

The Truth About Recruitment Firms: How they Get Away With Putting All the Risk onto their Clients

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"The current commission-based recruitment model where the full fee is paid when the new employee starts is fundamentally flawed. It should be changed to a staggered fee-for-service model. Where the recruiter shares the risk. The lucrative commission systems used in many recruitment companies encourage consultants to take a very short-term view and make quick placements regardless of the suitability of the candidate."

Toby Marshall is the author of the Amazon best seller, Get Great People and he presents globally on the Future of Recruitment. He is the founder of Abacus Recruitment and has 18 years experience recruiting for 100's of companies in the Asia Pacific region.

"Recruiters haste to fill the most number of posts in the shortest time to make big commissions means the real winners are the recruitment companies alone."

Toby argues that a better outcome for both parties can be achieved with a "Risk Sharing" model for permanent appointments that shares the risk of hiring between recruitment companies and their clients.

This involves a three-stage staggered payment system, with 20% paid at the briefing stage, 40% on appointment and 40% at three months. He said Abacus has based its business on this risk sharing model for many years. Apart from one other firm in England, he is the only firm to have introduced it.

This fee-for-service model is superior to traditional guarantee periods, which are (rightly) viewed sceptically by most HR managers. The replacement guarantee is largely worthless once the recruiter has been paid their commission, and they get nothing more for finding a replacement – most just put in a token effort, preferring to work on other roles where they will get paid.

"Most recruiters would see this as treason but that's nonsense," he said. "It's about making recruitment consultants work in partnership with their clients and not persisting with a 'dollars for bodies' approach".

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Most companies today are struggling to find high quality employees. Abacus provides creative recruitment solutions that change WHO and HOW companies hire. So finding and keeping great staff is no longer a problem – and we don't get paid until you have hired AND retained great new employees.

[You can find this press release here](#)