RPO 101

Everything you need to know about whether Recruitment Process Outsourcing is right for your company.

IBM Talent & Transformation
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Not long ago, recruitment process outsourcing was thought of as just a single function: filling an organization’s open requisitions. Today, there is a growing awareness that

**RPO is much more than traditional recruiting. It assumes the entire end-to-end process of talent acquisition for a company and provides more value than the sum of its components.**

This eBook will explain what RPO is and isn’t, identify the essential qualities of top recruiting providers and offer tips about when to turn to RPO.
“Recruitment Process Outsourcing is a form of business process outsourcing (BPO) where an employer transfers all or part of its recruitment processes to an external service provider.

An RPO provider can provide its own or may assume the company’s staff, technology, methodologies and reporting. In all cases, RPO differs greatly from providers such as staffing companies and contingent/retained search providers in that it assumes ownership of the design and management of the recruitment process and the responsibility of results.”

—Recruitment Process Outsourcing Association
In an RPO partnership, a company transfers the responsibility for part or all of the recruitment process to a third-party expert. It’s important to focus on the word *process*, because the best recruiting providers can assume responsibility for the entire end-to-end series of recruitment activities, from requisition creation to onboarding. RPO is not just providing an element or two of the process, such as technology or recruiters, although these elements are essential components within the overall process.

RPO is a broader, deeper offering than traditional recruiting. Traditional recruiting arrangements typically include a limited number of recruiters who are expected to source hundreds, if not thousands of candidates annually, including candidates in other countries and continents, and schedule interviews across time zones. The magnitude and complexity of this responsibility virtually guarantees that a limited recruiting model can’t provide optimal execution in the most efficient manner.
Benefits of a recruiting partnership

1. Better use of the in-house HR team.

Recruiting for a large, global organization is time and labor intensive. A recruiting partnership frees HR organizations from this function, empowering them to concentrate on the strategic value it can bring to the company and its employees in areas such as:

- Workforce planning
- Succession planning
- Performance management
- Employee development

2. RPO is a strategic driver of growth and healthy operations.

Just a few years ago, RPO was viewed as a basic function: a method to fill a client’s open positions quickly and at a lower cost. Today there is more of an emphasis on RPO being part of an overarching transformation strategy for an HR organization. A recruiting partner must deliver strategic value as part of this transformation, not just put fresh faces in open roles at a reasonable cost.

The right recruiting partner understands the strategic initiative of its client and the business outcomes it seeks, then delivers a recruitment strategy, global sourcing and hiring processes, and employment branding to support the corporate strategy and achieve those outcomes.

3. RPO should improve your candidate experience, making it an extension of your overall employer brand.

No matter what specific business outcomes are on the table, it is imperative that your recruiting partner create a candidate experience that you can be proud of.

Organizations are realizing that talent acquisition is not company-centric but candidate-centric. They see the power that the candidate holds, especially in the business-
to-consumer world. If candidates have a bad experience in applying for a job with a company that they buy products or services from, for instance, they will stop being customers and tell those in their spheres of influence about their bad experience. Not only do organizations lose potential employees this way, but they also lose customers, perhaps for life.

Organizations are also realizing their need to maintain better relationships with potential candidates and their current employees. Employees may leave for other jobs to hone skills or get a different type of experience, but then want to return to their original employer to continue their career, perhaps in a different capacity. Understanding this new reality, organizations are embracing the need to cultivate strong relationships with their current employees and qualified applicants in their talent pipeline, and with those for whom there may not be an immediate opening.

4. RPO hires better quality, better culture-fit candidates, thereby improving the business from within.

When considering the quality of a candidate, fit with company culture is just as important as one’s resume. But you can’t apply the “culture test” without a clear understanding of corporate culture — and it’s virtually impossible for any company to examine its own culture objectively. A recruiting partner that offers cultural research and employment branding is uniquely positioned to help companies find candidates who will embrace the values of and thrive in an organization’s culture.

An RPO research team can discover a company’s culture using a variety of quantitative and qualitative assessment tools. Then, the partner can create an employee value proposition (EVP), which is the expression of a company’s culture — it tells candidates what it’s like to work at a company. The EVP then becomes the cornerstone of employment branding, the foundation for successful hiring. Employment branding expresses an organization’s employer brand consistently across all media and applies it throughout the recruitment process.

When this happens, the recruitment experience itself helps improve quality of hire and employee retention.
Recruiting partnership at its best: A healthcare case study

IBM began a recruiting partnership with this healthcare client in the early 2000s, when we hired several hundred employees for the organization in the first year. As the client grew, it assigned IBM more requisitions to fill. By the end of the decade the client had enjoyed accelerated growth.

IBM demonstrated our scalability: the bigger the client got, the more hires we supported. By 2018 we hired 31 times the number of employees we hired for the client in that first year.

However, the company was at a crossroads: with exponential growth on the horizon, the talent acquisition team realized it needed to ensure its recruiting partner could support that growth while the client’s investment in talent acquisition remained cost neutral.

Here’s how IBM retained the organization’s confidence in us.

A new recruitment framework

We created the Precision Talent Model, a recruitment framework to support the client’s rapid expansion. The essence of this approach is ensuring the right effort by the right people and resources at the right time.

For most of our partnership with this client we had hired two groups of candidates: class-based (high volume) and professional. The most significant variable between the two was the amount of effort required for recruitment processes, along with how repetitive and scalable our hiring practices were.

The Precision Talent Model reimagines talent processes with intelligent workflows that use automation, cognitive applications, and both artificial and human intelligence to deliver better outcomes efficiently. This approach segments job requisitions based on analytics, market conditions and labor supply, with allowances for pricing and experience variables.

The bottom line for this client — and for every client with whom we use this new model — is that the organization chooses how to invest its recruitment dollars.

Results after one year

IBM recruiters work with 2 million candidates a year, on average, for this client.

The model aligns the right people with the right capacities, reducing the number of people with whom candidates work from 12 to 4.
Another way to define RPO is by understanding what it’s not.

**RPO is not head hunting or staffing.** Of course RPO includes finding candidates to fill jobs, as a head hunter does, but it’s more efficient and less expensive per hire. There is value in head hunting in certain conditions, such as when just a few requisitions are open, but head hunting is a “stop and go” system. Need a hire? The head hunter finds one. Stop. Need another hire? Go. Start the hunt again.

Unlike head hunting, a recruiting partner is equipped for the ongoing recruitment needs of clients at every stage of the process: sourcing, attracting, interviewing and hiring candidates, and then onboarding new hires. Some RPO providers go further, providing training for new employees too.

**RPO is not just volume recruiting.** Recruiting en masse may be required of recruiting providers, but there’s so much more to RPO than that. Some third-party providers who call themselves RPO really have a staffing agency mind-set — they provide a large number of recruiters and a project manager and hire many employees at once. They put the RPO label on what is really a glorified staffing agency.

Recruiting partners constantly engage with talent, building relationships over time. They do this knowing that sometimes candidates are not ready to make a career change — perhaps for family reasons, for example. This is value that head hunters and agencies do not provide. Therefore, because RPO recruiters have nurtured relationships and put these candidates in the talent pipeline, the organization has pools of good-fit, quality candidates to turn to when it’s time to hire.

**RPO is not a catch-all phrase for any recruiting that a company outsources.** A few recruiters contracted to work with an organization’s core talent acquisition team is not RPO.

**RPO is not complete outsourcing.** Companies don’t just hand over the keys to the car and let the recruiting partner do all the driving. RPO is a partnership with a company’s HR team, not a takeover of it, and it’s subject to the strategic vision of the client. In addition, a company’s talent acquisition team, not the recruiting provider, makes the final hiring decisions.
Finding culture-fit candidates:  
A real estate case study

Invitation Homes® is an innovative real estate company that is reinventing an entire industry. Prior to 2008, there was no real single-family rental home industry on a national level. Since then, Invitation has managed, leased and maintained more than 15,000 homes.

When IBM Talent Acquisition Optimization began working with Invitation Homes, it was clear to the recruiting team that Invitation is a unique place to work — a place that values both entrepreneurship and collaboration. As Invitation began to grow, it realized that it needed a more effective recruiting process to attract the kind of talent that would flourish in its unique culture.

However, finding the right talent to foster Invitation’s growth and innovation required time and dedication — something that managers could not afford given their primary role of serving residents. The company relied on internal recruiters, agencies and placement agencies. These methods were “terribly expensive,” according to Andrew Bartlow, vice president of human resources.

IBM designed a recruiting process and sourcing engine that enabled recruiters to scour and engage with hard-to-reach candidates.

To help attract the right candidates, we also developed an EVP, which expresses what it is like to work at the company. Through in-depth research, including a combination of secondary data, interviews and focus groups, and a proprietary survey instrument, the IBM Employment Branding team developed the EVP to reflect the Invitation Homes culture and attract candidates who could fit well within the organization.

The outcomes of this recruitment and cultural work made an impact on the talent that Invitation Homes has attracted. Specifically, Talent Acquisition Optimization helped Invitation Homes:

- Sourced 100% of the company’s targeted needs in the first year
- Decreased time to fill by 35%
- Produced 22% improvement in turnover
Determining the quality of a recruiting provider

The right recruiting partner builds a solution around your company’s needs

Just as a candidate must be a good fit for the company, so too must the recruiting partner provider be a good fit for the client. An recruiting partner must understand the client’s needs as well as — or even better than — the client does. It must listen and customize the solution and process for delivering that solution. A “one-size-fits-all” approach doesn’t work in RPO.

Certain processes or best practices are repeatable, but with each client the recruiting partner has to know at the outset what needs to be improved for that organization. Good recruiting partner is based on a consultative approach and is 100% customizable: Does the client need on-site recruiters or recruiters in-country? Where in the candidate journey does it make sense for the provider to begin to assist the client?

A word of caution is necessary, though. While RPO is fully customizable, recruitment processes done in a piecemeal fashion can be tricky. When recruiting services are seen as a smorgasbord from which to choose, then the client risks losing the consistency of process. But when an organization chooses RPO in full scope, from job postings and recruitment marketing through onboarding, all stakeholders in the process are well informed and enjoy a consistent experience.

An agricultural and chemical business in Europe hired a recruiting partner that worked in a remote site in central Europe. The provider’s recruitment approach didn’t address time-to-fill issues or finding culture-fit candidates, nor did it provide on-site recruiters. The provider also relied on a transactional model — it billed for every call to each candidate.

Unhappy with the approach and results, this company came to IBM Talent Acquisition Optimization for a wider recruitment reach, because it wanted both on-site and remote recruiters. IBM recruiters embraced the EVP of the client and engaged with the candidates as if they worked for the company. As a result, the candidate experience was consistent regardless of the location, the position being hired for or who was interacting with the candidate.

The right RPO partner can recruit expertly in locations where you need talent

Depending on the global needs, a client interested in RPO should consider the provider’s footprint.

Historically, recruitment has been decentralized within organizations — that is, hiring has been made by each department or each
country in which the client conducts business. While the fundamentals of successful hiring are the same, regardless of location, that doesn’t mean those fundamentals are practiced in this type of decentralized model. This can lead to inconsistencies in processes and candidate experiences from place to place, which can hurt a company’s employer brand.

At the same time, differences across industries, geography, language and culture can be a factor in recruitment. A recruiting partner with global experience knows when to modify an approach to fit the location. When it comes to sourcing, for example, a global recruiting partner knows it’s essential to use different social media approaches in different countries. LinkedIn may have a worldwide user base, but if a company is hiring in Germany, for example, recruiters should rely on XING more than LinkedIn, because XING is more locally relevant.

Additionally, recruiting partners with a global footprint are more likely able to conduct interviews in the local language, which not every talent acquisition team can do.

**The right RPO partner measures and communicates outcomes**

A partnership with an RPO provider must be based on **clear, ongoing communication**, especially regarding agreed-upon recruitment milestones. The program should be thoroughly outlined and clear on where improvements in the recruitment process will be seen. In fact, the partnership should include service level agreements (SLAs) on metrics, whether it’s time to fill, candidate satisfaction or any other measurement the client seeks to improve.

**The right RPO partner builds an optimal candidate experience**

Candidates expect a highly personalized recruitment experience in everything from text messages to interviews. Employment branding is the foundation for personalizing and optimizing the recruitment experience, and marketing automation and artificial intelligence are the tools to deliver it.

Applied, integrated, consistent employment branding reinforces an organization’s culture at each touchpoint of the candidate journey, from recruitment marketing to talent communities and recruiter-candidate interactions. It attracts candidates who are the best fit for a company and educates them about what it’s like to work there.
Employment branding enables recruiters to enhance the candidate experience by:

- Automating a personalized communications stream
- Providing information and insights to best sell the culture to high-value candidates
- Prepping candidates with information on the hiring process
- Showcasing what a day in the life at the company is like
- Nurturing quality candidates who don’t fit current openings.

**The right RPO partner brings together the best technology in an integrated approach**

Candidates expect what they know technology can deliver — a consumer-style experience. Changing candidate expectations aren’t due entirely to generational differences among candidates. They’ve also been ushered in by advancements in technology that have resulted in a digital reinvention of the recruitment process.

Too often, organizations cannot deliver the experience that candidates expect. Talent acquisition teams are often plagued with systems that don’t “speak” with one another and a lack of an overall guiding technology strategy. Organizations considering RPO must find a partner who can consult and execute on a technology strategy, offering advice on how it can be used to support business goals, and ensure that whatever technology is used is fully integrated. As a minimal first step, for instance, applicant tracking systems (ATS) and candidate relationship management (CRM) systems must sync up-to-date data, and basic recruiting metrics must be tracked.

Systems integration should be considered basic infrastructure for a successful RPO implementation. When this doesn’t happen, the loss of efficiency can hinder overall recruitment.
Organizational changes, including downsizing, were hurting perceptions of what it was like to work for a global industrial technology leader, hindering the company’s ability to hire top candidates quickly. IBM Employment Branding began developing compelling messaging for the company’s social media platforms — Twitter, Facebook and LinkedIn — to express its authentic culture.

Through ongoing content creation and management of candidate conversations on these platforms, IBM Employment Branding communicated the characteristics of a successful employee, information about the hiring process and social proof through career spotlights and employee testimonials. With cultural research as the source for the company’s social employment branding, the resulting messaging was consistent and resonated with prospective candidates.

The average cross-channel engagement per post for Facebook and Twitter jumped 185% in the first three months the strategy was live.
“RPO is not a magic wand, nor a one-time fix, but a new way of doing business that lets your new partners do what they’re good at, which is any and all facets of hiring and retaining, and frees you and your team to concentrate on your actual work.”

—Eyal Katz, marketing director at Connecteam
Choosing a recruiting provider will always be a subjective process, because it’s dependent upon the critical components in your industry and your company’s specific needs.

However, a few situations are typical triggers for turning to RPO across industries:

- Rapid growth
- Poor-quality recruits
- High turnover
- Soaring recruitment costs

In all of these situations, a recruiting partner can offer greater cost and resource efficiencies than either the internal talent acquisition team or a staffing agency.

No matter the reason for choosing a recruiting partner, you should make the decision as far in advance as possible for your anticipated hiring needs. Avoid “just in time” recruiting. Organizations have to think strategically, and the possibility of RPO has to be part of that strategy discussion. It could take a year from the time a recruiting partner is selected until the time the program is implemented.
When is not a good time to choose RPO?

If you don’t know what your recruitment needs are, then you’re not ready for a recruiting partner.

You must first create a compelling, accurate business case for RPO. This includes everything from stating specific basic needs, such as forecasting the number of hires you must make each year, to more complex information, such as what part of the current recruiting approach is not working well or working quickly enough.

You also must be able to articulate your current approach to hiring in all of your locations. If you don’t know this information or can’t explain it to a recruiting partner, it’s not the time to outsource yet, because the provider will not be able to customize an approach for your needs.

(The exception to this is if you want to partner with the RPO provider to discover this information because you lack the resources to build the business case. A quality recruiting partner can help you find these answers.)

Reducing talent acquisition costs is an excellent reason to turn to RPO, but if it’s the only reason to, don’t.

RPO is a highly strategic process. A recruiting partner can and will reduce cost per hire, but RPO itself is not a commodity that you should seek to “buy on the cheap.” Payroll outsourcing, for instance, is a commodity. The payroll partner pays the accounts on time and in a compliant manner. There’s not much, if any, customization involved in that process.

Effective RPO, on the other hand, requires a high degree of customization. If you’re paying for a partner to handle recruitment you must get the candidates who are the best fit for your company. This requires culture research of your company, the creation of an EVP and employment branding.

When a candidate accepts a position, the job of the recruiting partner is far from done. If a recruiting partner is doing its job properly throughout the process — all the way through onboarding and training — then the hire will stay and blossom into a productive employee and becoming an enthusiastic advocate for your company.
Metrics and more: Your recruiting partner must deliver

Once you’ve determined to go forward with RPO, how will you know if you’ve selected the right recruiting partner?

Look for the following in your partner:

**Quality of service.** Across the board, you should notice an improvement in the recruitment process, from the hiring manager’s perspective, the candidate’s and talent acquisition team’s. Organizations are raising the bar on the skills they expect their recruiters to have. A recruiting partner can fulfill this expectation with an entire team of dedicated, professional recruiters in multiple locations.

**Scalability and flexibility.** Unlike outsourcing payroll, for instance, where the volume of weekly or monthly payments stays relatively the same, recruitment outsourcing sees big peaks and valleys when companies open new plants or offices. Recruitment needs also can vary greatly by country, sometimes for cultural reasons. In France, for example, hiring slows down for businesses in July and August.

**Cost reduction.** This is one of several efficiency improvements that should be agreed upon between you and your recruiting partner up front. Using a talent agency can help you hire for niche needs, but it’s very expensive to use agencies for high-volume hiring. The cost per hire would be unaffordable.

**Reduced time to hire.** Essentially, this is another cost benefit. When openings linger, the financial cost to the business is real. Reducing the time to hire benefits the bottom line.

A recruiting partner reduces the time to hire primarily through efficient sourcing and screening. That results in a hiring manager receiving the names and resumes of just a few well-screened candidates, not a dozen or more. If a hiring manager receives three resumes instead of 15, for example, and the candidate interview takes an hour, then the RPO provider has saved 12 hours — about a day and a half — of the hiring manager’s week.
**Improved quality of hire.** No organization can afford to have the mentality of, “We’ll hire a bunch of people and keep the best.” An recruiting partner must understand the caliber of hires your company requires. A good recruiting partner will help you hire candidates who fit your corporate culture, thus creating a more robust, relevant talent pipeline.

**Transparency.** Perhaps more important than any other quality, a recruiting partner must provide you with regular reports, metrics and communication. You should never have to guess that status of the recruitment process in any location.

**Global consistency.** Transparency and regular communication contributes to global consistency. The recruiting partner must deploy the same approach to hiring everywhere in the world, and then communicate what is happening in each location to you. This way, expectations for both candidates and hiring managers are managed the same way around the world. The candidate interviewing in Singapore will have the same quality experience as the candidate interviewing in Pennsylvania. Language and cultural differences will always be a factor in the recruiting process for global organizations, but quality and consistency of service should be the same regardless of location.

When global consistency in recruitment is enforced, it enables your talent acquisition team to demonstrably support corporate initiatives and business goals in every location and in every part of the recruitment process. In this way, RPO becomes part of that integrated, transformative process that HR and the C-Suite are expecting in talent acquisition and development.
As part of the selection process for a recruiting partner, pinpoint the areas where your recruitment efforts are lagging, why they are lagging and what you envision the optimal process would look like.

For example, what are your current vacancies costing your company in terms of production or sales lost? Is your talent pipeline thin? Is the time to fill too long? You’ll need these hard numbers on your entire recruitment picture in order for prospective partners to provide the best possible solution.

**Outcomes and imperatives**

The discovery process for RPO involves figuring out your unique recruitment data. This data includes hard numbers, such as current recruiting metrics, but also challenges, objectives, technologies you currently use and how your workforce is transforming.

**Requests for information / proposals**

With your recruiting numbers and costs in place, as well as a projection, create a request for information (RFI) or request for proposal (RFP) that provides RPO vendors with as much information as possible about your needs.

Begin with an explanation of what your organization does, including a mission statement, and an overview of your industry and your position in it. Then add the following:

**Talent acquisition overview**

- The current makeup of your talent acquisition team, including the number of recruiters and their locations
- All of your global locations and the number of employees at each location, including any remote workers
- The number of employees you typically hire each year at each location, both internal and external, by job role
- Your anticipated hiring needs over the next several years and what is triggering these needs

**Pain points**

What problems are you trying to solve through outsourcing the recruitment process?

- Poor metrics — do you need to reduce the cost and time of hiring candidates?
- HR overload — do you need additional recruiters, and should they be in certain locations and have the ability to speak particular languages?
- Talent pipeline — do you perpetually have a shortage of quality candidates, especially for certain job roles?
- Career site traffic — do you need to create or update career sites and talent communities and make them mobile responsive?
Your objectives must remedy your pain points, so be as specific as possible. For example, if one of your pain points is that the time to hire is too long, then include your desired time to hire — say, from 120 days to 45 days. (See the Metrics and More section for more examples of potential objectives.)

Specific objectives will enable recruiting providers bidding for your business to design a plan and dedicate the resources that they will need in order to solve your talent acquisition problems.

**Questions to ask providers**

In the *Determining the quality of a recruiting provider* section, you learned about the qualities you should look for in an RPO provider. Keep that advice in mind, and as you create the RFI or RFP, be sure to ask vendors to describe their capabilities in the following areas:

- **Experience** — expressed by the quality of the delivery staff, the account team that will manage your relationship, languages used and geography covered
- **Sourcing and research** — the provider’s experience, techniques and ability to deliver hard-to-fill positions in your markets
- **Innovation** — ability and track record in bringing new tools and solutions to their clients (technologies and innovative processes)
- **Flexibility and collaborative ability** — opportunities to evolve over time and add or remove components of the service without compromising quality
RPO done right adds value — and is always worth more than the sum of the parts it delivers.

The best recruiting partner understands your recruitment needs, of course, but also your company’s strategic initiatives and the business outcomes you want to attain. The best partner designs and executes a customized plan to ensure the talent is in place to achieve your outcomes. It guides you through constant technological and regulatory changes and provides an engaging candidate experience that turns candidates into enthusiastic employees and ambassadors for your brand.

When this happens, RPO establishes itself as an essential part of business operations and gives talent acquisition leaders a seat at the decision-making table for the organization.
IBM Talent Acquisition Optimization is a globally recognized RPO partner, delivering transformational recruitment solutions to our clients for more than 30 years. We are distinguished in the marketplace by:

**Innovation and automation**

IBM is the leading digitally enabled talent acquisition provider, combining proprietary capabilities—such as IBM Watson Talent technologies—and an extensive ecosystem of partners to create unique solutions that enable our clients to accelerate business growth and optimize return on investment.

**IBM Design Thinking**

How do we work with you to build a talent acquisition program that meets your unique business needs and creates an optimal candidate experience? The answer is IBM Design Thinking. We collaborate with you to identify the outcomes you want and work backwards from there to create the fundamental processes and milestones to achieve them.
**Integrated employment branding**

Embedding employment branding into your recruiting solution means that every step of the candidate journey will reinforce your signature culture. From culture research and recruiter training to mobile optimized career sites and talent communities, your talent acquisition process will become an engaging experience that drives a higher quality pipeline.

**Global reach**

We have 12 delivery centers strategically placed around the world to power culturally appropriate hiring processes in each location where your company operates that align with your overall business goals. We hire in more than 120 countries and 30 different languages.

Discover how IBM can customize an outsourced recruiting solution for your organization’s unique talent acquisition and branding needs.

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