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# RPO: the future of recruitment and talent management?

**In the current economic climate, HR departments are coming under pressure to cut costs and find more strategic sourcing initiatives to add value to businesses.**

An increasing number of HR managers are investigating recruitment process outsourcing (RPO) to improve efficiencies in a challenging environment.

More HR departments are recognising that RPO can save them both time and money. This in turn frees them up to focus on more strategic projects and core HR competencies – getting the best out of their people.

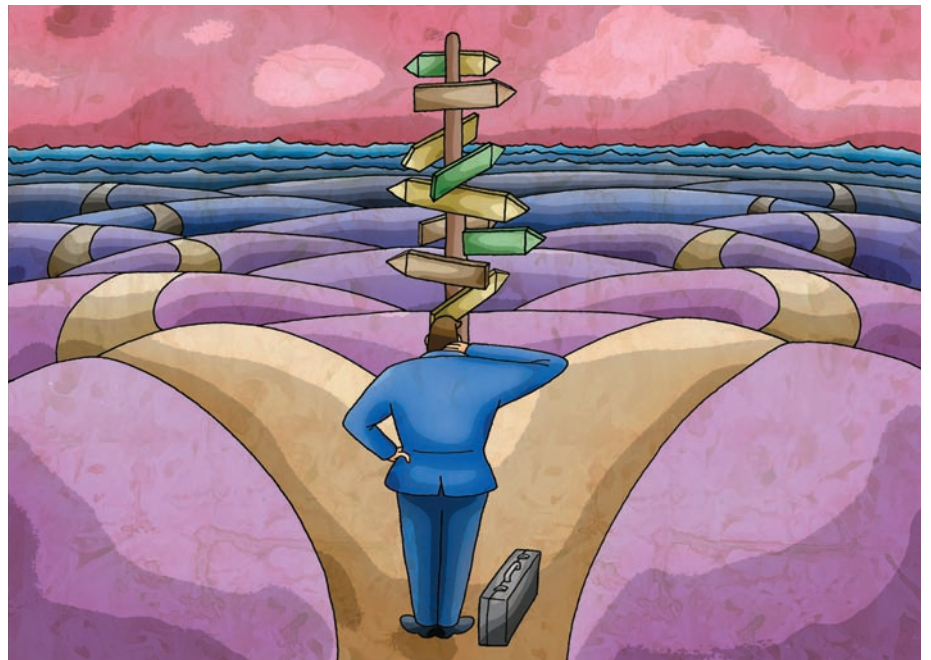
The RPO model goes beyond traditional agency duties of shortlisting candidates, to take ownership of the whole hiring process – from identifying vacancies to onboarding new recruits.

By employing the services of an RPO provider, HR managers gain access to a group of specialists, who are solely focused on recruitment. The result is a shorter shortlist, better quality and more suitable candidates, and less administration, as well as significant direct and indirect cost reductions.

Much of this occurs because RPO consultants are placed onsite with the HR team. They become embedded in the organisation and quickly learn its culture and values, which makes finding the right person that much easier.

Experienced RPO providers also use employment branding techniques to build on an organisation's reputation. This helps develop a strong culture which actively attracts high calibre recruits and makes recruiting easier.

Ministry of Health Strategy and Change Manager, Helmut Modlik, says tight timelines and the need to fill specialised



positions led the Ministry to choose an RPO provider. "Using a traditional agency would normally take around six to eight weeks per hire to find the kind of specialised personnel we needed, but with RPO recruiting we cut that time to around two weeks per hire."

The specialist skills and talent management technology that RPO providers bring equate to improved efficiencies and reduced management time spent on the recruitment process and hiring issues.

That reduction in time to hire means real savings. The Ministry of Health cost per hire went from around \$20,000 to \$3,200.

But cost is not the only driving factor for companies who opt for the RPO model, attracting quality recruits and retaining them once hired is an important draw card.

In part this is down to effective recruitment marketing, which takes advantage of the RPO provider's knowledge of the latest recruiting trends and insight into the most effective

sourcing channels. Successful recruitment marketing differentiates the client from other employers and positions their company as a great place to work.

"Some of the specific competencies and skill sets we needed were in very short supply, but the RPO process meant we had experienced RPO consultants on tap," says Modlik.

"They worked alongside us every day and really knew our business, so they were able to forecast and progress recruitment quickly."

The onsite RPO consultant (or consultants) has access to teams of recruitment resourcers and candidate managers, who are briefed on the client's specialised requirements. The entire team then works to build a database, or talent pool, of suitable candidates. The right talent management technology is also a critical component of an effective RPO solution.

The talent pool is exclusively owned by the company and specifically tailored to

their needs – specialist skills, work culture and values. Candidates in the pool are all pre-qualified and their status constantly tracked to ensure they are available.

Having talent available on demand can provide a competitive edge in a tight market, as Mike Russell, who decided to try a new RPO recruitment approach when he became business manager of EDS's Solution Centre, found.

"Working on projects for different clients meant we always had deadlines to meet. If we were a person short it could potentially hold up the whole project, which meant paying for project resources we may not have been able to recover.

"With RPO services, we had the reassurance of having the right people available at the right time. We could give the onsite recruiter the details of a vacancy and the skills we wanted, and they would sometimes have a short list to us on the same day."

Chris Barendregt, currently CIO of Fonterra, who ran EDS' solution centre at the time, agrees. "It was a challenge, when the work wasn't actually confirmed, to speculate on how many people might be available in the market and what recruiting that number of people would do to the supply and demand equation, and to salaries.

"But RPO helped us to profile the market, identify what experts were out there and determine how realistic our plans were to ramp-up the number of people to support new business. That advice was invaluable in helping us to take on new business."

The RPO model has the advantage of making more recruiters available to meet busy periods, which allows the company to handle recruit volume fluctuations in a much easier, and more cost-effective, way. This means companies are not paying for inhouse recruiting staff who are not always busy, and HR teams don't have to spend all their time on the recruiting process.

### RPO as a long-term solution

While RPO meets reactive needs for companies, a fundamental shift in thinking from vacancy-based hiring to organisation-

based hiring means developing a robust recruitment framework that seeks to reduce risk now and in the future.

International trends show HR managers are becoming more involved in the RPO selection process. Where once HR departments may have been suspicious about the duplication of roles and their own job security, people managers are now realising the value that outsourcing the recruitment function gives them.

HR manager Judd Copley has no doubt the RPO approach is the right one. "The RPO model has been more successful than the traditional approach. We experienced significant reductions in recruitment costs, in time to hire and in managerial involvement in the recruiting process.

"What's more, the improvement in the quality of recruits gave us a definite advantage in such a tight labour market."

### Choose RPO providers wisely

A good organisational fit between provider and client is vital and the time an HR department spends establishing the RPO relationship from the outset is crucial.

Because outsourcing the entire recruiting process is a relatively new idea, it makes sense to choose a provider with not only a good track record, but robust systems and processes in place to meet different client demands.

A common concern for those who are new to the RPO model is whether they will lose control of the recruiting process by outsourcing the function. But an established, experienced RPO provider should be able to allay these fears by providing evidence of clearer processes and better performance mapping. This future-knowledge allows clients to quickly reprioritise and refocus their efforts, which gives them more control, not less.

If people are a company's number one asset, an RPO provider's specialisation in recruitment will expose you to a new sourcing technique and overall can help you to attract and retain the best people. RPO is a new trend, but it is a solution that can certainly make a lasting and positive impact on your organisation. ■

## Building or buying capabilities – the decision to outsource

Outsourcing in an HR context is not just about outsourcing your recruitment, training or payroll functions. More and more organisations are choosing to outsource processes such as employee surveys, performance management and disciplinary and grievance. There are also outsourcing models that allow an organisation to outsource either part of or their entire HR team, including strategic, advisory and/or administrative resources. The determination of which model or which HR processes to outsource is generally based on an assessment of the strategic value to organisation, improvement potential, and cost savings opportunities.

When embarking upon an HR outsourcing initiative, organisations are faced with a decision: "do we want to build the capability ourselves or buy it from an external provider?"

### In making this decision; CEOs and HR Directors should ask themselves questions such as whether their organisation:

- Has had a bad experience of previous outsourcing initiatives
- Sees outsourcing purely from an angle of 'snatching a good deal'
- Has a culture where retaining control is important
- Operates administration functions in a highly efficient manner
- Is unionised and strong union opposition is anticipated
- Is not satisfied with the capability or cultural fit with potential vendors

If executives or HR Directors agree with one or more of the above statements; then either outsourcing may not be the right option or they may need to reconsider their true motivation for outsourcing.

By Clare Parkes, Clarian Human Resources

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