Your Recruitment Process & the Recovery: Strategies for Success

By Josh Sorkin & Jesper Bendtsen
WHY DO COMPANIES OUTSOURCE?

Businesses routinely outsource some of their non-core business functions — from security to administrative services. When it comes to outsourcing a core business function, like part or all of the recruiting process, the decision-making process is more complex. Organizations most often outsource hiring in an effort to decrease the time to hire, according to the 2009 Global Transformation survey by the Human Resources Outsourcing Association and ADP. Other frequent reasons include lowering the cost of recruitment, improving candidate quality, and increasing candidate volume. The growing economic recovery presents additional reasons that make recruitment process outsourcing even more critical to consider now.

Traditional recruiting concerns, such as a slow process due to limited internal resources, must now be coupled with the challenges presented by the projected recovery and job growth that is beginning to occur. The U.S. Bureau of Labor projects 17 percent job growth in the “professional and related” category by 2018. This reality, combining with traditional recruiting issues, creates a challenge for companies that need to scale up their recruiting efforts while controlling costs.

Recent economic conditions have had varying impacts on companies. However, almost all will need to prepare as more organizations begin vying for the same talented individuals. Whether lost talent needs to be regained or new talent needs to be added, most organizations have recruitment needs. To achieve optimization in your recruitment organization, companies must decide what model or blended solution best fit their needs. This paper focuses on four areas: in-house management, hybrid recruitment process outsourcing (RPO), project recruitment, and full RPO.
THE RECRUITMENT MODELS

IN-HOUSE MANAGEMENT IS THE CLASSIC DELIVERY MODEL.
In-house management is the classic delivery model. A full-service human resources department fulfills a majority of the company’s staffing needs, and they typically use preferred recruitment agencies or contract recruiters to supplement their internal resources in order to meet spikes in recruitment volume or to fill challenging roles. Recruitment is either handled by a dedicated internal recruitment team or through human resources generalists who manage recruitment as well as other HR responsibilities. Using third party recruitment agencies or contract recruiters on a regular basis often makes it difficult for internal teams to control consistent outcomes.

A HYBRID MODEL CAN HELP FILL THE GAPS.
Hybrid recruitment process outsourcing combines the internal model with an outside service provider for support. Companies can choose to outsource a portion of the recruitment lifecycle (for example, sourcing and screening) or the entire recruitment process for a particular business function, such as the sales department, or a certain region. Regardless, RPO providers should approach the candidate market as an extension of the organization, as they are responsible for promoting and protecting the employer brand.

THE THIRD RECRUITMENT MODEL IS PROJECT RECRUITMENT.
The third recruitment model is project recruitment. In this model, organizations seek a recruitment model to act as an extension of their existing infrastructure. Typically a recruitment partner is engaged as a means to provide a scalable solution for some type of business catalyst. Examples include new product launches, mergers and acquisitions, sales force transformations, niche expertise or regional expansion. Project recruitment is typically time-bound, volume-bound, or both. For example, a company may be expanding operations into a new market, requiring a partnership with an RPO provider to hire 40 new employees over a four-month period.

THE FINAL RECRUITMENT MODEL IS FULL SCOPE RECRUITMENT PROCESS OUTSOURCING.
This more classic RPO term means the vendor is responsible for the people, process, and technology that drive the full recruitment lifecycle for all positions within a particular region, or the entire company. Though scenarios can vary, typically the RPO provider will manage some or all of the following: the client’s internal mobility and employee referral programs; campus recruitment; specialized niche vendors who perform tasks such as background investigations; and any recruitment-related legal requirements, such as diversity, data privacy, or audit. Depending on the RPO provider, the client requirements, and the recruitment complexity, recruitment teams may be located on- or off-site, or a combination of the two.

TYPICALLY, THE RPO PROVIDER WILL MANAGE SOME OR ALL OF THE FOLLOWING:
- THE CLIENT’S INTERNAL MOBILITY AND EMPLOYEE REFERRAL PROGRAMS
- CAMPUS RECRUITMENT
- SPECIALIZED VENDORS (E.G., BACKGROUND INVESTIGATIONS)
- ANY RECRUITMENT-RELATED LEGAL REQUIREMENTS (E.G., DATA PRIVACY)
STRATEGIES FOR SUCCESS

- DEFINE TALENT NEEDS
- ASSESS YOUR CURRENT MODEL
- EVALUATE YOUR OPTIONS
  - IN-House MODEL
  - HYBRID MODEL
  - PROJECT RECRUITMENT MODEL
  - RECRUITMENT PROCESS OUTSOURCING
- ASK THE EXPERTS
- TAKE THE NEXT STEP

DEFINE TALENT NEEDS
Only when an organization understands its workforce needs is it able to determine what recruitment model meets those needs. Companies should start by assessing their current capabilities. What is my near and long term workforce plan and how does it align with our business planning? With some companies just beginning to enter the recovery, hiring may be further down the list of priorities. However, the time to start the assessment and planning process is now because leading companies are actively building talent communities and candidate pipelines (pools of actively managed potential candidates based on roles and competencies) in preparation for growth. Businesses will very soon hit the point where recruitment, hiring, and expansion cannot be pushed off any longer.

Considering the varying recovery rates that are emerging in different industries, companies are likely to experience larger fluctuations in talent needs this year — either up or down — than are typical. To stay on top of such needs, companies must ensure not only that they have enough people, but the right people. Recruitment leaders need to be in regular contact with hiring managers to ensure that they can meet the need for increases in the workforce due to changes in factors such as business goals or revenue targets.

ASSESS YOUR CURRENT MODEL
It is important to fully understand the recruitment function, and organizations should investigate the following areas: workforce plans, historical hiring data, projected recruitment activity, real costs, recruitment process and capabilities, scalability through third parties, reporting, technology, and budget. Assessing recruitment capacity can be complicated. Building a recruitment operation that can scale to meet the peaks and valleys of everyday business can be even more complicated. Factor in the volatile economy, and the process becomes very difficult. However, companies that carefully investigate these areas have the best chance to build a scalable recruitment operation that can deliver the best possible combination of cost, quality, and speed.

Organizations should thoroughly and regularly revise their understanding of workforce requirements. Reviews should include historical data with respect to seasonality and hiring volume, as well as projected recruitment increases today, now is the time to start planning for success tomorrow.
Companies should analyze projected hires and assign positions to recruitment team members based on projected capacity. Businesses also need to try to determine their actual recruiting costs, factoring in all fixed, variable, hard, and soft costs. Assessing the recruitment workflow and noting inefficiencies is also necessary. Once these steps are completed, companies can begin to plan for when and where they will need support, as well as to what degree. Businesses should review how they've achieved scale in the past and verify the thoroughness of their current reporting.

An adequate budget is one of the most vital factors in successful recruitment processes. When businesses invest in recruitment, it is typically in three areas: people, process, and technology. People refers to the resources, whether permanent or temporary, that are required to meet recruitment volume. The process and workflow are crucial for the efficiency of a recruitment capability. Technology, meanwhile, has grown and changed at such a rapid rate that in most cases it is configurable to a company's specific needs. However, only properly utilized systems are worth the money. The biggest and best systems on the market can be reduced to very expensive candidate databases if not properly installed and used.

Evaluate your options

There is no one-size-fits-all model in the recruitment world. There are benefits and challenges to every option, depending on the organization's needs.

**In-house Model**

In-house models can be beneficial for a number of reasons. Companies have direct ownership of the recruitment function and a single group to manage — one that innately knows the company culture. However, in-house models can also bring high fixed costs — unless that company is understaffed, which brings its own set of problems. In-house staff often get caught up with internal administration and other duties relating to human resources that do not fall under recruitment. Most importantly, the fixed in-house team also has less flexibility and scalability than other models.

In addition, it might seem as if an in-house recruiting staff would do well in the current job market since so many candidates are available. However, having more candidates is not necessarily better. In 2001, there were just 1.2 people looking for each available job. When the current recession started in late 2007, that number reached 1.7 people per job. Today, that number has risen dramatically to more than six people searching for every available job. Recruiters now have to wade through hundreds of applications for a single position. Organizations have to spend a significant amount of time, money, and resources to cull through all of the candidates.
Hybrid Model
A hybrid model, which involves both in-house staff as well as a partnership with an outsourcing company, allows immediate, flexible expertise that can be scaled and tailored to fit the organization’s needs. This approach allows companies to take advantage of the knowledge and cultural understanding of their in-house recruiters and the entire process is more cost-efficient.

Project Recruitment Model
The project recruitment model has a number of benefits. Organizations get the benefit of outside expertise for functional requirements, plus timely access to resources. Project recruitment is flexible and scalable by definition, and it is more cost-effective than contracting with agencies or traditional head hunters.

However, both the hybrid and project recruitment models present challenges. Ramp up time is required, unlike the immediate access to candidates that recruitment agencies should provide. Both the hybrid and project recruitment models require that hiring managers and HR business partners have bought into the partnership and understand how to interact with the selected vendor.

Recruitment Process Outsourcing
The cost of recruitment, or the opportunity cost of not hiring enough good people quickly, may require companies to adopt a recruitment process outsourcing model. Coming out of the recession, many companies do not have the HR infrastructure or recruiting staff to meet increasing recruitment demand from internal clients. RPO can help to control costs because it is a scalable solution that can handle the peaks and valleys of workforce demands without relying on costly third party recruitment agencies.

With RPO, organizations can minimize the use of third-party vendors, eliminating the uncertainty and inconsistency resulting from recruiters who do not represent the employer brand to the marketplace. RPO also decreases the time required to fill positions by using proactive multi-tiered sourcing strategies and by developing talent pipelines that can guide recruitment years into the future. Additionally, RPO offers better hiring results by continuously monitoring and improving workflow design. Finally, companies can take comfort in the fact they will receive weekly, monthly, and quarterly reporting that gives them a comprehensive view of recruitment metrics.

An outsourced model should provide the geographic reach required to support all regions of the business with a consistent, high-touch, high-quality recruitment process. This is important in a recruiting supplier because the process may need to be consistent within a country or across multiple countries.

COMING OUT OF THE RECESSION, MANY COMPANIES DO NOT HAVE THE HR INFRASTRUCTURE OR RECRUITING STAFF TO MEET INCREASING RECRUITMENT DEMAND FROM INTERNAL CLIENTS. RPO CAN HELP TO CONTROL COSTS AND ALLOW HR EXECUTIVES TO IMPROVE THEIR BALANCE BETWEEN STRATEGIC INITIATIVES AND TIME-SENSITIVE, MISSION-CRITICAL NEEDS.

Organizational and people development are two key components to succeeding during the recovery. Many companies are just beginning to fully realize the skills and talents that are missing and the personnel shifts that require new training. RPO lets HR executives focus on what they need to do, while ensuring that a recruitment capability is in place to drive acquisition of the best and brightest talent in the market.
**THE CHALLENGE** Brad Warga is the Corporate Vice President of Talent and Employee Engagement for Harrah’s Entertainment, Inc. Like many companies, Harrah’s faced a difficult time in 2008 and 2009 as a result of the economy. As it looked to generate revenue, the company realized it needed a bigger sales force in major metropolitan areas across the country. This required a rapid time to fill, but the company had insufficient recruiting capacity for such a large-scale organization and lacked experience in recruiting top salespeople of this type.

**SOLUTION** Harrah’s explored a number of options, Warga said. Contract recruiters were low cost, but they lacked an internal database and were difficult to manage as they were geographically dispersed. Contingency recruiters, meanwhile, were cost-prohibitive and took limited ownership of the process. This lead Warga to RPO.

“RPO COSTS SIGNIFICANTLY LESS THAN USING CONTINGENCY RECRUITERS, COULD HANDLE THE VOLUME SPIKE, AND LEFT THE COMPANY FEELING THAT IT HAD DEVELOPED A RELATIONSHIP AND TAKEN OWNERSHIP OF THE PROCESS.”

Having a vendor that’s in it with you for more than just one particular search was a nice feeling and led to a level of openness that improved the process.”

- Brad Warga, Corporate Vice President of Talent and Employee Engagement for Harrah’s Entertainment, Inc.
Of course, RPO does have its challenges. Most of these are related to change and can range from poor communication, underdeveloped change management programs, inexperienced service providers, or programs that are focused primarily on reducing costs. HR and hiring managers need to fully understand why the RPO partnership was developed, what is expected in the way of service delivery, how to interact with the partner, and how performance will be measured on an ongoing basis. Additionally, RPO requires companies to trust their talent generation to an outside company, which is not something to be taken lightly.

ASK THE EXPERTS
Regardless of the outsourced model they choose, organizations should review whether the outsourcing vendor matches their culture, as well as question the extent of potential vendors’ experience in the RPO space. Seeking references from companies that have worked with the vendor will help answer these questions because they have been through the experience and can provide feedback from a unique perspective. What works for one company won’t work for everyone, but it can provide a good starting point for review.

TAKE THE NEXT STEP
The final phase of the process is to select whatever model fits best. HR organizations should answer any remaining questions, then meet with hiring managers and business unit leaders who understand the workforce to get their thoughts. Finally, validate the business decision of the selected model by asking a recruitment firm to perform an assessment of your current recruitment operation.

CONCLUSION
As the economy enters recovery mode, recruiting new talent becomes a high priority. If an organization has been knee-deep in the trenches for the last several years, it can be daunting to think about the future. However, now is the time to prepare for it by formulating an effective recruitment plan. Businesses often outsource at least some aspect of their work, and recruitment process outsourcing could be the next big step to help an organization reach high performance.
ABOUT THE AUTHORS

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Josh’s background includes experience as Managing Director of a large specialized recruiting and human capital solutions firm with global leadership responsibility for the Industrial market. There he managed business development, service delivery, strategic account management, hiring, training and budgeting. As a personal producer, he achieved top revenue in the company two years running.

Prior to joining Hudson, Josh co-founded a software company and spent time at Chase (now JP Morgan Chase) in their Global Fund Services division. Josh holds a B.S. in Finance from the University of Massachusetts and a Master’s Degree in Integrated Marketing from Northwestern University.

**Jesper Bendtsen**  is Vice President, Recruitment Process Outsourcing, for Hudson North America, where he is responsible for new business development, solution design, implementation, client management and service delivery.

Jesper joined Hudson from a large human resources outsourcing organization where he led RPO business development. There, Jesper’s duties included developing best practices for the North America sales force to identify, engage and qualify RPO prospects. Jesper was further responsible for developing contracts, defining service delivery models, and acting as a senior point of escalation through service delivery.

Jesper’s experience spans over eleven years in the recruitment industry. He worked with one of North America’s largest recruitment marketing and technology companies as a director. Earlier, Jesper served in both contingency and retained search firms. Jesper is based in Toronto and holds a Bachelor’s Degree in Business from Colorado State University.

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About Hudson RPO

Hudson RPO manages the people, processes and technology associated with recruitment on a full-service, hybrid or project basis. A global force in talent solutions, Hudson designs, implements and manages custom RPO programs for mid-to large-cap multi-national companies. Hudson RPO is a part of Hudson (NASDAQ: HHGP) with nearly 2,000 professionals serving clients in more than 20 countries.

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