

## **Recruiting - Enough to Make a Monster Tremble**

Business Week Magazine - June 25, 2009 - Online job-search and headhunting is changing rapidly, and frontrunner Monster is losing ground to LinkedIn, CareerBuilder, and even Twitter

Corporate recruiter Elisa Bannon of US Cellular in Chicago used to spend up to \$4 million a year to post jobs and screen résumés through the three heavyweights of online job search:

- Monster
- CareerBuilder
- Yahoo!HotJobs

But with her 2009 budget slashed to \$1 million and 2,500 openings to fill, the wireless carrier's Director of Talent Acquisition ditched the big job boards and instead inked a deal with social networking site, LinkedIn.

For an annual fee of \$60,000, Bannon's team now has access to the network's 42 million members, many of whom are employed, the so-called passive candidates that recruiters covet, since conventional wisdom is the best people already have jobs.

Using LinkedIn, Bannon made a hire in 30 days for a position that typically takes six months to fill. "It's a great product at an attractive price," she says.

### **Shrinking Share**

For Monster, a publicly traded online job site with \$1 billion in sales and 80 million résumés on file, the growing appeal of LinkedIn to recruiters is just one more headache to contend with.

Other social media sites, such as Facebook and Twitter, are also becoming popular destinations for employers.

And niche sites such as TheLadders and BlueSteps, both of which target high earners, are gaining followers among recruiters and job seekers alike.

While traffic to Monster is up because of the growing ranks of the newly unemployed, its share of job listings among the big three has declined from nearly 40% in December 2007 to 34% in May of this year, according to job market research and analysis firm Wanted Technologies.

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And the site saw a 31% drop in revenue last quarter. Monster gets 90% of its revenues from fees it charges recruiters to post jobs and search its résumé database. The rest comes from advertising.

"The big job boards have peaked," says Gerry Crispin of consultancy CareerXroads.

Monster CEO Sal Iannuzzi, a Wall Street veteran who in 2007 came to the top job, is trying to fight back. "I've spent a significant part of my career fixing things," he says.

He has slashed \$400 million in costs over the past year, even eliminating paper cups in the break rooms. Iannuzzi also lowered prices for some key customers and hired 130 salespeople, a 31% increase, to win back business.

In January, Monster unveiled a cleaner site that, among other things, reduced the number of steps required to upload a résumé from 20 to 4. A career-mapping feature shows job hunters how they can transfer from one field to another.

### **Playing Catch-Up?**

Iannuzzi is also trying to improve customer service; moving call centers back from India to South Carolina. Those efforts pleased customers such as Michael O'Connell, a recruiter in Los Angeles whose firm works for Disney (DIS) and Toyota (TM). He was close to scrapping Monster last month but stayed on thanks to better service, a monthly payment plan, and a price cut.

O'Connell is also a fan of LinkedIn: "I use it all day," he says, but argues that it's not yet big enough to supplant Monster. And he stopped using TheLadders two years ago when the company began charging recruiters. Originally, TheLadders charged only job seekers.

Iannuzzi's next step is to address the one-size-fits-all nature of Monster's site, which gets about 12 million unique visitors a month. It's rolling out "Contextual Search" technology that distinguishes between, say, someone who went to Harvard and someone who lives on Harvard Avenue.

Iannuzzi calls the technology "Game Changing", but rivals beg to differ.

"It's an attempt to catch up," says Matt Ferguson, CEO of CareerBuilder, which saw its North American revenue drop 27% in the first quarter.

Meanwhile, on June 25, HotJobs launched a "Pay-Per-Performance" product whereby recruiters pay only for qualified candidates.

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Unlike listing jobs on the big boards, a process that one recruiter describes as "Post and Pray", companies can now choose sites with more distinct services.

Along with specialized sites such as TheLadders and Dice, which focuses on technology and health care, there are job search engines such as SimplyHired and Indeed, which trawl the job boards and corporate employment sites to grab every available posting.

The employment sections of corporate Web sites have also become more sophisticated. And craigslist has cornered the market for lower-paying jobs with free postings in most areas.

**By one estimate, there are now 50,000 job sites in the U.S. alone and an equal amount abroad.**

### **Souped Up Search**

Perhaps the biggest threat comes from LinkedIn, a six-year-old social networking site with a distinctly professional bent.

In January the privately held Mountain View, California company consolidated the various tools it had been selling to corporate hiring departments into a suite of services called Talent Advantage, which now boasts more than 1,000 customers, double the number it had last year.

For \$7,000 per user at a client company, hiring managers get a customized Web site, or "Dashboard," and souped-up search capability so they can reach out to qualified candidates, individually or in groups. (Recruiters can also buy job postings.)

The network even "Pushes" candidates to employers who meet preset criteria. While some LinkedIn members may not want to hear from a recruiter, they'll often send the message along to someone else in their network.

"Finding passive candidates, that's our sweet spot," says David Hahn, LinkedIn's director of product management.

Recruiters agree. "We could not believe the candidates we got" from LinkedIn, says Scott Morrison, director of global recruiting programs at software giant salesforce.com (CRM). "This is a gold mine for us."

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Twitter is also gaining traction in the realm of job search.

Kara Nickels got an e-mail one morning from an insurance industry client that needed 40 lawyers immediately for a big document review. The legal recruiter quickly sent a message, or "tweet", to her 150 followers, which was re-tweeted by legal blogs that follow her.

By the time she arrived at her Chicago office, Nickels had 10 replies and filled every post by lunch.

"With job boards it takes a couple days before people look," she says. "But Twitter is immediate. I'll still use the job boards, but if you don't use social media now, you're behind the curve."

With that kind of competition, analysts are skeptical that Monster can retain its top spot.

"I'm not convinced [Monster's] new projects are going to revolutionize its portfolio to the point where users and recruiters think about Monster in a new light," says William Morrison, an analyst at investment bank ThinkEquity Partners.

"If the job boards don't innovate more often and more quickly, they are going to have a very difficult time growing their businesses over the next several years."

Iannuzzi knows this. "We are not done," he says, hinting that acquisitions could be forthcoming. But even Monster's architects see the writing on the wall.

Bill Warren, the founder of an early job board that morphed into Monster, is now executive director of the DirectEmployers Assn., a consortium of corporate employers.

He's partnering with the owner of the ".jobs" domain and will launch job sites under that domain later this year. Says Warren: "The days of the big, expensive job boards are over."

### **Job Seeker Faux Pas**

Hiring managers say they stay clear of candidates who make these digital job-seeking mistakes:

- Not having an updated profile, with recommendations, on sites like LinkedIn or similar sites relating to your line of work

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- Having a husband-and-wife e-mail address
- Having an AOL address. Some executives say those are very outdated.
- Not doing extensive research about the company, its culture and the position you're applying for
- Not filing your resume digitally, even if you bring paper backups
- "Cold" e-mailing executives with whom you've never made a prior connection, either online or in person
- Asking an executive you're hoping will hire you to be your "friend" on Facebook

***(End)***