IBM Talent Acquisition Optimization

RPO 101

Everything you need to know about whether Recruitment Process Outsourcing is right for your company.
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Not long ago, recruitment process outsourcing (RPO) 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. RPO 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 RPO providers and offer tips about when to turn to RPO.
What is Recruitment Process Outsourcing (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 RPO 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 an RPO partnership

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

Recruiting for a large, global organization is time and labor intensive. An RPO 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. An RPO partner must deliver strategic value as part of this transformation, not just put fresh faces in open roles at a reasonable cost.

The right RPO 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 employment brand.

No matter what specific business outcomes are on the table, it is imperative that your RPO 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 or for those whom there may not be an immediate opening. This way when an opening arises, the organization has ready candidates, both internal and external, to fill the spot.

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. An RPO provider 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 RPO 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 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.
RPO at its best: Biotech case study

A global bio technology company doubled in size over a three-year period. This quick growth generated so much extra work for the small, in-house HR and recruiting team that it prevented this team from recruiting efficiently and focusing on other essential HR functions.

The client’s recruitment team consisted of just two recruiters in Switzerland and one in Germany. Each had responsibility for around 150 hires and the entire recruitment process, and there was no standard recruitment process in place for them to follow.

The metrics suffered as a result:

- Time to hire averaged 120 days.
- Cost per hire was more than 10,000 Swiss francs and 15,000 euros on average across Europe and Canada.
- Staffing agencies were used for 80% of hires.

The company turned to IBM Talent Acquisition Optimization for RPO help.

Sourcing: We started by developing short lists of candidates so the client’s small HR team could focus on interviewing better-fit candidates.

This immediately improved internal public relations on behalf of this team, as well as the time to hire and quality of hire.

Interviewing: Second, we formed a team of interview coordinators to manage the time-consuming administrative task of scheduling interviews with candidates.

Engaging: Third, we worked on a variety of market engagement efforts so the client could be more strategic in how it managed employer branding.

Results after one year

Cost per hire reduced to 2,000 Swiss francs

Staffing agency use dropped to around 15% of hires
What RPO is not

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, an RPO provider 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 RPO 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.

RPO recruiters 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 HR team is not RPO.

**RPO is not complete outsourcing.** Companies don’t just hand over the keys to the car and let the RPO provider 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, the client, not the RPO provider, makes the final hiring decisions.
Finding culture-fit candidates: A real estate case study

Waypoint 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, Waypoint has managed, leased and maintained more than 15,000 homes.

When IBM Talent Acquisition Optimization began working with Waypoint Homes, it was clear to the recruiting team that Waypoint is a unique place to work — a place that values both entrepreneurship and collaboration. As Waypoint 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 Waypoint’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.

Talent Acquisition Optimization 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, part of the RPO project included the development of an EVP, which expresses what it is like to work at the company (see “Driving Performance at Waypoint Homes”). 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 Waypoint 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 Waypoint Homes has attracted. Specifically, Talent Acquisition Optimization helped Waypoint Homes:

- **Sourced 100%** company’s targeted needs in the 1st year
- **Reduced agency spend by almost 20%**
- **Decreased time-to-fill across open requisitions**
- **Produced 22% improvement in turnover**

IBM Talent Acquisition Optimization
Determining the quality of an RPO Partner

The right RPO 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 RPO provider be a good fit for the client. An RPO 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 RPO provider has to know at the outset what needs to be improved for that organization. Good RPO 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 RPO 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 RPO 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 an RPO provider 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. The IBM Talent Acquisition Optimization 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 brand.

At the same time, differences across industries, geography, language and culture can be a factor in recruitment. An RPO partner with global experience knows when to modify an approach to fit the location. When it comes to sourcing, for example, a global RPO 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, RPO partners with a global footprint are more likely able to conduct interviews in the local language, which not every HR department or RPO provider 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 cognitive technology 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. HR 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.

When this is not happening, the loss of efficiency can impact the success of overall recruitment. Now, systems integration should be considered basic infrastructure for a successful RPO implementation.
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, a division of IBM Talent Acquisition Optimization, 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.

In addition, consistent, proactive social media messaging began changing candidate perceptions about the company.
Choosing an RPO provider

“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 an RPO 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
- Sourcing recruitment costs

In all of these situations, an RPO provider can offer greater cost and resource efficiencies than either the internal HR team or a staffing agency.

No matter the reason for choosing an RPO 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 an RPO provider is selected until the time the program is implemented.
When is not a good time to choose an RPO?

If you don’t know what your recruitment needs are, then you’re not ready to partner with an RPO provider.

You must first create a compelling, accurate business case for RPO. This includes everything from stating specific basic needs, such as the number of hires you must make in a 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 an RPO provider, 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 RPO provider 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 that 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 RPO is far from done. If an RPO provider 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.
Once you've determined to go forward with RPO, how will you know if you've selected the right RPO provider?

Look for the following in your RPO 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 HR’s. Organizations are raising the bar on the skills they expect their recruiters to have. An RPO provider 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 the RPO provider 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.

An RPO provider 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 RPO partner must understand the caliber of hires your company requires. A good RPO provider 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, an RPO 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 RPO provider 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, say, 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 HR 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.

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As part of the selection process for an RPO 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 RPO partners to provide the best possible solution.

What’s your expected ROI?

The discovery process for RPO involves figuring out your unique recruitment data. When you have this information, enter it at the IBM Talent Acquisition Optimization ROI Calculator, where you can receive a full projection of the return on investment from an RPO program for your organization over the next five years.

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:

**HR and talent acquisition overview**

- The current makeup of your HR 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?
Objectives
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 RPO 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 RPO providers
In the Determining the quality of an RPO partner 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 adds value

RPO done right adds value — and is always worth more than the sum of the parts it delivers.

The best RPO provider 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 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 30 years. We are distinguished in the marketplace by:

### Cognitive-enabled recruiting

Cognitive technology is changing the way talent acquisition is done, from recruiting operations to onboarding and HR analytics. As the leader in cognitive-powered business processes, we’ve put the potential of cognitive computing to work for IBM Talent Acquisition & Optimization clients to drive a richer candidate experience, better hiring decisions and more efficient recruitment processes.

### 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 work together 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 RPO solution means that every step of the candidate journey will reinforce your signature culture. From culture research to mobile optimized career sites to recruiter training, your talent acquisition process will become an engaging experience that drives 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’re already hiring in 120 countries, in 30 different languages.