Interview with Tilman Bender,
Founder and Principal of T.H. Bender & Partners, Inc.
You have a quite international resume. Can you connect the dots?

I have always been exposed to stories from overseas… having an international perspective runs in my family which is spread among four continents. My father sold large power plants outside of Germany before permanently relocating to Dallas, Texas. An uncle ran the export business of a car manufacturer, while my favorite uncle worked for a German freight forwarding company in Greece. I actually spent my early childhood years in Montreal, Canada – where my brother was born and remains a Canadian citizen.

So, clearly, my family was comfortable outside our home country of Germany. I started working at an international export consultancy during my high school years, initially hired to move furniture though! <laughs> After the furniture move was completed, I was ‘promoted’ to part time office clerk - a job I kept during college. At my university, I took international management classes which was one of my majors. I also interned at the US headquarters of a car manufacturer in New Jersey which was my first exposure to the US business culture and to Human Resources.

In order to graduate from my school in Stuttgart, German, two majors and a minor were required. International Business management was the easy choice, although Organizational Development and Personnel was a fairly easy choice as well. I have to admit that the selection of the minor was too easy, guided by the fact that it was known that the Institute of Industrial Psychology gave good grades.

In retrospect, it is ironic that my graduate thesis had no international aspect - but it was a thesis on how executive selection strategies (like assessment centers and structured interviews) improve the hiring process and by extension the profitability of a company. It was definitely a very academic subject and little did I know that I would end up working on the subject in my professional career!

So, you got a degree from your Business School in Stuttgart… And then what?

Well, that's when the real life deviated from ‘life planning’ – instead working an entry level position in international sales at a car company (for which I had interned during college), I ended up in Hong Kong.

Instead of working for a car company in South Germany, you ended up in Hong Kong – how did that come about?

Well, for the fun of it I had sent out a few applications for internships in Asia – figuring that I should make my resume look better by adding Asian experience to balance out the American and European story. Anyway, I was invited for a 3-month internship at the Hong Kong buying office of a Swiss retailer.

I felt really good about myself! But, a funny thing happened: on my first day, I was informed by the CEO he had mistaken me for the son of a client. But because he was a nice guy and because I was already physically in the Hong Kong office, he wouldn't send me back!
But, you stayed longer than the scheduled three-month internship?

Well, the German car company had decided not to wait three months for me – big surprise for a young lad! But, Hong Kong is a very exciting place, especially if you grew up in a small village in South Germany! And despite his obvious lack of attention to detail during the selection process, my boss was really kind and made a phone call to his former employer which resulted in a job at a German-Chinese OEM manufacturer. We made everything from household electronics such as hair dryers, vacuum cleaners and power drills to telecommunication equipment.

They agreed to hire a European for a local Hong Kong entry level salary and I was happy to be able to stay in Hong Kong!

But, the salary was really low – so low that I had to sleep on a construction site for two weeks before moving into an apartment! I remember one night I missed the cut-off of the ferry going to the island where I lived and I had to sleep under the conference room table!

Well, I guess at one point you moved from Hong Kong and came to the US?

Yes, my American wife insisted on moving out of the closet! <laughing> We had gotten married in Hong Kong but the understanding was to move to the States – her family lived there and my father had immigrated to Dallas in the 1990s. So it sounded like it would be an easy transition.

Our life in the States started in Austin and Houston, Texas, and after trying to adjust to the Texan way of life decided that it was too far from family support. Being a recent immigrant with only a scant support network I had to send out hundreds of job applications.

So, is that how you got to executive search?

Maybe not completely surprising given my background, a German-American management consulting firm invited me for an interview. Their service offering encompassed strategy consulting, mergers and acquisitions, and executive search. A key requirement was to relocate to Chicago.

I was hired as a Senior Consultant, and my job was basically to make sure that projects landed by the partners got properly executed. While we did some interesting work in the areas of M&A and corporate strategy executive search was the bulk of the workload. Regardless if the economy is expanding or contracting, good executives are always sought after while companies rarely make acquisitions.

As a consultant, I ran everything a search entailed – from finding companies with promising talent, calling their front desk to find the appropriate employees, get connected to their extensions, and leaving many, many voicemails. Back then (it was the nineties after all), we even wrote letters to potential candidates and mailed them using the United States Postal Service! We also conducted market entry studies and I helped to setup a successful Joint Venture which supplied injection molded parts for one of the highest volume car models of the time.
But you didn’t stay with this German boutique search firm? It sounds like this was a quite perfect role for you! How did you end up at a newly minted Fortune 500 Executive Search firm?

Yes I was very happy there and it was also very good for my family as the office was close to our apartment and my daughter had just been born. However, the two founders decided to sell their shares to external investors from outside the industry. It was a good move from the perspective of the founders who wanted to retire comfortably but that motivation didn’t necessarily align with the interests of the employees – especially the ones with less seniority. So, I decided it was a good time to look around and see what else was out there.

I was really lucky; I landed an associate job in the High-Tech practice at a “hot” executive search company. The company had gone public and had vaulted in the Fortune 500 status with hundreds of employees. In addition, they were the fourth largest executive search companies globally at the time; and, last but not least the position came with a very nice increase in compensation!

Things were going great; the economy was going gangbusters and the technology sector was particularly red hot. I didn’t realize at that time how lucky I was to land the job – I executed search assignments for the leader of the Global Technology Practice. I met a lot of interesting candidates, completed very high-level executive searches with Blue Chip companies, and had to work hard but was rewarded with a few promotions and made it to Principal (basically one level below Partner).

But I also made memorable and very surprising observations: nice offices and excellent marketing didn’t mean that money was spent on researchers, databases or dedicating the resources I thought it took to find really good candidates. I learned about the pressures of reporting to Wall Street on a quarterly basis and what it takes to maintain a large base of fixed costs, and how this impacts the quality of a search.

What happened? Given that the search firm was #4 globally in terms of revenue at that time?

Well, the good times didn’t last. The recession had started, salaries were cut and shortly thereafter the whole company, like so many others, couldn’t pay for the fancy offices and high executive salaries. The attacks of 9/11 destroyed the company - the firm careened quickly off track as suddenly no one was hiring new staff or interested paying search fees.

So, my boss had left and started his own firm. He offered me a role but I decided that it was also a once-in-a-lifetime chance to take the plunge and do the same. That was around 2004 and that’s when I started what matured into TH Bender.

I set myself up in my living room in Chicago and started working – searching for a client to pay the bills so I could provide for my family (which by then included two young children) was paramount. Again, I got lucky! A manufacturer of industrial X-ray and computer tomography equipment was unhappy with its sales office in California. I was asked to help with finding a new location and help them to recruit a General Sales Manager. That search was successful and followed by dozens of other searches; many of them in the industrial and semiconductor sectors.
Where do you work nowadays?

Yes, after a decade working in Chicago I was open to changing locations. My wife works at the interface between the Department of Defense and medical technology research organizations so Washington, D.C. is a must-be for her.

The relocation took place in 2007. Washington is a town with three airports, a strong international vibe but more cost-effective and convenient than New York. We are located downtown, next to George Washington University, across from the World Bank and the Washington offices of the European Commission and mere blocks from the State Department. We are also six blocks from the White House. It’s a very global, professional, buzzing part of town and Georgetown is an easy stroll away – walking to our favorite restaurant strongly appeals to my European roots.

But we have very little interaction with the political institutions; our clients are either South, West or North of DC! A third of our searches are between Boston and Houston; another third in the Toronto to San Antonio corridor and the rest between Vancouver and San Diego.

Our cultural roots are still in Chicago – it has a strong, down-to earth work ethic which we still find appealing. Many of our clients are in the Midwest, and we maintain an extensive professional network there, conduct most of our presentations from our conference room on Michigan Avenue. We are still registered as an Illinois-based corporation!

You have around 15 employees, why not more?

Well, sometimes I ask myself that question.

Most importantly, we work in a tiny market – we recruit the first and second level management level for mostly clients from outside the United States. It’s not a client base which lends itself to a huge expansion.

Secondly – bigger means more responsibilities – larger payroll responsibilities, more office rent, higher administrative expenses and more turnover amongst staff. I have seen how the fourth largest search firm globally disintegrated in a recession. Everyone had to find a new job; it has been a long time ago, but it has left marks. For me personally, smaller is better.

Third - I actually like executive search work and enjoy the challenge of helping clients to solve critical issues. That aspect of my daily work is more interesting to me than corporate development, business development, and sales.

So, my rule is to be involved in each search. I might not handle the initial phone interviews, but I am intimately involved with setting the search strategy and personally interviewing high value candidates before we decide to introduce them to the client. The client and I always conduct the first round of interviews together. The second round is often in Europe and my presence is not always needed, but I am also very involved during the all-important contract negotiations.

Fifteen full time employees are enough to have a lot of resources to do really good, intensive work, but still small enough to be personally involved and not having to wonder how to cover payroll during the inevitable slower periods.

I am also proud of the fact that we never have had to lay anyone off or reduce pay because of slow business.
What kind of corporate structure do you have? Who owns the Firm?

We are privately owned by family and are completely self-funded. This means we can invest our profits back into the company. For example, if we need to get access to a database to help with a search – data sources can be surprisingly expensive – it typically requires only an email to get the required approval and budget.

That’s a good Segway into my next question: There are a lot of executive recruiters in the United States. Many are larger and have more staff. What sets you apart?

We can easily dedicate a much deeper and wider research effort than our competitors. Even if they are bigger by revenue, their business model doesn’t support spending many project hours on a single project. Sometimes a search is easy – the record is one week with four introduced candidates to complete a search for a direct report of the largest German engineering and technology Company. On the other end of the spectrum is a search for which we identified 1800 potential candidates.

Most assignments are in the middle – still requiring identifying and screening hundreds of potential candidates. Our objective is not to find only one candidate, but to present four to six and have our client meet all of them during one trip to the States.

Keep in mind, the decision-makers have to fly in from overseas – something they are happy to do once but not twice!
Can you explain being “not high priority”? What is the difference between the motivation of a large American executive search firm and a firm that specializes in international clients? After all, executive search originated in Chicago and not in Europe?

That's an easy question to ask but requires a lengthy answer. I started my career with a boutique, highly specialized company which focused on European clients and also have been with the fourth largest search firm globally focusing on US clients. At the beginning of my career my clients were large Blue Chip companies. From my personal experience I am aware of the differences! So, I think I can offer a somewhat unique perspective.

First, it requires more effort to locate candidates interested to be employed by the subsidiary of an internationally company. It is difficult to attract Americans to work for a subsidiary where important decisions are made at headquarters overseas.

Secondly, it is a lot of effort to find competent people who fit the culture of an international company. Carefully matching the personality of the candidates with the corporate culture of an international organization, translates again into a much higher investment of project-hours than a regular domestic search.

Third, the relatively smaller size of a subsidiary vis-à-vis domestic competitors, means that there is a smaller chance for repeat business for the recruiter. So, the large investment into research can’t be reused.

The first difference is in the area of ‘expectations’. It requires much more effort to find a strong candidate interested in working for a subsidiary.

To put it into the context of a P&L: the resources, especially in project-hours a search firm needs to invest to find candidates for a non-American company, is much higher than for a domestic company. So, to be blunt, it is often the economically correct decision to pursue American business. Big US clients come with a lot of repeat business. So, it is logical that they get more attention than a smaller overseas based client who has maybe one or two retained search needs and then nothing for years – even if the recruiter did an excellent job!

Simply put, often they have secured globally valid agreements which prevents them to poach employees in the United States.

As there are often very few top-executives with the right attitude willing to change employers, these limitations are serious and can reduce the chances of finding the perfect candidate. As a smaller player we do not have these issues – we can recruit from almost every company.

So, bottom line is that we have a large database of candidates we have contacted for prior assignments, but we also maintain a team of ten full-time researchers. This means a large, fixed payroll but we know that the expenses are very well worth it.

Second – and this is really significant – we have very few off-limit accounts. Clients are often not aware that their long-term, globally active recruiters have to deal with a lot of restrictions when it comes to potential candidates.
Well, it appears that nobody is perfect – your company gives a placement warranty of up to 12 months. What does that mean, and do clients use it often?

Most of our competitors give three or four months. We are very confident that our process and methodology works. I had to redo maybe four or five searches in my career. That includes one redo because the candidate was a bigamist – he had simultaneously two wives and each had two kids. While the client and I admired his management skills we were dubious about his personal ethics.

Ok, it requires a comparatively higher investment to complete an executive search assignment commissioned by an international client vis-à-vis a purely domestic assignment. That makes sense and is quantifiable. However, are there other, maybe less visible differences?

Most importantly, the search consultant needs to be a more senior, experienced person. It is super important to spend time with a candidate and explain why working for the subsidiary can be very rewarding. A convincing pitch cannot be delivered by a young associate fresh from college - it has to be delivered by someone with gravitas; someone who can convince. In addition, executive recruiters who can be convincing are difficult to find. Hiring a junior person from college, providing classroom and on-the-job training and then expect that this person can convince a skeptical executive is wishful thinking.

Subsidiaries frequently don’t have the normal HR resources (like well-developed Policy Handbooks) and many are often outdated or do not apply to top-level executive positions.

This is why our project managers spend a lot of time during the final stages of the search – extending and negotiating an offer. Having a search fail after the client came to USA to interview, and have the candidate fly overseas to meet the Board is simply not an option. This is why we are very involved. And, by the way, American candidates expect that executive recruiters guide the process, including compensation negotiations. Our clients often need to adjust to the fact that having a US-experienced partner on their side for all steps of the way is very beneficial – even if it is not what is expected from their local recruiters!

So, in summary: We need to have four to six excellent candidates ready to meet the client on one day when the CEO flies to the States; international searches require more research hours, need a higher level (more expensive) internationally oriented recruiter. Working across continents requires a lot of administrative effort. The all-important final step in the search is fraught with challenges which in turn require the partner to be involved personally, as opposed to just delegate this very time-consuming process to an associate or have the client’s HR department take over.

The ability to convincingly represent a non-American client is not about sending out a position spec; it’s about painting a global picture of an organization with a lot of internationally moving parts and explaining the role of the American organization. To be convincing in that context cannot be taught in a classroom; it requires life experience in an international setting.

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OK, so you have built a successful little company in a challenging niche. Do you have a vision?

Well, we can continue to stay at the level we are and do what we are doing for the foreseeable future. But, I have come to the conclusion that standing still is not really a particular long-term or exciting option. We have been approached a few times by large executive recruiting companies and networks to join them. However, we have not yet seen a proposal which leverages our expertise or helps our clients. So, while the options are theoretically open for now, I think our best course of action is to stay independent and expand the company internationally under the TH Bender brand.

That way we can offer our clients a single point contact for their search, talent management and interim management they need to execute their international business strategy.

How would you describe your personality? What is it like to work with you?

Gee - I have been told that I am very hands-on, sometimes too much. An example would be that I like to text my clients if a question is simple. I guess one way of interpreting this is that I have spent a lot of time dealing with client issues as supposed to delegating.

I am not a stereotypical ‘consultant’, I like to see myself as pretty much down to earth, hands-on professional who likes to get things done and is not afraid to articulate an opinion if it helps the situation. And, I really enjoy cross-border business challenges.

That way we assure that our quality standards are strictly adhered to, we continue to improve our methodology and invest even more into tools. It’s not the model which will let us scale quickly and turn into a Unicorn valued at billions of dollars, <laughs> but we prefer stability and continuous improvement over quick fixes and grand schemes.