THE STRENGTHS & WEAKNESSES OF TYPICAL RECRUITMENT MODELS

One of our Directors Peter Brophy has previously worked as Head of Recruitment / Resourcing in organisations such as Rolls-Royce, BDO and Proxima as well as for Manpower the global recruitment and workforce solutions business. He has also worked within specialist Executive Search and Selection recruitment businesses. He has experienced and implemented different recruitment models and processes across a number of sectors at a senior level giving a deep insight into the strengths and weaknesses of these from both sides of the fence.

Here he offers his expert opinion on the merits of the various recruitment models available to large organisations.

As we enter the New Year many organisations and recruiters are beginning to put in place their recruitment plans for procurement professionals in 2016. Last year we saw a wide variety of practices and processes utilised by different organisations to recruit. Some of these in his view assist the attraction of high calibre, discerning candidates and others can hinder or actually damage an **organisation's** reputation and brand in the market and this article highlights these.

Organisations that take recruitment for granted or treat it as a **'transactional process'** only (as many in Procurement and HR do) risk a serious impact to their reputation with candidates and their ability to recruit the best people in the market.

A major issue is that many of the current recruitment models and processes were implemented as a result of the market conditions during the last recession. The recruitment market has since bounced back strongly and particularly for specialist roles. Those models designed around success metrics such as cost or time per hire only have significant weaknesses when organisations need to source **'non-core'** roles.

Recruitment is in theory a simple process but unfortunately this ignores the fact that people are not a commodity or a product and in reality people make recruitment very complex. Why? Often we find that emotions, opinions, views and impressions often count for more than concrete facts and figures and people's reactions can be impossible to predict fully.

However there are a few basics that make the process run smoothly. First of all:

- Is the role budgeted and is the headcount approved and signed off and agreed with Finance and HR?
- Is it clear and agreed what the specification really is? Do we know what we want? The lack of a clear specification or disagreement between key stakeholders about the skills, competencies and knowledge needed often wastes considerable time and effort.
- Crucially – Is this specification realistic in the market? Are the levels of skills and experience really available externally at that salary range in that geographical area?
  Hiring problems and delays typically arise if these are not in place as ultimately the specification or salary or location has to change further down the process with a host of unforseen consequences.

The Typical Recruitment Models

Organisations typically source using one of the following main routes or models:
Internal Recruitment (within the organisation) via

- advertising (intranet / bulletin)
- internal promotions or secondments

External Recruitment via

- Outsourcing provider
- In-house recruitment team
- multi-agency PSL
- Single source contingency
- Retained search

Each of these has strengths and weaknesses and deciding which model to use is often based on historical decisions which may not match the current circumstances.

The challenge is that often organisations try to find a one-size fits all approach and this is inherently an approach that is doomed to failure and here we critique each of the main recruitment models.

Internal Resourcing

Our focus for this article is on external resourcing however in many organisations the bulk of vacancies are actually filled internally but the internal process needs to be integrated effectively with the external process to avoid delays or confusion.

Organisations typically will look externally even if there are potential internal candidates to **understand if this will bring greater capability or potential or the 'fresh look' needed to drive a** change programme.

Organisations need to consider carefully the following options
- Running internal recruitment first – but this risks a lengthy overall process to subsequently find good external people.
- Running internal and external recruitment together – this can work well but needs clear communication or candidates may feel they were messed around.
- Recruit externally only – this needs to be carefully communicated so internal people are not demotivated or leave due to '**lack** of **opportunities**'

External Recruitment

There are a variety of different solutions and they all have strengths and weaknesses – most work well in **certain contexts but most fail as a 'one size fits all' approach rarely succeed in** certain situations

Outsourcing Provider

Many larger PLC's utilised or expanded this model during the recessionary market as a key business driver was to contain costs via a transactional recruitment model similar other outsourcing solutions.

As the market has changed many are now reflecting historic conditions. Indeed the overall trend in outsourcing is now towards integrated and sustainable business solutions. Stakeholders are challenging the focus on the traditional strengths of recruitment outsourcing such as time or cost per hire and are looking for greater value and engagement from the resourcing model.

Outsourcing has been a great success in delivering volume hires at reduced cost and greater speed. Often however the overall statistics mask poorer results when sourcing for niche, specialist and senior roles or where there finite supply of suitable candidates.

Typically some or all of the recruitment team is relocated to lower cost locations but has proven to cause communication and engagement problems with candidates and stakeholders. Increasingly as other labour markets mature the pricing is not as compelling as it once was.

Often the outsourcer manages third party agencies for the client (at reduced rates). This makes sense commercially but exacerbates the transactional volume led approach perceived by candidates. Agencies have roles briefed via a portal with little or no understanding or engagement with the the client.

To summarise; outsourcing often works well for volume roles but is less effective for specialist and senior roles and can create a lack of engagement between the organisation and its own hiring managers and potential candidates

In-House Team

In house recruitment teams historically have managed internal recruitment as well as sourcing externally via advertising, word of mouth or via agencies. They were often very successful particularly in well known local or national brands and could source hundreds (or thousands) of applicants through advertising. Their challenge was often more around dealing with fluctuations of demand and volumes of applicants.

However LinkedIn and social media have changed this landscape and allowed in-house teams to appear be more proactive but instead of one advert they now must source on LinkedIn, Facebook, Twitter Job Boards, sector publications, referrals as well as press adverts, agencies etc .

Many in-house teams grew just to deal with this massive increase in transactions and hence why many outsourced as they struggled to deal with all the conflicting priorities and the changing recruitment volumes. They often could not increase or decrease headcount as rapidly as needed.

This is also exacerbated as many are are spending a significantly increasing proportion of their time with internal stakeholders or in internal meetings leaving little time to find or talk to candidates forcing a transactional approach.

This is exacerbated in SME's as Recruiters struggle with changing or high volumes and with the knowledge needed when recruiting a wide range of job types. Typically their focus is on operational / client facing roles and recruitment into support functions such as procurement suffers.

Many do recruit 80-90% of candidates directly (and in reality this was often the case historically) but with a much bigger team now to do so. Critically the 10-20% filled via agencies are mainly specialist or senior roles. Very few in-house team are successful or effective at all roles at all levels.

The best recognise this and focus on volume or business critical roles and build good partnership based relationships with agencies in non-core or specialist areas to ensure they secure the best talent.

Some however try to recruit every role directly often using strict processes and sign offs to maintain a rigid control and consequently spread themselves too thinly or recruit where they have no real market knowledge or know what good experience looks like. Bulk sourcing techniques using inmails on LinkedIn often impacts negatively on brand and reputation and typically only attracts those active in the job market.

In summary in house teams can work well particularly in large volume driven organisation but again tend to be much less effective at recruiting for support functions or for specialist and senior roles.

Multi agency PSL / Master Vendor

This is one of the oldest recruitment models and often outsourcing or in-house teams models in effect are just different ways of delivering a multi agency PSL or master vend model

As with outsourcing the model is often based on size, scale and cost criteria and so typically larger recruitment businesses are appointed as they superficially appear to be more able to deliver more roles across more locations. Some of the more advanced examples do allow for niche or specialist recruiters.

Again for volume roles the model often works very well giving a small number of sources of supply with a high chance of success but again fail to adequately deal with specialist or senior

requirements. A major weakness of this model is that multiple agencies can make multiple **approaches leading to confusion and fights over 'candidate ownership'.**

Another unintended consequence is that commercially most agencies will focus more effort on exclusive roles but when they are one of three or four competing to fill the same role they will not put as much effort in as their chance of success and a commercial return is lower. This is less of a problem for multiple position roles but multi briefing of single roles actually diminishes the speed of response and the calibre of candidate found as each agency is only doing the minimum.

Successful PSLs are those that build in variation and specialism and allow a flexing of fee rate for certain roles.

Single Source Contingency

Typically used for non-core or specialist roles or increasingly at more senior levels where once it was retained work only. The advantage is that a client gets access to the network and knowledge of a specialist recruiter and should get an improved quality of candidate. The disadvantage can be the many agency interactions required across the organisation if all roles are sourced this way.

A big stumbling point is ensuring the recruitment business is a genuine specialist who really knows the niche market as many are not. A genuine sector specialist should be able to advise up-front on the skills and salaries in the market and provide a good quality shortlist quickly and know who are the better performers available.

Typically if both parties invest time in the relationship and the brief is clear and the right partner used then the client has a relatively low risk route to source good candidates quickly and effectively.

This model works best if communication is open and there is genuine trust between both parties. Use of a genuine specialist ensures quick access to the best candidates and not just those who are looking right now.

The weakness of the contingency approach is two-fold and based around trust and openness
- Will the agency commit? Their risk is that they can put a lot of work in and the role can be cancelled or changed, or sourced directly or briefed to another agency. The client needs to be up-front on these issues.

- Will the client commit? If the client does not invest enough time and respond promptly as the process progresses the recruiter becomes disengaged.

Retained Search

This has been the realm of the Executive Search businesses at Board or 'direct report to board' levels or c. £150k and above or even used at lower levels when there is a critical need

In fact in recent years this approach is more common in some niche sectors where the market is highly candidate driven. Increasingly, it is not retainer fee led but a variation to cover research or searchlist fee to ensure an up-front commitment from both sides.

Again clients must ensure that the recruiter is a genuine specialist and more importantly that they are actually undertaking a search to find people and not just using their database.

Traditionally this model has worked well but the process can seem long especially if the firm starts every search from scratch. A number of more nimble and faster players now exist who challenge this and by being true specialists in a discipline or business sector know many of the **key players and use their sector knowledge to source quickly as well as 'searching'. Clients pay** for knowledge and network and not the time of a long drawn out search.

Points To Consider In Conclusion

- Many of the models typically used by many organisations to recruit were implemented in a recession based market and worked as in most sectors there were fewer open vacancies and it **was easier to get good candidates to 'apply'.**
- The market is now increasingly candidate driven and relies heavily on social media. However increasingly people expect to be treated well and not as a commodity and good candidates know they are in demand and work to their timescales and priorities and not to a model or a KPI.
- The procurement process for many of these models has often focused on cost, volume and geographical coverage and breadth rather than market knowledge, approach and genuine capability, resulting in a typically transactional approach to recruitment
- Organisations as well as recruiters need to do more get the attention of top quality candidates and what is increasingly making a difference is a focus on what are almost traditional values but in a modern context ie networking, reputation, use of multiple channels and increasingly delivering a more personalised service particularly for more senior or specialist roles

If any of the issues raised in this article are of interest to you and you would like further information, please get in touch with Peter via peter@edburydaley.com