



## **NEW RULES**

My husband is a Bill Maher fan and, each Friday night, we look forward to hearing his version of “New Rules”. So, in that spirit, here are my New Rules for Recruiting.

**New Rule: If you say it’s not about the money, then you can’t negotiate for the last dollar on an offer.** Opportunity has many faces, not all of them look like Ben Franklin’s. Remember, this is not a transaction with a used car salesman, this is with a group of colleagues you’re hopefully going to work with for many years and with whom you are casting your lot, especially if you’re getting carry. Many candidates say that their move is about fit or proclaim that “it’s not about the money” and then negotiate on everything from parking to moving expenses. Acknowledge that when you’re doing it that way, it **IS** about the money for you. At least be honest with yourself.

**New Rule: Hiring Firms – If you say you’ll pay “market comp”, the market sets the comp.** It’s fair game for the recruiter to ask you what you’ll pay for the candidate you want and giving the vague “market comp” answer implies that you’re really willing to step up to the plate and offer compensation that is competitive. A good recruiter will pin you on it and get you to commit to a real budget that you’re willing to spend so you don’t waste time seeing candidates who are outside your budget for the position. If you’re hoping to find a bargain candidate, be candid about that and realize that a beer budget buys beer, not single malt scotch, and the same is true for candidates.

**New Rule – (actually an Old Rule, but some people seem to have forgotten it!): Once you accept an offer, you need to stop interviewing.** This one seemed so basic to me that I thought I’d never have to actually put it in writing. The purpose of an interview is to get a job offer and once you’ve **accepted** an offer, you need to stop interviewing everywhere else. That means not negotiating with your existing employer, either. Accepting an offer means you have given your word – often in writing – and are no longer available to other employers. I’ve had the uncomfortable experience in recent weeks of having a candidate accept an offer in writing, negotiate a later start date and relocations afterward and then just weeks before his start date, decide to stay at his current job instead because the counter-offer from his existing firm was “too great to say no”. This candidate has demonstrated to the firm he disses and to his current employer that his word is as flimsy as spit. Should you choose to seek a counter offer (and it would take an entire separate column to explain why you should not), do it before you accept the other firm’s offer.

Likewise, a candidate who recently told me he had accepted an offer but was continuing to look for “something better”, protested when I told him we would not represent him in his search and he said “everyone does it”. I would be surprised if either of these candidates would want the same rule applied to them. If, after they had resigned

from their jobs and just before starting their new jobs, the prospective employer said “Sorry, but we kept looking after you accepted our offer and found someone better, so we’re not going to honor our job offer to you.”, I’ll bet there would be a lot of whining – not “everyone does it.” An ability to honor one’s word is a trait that is universally respected in business, government and life. Enduring happiness and success is impossible without it.

**New Rule: If you want to be compensated like a banker, then stay in banking.** Every week, I talk to candidates who want to move from banking to private equity or venture capital and then tell me that they need the compensation to match what they make in their banking role. There’s a tongue-in-cheek recruiter’s joke about why the investment banks pay more – it’s to make you forget that you don’t like the work, or the people or not having A LIFE – and it works, until you remember, and that’s just about bonus time so they give you more money to help you forget! Seriously, banks have historically paid more than principal investment firms and, although that gap has narrowed at the very large PE shops in recent years, it remains true for the overall industry. Private equity and venture capital firms have different business models, different job responsibilities and usually more attractive work cultures. If you’re focused more on maximizing immediate cash comp, keep doing banking. If you are interested in improving your long term net worth, then accept the short term cash flow adjustment. If you’re focused on the long term opportunity, be prepared to stop thinking about what you “woulda, coulda, shoulda” made if you were a banker.

**New Rule: – Salaries and bonuses, like housing prices, don’t always go up forever.** Some of us are mature enough (notice I didn’t say “old enough”!) to remember the many recruiting “down” cycles, most recently those in 2002-2003 when your bonus might be that you were the person who got to keep your job amid layoffs. There have been dozens of these cycles and, by virtue of the fact they are cyclical, it is likely they will come again. I would even argue that we have peaked and are entering a downward readjustment in industry compensation and, yes perhaps, layoffs (for the young people that means you lose your job and finding another one is difficult). I write often about issues related to compensation and I’ve been known to preach that you should like what you do and who you do it with and trust that the compensation will take care of itself. Don’t decide whether you like your job just based upon whether you’re making “market comp”. The markets and recruiting cycles are volatile and jumping for comp might leave you without a chair when the music inevitably stops. Just ask the many people who left private equity for unbelievably big money at a dot.com that went bust and then there wasn’t any way back into private equity because the market had tightened up. The lure of the comp of your wildest dreams is sometimes that – a dream and can lead to bad nightmares.

**New Rule: If you say you’re open for relocation, you can’t later reject the offer based upon its location.** Periodically, a candidate applies for a job in a particular city, goes through the interview process (in that very city, incidentally) and then when the offer comes, attempts to negotiate to stay in the city where they presently reside instead.

The “bait and switch” attempt comes in many forms – offers to “commute” or to open a new office for the firm in the candidate’s current city. These “commuting” counter-offers often are accompanied by offers to work Mon – Fri in the firm’s city (which later will become Tues to Thurs or even alternating weeks). Unless the recruiter or firm makes it clear that they are open to commuting arrangements at the beginning, it’s wrong to move through the interview process without raising it yourself. Waiting to spring this option on the firm until after you have an offer, is downright sneaky and smacks of an attempt to strong arm the other party into doing it your way. It never works. You bog down the process and cheat other serious candidates of the opportunity to progress in the interview process and everyone remembers that you tried to squeeze for more strokes when the game got down to the wire.

**New Rule: A Company is not expected to reimburse you for travel expenses related to your interview within the same city in which you already work/reside, and if you are coming from outside the area, they are not going to reimburse you for your latte/egg sandwich at the airport.** I thought I had seen it all until last week when a candidate submitted his receipt for his CAB FARE across town!! And, even worse, he didn’t even bother to say thank you for the interview in the email attaching his receipts. Yes, the market is competitive for candidates; but no, it is not the NBA draft.. Even if you are the next LeBron James, if you live or work in the same city in which you are interviewing, it’s inappropriate to seek cab fare or parking costs related to the interview. While your current firm might reimburse you for travel related expenses, you don’t yet work for this firm and are sending the message that you’re in it for “all you can get”. Likewise, if you are traveling from outside the area for an interview, make clear in advance what the client’s expectations are related to your travel expenses. Frugality is still a virtue in an industry where we’re focused on improving profitability and going first class is not an option unless the client specified it in advance. In no instance is it appropriate for you to submit your Roy Rogers’ airport breakfast sandwich and Starbucks’ latte receipt for reimbursement – eat a PopTart before you leave home and look like a grown up who can take care of your basic necessities. Per diem incidental expenses are not part of the customary interview reimbursement and asking for them makes you look like George Costanza. It can be the difference between whether you get an offer or someone else does – is your \$21.50 cross town cab fare worth losing the opportunity for an offer?

**New Rule: Speaking of travel, if the Company pre-pays your travel expenses (eg, a non-refundable ticket) and you cancel the interview, you owe the Company the face value of the ticket.** A simple, obvious “no-brainer” for most people; but, in the course of one week, we saw this happen twice. In each instance, the Company had agreed to provide the Candidate’s nonrefundable airline ticket, after which, the Candidate announced that they had accepted another offer and would not be coming for the interview. The Company asked the Candidate to reimburse it for the cost of the ticket

and the Candidate refused. Shockingly, one of the Candidates said “I took the high road by telling you that I had already accepted an offer, I could have just come and gone through the motions instead.” The fact remained that the Candidate specifically asked the Company to pre-pay her ticket and that she received the benefit of a pre-paid ticket (interestingly enough, to a place where her parents have a vacation home). I wonder if the Candidate would have felt the same way if the Company had made her purchase her own ticket and then changed its mind and told her they weren’t interested in seeing her anymore. I suspect she’d have been squawking about the unfairness of having advanced money for the Company from which she got no benefit. In less frothy recruiting times, firms have been known to only consider local candidates or to require candidates to advance their expenses by providing the ticket themselves and waiting for reimbursement after the interview. Inconsiderate behavior of candidates will undoubtedly lead to a return to the “old interview ways” and firms won’t be willing to advance airline tickets or consider out of town candidates.

**Golden Rule: Do unto others ... (you know the rest).** I can’t say it often enough because this industry is small and the world is round and we will all see each other multiple times on this merry-go-round. You never know when someone will be reviewing a deal you submit or making a decision about whether to add you to their team many years from now and the impression you leave in the process of an interview – as Candidate or as Interviewing Company – will follow you and surface unexpectedly – so ALWAYS make good, lasting impressions.

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