

Boston Business Journal

August 4-10, 2006 Vol. 26, No. 27

| ENTREPRENEUR |

The new recruits

Talent Retriever LLC

Employment consultants break through with outsourcing model

BY SEAN MCFADDEN
JOURNAL STAFF

BURLINGTON — When husband and wife **David and Cheryl Barbato** decided to throw their hats into the crowded arena for recruitment services two years ago, they wanted to break from tradition.

As a veteran of the staffing services industry, David Barbato says he had become troubled by a widely accepted model that seemed built around a singular outcome: completed job placements paid for by high contingent fees.

In starting his own firm, **Talent Retriever LLC**, in March 2004, along with his wife, who had spent much of her prior career in professional services marketing, and former colleague **Sean Caddigan**, Barbato decided to risk his future on a nontraditional industry concept: recruitment process outsourcing, or RPO.

The objective of an RPO program is to enable a client firm to outsource or transfer all or part of the staffing process for a period of time to an external service provider, such as Talent Retriever, for a retained fixed fee.

The Barbatos say their target market are midlevel, white-collar professionals in the \$55,000 to \$150,000 salary range — particularly those in the technology and professional service sectors. The firm is contracted to 20 corporate clients, ranging in size from 25 employees to 10,000 plus.

“Because we’re retained, it gives us an opportunity to get much deeper under their hood,” says David, 35. “It’s more about



SANDIE MCDADE-ALLEN/BUSINESS JOURNAL

Husband and wife David and Cheryl Barbato, at right, along with Sean Caddigan, of Talent Retriever enable clients to outsource their talent search needs for a retained fixed fee.

them. They open up the doors much wider to us. There’s more of a sense of partnership.”

Focusing on that niche, say the partners, has paid off: Earlier this year, the firm moved to 4,300 square feet of office space in Burlington (they had previously occupied 1,000 square feet in Chelmsford) to accommodate a staff that had grown to 24 full-time employees.

That growth also is reflected in the firm’s bottom line: This year, Talent Retriever is

TALENT SHOW

The husband-and-wife team of David and Cheryl Barbato, along with Sean Caddigan, launched Talent Retriever LLC in March of 2004.

The firm specializes in providing recruitment process outsourcing services, for a retained fix fee, to corporate clients.

Talent Retriever conducted 146 searches last year, with 120 hires made.

TALENT: Outsourcing model

projecting \$2.3 million in revenue, up from \$985,000 in 2005. Last year, it conducted 146 searches, with 120 hires made.

The inroads the firm has achieved in a relatively short period is sweet vindication for the trio of partners, who have bootstrapped the venture with their own funding since inception.

Back in 2004, both the Barbatos and Caddigan, 37, financed the estimated \$5,000 start-up cost through personal savings and home equity lines. David Barbato, acting as president and CEO, serves as the firm's majority shareholder.

While such a move in an uncertain economic climate may seem precarious, Cheryl Barbato, 36, says the partners had an unwavering belief in their new business — as manifested in their constant reinvestment in such areas as labor and technology systems (for which they've spent approximately \$350,000).

"Their model is relatively new in this marketplace," says their business coach, Ken Estridge of Enterprise Development Group Inc. in Boston. "They had to explain the subtleties of the model (to clients)."

The period of time for which Talent Retriever has been contracted, say the Barbatos, has ranged from six weeks to six months, with an estimated 75 percent of clients reusing services after initial projects.

Because client programs are highly customized, monthly retainers have ranged from \$5,000 to more than \$50,000. Unlike traditional contingency firms, Talent Retriever is not compensated with a percentage of the job candidate's first-year salary. In some instances, they contend they've saved clients up to 75 percent from traditional contingency fees.

Client David Arthur, CEO of Westwood-based consulting firm Chasm Technologies Inc., says one of Talent Retriever's key strengths has been its ability to simplify the "front-end" recruitment process work at a reasonable cost for his technology clients.

"It really works extremely well for startups that are cash-starved and have a need to build out an organization and often don't have the (necessary) resources," says Arthur.

The Barbatos say their five-year goal is to grow Talent Retriever to \$20 million in

'Their model is relatively new in this marketplace.'

Ken Estridge

Enterprise Development Group Inc.

revenue and 100 employees — while using their own internal funding — by bringing in more business from outside New England. Currently, about 55 percent of positions it filled were in New England.

The ongoing challenge they face, says Cheryl Barbato, is educating the market about Talent Retriever's nontraditional approach.

"We're selling people on the idea that this is different and an alternative," she says. "And obviously, we're trying to sell our own services as the next step in that."

SEAN MCFADDEN can be reached at smcfadden@bizjournals.com