

## **Contract Recruiting vs. Outsourced Recruiting – part 2**

### **“Can I give you this”?**

*by Richard Matthews - RNG*

Last week we introduced the definitions of both Contract and Outsource and spent some time discussing the “Contract” approach to recruiting practice.

This week I want to share the “Outsourcing” model with you. What to look for, when does it make sense and what are the risks.

Let’s recall the definition,.... Dictionary.com defines Outsource as “to purchase (goods) or subcontract (services) from an outside company” and the American Heritage dictionary defines Outsourcing as, “To send out (work, for example) to an outside provider or manufacturer in order to cut costs”.

### **The Case For Outsourcing**

Referring back to the definition, "send out work or subcontract", and once again applying the definition in recruiting terms:

- sending out some or all recruiting req's
- longer duration (2 - 10 years)
- may involve some or all parts of a recruiting function -- eg. sourcing, screening, interviewing, due diligence

Some might look at this as the admittance of inadequacies of the recruiting team to do the work, but this is not necessarily the case. There are many reasons why organizations outsource. Some include:

- Management desire to cut costs by fix pricing the effort, a.k.a. Aggregate cost/benefit analysis
- The company’s desire to focus on their core market deliverable
- Strategic direction of HR Long term business requirement/executive direction
- Where the decision is made for Recruitment, the lack of understanding that many organizational leaders have for the value of a solid recruiting practice. This is usually tied into the lack of exposure that recruiting gets from key organizational stakeholders and is a great lead into another article “Recruiting,...Expose yourself”

Outsourcing can be a risky proposition if the due diligence is not completed. Why are you outsourcing? To replace a role that should be filled by a full time employee? What is the business problem behind the need, and will outsourcing solve your problem? I’m a firm believer that Outsourcing all of your recruitment is not the most optimal approach, which is evident in two large outsourced recruiting projects in the past 5 years that did

not go as expected. Maybe it was timing, maybe poor planning, bad fit. But whatever the reason, the project(s) did not work or are currently not meeting expectations.

### **KPIs for Outsourcing**

I spoke to someone the other day and they brought up the subject of Key Performance Indicators (KPI's) and recruiting. We spoke about the different KPI's as they relate to the important hires in any organization. It was clear that KPI's that had the greatest effect on the growth, success and stability of the organization could be identified, quantified and ranked. I then said to this individual, "if it's that obvious, why are you not spending more time in that 'impact' area where your work effort directly impacts the goals of the organization"?

"Well, I have all of these other roles that need to be filled," was the response. I thought for a second and responded to their original comment, "you just told me that you could identify, quantify and rank the KPI's with the greatest impact to your organization. I would think by doing this you would also elevate you and your recruiting team's status to the other BU leaders within your organization"?

This individual took a minute to collect the thought and agreed. "Why would you not want to put as much time and effort in this important area, bringing more positive exposure to your BU, and increasing your value to senior leaders and increase your productivity?"

"How would I do that?, " he asked.

"Outsource that function of your recruitment where the KPI scores are low".

As much as I would like to take credit for this discovery, the information was all there; my peer just needed a boost to understand the action.

The biggest push back on the Outsourcing effort is the threat to the organizational culture, the message to the candidate, and the recruiting organization's perceived loss of control. We've all read the reports, seen the articles, watched the movie. The important job satisfaction indicators for today's employee are not compensation, but things like culture, work life balance and people whom they work with, report to and learn from. Remember the KPI's? Let's not lose sight of these as we look at roles and functions where the culture, work/life balance and these types of indicators score low (i.e. positions where turnover is high, importance of Job function outweighs the importance of culture, and the compensation). If you can quantify the role, then it should be easier to identify those roles where culture is not a dominating factor. I use culture as one "push back", and appreciate that there may be more, but I believe that for all the push backs there are answers, and we just need to find them.

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I believe in the model and applauded those Recruiting thought leaders that look into outsourcing as a way to grow the business, value of the Recruiting Business Unit, and focus on the key success factors of the organization.

I've shared what I can and hope that you see the value in an augmented Recruiting practice if your organization needs the support. Before engaging in these radical changes to your Recruiting Unit, you must have a strong plan in place. Don't be afraid to take a deep look into your function. Do you have the right team, process, tools and organizational support you need? It may not seem like it, but a total analysis of your recruiting function should be done before you make these types of decisions. The decision to alter Recruitment in your organization should be made as a solution to enrich the function, not a band-aid or a best-guess.

This two part series was written as a suggestion and a challenge to the recruiting community to really look into their business, maximize the efficiencies of the Recruiting team and themselves.

Happy recruiting!

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