

Contract Recruiting vs. Outsourced Recruiting – part 1

“Can you start Tomorrow”?

By Richard Matthews - RNG

Recruiting,... we have a problem. We're short staffed, our req's are piling up like never before, we're costing the company more than they want to spend, our team is stretched too thin, etc. These are all potential reasons/fits for hiring additional help. But what kind of help do we need -- Contractor or Outsourced recruiters? And when do you know whether it's more appropriate to employ the former versus the latter? In order to answer this question, we need to understand the difference between the two.

Definition of Outsourcing vs. Contracting

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”.

Contract is defined by Dictionary.com as, “an agreement between two or more parties for the doing or not doing of something specified”.

The Case for Contractors

What does a contract recruiter mean to your organization? I believe there are three things that we need to understand: 1) The context for deploying contractors, 2) The make up of a “Contract Agreement” and 3) Drivers that support our decision to deploy contractors

1) The context for deploying contractors

By contracting the service, you bring an employee into your organization to work under your conditions, under your direction, using your best practice, tools, and recruiting models.

2) The make-up of a “Contract Agreement”

Referring back to the definition, "agreement...to do something specific", we can we can apply this in recruiter terms. A “smart contracting arrangement” should be:

event driven

shorter term (eg. 6 months to a year)

put into place for specific recruiting reasons. eg. a temporary increase in demand, a temporary

shortage in recruiters, a lack of a niche-recruiting expertise (eg. engineering recruitment)

a temporary lack in a specific part of recruiting capability (eg. interviewing skills).

singular in nature (eg. I need one or two recruiters to work for my team for a specified period of time)

3) Drivers that support our decision to deploy contractors

What are some of the driving factors that make it compelling to deploy a contract recruiter?

FTE requirement or restrictions

funding requirements/budgetary constraints

niche capability that is lacking, but not needed forever.

Key Performance Indicator for Contractors

In part 2 (next week), I share a conversation that I had someone around Key Performance Indicators (KPI's) and how they can aid in the decision to "Outsource" recruitment. KPI's are variables in the equation, Great Recruiter = "X". In the case of the contract recruiter, what are the KPI's that will ensure a successful "agreement"? These KPI's are usually productivity/ targets of the contractor (eg. how do you measure ROI for a specific contract hire).

Let's draw on an example where the contract recruiter makes sense. Assuming you've sat with the business unit leaders, understand their expectations, needs, gone through the workforce planning model for the new year, new product or growth schedule, their groups impact to the organization, dynamic of the group and the overall make up of the team, you should be confident as to where your team's bandwidth may be challenged and for how long. Armed with this knowledge will refine your requirements for the contract recruiting resource.

In this example I'm saying that your Sales Business unit is launching a new product and needs to hire a sales team to support the growth. The business unit is a hard working, academic group, is team oriented and appreciates the financial impact they have to the business. The business unit leader, a "hands off" manager, puts his people first and believes in accountability of his team.

Use this same formula to hire/match a contract recruiter to the profile. I'm really trying to make this complicated, but I can't! Organization has a need for sales people, hire a contract sales recruiter to staff the project? It's really that simple.

Why hire a recruiter permanently and run the risk of having to "package" that person out when business requirements suddenly change? Instead, take advantage of the "contract recruiter". These folks are comfortable with short term, low security roles and are paid for it. They are not afraid of the challenge, understand your expectations and clear that this is a contract for "x" period of time. Here's the "Win, Win": if at the end of the contract the original plan is altered, requiring an extension to the contract, the growth pattern is still going strong, there are a few more roles left to fill, or the best one, your contract recruiter has emerged as a STAR recruiter, you are positioned for success. You now have options with your star recruiter, like extending their term or hiring them permanently. I've seen cases where organizations know they need someone for 1 year but start the first contract at a shorter term to "hedge the bet" should the recruiter not exceed their organizational expectations.

Least we forget the risk as well, you hired a contract recruiter to support a temporary shortfall in your recruiting practice. There is a strong possibility that you did not (why would you?) incorporate in the variable of sourcing, selection and integrating the contractor into your environment. If you do not get it right the first time, you are behind schedule!

Next week, we'll take a look at the Outsourcing model approach and what you need to look for before selecting the recruiting strategy that best fits your organizational needs.

Happy recruiting!
Richard Matthews - RNG