

FT.com

March 30, 2009 Monday 9:45 AM GMT

Rise of a headhunter

BYLINE: Brooke Masters

LENGTH: 1071 words

Kevin Kelly did not set out to be a headhunter. "If I had to list 10 things, I would never have picked this career. It wouldn't even have been on the paper; I never thought of it," says the man who is now in his third year as chief executive of Heidrick & Struggles, one of the world's best-known executive search firms.

The son of a US marine, Mr Kelly moved frequently as a child, developing an ability to walk into new situations with confidence. He then changed gears several times during his early adulthood. He initially enrolled in a Catholic seminary but quickly decided it was a mistake.

He moved home to Virginia and enrolled in a local university where he studied public administration. He then tried his hand at mortgage banking and pre-school teaching in Japan before drifting into recruiting in the early 1990s.

Mr Kelly had been hoping to break into investment banking but the recruiters he saw suggested he should work for them instead. "Tokyo is a little expensive, so I said, hey, I'll go work here. What better place to find yourself a job than a recruiting company?" he says, a smile crinkling the corners of his blue eyes.

That was in 1992. But Mr Kelly's early flexibility was a sign, colleagues say, of his willingness to rethink practices and try new techniques. Those traits led him to question Heidrick's basic structure even as he rose rapidly through the ranks in executive search.

Since taking the helm in 2006, Mr Kelly, 43, has sought to move the firm away from pure recruiting to offering a suite of services that help its clients attract, retain and promote top management. The work was sparked by a recent internal study of 20,000 Heidrick searches, he says. "We've found that 40 per cent of executives hired at the senior level are pushed out, fail or quit within 18 months. It's expensive in terms of lost revenue. It's expensive in terms of the individual's hiring. It's damaging to morale.

The tabular content relating to this article is not available to view. Apologies in advance for the inconvenience caused.

"So we, as a firm, our goal is to have a higher strike rate."

The secret, Heidrick concluded, was following up. The firm now offers companies everything from initial training and early feedback for their new recruits to regular assessments of current executives and succession planning and staff development programmes.

Mr Kelly likens the services to the work of an organ transplant team, which not only locates and attaches the new heart or liver but also follows up with the patient to make sure the transplant is not rejected.

Such "leadership advisory services" now account for just below 10 per cent of Heidrick's revenue. Mr Kelly says he hopes to push that number to 40 per cent over the next five years without cutting back on recruiting.

"We found that there is a stickiness to client relationships over the long term. If you have these deeper relationships with them versus a transaction, they're much more happy to use our services," he says.

Mr Kelly's willingness to change Heidrick's way of doing business seems to stem from a career spent outside the company's US heartland, first in Asia then Europe. "I ran the financial services practice in Asia, which was three people and a dog at the time," he remembers.

Within a few years, he was heading the region for the headhunter, surprising colleague Gerry Davis who thought he would have preferred to spend more time with clients. Not long after that, he had convinced Mr Davis to join him in management - a reflection on how persuasive he can be as a leader.

"He makes it personal, the connection. He transforms it into more than a mere job," Mr Davis says. "You want him to succeed."

Mr Kelly did such a good job in Asia, says Gerry Roche, Mr Kelly's predecessor as chief executive, that Heidrick put him in charge of its troubled European operations, then a zero-margin business that badly lagged behind rivals Egon Zender and Russell Reynolds.

Mr Kelly decided that the answer was to break down geographic divisions. To help spread a sense of shared purpose, he brought in a new crop of 35 recruits who were trained together and continued to meet periodically even as they were spread across the various European offices. Within a few years, the division's revenues had doubled and its margin had risen to 12 per cent.

Since moving to the head office in Chicago, he has tried to do something similar across the firm. In addition to its traditional geographic divisions, Heidrick now has international practice groups, based on sector.

"He did a masterful job of introducing that and sticking with it when it was not universally accepted," says Mr Roche, now Heidrick's senior chairman and one of Mr Kelly's backers.

Personable and self-deprecating, Mr Kelly comes across as less imperial than many of the chief executives he interacts with. While he works occasionally on specific searches, he says he tries not to cherry-pick the best assignments.

One of his four children - a six-year-old boy - recently asked him: "Can you ask your boss if you can come home early tonight and watch my soccer game?"

But there are downsides to having grown up, from a career point of view, at the firm he now heads. "There was a situation where I didn't move a couple of people out. I was giving a couple of individuals the benefit of the doubt," he says, in part because he had known them for years.

Now that he has remade his firm, Mr Kelly is rethinking how headhunters can make use of technology.

"We've had a fantastic business model for the last 56 years, so how do we build upon that foundation, take advantage of some of the new technologies out there and capture this global talent pool that is really critical to the success of any organisation?" he asks.

Mr Kelly is candid about the threat that online networking sites such as LinkedIn could pose by allowing candidates and employers to interact directly. But Mr Kelly says he intends to put Heidrick ahead of the trend. The firm is developing its own secure networking site, where senior executives can communicate more openly, comfortable in the knowledge that Heidrick has vetted the participants.

Mr Kelly envisions it as a place where chief financial officers can ask for accounting advice or chief executives can share leadership dilemmas. "People are connecting in ways they've never connected before," he said. "We've gone from the Age of Information to the Age of Participation."