

‘RPO is for the enlightened’

Q&A: Robert McNabb

Shambhavi Chauhan / New Delhi
December 9, 2008, 0:42 IST

It had to happen. First, they outsourced manufacturing, and then services. Now they do not want to recruit or nurture talent. In comes recruitment process outsourcing, or RPO. Shambhavi Chauhan spoke with **Robert McNabb**, executive vice-president, Korn/Ferry International, and CEO, Futurestep (an RPO firm under Korn/Ferry), on the changing HR scenario. Edited excerpts:

How is the HR fraternity affected by the current downturn?

Each time there is a downturn, and this can be traced back to the last three or four downturns, we have seen a trend of companies revisiting how they operate and looking at their strategy in terms of preparation for the future. But the current downturn is unprecedented and a number of companies are asking the fundamental question: Do we “in-source” or “outsource”?

In other words, companies are thinking if they should groom talent in-house, or perhaps find a strategic partner which can architecturally design and customise the recruitment process to improve results. That is, engaging a recruitment processing outsourcing (RPO) firm to design a process which is best for a company to acquire, groom and retain talent. The challenge of acquiring and retaining the right talent has brought the HR fraternity to prominence.

Do you see recruitment process outsourcing gaining ground?

The RPO industry is undergoing a transformation, and from an evolutionary standpoint, it is changing dramatically. There is significant opportunity for growth in this industry because a lot of companies are seeking RPO solutions for outsourcing processes and technology along with some HR functions which are a part of the recruitment process, versus just engaging an enabler for outsourcing recruitment. RPO is the way forward for the

HR community. It is driven around talent acquisition and talent management, and is certainly one of the hottest topics in the HR space.

How are the HR function and community changing?

We will see much more specialisation within the HR space. More “thought leadership” around specific HR functions will help companies to acquire, develop, retain and reward employees in a better way. Companies will need to have HR departments that are more strategic in nature, and that understand the demographic challenges and the limitations of individuals. The HR community needs to get more strategic, which is not the case today.

HR professionals need to upgrade and position themselves to be more strategic than tactical; they need to understand the difference between tactical HR and strategic HR.

Do these changes have something to do with the changing nature of workforce?

Yes, of course, they are directly tied. The changing nature of workforce is the primary reason for HR becoming more strategic. The demographics in the industrialised nations — the US, UK, Germany, France, Australia and so on — has changed significantly. Population in these countries is shrinking dramatically and US companies are recruiting as many people from India as they can. I can tell you, all of the multinationals we are working with, want to recruit more engineers from India. So what does this mean for the Indian employer? There appears to be an onslaught to hire engineers from India for other places because there is a shortage. This, in turn, might create shortage here in the country.

As a case in point, many of our Chinese clients want us to bring in engineers from India. Apparently, it is all about the changing workforce. There are dramatic demographic changes happening around the world.

Is India emerging as a big RPO destination?

The RPO industry has good potential for growth in India. It has a huge population and, therefore, huge potential for talent. Moreover, there are excellent universities that are churning out very good talent. Last and most important,

there have been huge capital investments made in India, so as companies grow and realise that they need more and better quality talent, the RPO model will be sought as a saviour for many companies.

We anticipate India to be our number one market, bigger than the US, and we have invested significantly in this market. India is huge on outsourcing, although, I agree, the RPO industry is still in its infant stages. But a lot of companies in the US, specially financial companies, have opened outsourcing centres in India, and are seeking RPOs to tap quality talent and have better, reliable and cost-effective processes in place. Consequently, although RPO is a new solution, it's catching up fast.

What are the cost benefits for a company opting for an RPO model?

The benefits of engaging an RPO model are that it helps find better talent and is cost-effective in terms of hard-call savings and soft-call savings, and also delivers the right quality talent as and when needed. Additionally, it is more reliable than the conventional hiring process.

One of the most significant things that we do — and what an RPO company should do — is to design an effective process system. For instance, in the traditional model or if you use outside agencies for recruiting, they send resumes and managers spend most of their time scanning these resumes and interviewing people. An RPO firm like us goes through a customised process that maximises a manager's time so that he doesn't spend all the time interviewing. A calibration process ensures that the company gets quality people who fit the job better. Managers at companies can meet just three or four people and hire them, and not, say, 50 to hire just one person. This is called soft-call savings.

How much does one save hiring an RPO company like yours?

To give you a rough idea we save a minimum 10 per cent on a company's recruitment process.

This is a time when many of your clients may have frozen hiring. What role does your company play in such times?

There are three major things that we do apart from

recruiting: employment brand-building, maintaining an "applicant tracking system" as part of the recruitment management process, and this is the hardest part of HR today, and lastly, workforce planning, that is, building a database of quality people. Workforce planning is key to the success of an RPO company. Along with this we do talent acquisition assessment. So in a nutshell, we help companies understand if their recruitment process works.

What are some of the challenges that the RPO model can face in India?

Employment brand-building is one of the major challenges for our clients here. The employment brand of a company augments its ability to attract talent. There are many companies whose employment brand doesn't help them and, in fact, it works to their competitor's advantage. So we help companies look at the market place and competitors, and design a sound employment brand strategy that helps improve the companies' recruitment brand and attract the sort of talent they need. Additionally, the RPO model is not for everybody. It is more for an enlightened company that is willing to change.