

Profile:

Dr. Bjørn Johansson Associates

By Barbara Kwateng

Zurich is the home of one of Europe's most successful privately owned executive search firms, Bjørn Johansson Associates. In this exclusive interview with Dr Johansson, we discuss how such a small firm is able to implement international assignments without a network structure and staff retention in the search industry.

The firm prides itself on its position in the market. "We only work at the very top echelons of search. It's a claim that one hears often. All of the largest search firms say they are also working at the high-end of search but my estimate would be that 70- 80% of their assignments are middle and upper middle management searches. Ours are exclusively senior management projects".

Bjørn Johansson Associates' fee structure reflects this positioning. The firm ignores the traditional 'one third of first year salary' rule and instead goes for a price based on the complexity of the search. When Bjørn Johansson first started the firm 9 years ago, the lowest fee he would accept for a search was \$100,000. Now Bjørn Johansson Associates charges a minimum of \$130,000 for any one search. "Our minimum fee level is high... Through this we have positioned ourselves at the top of the market. I don't understand the theory behind our competitor's pricing structure. They may be charging less to search for a CEO in Latin America than for a CEO for an investment banking firm based in Manhattan. In reality, the Latin American assignment may be much more complex... We sometimes feel that our

fee level should represent 100% of the first year's compensation. My clients don't care whether the assignment is costing them \$300,000 or \$500,000, they are looking for the best solution and want me to do the search".

As a result, the firm can survive on a low level of searches annually. Bjørn Johansson Associates only needs to do 30 searches per year "to be happy". These searches are not limited to Switzerland. The firm feels it can achieve worldwide success without being part of a network structure or with numerous offices across the world. This is achieved using an array of "close friendships" rather than through a more formalized network structure. The "friendships" which the company maintains are with firms such as Heiner Thorborg based in Frankfurt and Eric Salmon working out of European locations such as Paris and London - firms with a similar ownership structure to that of the Geneva based firm. The circle was wider; it used to cover Rollo Associates in Los Angeles until the founder Bob Rollo sold to TMP Worldwide and Peter Christ in Chicago who sold his firm to Korn/Ferry International.

Bjørn Johansson Associates claims to give away over \$1,000,000 in searches annually. The reasoning behind this can range from "...a conflict of interest to an inappropriate search level. Sometimes it could be because a client firm does not want to spend the fee level we demand," explains Bjørn Johansson. When giving away searches, the firm always hands them to individual consultants rather than to a firm. "One rule is that the

receiving consultant does the best search they have done that year," he continues. "The system is reciprocal. If I need advice on another search, the person will give it to me free of charge. If they need help on understanding the Swiss market, they will also receive this at no price. Most of the time, I'm giving more than I'm gaining but it helps maintain important friendships".

These relationships help Bjørn Johansson Associates remain international. Despite being a one-office firm, it completed assignments in 7 different countries this year alone. "Most of our searches are done worldwide in terms of candidate identification. We would then fly to the required destinations to interview these candidates whether they be in Sydney or in Stockholm," explains Johansson.

Unlike many of its competitors, Bjørn Johansson Associates does not have its own research department. In its 9-year life, it has worked with the same external research firm which it uses to produce biographies but not to actually contact the candidates.

Outsourcing research enables Bjørn Johansson to keep to his vision of a small, personal search firm. When he launched the firm nine years ago it boasted 8 employees. Today, the number is the same. Having spent a total of 13 years at the big search firms Spencer Stuart, Korn/Ferry International, Paul Ray & Carré Orban International, Dr. Johansson believes that smaller firms are better able to manage client relationships. "From my experience, time constraints mean that

the larger search firms often delegate their relationships down the hierarchy. However my firm is small enough to ensure that I am always involved in every search. The client knows they're not just paying for the firm's name. My involvement in a search goes further than just a sales pitch," explains the Norwegian national.

The Managing Director refers to Bjørn Johansson Associates as less of a hierarchy and more as "a family". Dr. Johansson feels that every effort is made to foster a family atmosphere. "We go on retreats together for days at a time. For instance, this year, we're going skiing in San Moritz for 4 days. We enjoy each other's company. As well as going abroad to meetings together, we also go to the circus, the cinema and to dinner together. We're all on a first name basis; the atmosphere is positive and informal. I believe that my colleagues are proud to say they work here".

Creating this atmosphere is one way in which the firm attempts to retain its employees. Staff retention does not just start with the reward strategies which kick in when a new employee joins - It starts with the way in which recruitment is done; "you can't allow yourself too many mistakes at a small firm". At Bjørn Johansson Associates, the family principle is used in recruitment. Everyone has an equal say in the hiring process. "Anyone joining the firm has an interview with everyone at the firm" he explains. "Everyone has a vote which can act as a veto. That is to say, if someone vetoes a potential employee, then this potential never becomes actual". This could make the hiring process long-winded and difficult. Some would argue in favor of executive decisions rather than vetoes held at every level in the firm. However Dr. Johansson sees things differently. "If you bring an element into the firm that someone is not comfortable with, you can destroy the whole atmosphere and reduce morale, impacting on performance".

Despite these efforts, the firm is not immune to the 'war for talent' in the

search industry.

Although the firms size has remained relatively steady over the years, people have come and gone. Dr. Johansson accepts that "people are forever looking for new challenges, whether this be a different firm or starting a family. People come and go at all levels. We are in a business with little loyalty."

It could be argued that lack of loyalty exists on both sides, the organization and the employees.

The boom in search business did not help matters. "When times were good, people were trying to hire all over the place. Professionals took positions on the basis of money instead of culture or



Dr. Bjørn Johansson

quality. We are now entering a new dimension where firms are letting go of up to a third of their workforce, eroding morale and lowering quality."

Aside from the current economic climate, Bjørn Johansson believes that employees also leave firms because they no longer identify with their founders. "If you look at the large executive recruitment firms, they have all changed their CEO in the last year. I believe leadership will be the next big problem in search. The visionaries like Lester Korn, Spencer Stuart and Egon Zehnder are no longer in the limelight. What this world needs are more individuals and stars like Gerry Roche and Tom Neff. The main thing is to remain focused amongst changes in staff and if you start to fiddle with the brand itself, then you have a problem".

The company is about to enter this process again quite soon. It is looking for a new consultant to help combat the fact that they are "drowning in business". When Bjørn Johansson Associates finds consultants, they encourage them to go and look at the competition to "make sure they are making the right decision". Dr. Johansson believes that it takes 7- 10 years to discover whether a consultant is measurably good at their job. "By then, you've placed over 50 people and have seen how these candidates are performing in their jobs. This is evident over a period of 3- 5 years. After 5 years, the consultant shows how well they have met the client's wishes. If 70% of placed candidates have left within the 3- 5 year period, the consultant needs to question their methods". Over a 10-year frame, a positive or negative trend will appear.

Having started out in 1980 with the first search firm in Europe, Spencer Stuart, Dr. Johansson spoke at the recent AESC conference about the need for executive search to return to its traditional values. "Search firms have diversified so widely. Nowadays they do Internet recruitment, advertising, human resources consultancy, management assessments and countless other things. Clients don't know what search firms do anymore, what our brand is. When firms start putting in adverts for a Chief Financial Officer, then I have to put up my hand to say that as an industry, we're losing credibility. We pride ourselves on doing executive search only".

Bjørn Johansson believes that the call for traditionalism in the industry is as much about ethics as it is against diversifying. "Today search has become mass production. Ethics have disappeared into the background. The off-limits status used to be respected however we are increasingly hearing of firms presenting candidates to different clients at the same time. This is simply not ethical". **S**

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