A Quick Guide to Understanding

RECRUITMENT PROCESS

OUTSOURCING

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ABOUT THE AUTHOR

John Younger is the Chairman and Founder of Accolo, a Dallas-based recruitment process outsourcing company, and the co-founder of the Recruitment Process Outsourcing Association (RPOA). John is a frequent speaker for RPOA and other top industry organizations.

Self-described as a "recovering" software developer, John came to recruitment from a systems engineering and programming background. As a VP of human resources for Bank of America, John led technical recruitment for an organization of 16,000 people. He also designed and implemented the first on-site facilitator program with Olsten Corporation for the delivery of temporary services.

ABOUT THIS E-BOOK

The information presented here was authored by John Younger, founder of Accolo, Inc.

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SUMMARY

Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer transfers all or part of its recruitment process to an external service provider. Though it has been around for 20 years, yet there is still misconception and lack of understanding of what RPO is.

When implemented correctly, RPO enhances recruiting effectiveness and gives an organization a competitive advantage. By improving recruiting and hiring, an organization places the right people in the right positions, creating an environment where everybody wins: employees are happier, management is more effective, executives hit their numbers and the organization overall is better positioned for success.

This book presents recruitment process outsourcing as a viable solution to present-day hiring challenges. We explore reasons to consider RPO, metrics for measuring performance, keys for RPO success and pitfalls that lead to failure. This book is a quick guide for anybody interested in understanding recruitment process outsourcing. For more resources on RPO, including a webinar presented by the author, please visit the Recruitment Process Outsourcing Association at www.rpoassociation.org, and Accolo at www.accolo.com.

WAY BACK IN 55 BC...

What do you get when you mix an insatiable desire to conquer things with the need for a bigger army?

You get the birth of contingency search.

It actually started with Julius Caesar in 55 BC. When he wanted to conquer more worlds, he needed more men in his army. So he offered 30% of the annual compensation as a reward to any member of his army who referred someone else and was successfully recruited.

He understood something that people only understand on the fringes even today.

The number one reason companies succeed, struggle or fail is directly related to who they hire. From the CEO to entry level, success is invariably one hundred percent tied to who you hire.

And that's really the core of recruitment process outsourcing as an industry: managing a company's process of finding the best people for the job.

HIRING IS GETTING MORE VOLATILE

Hiring these days is becoming increasingly more volatile, making it more difficult for employers to consistently fill jobs. A 2014 Jobvite Job Seeker Nation Study reported that 51% of workers who currently have a job are either actively seeking, or entertaining a new job. In January 2016, the median number of years that wage and salary workers had been with their current employer was 4.2 years (down from 4.6 years in January 2014), according to the U.S. Bureau of Labor Statistics. Hiring managers and recruiters are finding themselves in an endless cycle of recruiting, filling positions, and onboarding new team members.

If hiring is more volatile and elastic, then efficient and effective recruiting wins.

In today's hiring landscape, organizations need to be able to:

- Quickly scale to meet dynamic hiring trends.
- Ramp down as needs decrease using different engagement models.
- Replace capital intensive models for ones with predictable variable costs.

A Challenging Recruiting Landscape

➢ In the 2015 Manpower Group Talent Shortage Survey, 38% of employers reported difficulty filling jobs globally.

➢ According to Glassdoor, 84% of candidates would consider leaving their current company if another company with an excellent reputation offered them a job

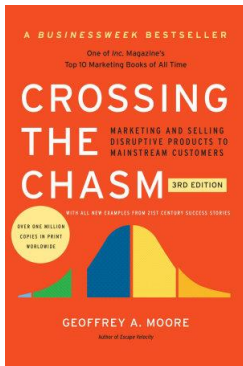➢ According to a Harris Poll, 52% of hiring decision makers say passive candidate sourcing has been less effective for their company.

Recommended Reading

A BUSINESSWEEK BESTSELLER
One of Inc. Magazine's
Top 10 Marketing Books of All Time

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GEOFFREY A. MOORE
Author of Escape Velocity

4 REASONS TO CONSIDER RECRUITMENT PROCESS OUTSOURCING

1) Who you hire is KEY

We know that hiring is essential to an organization's success. RPO's sole purpose is to enhance and strengthen the effectiveness of that process in order to improve the quality of hire.
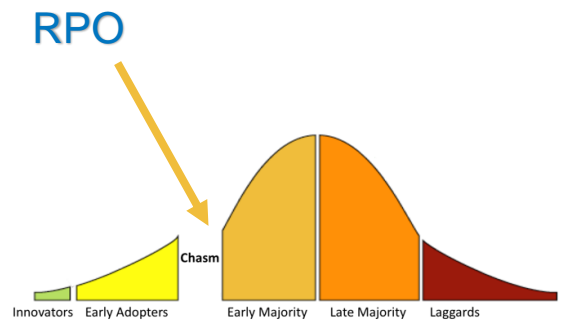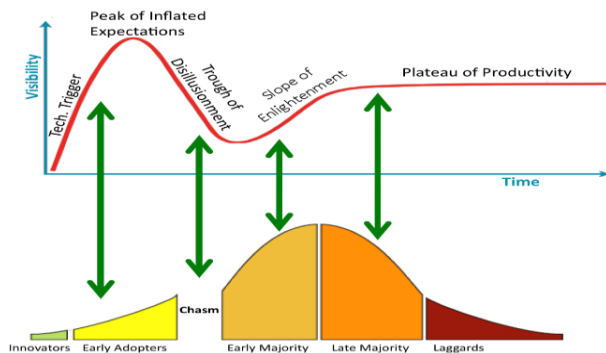
2) HR is already stretched pretty thin

Resources are scarce. It's hard for most internal functions to have the required depth and breath of resources available to support the organization.

3) RPO can function as a natural extension of your team

Your RPO partner operates as an extension of your organization's resources, expanding your technical capabilities and team capacity.

4) RPO is beginning to become more mainstream

Recruitment process outsourcing is beginning to grow more rapidly as more organizations begin to adopt RPO as a talent acquisition strategy. Looking at RPO on an adoption curve, it is likely that RPO has crossed the adoption chasm into early majority in the marketplace.

Key Metrics for Measuring RPO Performance

How do you measure the performance of an RPO solution? Accolo has done research across four key recruiting metrics to determine whether RPO has been effective for their clients.

Here are four metrics used by Accolo to measure the results before and after RPO.

Hiring Manager Satisfaction

A measurement of hiring managers' satisfaction with results.

Before RPO	After RPO
43%	88%

Recruiting Cost Ratio

The total costs of recruiting – from the staffing, overhead, job boards, etc – divided by the total base compensation recruited.

Before RPO	After RPO
11.9%	6.5%

Days to Present

The number of days between when the job goes live and when the candidate who is actually hired is presented to the hiring manager.

Before RPO	After RPO
25 days	8 days

Days to Accept

The number of days between when the job goes live to when the candidate accepts the offer.

Before RPO	After RPO
60 days	45 days

Recruiting Cost Ratio

This metric was developed in cooperation between Accolo and Staffing.org.

It takes the total costs of recruiting – from the staffing, overhead, job boards, etc – divided by the total base compensation recruited.

Check out the free Recruiting Cost Ratio Calculator on Accolo.com

Recruiting Cost-Ratio (RCR) Calculator

USE THE CALCULATOR

What is Recruitment Process Outsourcing?

Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer transfers all or part of its recruitment processes to an external service provider. An RPO provider can provide its own or may assume the company's staff, technology, methodologies and reporting. In all cases, RPO differs greatly from providers such as staffing companies and contingent/retained search providers in that it assumes ownership of the design and management of the recruitment process and the responsibility of results.

Formal definition by the Recruitment Process Outsourcing Association

What RPO Is NOT

- ❏ Contingent Search
- ❏ Retained Search
- ❏ Contract Recruiters
- ❏ Staff Augmentation
- ❏ Candidate Research

WHY ARE COMPANIES AFRAID TO TRY RPO?

1) Lack of Understanding

As recruitment process outsourcing was gaining popularity, many staffing agencies started using the label of RPO whilst continuing to offer essentially the same services they provided as contingent search firms, while others claiming to be RPO were nothing more than the providers of contract recruiters. This caused noise in the marketplace and confusion on the customer side.

The Recruitment Process Outsourcing Association (RPOA) recognized that RPO is a unique industry requiring a common set of requirements and standards, and was founded in 2005 with the mission of educating the market about recruitment process outsourcing. In addition to the formal definition of RPO (see side note), the association provides vast wealth of resources and tools on its website at www.rpoassociation.org.

2) Losing Control

Another reason hiring managers and executives are hesitant to adopt RPO is a fear of losing control.

"I'm not going to let anyone take control of my recruiting function. Recruiting is way too important."

In fact, with RPO, HR has more control, more flexibility, and more resources at their disposal.

A Former Hiring Manager's Tale

When John Younger was VP of Human Resources at Bank of America, he tried to create an internal recruiting agency inside of their Technology and Support divisions.

He quickly discovered that he couldn't pull enough resources together. He just didn't have the structure in place.

The people who were really good at recruiting didn't want to work at Bank of America because they could be more successful in that field somewhere else.

He found that successful recruiting really boils down to three key pieces.

1) Management Hierarchy that supports the implementation of the process.

2) Appropriate metrics for success that keep everyone accountable.

3) Capabilities and resources at your disposal to allow people to best do their jobs.

RPO provides all these keys of success.

IMAGINE AN HR LEADER WITH THESE SUPER POWERS

CABAPILITIES

The skills and Human Resource expertise to successfully recruit talent.

RESOURCES

The resources at your disposal to be effective and make the best use of your time.

METRICS

The right measurement tools and tracking systems to evaluate the job as it's done.

ACCOUNTABILITY

The goals and direction to ensure everyone is held accountable.

MANAGEMENT HIERARCHY

The right leaders involved in the execution of RPO.

THAT'S THE POWER OF RPO!

SO YOU'RE READY TO CONSIDER RPO?
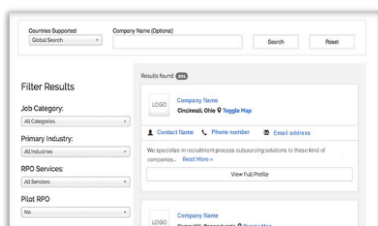
HERE'S WHAT YOU NEED TO KNOW

There are three basic types of RPO engagements

Recruitment process outsourcing offers different engagement models; RPO is not one-size-fits-all. Below are the three main RPO engagement types (on-demand, function-based, and full RPO) and examples of each.

3 BASIC TYPES OF RPO ENGAGEMENTS		
	An Overview	**An Example**
On-Demand	A contract-based engagement with a qualified provider that knows the company, their messaging, their processes and the results they need. The contract specifies a defined number of roles within a defined period of time.	If hiring needs suddenly rises, you can pick up the phone and have the RPO's recruiters on the job as if they were simply an extension of the hiring manager's own team.
Function-Based	The RPO provider takes a piece of the company's recruiting needs entirely off the company's plate (e.g., the IT department or an entire division of the organization).	The company's internal resources are meeting the company's recruiting needs, but have one specific division that requires more aggressive and complicated hiring.
Full RPO	When the RPO vendor provides a company's entire internal recruiting function including access to the provider's full breadth of resources.	Every piece of the company's recruiting process, such as sourcing, marketing, interviewing, etc. is included in the RPO contract.

BUT NOTHING IS PERFECT EVERY TIME.

WHEN PARTNERSHIPS DON'T WORK OUT, WHY DO RPO RELATIONSHIPS FAIL?

Are you looking for Vetted RPO Providers?

Search and connect with vetted RPO providers for your specific recruiting needs in the RPO Discover Center.

THE 3 PRIMARY REASONS RPO RELATIONSHIPS FAIL

When RPO relationships go poorly there is usually a failure in one of these three areas:

Structural – Lacking the necessary support from upper management when implementing RPO, or taking shortcuts with implementation.

Procedural – When a company has a process for recruiting that was designed around the process first, and not the hiring first.

Contractual – The agreement doesn't properly outline the goals and objectives for the engagement, setting both parties up for failure.

THE 2 PEOPLE THAT MATTER MOST IN AN RPO RELATIONSHIP

The two most important people in the hiring process are the hiring manager and the best-fit candidate. The process, resources and measurement should be designed around those two people. We can't just pave over the old process and expect a different result.

HIRING MANAGER

BEST CANDIDATE

PREPARING FOR SUCCESS IN AN RPO RELATIONSHIP

Recruitment process outsourcing (RPO) can be great for your company's recruiting and human resource functions, but both the company and the RPO provider need to do the work up front to avoid potential pitfalls that can contribute to failure.

THE 6 <u>DO'S</u> & <u>DON'TS</u> IN AN RPO RELATIONSHIP

	DOS	DON'T'S
1	Focus on the hires first You have to center your recruiting process around the candidate first.	Get sidetracked with process Resist the urge to focus on process for the sake of process. It only slows down the RPO implementation.
2	Get executive buy-in Getting key leaders on board with your mission is essential to getting the results you want.	Miss executive support and visibility You need an Executive Sponsor who can oversee and adopt processes and changes necessary for the RPO implementation.
3	Determine the metrics up front Work with your provider to determine how you plan to measure your progress during the engagement.	Unclearly define success Failure to define measures of success up front results in tough conversations down the road if things aren't perfectly rosy.
4	Listen to the RPO While you determine the goals and results, you've outsourced the "how." They're the experts. Let the pros do their jobs.	Force inappropriate or inefficient technologies into the process Don't force your RPO provider to adopt a technology that they don't need or that won't help the process.
5	Use pre-implementation hiring manager surveys Use these to have a baseline for where you started and show the progress you've made.	Mis-engage hiring managers and interview teams You have to involve the right people in the process and make sure the level of engagement is communicated up front.
6	Build in quarterly results incentives Give your RPO provider and internal resources a reason to work hard to reach their goals. The results for your company will be worth it.	Go for the lowest bidder The lowest bidder doesn't always get the job done. You may save initially, but lose when the results aren't up to par.

Time to Consider RPO

TURN YOUR HR FUNCTION INTO A STRATEGIC EXECUTIVE RESOURCE

Learn how to establish an RPO relationship that lasts and what to avoid

Watch Webinar

Learn about RPO for smaller organizations.

Download eBook Now

Recruitment Process Outsourcing Association

The Recruitment Process Outsourcing Association is the only professional association serving the global RPO community. Our members are talent acquisition professionals passionate about the impact recruitment process outsourcing has on individuals' satisfaction and organizations' business success.

Our great purpose is to advance, elevate, and promote recruitment process outsourcing as a strategic hiring solution for organizations seeking to reach their highest potential through their people.

We nurture a collaborative community where thought leadership can be created and curated to educate the marketplace about recruitment process outsourcing. We strive to be a globally recognized authority whose leadership, perspective, resources and expertise people turn to in order to best navigate the critical emerging and present talent acquisition issues affecting their business.

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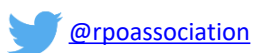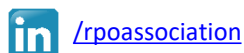
Accolo

Accolo is a US-focused recruitment process outsourcing (RPP) company that was founded upon a simple premise: there had to be a better way to connect the two people who matter the most in the recruit-to-hire process — the hiring manager and the best-fit candidate.

Given the unpredictable nature of hiring and the rise of web-based applicant tracking systems, job aggregation sites and social networks, we set out to develop a unified and stream-lined recruiting platform to identify, recruit and hire your most critical asset — high performing employees.

Since our inception in 2000, Accolo has refined our data-driven, patented recruiting process to now offer our clients full service, scalable recruitment process outsourcing solutions for small, mid-size and enterprise businesses.

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