



How to Make RPO Implementation Successful

HRO Europe
Barcelona, Spain
November 4, 2011

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European RPO: How to Make RPO Implementation Successful

- Benefits Obtained by Buyers
- RPO Inhibitors & Key Vendor Challenges
- Critical Success Factors
- Santander Client Perspective
- Breakout – How to make RPO implementation successful
- Conclusion and Wrap-Up

Client Benefits: Europe (See appendix for some actual examples)

- Lower Cost
- Reduced Time to Hire
- Improved Quality of Hire
- Reduced Employee Turnover / Attrition
- Improved Hiring Manager Satisfaction and Candidate experience
- Less Client effort in the hiring process

Buyer Inhibitors to RPO: Europe

1. Satisfied with current recruiting process
 - Already invested / can attract better candidates internally
2. Change Management
 - Resistance to change / don't understand what RPO is
3. Fear - Loss of control and job security
4. Can't make the business case
 - Volumes uncertainty / Lack of baseline data
5. Complexity of outsourcing process
6. Bad prior outsourcing experience
7. Lack of strategic direction and senior support

Key Vendor Challenges: Europe (also based on top vendor selection criteria in appendix)

1. Client changes in hiring volume demand due to new products, seasonality, economy, etc.
 - Creating challenge to scale up and down quickly
2. Often clients don't measure internally & may not have data on cost or other key metrics
3. Finding best talent for clients that will stay
4. Ability to provide RPO in more than 2 continents
5. Helping buyers make the decision to buy
 - Overcome fear and resistance to change
 - Help make the business case

Critical Success Factors for RPO

1. Solution clearly articulates how quickly provider can scale up and down to meet peaks and valleys
2. Provide evidence of results and client successes
 - Obtain client references and retention rates, in own industry and invite buyers to speak directly with client's
 - Provide benchmark data and client dashboards that include metrics such as: cost, time to fill, quality of hire, client satisfaction, attrition and improved business results
3. Reduce client costs & help client's control costs by:
 - Providing easy to understand variable pricing so client's know what they will pay when hiring increases and decreases

Critical Success Factors for RPO

4. **Ability to recruit and retain top talent:**
 - Use sourcing strategies as appropriate for job types and skill sets needed, e.g. passive recruiting, social networks
 - Provide complimentary / value-added recruiting services to attract and retain talent such as: talent planning, employment branding, internal mobility, employee engagement surveys
5. **Where global delivery does not exist, develop partnerships with providers that have similar values**
6. **Help client's make the business case and reduce fear**
 - Offer to help potential client's collect baseline data, e.g. cost, time to fill, turnover, hiring manager satisfaction
 - Vendors are in a growth mode and may be able to offer employment opportunities to client employees no longer needed.

To successfully implement RPO...

- ❑ Define ownership and responsibilities
- ❑ Involve stake-holders across the company; from business unit & local entities; communicate often & throughout
- ❑ Build your business case effectively incorporating strong due diligence
 - ❑ Know your current costs and baseline metrics, e.g. time to hire, customer satisfaction
- ❑ Scope out / understand current processes

It's all in the preparation...

- ❑ Determine customer requirements including talent and technology
- ❑ Develop Statements Of Work (SOW) & SLA's with the people that do the work; continually review and improve
- ❑ Don't underestimate management time
- ❑ Insure near-site presence from supplier early on
- ❑ Establish and maintain a great relationship
- ❑ An effective Governance process will help ensure success!

Your Input – How to make RPO Implementation Successful

- **At each table, select a scribe, speaker and identify (25 minutes)**
 - 1. RPO Benefits you've obtained (expected)**
 - 2. Challenges faced implementing RPO and action taken**
 - 3. Your RPO Success Criteria**
- **Report out to large group (15 min.)**



Summary Conclusions

by Gary Bragar and Debbie Reeves-Malvagni

Three Key Steps to Critical Success Include:

1. Establish an effective governance process
 - ❑ Establish a strong 'internal' steering group/project governance team featuring key stakeholders from across the business
 - ❑ An effective buyer-provider relationship will be most key
 - ❑ Establish a Change Control process at the start - engage the governance team to review/approve requests requiring additional work and determine if there are additional costs

Three Key Steps to Critical Success Include:

2. Engage the service delivery team with the retained client operational lead/team at the onset via:
 - Corporate Induction (of each others organization), inclusion in team/departement meetings, sharing of business & HR strategy & key objectives (as appropriate)
 - Development and changes to SOW's, SLA's, frequent communication and monthly /regular operational & strategic review meetings

Three Key Steps to Critical Success Include:

3. Communicate as often as possible, including:
 - Before and after implementation
 - Communication before would include: why we are doing this, what the service delivery process will be
 - After implementation communicate results / successes, etc.
 - In addition to regular generic communications, be prepared to give specific messages tailored to stakeholder groups
 - E.g. areas of interest or concern may be Preferred Supplier Listing (PSL) for some customers & attraction methodologies or pipelining for others...
 - Don't skimp on launch / roll out activities and/or training for hiring managers and all stakeholders



European RPO – How to Make RPO Implementation Successful

Questions?

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Appendix

**Additional Information not
presented Nov. 4, 2011
due to time on the agenda**



State of the RPO Market

What is Recruitment Process Outsourcing (RPO)?

What Do We Mean By RPO?

Type of activity	Is this RPO
Short-term project staffing, e.g. recruitment agency	x
Sourcing only	x
Transfer of operational responsibility for one or more recruiting functions, including recruitment administration, from the client to a services provider	✓
The services provider essentially takes on the role of the clients recruiting department	✓
Contract minimum of one year in length	✓

What Is End-To-End RPO?

- End-to-end RPO refers to an external services provider performing all of the major/core recruitment functions on behalf of a client, including:
 - Sourcing
 - Recruiting
 - Selection & Assessment
 - Administration
 - Onboarding



European RPO market to reach \$1,250m by 2015

Region	Est. Market Size 2010 (\$m)	2011 Growth (%)	Est. Market Size 2011 (\$m)	2010-2015 CAGR Growth(%)	Est. Market Size 2015 (\$m)
North America	840	22	1,025	17	1,855
Europe	750	14	855	11	1,255
- U.K	500	15	575	11	845
- Rest of Europe	250	12	280	10	410
Asia Pacific/Row	485	26	610	21	1,265
Total	2,075	20	2,490	16	4,375



European RPO Drivers and vendor selection criteria

Why Organizations are Outsourcing RPO?

Top RPO Buyer Drivers: Europe

1. Scalability and flexibility
 - Ability to scale up or down quickly to meet ever-changing volumes of hires
 - Don't want to have to rebuild internal recruiting departments again
2. Cost reduction, control and avoidance
 - Cost is always there, but no longer the top priority
3. Improve employer branding and employee value proposition to meet demand for better talent
 - Improve quality of hire and overall workforce
 - Despite high unemployment levels, there is still a shortage of talent

Additional RPO Buyer Drivers

4. Improved process efficiency, including reduced time to hire
5. Inadequate internal recruitment function e.g. decimated by downsizing
6. Expand geographic scope
7. Improve candidate experience

Top RPO Vendor Selection Criteria: Europe

1. Providing a solution that meets client needs
 - Scalability and flexibility
 - Level of support provided
2. Partnership/ relationship
 - Chemistry, trust, values and cultural fit
 - Who is the best fit I can work with
3. Track record of being able to deliver quality candidates, service and obtain results
 - Client references
 - Experience in client industry

Top RPO Vendor Selection Criteria

4. **Financial stability**
 - Will the provider be around for the life of the deal; especially during difficult times
5. **Global capability**
 - Ability to deliver in all regions
6. **Competitive price**
 - Ability to reduce cost
7. **Domain expertise**
 - Access to better tools and technology
 - Flexibility of technology deployed



Examples of RPO Benefits Obtained by Clients

*** Note: Please do not compare provider results obtained to each other. Degree of benefits obtained may also be impacted by state of the client environment prior to outsourcing, difficulty of positions to fill, etc.**

Cost Improvement Examples

Provider	Examples	Reduction
Can be measured and expressed via: cost per hire		
Alexander Mann Solutions	Established employment brand for a U.K. brewing co., reduced agency usage 94%:15%	Cost / hire £3k
Total cost savings as a % reduction		
KellyOCG	Average client savings in year 1	30%
Total cost savings expressed as a dollar savings		
Hays	For an international investment bank, reduced reliance on temp. workers; annual savings:	£2m annually
HypHEN	For a U.K. based international financial services group, since inception saved	£15m
SourceRight Solutions	A global insurance provider, reduced agency spend	\$5m
Carlisle Managed Solutions	For U.K. borough council, by demand management	£24m
Steria	For an information & communications tech. co. lowered cost by reduced sources, admin. time & tech.	£2m annually



Time To Hire Improvement Examples

Provider	Examples	% Reduction
Ochre House	Reduced time to hire from 52 days to 34 days for a global communications company	35%
The RightThing	Reduced time to hire for a global pharma company	24%
Talent2	Reduced time to hire for an Australian telecom. client	42%
Aon Hewitt	Across clients, reduces cycle time to hire by an avg.	30%
Pinstripe	Reduced time to hire for a U.S. medical center	27%
Hudson	Reduced time to hire for an Australian medical devices center from 45 to 26 days	42%
Manpower	Reduced time to hire for a No. America fortune 100 financial services company	50%
Accolo	For a business software and services company, reduced time to accept from 53 days to 28 days	47%



Other Examples of Client Benefits Obtained by Outsourcing RPO

Provider	Examples	%
Ochre House	For an IT services provider, <u>increased hiring manager satisfaction and candidate experience</u> satisfaction levels	98%, 99%
Kenexa	For a global supplier of systems and services to the aerospace and defense industry, <u>increased quality of hires</u>	53% increase hiring mgr sat
IBM	Across all accounts, strong <u>hiring manager satisfaction</u>	93%
Adecco	For a global glass container manufacturer, <u>reduced interview to offer ratio</u> , i.e. 172 hires from 310 interviews	7:1 to 1.8:1 ratio
The WorkPlace Group	For a fortune 50 company, <u>reduced employee turnover</u>	60%
Seven Step Recruiting	<u>Offer acceptance rate 7% higher than RPO standard per the 2011 Staffing & Hiring Results prepared by Saratoga</u>	97%
Aon Hewitt	<u>Reduces client business unit effort on the hiring process</u>	35% - 65%
Allegis Group	<u>Improved Quality hire</u> via % promoted within 2 years	59%
Infosys	<u>Exceeded SLA targets of 95% for clients in timeliness of background checks, drug test, offer letter, new hire notified</u>	99%



Providers that Participated in NelsonHall's 2011 RPO Market Study



U.S. Based RPO Providers Interviewed

- Accolo
- Adecco – North America
- Allegis Group
- Aon Hewitt
- Futurestep
- IBM
- KellyOCG
- Kenexa
- Manpower
- PeopleScout
- Pinstripe
- Seven Step Recruiting
- SourceRight Solutions
- The RightThing
- The Workplace Group

U.K. Based RPO Providers Interviewed

- Alexander Mann Solutions
- Capita
- Carlisle Managed Solutions
- Hays
- Hyphen
- NorthgateArinso
- Ochre House
- Steria



Asia Pacific Based RPO Providers Interviewed

- CaliberPoint – India
- Hudson – Australia
- Infosys – India
- Talent2 – Australia