

Retained versus contingency recruiting – which is better and for whom?

Here is a contentious subject! Should a client company pay a recruiter something in advance? Pretty much all recruiters say “yes!”. Most clients say “no!”.

Here are two assumptions that are generally true with a retained versus contingent search:

1. When a company uses a retained search, there is usually only one recruiter assigned to a search.
2. When a company uses a contingent search, they also usually spread the search out to several recruiters who then have to “race” against one another to get candidates submitted – and get paid upon hire.

Here are some “plusses” for a retained search:

Reduces risk for recruiter:

1. If a company pays in advance, they are entrusting a recruiter to do the job. They are risking some money up-front. And the recruiter can then invest more of their resources (i.e. paying employees, ads, coffee etc) in a search without worrying about keeping the lights on
2. A reduction in competition from other recruiters increases the chance that a recruiter’s submission will be hired resulting in, well, a paycheck.
3. A recruiter can be more selective in interviewing and submitting candidates as they are not racing against other recruiters to get people submitted and hired. Better candidates = better hires = more repeat business

Reduces risk for client

1. Since a recruiter does not have to worry about keeping the lights on, they can focus (already paid) resources on the client’s work. This increases the chance that a position is optimally filled
2. If a search is retained, there is less competition and the recruiter can focus on quality over speed. So fewer but better candidates will come to the client

Some Increased risk for client?

To be honest, the client will risk the money “up front”. And if the recruiter does not perform, the client is out the money. However, keep in mind: A recruiter that cheats a client out of a retainer has made (say) \$10,000. A nice sum. Unless you want to pay employees, pay rent, etc. Then a recruiter has traded a retainer for what we really need to survive: our reputation and our repeat business.

One more thought: Is there a reason that some searches should not be retained, some contingent with the same client? My feeling: a mix is good for both parties. But that’s another editorial!