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better work, better life

Are you diluting the value of  
your outsourced recruitment process?



# Are you capturing the full ROI of RPO?

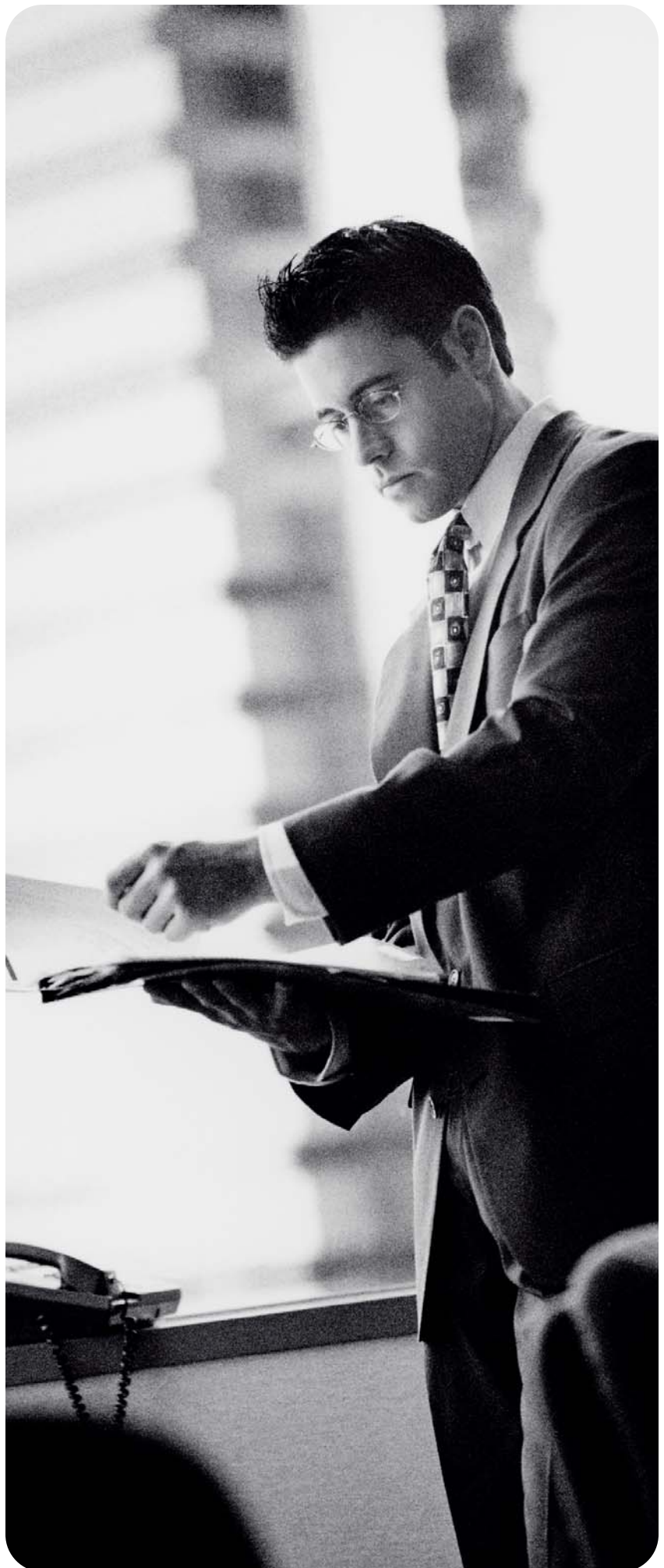
Many enterprises have an outsourced recruitment process solution in place. But is the solution yielding the anticipated outcomes? Some service providers deliver only an HR back-office solution; meaning their clients outsource only some of the functions within the recruitment process. Others (a select few) deliver end-to-end services, managing the entire recruitment process.

## **The back-office solution vs. the end-to-end model.**

Both models drive a positive ROI, increase qualified candidate traffic by 50 to 100%, and result in more hires than can be achieved by in-house services prior to outsourcing. While both approaches are outsourcing models, clients need to be aware that there is a significant difference.

Adecco conducted a study comparing the two RPO solutions alternatives over a four-year period. The study found a consistent, recurring theme and pinpointed a pitfall in the HR back-office model, which causes clients to realize only half as many hires as an end-to-end solution yields while also adding costs to the process.

This paper discusses the value-diluting pitfall from the perspectives of the client, job candidates, and the service provider. It reviews how buyers decide which type of recruitment process solution they implement and emphasizes the benefits of choosing an end-to-end solution.



## Two approaches to an RPO solution.

Twelve business functions, or components, comprise the entire recruitment process. As illustrated below, these components are segmented into three “buckets” — talent planning, talent acquisition, and talent assimilation.

### Recruitment process lifecycle



In today's marketplace, buyers have two RPO solutions options from which to choose: an HR back-office solution (which is much like staff augmentation services), or an end-to-end solution. An end-to-end solution includes all 12 components of the lifecycle. An HR back-office solution provider delivers either the components in one of the three buckets or delivers multiple components across the buckets in the lifecycle but does not deliver all 12 process components.

On the other hand, the RPO end-to-end solution is a true outsourcing arrangement which produces synergies that yield more value. In an HR back-office RPO solution, not only does the client not achieve the synergies, but there is a significant pitfall that adds costs to the process and decreases the number of expected hires.

Only an end-to-end approach delivers all 12 components of the recruitment process.



# The pitfall that dilutes value.

An HR back-office solution combines the service provider's resources with the internal recruiting resources of the client organization. Each party owns responsibility for specific components. For this model to be successful, it is essential that neither party replicates what the other is doing. Therein lies the pitfall. This model also falsely assumes the client possesses adequate resources to handle the increased qualified candidate flow. If not, process problems will only magnify.

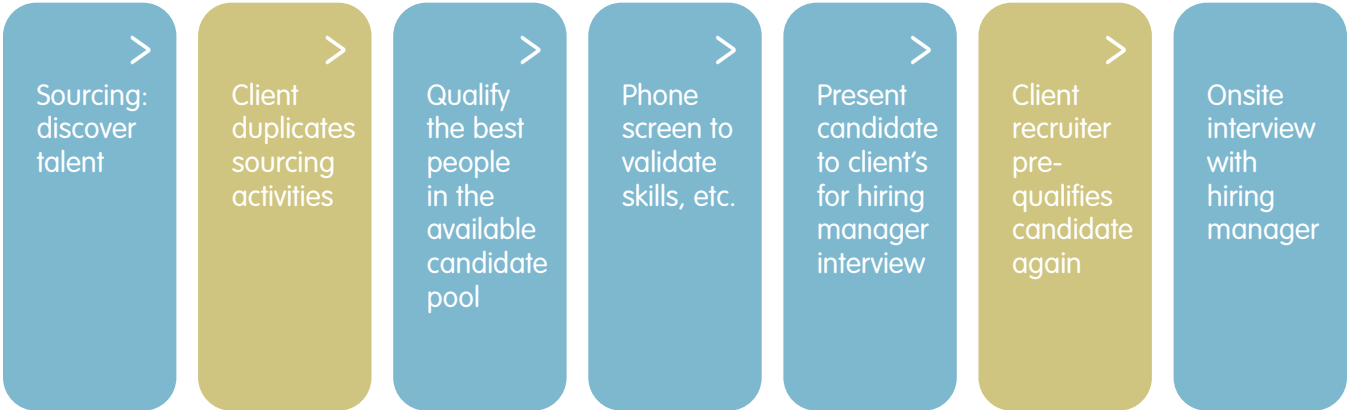
Adecco conducted a study of all its client engagements over the past four years. The study found that in every case of an HR back-office solution, the client naturally gravitates back to replicating components of the service delivery model that were already completed by the provider, even though the statement of work, service and operating level agreements, and the roles/responsibilities matrix clearly state that the client will not replicate the work.

The process steps that clients consistently replicate are sourcing and pre-screening/qualifying job candidates.

One of the reasons clients outsource the recruitment process is to eliminate internal recruiting resources from having to spend time and energy sourcing and pre-qualifying candidates that do not fit the job specifications. Yet, clients invariably replicate the work the provider does by duplicating sourcing and pre-qualifying candidates a second time. There is no reason for an internal recruiting group to again pre-qualify a candidate that has already been screened, assessed, and pre-qualified by the RPO provider. This replication problem is magnified when the client lacks internal resources to process the increased qualified candidate flow.

## Replicated steps/pitfall in an HR back-office RPO solution

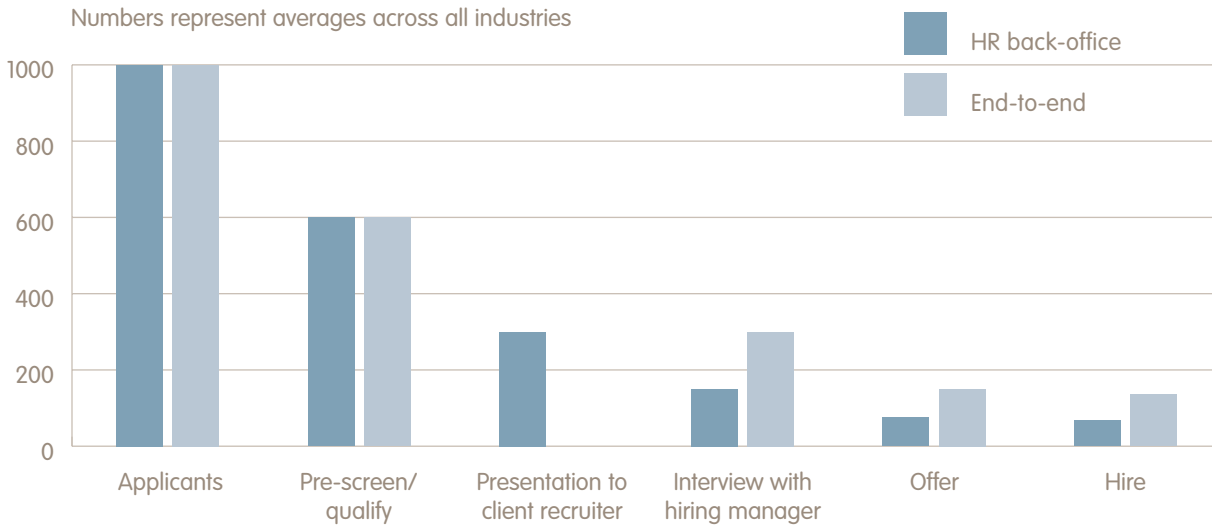
Sourcing/screening/pre-qualifying



**Comparison of outcomes in HR back-office and end-to-end RPO solutions.**

Our study of outcomes over the past four years consistently reveals 50% more exempt hires resulting in an end-to-end solution compared to an HR back-office solution.

The study pinpointed where the difference in outcomes occurs.



**How the value dilution occurs.**

In addition to added costs (in comparison to an end-to-end solution), replicating the sourcing and pre-qualifying steps adds unnecessary time to the process — anywhere from a few days to three weeks. The extra time causes candidates to lose interest and look at other opportunities, especially in markets where there are scarce resources of talent.

Adecco conducted follow-up surveys with candidates that exited the recruitment process in an HR back-office RPO model. The surveys consistently found that in addition to the time delays, candidates were confused at having to go through a second pre-qualification interview.

Candidate responses to follow-up surveys include:

- Why is the company’s recruiter taking me back through the same steps again?
- They must think I’m not the right person for the position since they are repeating this step that I’ve already gone through.
- Why is it taking the company so long to get back in touch with me?

Because an outsourced solution deploys a seamless approach, candidates do not realize the person pre-qualifying them is from an outsourcing firm rather than the company with the job opportunity. At the end of the pre-qualifying process, the outsourced recruiter often states to candidates that they are ready

## Delivering on the promise of RPO

to be moved on in the process. When candidates do not hear from the company for days or weeks; or once they do hear from the company, they're confused at having to be pre-qualified again, they then look at other opportunities in the market.

Essential to success in an RPO solution is selling the organization as an employer of choice. Both RPO models focus on the client brand along with the strategic sourcing techniques that can greatly improve qualified candidate traffic flow. However, replicating steps and causing delays erodes the ability to effectively sell the organization as an attractive employer to a candidate. All of that translates to added costs and fewer hires.

The findings in the study were consistent in every case. Despite the provider sourcing and screening the same number of candidates on the front end, converting them to hires on the back end produced dramatically different results.

With an end-to-end solution in place, the outcome was double the hires to that of an HR back-office solution where the provider hands a pre-qualified candidate over to the client's internal recruiter to arrange for an interview with a hiring manager. Rather than managing the interview logistics and the hiring process according to the statement of work, the recruiter elects to pre-qualify the candidate again and

also source additional candidates. The length of time to do this is magnified due to the large increase in qualified candidate traffic.

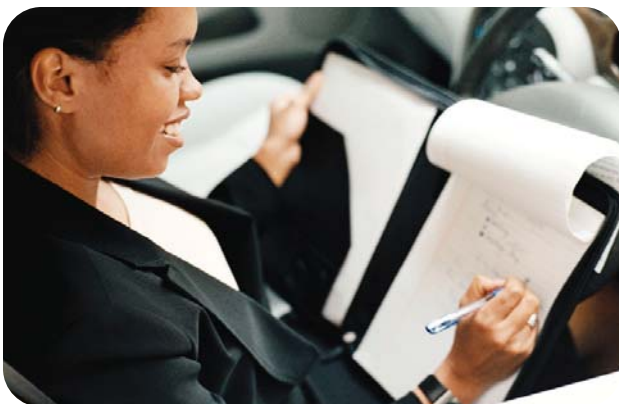
In both cases (HR back-office and end-to-end models), qualified candidate traffic increased by 50 to 100%. In order to convert these candidates to hires, the broken process cannot be delivered in the same way, and process steps cannot be replicated by internal staff.

The problem is then compounded by the client lacking internal resources to replicate these new processes and manage the significant volume of qualified candidate flow.

### **Root cause for the pitfall.**

The client's internal recruiter mindset is the root cause for the replicated step despite initial agreement not to replicate the work. The mindset manifests itself in the following thought progression of internal recruiters:

- I fear I might lose my job because of outsourcing, so I need to make sure I continue to provide value to the process so I can justify my existence at this company.
- My perceived value to the company before outsourcing was in sourcing and pre-qualifying candidates and only submitting for interviews the candidates that fit the specified qualifications.
- I haven't worked with the outsourcing provider long enough to trust their work.
- I cannot forward this candidate on for an interview because I haven't touched and put my stamp of approval on the qualifications of the individual.
- I gravitate back to activities with which I am most comfortable.



## Case study.

HR managers are slow to react when they realize that the replicated step is taking place, despite the parties' agreement in the statement of work to ensure replication does not occur. The following case study is a typical example.

Before the client outsourced its recruitment function, the company believed its problem was that it could not drive enough candidates through the recruitment process to result in hires. It outsourced to Adecco, using an HR back-office solution to source, screen, and pre-qualify candidates, driving increased qualified candidate traffic through the process.

The company mandated that its internal staff would adhere to the procedures (statement of work, roles/responsibilities matrix) in the outsourced solution.

Within 30 days after implementing the outsourced HR back-office solution, the client recognized its internal recruiters were replicating the sourcing and pre-qualification process. For the next four months, the company came to realize it could not convert enough of the increased qualified candidate traffic to hires because replication of the process added three weeks to the hiring cycle time. It became a huge bottleneck. The problem was compounded by having a decentralized internal recruitment organization.

After four months, the client switched to an end-to-end solution, removing the internal recruiters from the process. Adecco then delivered the candidates directly to the hiring authorities, taking time out of the process and eliminating the replication. Hires went up by 60 percent within two months.

## What's the bottom line?

Without an end-to-end solution, the client will not be able to maximize the benefits of outsourcing and will not achieve the anticipated number of hires out of the pool of pre-qualified talent.

Organizations that opt for an HR back-office solution generally hold these beliefs and attitudes:

- Recruitment is a core piece of the HR process.
- We are uniquely different from everybody else in our marketplace — a third party cannot sell our business to candidates as well as we can.
- If the outsourcer does not deliver as promised, what impact will that have on the HR department and the business?
- We can make the HR back-office model work; we will eliminate bottlenecks, change the process, not replicate services and hold everyone accountable.

In contrast, the profile of buyers of end-to-end solutions includes these beliefs and attitudes:

- Recruitment is not our core competency, so we do not need to own this process.
- We can drive a better outcome through a third party that is an expert in this process.

There is value in both types of solutions, but there is a different outcome between the two. It is important to note that, even if the service provider delivers only an HR back-office solution, it will still achieve better results than the client can achieve with an in-house process. Typically, hires and time to fill improve by 10-20% in an HR back-office solution compared to an in-house model.

Even so, an HR back-office RPO solution will encounter the pitfall and the full expected value (number of hires) will not be achieved. An end-to-end solution, however, will maximize the number of hires out of the pool of pre-qualified talent.

### **Adecco Worldwide**

Adecco S.A. is a Fortune Global 500 company and the world leader in workforce solutions. Adecco connects over 700,000 associates with business clients each day through its network of over 33,000 employees and 6,600 offices in over 70 countries and territories around the world. Registered in Switzerland, and managed by a multinational team with expertise in markets spanning the globe, Adecco delivers an unparalleled range of flexible staffing and career resources to corporate clients and qualified associates.

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- Finance & Accounting
- Information Technology
- Medical & Science
- Legal
- Human Capital Solutions
- Government Solutions
- Transportation

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