



WHY ALL EXECUTIVE SEARCH FIRMS & STAFFING AGENCIES NEED CLOUD ERP



➤ When cloud enterprise resource planning (ERP) is implemented and supported by a partner that understands the executive search firm and staffing world, agencies can consolidate their systems, save money and gain access to valuable data.

The global executive search firm and staffing sector is an expansive and growing industry that serves a broad range of clients in need of help filling leadership and other positions within their firms. The global labor shortage has exacerbated the need for an experienced, trusted intermediary to help match the right people with the right jobs (and vice versa). RSM introduces new IP to help executive search firms overcome these problems. For expert advice we talked to Carolyn Southern, director of business applications at RSM, to introduce the benefits of the new technology.

Currently valued at more than \$600 billion, the worldwide human resources (HR) market encompasses global executive search firms whose revenues total about \$30 billion annually.¹ In the United States alone, the executive search industry is valued at \$5.5 billion.

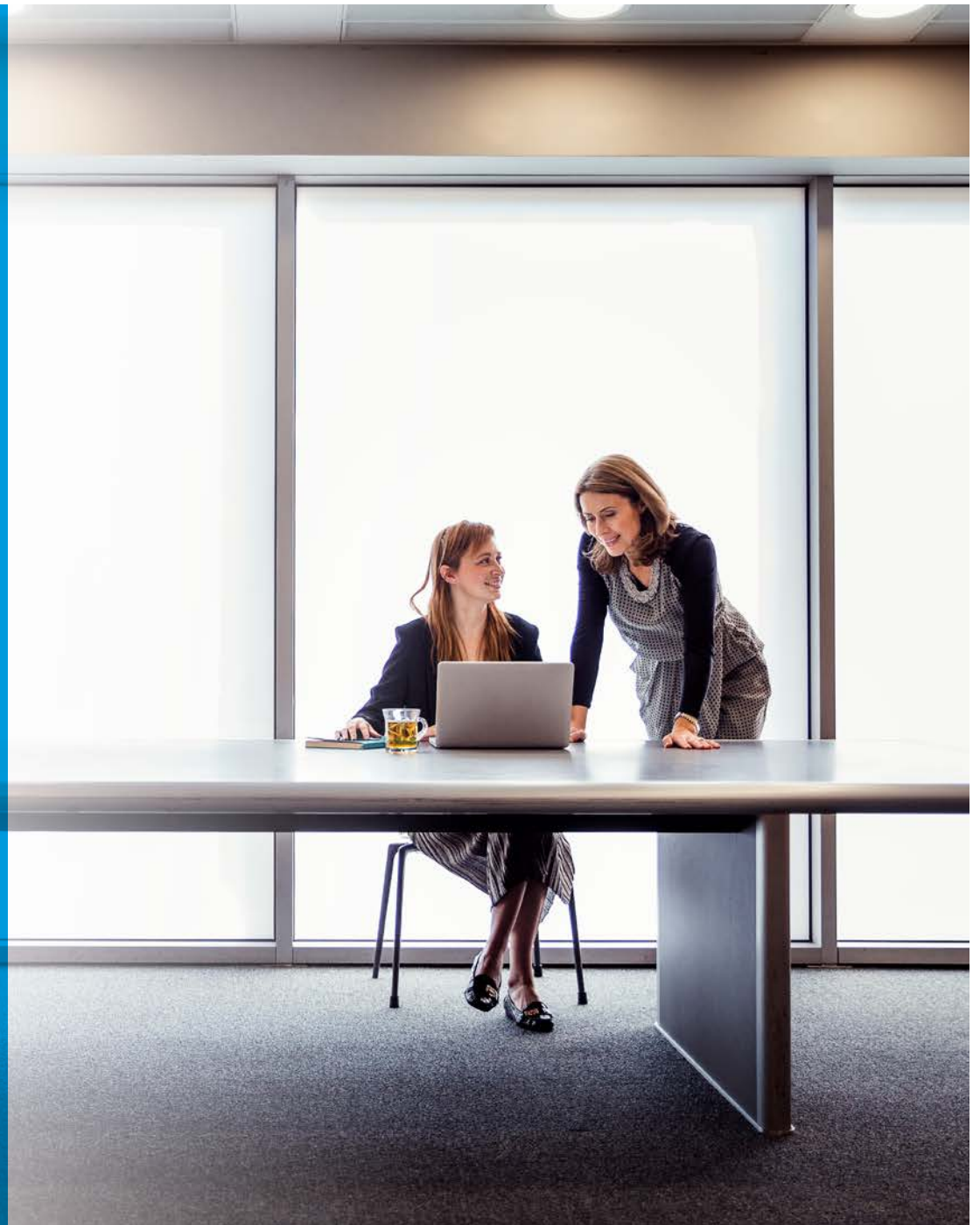
Market growth in the executive search and staffing sector is being driven by factors like the shortage of skilled workers, increasingly complex hiring processes and the need to outsource non-core responsibilities to capable third parties. Organizations ranging from boutique firms to middle-market companies to large global organizations like Korn Ferry International, N2Growth and Heidrick & Struggles have perfected their business models to meet these needs.

¹<https://www.statista.com/topics/6023/executive-search-worldwide/#editorsPicks>

Over the course of the pandemic, many companies experienced new pressures when it came to talent acquisition. With candidates scarce and wages rising, competition for talent heated up. The power shifted over to the employee—particularly for highly-skilled, experienced candidates.

These workforce trends further elevated the role of the executive search firm and staffing agencies, which are growing in size, scope and reach right along with their client bases. In many cases, these companies' business systems haven't kept up with that expansion. As a result, many executive search firms and staffing agencies have poor access to data, minimal automation and no way to generate real-time reporting for their expansive operations.

This playbook explores some of the key technology roadblocks that these agencies are managing right now. It also explains how cloud enterprise resource planning (ERP), when implemented and supported by a partner that understands the executive search firm and staffing world, can help companies consolidate their systems, save money and gain access to valuable data.





➤ Improve Productivity with Modern Consolidated Systems

Also known as headhunters, executive search firms find and recruit leaders and senior-level professionals for a wide range of clients. Staffing agencies find and provide either permanent or temporary employees for organizations. Both types of companies play a vital role in the HR process, which has become more complex and competitive in recent years due to low unemployment rates, the Great Resignation, rising wages and other factors.

To serve their global client bases, agencies will often rely on aging technology systems, solutions that don't "talk" to each other, and spreadsheets that inhibit easy sharing of data across divisions and departments. These disjointed systems—many of which are on-premises—can create significant inefficiencies for firms as they work to manage their worldwide teams and client bases. For example, getting operational visibility across the entire organization is often impossible.

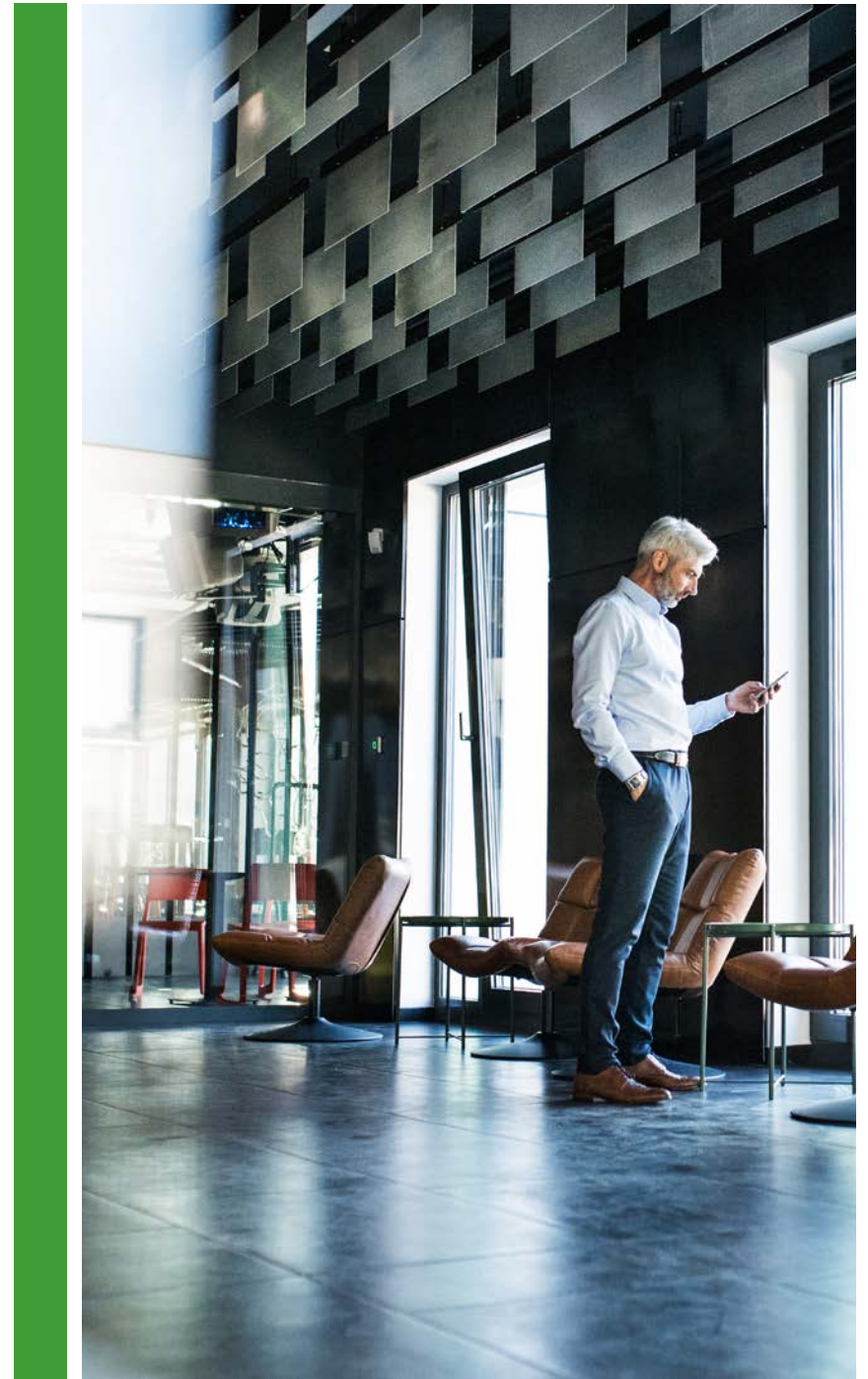
Larger search firms usually have distributed finance teams who devote significant effort to coordinating staff across multiple locations, time zones and even countries. Spreadsheets, email and disconnected software solutions are usually significant time- and money-wasters for growing search firms. Other companies rely on basic accounting systems like QuickBooks, which may suffice for boutique firms that serve a small number of clients from a single location but lack the ability to scale or support global organizations.

"A lot of it comes down to the maturity of the organization and how long it's been in business. But many larger firms are also running on disconnected systems," said RSM's Southern, who recently worked with a global executive search firm that was using 25 different on-premises ERPs (e.g., Sage, Microsoft Dynamics, etc.) before ultimately replacing all of them with a single instance of NetSuite.



Many of the larger firms have been around for a long time, and it's fair to assume that a lot of them have continued to add disparate systems—and then used Excel to share data across those systems—as they've expanded over time. There's a lot of opportunity to consolidate systems and modernize.

CAROLYN SOUTHERN, Director of Business Applications, RSM





➤ Enhance Transparency and Communication

When forced to rely on disconnected systems, agency employees also must use “proactive” communication methods to stay in touch with their colleagues and obtain organizational visibility. For the large number of search firms that work with global client bases—and with the remote work trend continuing—getting everyone coordinated and working toward similar goals is extremely difficult. And when associates can’t respond and react to data as it’s shared, the firm’s competitive edge can be eroded quickly.

Using a system like NetSuite, the same associates can easily see new opportunities as they come in (i.e., a U.S.-headquartered client is looking for a candidate in London) and begin collaborating with colleagues in the UK office to get those needs met. This is just one example of how a geographically-dispersed firm can use cloud ERP to get all team members working from the same playbook at the same time—and without worrying about where those associates are located.

Cloud ERP's benefits also extend to the back office, where leaders and managers don't have to wait until two to three weeks after the month-end close to get the financial data they need for compliance and good decision-making. "With NetSuite, you can see all of your data immediately," said Southern, who recently worked with a search firm that was operating 50 different legal entities in 40 countries.

The company was using various disconnected ERPs to run its global operations, which made the month-end close process extremely challenging and time-consuming. Each of the 50 entities had to manually submit its respective financials for consolidation. As a result, the parent company had no visibility into operational performance until several weeks into the next accounting period.

If anything required quick reaction times in response to financial data, this global enterprise didn't know about the issue or opportunity until it was too late to do anything about it. With NetSuite and the ERP's OneWorld global business management system in place, the same company now has instant access to its financials—both at month-end and throughout the accounting period—and can make quick pivots and decisions based on accurate operational data.

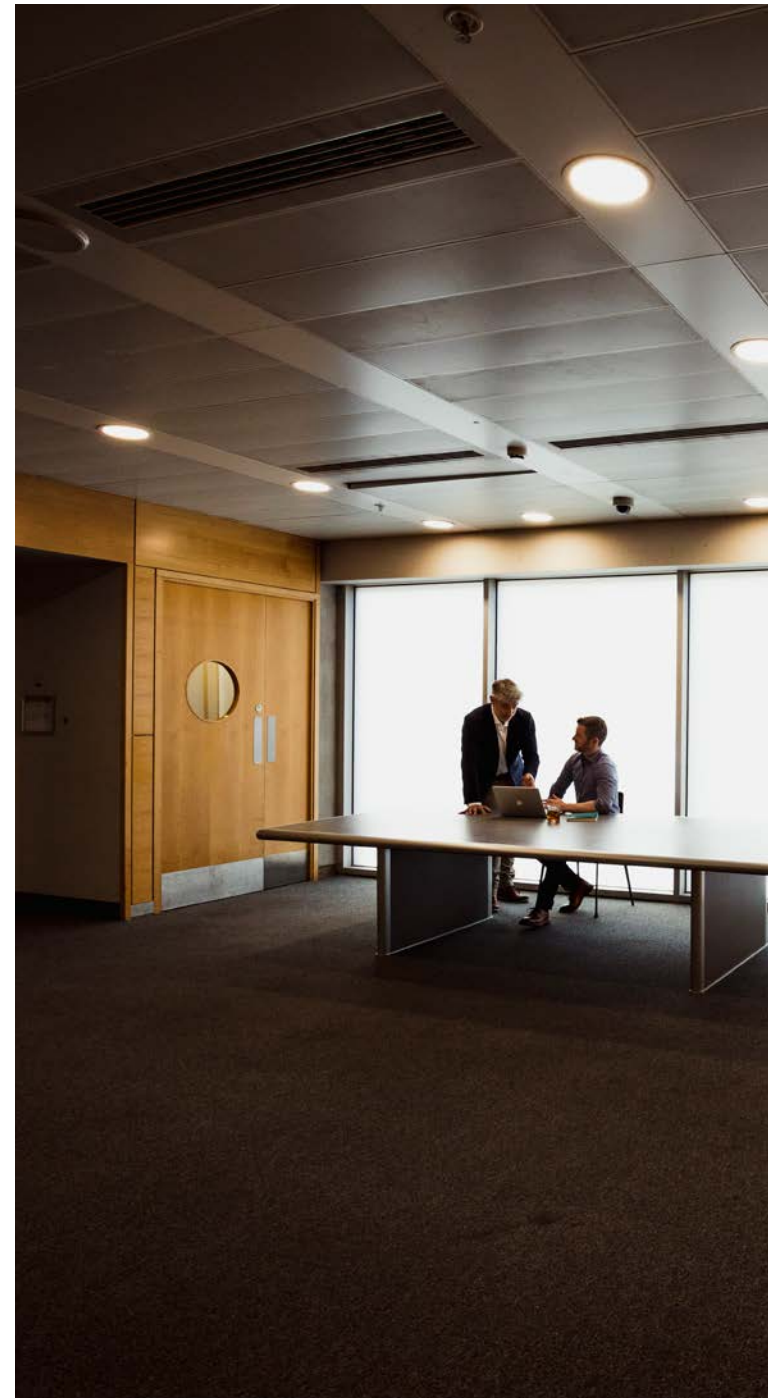


➤ Provide Compensation Metrics and Productivity Improvements

It takes a skilled individual to identify, source and recruit the right talent for specific positions. Because of this, many associates who work for executive search firms are former C-level executives themselves. They have a lot of experience in the business world, have held the positions they're recruiting for and are highly-compensated. In many cases, these recruiters are reimbursed for their efforts via a percentage of each engagement (rather than a commission).

Because these associates are evaluated on the revenues that they generate for their agencies, those organizations must be able to track and associate metrics with the individual recruiter, consultant or other professional. One of the unique elements RSM has introduced to support NetSuite users is the ability to track the contributions of individual consultants to each search engagement. The NetSuite partner has also created reporting that allows firms to evaluate recruiter performance on a per-engagement level. Depending on the organization, the ERP can also calculate and/or pay commissions based upon those metrics.

The large recruiting firm RSM recently worked with was previously using a series of manual reports to calculate a pre-negotiated percentage of an engagement and allocate it to a consultant. Then, if that person's level of effort ebbed and flowed over the course of the engagement, the firm would have to make manual adjustments to keep track of those fluctuations (and then assign the correct compensation to the individual).





From there, the recruiter or consultant would have to pick up the phone and call the firm's finance department for a report on their performance over the previous weeks or months. There was no automated way to develop the reports, track the compensation information and then push it out to the consultants. The whole process was very "reactive."

RSM's intellectual property (IP) augments NetSuite by allowing companies to automatically associate "level of effort per engagement" with the number of consultants working on a project, track everything over the lifecycle of the engagement and provide reports to the consultant—all without the need for phone calls, spreadsheets or emails.

The RSM solution also allocates by geographic region, which allows global enterprises to more effectively manage their intercompany transactions, engagements and invoicing.

Successfully recruiting a CEO for a position in London, for instance, may require agency resources from China, Brazil and South Africa. While the UK agency will be billing the external client, the other entities also need to be compensated for their efforts. To tackle this challenge, RSM developed IP for NetSuite that not only allocates portions of the engagement economics to individual consultants but also creates the proper transactions in the system to handle any cross-subsidiary involvement.



➤ Create and Customize Confidential Invoices On Demand

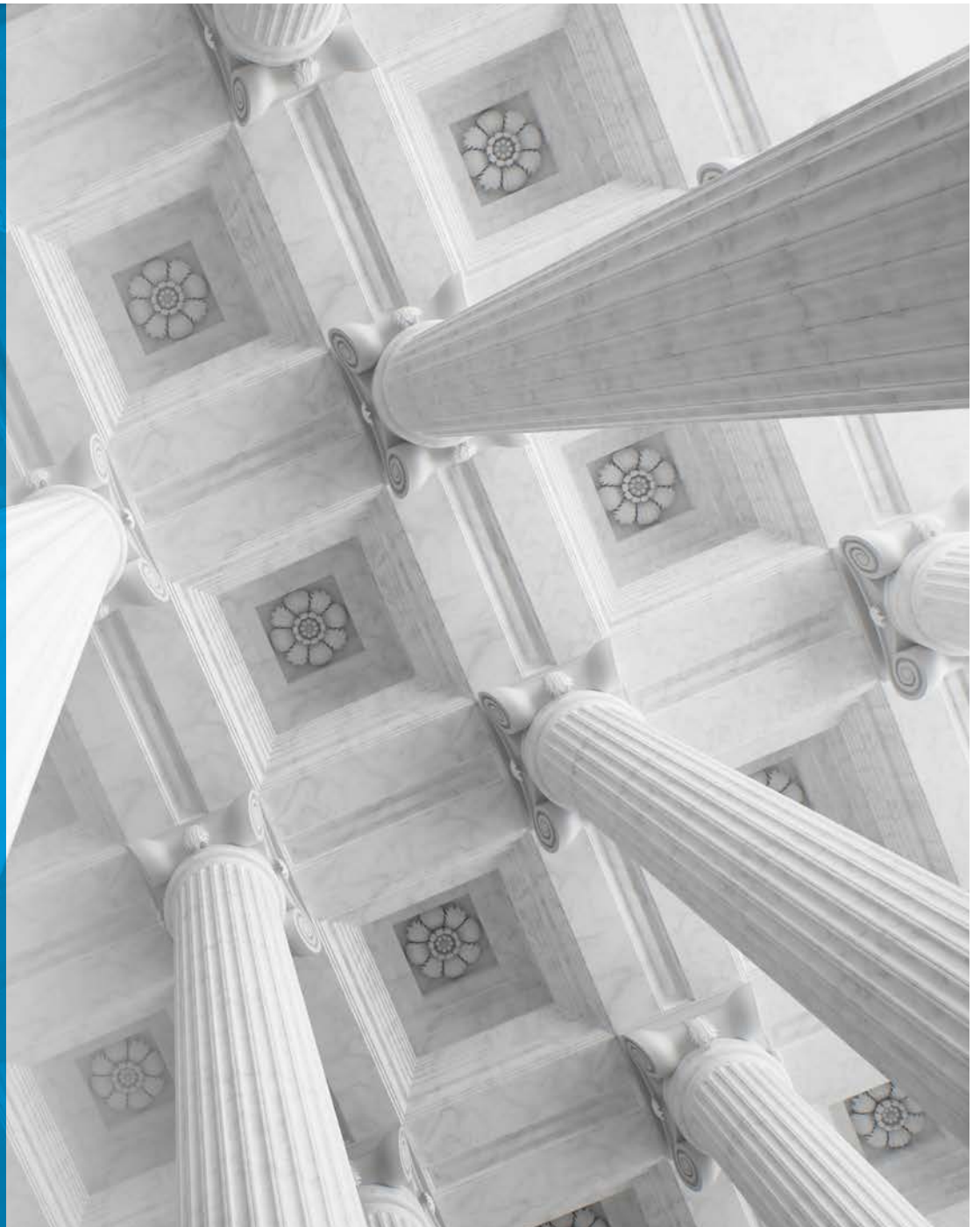
Along with helping agencies track their complex client and consultant relationships, RSM has also developed solutions that leverage the power of NetSuite to help firms produce their customer-facing invoices, credits and statements. This is an important consideration for search firms that have to comply with their clients' invoicing preferences and confidentiality requirements.

For example, the company searching for a new CFO won't want an invoice detailing that search being sent directly to the accounts payable (AP) clerk. Many times these searches are conditional, so the ability to create client-facing documents that only include certain information—and that are directed to the right people—is very important.

Agencies can also use NetSuite to reduce the time spent managing the high volume of pass-through expenses associated with recruiting work. Taking potential candidates out to lunch or visiting them in person costs money, and consultants expect to be reimbursed quickly for these financial outlays.

The executive search firm needs to be able to capture and track those expenses, and then ultimately bill those expenses back to their customers. Additionally, end clients often require that invoices include different levels of detail or they won't issue the reimbursements. Search firms can capture the receipts and have that information flow right into NetSuite and over to the end customer invoice.

RSM has also developed a solution that authorizes consultants who wouldn't otherwise have access to the agency's ERP to access NetSuite without the need for a full user license. The recruiters can review invoices and participate in the approval process, for example, speeding up the return on investment in the ERP due to its expanded usage. When firms are generating invoices for recruiting engagements, it's very important that as part of the billing process they get the input of the consultants who are leading the engagements. That way, consultants not only drive client engagement, but they can also review invoices and provide input before those documents are sent to the customer.



➤ Take the Next Step To Smarter Recruiting Processes Today

With data at their fingertips, a centralized software solution to work from and a host of industry-built add-ons, agencies and their consultants will be well equipped for success in any market conditions. To learn more about how NetSuite, paired with RSM's industry-specific intellectual property can help your business better manage the talent search process, contact RSM today.

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The Power of Being Understood is a promise to our clients and our people that when they work with RSM, they are working with professionals who will take the time to truly understand them, who will bring tailored ideas and insight to their environment, and who are committed to helping them make confident decisions about their future.



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