



2011 Corporate Recruiting Reports

Sourcing *and* Marketing

Staffing.org



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Volume 4

Sourcing and Marketing

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Staffing.org

We have been researching, advising, consulting, lecturing, teaching, and writing about the 21st century corporate staffing model since 1998. Our primary objective is to collect data from our 34,000 subscribers, as well as from the more than 100 other sources we monitor, and to summarize that information in useful reports.

Our research focuses on:

- Trends — Analyzing that information to identify how the staffing ecosystem is evolving
- Metrics and performance benchmarks — Documenting the current state of corporate talent acquisition and management
- Best practices — Guidance on how clients can best adapt to these changes

The research in this report is derived from our proprietary research as well as from third parties. Our proprietary material comes from approximately 1500 companies and 10,000 job candidates who have contributed data over the last three years. While those resources are substantial they do not provide all the information we need. Therefore we also monitor approximately 100 external sources including governments, associations, suppliers, other research firms, and individual clients. Many of them have resources we do not and produce high quality work. Two recent examples include the Pew Trust's ongoing work in Internet usage and IBM's new suite of C-level reports.

Our published products range from weekly research updates and monthly topical reports to our landmark annual *Corporate Recruiting Report*, now in its 14th edition and one of the bibles in the field. Topical coverage includes trends, strategic outsourcing, candidate attitudes and behavior, marketing and sourcing, cost, time, recruiter workload, recruiting effectiveness, retention, department structure, technology, and business impact & leadership.

Basic membership in Staffing.org currently totals just over 34,000 companies and individuals worldwide representing all areas of corporate talent acquisition and management. Since 1998, 4000+ enterprises in all industry sectors, ranging from small consultancies to the Fortune 50, have purchased our research reports.

For additional information about our reports, visit the staffing.org web store <http://www.staffing.org/store.asp>

Executive Summary

This report, a companion to our prior report, *Candidates' Attitudes and Behaviors*, examines changes in the staffing ecosystem from the perspective of the customer—the job candidate—both active and passive. Those changes have leveled the playing field between candidates and employers, putting powerful new tools in the hands of job seekers and largely eliminating the distinction between active and passive candidates.

Chapter 1

Where We Are and Why, reviews the historical context for today's candidate sourcing. We use the ecosystem metaphor to describe the complex web of interactions at play in the job market. Those markets used to be predominantly local and they still are to a large extent, but globalization, demographics and technology are dramatically altering that horizon.

Historically, recruitment sourcing's main task was producing enough resumes. The job marketplace wasn't very transparent and producing a viable slate of candidates often required extensive networking and detective work. Today, with tens of millions of resumes and biographies available on line, the opposite is more often true: too many prospects cluttering up the ATS.

Increasing staffing complexity and competitive pressure in job markets worldwide continue to raise the bar for staffing performance, which in turn is mandating new professional competencies. These aggregate into 5 categories: technology, marketing, operations, finance and metrics.

Chapter 2

Metrics and Benchmarks offers 3 sets of data:

- Summary charts showing how sourcing channels fared during the recession, which ones became more popular and which did not

- Charts of sourcing preferences for 19 industry groups that reveal sharp differences in tactics, some of which may reflect hard-won experience and others institutional lethargy and outdated habits.
- And channel productivity benchmarks that provide guidance for those just beginning their search for optimal channel use.

Chapter 3

The revolution in job market transparency began in the late '90s with the creation of job boards and has continued more or less non-stop since then. This ought to have greatly improved the efficiency of the job marketplace and indeed for candidates it has. But employers don't appear to have benefited as much. Our research suggests it's because most companies continue to recruit in the new marketplace pretty much the same way they did in the old one.

Increasingly transparent job markets have created a different kind of sourcing opportunity, one that lies at the juncture of what used to be known as active and passive candidates (a distinction that's increasingly meaningless). Workers in this category are neither active (looking regularly) nor passive (not looking). Rather they are in between, looking casually from time to time with varying degrees of frequency and intensity.

The number of such candidates is surprisingly large, about 60% of all currently employed workers, or 84 million people.

A marketing/branding/farming approach to today's job market can help employers improve the recruiting efficiency and effectiveness metrics that have stalled for the past decade. This approach acknowledges changes in the marketplace and uses new tools and techniques to respond. It asks new questions and depends on relentless experimentation, market feedback and analysis.

A signature defect of the old marketplace was poor information flow. A signature strength of the new marketplace is terrific information flow. Job seekers have already taken advantage of it. Now employers have to play catch-up. One way of accomplishing that is to change the way they present their opportunities and interact with those who might be interested.

Those changes need to include:

- Better information management
- Better presentation of information

Increased candidate communication

- Smarter application filters
- Creating pools of promising candidates
- Improved measurement, and
- Making sourcing and recruiting distinct specialties.

Where We Are and Why

Globalization, demographic shifts and technological trends continue to alter the job market. Over the past few years, technology has been particularly significant. Together, these forces form the context in which jobs are offered and jobs are sought. They are the deepest, most powerful currents on which the corporate staffing boat floats. Separately and together they are radically changing the job marketplace and increasing pressure on recruiting organizations to rethink their operations. Understanding them is crucial.

Because resumes are so available, it may appear that candidate sourcing has never been easier. But in fact the bar for best-in-class staffing efficiency and effectiveness has risen sharply. According to our research, the efficiency gap between leaders and laggards is approaching 100%. Although they may not realize it, talent acquisition organizations that are not innovating constantly are losing ground.

The Staffing Ecosystem

We use the ecosystem metaphor to describe the complex web of interactions at play in the job market. Those markets used to be predominantly local and they still are to a large extent, but globalization, demographics and technology are dramatically altering that horizon. It is far more likely today that a worker is non-local: mobile, remote, offshore, working for a subcontractor or based at a strategic partner.

Historically, recruitment sourcing's main task was producing enough resumes. The job marketplace wasn't very transparent and producing a viable slate of candidates often required extensive networking and detective work. Today, with tens of millions of resumes and biographies available online, the opposite is more often true: too many prospects cluttering up the ATS.

A new problem has arisen: finding efficient ways to sift, sort and vet those resumes, which profile candidates across the entire spectrum of job interest, competencies and fit, then developing appropriate ways to engage them regarding both immediate and longer term job openings.

The Business Context

As the world has shrunk, most companies have found the marketplace to be increasingly competitive. Markets have expanded but so has the number of competitors. The pace of change has accelerated and the Internet has become a constant and powerful influence on customer behavior. These changes have affected even small niche markets.

Competition raises the bar for business success. Able competitors survive and prosper while weaker competitors do not. The ability to attract, develop, exploit and retain talent has been increasingly acknowledged as critical to these outcomes. The reason is simple and intuitive, although it took a long time to prove statistically: all other things being equal, more talented teams regularly outperform less talented ones. Building and sustaining such winning teams is HR's primary responsibility.

Although it took decades for this insight to gain widespread acceptance, today we understand that superior human capital practices are vital to the success of an enterprise, particularly in rapidly changing environments.

Competition for Talent

The war for talent is not new. Since organizations have existed, they have competed for the most promising new recruits and sought to poach each other's star performers. But the recent popularity of the term does reflect a realization that the stakes for winning talent competitions are higher than we may have realized.

The industrial revolution fostered the belief that systems and processes were paramount. In winning systems, people were cogs—i.e. replaceable, interchangeable parts — but researchers have now proven that no matter how superior a system is the human factor remains critical. There are always problems to be solved (many of them involving those interchangeable human cogs) and challenges to be analyzed. Hiring the best possible people to perform those tasks constitutes a measurable, durable competitive advantage.

Increased sensitivity to this talent differentiator has led to management's increasing desire to engage employees who can not only operate and maintain existing systems but can also adapt them to meet new challenges and consistently improve business results.

Increased Complexity

At the same time that the demand for talent has risen, the business of staffing has become more complicated. Until quite recently most organizations recruited and managed their talent more or less the same way. But since technology began having an impact in the late 1990s best practices have been evolving rapidly. The old personnel office had a largely transactional function: finding candidates, vetting them, scheduling interviews and opening personnel files — in short, filling seats. In today's best practice companies, that function is now much more involved with issues like:

- Job market analysis
- Optimizing technology
- Experimenting with new recruiting channels
- Creating a high-visibility recruiting brand
- Increasing workforce flexibility
- Creating positive candidate experiences
- Succession planning and talent forecasting
- Strategic planning
- And outsourcing

Complexity also creates winners and losers. Winners adapt quickly to master the new competencies they need while losers evolve more slowly and fall behind, often without realizing it. This is happening today in corporate talent acquisition.

In top tier companies, talent acquisition, talent management and corporate success are interdependent and inseparable. The traditional, transactional, siloed staffing department that simply filled job requisitions on demand has evolved into a sophisticated manager of organizational talent assets and a full partner to senior management.

New Competencies

The competencies required to produce top performance aggregate into 5 categories: operations, technology, marketing, finance and metrics. Operations is a traditional

competency that is organized around how tightly staffing is managed (efficiency) and what kind of candidates it supplies (effectiveness). The other 4 are new.

Each of the new competencies requires language, training and experience that have not been part of traditional HR training. They also demand focus and commitment that traditional end-to-end recruiters seldom have time for. This situation has created a fork in the road for many departments, especially smaller ones:

Companies can either continue along the smooth, familiar, traditional road and gradually become less and less competitive

Or they can choose the unfamiliar, more uneven road toward innovation and change.

Operations — (traditional)

In traditional recruiting departments responsibilities are generally split. Sourcing and recruiting handle the front end, which is mainly concerned with efficiency (time and cost), while hiring managers handle the back end, which is mainly concerned with effectiveness (candidate quality, fit and performance).

Best practice companies do everything they can to blur these silos. There is no distinct hand-off from one side to the other. The talent acquisition process is unified and collaborative from end to end, with both parties partnering to optimize the overall efficiency and effectiveness of the workforce.

Technology — (new)

In traditional companies, recruiting's technology agenda is set by others. HR is a passive client of the IT department, one of many, and must stand in line for service and upgrades. Their upgrades are also subject to a finance department timetable and have to fit within a complex technology infrastructure, all of which means they happen relatively slowly. This presents problems when technology is advancing as rapidly as it is today in sourcing.

Best-in-class departments, on the other hand, take active ownership of their technology, thoroughly understand their current inventory and upgrade options, and campaign for timely upgrades using ROI-based business analysis.

Marketing — (new)

There is a big difference between advertising jobs and systematically building a recruiting brand. Traditional posting involves writing accurate job descriptions, finding

the most productive advertising channels, and monitoring the resulting application flow. Candidate experience is not much of a concern.

In marketing, the candidate experience is everything: a sequence of positive interactions and impressions that differentiate one employer and his opportunities from all its competitors and their opportunities. Posting only needs to produce a viable candidate. Marketing needs to produce a marketplace perception that one employer provides a more desirable place to work than another.

Finance — (new)

The focus on operational efficiency in traditional recruiting departments is reflected in their financial reporting, which is largely focused on the various components of cost-per-hire and time-to-fill. Outsourcing for temporary, contract and occasional workers, while common, is done largely to meet short-term needs.

Best-in-class companies also pay attention to costs but understand that the bigger financial impact of recruiting lies in optimizing quality: filling jobs with the most capable people available and optimizing their performance over the long term. Reporting from these recruiting departments therefore tends to focus on candidate experience, employee satisfaction, referrals and retention. These companies are also more willing to consider strategic outsourcing – i.e. the alignment of operational, structure-based, value-added analysis, not purely cost, with lower value activities outsourced permanently to a strategic partner.

Metrics — (new)

All of the above competencies require a culture of experimentation, evaluation and revision, which is impossible without metrics. Those on the traditional road keep a few of them, mostly related to efficiency. On the divergent road, change is constant and numbers tell you what is working and what is not. Not only are more things measured but more things are measured outside the narrow sphere of recruiting efficiency, for example, candidate experience and brand awareness on the marketing side and recruiting's impact on growth and profits on the business side.

But my job is sourcing not...

Sourcing is not in jeopardy, only its boundaries are. The trend is toward specialization because the complexity of today's talent acquisition is not going away. So like it or not, these new competencies are here to stay and someone will have to master them. Large companies may choose to adapt by reallocating work to teams of internal

specialists, or they may use value analysis to rebalance workload between internal staff and external partners, or both. Small companies too will be forced to answer the same question:

“What does talent really mean to my company and is the traditional end-to-end recruiting model able to provide it?”