

MN SECURE CHOICE RETIREMENT PROGRAM

To: MN Secure Choice Board of Directors

From: Dave Bergstrom, Interim Executive Director

Subject: Permanent Executive Director Search (Agenda Item 5)

To move forward with hiring a permanent executive director, the Board needs to decide if they want to hire an Executive Search Firm or conduct a Board/Staff Directed search. A position description has been written and a competitive salary range has been determined.

It is my understanding that several good candidates applied for the interim executive director position. Some candidates were not familiar with establishing a state agency, which will not be as important during the search for a permanent executive director.

The goal is to not only find an executive director that is “qualified”, but to find one that excels in the field and will bring credibility to the Program. The Board will have to make many decisions in the next few years. The Board should look for candidates that can assist in making the Board comfortable in their decision-making process. I’ve listed just a few of the important decisions the Board will need to make:

- Develop Program Details

 - Default contribution rates.

 - Define “eligible employees”.

 - Fee Structure

- Do you want to hire a consultant to help with operational duties?

- Do you want to join a consortium or start up a new plan?

- Which consortium or record keeper do you want to select?

- Staffing – what staff do you need to complement the record keeper responsibilities?

- Develop a communication plan for employers, employees, and other stakeholders.

On the next page, I have listed items to be considered in deciding to move forward with an Executive Search Firm or move forward with a Board/Staff Directed search.

Executive Search Firm	Board/Staff Directed search
Has expertise and experience helping recruiting executives on a national level. They likely have a list of candidates who may be looking for new opportunities. The Executive Search Firm will verify the recommendations provided by the finalist.	Several qualified candidates applied for the interim executive director position. The Minnesota Management and Budget (MMB) human resources staff have indicated they would help. They have experience hiring commissioners and assistant commissioners for various state agencies. MMB uses firms to conduct a background check. Recommendations provided by the finalist will need to be verified. Other vetting may also be required.
Will advertise in various retirement and investment publications, financial newspapers and with national retirement organizations such as Georgetown University of Retirement Initiatives, National Association of State Retirement Administrators, and other organizations. An executive search firm likely has a known pool of candidates that they could recommend.	Will advertise in various retirement and investment publications, financial newspapers and with national retirement organizations such as Georgetown University of Retirement Initiatives, National Association of State Retirement Administrators, and other organizations.
Candidates will be screened by the Executive Search Firm, and a limited number of candidates will be presented for consideration.	All candidates must be screened by staff and/or Board. While MMB can help screen candidates, a Board/Staff Directed search will require considerably more involvement and time from the staff and the Board.
Staff will facilitate the schedule between the search firm and the Board.	Staff will be involved in the screening process and will facilitate the schedule among the candidates and the Board.
Recruiting and vetting by a search firm may provide more assurance to the Board about the process and vetting.	
Open Meeting Laws can be difficult to manage when hiring candidates – many executives don't want others to know that they have expressed interest in other positions.	Open Meeting Laws can be difficult to manage when hiring candidates – many executives don't want others to know that they have expressed interest in other positions.
Cost will be approximately \$100,000 - \$125,000.	Cost would be about \$15,000 to advertise, hire a firm to vet candidates and potentially fly candidates to Minnesota for an interview. Meetings can initially be done electronically,

	but the Board will likely want an in-person meeting with finalist(s).
Next Steps for Board/Staff: Draft and approve an RFP to hire a search firm (several to plagiarize from) Review the position description and minimum qualifications.	Next Step for Board/Staff: Develop and approve a nationwide advertising plan. Review the position description and minimum qualifications.

Two approximate timelines are shown below based on whether the Board chooses to use an Executive Search Firm or conduct a Board/Staff Directed search.

Using and Executive Search Firm

Early January	Approve an RFP to hire an Executive Search Firm and a list of vendors to which we will send the RFP.
Early February	Review the RFP submittals and select a firm.
Late February	Approve and sign a contract.
March	Search Firm advertises the position and searches for potential candidates.
Early April	The Search Firm presents several qualified candidates to the Board to select who should be interviewed.
Mid-April	Interview candidates and select the permanent executive director.
May	Permanent executive director starts.

Board/Staff Directed Search

Early January	Approve a recruitment plan and position posting.
Mid-January	Publish position opening and wait for responses from candidates.
Mid-February	MMB and staff will review initial applicants and recommend the qualified candidates for the Board to review. The Board decides finalists to interview.
Early March	Finalists are interviewed and a permanent director is selected.
April	Permanent executive director starts.

Staff Recommendation:

I am recommending that a Board/Staff Directed search be conducted and use MMB to assist the Board/Staff in reviewing and vetting candidates. I am making this recommendation since it is less costly, the salary is competitive, good candidates have expressed interest, and there are many effective ways to solicit eligible candidates in the retirement community.

A Board committee should be appointed to lead the hiring process. A committee will be able to meet more frequently than the full Board and can focus on hiring the permanent executive director.