

Q-STUDY No. 3

PAULA: Executive Search

“What have I done?!”

A good friend of mine, Paula, called to ask me for some advice on her resume. This struck me as kind of peculiar because Paula is IN the resume business: She has had world-class success in the staffing and executive recruiting business, which is based almost exclusively on accomplishment! I couldn't help but hear the old saying in my head: “You can't see the forest for the trees.” (There is a lot of QTNT-related truth in that statement.) More importantly, her story illustrates one of the overriding themes in this book which is that people do not recognize the value of their own work—something we all spend about a third of our lives doing!

When we spoke, Paula told me that she had hoped her most recent position would be her last professional job. But the startup company she had been working with under-budgeted and overspent during their first couple of years in business. They cut everywhere they possibly could but had to shut down in the end. Paula found herself out on the street and looking for a new position.

She asked if I could review her resume and while we were talking, out of the blue, she astonished me by blurting out, “What have I done?!”—with the emphasis on “I.”

I have known Paula professionally for ten years or more, and I know what she has accomplished. But, once again, here was a mindset surfacing that I have seen over and over throughout the years.

When I thought about it, this question was not about what she had done but more about the lack of acknowledgment for her achievements. Paula was expressing her frustration over the lack of recognition for the contributions she has made and the value she has created for those companies she worked for so diligently. Yes, she had been paid well for her work, but an occasional slap on the back is always appreciated no matter the rank or the status of the employee.

Paula has worked for several Fortune 100 companies. She is IN the verifiable-performance business. Nobody gets past Paula who can't prove their value.

With this in mind, I challenged Paula to provide me with an approximate number of people she had staffed in any one of her previous positions. That's when I learned that in the twenty-plus years she has been in the business she has kept a written record of *every placement* she ever made as well their annual starting salary!

I asked if she would provide me with a starting salary *total* for all those people she had placed while working at all the various companies throughout her career. She didn't have this information on an electronic spreadsheet, so, instead of adding up twenty-plus years' worth of individual salaries, Paula did some perfectly acceptable averaging which, as you will see below, suited my needs perfectly.

The rate of annual pay for her placements ranged anywhere from \$52,000 to \$170,000. After looking over her list of candidates who had landed during her most recent ten years, Paula determined that \$85,000 was a reasonable *average* salary rate.

However, for Company A (see list below), where she spent her first 12 years in the staffing business, she determined that an average rate of \$75,000 was more in line for those years. Approximations and averages are okay to use in your calculations as long as they are conservative and appropriate.

Paula then provided me with her annual salary for each position. Below are the calculations I made to determine Paula's career-long QTNT.

Note: The companies (First column below, G-A) Paula worked for are listed in reverse order with her most recent (Company G) at the top of the list. The number of placements and compensation listed is for a single year unless otherwise noted.

<u>Placements x Salary = Revenue</u>	<u>Paula's Annual Compensation</u>
G: 125 x \$85,000 = \$10,625,000	\$253,000 (2 yrs.)
F: 30 x \$85,000 = \$2,550,000	\$140,000
E: 85 x \$85,000 = \$7,225,000	\$105,000
D: 200 x \$85,000 = \$17,000,000	\$300,000 (3 yrs.)
C: 85 x \$85,000 = \$7,225,000	\$100,000
B: 103 x \$85,000 = \$8,755,000	\$190,000 (2 yrs.)
A: 1200 x \$75,000 = \$90,000,000	\$1,311,000 (12 yrs.)
Salaries Total = <u>\$143,380,000</u>	<u>\$2,399,000</u> = Total Compensation

Across the staffing industry, an agency, on average, earns between 20 and 25 percent of the placement's first-year salary. Of course, this rate can fluctuate depending on the position and the industry, but in this case, and in the interest of not overvaluing Paula's accomplishments, we will use the lower commission rate of 20% in our calculations.

$$22 \text{ Yrs. Of Starting Salaries} = \$143,380,000 \times 20\% = \underline{\underline{\$28,676,000}}$$

This is the amount paid to Paula's various employers for her work.

Total commissions paid to Paula's employers = \$28,676,000
Total compensation Paula was paid = \$2,399,000

Paula's career QTNT = 11.95

During her most recent job search, I asked Paula how many recruiters could walk into an interview and categorically state that she has delivered on the order of 12 times more than she has earned in compensation over her career and that she has been personally responsible for more than \$28,000,000 in commissions to those employers?

Paula's Immeasurable Contribution Calculation

As you will recall, Paula had been exceedingly frustrated when she first called. She had asked me the rhetorical question: "What had she done? – as in her entire life! In answering this question, the first thing I pointed out was the economic impact she had directly had on all those families who were able to buy houses and cars and send their kids to school in nice clothes because of her work. This is a big deal. Additionally, the butcher and the baker and the candlestick maker also do well when one more person is working full time and spending money in their shops. *That's what Paula had done!*

One Last Thought

In the event your company does not know about the QTNT, you can still use the type of calculations I have just shared with you. You can demonstrate the value you deliver in exactly the same way Paula did when she said that she had returned to previous employers 12 times what she had been paid.

In Paula's next interview she slid a copy of these figures across the conference room table and got the job.

