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Solutions

Transforming Talent Acquisition: Recruitment Process Outsourcing Comes of Age

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Introduction

When recruitment process outsourcing (RPO) was introduced some twenty years ago, providers faced a steep learning and awareness curve: organizations were not accustomed to outsourcing their recruitment function. Nonetheless, RPOs were able to help companies gain significant cost savings, improve productivity and transform their talent acquisition relatively quickly. Inevitably, these impressive results led RPO to be positioned as the solution to every problem.

After a few decades of experience, the possibilities and limits of RPO are much clearer. Mistakes have been made by both clients and providers and lessons have been learned. **In the end, companies of all sizes and industries have enjoyed extraordinary success by replicating specific strategies to improve recruitment processes and results.**

While RPO was once thought of solely as a solution for high-volume permanent placement, today, it is about talent acquisition transformation with dedicated teams of sourcers, technology specialists, industry analysts and social media experts. **The key is to harness and leverage the assets RPO can provide; however, an organization must first be prepared for that transformation.**



WILL YOU KNOW IT WHEN YOU SEE IT?

Recruitment Process Outsourcing (RPO) programs often start with an expectation of lower cost-of-hire and reduced time-to-fill as the endgame. These goals are certainly worthy of achieving, but they are also finite. What happens when all possible costs are reduced? What happens when all reasonable expectations for time-to-fill have been met? Transformation requires next-level thinking and action by both the employer and provider.

Conditions outside the employer's control such as unemployment, regulations, skills gaps, technology and talent availability have a considerable impact on costs. Ultimately, the total cost of talent acquisition is not necessarily related to budget or company desires; it is driven by market and candidate availability. The real question becomes: How do you use the levers you have to make an impact? This is where an evaluation of factors such as candidate satisfaction, brand temperature in the market and employee engagement come into play.

A transformational RPO strategy will help deliver on more ambitious business objectives while simultaneously supporting the broader organizational mission.

Individual Employers May Seek To:



Be the #1 destination employer in their space



Build hiring manager capacity to use tools to ensure more accurate and real time data



Globalize corporate culture



Hire brand ambassadors at all levels

THE RPO-BUYING WORLD IS READY FOR MORE

Twenty years ago, requests for proposals (RFPs) looked more like purchase orders versus strategic requests. Providers were asked to deliver a certain number of candidates for a specific set of roles according to a prescribed process.

Today, RPO is more sophisticated and so are its buyers.

The typical is multi-country/multi-region and focused on regulatory, communications, economic and cultural challenges. Not only are buyers more likely to seek solutions that involve shared financial risk (i.e. fees at risk), but there is an expectation for more sophisticated Key Performance Indicators (KPI) than required of RPOs in years past. Customers understand RPO has the ability to scale efforts up or down based on market trends or production cycles far more easily than a company could do in-house. It is increasingly expected that RPOs will be designed to account for this, as will their pricing structures.

The market is also more mature from a candidate perspective. Because candidates have so many new ways to obtain information about job openings, providers must continuously strive to innovate in sourcing and recruiting. In addition, candidates place a high value on their experience during the hiring process, which can have a significant impact on company reputation and the success of recruiting efforts.

Savvy employers understand these needs and look for RPO strategies that can take their organization to the next level.

WHERE AN ORGANIZATION IS IN THE PROCESS MATTERS

An organization that is pre-RPO (meaning they have yet to utilize RPO) is going to have a different level of readiness than an organization in the middle of a multi-year partnership, or an organization that is considering a change.

ManpowerGroup recently released the white paper “**Recruiting Strategy Metrics: From Transactional to Transformational,**” which outlines a sequence of three time horizons companies must move along to be ready for transformational metrics. Those concepts are useful here as well:



These time horizons are an appropriate reflection of the RPO life cycle. While it may be tempting for an organization to target the most innovative practices out of the gate, an employer that is new to RPO is wise to begin with the “common practice” metrics and expectations. ***Companies must measure baseline data around sourcing, recruiting, hiring and satisfaction. It is important to understand market context, overall business objectives and the landscape hiring managers are operating in.***

This establishes a baseline of data and provides a starting point to talent acquisition leaders to create internal buy-in and engagement. Ultimately, it leads to a strategy that captures the viewpoints and insights of front-line leadership and drives toward organization-level goals.

TRANSFORMATIONAL SUCCESS FACTORS

A brilliant RPO plan with unlimited funding in a buyer's market will not bring transformation to an organization that is not ready for it. It is essential to understand the conditions that allow for success or failure. The following elements combine to form an ecosystem that is conducive to transformation:



Regardless of the time horizon an organization is operating in, it is important to take a deeper look into the success factors and core elements associated with talent acquisition transformation.

LEADERSHIP

Leaders are in the best position to foster the culture of agility that will be necessary for transformation. This is because many outside factors affect talent acquisition, compelling shifts in talent strategies. These include market trends, economics, talent availability and regulatory changes, among many others. Companies best equipped to handle talent shortages embrace agile structures that allow talent acquisition teams to pivot as necessary. RPO providers should drive agile execution based on market intelligence and strategic planning.



Committed Leaders

Transforming talent acquisition is a big effort and needs to be driven from the top. An internal communications plan with key messages for leaders to consistently drive is essential.



Buy-In and Engagement

A transformational RPO is invasive. Providers are likely to ask questions, require access to seemingly endless amounts of information and data, and implement systems that will require integration. Positive, ongoing communication channels with hiring managers and functional leaders are critical to successful execution. Everyone involved in this process will need to be fully up-to-speed and engaged.



Agile Structure

Many of the factors that affect talent acquisition are outside of the recruiter's and company's control. Market trends, economics, talent availability and regulatory changes are just a few of the things that can compel shifts in talent strategies. Companies that are best equipped to deal with talent shortages are those that embrace agility and have structures in place that allow talent acquisition teams to pivot as necessary.

BRANDING

In the early days of RPO, brand strategy seldom entered the picture. It was a B-to-C (business to consumer) endeavor that was typified by monologue rather than dialogue.

Today branding is one of the most important aspects of a successful RPO.

This is essential even with low-volume hiring. For example, an RPO for a major South American bank might require only a few hires in at a branch in a remote indigenous region. However, the effort to attract talent who understand the local culture and dialect could very well touch an entire community.

An organization's brand as an employer matters more than ever before. In one survey, one-third of Glassdoor users said an employer would need to have at least a three-star rating to even consider applying.¹ Another survey found that nearly one-third of candidates say they would be less inclined to purchase products and services from an employer who did not respond to their application.²

Put simply, any RPO program today must have a proactive brand strategy—both in terms of consumer brand and employer brand.



Employer Brand

What is your strategy for employer brand? Even if a company does not know the answer to this question right now, a willingness to understand and embrace it in the future is non-negotiable. A best-in-class RPO provider will execute an existing strategy or partner with you to develop a new one.



Candidate Experience

Candidates are at the center of any transformative talent acquisition strategy. Surveys have shown candidate experience can be significantly improved upon. For example, one study found 75% of job seekers did not hear back from employers after submitting their applications and technology continues to be an important factor. We know, for example, that a large share of job seekers are using mobile technology in their search process, while only 10% of Fortune 500 companies actually offer mobile-friendly options to apply for a position.³ At the same time, Google announced that sites that are not mobile-optimized would be demoted in search rankings.

1 <http://new-talent-times.softwareadvice.com/how-job-seekers-use-glassdoor-0114/>

2 CareerBuilder. (2013.) Seventy-Five Percent of Workers Who Applied to Jobs Through Various Venues in the Last Year Didn't Hear Back From Employers, CareerBuilder Survey Finds. <http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?sd=2%2F20%2F2013&id=pr740&ed=12%2F31%2F2013>

3 Indeed Survey on the Mobile Job Search, September 2014

PLANNING & PROCESS

It may lack the pizzazz of branding and creative, but there is no substitute for planning and process in talent acquisition transformation. This is an effort that will impact virtually everyone in an organization, so it is important to engender support and buy-in early on. This requires a plan that outlines the approach to designing the RPO program and creating alignment across functions. The plan should also clarify how input will be gathered and integrated to ensure a cross-section of points of view is captured.

Finally, global companies also need to standardize processes to create efficiencies in the talent acquisition process without sacrificing regulatory requirements, local market conditions or cultural norms.



A Visible Plan

Talent acquisition impacts virtually everyone in the company. A clearly communicated plan that outlines all the diagnostic elements included here will go a long way toward buy-in and alignment across functions. This is especially critical for in-demand talent, such as engineers and android/iOS developers, where there may be apprehension about how and when needs will be filled.



Standardized Global Processes

Global companies need standardized processes to create efficiencies and consistencies in the talent acquisition process. This is especially effective for managing KPIs, service level agreements (SLAs) and team performance. The key is to set metrics that are meaningful while also allowing for localized customization.

MEASUREMENT

Transformation of talent acquisition requires setting objectives, measuring progress and allowing for a dynamic path to achievement. While highly developed metrics that generate strategic insights are important, it is also critical to understand the baseline. At the same time, transformational RPO should always be striving for more and looking at new ways to use existing data to transform talent acquisition.



Clear Objectives

An understanding of not only what success will mean in the long term, but also identifying short-term milestones to measure progress. Transforming talent acquisition is a marathon, not a sprint.



Understanding the Baseline

These are the transactional metrics—time-to-fill, cost-per-hire, applicant-to-hire ratio, offer-to-acceptance ratio, etc.—that are often left out of the big data conversation but remain important to knowing where the starting line is.

BARRIERS TO TRANSFORMATION

Obstacles are a reality of change management, whether you are implementing something new or are in the middle of multi-year partnership.

The key is to understand where and why roadblocks can occur and to ensure you meet the two-sided test for change: First that your organization is ready for it, and second, that your RPO strategy addresses it. Moving from the conceptual view of RPO requires a close look at some of the ideas and perceptions that get in the way of change, including:

The Myth of the Silver Bullet:

Outsourcing can be a significant investment and customers are counting on bringing in an expert. There can be a sense that RPO (or frankly, any outsourced service) is a “silver bullet”— and will fill every seat with an ideal employee and hiring managers will never complain again. However, the reality is transformation is incremental and happens over time, which is why most partnerships end up being multi-year endeavors. Yet, this does not always translate into managed expectations. **In fact, one study found RPO service satisfaction peaks in the first three months of a contract and then falls for the next 18 months before starting to trend upward again.⁴ Quality and impact take time.**

It is human nature to want to simplify the solution. Take a look at multi-country programs. There is a lot of interest in implementing a single process across geographies. From a cost and governance perspective, this has a lot of appeal. Unfortunately, it is not likely to be successful. Markets operate in dynamic talent contexts that usually differ from one another. An appropriate solution is to develop a foundational process that is standardized and then customize it to meet the needs of the local context in which you are operating.

A Problem as a Prerequisite for Change:

Many wait until there is a problem before seeking out diagnostics and embracing change. Perhaps there is a new need to be met, such as a diversity initiative or growth plans. Whatever the motivation, companies start looking toward transformation in response to a pain point. However, many companies in this talent-driven economy do not have time to wait for a problem to arise. Taking talent acquisition to the next level will be a baseline business practice.

Resistance Outside the Talent Acquisition Function and Resistance to Outsourcing:

Hiring managers may be reluctant to change their processes. The fear that outsiders will not understand their needs is a legitimate concern. The only way to solve this is to involve all stakeholders, including those who execute the strategy (HR, hiring managers) and those with a day-to-day stake in talent acquisition or direct managers. Their adoption of outsourced recruiting will achieve results. Listening to and involving reluctant colleagues in the talent acquisition process is one way to overcome resistance. This, coupled with transparency and timely reporting, provides balance to the equation.

⁴ Wilson HCG and HRO Today. (2015.) “Exactly What Does Quality Mean in the RPO Space?”

Stakeholders Are Left Out of Design:

All too often change strategies fail to reflect the input and needs of the people most affected. Key stakeholders like hiring managers and supervisors, procurement and IT, employees and candidates, cannot be left on the sidelines. Otherwise companies will be relying on change from the top down.

Consider the positive impact of including select stakeholders in design or prototype sessions: Create a process that gives them visibility and input into the proposed places, allowing them to weigh in with their concerns and get a clear understanding of expected outcomes.

The Buy-In Process is Underestimated and Underinvested:

More likely than not, you can probably recall an experience involving an outsourced service provider barging in and attempting to change systems without communicating to the department or individuals being affected by the change. When it comes to RPO, this is a recipe for failure.

The reality of multi-year partnership is that you will have challenges, but the thoughtfulness of the approach will determine how easily and quickly those challenges can be overcome. Any high-performing RPO solution will consider the process for creating buy-in and, as noted above, engaging stakeholders.

Now is the Time for Transformation

Most employers would agree the market is constantly fluctuating. As a result, there is a seemingly growing list of factors that keep leaders up at night (“certain uncertainty” is the term ManpowerGroup uses to describe this). Unfortunately, many of the issues that impact talent acquisition the most are not within employers’ control:

- **Economic Trends:** Shifting production cycles, volatile demand, regulatory considerations, consumer confidence and environmental factors, to name a few.
- **Talent Supply Trends:** Available talent (or lack thereof), local or regional wage pressures and education levels, including systems that do not respond to market needs as well as changes in the numbers of students pursuing specific disciplines.
- **Communications Trends:** Changing candidate expectations, the role of social media in employer brand, candidate experience.

The good news is these are risks that RPO providers and employers can manage together. Sophisticated RPO programs can (and should) be designed to respond to real-time realities in the marketplace. The talent acquisition team must evolve beyond the volume to impact, and it must be structured to ensure agility and resilience. This is the key to transformation in today’s economic climate.

Regardless of where a company might be in the talent acquisition journey, it is time to take the lead and drive toward transformation. The knowledge, experience and tools now exist to execute strategies that evolve with the demands of the market, deliver excellence and outperform the competition.

About ManpowerGroup Solutions

ManpowerGroup Solutions is a global leader in outsourcing services for large-scale recruiting and workforce-intensive initiatives. Our offerings include Recruitment Process Outsourcing, TAPFIN-Managed Service Provider, and Talent Based Outsourcing. Facing increasingly complex challenges, our clients rely upon our innovative workforce models and outsourcing solutions to deliver measurable results and business success.

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