

# RECRUITMENT OUTSOURCING WHAT'S IN IT FOR ME?

In parts 1 and 2 we introduced you to recruitment outsourcing and we decoded the common terminology. Now it's time to look at the benefits of this method of recruiting.

As it should, the biggest advantage comes from the ability to connect you with the top talent. If the primary objective of any talent acquisition and management programme is to enhance your organisation's performance by attracting and engaging the best talent, then a high performing RPO or MSP ticks all the boxes.

On the way you will also derive a number of other benefits including improvements in cost, risk, and time to hire as well as process efficiencies and an enhanced quality of service.

While both RPO and MSP services deliver a number of the same benefits, the primary or largest category varies between the two and we will therefore look at them both in turn.

## MSP BENEFITS Putting you in control

The engagement of non-permanent workers, such as temporary, contract, and statement of work resources, typically takes place at the cost centre or end user level. But with no centralised management, it's difficult to track performance, spend, compliance or supply chain effectiveness - an MSP gives you back this opportunity. Here are some of the key benefits of an MSP:

### Gaining visibility

An MSP captures all activity in a single process and technology, giving you full visibility and centralised control of all recruitment activity. You'll also be able to apply organisational policies, processes and procedures to all hires.

### Exerting control

This visibility over your worker landscape also allows you to put processes in place to manage the quality and compliance of hires. This allows you to better manage your supply chain and control budgets.

Data captured over time also enables you to analyse spend, while your MSP can review activity to locate inefficiencies and blockages, report on supply chain effectiveness and identify and prevent maverick spend.

### Reducing Cost

Once you are in control of your non-permanent workforce and spend you can work with your MSP to implement best value policies and programmes so that you only engage the right workers, at the right cost and under the correct terms.

For example, direct savings can be made by more effectively managing workers' rates, which can be up to 10% less than the external benchmark. This is the result of your MSP provider promoting competition

for each role, benchmarking against rate cards and implementing new controls and cost tracking.

The ability to prevent overspend and online processes such as consolidated or electronic billing are further examples of cost savings that can be achieved.

### Mitigating risk

An MSP allows you to control risk in a population of non-permanent workers through:

- **Security** – Guaranteed compliance with referencing and screening policies through checks and controls – all backed by auditable records
- **Employment** – Clearly defined arm's length policies and procedures where appropriate
- **Statutory** – Visibility of all activity and enforcement of policy from both the company and outsourced provider

## RPO BENEFITS Efficiency and effectiveness

Within most organisations, permanent hiring is overseen by HR and you therefore already have visibility of your hiring activity. An RPO service builds on this foundation to improve the efficiency of the recruitment process and its effectiveness in attracting and engaging talent.

### Increasing effectiveness

An RPO service improves the effectiveness of the recruitment process and ultimately the organisation's productivity by attracting and engaging more of the right talent.

Proactive talent pooling and improved selection decreases the number of 'empty seats' in revenue generating roles, reduces new hire attrition through improved cultural matching, improves retention rates and increases productivity and revenue through better performing staff. And it of course offers a better experience for both managers and candidates in terms of consistency and quality.

### Improving efficiency

A specialist RPO provider introduces external expertise and best practice, new tools and techniques and the latest technology. They can also leverage their scalable infrastructure for further advantages.

In addition, automated processes can improve the productivity of recruiters and therefore reduce cost by up to 30%. Meanwhile advanced talent pooling, online selection and streamlined assessment scheduling can reduce time to hire by 30-40%.

Last but not least, a more effective assessment and selection process reduces the amount of time managers need to commit to each hiring process.

### Cost savings

While the primary focus is on attracting and engaging talent a progressive RPO service will still deliver cost savings against your current costs. These include:

- **Staff costs** – Through improved productivity and transfer from fixed to variable cost, an RPO service provides a scalable solution to cost effectively match peaks and troughs in hiring volumes
- **Agency fees** – Fees are generally 10-20% below preferred supplier rates thanks to the guaranteed and transparent opportunities offered to each supplier
- **Total external fees** – An increase in internal, referral and direct hiring can save up to 50% in total fees paid
- **Advertising costs** – Saved through consolidated procurement and access to bulk purchasing agreements

## In summary

A specialist external provider provides expertise, knowledge and scale while allowing you to move to a more flexible performance-based costing model.

- **Expertise** – A true centre of excellence for your organisation
- **Innovation** – Market insight and experience ensure opportunities for innovation in talent attraction
- **Cost to profit centre** – Payment, commonly variable rather than fixed, is based on performance
- **Infrastructure** – Transfer from a fixed to variable cost model
- **Scalability and agility** – The ability to deal with fluctuations in volumes, quickly and effectively

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### WHAT'S NEXT:

#### PART 4

#### Which model should I choose?

All the options at your disposal

#### PART 5

#### Building a business case

How to win over key decision makers

#### PART 6

#### How do I choose a provider?

Choosing the right recruitment partner

### PREVIOUS EDITIONS:

#### PART 1

#### Recruitment Outsourcing

#### PART 2

#### RPO, MSP and other TLAs

We dissect all the terminology

### THE BENEFITS:

## MSP - Managed Service Provision

- Gaining visibility
- Exerting control
- Reducing Cost
- Mitigating risk

## RPO - Recruitment Process Outsourcing

- Increasing effectiveness
- Improving efficiency
- Cost savings

