



# Which recruitment service is right for your business?

Ensuring your staffing strategy is aligned with your business goals

Whitepaper

**blue**Arrow

There are a wide range of recruitment services available to businesses. Selecting the right one will not only impact the type of candidates you get, but also the cost and time commitments required by your team.

## The importance of selecting the right service

Today's job market is highly competitive and candidate driven. Finding and hiring the right people in this environment can be complex, which is why many businesses rely on the services of external recruitment experts.

There are a wide range of recruitment services available to businesses. Selecting the right one will not only impact the type of candidates you get, but also the cost and time commitments required by your team.

Making the right choice is important because selecting the wrong candidate can have significant implications for a business. Not only can the financial cost of a bad hire run into the thousands, but it can also lead to lost productivity, sales and team cohesion. Choosing the right recruitment service for your business significantly lowers the risk of this happening.

In this paper, we will look at the different recruitment services available to businesses:

- ▲ Staffing services
- ▲ Vendor management services
- ▲ Recruitment process outsourcing
- ▲ Managed service programmes

But before you start evaluating the recruitment options open to you, it is important to ensure that you have full visibility of what your end goals are. This isn't about rushing to fill a vacancy as soon as it appears. Rather it is about building the strength of your teams through finding the right person.



# What do you need from your recruitment service?

The most successful businesses take a proactive rather than reactive approach to recruitment. Putting an effective staffing strategy in place is an important first step.



## Defining your staffing needs and challenges

Recruiting is only part of the wider employment process, and it needs to be considered strategically aligned with the wider commercial goals of a business. What is your business' plan for growth? Do you need to build the number of people on your sales teams, or do you need to introduce some new digital expertise? Look at your business' strategic plan and make sure that the current alignment between commercial goals and talent strategy makes sense.

There are many different kinds of staffing challenges you may need to address. For example, you may be looking to replace team members, fill management positions or build the skills and capabilities of your teams. Many companies have also had to learn quickly when it comes to hiring and managing new hires remotely due to the Covid-19 pandemic. Different recruitment services will be better suited at addressing specific staffing challenges. It is also worth noting that not all personnel requirements will need you to hire someone new. Development of existing staff or bringing in freelancers could be the best option.

Having a staffing strategy in place will not only help you select the right recruitment solution, but it will ensure that any new partners have a clear idea of what you are trying to achieve from the start. Your staffing strategy should look to include the following components:

- ▲ Statement of your recruitment goals and how they relate to the business' strategic plan
- ▲ An analysis of the factors that are impacting the availability of candidates - such as a competitive local jobs market or the need for in-demand or specialist skills
- ▲ The functional needs of the teams looking to hire - gap analysis may show that current deficiencies can be addressed through training
- ▲ An analysis of the current state of your staff - such as people nearing retirement as well as upcoming promotions or maternity leaves

## Defining your organisational needs

With your staffing strategy as a foundation, you can begin to outline the outcomes you are looking for from your recruitment partner. Make clear what you need from the very first conversation and you will quickly be able to determine which recruitment services or partners are right for you.

**Some common organisational needs are:**

- ▲ Service transition
- ▲ Skills succession
- ▲ Improving workforce utilisation
- ▲ Consolidating suppliers
- ▲ Increasing control over recruitment costs
- ▲ Managing demand for temporary workers
- ▲ Flexing service delivery up and down
- ▲ Increasing fulfilment of temporary vacancies
- ▲ Improving workforce retention
- ▲ Increasing workforce productivity

By being clear on the outcome you want your new partnership to achieve, it is easier to prioritise which services you need. Most recruitment partners will welcome this level of detailed insight because it will help them identify if they have the right capabilities to help and filter potential candidates more effectively.

## Why future-proofing your recruitment service is mission critical

A range of technological and social factors are changing both the ways businesses and job seekers look for jobs as well as the kinds of skills needed. While exploring recruitment service options, it is important to ensure that you don't limit the business' room for manoeuvre.

An effective staffing strategy and the right recruitment services can help you future-proof your business in a number of ways.

### Prioritising learning and development

Good recruitment processes don't just look at the skills a person has, but also assesses their potential to learn, change and adapt. Companies are increasingly looking for employee agility as a way to increase the ability of their teams to respond to changing technology and operational models.

### The importance of values and your employer brand

People who align closely with the values and brand mission of a company tend to stay longer and perform better than those who don't. If every part of your recruitment process is effectively communicating your employer brand, you are likely to find more candidates who are going to be a good fit culturally.

# Specialist staffing services



Finding the right candidate can be complex and time consuming, especially if working within a tight timeframe. Having an external third party actively looking for the best candidates can help speed up the process.

## What is it?

A staffing agency recruits employees and temporary workers for businesses. The agency gets paid by the employer based on the success of the recruitment process with success often defined as filling a vacancy. Engaging a staffing agency helps time-poor HR teams sift through large numbers of potential applicants and helps candidates to gain new experience and progress their careers. Also known as recruitment companies or temp agencies, these companies may work across multiple industries or specialise in a specific sector, and they may focus on either or both permanent and temporary vacancies.

## How does it work?

The main attraction of staffing agencies is that they will take large parts of the entire employment process off the employer's table. They will have existing talent communities of candidates to tap in to, as well as search for new candidates, screen them and take care of compliance considerations. This means that when a candidate arrives at the interview stage, the employer can be confident that they are of the right quality and skill level, and that they will already have an understanding of the company and its goals including the vacant job role.

Some staffing agencies offer a more comprehensive service, where they will take care of the interview, selection and onboarding stages too. This includes placing the successful candidate onto the business' payroll and HR systems. Other agencies will supply employers with a pre-screened selection of suitable candidates to choose from before facilitating the rest of the placement process.

For temporary vacancies, staffing agencies will handle all the off-site and HR management for the employer. This will usually include leave entitlement. This is because the temporary worker will be employed by the agency during the working hours of each assignment rather than by the client business itself. This helps to provide maximum flexibility and simplicity to both clients and workers.

For permanent vacancies, staffing agencies will often look to provide a 'retained search' option, sometimes referred to more colloquially as 'headhunting'. This is where they will proactively look for the best candidate for your business. They will monitor the market and actively reach out to potential candidates who they select as being the right fit for your organisation. You pay a retainer to the agency upfront and the agency works closely with you throughout the entire recruitment process.

## What are the benefits?

### Access to a wide pool of candidates

Starting from scratch when looking for candidates takes a huge amount of time. In this sense, agencies already have a big head start. Because agencies are constantly trying to source candidates for their clients and future applicants are contacting them to make themselves available for vacancies, there will likely be a significant pool of potential ready to be considered immediately.

### Time and cost savings

Filling a vacancy can take up a lot of valuable internal resource that could be better used elsewhere. Agencies will not only reduce the time commitment needed from the employer, but they can often be more cost-effective too. Most agency fee structures require payment on the successful hiring of a candidate, which can work out at less than it would take to dedicate an internal team member to the tasks of attraction, screening, selection and placement.

### Access to specialist industry knowledge

Agencies have a unique viewpoint of particular industries, in that they have a first-hand account of what businesses need as well as visibility over those who are looking for work. This means they understand where the top talent is and what companies need to do to attract it. They are also likely to have technical knowledge relating to specific qualifications or skillsets that are required in different sectors.

### Good agencies will be great brand advocates

Candidates want to be confident that potential employers have inclusive and productive cultures and are guided by values that align with their own. The recruitment journey is a crucial time for this to be communicated to candidates and agencies can play an important role.

## What are potential downsides?

### A sales-focused model

The reality is that the relationship between agencies is always likely to be more transactional than collaborative. The business model of agencies means that individual recruiters will likely be working with multiple companies at the same time, often within tight timelines. The profitability of the agency depends on fulfilling client requests as quickly as possible.

### The potential for short-term focus

Their business model means that agencies can only really be concerned with filling the individual vacancy in front of them. Of course, individual recruitment professionals will build up a great working relationship with long-term clients, but they will likely be paid on a commission basis. This means they likely won't have the time to devote to extensive relationship building.

### Involvement in only one part of the recruitment process

If your agency is only sourcing and screening candidates, this can still mean a significant amount of work for employers in terms of interviewing, selecting and onboarding. Accessing a more extensive service will lead to higher costs, so this needs to be considered carefully.

### Hard-to-measure performance

The short-term nature of the relationship can make it more difficult to gather data on performance and efficiency than other recruitment service options that have the potential to provide a continuous stream of ongoing analysis.



# Vendor management services

The use of contingent or external workforces is an essential part of many businesses' operations. But maintaining visibility and effective management over a contingent workforce presents potential challenges for employers.

There are two main types of vendor management services to consider:

## Master vendor

This is where a single recruitment agency is solely responsible for supplying your staff. If it cannot fulfil a role itself, it will release that vacancy to a second or third tier of other recruitment agencies.

## Neutral vendor managed service

In contrast to a master vendor service, here you hire a provider that manages supply chains of recruitment agencies on your behalf to provide you with suitable contingent workers. The idea is that you benefit from a wider range of options available on the market and a potentially more diversified pool of talent.

## What is a vendor management system?

Adding to the complexity, your vendor management service will likely be facilitated by your vendor's own vendor management system (VMS). This is a specialist staffing software platform that is designed to simplify and speed-up every stage of procuring external talent for your operations. A VMS will take the client booking and then manage the fulfilment of that booking with a range of relevant suppliers. The system will segment staff bookings and send them to staffing providers based on rules set by the client and neutral or master vendor. Timescales and rates of pay are all defined by your business with either your master vendor or neutral service provider.

## How does it work?

VMSs are usually cloud-based and operate as a way for businesses to manage their temporary staffing services and third-party suppliers. Your VMS will collect an array of data, automate transactions from staff bookings to fulfilment and aid on-boarding, helping to reduce client workloads and speed-up the entire process.

There are a range of different VMS providers available on the market. Most will have functionalities to help businesses manage talent suppliers, order distribution, consolidated billing and maintain full auditability as well as providing a range of real-time data on things like headcount, demand patterns, fulfilment rates and total spend.



VMS technology supports and facilitates the delivery of a managed service programme (MSP) or master vendor service which can be delivered by a Specialist Staffing provider.

## What are the benefits?

### Manage labour costs

The data stored in your VMS has the potential to drive cost savings in a number of ways. It can help you avoid additional or unneeded recruitment costs and help you better manage your payroll. By having oversight of the rates you pay across the organisation, you can make sure your offer continues to be attractive.

### Transparency and visibility

Having all your recruitment data, processes and partners in one place can have a lot of benefits. Your VMS will give you oversight of your entire contingent workforce, even those who are receiving their payment through a third party. You will be able to drill down into the data to get instant insights - such as where the majority of your temporary workforce is based and what facilities they have access to - helping drive improvements in your staffing strategy.

### A simplified route to automating manual processes

Automation is eliminating manual tasks in almost every industry, and recruitment is no different. By removing the need for paperwork when it comes to processes like extending contracts and managing expenditure, your VMS has the potential to save your teams hours every week, increase efficiency and reduce human error.

### Allowing for more targeted searches

Your VMS will also make it easier to select specialist staffing vendors based on pre-defined metrics, as well as allowing you to track their performance throughout the entire assignment. Using a staffing agency makes it hard to gather data about each individual assignment, whereas your VMS lets you see exactly how different vendors are performing against your commercial goals.

## What are potential downsides?

### Placing barriers between staffing suppliers and clients

There are two models to think about when talking about implementing a vendor management service: utilising a master vendor or a neutral vendor managed service. A master vendor is your primary recruitment partner. It handles every part of your recruitment process including dealing with other recruitment service providers on your behalf if it is unable to fulfil a particular vacancy itself. A neutral vendor service is where your service provider is not directly responsible for filling roles but does manage the whole supply chain of local or international agencies on your behalf. If you choose a neutral vendor approach, it is important to be aware that one of the main operational impacts of implementing a Vendor Management software system is that it separates the staffing company from the client. With many processes automated and going through a central platform, there is less need for regular communication. This may limit the ability of 3rd party staffing agencies to understand some of the more nuanced needs you may have.

### A one-size-fits-all approach

A VMS software platform puts all staffing agencies on an equal platform when this may not be appropriate. Different vendors will have different strengths and no two offerings are the same. In roles where soft skills are important, it may be better to forge a strong relationship with an agency with specific industry expertise. This issue can also extend to the quality of candidates. A VMS platform is after only a tool to help you find and engage candidates as well as manage a contingent workforce. It needs to be used in the correct way to get the best results. One potential risk is that the way a VMS is used creates a situation where the bidder with the lowest hourly rate gets the job, meaning that the quality of work may suffer.

# Recruitment process outsourcing



Another way of responding to the complexity of the recruitment process is to hire an external provider to help manage it on your behalf. And there are a lot of potential providers in the marketplace.

## What is it?

Recruitment process outsourcing (RPO) providers work as an extension of your company and take full responsibility for getting you the right talent. You effectively outsource or transfer all or part of your recruitment activities to an external third-party service provider. Typically, this will mean you have a dedicated team from the RPO provider working in your offices. RPOs differ from staffing services in that they take control of the entire recruitment process, making it more of a long-term, strategic asset rather than a short-term transactional relationship.

## How does it work?

The RPO model has become increasingly popular over the last decade which has led to a growth in the number of providers available to businesses. There are several different models for RPO implementation and the best model for your business will depend on the nature of your operations as well as the size of your company.

### End-to-end

The RPO provider will deliver an ongoing service where they take care of all aspects of the hiring process for permanent employees. Providers will also offer a range of additional services such as analytics.

### Project

The RPO provider works with you for the duration of a specific project. This will usually involve them fulfilling an immediate, short-term demand for talent for new product launches or the opening of a new retail store, for example.

### Selective

You may only want to outsource specific parts of the recruitment process, such as sourcing and screening or compliance governance. This allows you to plug gaps in your capability while still maintaining control over the interview or selection processes.

### Recruiter on demand (ROD)

If you need to rapidly scale up your team, ROD services allow you to add recruitment capabilities from the RPO provider as and when you need them. Whereas other models tend to emphasise utilising technology to drive ongoing process transformation, a ROD option functions more as a temporary add-on to your existing processes. This may sound like traditional staffing services, and there are big overlaps. The key difference here is speed: ROD providers will often claim they can scale teams based on your needs instantly. Many will also offer hourly or project-based hiring.

### Contingent ROD

This is an ROD service that is dedicated to helping you source, screen and onboard temporary workers.

## What are the benefits?

### Simplified and scalable process

The main benefit of RPO is the agility and scalability it can provide. It means you can more effectively react to changes in the market as well as better prepare for the future. RPO will represent a fixed cost to factor into your ongoing staffing strategy, one that can be scaled up and down based on your needs.

### Time and money savings

RPO providers give businesses a quick and relatively cost-effective way to introduce innovation into their recruitment processes. With external experts handling the nuts and bolts of finding the right candidates, your HR and people functions are freed up to add value to other parts of your business.

### Access specialised sourcing, talent marketing and onboarding expertise

RPO providers routinely invest in the latest tools and technologies to make their offerings better. If you were to do this internally, the cost could quickly become prohibitive.

## What are potential downsides?

### RPO providers may not fully understand the culture of your business

Because RPO providers work with their clients over the long term, it is essential that they align with these companies' culture and values. As the first ambassador of your company that potential candidates interact with, RPO providers that aren't accurately representing you can have a significant impact on your recruitment.

### RPO providers may not have the specific industry expertise you need

Your RPO provider is a recruitment expert, but they may not have the detailed experience and industry insight you require. This means that there could be a prolonged onboarding phase with your chosen provider to get them up to speed on your industry and associated labour market, as well as on your strategic goals. If you need a quicker solution, it may be best to look elsewhere.

### It's potentially a long-term commitment

The long-term nature of an RPO relationship means that it represents a substantial commitment. This can make securing buy-in from leadership difficult. And without a commitment from the managers who will ultimately be making the hiring decisions, RPO could represent a costly and under-utilised investment.

# Managed service programmes

Contingent workers are an important way of adding flexibility and agility to your operations. But only if the specialist staffing services you use aren't slowing you down.

## What is it?

Managed service programmes (MSP) are services that allow businesses to subcontract the sourcing, screening, selection, onboarding and ongoing administration of contingent workers to a third party. Using a vendor management system (VMS), the MSP gives you complete visibility of the status of each contingent worker at your organisation. Adding to the complexity slightly is the fact that MSP in this context can refer to the specific programme itself or the third party delivering it.

## How does it work?

An MSP - the provider - can cover all parts of your contingent workforce, including contractors and freelance workers. It is responsible for the daily management of the programme, including all administration and compliance activities. The programme will source candidates, deal with specialist staffing suppliers and deal with all aspects of timesheets and payroll.

An MSP can help you reduce the burden on your HR and talent procurement teams. Working as an extension of your team means the MSP will present your employer brand to potential candidates and work to ensure you access the best talent for the most competitive rates. You will have a dedicated support team working alongside your internal teams.

There are different MSP models available:

- ▲ **Master vendor MSP** - works with a single supplier
- ▲ **Neutral vendor MSP** - works with multiple suppliers
- ▲ **Hybrid MSP** - takes a different approach based on region, function or business unit

## What are the benefits?

### Reduced complexity

MSPs remove the complexity of managing your contingent workforce. As experts in their field, they will have better access to top talent which can help reduce the time-to-hire. They will also be able to help you manage risk and drive improvements in your offering and performance.

### Visibility and compliance

Utilising an MSP will give you access to more detailed reporting and workforce analytics. This will not only help you understand what is happening day-to-day and support more informed decision-making but also ensures you have a full audit trail for compliance which would otherwise be another time-consuming and potentially resource-heavy task for your internal teams to complete.

### Potential for cost savings

MSPs are typically charged as a percentage of your contingent workforce spend or at a price per transaction fee. This provides value if you have a large temporary workforce, but MSPs can also drive efficiencies through introducing process automation and reducing the amount of input needed from internal resources, for example.

## What are the potential downsides?

### Lack of oversight

Outsourcing any part of your operations can lead to a lack of end-to-end oversight. If your MSP is likely to be managed as a procurement service, you may find that HR managers and team leaders lose control or input over the contingent hiring process.

### May not be suitable for smaller companies

The level of service provided by an MSP often means that clients are required to have a minimum level of regular spend on their contingent workforce. This can mean that the solution is simply not viable for smaller companies or those with more irregular staffing requirements.

### Fixed contracts

Engaging with an MSP will usually mean that you are committing to a minimum contract term of 2-3 years. This creates the same challenges of creating a business case as for RPO providers.

# Building a business case for your chosen recruitment service

Creating buy-in from senior leadership means connecting the potential benefits of your chosen recruitment service to the wider goals of your business.

When making a business case for your staffing strategy, it is essential to have the following ready:

- ▲ Clear goals and KPIs which you can use to measure partner and programme performance - such as time-to-hire, cost-per-hire and rate of offer acceptance
- ▲ A roadmap of how you will integrate your chosen solution with minimal disruption to the wider business
- ▲ Risk analysis and an understanding of what getting it wrong looks like
- ▲ A clear link between your activities and the goals set in the business' strategic action plan

Once you have selected the right recruitment service for your business, it is time to start looking at individual service providers. In the next part of this series, we will look in detail at the factors you need to consider when choosing your new recruitment partner.





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