



WHITE PAPER

Partnering for Talent

How Recruiting Firms Help Fulfill Companies' Important Staffing Needs



Viewed as a practice that sends jobs overseas and displaces American workers, outsourcing has never enjoyed a particularly positive reputation in the United States. Outsourcing in the talent acquisition arena is not immune to this bad rap. Though outsourcing in this area does not typically mean sending jobs to other countries, there are concerns that the strategy has the potential to uproot established HR personnel and not provide the client “good-fit” candidates, due to an incomplete or inadequate understanding of the client’s culture. When working with a reputable recruiting firm, these concerns are not only misguided, but also the reverse of what a company can expect to experience.

The decision to hand over the reins of any part of the recruitment process can be a hard one to make. However, there are a number of reasons

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This white paper discusses three of the most popular services recruitment firms provide companies that choose to outsource part or all of their staffing needs. It also speaks to the rapid changes occurring in this space and explains

how recruitment companies are taking advantage of the latest trends.

Executive Search

What Is It?

Executive search is probably the most well-known recruitment service offering. Broadly speaking, executive search is the act of finding individuals to fill organizations’ management roles. In practice, many executive search firms also place sales representatives, account executives and other positions that are non-managerial in nature.

Typically, companies that choose to partner with executive search firms select to work on either a contingency or retained basis.

A contingency search arrangement between a client and recruitment firm does not require the customer to make an up-front monetary investment. Because of this, it is often used to fill positions that have a more modest level of urgency or importance attached to them. Once the position is filled, the client pays the recruiting firm a fee.

Since the recruiter is assuming all the financial risk on the front end, a candidate found during a contingency search will frequently be presented to not only the client, but also other companies with whom the recruiter is working. This increases the recruiter’s chance of recouping his or her initial expenditure.

A retained search differs from a contingency agreement in that it is generally reserved for positions that are very important or that need to be filled very quickly. In terms of cost, retained searches require the client to pay part of the service fee upfront to help defray the expense of dedicating additional time and resources specifically to the client’s staffing need. Typically, one third of the fee is paid at the inception of the search and recruitment effort, an additional third is paid upon the recruitment firm’s presentation of a short list of candidates and the final third is paid 30 days after the presentation



of the shortlist. These additional resources enable the recruiter to cast a wide net in a much shorter period of time, consequently delivering a specific number of qualified candidates within a specific timeframe.

One of the primary benefits the retained search option provides clients is “candidate exclusivity,” which means that any candidate surfaced during the client’s search will not be presented to other companies for a certain time period or until the candidate is evaluated and accepted or denied by the client. The fact that these searches are the recruitment firm’s top priority is another advantage this search arrangement affords customers. Clients also enjoy an extended guarantee period over the contingency format, because more time is spent qualifying and screening retained search candidates.

Some recruitment firms also offer hybrid search plan options. An exclusive contingency agreement is one example of this. When the client commits exclusively to the executive search provider, the recruiter can mirror the client’s commitment by investing more time and resources in the search, because the likelihood of a placement is increased. Additionally, with fewer recruiters competing to submit candidates, there is less of a chance that thoroughness will be sacrificed for speed.

Or a client and recruitment firm may agree to a search that involves a small, upfront financial expenditure, with the majority of the service fee earned only after the search is fulfilled. The customer providing a portion of the fee at the beginning of the search allows the recruiter to devote additional time and resources to filling the position, but still incentivizes him or her to earn the remainder of the fee by successfully completing the assignment.

Once the client decides to work with the recruitment firm on a contingency, retained or hybrid basis, the actual search and recruitment process begins.

No recruitment firm’s executive search process is the same; however, most contain the following steps: client consultation, search plan creation, research, candidate sourcing, candidate assessment and interviewing, reference and background checking (if required by the client) and client and candidate follow-up.

The first phase of the executive search recruitment process involves a discussion with the client regarding the job opening and its requirements, the client’s culture and any other facts relevant to the search assignment.

After this discussion takes place, the recruiter creates a search plan that consists of industry and competitor information, overall strategy and project team makeup.

This plan is then used in the sourcing phase, during which the recruiter draws qualified candidates from a number of pools, including databases owned and maintained by the executive search firm and networks the recruiter has built, through research, cold calling and social media site interaction, with individuals and companies in the industry or industries in which he or she recruits.

Once viable candidates are found, recruitment firms typically offer candidate evaluations as part of the assessment and interviewing stage of the executive search recruitment process. These evaluations are often conducted based on behavioral and client cultural measurements. They can include personality tests, skills tests and behavioral tests, to name a few. Top-performing applicants, whose test performance demonstrates a decreased likelihood of attrition, among other qualities, are individually interviewed by recruiters, many of whom are trained in behavioral-based interviewing techniques, and are targeted for presentation to the client.

The process for presenting candidates to a client varies, though generally comprises a current resume and information to supplement



the resume, such as how the candidate's skills and experience match the client's requisition, the candidate's career motivators, compensation history and expectations, relocation and/or travel goals, as well as any other information requested by the client.

Many executive search firms also provide reference, credit and other background checks of candidates.

Why Use it?

Finding the right hire is especially pertinent now, as numerous organizations are struggling with the talent shortage brought about by the economic downturn. The economy may be slowly recovering, but many employees are still hesitant to make a job switch, finding that a relatively stable position is preferable to venturing into unknown territory with a new company. Because of this, numerous businesses are now seeing a greater number of open positions than qualified candidates. In fact, depending on the research, only 10 to 20 percent of the qualified talent available is actively looking for a new job at any given time.

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Locating and attracting these passive candidates can be a complex process, and getting these individuals to make a move from their current positions takes counseling and negotiation. Good recruiters are well-versed in these practices, and also act as mediators, assisting candidates reach an agreement on salary and benefits. According to PrincetonOne Vice President and Managing Partner Bill Kuntz, “Exec-

utive search firms help companies negotiate and close offers with highly desirable candidates, in effect ‘arranging a marriage’ between the two

parties.”

In addition to locating passive candidates, executive search organizations also excel at finding individuals for specialized or hard-to-fill positions. Typically, recruitment firms specialize in one or more industries, with the company's recruiters placing candidates in a specific industry or even a subset of a specific industry. Often times, the recruiter, prior to entering the recruitment field, worked in the industry in which he or she specializes. For instance, a recruiter focused on finding financial services talent may have formerly been employed as an investment advisor. This specialized market insight allows the recruiter to uncover the right fit for his or her clients' important, hard-to-fill jobs within the industry or subset in which he or she locates talent.

Another reason companies turn to executive search firms is an HR staff limitation. For smaller businesses, it may not make sense to keep a full-time HR employee on staff and the company's hiring managers may not have the required time or skills to find qualified candidates to fill their open requisitions.

Alternatively, some larger companies, even those with full-blown HR departments, may determine that partnering with an executive search firm to fill key positions allows the company's staff additional time to better manage the company's core HR operations, like compensation and employee benefit management; performance, conduct and behavior management; employee record-keeping; etc. These HR department members, like the hiring managers previously discussed, may not have the resources to do any more than advertise their open jobs and then choose from the candidates who see and apply to the postings. This means of sourcing applicants excludes large pools of individuals, namely those who are not actively seeking new employment opportunities, many of which may be a better fit for the opportunity than those currently unemployed or looking to make a

move from their present positions.

Due to the many time-consuming, non-recruitment-related tasks a company's HR personnel and hiring managers are faced with on a daily basis, candidates' experiences during the recruitment process have the potential to suffer. Third-party recruiters have the resources to give all candidates informed and objective feedback throughout each step of the recruitment process. They ensure that candidates, regardless of whether they are offered a job or not, are provided a positive experience and come away with an excellent image of the client company.

An additional way recruiters preserve a customer's positive, public profile is through the strict confidentiality they maintain for the companies with which they work. This can help keep competitors in the dark of any staff changes that may be occurring, signaling a shift in management or even an expansion triggered by the launch of a new product or service.

Finally, recruiters can be cost effective. According to a 2008 (the most recent year conducted) Society of Human Resource Management's poll of HR professionals, 49 percent of respondents achieved cost savings as a direct result of outsourcing their HR functions. Recruitment of top talent can be an expensive business for companies. Besides the internal costs companies incur, like job advertisements, interview and assessment expenses and overhead for HR staff, estimates demonstrate that replacing valued performers can reach more than two times an employee's salary for high-level or specialized positions. Thus, not finding the right hire can have financially disastrous consequences for employers.

Recruitment Process Outsourcing

What Is It?

According to the Human Resources Outsourcing Association (HROA), organizations have acknowl-

edged the idea of an outsourced agency managing a client's human resources services since the 1970s. From that time forward, recruitment process outsourcing (RPO) has evolved to include the exclusive management of all or portions of a client's recruitment and hiring process. Over the past five to ten years, Ashley Shadday, the program management director for PrincetonOne's RPO division, has witnessed advances in technology and a diverse and eager workforce, both of which have allowed for expanded RPO service offerings.

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Unlike executive search firms, RPO providers have sole ownership over all or certain components of a client's recruitment process, and have a more extensive solutions package to present their customers. Additionally, RPO differs from executive search in that its programs involve the placement of numerous individuals throughout a company or company division. Since RPO is implemented on a large-scale basis, an organization typically partners with an RPO provider to improve company-wide objectives like time to hire, quality of hire, cost reduction and proper compliance with government rules and regulations.

RPO services can range from job profiling and recruitment of candidates to interviewing and onboarding activities. Though many companies outsource the entire recruitment process to their RPO partners, some organizations only need assistance with one or several of the recruiting phases. For instance, a company going through



an expansion may not have the staff or skills to source candidates for a group of specialized engineering positions, but would like to keep the interviewing and onboarding phases in-house. A number of RPO providers offer this type of arrangement to their clients.

Prior to beginning the process, a consultation occurs between the client and provider to determine the customer's recruitment needs. The RPO firm then initiates a recruitment process based on the client's requirements. During this consultation period, RPO providers may offer suggestions based on broad market research, such as how much employees should be compensated and other industry best practices. Clients can then choose to implement these recommendations into their business plans. A service-level agreement is put in place and metrics are established to make sure that the client's needs are met throughout the process.

The next step of the RPO process involves sourcing potential candidates. This function is designed to locate qualified individuals for a client's open positions, through avenues such as direct recruiting, job boards, social networking sites, employee referral programs and databases owned by the client or the RPO provider. Like executive search vendors, RPO firms have specially trained staff on hand to unearth passive, specialized and other hard-to-find candidates. During this stage, candidates not meeting the client's minimum qualifications are typically screened out with short, web-based questionnaires; resume reviews and/or brief phone conversations.

Once it is determined that a candidate meets the position's minimum qualifications, the screening and assessment stage of the RPO process is implemented to get a better understanding of the individual's background and to ensure that the candidate is a good fit for both the job and the client company's culture. Two popular forms of screening include web-based assessments and phone interviews with specialists employed

by the RPO provider. This step is taken in order to guarantee that the best candidates are sent forward to the client.

The next step of the process is the interview stage. Typically, the RPO solution calls for the RPO provider to manage the entire interview process, from conducting the initial screening interview to setting up scheduling, travel and accommodation arrangements for the final interviews with the client's managers. Having this stage managed by the RPO partner allows the client's executives to focus entirely on the candidates they are evaluating, instead of worrying about interview scheduling and travel preparation.

The last step of the RPO process is the onboarding of new hires. This service can include the administering of background checks, offer letters and new hire paperwork.

Why Use It?

According to a 2010 survey conducted by the Aberdeen Group, the number one reason companies choose RPO is their need to focus on core business competencies. RPO providers can save a company's HR staff and hiring managers the stress and time it takes to set up job board accounts, create hiring materials and establish credibility with potential candidates. Outsourcing these functions allows HR personnel and company managers to devote more attention on daily tasks, such as team and business development. "Clients choose to implement an RPO solution to improve their overall HR capabilities. RPO allows companies to reap the benefits of expertise in recruit-

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ment and requisition management, without the overhead of directly hiring a niche, in-house staff,” asserts Shadday. “The benefits of RPO range from increased productivity at the hiring manager level to providing scalable augmentation to the client’s HR staff based on fluctuating recruitment needs. RPO provides the benefit of having experts on hand, but not in-house, where overhead can quickly eat at the bottom line. Clients often see drastic reductions in time to fill, increases in brand perception and tighter EEOC/OFCCP compliance.”

Promptly filling requisitions is another benefit of RPO. In the same survey conducted by the Aberdeen Group, 26 percent of companies use RPO because they needed to hire quickly. RPO providers can accomplish this through the use of their own or a third-party’s applicant tracking software system that houses resumes and tracks the progress of each of the client’s candidates. By utilizing an applicant tracking system, RPO firms can quickly and easily monitor and keep records on all candidates that go through any stage of the program’s process. Time constraints are generally a part of the initial agreement made between the client and RPO company, incentivizing the RPO provider’s recruiters to use their expertise in the most efficient and timely ways possible to give the client the talent it needs. Additionally, RPO teams are experts in quickly evaluating potential candidates with a series of assessments, in order to guarantee only the most qualified individuals make it to the next stages of the recruitment process.

RPO providers can also be counted on to take a special interest in maintaining positive brand images for client companies. They strive to learn as much as possible about the customer’s culture, history, purpose and values, essentially becoming an extension of the organization’s HR department. This information is conveyed throughout all candidate communication, as well as any marketing the RPO firm does for the client. In addition, RPO partners ensure all candidates entering a client’s recruitment process are handled

in a consistent manner. This is an important component of not only brand perception and candidate experience, but also compliance with government rules and regulations. If the RPO company provides a customer’s candidates excellent service, a positive impression of the client should be instilled in each candidate’s mind, even if he or she does not receive an offer.

EEOC and OFCCP compliance is another factor an employer may consider when deciding to outsource its recruitment process. RPO providers maintain EEOC and OFCCP compliance through their applicant tracking systems and by following recordkeeping requirements set forth by the U.S. Department of Labor. RPO firms work with clients to make sure that consistent processes and interviewing techniques are maintained and also validate candidate screening and interview questions to ensure that any information obtained through the questions could not influence a decision viewed as discriminatory.

Cost savings is a final reason organizations consider RPO. Due to the fact that RPO programs are generally enterprise or department-wide in nature, clients often gain significant reductions in recruitment expenses. A 2009 Aberdeen Group study reported that best-in-class RPO users decreased their per-hire costs by an average of 48 percent. Savings over internal recruitment options are achieved through RPO firms’ economies of scale, large databases, efficient applicant tracking systems and well-defined processes.

Contract Staffing

What Is It?

Contract staffing is the act of placing contract employees with businesses on a temporary basis. Since contract hires are employed by the staffing company, rather than the business utilizing their services, they are not typically provided the employment benefits, like paid time off, health insurance and retirement plans, that

business's other full-time employees may be offered. Rather, they work on short or long-term projects to fill a specific need for an organization. The search and recruitment process for contract employees is very similar to the process used to find permanent employees.

Why Use It?

Organizations utilize contract staffing for a variety of reasons. This staffing option is most often put into practice when businesses need to quickly ramp up their staffs, but do not want to make the long-term commitment full-time hires require. Specialized or specially trained contract hires may be brought on for important projects

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that require a certain level of knowledge or skills, or they may be utilized to work around a permanent employee hiring freeze. Division Manager of StaffInsight, PrincetonOne's contract staffing department, Lauren Williams states, “Contract staffing allows companies the opportunity to substitute staff that are on leave for medical, maternity, military or other reasons with skilled workers that need little to no training

and can be inserted into roles to immediately achieve results. This service is also beneficial for deadline-driven, ‘all hands on deck’ situations.”

During the recession, contract employees were some of the first to experience layoffs. However, by the tail end of the economic decline, contract staffing again became a viable option for many companies. Needing additional help, but

not knowing when or whether business would revert back to pre-recession levels, a number of organizations relied on temporary employees during these uncertain times. According to John Rosshem's article, “Contingency Staffing Trends for 2011 and Beyond,” during the recession, contract staffing fell 33.7 percent from 2007 through the middle of 2009. Then in 2010, the temporary workforce grew by approximately 300,000 individuals.

Because temporary workers are only employed for a specific period of time and do not receive the employment benefits permanent personnel are afforded, contract employees can be a financially prudent choice for employers. The client only pays for the hours the contract employee works, and does not pay for holidays, vacation, sick time or workers compensation. Additionally, employers do not have to allocate funds for payroll processing or advertising the job opening.

Besides the financial perks of employing a temporary workforce, an added benefit for managers is the opportunity to essentially conduct a working interview to test out a candidate's job performance and assess how the individual meshes with the company's culture before committing to offering him or her a full-time position.

Trends in Recruitment Services

Despite their many differences, there is one similarity executive search, RPO and contract staffing share. All three are continually subjected to advancements in technology and other new resources, forcing each to evaluate and change its methodologies on a regular basis. This rapid evolution has created a recruitment industry that is vastly different from the one that existed 10 years ago. And the recruitment industry that will exist two years from now will be vastly different from today's.



Customers should be aware that the recruitment services they are utilizing currently may not be the same as those offered in the future. Some of the trends shaping the changes that are occurring in this arena are discussed in the following sections.

Decreased Use of Large Job Boards

One trend that has been occurring in the recruitment industry over the past several years is the decreased use of large job boards. Though job boards are not going anywhere anytime soon, they have become less useful, as the quantity of candidates using them has increased, while the quality has not. With time and effort, recruiters can still find individuals for client's open positions through large job boards; however, they are just one of the many methods currently being used to locate talent.

Not only have the large job boards become overpopulated, but they have also become a significant financial burden for companies with numerous positions to post. Many recruiters are finding that they can use less expensive, industry-specific and other niche job boards and websites to both post jobs and to narrow down the search for candidates. Often more time and cost effective than large job boards, social media sites are also increasingly utilized for posting jobs and searching for candidates.

Increased Use of Social Networking Sites

Besides time and cost considerations, recruitment firms are drawn to social media sites, due to the vast amount of varied users present. Social media offers recruiters a way to both find qualified candidates and to broadcast their clients' job openings.

Social media websites have made a major impact on the recruitment arena. In a 2011 survey conducted by the Society for Human Resources Management, 56 percent of the companies surveyed claimed to be using some form of social networking for recruitment purposes, with an additional 20 percent planning to implement a

social networking recruitment strategy this year. The results also showed that, of the three major social networking sites, LinkedIn was most used for recruitment purposes, followed by Facebook and finally Twitter.

With over 100 million users worldwide and 44 million users living in the United States, LinkedIn is one of the most heavily employed social media sites in the recruitment industry. Recruiters utilize the site to build their brands and generate leads. They seek out LinkedIn's numerous industry-specific groups, company pages and question and answer functions in an effort to connect with both potential clients and candidates, while showcasing their own abilities through the background and testimonial sections.

Although there is more documented success of finding hires on LinkedIn, according to Facebook statistics, there are currently over 750 million active users on the ever-growing social media site. With such a large pool of individuals, recruitment firms are using Facebook to post their clients' job openings and other information of interest to candidates. Recruitment firms and employers are also promoting their jobs through targeted ads.

Recruitment companies are additionally creating Twitter pages to present real-time status updates to their followers. Common updates include industry-specific articles, company updates and job openings.

According to Kuntz, "LinkedIn and social networking have become vital to re-

cruiters. The industry is becoming very technology based." He recalls that "back in the day, the candidate pipeline was very small. There were

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only so many sources. With the infinite sources currently available, the challenge is identifying viable candidates at the front end. Recruiters provide value to clients by streamlining this process, which is now more important than ever.”

Virtual Conferencing

Another trend that continues to make headway in the recruitment industry is virtual conferencing, which allows users to hold meetings with two or more parties in separate locations. The most popular virtual conferencing tools are web conferencing and video conferencing.

Web conferencing permits users to connect to see one screen through separate computers and communicate through a dial-in number or microphones connected to each computer. A recruiter can use web conferencing to reach a large number of candidates without having to leave his or her office. The recruiter can link his or her computer to potential candidates' computers to show PowerPoint slides, training modules or other resources.

Video conferencing provides users a face-to-face experience without having to travel. Most video conferencing tools allow for the participation of multiple individuals in multiple locations, though the service can also be used for one-on-one conversations.

Virtual conferencing has impacted the recruiting industry in a number of ways. One of the most popular manners of utilizing this tool is video interviews. Though not as personal as a true face-to-face meeting, this practice is a practical alternative that can save recruiters both time and money, by eliminating the need for travel.

Mobile Recruiting

According to Global System for Mobile Communication Association (GSMA) and Cellular Telecommunications Industry Association (CTIA), there are currently 4 billion mobile subscribers worldwide, with a projection of 6 billion subscribers by 2013. Recent research conducted

by Morgan Stanley predicts that by 2015 more users will browse the Internet through mobile devices than desktop PCs. With the ever-growing mobile market, it should not be any surprise that recruiting practices around the globe are targeting candidates through mobile devices.

One strategy that is becoming increasingly popular in the recruitment industry is the utilization of direct text messaging. A number of recruitment firms' websites have made it possible for job seekers to sign up for text message alerts on their mobile devices. They let an individual create a profile on the recruitment company's website that includes contact information, a resume and types of positions that are of interest. When a job that meets the candidate's criteria is posted, an alert is sent to the individual's phone with information on the position and how to apply.

Another trend is the development of recruitment-focused smartphone applications. Once downloaded to a phone, these applications display job postings for individuals to browse, with some giving candidates the option to apply straight from their phones. Large job posting sites, like CareerBuilder, Craigslist and Monster, were some of the first companies to adopt this technology. A small number of recruitment firms have begun to latch onto this idea as well, creating mobile recruitment applications of their own.

Both text alerts and smartphone applications have given candidates the ability to have job postings and real-time updates at their fingertips. These tactics can be beneficial for all candidate populations because of the high contact rate; however, mobile recruiting will have the largest impact on the youngest generation stepping into the job market, due to its heavy reliance on mobile devices.



About PrincetonOne

Headquartered in Skillman, New Jersey, PrincetonOne is a talent services company that creates and implements innovative solutions for unmet recruitment and retention needs. PrincetonOne provides clients with a cohesive strategy for recruiting, retention, staffing assessment and organizational development. Through seamless, cost-effective solutions, clients are able to improve workforce performance and achieve critical business objectives. With 30 years of experience, PrincetonOne delivers unified recruitment solutions and measurable results for more than 600 clients around the world.

To learn more about PrincetonOne, please visit our website at www.PrincetonOne.com or email info@PrincetonOne.com.