EXECUTIVE RECRUITER NEWS

ERN

A KENNEDY INFORMATION PUBLICATION

THE INDEPENDENT NEWSLETTER OF EXECUTIVE SEARCH

PROSPECTS MIXED AS RECESSION RECEDES

• Survey shows tough market may have long-term effects

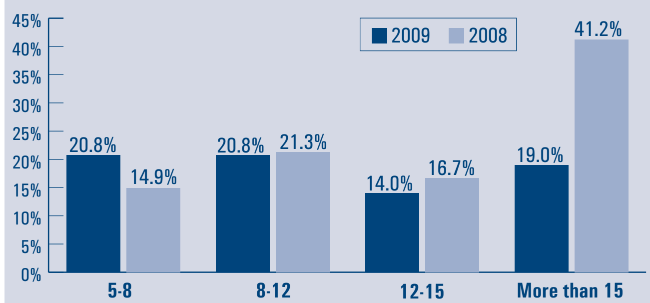
While the 2009 executive search market has suffered a severe blow, practitioners are still on the fence regarding a rebound. In fact, clients' dramatic decrease in the use of external recruiters suggests a potentially bigger problem for the long-term: will search recover after clients take the process in-house?

According to *ERN*'s exclusive survey of more than 220 search pros and clients representing a cross-section of industries and practices, it's apparent that search consultants who over-leveraged themselves suffered the greatest decline. Those individuals conducting more than 15 searches annually in 2008 were cut in half this past year. In 2008, 41% of respondents reported executing at that volume. By comparison, only 19% of respondents indicated the same volume of searches in 2009 (Figure 1).

The most experienced recruiters reported the least dropoff in search volume. In particular, search pros with 20-plus years who conducted between 5-8 searches annually actually increased volume. Meanwhile, less experienced recruiters (10-20 years) experienced a more precipitous decline – from 20% to 11% – at the same volume level.

(continued on page 6)

Figure 1: Number of Searches Conducted 2008 vs. 2009



Source: Executive Recruiter News, Kennedy Information

DOES MARKETING AND SELLING "DIFFERENTLY" HELP ... OR HURT?

By Suzanne C. Lowe

Despite the structural and cultural challenges faced by professional and business-to-business service firms trying to integrate their marketing and business development function, substantial evidence indicates that they are very capable of changing their marketing and business development processes and cultural norms. "Doing things differently" is alive and well.

And, like many professional and business service companies, executive recruiting firms often embark on "doing things differently" initiatives when they discover they've got internal marketing and business development silos. Efforts like these are especially commendable in challenging economic times.

But the ways in which many of these improvement initiatives are being undertaken could be a double-edged sword. "Doing things differently" efforts too often ignite a new set of internal marketing and business development challenges. Nevertheless, if managed by a firm's executives with an integration mindset, "doing things differently" still represents an opportunity to erase enterprise-wide marketing and business development silos. It also can fulfill the ultimate goal of gaining market share, growing the "right" revenues, and optimally serving clients.

It's important to keep in mind, however, that there are two ways that "doing things differently" approaches could actually impede a firm's marketing and business development functional effectiveness.

Individuals Pave Their Own Pathways

Since the earliest days of the service marketing field, it has been largely up to the marketers and business developers themselves to create their own function-

(continued on page 4)

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Client	Position	Successful Candidate/Status	Search Firm
River Medical Center	Chief Nursing Officer	Dorothy Anne Maier	Kaye/Bassman International Corp.
USI Goldman Sachs Insurance Services, Inc.	Vice President	Robert Mahl	
LiquidHub, Inc.	Client Partner	Wayne Fialo	Work&Partners LLC
FTI Consulting	Senior Managing Director, Transaction Advisory Services	In progress	
Lehigh Valley Hospital & Health Network	Vice President, Human Resources	Deborah A. Patrick	Diversified Search Odgers Berndston
Drexel University	Department Head of Biology	Jeffrey L. Twiss	
Delaware River Waterfront Corporation	Executive Director	Thomas Corcoran	
Independent Sector	Vice President Communications & Marketing	Lorraine Snebold	
TD Bank	Vice President, Corporate Real Estate	Bryan Berthold	Morgan Samuels Company
Freddie Mac	CEO	Charles E. "Ed" Haldeman, Jr.	Heidrick & Struggles
	COO	Bruce Witherell	
First Federal	CEO	Levon Mathews	Nosal Partners LLC
MEMC Electronic Materials, Inc.	SVP and CFO	Tim Oliver	
Exelon Corporation	SVP and Chief Investment Officer	Douglas J. Brown	Russell Reynolds Associates

ERNote: In the August *ERN*, we misidentified the incoming CEO of SAIC, who was placed by Savoy Partners. Walter Havenstein takes over for Ken Dahlberg as CEO. Dahlberg remains as chairman.

IMD REBRANDS IMAGE

IMD International Search Group, formerly known as IMD International Search & Consulting Network, recently unveiled a re-branding initiative. This program offers a new brand visual identity/logo and name, accompanied by a new web presence (www.IMDSearch.com).

According to the network, the new logo, comprised of three intersecting sections of the earth's spheres, is a symbolic representation of its unified presence across the globe. Founded in 1972, the group claims a significant presence in every major global market.

"We believe our new name enables the company to better emphasize its solutions focus and recommit to the values that made us the leader in executive search in our target markets," said Thomas Fuller, general managing partner of the US partner firm, Epsen Fuller/IMD, and IMD International board director.

IMD had 2008 executive search revenues of $71.1M and has more than 40 offices throughout the world. The member firms conduct more than 2,000 senior-level searches for clients worldwide each year.

FORMER H&S CHAIRMAN JOINS OUTPLACEMENT COMPANY

RiseSmart, a provider of Web-enabled outplacement and job search services, has added Patrick S. "Pat" Pittard, the former chairman, president and chief executive officer of Heidrick & Struggles International, Inc., to its board of advisors. The Silicon Valley-based company combines technology with one-on-one support to help displaced employees and other job-seekers to quickly find new jobs.

Said Pittard: "RiseSmart has a disruptive business model and a veteran leadership team committed to transforming how corporate outplacement works – leveraging technology, along with a laser-like focus on results, to squeeze out the inefficiencies of traditional outplacement services. "

Pittard, 63, joined Heidrick & Struggles (Nasdaq: HSII) in 1983 and was elected by the partnership to president and CEO in 1997. He guided the company through its IPO in 1999. Since his retirement in 2002, Pittard has served as distinguished executive-in-residence at the University of Georgia's Terry School of Business.

RRA INTRODUCES THE CULTURE ANALYST™

Russell Reynolds Associates introduces the Culture Analyst™, a proprietary offering that measures corporate culture by more than two dozen variables. The service purports to provide companies with objective, quantitative information to make informed leadership decisions.

Designed by a team of psychologists and assessment specialists, the Culture Analyst™ measures an organization's culture across 28 unique dimensions, including innovation, teamwork, emphasis on results and integrity. The assessment begins with an online survey taken by members of an organization known for their knowledge of its culture. Participants respond to a set of statements about their organization that are designed to measure the current culture, a desired culture, or both.

RRA search consultants manage the process, which measures these preferences and inclinations of individual executives and compares them with an organizational assessment to evaluate alignment. RRA then combines the data from the Culture Analyst™ with references, interviews and the firm's own understanding of client needs and cultures to build a more complete reading on cultural interactions within a corporate structure.

"Now more than ever, there is a critical need for executive leadership to not only fit in, but to embody an organization's culture and drive positive change during challenging economic times," said Dean Stamoulis, global assessment practice leader for Russell Reynolds Associates. "Before selecting the leadership that will chart your company's future direction, it is essential to determine the true nature of your current culture – and compare that to where you want to be in the future."

NEW SERVICE COACHES EXECUTIVE SPOUSES

Many executive recruiters often overlook the executive spouse's role as an important component to a company's (and executive's) success. According to Bruce Ellig, former vice president of worldwide human resources at Pfizer, "it's important that the company spends time with the spouse and provides training and support, especially as the spouse is often regarded as part of an executive team."

Colette Young , the wife of Dr Pepper Snapple Group, Inc. president and CEO Larry Young, has launched ExecuMate (www.ExecuMate.net) to cater to these executive spouses. Young, who has been the CEO's wife for more than 20 years, says she started the service to provide executive coaching, seminars, and mentoring to executive spouses. The sessions "improve relationships and make executives more effective in their jobs," she says. Young particularly focuses on "new" executive spouses, who often experience a sudden and significant change in both lifestyle and expectations.

"So many spouses simply endure their life with a high-powered executive rather than embracing it for the positive and often life-changing benefits it can provide," Young says. "It may be human nature to retreat into your own little bubble because you're feeling vulnerable and overwhelmed. But it doesn't have to be that way."

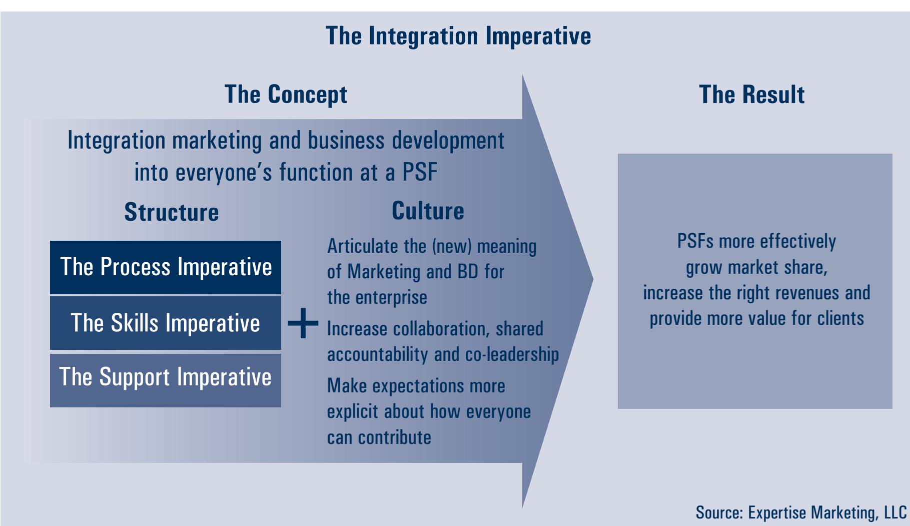
Pete Perez, Executive Vice President, Human Resources, ConAgra Foods, Inc., says the perspective that ExecuMate can offer a company and its employees is invaluable. "Having worked as an executive for a number of Fortune 500 companies, I have seen and experienced, personally, the power of having a capable corporate spouse, someone who goes beyond being supportive and becomes an asset, a part of the team," he says.

MARKETING AND SELLING "DIFFERENTLY" *(cont'd from page 1)*

al purviews, forge their own growth avenues, and build their own skill sets. Today, many marketers and business developers feel they must pursue their own pathways.

Their "doing things differently" efforts also drew attention to their organizations' flexibility, willingness to evolve, and marketplace savvy. But if these enterprises allow individually developed marketing and business development position descriptions, or respond to an individual's new marketing and business development pilot, without a formal framework for cross-functional or enterprise-wide integration, they're in danger of creating more disconnectivity. All too often, the "doing things differently" champion leaves her firm and the functional progress that the organization had achieved leaves as well.

Potentially worse, many of these piecemeal initiatives begin as pilots endorsed by the executive committees or special task forces, and are often only for limited deployment at the geographic, line-of-business, or industry level. Unless an executive manager keeps his eyes on that pilot's integration trajectory, these professionally brave marketers and business developers and their emerging initiatives could actually exacerbate their firm's functional silos. The result is another stovepipe within the firm.



Individuals Forging Friendships

Another example of the challenges of "doing things differently" is related to what I call the "Friendship Model" of marketing.

Marketers know their jobs will go more smoothly, say, on the redesign of a CRM system or interactive social media campaign, if the program's processes are worked out with the IT department ahead of time. And there are numerous examples of human resources professionals seeking out their marketing and business development friends to help craft recruiting messages or campaigns to capture talent.

But are these friendly partnerships good enough to help a firm gain a substantial market share, grow the "right" revenues, and optimally serve its clients? I don't think so. And even though professional firms may informally encourage intra-functional collaboration, most don't *require* it or measure it. These informal team-ups are not organizationally supported by incentives, rewards, recognized shared accountabilities, or co-developed job descriptions. Friendships have to be started anew if a professional leaves a firm, or if a friendship cannot be forged in the first place.

By itself, then, the Friendship Model, while personally satisfying to those involved (and teamwork, loyalty, and cooperation is a must in the workplace), doesn't work for the enterprise as a whole. Without an overarching executive management agenda for integration, "doing things differently" initiatives like this can't be harnessed properly. In this context, "doing things differently" can simply disguise the real picture: functional disconnects that deter the firm from competing as effectively as it could.

Doing Things Differently

"Doing things differently," if managed with integration as the goal, carries enormous potential for organizational gains.

The executive managers of tomorrow's professional firms will be expected to reconfigure their organizations' go-to-market structures (talent, tools, processes, and protocols). They will need to create a broader functional purview for marketing and business development, and better prioritize marketing and business development initiatives to achieve meaningful marketplace growth.

The critical building blocks for a new cultural paradigm include adoption of an updated, well-assimilated common lexicon about marketing and business development; creation of new formal collaboration, shared accountability, and co-leadership models for marketing and business development; and the practice of making expectations more explicit about how everyone can contribute to marketing and business development.

Suzanne Lowe, the president of Expertise Marketing LLC, is the author of *The Integration Imperative: Erasing Marketing and Business Development Silos – Once and For All – in Professional Service Firms and Marketplace Masters - How Professional Service Firms Compete to Win*. For more information see http://www.expertisemarketing.com.

PERFORMANCE PROGRAMS' GENERATIONAL LINK

There are four generations in the workforce: Veterans (born 1925-1942); Baby Boomers (born 1943-1960); Generation X (born 1961-1981); and Generation Y (born 1982-2005). All of these generations have different values and expectations. Companies not only segment their workforce for career planning purposes, they also to look for ways to reflect this workforce diversity in their programs.

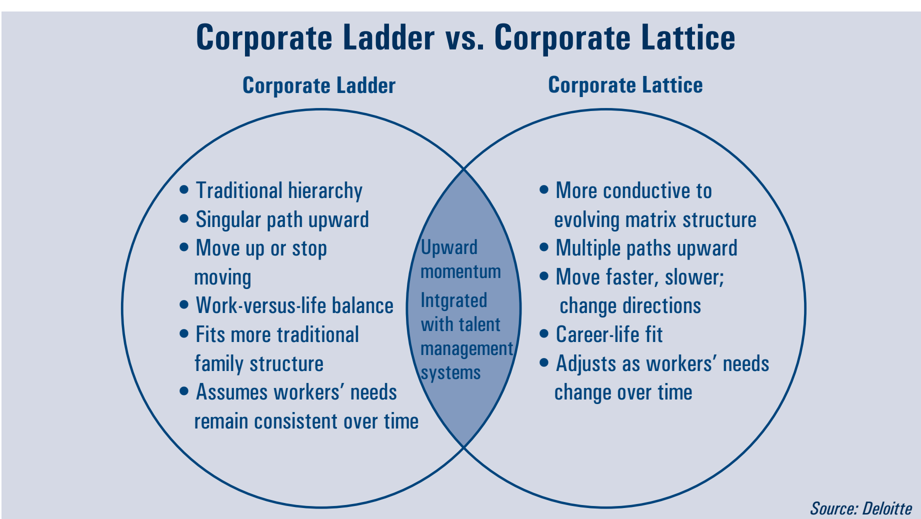
In early 2008 Deloitte published the book *Mass Career Customization*, which includes the premise that the corporate ladder model for career progression is giving way to a corporate lattice (see Figure), particularly for knowledge workers. This new model allows for "multiple paths upward, taking into account the changing needs of both the individual and the organization across various intervals of time."

There are many examples of Generation X and Generation Y employees who have "dialed up" or "dialed down" their careers. For example, employees may take time off from a corporate career to stay home with their kids, or return to corporate life at reduced hours. It is the employers who are catching up to this trend with formal policies and programs.

There is also the marriage between performance management and the employee engagement survey. The annual employee engagement survey is now a fixture in many companies, particularly those on the Fortune 500 list. Even during the economic slowdown, the results of these surveys enable management to better gauge the sentiments of their employees and help HR design and successfully communicate its HR programs to help improve employee retention.

The traditional employee engagement surveys are fairly limited in their ability to predict employee actions such as voluntary turnover. In fact, according to Mercer Consulting, a new approach is required to managing human capital. This approach ties the ability of a company to understand and sense how employees feels (i.e., surveys, focus groups, and interviews) to what employees actually do, as captured in the client company's human resource information system (HRIS) and related databases.

It is the ability to ferret out those differences between what employees say and what employees actually do that is of real value, according to Mercer. Through the use of online surveys, the firm has been able to link anonymous individual survey data to other measures of performance, such as productivity, absenteeism, and customer satisfaction.



On the Move

Erik Wordelman has been promoted to managing director and practice leader of the Medical Technology practice in North America for **Russell Reynolds Associates.** As a member of the firm's Healthcare practice, Wordelman specializes in senior executive and board of director searches across all segments of medical technology companies. Prior to joining Russell Reynolds Associates, he held various leadership positions at Medtronic and was also a member of a global, divisional executive team.

RRA also promoted **Constantine Alexandrakis** and **Lyndon Taylor** to managing directors in the firm`s Chicago office. Alexandrakis is a member of the firm`s Technology and Board Services practices. Prior to joining RRA, he served as vice president of operations at Hostway Corporation and was a management consultant for Towers Perrin. Taylor is a member of the RRA's Financial Services Sector and Diversity practice. He previously held investment banking positions with UBS Warburg LLC and Merrill Lynch and also served in the US Navy.

Cook Associates Executive Search has added **Kevin Logterman** as managing director of the Industrial, Business Services and For-Profit Higher Education practice areas. He joins the firm's Chicago office. Logterman has 11 years of search experience, primarily with The Furst Search Group. While at Furst, Logterman completed more than 180 searches and led the firm's marketing and business development efforts, including the creation of an annual Board of Directors' Survey sponsored by Midwest CEO organization.

Donald Parker and **Bob Bellano** have joined **Nosal Partners LLC** as senior partners. Parker, who will be based in the firm's San Diego office, was managing director and partner at cFour Partners Worldwide. Earlier in his career, he was managing director and partner at Stanton Chase International and at Korn/Ferry International, where he opened up the firm's Orange County office. Parker also managed worldwide recruiting and staffing departments for The Wickes Corporation and at Union Bank of California.

Bellano will be based in Nosal's Los Angeles office. Prior to joining Nosal, Bellano was founder and managing Director of cFour Partners Worldwide in Santa Monica. Bellano had worked for Stanton Chase International and its predecessor firms, leading the international executive search practice for technology, industrial, and alternative energy. He also held a broad range of senior leadership positions in human resources, general management, sales, marketing and technical operations at Occidental Chemical/Petroleum.

Macaya & Suarez Battán Asesores, a leading executive search firm in Argentina and Chile, has named Martina Uranga as executive director. Uranga joined the firm in 2005, after 11 years with Amrop and Transearch.

RECESSION'S AFTER-EFFECTS AFFECT SEARCH *(cont'd from page 1)*

From a revenue-generation standpoint, most search practitioners were ahead of the curve in aligning 2009 expectations. Just over 57% of respondents adjusted downward their personal revenue targets, while another 37% remained flat from 2008 targets (Figure 2). A very small minority of nearly 6% actually increased their targets. The corresponding personal revenue targets for 2009 were well under the million-dollar milestone (Figure 3).

Protecting Profitability

When it came to their bottom line, search pros pared down their own workforce much like their clients. Almost 50% of respondents reported downsizing efforts as a response to the recession (Figure 4). Of course, smaller search firms tend to run lean anyways, so there is typically not much excess overhead to be cut.

Surprisingly, search firms did not willingly discount fees. Only 37% of respondents reported voluntary discounting as a response to the slowdown in search. An even fewer number – 28% of respondents – took voluntary pay cuts. An almost equal number introduced new, noon-search advisory services to buttress their search practices.

Clients React

On the other hand, clients definitely expected discounts. Nearly 60% of respondents said clients negotiated reduced fees for the searches they conducted. The more troubling aspect for executive search pros is the recession's effect on clients' use of recruiting. More than 80% of respondents reported that clients have moved search work that previously was conducted externally, back inside their organizations (Figure 5).

This bodes ill for those in the executive recruiting industry who believe the industry will rebound in the same fashion after the dot-com bust in 2000. In past downturns, clients' retraction of search has been less pronounced. And the search industry's subsequent recovery has been rather dramatic. Typically this is the result of pent-up demand for talent and clients' lack of resources to keep up with that demand.

But recruiters and clients alike say this recession presents a few key differentiators in terms of the after-effects on executive recruiting, namely:

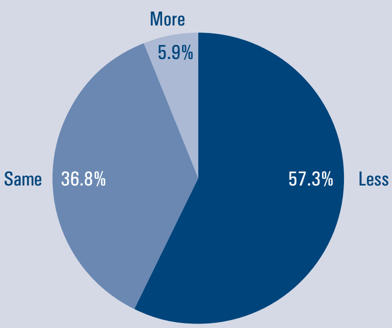
1. The global economy is far from recovered, and 2010 growth prospects in primary search industries (e.g. Financial Services) are tepid at best.

2. Technology and social networking has greatly facilitated awareness of employment opportunities for the global labor force.

3. Companies have placed a much greater emphasis on internal retention and development programs, and will only assign executive recruiters to critical executive-level positions.

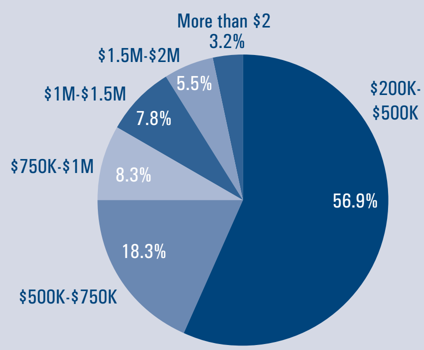
It's most telling that the search professionals who best weathered the recession didn't over-leverage themselves. They secured their place as trusted advisor to their clients.

Figure 2: How Did 2009 Personal Revenue Targets Change from 2008?



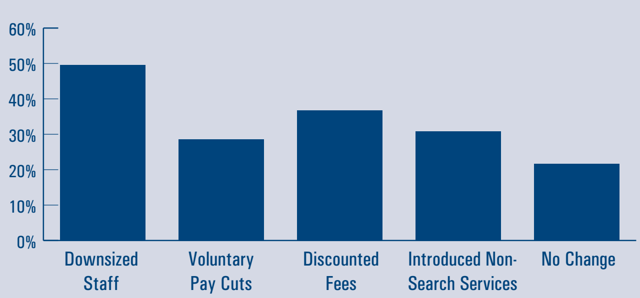
Source: Executive Recruiter News, Kennedy Information

Figure 3: 2009 Personal Revenue Generation Targets



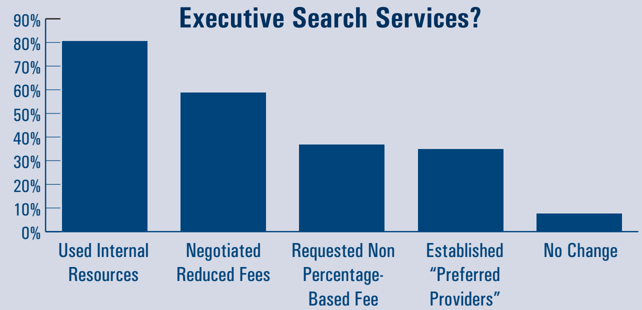
Source: Executive Recruiter News, Kennedy Information

Figure 4: How Did Your Firm Respond to the Recession?



Source: Executive Recruiter News, Kennedy Information

Figure 5: How Have Clients Changed Their Use of Executive Search Services?



Source: Executive Recruiter News, Kennedy Information

THAWING MARKET HAS EXECS MOVING

Companies' CEOs and Boards are considering new leadership for key roles to execute new growth strategies, according to the new quarterly Boyden Executive Outlook. The moves come as the economic chill thaws in selected global markets.

"Many C-level executives have wanted to move, but they put prudence before change because of the recession," said Chris Clarke, president and CEO of Boyden World Corporation. "Now they are taking new roles and creating vacancies to be filled by the search industry.

The spike in financial services is particularly pronounced, as companies are making adjustments in their infrastructure to be more transparent, limit risk and be more accountable.

"In last two months, we've seen a significant change in the financial services sector," said Jeanne Branthover, leader of Boyden's Global Financial Services practice and managing director, New York. "There has been a shift from a 'wait and see' approach to aggressively adding management and headcount in their 2010 budgets.

In addition, diversity recruitment has once again become a priority business component for financial services organizations. "Companies understand that it's imperative to recruit a diverse pool of managers to ensure their team includes different cultural aspects, creative ideas and global connections to maximize revenue and growth," Branthover said.

CEOS DISCONNECT WITH SUCCESSION PLANNING

According to research from Heidrick & Struggles, 80 new CEOs were appointed to Fortune 1000 companies in 2008, but only 44 of them - 55% - were promoted from within.

"The past year and a half has been a real wake-up call for many boards of directors who have taken their leadership of succession planning to the next level," says Stephen Miles, vice chairman and managing partner, Leadership Advisory, at H&S.

"While almost all companies technically have a succession plan in place, the fact that 45% of them had to go outside to hire a CEO means that many of these plans failed to hit the mark," Miles said. "CEO turnover in and of itself adds to employee and shareholder anxiety, but this 'fail rate' contributes to even wider concerns among corporate stakeholders during the current recession."

Why aren't these succession plans becoming operational?

According Miles, CEOs will enthusiastically state that they have one or two potential successors. And then you will independently interview the board of directors - and they will unanimously state that "there is no one who can run this company." Clearly, there is a real disconnect between the CEO and the ultimate 'jury' - the board - on the viability of the potential successors.

"Boards are often unfamiliar with internal candidates who are more removed from the CEO's office - those outside the COO, CFO, or other C-level positions. I've seen too often that, when pressed, board members admit concern about the presence of truly viable CEO successors, when it may be simply a lack of 'real' exposure to internal candidates.

TARGETING SOCIALLY CONSCIOUS LEADERS

According to a new book, recruiters need to identify non-traditional leadership characteristics so companies can secure the patronage of today's more powerful and socially conscious consumer. The four key elements that will serve as cornerstones of the most successful business leaders include:

- Purpose beyond profit
- Humanized leadership
- Corporate consciousness
- Collaborative partnerships

Spencer Stuart consultant Greg Welch teams up with branding experts Andrew Benett and Ann O'Reilly of Euro RSCG Worldwide, and corporate strategist Cavas Gobhai in *Good for Business: The Rise of the Conscious Corporation*. The book seeks to illustrate how today's most promising companies are charting a new path for business.

PITFALLS OF REHIRING FORMER EMPLOYEES

In a blog contribution to Harvard Business Publishing, Claudio Fernández-Aráoz of Egon Zehnder International, Buenos Aires, comments on the wisdom of rehiring former employees.

While underlining the importance of understanding the circumstances in which the former employee left the company, Fernández-Aráoz gives a "qualified yes" to the question of whether to welcome back past employees. He notes that former firm members know the culture, and due to their time elsewhere can bring "new perspectives and skills to the table... But a thorough, reliable assessment is of paramount importance" and the hiring process should be undertaken in a very professional manner.

One pitfall could be the assumption that enough is known about the person. In fact, the fit has to be examined just as carefully as for any other outside or inside candidate for the post. Fernández-Aráoz recommends a sophisticated onboarding process including clear communication to former colleagues.

TODAY'S JOB-MARKET MYTHS CHALLENGE RECRUITING

A new Corporate Executive Board study titled the *New Realities of Recruiting* shows the side consequence to the recession, and its challenging effect on recruiters.

Corporate layoffs have supposedly created a much deeper pool of candidates. In fact, "recruiters are fighting five commonly held myths about this job market that the data showed to be false," said Todd Safferstone, a managing director with the Corporate Executive Board. They include:

- More applications equals high-quality hires.
- There's an abundance of the right talent.
- Prospective candidates are easier to dislodge.
- Employers can press their advantage with prospective candidates.
- Maintaining talent pipelines will be easier.

"Everyone is saying this is a buyer's market right now and there is lots of opportunity for employers to trade up on talent," Safferstone said. "In fact the data that measure high-quality hires only went up by a tenth of a percent from the first quarter of 2008 to the first quarter of 2009."

Recruiters are getting more applications, but many don't fit the requirements. The study showed that only 23 percent of candidates spend more than 30 minutes researching a position before applying; 38 percent spend less than 10 minutes. In 2006 a similar survey found that 35 percent of passive candidates were willing to take a new position with a 15 percent compensation increase. In 2009, only 21 percent were willing to say "yes."

"Candidates are hunkering down and scared of being 'last in/first out' at a new organization," Safferstone said.

Nor does this seem to be the time for employers to press their advantage. Only 35 percent of the unemployed candidates surveyed said they were willing to take a 5 percent decrease in pay; only 9 percent would consider a position poorly aligned with their talents.

"People are willing to wait rather than take a step back that costs them for the next three to four years," he said. Given the new market realities, recruiters need to eliminate all but their effective sourcing channels to cut down on the number of unproductive applications, according to the report.

"They (recruiters) will need to be more strategic in approaching passive candidates" – going in, perhaps, when a company is going through turmoil and candidates are more likely to listen, he said. "They need to be very specific about what the new job offers; people are no longer receptive to general promises."

Index