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Where's the "R" in RPO?

by Sue Marks, CEO, Pinstripe and Chris Forman, CEO, AIRS

With Recruitment Process Outsourcing (RPO) being all the rage, why are so many providers and their clients operating with traditional, reactive recruiting processes? Why have so few providers embraced the development and deployment of robust active and passive candidate sourcing and candidate relationship management solutions? What is Recruiting and RPO 1.0, 2.0, and beyond?

In a recent survey conducted by the Corporate Executive Board (CEB) of senior HR managers, three quarters of respondents said attracting and retaining talent was their No. 1 priority. This has not changed in more than a decade, since McKinsey's initial "War for Talent" research in the mid-1990s. So why is it that the most robust people, process, and technology tools are not being deployed in most organizational talent acquisition functions—either insourced or outsourced? And if there is so little *good* competition in the war for talent today, why aren't leading companies stealing the show?

Organizations that have spent years reinventing their other supply chains and upgrading their computer systems seem content to keep hiring the traditional way: by posting open positions in newspapers or on Internet job boards, hoping that enough candidates see them, and sorting through the electronic or paper résumés. It's what we and others call the "post and pray" school of recruiting.

SHEDDING COSTS

Many thought leaders are talking about RPO and how it can get improved results with lower costs. The Yankee Group's Jason Corsello, who wrote "Workforce Transformation Through HR Technology, Outsourcing and Services Strategies" last September to address the very same issues, pointed out how RPO has emerged as an option to shed expensive recruitment costs while leveraging best practices in people, process, and technology to improve results.

"Most companies still don't have the tools they need to optimize the recruiting process and are not managed for

speed, quality, and cost. RPO, at its best, provides organizations access to new channels to source talent with speed and cost effectiveness, while HR leaders can turn their attention to the critical tasks of building the climate and culture that attract new talent and retaining and developing that talent once on board," Corsello said.

"You think you've got recruitment problems? Try filling 23 million jobs. Look for RPO to help address some of these shortages," Scott Gildner, TPI's partner and managing director, Business Transformation Solutions, said of the forthcoming Baby Boomer retirements. "One of the primary drivers in exploring outsourcing alternatives in the HR delivery space is the ability to free up more time within HR for strategic activities. While this is a laudable objective in any circumstance, it may become absolutely critical given the expected gaps in talent that are emerging by the turn of the decade."

Gildner added that more than 8,000 baby boomers are retiring each day—an occurrence that will continue for the next decade. "This will leave behind an enormous vacuum of experienced professionals across every aspect and function of industry," he added.

Recruiting must move to talent relationship management and begin to develop more targeted, segmented views of the markets for talent. Automation will help to refine targeting, identify top talent ahead of demand, and use deep relationships to facilitate a flow of candidates that is more about quality and less about quantity. At the same time, this will allow processing of many thousands of transactions that exist in the

Fig.1: The Evolution of Recruiting

Recruiting 1.0 The last decade or so has been mostly about adapting our people, process, and technology to take advantage of the Internet and related applications for recruiting. What we've done in the past decade is basically take our off-line function and put it online. Depending on your organization, you've done that at a best-practice level or you are still in the beginner stage. It includes:

- The first job boards, career websites and early Applicant Tracking Systems (ATS);
- Deployment of the core technology tools;
- The beginning of "employment branding;"
- Posting and praying for candidates to respond;
- Focus on the mass market—quantity, not quality; activity not results; and
- Limited efforts related to diverse markets.

Recruiting 2.0 is becoming simpler and more complex. What we mean by that is

there has never been better recruiting technology (much of it modeled after consumer marketing), but there has never been so much of it. And the markets we are going after have never been more segmented and demanding.

Recruiting 2.0 is all about:

- Robust, targeted, on- and off-line recruiting via new methods and multiple channels;
- The integration of lean and other process improvement techniques to begin to optimize the people, process, and technology related to the candidate's recruitment experience;
- Sophisticated employment branding and targeted recruitment marketing; very robust programs related to diverse and global talent pools and effectively improving results in these areas; and
- Acknowledgment of passive candidates and a beginning awareness of their

importance in an organization's talent pipelines and future competitive advantage.

Beyond Recruiting 2.0, the next decade, or what we call the Next, Next Big Thing, allows us to deploy the most powerful recruiting practices ever. Sophisticated tools will be available to those that care to jump in with both feet and will be about:

- New methods and channels like social networking sites;
- WAP and mobile;
- Relevance-based targeting;
- Talent relationship management—robust processes to encourage talent relationships over long periods of time;
- Systems that learn, predict, and help recruit smarter; and
- 3D online worlds: virtuality combined with "in-personality."

recruiting value chain seamlessly. Passive candidate talent pooling, résumé mining, top-grading and screening, candidate marketing, and pre-screening all combine to optimize the talent sourcing process. (See Fig. 1).

So how can an HR organization do this with slim resources? An innovative RPO relationship can be the answer, so HR and business leaders can more effectively design and execute programs that will give their organizations their unfair share of great talent. Why? And why should organizations take advantage of this now?

RPO is now facing a great divide—between RPO 1.0 and RPO 2.0. RPO 1.0 is "RPO for Beginners." It's a way for organizations to begin experimenting with an external service provider as a partner in recruiting to get the basics right and to access technology and expertise that they don't have now. There are numerous RPO 1.0 providers to select from, and they generally represent a good value. RPO

2.0 is the next generation of RPO. It is the best in people, process, and technology all integrated and on steroids. If Web 2.0 and Enterprise 2.0 refer to a second generation of web services that lets people collaborate and share information online, Recruitment 2.0 and RPO 2.0 can and should be used as a way of describing new thinking, new channels, and new approaches to candidate attraction and talent relationships.

With the advent and popularity of MySpace, Facebook, LinkedIn, Second Life, wikis, blogs, and other tools and networking sites, it is difficult to avoid the current fuss over Web 2.0 and its application to Recruiting 2.0 and RPO 2.0. With the war for talent and the worlds in which talent live becoming global and increasingly complex, companies need help jumping on Recruitment 2.0 initiatives and the new, few RPO 2.0 providers can jumpstart their success in these new arenas (Fig. 2).

A GAP IN THE MARKET

Finally, the gap between early adopters and the mainstream has never been so extreme. It doesn't have to be that way, but most HR departments are resource-constrained and overwhelmed by the speed at which the recruiting world is changing. Hundreds of technology applications exist, and new ones are being created every day. At the same time, the number and types of "employment transactions" that need to be completed every minute of every day are increasing exponentially. Most just keep their heads above water on their requisitions, much less thinking about talent pipelines and strategic talent management.

Because that gap is so big, we know much of the market is still in Recruiting 1.0, and may be just thinking about RPO 1.0. We'd encourage them to move forward quickly to catch up and establish best practices and begin to get their true fair share of great talent. For others, we'd argue that they should work to increase the gap and continue to innovate so they have the clear path to continue to attract and hire their unfair share of great talent.

Finally, there is a space between the visionaries who are designing new solutions and most everyone else continuing to "change the oil and the tires on the same old car." We suggest for most a middle ground—change the tires on the car while it's moving to get the basics right. The goal is about better and cheaper.

Over the past few months, we've spoken with recruiting leaders at dozens of Fortune and Global 500 companies, getting their reaction to some of the hiring challenges we all face. It seems that everyone agrees the talent shortage is for real and getting worse, but most recruiting leaders are reluctant to implement the bold actions needed to address the problem.

We believe that only those willing to discover and deploy best practices wherever they can be found, those that can be innovators, and those willing to look at the problem/solution from a totally new perspective have a chance of ending up on top. Recruiting is about sales and marketing, and sales

Fig. 2: RPO 1.0 vs. RPO 2.0

RPO 1.0 has seen the creation of the early services sets delivered to early adopting companies. These services have had a mostly reactive focus, working with companies to support their efforts to process active candidates. RPO 1.0 has been about transactions—doing it better and cheaper.

Services include:

- Posting jobs and acting as an early response mechanism to those active candidates who reply;
- Inconsistent or limited use of ATS technology and applicant databases—in-house or commercial;
- Some deployment of structured candidate screening; and
- Greater focus on processing of candidates and not on recruiting talent.

RPO 2.0 is also both simpler and more complex. Simpler because there is some experience and best practices out there now. More complex is that there has never been better technology related to the business process side of recruiting and the recruitment marketing and employment branding side of the recruiting coin. RPO 2.0 is all about transformation and doing it differently, characterized by:

- Seamlessly integrated technology applications and the application of Lean, Six Sigma, and other process improvement techniques to optimize the people, process, and technology related to the entire talent acquisition value chain. There are an estimated 1,100 process steps from candidate sourcing to new hire start;
- Robust, targeted on- and off-line recruiting via new methods and multiple channels that don't stop with contacts but build relationships between talent and your opportunities now and later;
- Sophisticated employment branding and targeted recruitment marketing; very robust programs related to diverse and global talent pools and effectively improving results in these areas;
- Acknowledgment of passive candidates and a beginning awareness of their importance in an organization's talent pipelines and future competitive advantage; and
- The deployment of the most powerful Web 2.0 and Enterprise 2.0 recruiting tools and practices ever.

and marketing is about relationships. Talent Relationship Management (TRM) applications are the right tools for recruiting and the right way to think about recruiting. Recruiting is about driving the business forward, about getting, maintaining, and improving competitive advantage. Nothing less is acceptable.

What does this mean to a corporate recruiting department? If you think you have a lot of time to wait and see how this works, know that the pace of change is accelerating. The urgent way that corporate America does business has changed in this “middle space” of Web 2.0 and Enterprise 2.0, and Recruitment 2.0 MUST follow quickly.

The future is now. Adopt these new tools, channels, strategies, and tactics, and demand that your RPO providers do the same. Move to RPO 1.0 or RPO 2.0, whichever is appropriate for you. After all, RPO companies manage staffing and recruitment like a business and can bring those best practices to you and your organization.



About Sue Marks

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Sue is the founder, Chairman and Chief Executive Officer of Pinstripe, Inc. Prior to founding Pinstripe in 2004, Ms. Marks completed her term as a Senior Executive at a Fortune 500 company, after selling her staffing and outsourcing businesses to them in late 2000. Considered one of the founders of the Recruitment Process Outsourcing and Vendor Management industries, Marks has provided counsel to many leading global organizations and has been twice named HRO Super Star and is an IQPC Recruiting and Staffing Best in Class Award (RASBIC) Winner. Additional awards include: the Ernst and Young Entrepreneur of the Year Award in the service business category, the Marquette University College of Business Entrepreneurship Award and is a 3-time winner of the Working Woman 500 designation. She is also an active member of Young President’s Organization. She received her BS in Business Administration from Marquette University and is an annual participant in YPO’s Executive Education Program at Harvard’s Graduate School of Business.



About Chris Forman

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Chris Forman, Chief Executive Officer (CEO) of AIRS, is a seasoned business executive and one of the industry’s most dynamic speakers and thinkers on recruiting technology, talent development, and OFCCP compliance. Mr. Forman has spoken at more than 75 HR and recruiting industry events and has been quoted in publications such as The New York Times, Wall Street Journal, HR Executive, Government Executive, SI Review and Purple Squirrel. Before joining AIRS, Mr. Forman held a series of leadership positions at fast-growth technology firms. He is a graduate of Colby College and lives with his wife (Angela) and their three kids (Emma, Noah & Will) in Meriden, NH.

ABOUT PINSTRIPE, INC.

Pinstripe, Inc. is a leading human resources and recruitment outsourcing partner that designs, builds and manages technology-based talent acquisition and management systems for a variety of industries. An innovator in recruitment and employment process outsourcing, Pinstripe’s proprietary Requisition-to-Results® (R2R) platform is the first solution of its kind to integrate sourcing, recruiting, hiring, on-boarding, engagement, and off-boarding practices into a complete, end-to-end outsourced approach to employee acquisition and retention. By partnering with Pinstripe, clients are able to maximize the economic, operational and strategic benefits of a high performing workforce, while minimizing compliance, security and other risks.

Pinstripe’s fast-growing Healthcare Group specializes in developing and deploying transformational talent solutions that enable clients to provide high-quality patient care that balances staffing costs with employee satisfaction. The group offers an array of strategic human resource consulting, recruitment partnerships, staffing and scheduling solutions.