



## Recruitment Process Outsourcing: A Primer for Transforming Talent Acquisition

*RPO allows HR executives to focus more on strategic issues than on transactional and administrative functions.*

Imagine coming to work one day and learning you needed to hire 3,600 people in just five months. To meet that goal, you need to recruit, screen and potentially interview as many as 18,000 candidates, or about 6,000 candidates a month. In fact, that was the scenario at a financial services firm that was rapidly growing.

Lacking the resources – like many companies – to hire on such a mass scale (while simultaneously trying to successfully integrate the newly acquired companies and conduct day-to-day activities), the company’s human resources chief turned to a solution more and more are considering everyday: Recruitment Process Outsourcing, or RPO, which entails outsourcing all or part of the recruitment process from requisition creation through employee on-boarding.

### What’s Driving the RPO Evolution?

RPO has become one of the most dynamic and rapidly growing practices in HR Today. In a highly competitive and constantly evolving labor market, RPO is redefining the hiring process and streamlining the HR function at many companies.

There are many factors—both internal and external—that are driving this RPO evolution, including:

*RPO Drivers	
Internal	External
<ul style="list-style-type: none"> <li>■ Companies are facing challenges finding quality candidates</li> <li>■ Hiring managers’ roles &amp; responsibilities have expanded &amp; resources are needed to free up their time</li> <li>■ HR departments are having difficulty producing a large enough talent pool to accommodate growing talent needs</li> <li>■ Organizations are finding it harder to attract &amp; retain talented recruiters with business &amp; industry expertise</li> <li>■ HR is encountering demanding hiring managers that expect candidates quickly &amp; within a reasonable budget</li> </ul>	<ul style="list-style-type: none"> <li>■ Supply/demand shifting for candidates with specific skills</li> <li>■ 24 million people will exit the labor pool by 2010</li> <li>■ 19% of all executive, managerial &amp; administrative personnel will retire within five years</li> <li>■ Predicted shortfall of 3-6 million workers within five years</li> </ul>

*\* Statistics from Department of Labor Statistics and IDC Market Analysis Report*



## Smaller Workforce, Larger Challenges

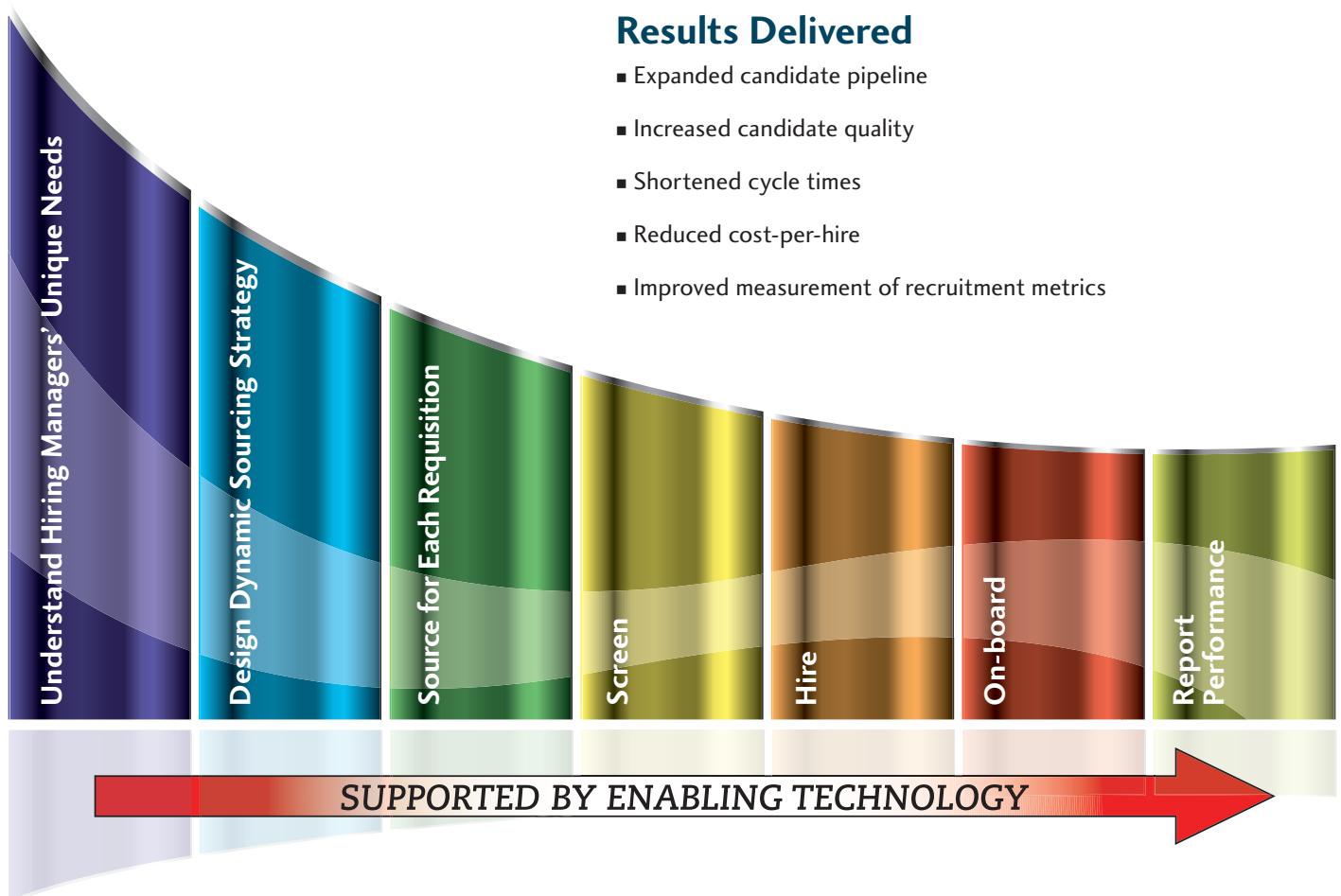
RPO is becoming more popular for several key reasons. The first is demographics. Approximately 20% of the workforce is expected to retire over the next five years, according to government projections. In addition to creating an overall labor shortage, there will also be shortfalls in particular industries, positions and geographic regions. This imbalance in supply and demand puts additional pressure on HR operations.

Furthermore, hiring issues in general have become more complex and time-consuming: diversity goals, increased numbers of hard-to-fill positions, more competition for top talent and dramatic fluctuations in how many jobs must be filled at any given time.

## From “Personnel Director” to the C-Suite

At the same time, the role of HR professionals is evolving in significant ways. Once seen as “personnel” specialists, charged with hiring, firing and benefits, many HR executives have joined top management and in these roles now are asked to develop more strategic plans and policies and serve as trusted advisors to the C-Suite.

What hasn't changed, however, is a company's need to hire and retain talent. RPO empowers HR executives by allowing them to focus more on strategic issues than on transactional and administrative functions.



## The Rise of RPO

RPO offers a number of distinct advantages. First, an RPO partner can greatly expand the size and quality of the candidate pool because of its singular focus and wider reach. RPO can also significantly shorten the cycle time to fill positions, often at reduced cost. As the client's needs change, the RPO program can also be modified, refocused, expanded or scaled back. Furthermore, because of its efficiency and focus, candidates frequently have a better experience as they feel more informed about their positions and have a better understanding of job expectations in order to make an immediate performance impact.

## RPO at Its Core

In RPO, a company engages with a specialized provider to acquire quality talent, improve the overall recruitment process and manage costs. Hiring managers can work directly with RPO providers to create a tailored program to meet the company's specific recruitment needs, whether it is for a short-term hiring initiative or longer term for a specific business unit, skill set or location.

A dedicated team of recruiters and staffing specialists work with companies to deliver end-to-end services from receipt of request to candidate on-boarding.

Although the use of RPO is a growing trend, it is still only partially understood. According to a survey conducted by *HRO Today* of 3,500 HR executives, only 16% considered themselves highly knowledgeable about RPO.

In a dynamic marketplace, where hiring has become more complex and challenging, demand for RPO is expected to grow. Although RPO can be utilized in a number of ways, from large-scale hiring to streamlining an unwieldy recruiting process, HR executives are clear on their greatest need. A recent ERE/Newman Group study cited quality of candidates as the top reason they would hire an RPO provider.

RPO engagements can be structured in one of three ways: on an Enterprise, Selective or Project basis so that each solution is tailored to the particular needs of a company.

## Enterprise RPO in Action

In an Enterprise RPO engagement, the RPO partner manages the entire recruitment process across all skills, typically director level and below locations and divisions. Typically, this type of RPO assignment is a multi-year contract engagement.

For example, a financial services company with a wide range of client offerings had a decentralized recruiting environment with each business line managing its recruiting and hiring process differently. This client needed to develop a simplified process to be implemented across the entire organization which would reduce the burden on the hiring managers. The company used an end-to-end RPO solution to develop a streamlined process to source high-quality candidates across several skill sets and positions.

The RPO engagement assisted the company with implementing and customizing an applicant tracking system and developing reliable forecasting and reporting to standardize assessments and increase the accuracy of evaluating candidates. Using a dedicated on-site team, including an operations director, recruiting manager, compliance and training manager, and recruiters at 10 different client locations, the company was able to implement and customize an entire recruiting process to meet its complex hiring needs.

The improvement to the company's recruiting process resulted in significant cost savings through the simplified process by:

- Outperforming the time-to-fill requirements by 13 days
- Hiring more than 6,000 people across multiple skill categories in the last 12 months
- Increasing customer satisfaction requirements – more than 80% of hiring managers and 85% of new hires rated their RPO experience as "excellent"

## Selective RPO Snapshot

In Selective RPO, on the other hand, the RPO partner manages certain processes and hires for specific business lines or units. The company has the flexibility to decide which functions to retain and which to assign to the RPO provider. Those functions might include recruiting, screening, tracking, administration, interviewing or offer letters, among others. Like Enterprise RPO, the Selective RPO is typically a multi-year engagement where the RPO partner works closely with the client to address their unique hiring needs.

For example, a leading Fortune 500 business-to-business distributor needed a partner to fill thousands of customer service and sales positions at 450 U.S. branches, nine distribution centers and corporate headquarters. This client needed to standardize its selection process in order to reduce risk.

The company engaged an RPO partner to create a virtual recruiting team that enabled their HR department to scale the solution rapidly as hiring needs dictated. Seven dedicated recruiters served as the single point of contact for one or more of the client's 11 business lines.

In the first year, the RPO partner hired approximately 1,900 positions and outperformed eight of nine service-level agreements (SLAs), including:

- Candidate quality metrics exceeded by 3%
- “Ethnicity slate” surpassed by 16%
- Time-to-fill improved by eight days
- “Gender slate” outperformed by 2%
- Cost per hire reduced

## The RPO Project Engagement

Unlike Enterprise and Selective RPO, companies leverage the project option when they need to meet a short-term hiring goal. In one case, an airline emerging from bankruptcy needed to hire 1,800 flight attendants. Lacking a specific recruitment process, the airline hired an RPO partner to develop an end-to-end solution. This solution included an automated screening tool that screened out 60% of the initial 15,000 applicants.

Each RPO engagement, regardless of its scope, is uniquely designed to meet the needs of the client. Most are long term, lasting three to five years or longer, and include custom screening tools and individualized information-tracking systems. The client retains ownership of the candidates and candidate database.

Because of its highly customized nature, RPO can be used in numerous industries, including the telecommunications, financial services, information technology, manufacturing and retail sectors, among others. It can also be used to fill a wide range of positions, from clerical/administrative to those high-end professional skills such as IT, Accounting/Finance and Sales.

## How an RPO Partner Works with a Client

Although RPO partners differ in their approach, each engagement generally includes a dedicated team of recruiters and staffing support specialists led by an operations director. The team can work onsite at the client's location, offsite in its own facility or a combination of the two. In engagements involving staffing at multiple locations, it's not uncommon to have the RPO provider working at multiple sites.

In addition to providing staff, the RPO partner will also develop custom tools such as an online test for initial screening purposes, virtual simulations of actual positions (such as bank teller) and pre-employment checks. It can also provide market intelligence, including information about labor market demographics, wages and benefits.

To ensure that the engagement is successful, the RPO provider and the client establish “success metrics,” such as hiring manager satisfaction, time-to-fill targets and diversity goals. In addition, the provider and the client may agree to certain ratios, including number of screened resumes submitted; ratio selected for interviews; ratio of offers made; ratio of offers accepted; and ratio of hires still on the job after 60 days.

## RPO Engagement Success Metrics - Sample Scorecard

- Time to fill
- Candidate quality
- Hiring manager satisfaction
- Candidate satisfaction
- Diversity slate

Finally, the RPO partner will utilize (or work with the client to install) an applicant tracking system (ATS) that can be accessed by key stakeholders involved in the process. This is particularly important in engagements involving large numbers of hires. One Fortune 500 business-to-business distributor, for example, needed to fill 1,900 positions in nearly 500 locations. The RPO partner provided a real-time tracking system that allowed hiring managers nationwide to follow the progress in their location.

## How to Select an RPO Partner

Since RPO is an evolving field, companies need to carefully screen and select an RPO partner. Companies should ask some of the following questions and consider specific criteria:

- What do their client satisfaction scores look like?
- Does this provider have the flexibility to scale up and down as our needs change?
- Are they the right fit? Do they understand our company culture and our industry?
- What is their track record? How long have they been in business successfully delivering RPO solutions?
- Do they have several references from different types of engagements in various industries and skill sets?
- How do they structure their service level agreements?
- What is their renewal rate?

## Extending an Offer to the Right RPO Partner

With the right RPO partner, a growing number of companies in all industries have discovered that their recruiting and hiring process can be faster, more efficient and offer significant cost-savings. Most important, it can result in higher-quality candidates who are committed to succeeding in their new jobs.

In a dynamic marketplace, where the hiring needs of companies can change monthly or even weekly and where people provide the competitive advantage, RPO is bringing fresh ideas and technology to corporate hiring. In fact, RPO may be the next HR revolution.

*For more information about Spherion RPO, visit us at [spherionrpo.com](http://spherionrpo.com).*