



## Real-world RPO: Why do it, what it means and what it takes to make it work.

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**T**here's no way around it — critical talent is hard to find. With more companies vying for top talent, a reactive approach to recruiting is no longer adequate. The company that waits for a position to open to start recruiting will fall far behind the organization that treats talent acquisition as a continuous process. And therein lies the challenge. How can you define your talent needs, identify the right people to meet those needs, and build relationships needed to attract them to the organization — all with limited internal HR or talent resources?

The answer for a growing number of companies is simple: they don't. Instead, companies are turning to services providers for the end-to-end recruiting capabilities they need to compete for top talent. This is the idea behind recruitment process outsourcing (RPO). Over the past three years, RPO gained a foothold in the lexicon of talent decision makers, but until recently there was little agreement on definition. In some cases, companies with a recruiting focus would take on multi-position recruiting projects and call that RPO. In other cases, RPO efforts were limited in functionality, location, types of hires (including interim positions) or any of a number of attributes.

Today, the RPO market is coming of age. Companies are

becoming better educated about the different types of services available, and providers are offering solutions that are delivering real improvements in talent acquisition. If you are considering RPO as part of your talent strategy, it is important to understand what RPO means, what it can do for your organization and what you need to do to make it work. A great place to start is with the definition of RPO itself.

### The Defining Factors: Ownership and Accountability

At its most basic level, a true RPO relationship hinges on process ownership. The RPO provider shares in the responsibility for program success. The RPO provider takes on program management, ensures process excellence and provides a process for continuous assessment and performance improvement, as well as technical systems and data management. In short, true RPO covers the people, processes and technology needed to deliver an end-to-end recruiting capability.

For the company that is engaging the RPO provider, this definition creates more questions than it answers. What does program management entail? What is success? What is improvement? The answers to these questions are unique to each different RPO effort. Answering those questions usually requires commitment on the part of the client organization.

Understanding needs, setting expectations, establishing goals and developing communication processes — these are important parts of the RPO effort that require input from all stakeholders. As a result, it is more accurate to view RPO as a “relationship” rather than a service, because the input of the client company is as important to the outcome as the quality of service delivered by the RPO provider. It is a relationship built on process ownership by the provider and active participation on the part of the client organization.

The outcome of an effective RPO relationship is a dramatic improvement in recruiting capability. This improvement comes in the form of cost-effectiveness, but also, and possibly more importantly, in the ability to quickly and effectively secure the right talent to drive business success.

### What Can RPO Really Do for Your Business?

With so much press about RPO, people have begun to think of it as a panacea for a host of talent issues. Most of these issues arise from the fact that demand for talent is growing faster than the supply, resulting in a shortage. An RPO provider can't cure the shortage. What it can do is give you the tools, process, resources and agility to better compete for the talent that is available.

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By providing specialized resources dedicated to the recruiting process, the RPO provider can conduct much more aggressive sourcing. This is extremely important in reaching the valuable and elusive passive candidates, i.e., those who are satisfied with their current position and not actively seeking a new opportunity. A good RPO relationship can transform the way recruiting and staffing services are delivered to internal customers. From the screening of candidates to evaluation, selection and onboarding, key processes can be dramatically improved by the dedicated resources of a RPO provider.

Another advantage is one of opportunity. Usually, the company reaching out to the RPO provider is doing so because it has identified a critical recruiting need. This opens the door for comprehensive and fundamental change. The opportunity to re-engineer legacy and antiquated processes is strongest at the time of RPO engagement. The RPO provider has the specialized recruiting focus, third-party objectivity and credibility needed to turn that potential for change into reality.

Finally, an effective RPO relationship provides a recruiting capability that can integrate into other talent management areas such as organizational development and work force planning. This requires an alignment of processes and technology. An effective RPO provider can support this alignment through its experience — not only of having the right answers, but of knowing the right questions to ask.

### Delivering the Goods — Strengths of an Outsourced Recruitment Approach

Understanding the potential rewards of RPO is important, but just as important is an understanding of how the provider delivers on the promises of RPO. If the provider truly has both the broad scope and deep expertise, it will deliver results through several areas of strength.

- **Domain expertise** is a primary strength of an RPO provider. If you lack the organizational capacity to conduct effective candidate sourcing, you have several choices. You can hire more staff with the specialization you need, engage in long-term training of existing staff, or turn to an RPO provider. Internal development takes time, and the outcome is not assured. An RPO provider starts with the right resources in place and the expertise and relationships to identify and attract the right candidates.

- **Accountability** is also an important strength. Through the effective use of service level agreements (SLAs), RPOs can create a more responsive talent organization. For both parties in the relationship, time is money, and with concrete goals backed by well-conceived SLAs, the RPO provider can deliver a process that maps directly to talent objectives, supported by resources to deliver results quickly and effectively.
- **Size and scope** are also strengths for an RPO provider. Very few, if any, companies have the internal resources to match an RPO provider in this area. Through one relationship, a company can manage everything from recruitment services to technology integration, metrics and reporting. This eliminates the need to manage multiple vendor relationships, but more importantly, it helps ensure that the parts that make up the talent management picture work together to complement each other.
- **Speed and agility** are qualities of an RPO relationship that are simply not possible through internal recruiting processes. To meet changing hiring needs, it may take three months or more to expand your internal organization with specialized recruiters, managers and other staff. Often, by the time the changes are in place, the need that drove those changes has further evolved. RPO resources, on the other hand, can be scaled up or reduced quickly. In challenging economic conditions and cyclical hiring environments, this is a significant advantage.
- **Strategic business impact** is a cornerstone of an RPO engagement. The initial planning and SLAs may address specific business goals such as supporting new corporate services or products, expanding locations, improving quality of products and services or other major objectives. RPO experts can help you better define your talent needs. They can balance the quantitative (i.e., head count, cost) aspect of definition in a way that will satisfy the CFO and address the qualitative needs (i.e., level of excellence in particular areas) emphasized by the CEO. The result is a strategic approach that has buy-in and support.

### The Components of an Effective RPO Effort

Unlike niche services that provide incremental improvements in certain areas, RPO begins by focusing on strategic business goals and draws on a comprehensive recruiting approach to meet those goals. A total RPO relationship encompasses end-to-end processes and subprocesses, such as sourcing, evaluation and selection and onboarding. It also includes the delivery and management of programs such as employee referral and campus recruitment.

Technology plays a large role in RPO, with the provider coordinating the integration of applicant tracking systems with HRIS platforms and other services such as background checking. In addition, expect your RPO provider to address regulatory concerns, e.g., compliance and reporting in the

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U.S. on Office of Federal Contract Compliance programs, Sarbanes-Oxley and other mandates.

Along with those issues are program management and organizational aspects of the recruiting function, including development of roles and responsibilities, and establishment of procedures and policies — all of which are supported by the RPO provider. Finally, an RPO provider can deliver valuable strategic support; including employment branding strategy and competency management resources that not only help you better define your talent needs and job requirements, but provide the building blocks for a long-term talent success.

### A Complete Package

For all the value of its components, the real impact of RPO comes from its ability to deliver a complete package. The RPO relationship should address immediate talent needs as well as long-term work force planning concerns and ongoing tactical processes such as candidate selection and onboarding. These parts to the talent equation are coordinated to deliver a discernable impact on strategically important issues such as candidate experience, retention and ability to support business goals.

The long-term impact may sound good in theory, but if you're like most talent decision makers, you probably have more immediate concerns. You may be facing a location change, a change in your business focus, or any number of boardroom decisions that you are suddenly expected to support with talent that you haven't even located. If this is driving your RPO consideration, you're not alone. Even the most strategically sound RPO engagements often begin with urgent, need-it-now recruiting issues.

A great example is a government organization that suddenly found itself under pressure to provide strict oversight of corporations in support of newly passed financial services regulations. This required a sudden and massive influx of hard-to-find financial services talent, and it required the organization to draw that talent away from much higher paying competition in the private sector. An RPO provider was brought in to address that need. Initial success laid the foundation for a longer relationship covering the broad spectrum of strategic talent issues.

Another example comes from a long-time leader in the print publishing industry. Recently, this conservative "old-guard" organization found itself striving to attract technical

talent against competing efforts of well-known companies that came of age in the digital world. The company engaged outside talent consulting experts to assess its employment brand. An assessment not only revealed branding issues, but provided a practical approach for addressing them. The result was a strategic realignment of the employment brand that not only addressed immediate needs but equipped the company to compete in its new market over the long term. While this assessment was conducted by a talent management consulting service, it is a prime example of the type of challenge that RPO services can identify and address with dedicated resources and expertise.

### Getting Started: Identify the Right RPO Provider for Your Organization

The level of benefit offered by an effective RPO relationship can only be matched by its ability to deliver on the defined needs of the client organization. Toward that end, companies can draw from many lessons learned from real-world RPO successes.

First, it is important to establish clear expectations. By ensuring that all internal stakeholders have a common understanding of what defines success, companies can support buy-in at the outset of the engagement and weather the uncertainties of the future. At the same time, the RPO provider will also require enough time and access to conduct due diligence on the client company's needs. This will be the basis for determining the scope of services and corresponding service level agreements.

An organizational readiness assessment is also important. An informed RPO provider can help you understand the needs that will determine your readiness. Along with the determination of readiness is the need for a clear business case. As mentioned earlier, the business case should balance quantitative and qualitative goals. One of the pitfalls of the business case is that companies often work with horizons that are too short. One year may be a good milestone for gauging progress and making adjustments, but it is not long enough to determine success or failure. Realistically, such planning should reach out for three years to reap the full benefits of a mature process.

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time event, with kick-off announcements, employee communications and other activities at the outset. In reality, effective change management must be a continuous process aimed at sustaining the relationships needed to support the initiative over time.

Eliminate ambiguity. Everyone involved in the RPO relationship must have a clearly defined role. Service level agreements should be specific and granular. Of course, that is more easily said than done, but ambiguities rarely seem to simply “work themselves out.” Other considerations include governance (program management, escalation procedures, etc.), and training. The RPO provider can offer specialized knowledge and training in all areas of the recruitment process, but it will be just as important for you to be committed to training the RPO provider on the details of your business.

Finally, a well-defined technology platform is needed to support effective automation, self-service and process enablement. The focus is on defining roles, responsibilities and all “moving parts” in as much detail as possible, including all systems involved in your recruiting effort, how they’re used and their impact on the outsourced recruiting relationship. Once again, assumptions and ambiguity are the enemies.

### Understanding Your Own Needs is Key to RPO Value

Looking closely at what it takes for successful RPO, it becomes apparent that much depends on the effort of the client organization. Companies can benefit greatly from RPO if their needs are well-defined and there is strategic intent. It is not just about cost reduction; the decision should be driven by a variety of expected benefits.

Regardless of the size and complexity of the relationship, companies must recognize the need to take action for RPO

to be successful. Companies focused on building long-term relationships and improving maturity levels and quality will benefit from a total RPO solution. There is no single formula for RPO success — but if you take the time to understand the potential benefits and how they translate to your business, RPO can help you achieve a true competitive advantage in the market for talent.

### About the Authors



Wendy Wick is the leader of the U.S. Service Delivery for Futurestep, a Korn/Ferry Company and global provider of strategic talent acquisition solutions. She brings almost 15 years of recruitment and consulting expertise to her role. Her experience includes designing, implementing and managing customized, full life-cycle recruitment process outsourcing (RPO) solutions in financial services and consumer product goods markets. Prior to joining Futurestep, Wick was responsible for global RPO initiatives at State Street Corporation where she successfully integrated RPO solutions for a \$4.5 billion acquisition. She was also responsible for leading recruitment reporting initiatives. Prior to State Street, she spent several years with Kelly Services, where she was responsible for key technology integration efforts and she played a critical role in launching a global RPO program.



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