

KinkeadPartners Perspectives

SPECIALIZATION AND OFF-LIMITS BLOCKAGES

What Clients Should Know

Ethical industry standards (and common sense) prohibit search firms from recruiting from existing client companies. These clients are *off limits*. So companies engaging search firms need to know a search firm's off-limits blockages vis-à-vis the list of target companies from which they want the firm to recruit. So if an aerospace company wants to recruit from within their industry, it should ask search firms if they have aerospace clients from which they cannot recruit.

This would seem to fly in the face of search firm specialization in specific industries. Most clients today prefer specialists – firms with recent experience doing similar searches in their industry - but to take our example above, a search firm specializing only in the aerospace industry may have many of the aerospace companies as clients, so has prohibitive off-limits liabilities. Or consider a diversified industrial with a search for which the most promising recruiting grounds are Emerson, GE and

Honeywell. It is entirely feasible for them to hire a search firm with all three of those companies as clients. In a perfect world the firm would disclose this fact, but clients are advised to inquire.

The search industry's answer to the dilemma has been to develop specialization sufficiently narrow to understand a client's industry and demonstrate recent parallel search experience, but not so narrow as to present significant off-limits issues.

Search firms specialize by function (finance, operations, etc.) or industry, or both, as in our case. Firm specialization tends to evolve to achieve the best balance of specialization and avoidance of off-limits blockages.

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