

### Introduction

Traditionally, organisations engaged recruitment suppliers for two key services – their domain knowledge of the candidate market or ability to source candidates, and their professional ability to turn those candidates into great employees.

Technology has changed the environment to enable most organisations with the ability to gain knowledge about the candidate market through the use of websites, applicant tracking solutions, viral sourcing tools, networking technology and job boards. This is particularly true of organisations with strong market presence or well-known brands. The recruitment supply chain has been transactionalised through the use of the internet.

Yet recruitment suppliers have a place in an organisation's overall talent management strategy. The emphasis is moving from an end-to-end service in all circumstances to gaining professional services from recruitment suppliers such as screening, interviewing and reference checking for those organisations that can readily source the candidates.

Effective recruitment results - gaining quality candidates easily and at the least cost - are vital considerations for many medium to large organisations. Some large Australian companies are spending in excess of \$50m for placement fees and contractors and temps. In many cases organisations are not aware of the total spend, let alone being able to determine the effectiveness of this spend.

On the other hand, the dilemma for recruitment suppliers is taking a long-term view and not a fee based month-to-month perspective. Understanding the level of service to provide given the expected volume of work and rates that organisations are willing to pay is an uncertain exercise. Given these variables, there is a paradox in taking a long term view with the client versus achieving a monthly placement target.

A strategic approach is required for both client and supplier to achieve their objectives. A preferred supplier panel with realistic service level agreements that include performance arrangement is one way forward. This type of partnership will provide both client and organisation with a long-term solution and the supplier with a secure, if not guaranteed, revenue stream.

Whether the recruitment model is a preferred supplier panel, master vendor, managed vendor or internal recruitment services centre, if the model suits the organisation and recruitment suppliers operate within a service level agreement, the result will be higher quality candidates at least cost.

The key to success is how the performance of recruitment suppliers is measured and managed.

### Performance Managing Your Recruitment Suppliers

Many organisations find that the quality and consistency of services provided by recruitment suppliers can differ considerably. There can be variances in the quality of recruitment consultants, responsiveness, customer service practices, recruitment fees and rates charged, and the quality of candidates and information provided.

Obtaining consistency in supply and achieving quality outcomes is important and does not rest solely on the existence of key performance indicators (KPIs) in contractual agreements.

Just as employee performance management is a consultative and evolutionary process, attention needs to be given to the measurement and ongoing review of recruitment supplier performance. This will allow a hiring organisation to benchmark its requirements and only utilise the services of recruitment suppliers that are capable of meeting its needs.

### What is Recruitment Supplier Performance Management?

Recruitment supplier performance management is a process undertaken by organisations to manage the quality of services provided by its recruitment suppliers.

The performance management program aims to achieve the following:

- Establish service level requirements and set benchmarks;
- Manage and review performance against both quantitative and qualitative measures;
- Identify and address the fundamental causes of performance issues;
- Facilitate the feedback process through open communication; and
- Foster a continuous improvement relationship.

The benefits that recruitment supplier performance management can provide includes:

- Improved quality and consistency of service through closer supply management;
- Access to better quality candidates through improved sourcing, screening and selection practices;
- Reduction in time spent by hiring managers dealing with supplier management issues and poor quality candidates; and
- Cost savings achieved through improved efficiencies, management of standardised fees and rates, and increased return on investment.

### Where To Start

Knowing where to start and whether you have the in-house skills to gain the best results is the first consideration. Implementing this type of process is not rocket science but it does take focused effort, a good understanding of the market, a process orientation and, importantly, organisational support.

HCMS has successfully tackled this type of process for organisations and brings proven processes and templates that fast track the project. The key steps are as follows:

1. Decide on the most appropriate Recruitment Model:
  - Determine the best recruitment model for the organisation, taking into consideration whether the model should be centralised, decentralised, insourced or outsourced.
2. Select your Recruitment Partners:
  - Develop a Request for Proposal (RFP) to select your most appropriate recruitment partner.
3. Establish Service Levels
  - Establish consistent KPIs based on volume, time and quality metrics for all recruitment panel members. This will also include agreement to review period timeframes (e.g quarterly, six monthly or yearly).
4. Collect Performance Data
  - Develop recruitment information tracking procedures and reporting requirements that are used by the recruitment suppliers to track their recruitment results;
  - Develop tailored satisfaction surveys for Hiring Managers, HR Managers (if applicable) and Candidates to determine their satisfaction with supplier performance.
5. Analyse the Information
  - Review and analyse both quantitative and qualitative data to determine actual performance against the KPIs;
  - Identify areas requiring improvement;
  - Develop benchmarks and vendor performance comparisons.
6. Compile the performance report
  - Prepare individual recruitment supplier performance reports that demonstrate actual performance for the review period.

7. Conduct a Face to face Review Meeting
  - Hold a review meeting with the principals of each recruitment supplier to discuss performance and agree actions going forward.

Steps one and two above may not be required if an organisation already has well established and quality recruitment supplier relationships.

The market for using recruitment suppliers has changed and will change further. Progressive organisations are making the most of this opportunity by planning and implementing innovative recruitment supplier strategies as part of their overall recruitment function.

Rather than using the traditional end-to-end supplier process as the sole means of recruiting, these organisations look at the market for skills to determine the services required, understand their own capability and put together a best practice end-to-end methodology that includes recruitment supplier services as a component of the overall solution.

After the solution has been implemented, service level agreements are used with tangible KPIs to performance manage the recruitment suppliers for success.

Taking the long term strategic approach to get the most from your recruitment suppliers means that the client has a more cost-effective and talent-rich solution and the supplier also benefits through the partnership.

Trevor Vas is an Executive Director of Human Capital Management Solutions (HCMS). HCMS provides strategic management consulting to transform the recruitment practices of their clients. They work with companies throughout Australia and New Zealand. For further information in relation to this or other recruitment or retention consulting please call 03 9347 1664 [www.hcms.com.au](http://www.hcms.com.au)