

Go Beyond.



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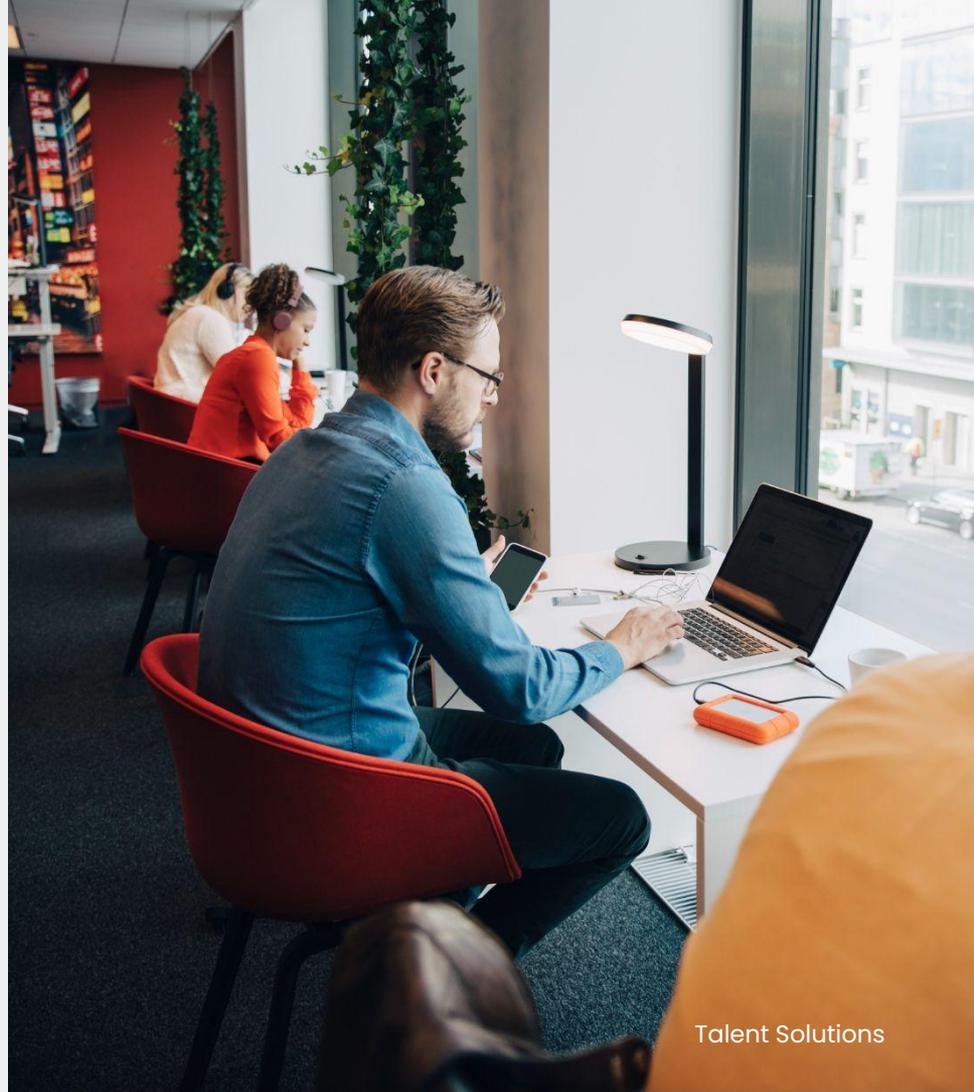
The ultimate
guide to
RPO.

Everything you need to know about Recruitment Process Outsourcing.

Introduction.



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Introduction.

With fluctuating hiring requirements that are typical of growing companies, having an in-house Talent Acquisition team is not always enough to meet the needs of the business. When the hiring needs go beyond the capacity of the TA team, the business is forced to either:

- **Slow down their hiring** which will result in the slowdown of overall growth
- **Increase the size of the internal TA team** and/or **partner with recruitment agencies**
- **Outsource the process**

The third option is a popular choice. As RPO offers *cost-saving, flexible* solutions that can be scaled up and down when needed, it tends to generate higher return on investment than the other models. We are seeing an increasing number of companies outsourcing their recruitment processes with the aim of continuing their growth, while keeping the costs at bay.

This guide will talk you through everything you should know about RPO before deciding whether it's the right solution for your business.



RPO in a nutshell.



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RPO in a nutshell.

What is RPO?

Recruitment Process Outsourcing (RPO) is a service that allows organisations to outsource the entirety - or parts - of their recruitment process to an external provider.

The provider usually takes responsibility for the **design, management, execution** and the **output** of the recruitment process.

How does it work?

The RPO provider acts as an extension of a company's internal HR or TA team, adapting to the client's culture, processes and policies.

The consultants might be based in the clients' office for the duration of the programme, partially on-site, or fully remote - whatever the client requests, the provider will make it work.



Why do companies outsource their recruitment?



Why do companies outsource their recruitment?

Morgan McKinley Talent Solutions conducted research on this topic to identify why companies opt for RPO, and what benefits are incurred from this decision.

For this study, a number of companies from the IT, BPO, Financial Services and Pharmaceutical sectors were surveyed. Below are some of the reasons these companies decided to outsource their recruitment:

1. Because hiring demands were beyond the capacity of their internal team
2. To improve the quality of applications and ultimately hires
3. To reduce time to hire and improve the overall recruitment process
4. Because of the need to regularly scale up and down recruitment operations due to fluctuations in hiring
5. To reduce HR recruitment administration
6. Access to the right talent is restricted and the internal team needs support
7. To reduce the overall recruitment costs



Which elements of the TA function are handed over to the RPO provider?



Which elements of the TA function are handed over to the RPO provider?

There are several types of solutions that focus on different parts or approaches to total talent acquisition. The 'classic' end-to-end RPO model usually includes every single step of the recruitment process from strategic planning to onboarding talent. Yet, even this solution can be customised.

In many cases, the RPO models are built for the unique needs of each business. Simply put, the client can pick and choose which parts of recruitment they want to outsource and what elements they wish to keep in-house.

i. Consultation, strategic planning and forecasting.



Every RPO programme (managed by a high quality provider) begins with an initial consultation. This is when all client's data is gathered through an interview.



Which elements of the TA function are handed over to the RPO provider?

Your provider might ask you about your overall business goals and how your HR or hiring plans fit into those. You might be prompted to discuss your biggest challenges or areas that you'd like to further improve.

This data is then built upon with additional information gained through market research. For instance, the RPO provider might look into a wider context of the industry and the challenges that are commonly experienced in the given sector.

The goal here is to gain an **in-depth understanding** of what type of solution would generate the best results for your business in the context of your strategic goals.

ii. **Selecting, establishing and managing all required technologies and processes.**

Based on the initial interview and/or research, outsourcing goals and targets are established. The right team of specialists and consultants is put together and the process can be selected and aligned with the client's internal protocols.



Which elements of the TA function are handed over to the RPO provider?

At this stage, the right technology is also selected based on the requirements and specifications of the market.

iii. Sourcing pools of suitable candidates through proactive recruitment strategies.

Candidate sourcing is simply the proactive search for potential candidates to fill the current and future roles.

Companies interested in outsourcing purely this part of their recruitment tend to select talent pooling as an alternative to RPO.

iv. Candidate assessment.

Sourced candidates are screened and tested. It is specified in the initial stages of the process the extent to which the RPO provider should be involved in **shortlisting, interviewing** or **coordinating further stages of the recruitment process**.



Which elements of the TA function are handed over to the RPO provider?

There are also other aspects of recruitment that RPO providers can and very often do manage on behalf of their clients:

- **Enhancement of the processes to improve candidates' and managers' experience**
- **Building the recruitment strategy; upskilling and preparing hiring managers**
- **Conducting background and reference checks**
- **Offer negotiations**
- **Reporting and analytics**
- **Managing any 3rd party suppliers**

Different types of RPO.



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Different types of RPO.

The term RPO is often used as an umbrella phrase for several different types of recruitment outsourcing solutions. While all the solutions are flexible, there are certain elements that allow you to distinguish different types and approaches:

- **RPO** - is a full-circle or complete outsourced recruitment solution. Usually, it's long-term and may consist of all - *or just some* - elements of the recruitment process.
- **MSP** - is similar to RPO, however, it refers to temporary workers. If you're looking to outsource hiring and management of your contractors, MSP could be the right choice.
- **Project Recruitment** - aims at helping organisations to solve urgent or mission-critical hiring challenges. As such, it is usually a short term solution, fixed and focused on addressing a specific challenge or project.
- **Graduate Recruitment** - is the transfer of the end-to-end recruitment for a graduate, intern or apprenticeship programme to an external provider.

Some companies might need a mixture of all or a few of the above solutions. In such cases, a bespoke service can be designed.



What are some pitfalls or disadvantages of RPO?



What are some pitfalls or disadvantages of RPO?

While an RPO solution is one of the most popular types of recruitment outsourcing models used, it's also one that has been associated with anecdotes of unsuccessful partnerships between providers and buyers. Therefore, before you begin working with your RPO partner, take a look at some of the most commonly encountered challenges and what you can do to avoid them.

a) The provider needs to be aware of the bigger picture.

The first challenge to look out for is the lack of understanding of the overall business strategy and objectives on the part of the supplier. It's crucial that your provider can see the full picture. A lack of clarity here could lead to the provider being less proactive and effective in areas that could be important to your business.

Ensure that all elements of the recruitment process are discussed and agreed in advance. Talk your RPO partner through your talent strategy, the company's growth plans and vision for the upcoming months or years.



What are some pitfalls or disadvantages of RPO?

b) The provider might neglect one of the elements of the process during execution.

This issue may arise especially if you decide to work with a less experienced provider. While following processes and acting 'by the book' will often result in achievement of set goals, in certain cases, your provider should be proactive and able to foresee and minimise any risks which may occur.

Failure to double-check any elements of the overall process may have a negative impact on the performance of the RPO solution in the long run.

c) Loss of control over the recruitment process.

For some companies, the idea of recruitment outsourcing might be associated with losing control over their talent attraction and recruitment process. Experienced RPO suppliers will be used to these concerns and will provide reassurance where needed.



What are some pitfalls or disadvantages of RPO?

d) Always agree the scope of you RPO before committing to a provider.

It's also worthwhile explicitly agreeing the scope of the services with your supplier in advance of signing a contract.

In your scope of services, you should clearly define:

- Where your providers responsibilities begin and where they end
- Your communications plan
- An escalation process
- Reporting on SLAs and KPIs
- The handover process in case of a termination

How to choose your RPO provider.



How to choose your RPO provider.

Current state of affairs.

In order to receive the service that you need, you will have to fully understand your hiring requirements that brought you to the point of researching RPO as a solution in the first place.

It is recommended that you carry out an internal audit to fully understand the current state of your recruitment processes prior to formally submitting a request for proposal.

- Which parts of your process would you like to see working more efficiently?
- What are the elements that are lacking?
- What is it that in your view is not working the way it should be and why?

There are also several questions you can ask yourself in preparation for choosing the the right supplier:

- Over the course of the last 12 to 24 months, how many new employees did you hire?



How to choose your RPO provider.

- Where were these roles based? What was the salary range for each? What was the discipline or specialisation of each position?
- Is your hiring dependent on seasonality? Do you notice any spikes in hiring within certain periods?
- What is your average annual turnover?
- What do your hiring managers currently think of your hiring process? Is there anything that you know of that they would like to see changed?
- What about your candidate experience, your employer brand and EVP – are you expecting to see any improvements to these areas?

Answering these questions will help you build a better understanding of what it is you're looking to achieve through your work with an RPO provider.

You will then be in a better position to ask for specific information and quickly filter out potential partners based on their capacity to meet your specific requirements.



How to choose your RPO provider.

Narrow down the search.

Once you fully understand the current state of your recruitment, you should be able to precisely define your requirements. Based on those, you will be able to quickly identify potential partners that could be the best fit for your business.

There are five different categories you can use as a basis for filtering out potential vendors.

Industry niche - you might want to hire people of a very specific profile and if so, it may be your preference to work with a company that has experience and a deep understanding of the market in which your company operates.

Location - you may decide to work with a partner who can support your recruitment operations across different locations; this will automatically eliminate any potential partners who do not have the capacity to work in those locations.

How to choose your RPO provider.

Scalability – if your organisation experiences fluctuations in the area of hiring, you may choose to work with providers who offer flexible services allowing you to ramp up or scale down your RPO depending on seasonal needs.

Quality vs price – your reason for engaging in an RPO partnership might simply be a need to reduce the time and cost of your hiring efforts; on the other hand, the improvement of your employer branding or your general processes might be your main priority. Depending on what's most important to you, you can quickly narrow down your search by excluding providers who don't offer certain specialisations.

Type of RPO – depending on your needs, you should be able to quickly separate the companies that can meet your requirements from those that don't offer the services you're looking for based on the different types of RPO services they offer.

Tip: Morgan McKinley Talent Solutions offers a bespoke approach. This means that rather than providing a pre-designed RPO solution, we build unique solutions for each client. As a result, no two RPO programmes that we deliver are ever the same. When researching different providers, you may wish to consider how much flexibility you may need.



How to choose your RPO provider.

Experience and track record.

It's crucial to look for a partner who can meet your specific requirements and understand your business, culture and industry. In order to assess whether the company meets the discussed criteria, make sure to ask some of the questions below:

- **What services do they offer** – ask for examples of specific programmes and projects that could show you in practice how different services work.
- **What size of the company they typically work with** – ask for specific names and examples of clients.
- **What industries do they operate in** – would they be familiar with or have experience with recruitment in your niche?

Finally, request information on the vendor's formal issue escalation process. In RPO, as in any other type of business project or initiative, certain challenges and issues may arise. An experienced vendor will have a formal identification, escalation and resolution process in place.



How can you measure the performance of your RPO programme?



How can you measure the performance of your RPO programme?

Start by agreeing clear SLAs & KPIs. These should be aligned with your wider business objectives as this will help you to evaluate the RPO performance in the context of your overall business strategy. What's more, the KPIs should be set based on the services that your RPO partner provides. Typically these services will include the following:

- Sourcing
- Advertising jobs
- Screening
- Shortlisting
- Candidate assessment and testing
- Interviewing
- Reporting on KPIs and SLAs
- A scalable team
- Offer management
- Employer branding
- Creating and managing talent pools
- Process improvement
- Governance and oversight

Each of the above will be measured in different ways. When discussing your reporting requirements with your provider, ensure you both agree on how you'd like your services to be **tracked, measured** and **reported on**.

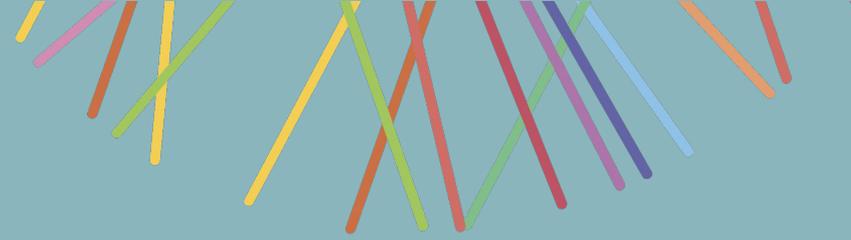
How can you measure the performance of your RPO programme?

Some of the most commonly used KPIs in RPO are:

- Source of hire
- Number of applications
- Time to hire
- Cost per hire
- Quality of candidate pool
- Number of hires
- CV to interview ratio
- Interview to offer ratio
- Offer to acceptance ratio
- Diversity of candidates
- Employee referral to hire ratio
- Job views

Some of these metrics inform you of the actual ROI on your RPO, while others will indicate which elements of your recruitment process should be further optimised and improved.

Along with the quantitative measures, you might want to track qualitative aspects of your service such as the experience of the hiring managers and candidates or even cultural fit. **Collecting and recording feedback** from your employees and candidates is necessary when gathering this information.



It's time to go further than ever before.
Let us help you **Go Beyond.**