

Disruption in the International Executive Search Industry

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I interviewed Patrick Mataix who discussed Disruption in the International Executive Search Industry.

Can you first provide a brief background of yourself?

To speak a little bit about my background, I have an engineering degree in computer science, and I did about 10 years in a large corporation in service and marketing in Europe mainly. Then I graduated with an MBA from INSEAD back in 1996. When I graduated from INSEAD, I co-founded a company called Vistaprint with an alumnus from INSEAD. The two of us, along with two big dogs in Paris started the company. We moved to the UK, bought a company there, bought a company in Germany and moved to the US. This company focused on e-printing. So doing printing, commercial printing but from your desktop and internet. This company has been very successful because today, it's floated on the Nasdaq with a market capitalization of \$3 billion, and around 12,000 people working in almost everywhere in the world.

I have this fantastic real business case with Vistaprint to move from one country to another, to move organically, to move through M&A. To move from Europe to the US. When I left the operation of Vistaprint, I decided to create a platform to help other businesses being global because, at that time when I was managing Vistaprint, we were always looking for executives in the country we were getting in. It was tough because no partner was really suitable for our need, for our pace, in terms of cost, in terms of flexibility, in terms of reactivity. The big international headhunters were not adapted and suitable for us.

So I thought, okay, let's put up a platform, let's certify some executives and set up a platform in order for other businesses which are growing internationally to quickly get the right candidate at the right place in a very, very reactive mode, in a very flexible mode — and I can speak later about that — with low pricing compared to what the traditional headhunters are pricing their salaries.

This is the idea of CEO Worldwide, to be the disruptor of international headhunter industry, like we have been doing with Vistaprint, a disruption in the printing industry.

What is happening in the International Executive Search Industry?

Two things. First, the major actors, traditional ones, the big headhunters, they have some hard time to adapt with technology, with pricing, with flexibility. Because they've been doing executive search for 40 or 50 years in a different world. Today a lot of things are changing. Like I said, technology and a lot of things need to be adapted. So these headhunters, for me, are not suitable for companies which are expanding very quickly, developing very quickly, and looking very quickly to the right competencies at executive level in the right country.

So we have traditional headhunters which are not anymore suitable. Then a big event with big new players came along with the social networks like LinkedIn. These social networks are — how would you say? — are trying to do this matching and selection of executives, but they are, I think, lacking expertise in terms of understanding what the business, what the client needs, what type of profile they need. So they let the client decide and select and match by themselves, which I think is lacking some added value here.

There is no human interface, and for me, executive search is really human-based. You need to talk with somebody. You need to understand that your consultancy is understanding what you're facing in terms of issue or opportunity. So basically, they are not the right response for a quick service, a fast service in terms of cross-border resourcing executive resourcing, especially. At the end of the day, they are not so cheap. It seems like the social networks are cheap. Okay, you can post your job offer and receive hundreds of CVs — easy. But you have to deal with that. And this is costly. This is a lot of energy, a lot of time. And at the end of the day, this is probably more expensive and not responding to the need that a lot of companies are having, a very fast access to competency. This is number one.

Second is to have a partner who can really provide you with the flexibility. It could be a temporary resourcing need. It could be a permanent resourcing need. It could be a mix of these, from interim to permanent. They are also not providing these pricing flexibility and the risk sharing that CEO Worldwide, for example, is putting in place. I'll explain myself about that.

So far, the business model in the executive search industry has been always the same for, like, the last 40 years. First a retainer. When the client is asking and signing for a search, he's already paying one-third of the fees. Then you receive a selection of candidates. Then he's paid two-third of the fees. He has not even found the right candidate. It's only when they select a final candidate and they recruited him or her that they will pay the third part.

I think it's not fair for the client. At CEO Worldwide, what we decided is to go 100% success fee, meaning that we are taking the risk of working for the client at no cost up to the point where when he is happy with one of the candidates we have been presenting. Therefore, when he is recruiting this candidate and only when he is recruiting the candidate. He has no need to pay anything before.

Secondly, I think is important to change the way the fees are calculated in this industry. Up to now, the headhunters would apply a percentage of the yearly salary of the executive to calculate their fees. I believe that this is not fair for the client again because obviously, most of the headhunters are of a kind of hidden agenda in that respect. They are pushing higher salary to get higher fees because it's a percentage of it. At CEO Worldwide, we've removed this hidden agenda, or potentially that agenda, in setting a fixed fee for all the regions in the world. Like, for example, if you recruit an executive with us in Europe, it will cost 25,000 euros. If you recruit an executive in the UK, it will cost you 20,000 GBP. If you recruit an executive in the US, it will cost you 30,000 USD, etc., etc., region by region.

So that the client has full transparency in terms of search fees. He knows that there will not be anything until he is recruiting a candidate. This is what I call a disruption in terms of business model compared to traditional headhunters.

What should be done to address these disruptions?

I believe that the right partner in the executive search for clients should be not as today too slow, too rigid, and too expensive, meaning that what we try to do at CEO Worldwide is to disrupt in all these categories. Too slow, yes. It shouldn't take a few

month to recruit an executive somewhere in the world. It should be a matter of days. It's what we manage to do at CEO Worldwide.

Second, it should be flexible. Today, a permanent position is not always the best-case scenario. Sometime in certain circumstances, you need to recruit somebody temporarily. And if you need to propose something permanently, you can do that afterwards. But a lot of interim assignment that we're dealing with are only interim assignments, and they don't need a permanent position. So having this flexibility between interim and permanent is not something that the headhunters are proposing. We are proposing it at CEO Worldwide.

The last point is about the cost. Again, having some retainer upfront, not good. I think not fair for the client. Having a percentage, the fees as a percentage of the yearly gross salary, is not fair for the client. Fixed fee is fair for the client, and it's what we're proposing at CEO Worldwide.

How can companies start taking advantage of this service?

It's any time. Our service is open 24 hours and almost seven days, because we're working in all the regions in the world, so we're working in the Middle East and India on Sunday, and we're working every day of the week. We have a platform that could be accessible on the internet. It's www.ceo-worldwide.com. It generally takes, like I said, about seven days to 10 days maximum to provide to our clients a selection of our best executives for a given job offer or interim assignment also.

Thank you for sharing today, Patrick.

Thank you very much, Dustin.

About Patrick Mataix



Patrick Mataix

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