

The State of RPO

Select recruitment-process-outsourcing providers weigh in on the strengths and opportunities in their industry, and what businesses looking to outsource this function should keep in mind.

BY LARRY R. HECKATHORN

Many companies are facing unique challenges in their efforts to recruit quality candidates for their job openings. With unemployment at historical high levels, it is a daunting task to sort through all the potential applicants. To help in their efforts, companies are turning more and more to Recruitment Process Outsourcing (RPO) providers for assistance. Understanding the RPO provider marketplace presents additional challenges. Over the past five years there has been significant consolidation among providers and rapid changes in technology and social media. To assist companies in their analysis, The Outsourcing Institute (OI), in association with Human Resource Executive (HRE) Magazine, has conducted a client survey of RPO providers with the intent of publishing a report to help companies identify providers that fit their goals. The report is also designed to highlight what clients valued in evaluating a current or potential RPO provider.

If you are a client who currently outsource these services, you may already have a good idea of what does and does not work well within your RPO processes. If you are unhappy with the state of the current processes, you may be considering transitioning to a new provider. If you are considering outsourcing RPO for the first time you may have a good idea of what does not work well within your current in-house processes. Whichever situation you find yourself in, it is generally a challenge to find a good starting point for evaluating and scoring the services of RPO providers.

What are the typical process categories and what level of importance do other companies place on these categories? To assist you in your analysis and establishing a starting point, The Outsourcing Institute (OI) in association with Human Resource Executive (HRE) Magazine, has conducted a survey of many of the clients of RPO providers. This article recaps the findings of that survey and is designed to assist you, regardless of your current situation, in identifying the importance other companies place on specific processes within RPO.

The survey data was gathered from responses of the clients of RPO providers. The findings are based on the survey analysis of Human Capital Group LLC (HCG), an independent third party, and are not the opinion of OI or HRE. Responses were collected through an online survey which was distributed indirectly by sending over 25 RPO service providers the link to send to their clients. The RPO provider clients that responded represented an excess of 12 different industries. In addition to the broad mix of industries, there is also a broad mix of companies by company size represented in the study. Based on full time equivalents (FTEs) employees the study is spread across the following:

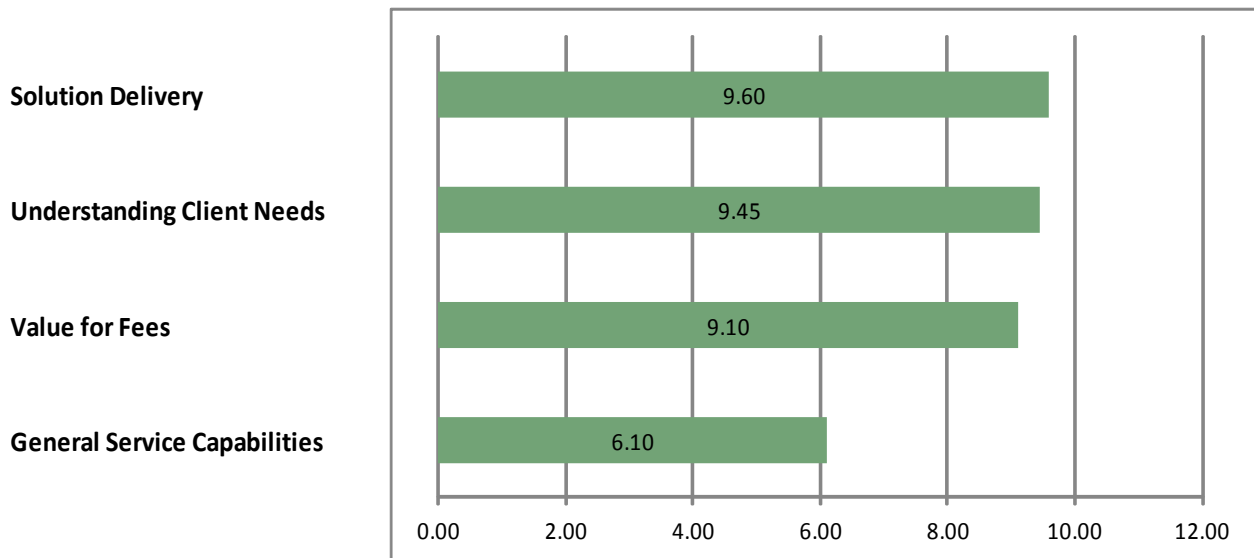
<u>Client # of FTEs</u>	<u>Survey %</u>
100 - 1,000	32%
1,000 - 10,000	25%
10,000 - 40,000	18%
40,000 and above	25%

After collection, the data was loaded into HCG's database for analysis. In addition to analyzing specific elements within each of the categories, algorithms were used for determining the overall importance clients place on categories as they relate to each other. The calculated scores presented demonstrate the relative importance of the categories based on the feedback of provider clients.

Four primary categories were identified as the most important when evaluating a current or potential RPO provider:

- The Solution Delivery category is used to score the client’s perception of the vendor’s ability to provide a well-defined transition process; meet the requirements outlined in the statement of work; meet the client’s compliance requirements, technology requirements and systems requirements; and provide qualified candidates in a consistent and timely way.
- The Understands Client Needs category is designed to help measure how well the vendor understands its client’s culture, business operations and expectations. It was also used to score the performance of the vendor’s team and relationship with the client.
- The Value for Fees category is used to score the client’s perception of the vendor’s ability to consistently provide services at a cost that either met or exceeded its expectations.
- The General Services Capabilities category scores the client’s perception of the breadth of services offered by the vendors from the process of sourcing candidates through program governance.

Overall Importance Ranking of Categories



For the year 2014, Solution Delivery, Understanding Client Needs and Value for Fees rank as the most important considerations of an RPO provider by their clients. Although the scoring was very close, solution Delivery ranked as the most important category. It should be noted that all three categories are viewed as critical in evaluating the performance of a current or potential RPO provider. It should also be noted that as important as cost is in evaluating the performance or potential of an RPO provider, it is not the primary driver for most clients.

It is helpful to understand in more detail each of the categories and how clients arrived at their conclusions.

NO. 1 SOLUTION DELIVERY

Consistently providing qualified candidates in an expeditious manner for job openings was cited as the number one objective of clients. To meet this category objective clients took into consideration the following:

1. The provider system solutions that integrate with the client systems
2. The provider service levels and commitment to continuous improvement
3. The quality of the provider's management/technical personnel
4. The ability to provide a well defined governance and reporting solution
5. The ability for the provider to meet the requirements outlined in the Statement of Work
6. The ability of the provider to meets our company's compliance requirements

Clients noted that many of the providers use proprietary systems with advanced technologies and profess to processes of continuous improvement. However, they overwhelmingly felt the key to this objective rested in the quality of the RPO's management and technical personnel and, in the RPO provider's ability to meet with and provide reports to the client's executive team. Although meeting the requirements outlined in the statement of work and the company's compliance needs were necessary and could be a deal breaker, these ranked slightly lower in importance.

NO. 2 UNDERSTANDING CLIENT NEEDS

Understanding clients needs was ranked second by clients but, only slightly behind Solution Delivery. Clients noted the following four key areas of focus in this category:

- The overall business strategy and culture
- Executive involvement and reporting
- HR/Recruiting manager needs and internal processes
- Hiring manager requirements

It should be noted that in today's environment, it is critical that the RPO provider not only understand the business operations but, they must also understand the needs at all levels in the client organization. The most successful providers recognize this need and structure their team with members who have experience in working closely with each of these critical levels in a client organization. This team chemistry is a primary consideration in evaluating the RPO provider for this category. The providers that score the highest in this category don't wait for the client to make requests. They are proactive and creative in exploring solution alternatives and presenting them to the client.

NO. 3 VALUE FOR FEES
























It hasn't been that long ago when clients viewed cost as the primary driver in evaluating and/or selecting an RPO provider. Although important, it has dropped to third place and has taken on the term of value vs. cost. Cost is still important, but only as it relates to the quality of all the services being delivered to the client. Value can also have different meanings based on the needs and objectives of the client. Clients attribute the identification and tracking of the right performance metrics as a key to measuring value as it applies to their specific objectives. It is the combination of Solution Delivery, Understanding Client Needs and Cost that meet the overall client objectives that determines Value For Fees in the eyes of the client.

NO. 4 GENERAL SERVICE CAPABILITIES

Clients consider this category important even though it didn't rank as high as the other three categories. Most of the clients viewed the end-to-end services (candidate sourcing thru candidate on-boarding) as a basic requirement for considering the provider's services. Even though a client may want to begin utilizing only the basic services (sourcing, screening, interviewing, offer and on-boarding), clients felt that the ability to have

additional services available to them as a real plus. Some of the additional services that clients viewed positively include: Employment brand management, background verification, workforce planning, contingent staffing, outplacement, talent management, recruitment and hiring manager training, program design and process consulting. By offering additional services, the clients feel that they are given the opportunity to see the bigger picture and chart a path into the future that meets the organization's objectives.

We would like to thank the providers and their clients for their continued support which made this report possible. The following chart indicates a comparison of the strengths of each of the participating providers as seen by their clients for each category.

 = Very Strong  = Strong  = moderate strength	Solution Delivery	Understands Client Needs	Value For Fees	General Service Capabilities
Relative Importance of Categories	9.60	9.45	9.10	6.10
Accolo				
Futurestep				
Novotus				
Peoplescout				
TalentFusion.				
The Right Thing an ADP Co.				
WilsonHCG				

PROVIDER INFORMATION *(In alphabetic order)*

ACCOLO INC.

Accolo’s approach combines a patented SaaS Cloud Recruiting® platform with embedded job marketing, social-referral development, a Hiring Intelligence Knowledgebase™ and best-practice-based workflow. Companies use Accolo’s cloud-recruiting solutions to materially increase the productivity of their internal recruiting processes, while scaling recruiting capacity on-demand. Accolo, a founding member of the Recruitment Process Outsourcing Association, is often leverage by clients as their turn-key internal recruiting department.

Accolo’s on-demand cloud-recruiting capacity includes the [Accolo Hiring Consultant Network](#), comprised of certified and experienced recruiters. Its clients include companies of all sizes located in the United States, including Farmers Insurance, Dex One, Waypoint Homes and Home Instead Senior Care.

www.accolo.com

FUTURESTEP, A KORN/FERRY CO.

Futurestep offers high-impact, customized strategies aimed at helping organizations meet specific workforce needs. It has an extensive, wholly-owned global delivery footprint and SMC infrastructure in the market. It boasts sector expertise of proven industry specialists, well-trained and well-equipped recruiters, and a geographically diverse global leadership team.

The company has created a dedicated personal-development application that leverages Korn/Ferry's intellectual property by integrating it into its core services. Its RPO offering encompasses services from across all of its specialist teams, including technology assessments, sourcing strategies, talent communities and brand audits. Its RPO solution aims to deliver "next-generation RPO" with a focus on business impact.

www.futurestep.com

NOVOTUS

Novotus is an established Recruitment Process Outsourcing organization equipped to solve any talent acquisition need from project hiring to full outsourcing recruiting solutions. We serve as a fully integrated extension of our client's HR teams. Novotus was the co-founder of the Recruitment Process Outsourcing Association, and is the largest RPO provider based in Texas. In the last 15 months, we've helped clients with thousands of hires in 39 states and seven other countries across all skills levels and industries. Our competitive advantage is our ability to combine the deep research and sourcing capabilities of retained search firms with RPO technology and processes to deliver superior recruiting results. Recruiting will always be our core competency, and our process and technologies activate both active and passive candidates.

Our distinction is our people, highly skilled and motivated. Our culture is one of integrity, accountability, and innovation that results in a "Talent Lab" for continual improvement and refinement which we share with our clients.

www.novotus.com

PEOPLESCOUT

PeopleScout, a division of Seaton, is a leading global provider of recruitment process outsourcing (RPO) services that helps companies of all sizes, and in many industries, with their exempt and non-exempt hiring needs. PeopleScout is known as an industry pioneer and has grown to become one of the largest RPO providers today, placing more than 250,000 employees annually. PeopleScout's suite of services includes Full Cycle and Partial Cycle Services, Project RPO, Recruiter On-Demand, employment branding, on-boarding, career counseling and employee retention.

PeopleScout's key differentiator is its unique approach to partnership and ability to provide customized solutions for every customer based on its unique business objectives and landscapes. We accomplish this using a fully dedicated approach in delivery team resourcing that is aligned to our clients' success.

www.peoplescout.com

TALENTFUSION

TalentFusion was founded in 2000 and delivers RPO services to *Fortune* 2000 organizations. It purports to be a thought leader in the RPO industry, having played an important role in the formation of the space. It offers a highly consultative model, expertise in applicant-tracking-system and customer-relationship-management implementations, and change-management consulting services.

In addition, TalentFusion specializes in aggressive sourcing programs to find and attract very difficult and fully employed talent. Its progressive CRM systems allow for innovative technology-based recruitment strategies that are customer-centric and flexible.

www.talentfusion.com

THE RIGHTTHING®, AN ADP® COMPANY

The RightThing, An ADP Company is a premier recruitment process outsourcing (RPO) provider. Harnessing the power of proprietary technology, we continue to lead the industry with innovative, scalable solutions that help clients find, recruit, hire and retain top talent. Dedicated to recruitment leadership, technology and

outsourcing, The RightThing offers recruiting solutions to small, medium and large organizations serving many of the world's leading companies.

Services include talent and organizational consulting, offer compilation, candidate pipeline and talent-pool building, candidate on-boarding, internal process and enterprise-resource-planning management, exit interviews, requisition management, campus recruiting, applicant intake, employee-referral administration, resume management, applicant tracking, test and assessment administration, diversity 360 consulting services, interview administration, recruiter and hiring manager training, interview scheduling and off-boarding.

www.rightthinginc.com

WILSONHCG

WilsonHCG is a top global recruitment process outsourcing (RPO) and human capital consulting provider that operates on the principle of providing true partnership to our clients. Creating scalable and customizable human capital solutions, we are revolutionizing the recruitment process and bringing innovation to the industry.

Founded in 2002, WilsonHCG still supports our very first client, which is thanks to our commitment to customer satisfaction and our flexibility to design recruitment solutions based on our clients' ever-changing needs. While maximizing clients' talent acquisition processes is essential, WilsonHCG recognizes the relationships we develop lead to the results our clients realize.

WilsonHCG's corporate headquarters is located in Tampa, Florida, with offices in London, New York City and Toronto. We have a global presence with the capabilities to provide services in six continents and more than 25 countries. WilsonHCG's operates on a hybrid delivery model that combines on-site resources, service center/office-based and virtual/off-site resources.

WilsonHCG's main differentiator is our people. To ensure full commitment to our clients and their requisitions, we utilize dedicated teams of full-time recruitment professionals who specialize in client-specific industries. Our talent acquisition professionals are assigned to clients based on their experience in the client's industry, their functional recruitment expertise and their ability to align with our client's company culture.

www.wilsonhcg.com