

Helping our clients win in the
changing world of work:

Recruitment Process: Why Outsource?

A Manpower Insights Paper

What do you do?



The future of RPO looks strong despite or perhaps aided by the current global recession. Many organisations are open to the possibility that RPO, particularly if focused on strategic business needs, can be a tool to compete during difficult economic times.

RPO represents a great opportunity for organisations to drive value not only within the HR function, but across the enterprise.....

Recruitment process outsourcing (RPO)

is a growing practice and defined as a specialized service that allows clients to outsource some or all of the recruitment function. An RPO provider leverages the combination of strategy, technology, resources and vendor management to improve the recruitment process.

Operating as the client's internal recruitment function and strategic partner, the RPO provider will work closely with the client to improve the recruitment efficiencies of quality of hire, speed of delivery and cost containment. The end-to-end recruitment process for many companies encompasses more than just the sourcing and on boarding of resources. It consists of three key elements designed to build and sustain a robust talent pool. These are workforce planning, talent acquisition and engagement and ongoing talent management.

RPO is quickly evolving, from transaction- and cost-based saving agendas to best-in-class talent management models. RPO enables organisations to efficiently meet their escalating enterprise-wide needs for high performance talent while simultaneously and dramatically improving recruiting efficiencies. These current models are more strategic in their recruitment pursuits, and are driven by demographic change, the increasing value placed on intangible assets, and the realisation that models which simply offer cost and process efficiencies do not provide organisations with the fundamental transformational changes that will give them a true competitive advantage.

Why Use RPO?

Organisations outsource recruitment and hiring practices for many different reasons. According to a recent Aberdeen Group Survey, respondents cited the top three business priorities for 2009. They were: "executing business strategy", "reducing operating costs" and "recruiting, retaining and developing a great workforce". All of these have shaped the needs and triggers for the adoption of RPO. Other key drivers cited by respondents of Aberdeen Group 2008 RPO survey are listed in Figure 1.

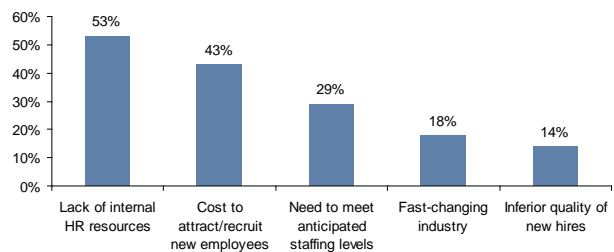


Figure 1: Top pressures driving all organisations to outsource all or parts of the recruitment process
Source: Aberdeen Group, March 2008

1 Martin, K.; Saba, J.; Lombardi, M. The 2009 HR Executive's Agenda, Driving Business Execution and Employee Engagement; the Aberdeen Group; Dec. 2008

Key Benefits of RPO

Any evaluation of whether to outsource must begin with a clear understanding of the intended benefits and how the features of an RPO will generate the benefit. This is important to ensure the benefits can be monitored and managed.

Manpower's experience and research has identified the key features and benefits.

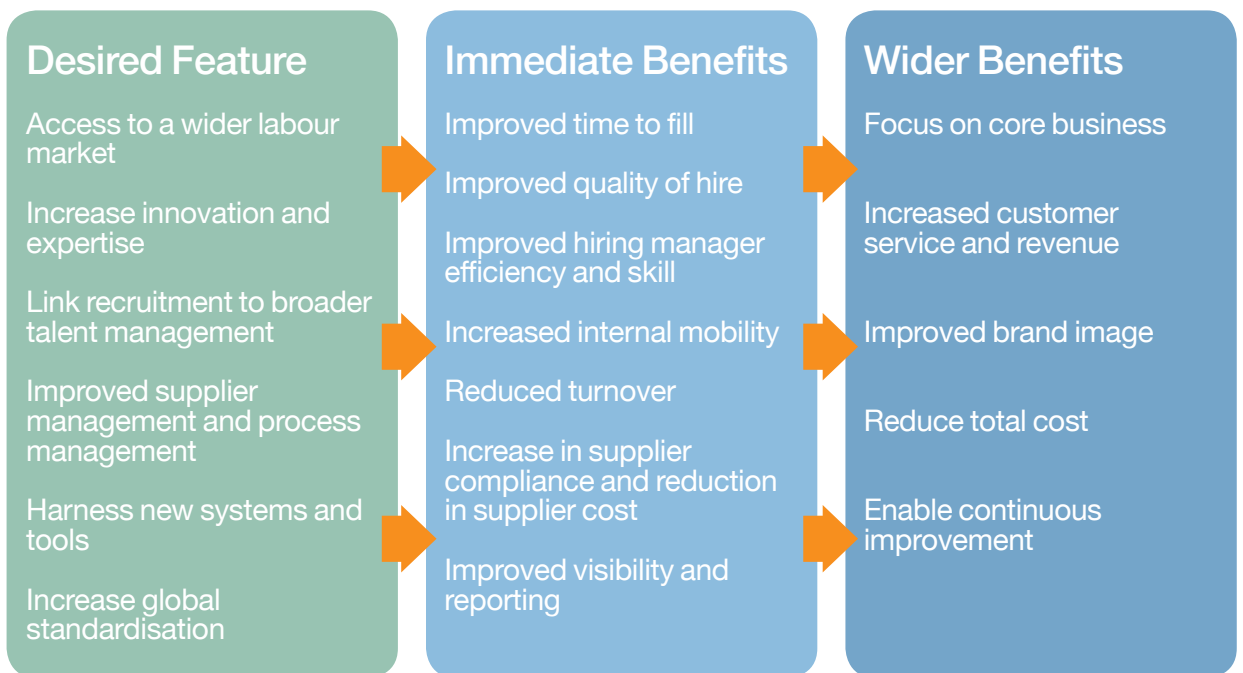
To maximise the overall value of outsourcing, the cause and effect logic must constantly be applied.

A good RPO provider should offer some or all of the above desired features.

Access to a wider labour market

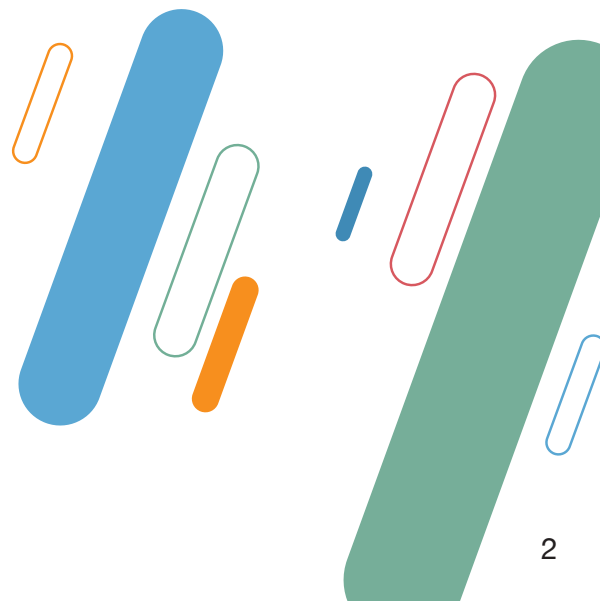
As highlighted above, one of the key drivers for outsourcing the recruitment process is to improve access to talent. An RPO provider should be able to demonstrate the ability to attract a larger pool of quality candidates for an organisation over their internal recruitment team.

RPO providers such as Manpower, typically have a comprehensive range of attraction channels which reach a wide pool of talent. This is due to the frequency they undertake talent acquisition for multiple clients and build comprehensive databases of active and passive candidates.



86% of HR executives surveyed identified their greatest challenge as their ability to compete for top talent.

-Aberdeen Group



Good RPO providers should be able to demonstrate experience and outcomes from assisting organisations in these areas. These could include increasing sourcing channels, enhancing and managing microsites, and increasing internal mobility.

Increase innovation and expertise

Organisations looking to outsource their recruitment function often look for a provider to help them enhance their employment brand and value proposition as well as offer innovative talent acquisition and mobility strategies.

- The demographics of the general workforce are complex and a major impact to hiring top talent. There are currently four distinct generations working together making up a workforce that have a wide range of ideas and motivations. In addition, workforce demographics are constantly changing which can significantly impact talent acquisition and management success.
- Many organisations look to their RPO providers to assist them in navigating this confusing and ever changing landscape by utilising their market insight and strategic recommendations to help them stay ahead of the curve.

Link recruitment to broader talent management

Many organisations are realising the importance of linking these two functions together to deliver a number of benefits. One of the key impacts of this initiative is the improvement on internal mobility. This in turn generates a range of benefits including increased employee engagement, reduced turnover, reduced hiring costs and increased productivity.

RPO providers such as Manpower take a holistic approach to recruitment and talent management providing best practice initiatives and consultancy to improve internal mobility. These could include working with HR to hold career management workshops and developing an informative mobility portal.

Improved supplier management and process management

Another significant benefit organisations look to achieve by outsourcing recruitment process is the efficiencies and cost savings gained from the transfer of supplier management.

- RPO providers can also look to enhance the outcomes by assisting organisations in achieving the optimal recruitment supplier structure for their business.
- Best in class RPO providers should be able to provide best practice consultancy and support in supplier rationalisation if required.
- RPO providers should also be able to assist organisations to identify recruitment process pain points and recommend improvement initiatives. Outcomes from improved process management can be measured against service level agreements such as time to fill, quality of hire and candidate satisfaction.

Harness new systems and tools

Some organisations choose to utilise recruitment systems and tools in a separate relationship to their RPO provider. Many however, look to leverage their provider's ability to supply these. There are many advantages of doing this from a better alignment between the RPO delivery commitment and system function through to reduction of system costs (i.e. an RPO provider may agree to absorb some or all of these).

Some RPO providers have developed their own in-house products or have partnered with a system provider. Most however will provide their clients the flexibility of working with alternatives if required.

Increase global standardisation

Many multi-national organisations are now looking to get greater efficiencies and cost optimisation through adopting a global workforce and supply strategy. Engaging with a global RPO provider can provide a wide range of benefits including consistency and best practice across countries, visibility and reporting at all level and assistance with moving work or people across borders. Working with one global RPO provider can also help insure that multinational organisations remain Sarbanes Oxley compliant.



A 70% reduction in costs can be achieved by implementing a global labour strategy.

-Mckinsey

Cost Benefits Summary

Whilst cost is not the primary factor driving many organisations to outsource it is certainly an important consideration especially in this economic climate. Industry data suggests that savings of 15-25% per hire are achieved from successful RPO adoption. The results vary due to initial scope for improvement, success of the implementation and the methodology and timeframe calculating savings.

Manpower's experience and analysis of the benefits derived from RPO provides the following insights into the key cost savings a best in class RPO model will provide:

Direct Cost Savings

- Reduced salary rates from improved market comparison and a more rigorous exception approval process
- Reduced salary rates from enhanced non-salary employee value propositions
- Reduced recruitment volume from increase retention and candidate fit
- Reduced volume via agencies due to increased internal mobility and pre identified candidates
- Reduced agency fee per hire by reducing agency effort in the process

Indirect Cost Savings

- Reduced HR, procurement and hiring manager interaction with agencies
- Reduced HR, procurement and hiring manager involvement in end-to-end administration tasks
- Efficiency gains from process improvement enhanced reporting and control
- Productivity gains from a higher quality of candidate attracted and reduced time to fill
- Productivity gains from better candidate fit and reduced retention

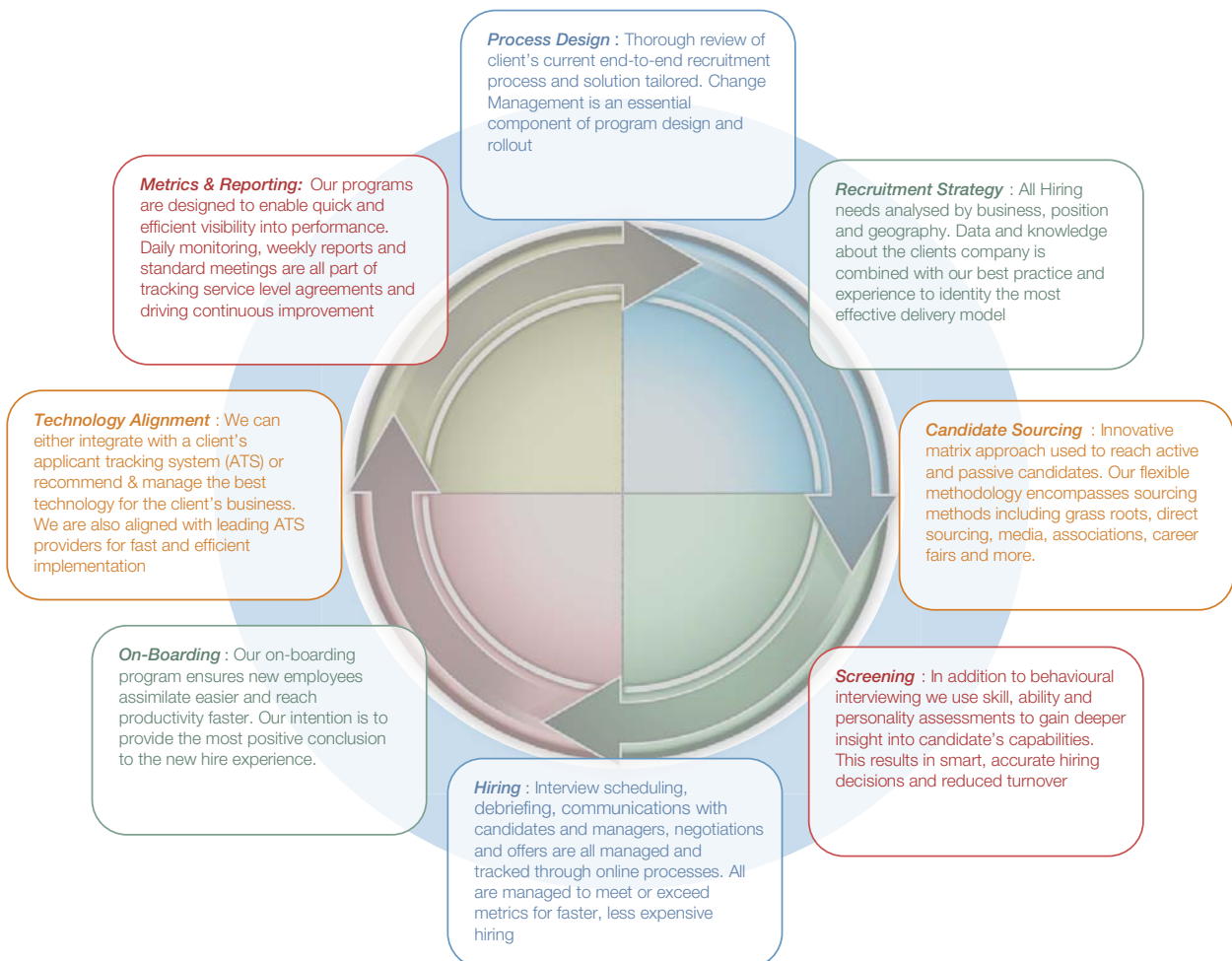
Manpower's RPO Capability

Manpower has experience in providing recruitment services to the Australian and New Zealand Marketplace for over 40 years and launched Asia Pacific's first RPO solutions in 1997. Today we deliver RPO in over 20 countries and are rapidly expanding our global reach through our network of offices across 82 countries.

Our Australian and New Zealand RPO customers include Australian Defence Force, Fujitsu, Hewlett Packard, NCR, Parmalat and the Westpac Group.

Manpower designs RPO solutions to balance our clients internal and external talent resource supply chains to maximise momentum. We use this momentum to drive cost effectiveness and skills optimisation.

Manpower can integrate seamlessly into your HR organisation to deliver an end-to-end solution.



Alternatively, we can provide customised solutions.
For example:

- Contract recruiters for a limited term or a last minute project
- Project RPO to address large volume and short term hiring needs
- Extreme On-boarding programs that engage employees during their first year on the job
- University hiring and graduate programs to capture top talent
- Interview training that drives consistency and best practice amongst hiring managers
- Employment branding, advertising development and media placement that differentiate you from your competition to attract top talent.

Why Manpower

The feedback from our RPO customers about their reasons for choosing Manpower are:

- Experience and proven success
- Our willingness to take on business risk, and to make a KPI improvement commitment
- Our expertise in driving cost savings and commitment to achieving agreed targets
- Our global footprint, including the emerging labour markets of Asia, South America and the Middle East
- Our financial stability
- Size and scale in the Australian and New Zealand marketplace
- Our employment branding experience and ability to maintain and improve employee retention targets
- Our own applicant tracking system, Direct Source and the ability to utilise all major recruitment software packages
- Our labour markets insights from our extensive research and databases
- Manpower's Training and Development Centre offering over 2000 online courses
- Our extensive array of related HR services through Right Management

Manpower was awarded the RPO contract for the Australian Defence Force (ADF) in 2000 delivered through a public / private collaboration with 520 dedicated personnel. This included 250 Defence and public servant personnel working alongside 270 dedicated Manpower staff recruiting to targets between 9,000 and 10,000 enlistments per year.

Key challenges included creating a united organisation across a diverse culture, attracting more quality candidates, the strengthening of the employee value proposition and improving the management and usage of the talent pool.

Our Solution was a concentrated strategy that included change management workshops, a brand improvement team, targeted communication and a 5-step recruitment process.

Results:

- Over 10,000 hires annually
- Cost per enlistment reduced by 24% in two years
- www.defencejobs.gov.au won numerous awards and became the most visited website of any employer in Australia.
- Enquiries increased 65% in two years

In 2008 Manpower implemented a comprehensive outsourced recruitment solution for a major ANZ banking corporation. Through an onsite team of 9, Manpower manages the customer's contingent workforce needs.

This includes:

- Managing a panel of 14 suppliers who provide a contingent workforce of over 800
- Pay rolling and managing the HR needs of internally sourced or referred contract staff
- The provision of hiring manager mentorship.

Key challenges previously experienced by the customer included burden on the hiring manager due to excessive supplier interaction, significant panel leakage, inconsistencies in sourcing processes and compliance to pay rates.

Since implementation results include:

- Transition of 300+ contractors into Manpower's employment from non compliance suppliers
- Integration of Manpower technology and the customers HRIS system
- Over \$4 million in cost savings realised in the first 9 months.

Manpower is currently working with the customer to expand the solution from the original scope

About Manpower Inc.

Manpower Inc. (NYSE: MAN) is a world leader in the employment services industry; creating and delivering services that enable its clients to win in the changing world of work. Celebrating its 60th anniversary in 2008, the US\$22 billion company offers employers a range of services for the entire employment and business cycle including permanent, temporary and contract recruitment; employee assessment and selection; training; outplacement; outsourcing and consulting. Manpower's worldwide network of 4,400 offices in 82 countries and territories enables the company to meet the needs of its 400,000 clients per year, including small and medium size enterprises in all industry sectors, as well as the world's largest multinational corporations. The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction across their total workforce, enabling clients to concentrate on their core business activities. Manpower Inc. operates under five brands: Manpower, Manpower Professional, Elan, Jefferson Wells and Right Management. More information on Manpower Inc. is available at www.manpower.com or www.manpower.com.au.

About Manpower Professional

Manpower Professional, a division of Manpower Inc., offers comprehensive, expert recruitment services backed by award-winning training, assessment and selection and outsourcing. Its extensive resources, world-class client list, and reputation attract a diverse group of talented candidates, with every level of education, skills and experience for permanent or temporary positions. Manpower Professional helps find and retain top people in IT, e-commerce, accounting, finance, engineering, clinical and lab sciences, and other business professions. For more information on Manpower Professional, please visit the website www.manpowerprofessional.com.au.

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