

Negotiating with a headhunter

Tips for candidates and companies

Mónica Peñaranda

Miguel Bolaños

Lucía Zelaya

Guido Stein

Introduction

Today, organizations face an overriding need for highly-qualified talent. Without them, they can't promote their business strategies. This takes a strict approach to the identification, attraction and retention of high-performance professionals. The process necessary to achieve that goal must be implemented efficiently, with accuracy and no margin of error. It should ensure that the selection of the candidate best-suited for a specific project will unequivocally be the best option over other candidates. But many companies take an incomplete view of this matter. Though they may interview different candidates, they often lack a proven viewpoint that enables them to suitably evaluate the current market, determine the proper salary for a given profile or understand what factors motivate professionals to face new challenges.

This lack of information and comparative context not only complicates the selection process. It increases the uncertainty that inevitably comes with any professional decision. For companies, knowing whether it's right to use a headhunter to guide them is a common question, and the answer isn't always obvious. In this teaching note, we will discuss the dynamic that should exist between headhunter, company and candidate. Indeed, each party in the negotiation, including the headhunter, seeks to strike a beneficial balance between the different priorities in play, some in alignment and others more at odds.

The dynamics of headhunting

Headhunting is a specialized process whose main goal is to identify, attract and select highly-qualified candidates to fill positions—usually strategic posts—in companies. Headhunters work as intermediaries between the organizations that need talent and the ideal professionals.

This technical note was prepared by Mónica Peñaranda, PDD 2024, Miguel Bolaños, EMBA 2011, Lucía Zelaya, research assistant, and Professor Guido Stein. January 2025.

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As opposed to traditional recruitment techniques, headhunting is a proactive, highly-specialized process. Professional headhunters do not just publish job offers or wait for candidates to apply for a job. Instead, they use their network of contacts, specialized databases, and their in-depth knowledge of the job market to identify the professionals with the specific skills that companies require. These professionals are usually executives or specialists playing key roles inside their organizations.

The first step is a matter of understanding in detail the needs and expectations of the client company. This includes defining the ideal profile, the necessary skills and desired cultural fit. Next, the headhunters search in the job market and begin to identify possible candidates who are often employed and not in an active job search. In this context, headhunters have to persuade the candidate to weigh the offer, which adds a layer of complexity to their work.

The headhunter's main goal is to ensure that their client gets the candidate that is best-suited to their strategy and organizational culture. This approach is particularly relevant when it comes to posts of the highest responsibility, in which hiring the right or wrong person will have major repercussions throughout the organization. However, there is a misconception based on the idea that the headhunter's work is limited to meeting the company's needs. In fact, the headhunter should also carefully manage the candidates, especially those for high-level posts, where their influence and prescription in their new job setting can be fundamental for their own business interests. That is why headhunters must make sure they perform at a high level of quality throughout the process, especially the final stages, in which their relationship with the finalists becomes even closer.

One way to stand out in the quality of service that a headhunter offers is the additional information they can provide their client with throughout the process. Searching for an executive can become a sector-based or functional search process for the hiring company. That is why much of the headhunter's fees go to compensating this type of analyses, which not only consist of identifying the ideal candidate but also providing valuable information on the sectoral and professional environment. The process also involves benchmarking salaries, compensation models and even the corporate goals and strategies of direct competitors, which is made possible by the in-depth interviews conducted with the candidates. These conversations are necessary because they don't only give headhunters the opportunity to evaluate the professionals involved, but also generate strategic knowledge that will likely be valuable to the client company.

In this context, there is something that brings about certain differences in the professional relationship between Human Resources teams and headhunters: their compensation depending on the salary package of the selected candidate. For the former, in most cases, the compensatory model of headhunters is based on successful placements. Therefore, the higher the salary for the selected candidate, the higher the compensation for the intermediary. The key market information given by the headhunter in a selection process, as well as the professional trust established with Human Resources, not only contributes significant value to this department but also strengthens the perception of transparency and reliability. It is only natural, in this part of the process, that the headhunter's criteria are trusted to recommend the most appropriate salary range for the candidate. The headhunter's focus is on diminishing the perception that their main interest is on maximizing the candidate's salary package. To argue this point, they may remind clients that their fees can be decoupled from the candidate's final salary, either through a flat fee agreement, or collecting by stages and deliverables throughout the selection process. This way, the headhunter underscores the fact that their commitment is based on the quality and depth of the search, regardless of the salary result. This is a strategic



element within the framework of high-level contracts or complex processes where factors other than the chosen candidate's final salary matter.

Headhunters and client companies

The company's choice of the best-suited headhunter is critical to the success of the process. Likewise, a headhunter must be appraised for more than their sectoral or functional knowledge. Specifically, their main strength is their ability to explore the motivations, interests and expectations of the candidates with similar idiosyncrasies, with the aim of attracting them to the selection process. Using this skill, headhunters can tell if the candidate is in a moment of personal momentum, and if they would fit into the organizational culture of the company wishing to hire them.

The truly exceptional traits of a headhunter in an executive search process should go far beyond identifying skills or experiences in candidates, or offering them attractive salary packages. Their added value resides in their capacity to determine whether the executive will adapt to the company's organizational environment and culture to reduce the gap between the expectations generated during the hiring process and the reality after the candidate is on-boarded. It is essential that the headhunter understand in depth the organization's internal idiosyncrasy, know how to convey it in the proper way to attract the ideal talent and accurately value the professional's fit within it. This comprehensive focus not only facilitates more fluid integration of the candidate, but also sustainable long-term performance.

Many companies tend to idealize the act of outsourcing the recruitment process and erroneously believe that by doing so they completely delegate the responsibility. There must be effective collaboration between the Department of Human Resources and the headhunter for there to be a successful strategic selection. Additionally, companies are increasingly aware of how choosing the right intermediary and person to lead the process inside the headhunting firm has an impact on the hiring company. It is fundamental that the process be portrayed attractively, but realistically.

One of the main obstacles that headhunters face is when the company or hiring manager does not have a clear definition of the profile they are looking for. This situation often arises in newly-created posts or when replacing an existing profile is used as an opportunity to redefine the responsibilities of the post. If the details conveyed to the headhunter are vague, or there are internal discrepancies about the expectations, not only is it hard to take this information to the market, but the initial focus may be flawed from the outset, which makes the search for candidates much more difficult. That is why the initial meeting to set the requisites is a key step to understand the purpose of the role, the changes that drive its creation, if any, and the environment in which it will be played. It is the headhunter's responsibility to clarify these aspects before beginning the search for the ideal candidate.

Headhunters and candidates

Within the framework of negotiation between the headhunter and the candidate, it must be understood that the main goal is two-fold: on one hand, facilitate the candidate's being selected for the desired post. On another, identify the ideal professional to effectively join the company, within the previously-agreed salary range. To achieve these aims, the process should be structured according to a number of specific landmarks, each of which correspond to one of the interactions between the parties.