize in face-to-face dealings.

Prioritizing Company Resources
It is often amazing to see how much of a company's revenues are squandered on non-productive perks for existing high-level employees while they penny-pinch on what is every company's lifeblood . . . talent acquisition.

Club memberships and the like may be fine, but no one with an IQ higher than Forrest Gump's believes that these expenditures contribute to a company's profit margin. But one well-placed employee can be the cause of a company's profits skyrocketing. And the fee for having hired these people pales to insignificance when compared to the contributions they make to the bottom line.

The next time you think a recruiter's fees are too high, put them in the proper perspective before asking for that Blue Light Special or spinning your wheels thrashing about trying to fill vital openings with less effective (but not necessarily less expensive) pedestrian methods. Savvy executives learned long ago that the fee paid to a recruiter is a shrewd strategic investment, not an extraneous expense.

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15.2 Purchasing - Professional Services.

A. Statement of purpose. It is the purpose of this policy to provide a uniform procedure for advertising for and selecting firms for the award of contracts for professional services.

B. Definitions. As used throughout this policy, unless the context otherwise requires, the following terms shall have the following meanings:

1. Firm: Any person, partnership, association or corporation engaged in, and legally authorized to practice in the state, a professional service.

2. Professional services: Any one or more of the following services: architecture, engineering, land surveying, landscape architecture or land appraisal.

3. Auditing Services: Auditing Services are excluded from the requirements of Policy 15.2.B.2. and shall be obtained in accordance with Policy 15.6 Purchases by Formal Competitive Bidding.” The District shall obtain bids for auditing services at a minimum of every five years.

C. Selection Committee. The Ad Hoc Selection Committee responsible for selecting and negotiating with firms for these professional services shall consist of three Directors appointed by the Chairperson and one non-voting staff member appointed by the General Manager, or, as determined by the Chairperson, five Directors appointed by the Chairperson and two non-voting staff members appointed by the General Manager.

D. Request for Services. Projects that have been determined by the General Manager as requiring professional services shall be advertised at least once in the daily newspaper having the greatest circulation in the District. Written requests for professional services (requests for proposals) may be sent by Management to known qualified firms. Such requests for professional services shall indicate that those firms wishing to participate shall contact the District for a copy of the general scope of the professional services. All firms requesting a copy of the general scope of the professional services shall be given a uniform date by which to reply, and the name of the District staff member to contact for replies to any questions.

E. List of Firms. A list of all firms interested in providing professional services shall be developed and maintained by Management. Statements of qualifications and past performance data will be required to be filed by interested firms. Such statements should include the following:

1. Firm name, address, telephone number;

2. Years established and former names;

3. Type of services particularly qualified to perform;

4. Names of principals and states in which they are registered;

5. Names of key personnel to be utilized, experience of each and length of service with the firm;
6. Maximum number of the staff at any one time;

7. Outside consultants and associates that might be employed;

8. List of similar completed projects for which the firm was the principal professional;

9. Similar current projects of the firm and estimated construction costs of each; and,

10. History of professional negligence claims made against the firm during the past five years.

F. Reply by interested firms. After the firm has obtained a copy of the general scope of the professional services, then firm shall reply in writing to the General Manager to the following items:

1. Express if they are interested in the project;

2. Relate any changes in the firm's qualifications and past performance date from those previously submitted;

3. Express willingness and capability to meet time requirements;

4. Other additional material as may be outlined in the scope of the project, or as may be beneficial to the selection committee; and,

5. Provide a proposed plan of approach to the project.

G. Method of selection. The method of selection of a firm for professional services shall be in accordance with the following estimated fees, as established by the General Manager:

1. When the fee does not exceed twenty thousand dollars ($20,000.00), the General Manager shall select the firm directly, giving consideration which shall include, but not be limited to, the following:
   a) Firms which have sufficient professional manpower to meet project schedules;
   b) Firms with a sound performance record for meeting time and budget requirements;
   c) Firms which possess project experience and management ability;
   d) Recent, current and projected work load with the District; and,
   e) Any other specialized qualification which the firms might possess to benefit the project.

2. When the fee exceeds twenty thousand dollars ($20,000.00), the Ad Hoc selection committee shall, where possible, select the three (3), or more at its discretion, best qualified firms in accordance with the considerations set out in subsection (a),
above, and from the reply to the items set out in subparagraph F. The selection committee shall rank the firms first, second, third, etc. Where possible, the three (3) or more at its discretion, best qualified firms shall be given a time and place for a personal interview by the selection committee. After review of submittal materials and the personal interview, the selection committee shall rank the firms first, second, third, etc.

H. Fee negotiations.

The firm ranked as first shall be notified to appear and negotiate with Management on the fee, detailed scope and schedule for the professional services requested. If Management and the firm selected as first cannot come to an agreement regarding the fee, the negotiations with that firm shall be terminated and the firm ranked second shall be contacted. If the factors which caused them to be ranked as such have not changed, negotiations shall be initiated with them. The procedure shall be repeated until an agreement is reached if it can be reached.

Where agreement is reached, the contract in final written form shall be submitted to the Ad Hoc selection committee for approval and be awarded and executed, if approved, in accord with all applicable provisions of these policies and applicable provisions of State Statutes.

I. Board authority not limited. Nothing in this policy shall be construed to abrogate, limit or amend the authority of the Board in the award or approval of contracts.

[December 5, 1986; June 13, 1991; January 9, 1992; January 12, 2006]