

Taking the Market by Storm

The value of RPO continues to grow with game-changing momentum among midsize deals.

By Debbie Bolla

For Greg Hanno, engaging in a midsize recruitment process outsourcing (RPO) deal for his new firm Summit Truck Group was a near no-brainer. The senior vice president of human resources had partnered with talent acquisition solutions provider Novotus in a previous role and knew similar benefits could be achieved. At the time when Hanno joined the organization 18 months ago, Summit Truck Group was embarking on an acquisition and growth strategy—one that called for up to 240 hires per year, including highly skilled diesel service technicians who are key part of the company's revenue stream.

"I knew upgrading talent as well as finding new talent would be critical," explains Hanno, adding that time to fill was also top of mind. "Speed to results was one of the other biggest factors."

Throw in the need to establish process and have access highly trained, professional recruiters and a midsize RPO

engagement was Hanno's best bet. The HR leader did do his due diligence by pricing out contingent recruiters but found first-year fees were much higher at between 20 to 30 percent. Even with an internal team, RPO came out on top because it would eliminate the costs associated with training and could provide scalability when necessary.

"It was a much easier business case because through RPO, we will generate revenue pretty quickly," Hanno says.

It was only natural for Hanno to once again engage with Novotus—the RPO firm was a solid fit for Summit Truck Group's objectives and goals. "I wanted to have a fairly quick impact on the organization," he explains. "I knew what they could do and we'd be ready to go in a matter of weeks."

And the teams certainly hit the ground running. Hanno receives metrics on a weekly basis and has tracked time to

hire, which previously was taking at least a month, is now down to less than 14 days. The needle for cost of hire has been shifted to below 10 percent. His reports also drill down to the number of requisitions open by region and by hiring manager, how many days requisitions have been open, the time it takes from requisitions to hire, and sourcing information.

“With the metrics, you have a line of sight into what’s going on, and you know the status with what they provide you,” he says.

With such significant return on investment already, it’s no surprise that midsize RPO deals are taking the market by storm. *HRO Today* defines midsize deals as those involving companies with 5,000 employees and deal sizes between 500 and 1,000 hires per year. According to NelsonHall’s 2016 RPO report, this market segment has increased from 39 percent in 2014 to 45 percent in 2015, with a predicted market share of 50 percent by 2020. The research also found that total market size in 2015 was \$4.37 million.

“We are seeing higher growth in this market as clients are looking to achieve the same benefits as large organizations,” explains Gary Bragar, HRO research director for NelsonHall. “Due to increased demands to attract talent with the right skill sets and cultural fit who will stay, organizations are turning to RPO specialists.”

In fact, 32 percent of HR leaders named employee retention as a top priority for the next 12 months, according to LinkedIn’s *Global Recruiting Trends* study. RPO providers have the expertise to find and drive the right-fitting candidates to midsize organizations. When the right candidate is hired the first time, retention and productivity rates both tend to increase.

How can RPO assist in the talent game? Talent acquisition providers have the reach and expertise to relieve the stress and pressure of finding skilled workers and allowing HR leaders to zero in on other business initiatives.

“Many midsize organizations do not have the capital or



The midsize RPO arena has a predicted market share of 50 percent by 2020.

Source: NelsonHall

infrastructure to build robust internal talent departments,” says Dave Campeas, president and CEO for talent solutions provider PrincetonOne.

NelsonHall’s Bragar agrees. “RPO is attractive to companies that are rapidly growing, who do not have the internal recruiting resources, and who don’t want to build their own internal recruiting departments.”

This was certainly the case for Hanno and Summit Truck Group. HR teams at midsize organizations are no strangers to overseeing many responsibilities that have a direct impact on the bottom.

“They want to spend their time and resources growing their business in the marketplace. They want to focus on doing what they do best,” says Campeas.

And RPO providers can concentrate on what they do best: solving talent problems. A top obstacle facing midsize organizations is establishing a recognized reputation in a competitive labor market.

“Midsize organizations typically have a greater challenge being identified as an employer of choice,” says Andy Roane, vice president of recruitment process outsourcing for workforce solutions provider Yoh. “From college recruitment through experienced professional roles, candidates are drawn toward employers they know well.”

What are ways RPO providers can help? By understanding an organization’s employee value proposition and communicating that to potential candidates, says Roane. Developing and promoting an employer brand is also a key component to standing out among competitors.

“This is accomplished through social media, talent communities, and marketing efforts,” says Campeas. “Although this is a significant need, midsize organizations’ everyday concerns and initiatives prevent them from giving attention to this area of growth.”

But that does not make it less important. Employer brand has become a critical factor in the talent acquisition process in recent years. In fact, according to LinkedIn’s

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Global Recruiting Trends study, 59 percent of talent leaders report plans to invest more in employer brand.

Midsize organizations are also more likely to need specialized talent, like in the case of Summit Truck Group. “Midsize deals typically require recruiting higher complexity positions where labor pressure is usually high,” says Cory Kruse, president of recruitment processing outsourcing provider Novotus.

Lori Hock, CEO of the Americas for talent solutions provider Hudson Global, agrees. “Midsize companies are more inclined to be specialists in their sectors, thus requiring talent that is often emerging or unique. Partnering with an RPO provider allows for access to experience in those markets as well as proven talent acquisition strategies and advanced sourcing techniques.”

Some midsize organizations approach RPO on a hybrid or project basis—if they are focused on targeting seasonal hiring or ramping up a new office location. But due to a lack of internal resources and time, midsize organizations can often achieve the most value from RPO through an all-encompassing deal.

“We see that midsize organizations have a greater likelihood of using end-to-end RPO services due to the fact that their organization structure is typically not as segmented as a large organization,” says Roane. “This means there’s a much tighter bond and partnership

between the organization and the RPO provider. In nearly all situations, the RPO provider has a seat at the table and is involved in strategic, talent acquisition initiatives. RPO providers must combine the expected RPO efficiency and quality with a high-touch, high-relationship driven partnership.”

Partnership is certainly how Hanno would describe his relationship with Kruse and Novotus. “The RPO engagement is an extension of the HR team and company,” says Hanno. “I work really hard to make sure the recruiters know about the company and represent as such.” This provides job seekers and candidates a level of comfort and confidence when going through the hiring process with Summit Truck Group, encouraging the feeling of being part of a team and creating loyalty early on.

It’s benefits like these that are sure to continue to drive RPO deals in the midsize market. With the talent market remaining tight, all organizations need to leverage expertise and the resources available in order to gain a competitive advantage.

What’s Driving Midsize Deals?

Midsize organizations are realizing the value that RPO engagements can deliver to help them achieve their objectives and goals around talent. Some factors playing a role in midsize market growth according to Gary Bragar, HRO research director for NelsonHall; Lori Hock, CEO of the Americas for Hudson Global; Cory Kruse, president of Novotus are:

- Scalability;
- Cost control and reduction;
- Improved technology;
- Increased efficiency;
- Administrative relief;
- Better visibility into process;
- Compliance and controls;
- Recruitment branding;
- Talent engagement;
- Sourcing; and
- Competitive intelligence.

2016 Baker's Dozen: Recruitment Process Outsourcing

By The Editors

HRO Today's Baker's Dozen rankings are based solely on feedback from buyers of the rated services; the ratings are not based on the opinion of the *HRO Today* staff. We collect feedback annually through an online survey, which we distribute both directly to buyers through our own mailing lists and indirectly by sending service providers the link to send to their clients.

Once collected, response data are loaded into the *HRO Today* database for analysis to score each provider that has a statistically significant sample. For this survey, we required 13 responses from 10 companies.

In order to determine an overall ranking, we analyze results across three subcategories: service breadth, deal sizes, and quality. Using a predetermined algorithm that weighs questions and categories based on importance, we calculate scores in all three subcategories as well as an overall score. The rankings are based on those scores. The numbers presented in the tables represent those calculated scores; we include them to demonstrate the relative differences among the ranked service providers.

In addition to the annual review of players entering, exiting and merging in the recognition marketplace, the 2016 Baker's Dozen RPO Study had other changes over the 2015 study. The first area addressed was the addition of services to the scope of

services area of the study. There were two options added that respondents could select if their provider offered management of on-boarding processes and recruitment process analytics.

The second area of change focused on the technologies the provider suppliers. Those technologies now include applicant tracking system (ATS); candidate relationship management (CRM); mobile recruiting; candidate attraction, and social media outreach.

Other changes include the expansion of the reasons for renegotiation of contracts and contract implementation satisfaction. Of course, there were terminology updates throughout the survey instrument.

For this survey, we reached out to more than 50 providers of recruitment process outsourcing services. Several providers had insufficient data to be considered and ranked, including People Science, Manpower, Accolo, Hays, The Resource Connections and KellyOCG, among others.

While we do not claim that our methodology is the only viable ratings program available, we do vouch for its statistical validity. We hope this ranking provides you some insight into your next RFP process.

Midsized Deal Leaders

1. Novotus

Website: www.novotus.com

Novotus, an Orion International Company, is a recruitment process outsourcing (RPO) organization equipped to solve talent acquisition needs—from a single search, to project hiring, to a full outsourced recruiting solution. Novotus partners with companies of all sizes to build and execute customized recruiting solutions. In January 2016, Novotus was acquired by Orion International, the nation's largest Military Talent firm, which specializes in the creation of programs that allow organizations to attract, hire, develop, and retain high quality military talent.

Services:

- End-to-end RPO
- Co-source RPO

- Project RPO
- Consulting via NovoCORE
- Contract recruiters
- Temp staffing
- Contingent staffing
- Sourcing and candidate research
- Employment branding and recruitment marketing
- Military talent programs
- Military recruiting and military staffing

Most important metrics:

- Time to submit
- Submittal-to-interview ratio
- Interview-to-hire ratio
- Time to fill
- Hiring manager satisfaction
- Recruiting cost ratio (RCR)