

THE RIGHT FIT

As finding talent becomes increasingly difficult, corporations look at recruitment partners to come up with innovative ways to search, source, screen and hire employees

ABHILASHA OJHA

Two years ago, CenturyPly, a ₹1,300 crore-plus company and one of the leading names in the plywood business in India, was faced with a tough situation. Having established a corporate identity far removed from its earlier family-run business tag, CenturyPly wanted to expand fast but found it difficult filling up key roles in the sales division. Not only was the company losing out on precious time, travel costs — with the company's HR executives travelling all over the country to conduct interviews — were shooting through the roof. Worse, preoccupied as they were with the task of finding the right people for the right jobs in double quick time, the HR team was in danger of overlooking its primary task — managing its existing people and figuring out ways to keep them motivated during a down economy.

That's when someone in the team suggested the company outsource its recruitment process. The top bosses felt that was the best way to get the job done under the circumstances — while an outside agency would handle the whole process of identifying candidates, the in-house team would step in only at the final stages to negotiate salaries and taking the candidates through the on-boarding drill.

Now see what was happening at HCL Technologies, the offshore IT and software development company (sales turnover: ₹16,498 crore as of June 2014), around the same time. The company was facing a sort of 'talent leakage' that was leading to a high percentage of "renegade" employees. Though many of these were entry-level employees, the churn ended up stalling some key work processes. While many of the people who quit were hired through employee referral programmes, some senior team members felt the company needed a more robust recruitment process.

The expert and the rescuer for both, HCL Technologies and CenturyPly, turned out to be recruitment process outsourcing (RPO) companies, which ensured both these organisations achieved their recruitment targets at a much lower overall cost. Thilagaran Suryanarayanan, global head, talent supply chain, HCL Technologies, explains, "The renegade employee rate came down significantly as RPO partners came in with experience and customised solutions for speedy action. The cost saving was a bonus."

For CenturyPly the result was equally spectacular: the company was able to meet its hiring targets in six months flat and cut down recruitment related costs by 20 per cent over the two quarters. "Our concern was to ensure that the cost lines were controlled even while the top line continued growing," explains Sugata Halder, country head, HR, CenturyPly.

Till about a few years ago, RPO was just another acronym being thrown

around. Although many of the first adopters of RPO were global giants (like Kellogg's and Hershey's), the protracted slowdown of the last few years has kindled new interest in the industry, especially in India, point out various industry surveys done in recent months. The signals are clear: More companies are taking the plunge and are outsourcing some or all of their recruitment processes. Many more HR and recruiting companies are broadening their repertoire to offer end-to-end recruitment services; and HR professionals are establishing associations such as the RPO Alliance to develop benchmarks and best practices to grow the business.

But why this sudden interest? Experts say conducting recruitment in-house can prove burdensome adding between 20 and 35 per cent to the overall HR bill. Says Rajiv Menon, head, innovations and new products development at MeritTrac, which offers recruiting services to companies, "RPOs are sort of diagnostic labs that are created specifically to offer end-to-end recruitment solutions to companies. These solutions not only save time but they also have a better bit rate (in the case of MeritTrac, the success rate of hiring for companies is 80 per cent) given the intensive search processes, customisation and checks, including the mammoth filtering and sifting processes."

As the economy shows signs of bouncing back, companies large, small, and those in between are desperately trying to locate the right people as quickly as possible to kick-start growth. Many of these companies would like to get rid of the headaches associated with finding qualified candidates and simultaneously keeping a check on the time and money involved. So they are turning to RPOs that are known to save time, money, and reduce the possibility of bad hires.

Getting started

Outsourcing recruitment is not yet a big deal in India, but the trend is fast picking up. Some reports peg the present value of RPO industry in India at around \$2.5 billion, and say it will grow at 30-40 per cent over the next few years. In general, companies follow either of the two models of RPO. Under one model the RPO provider offers support services to on-shore recruiters to enhance their productivity and organisational effectiveness. Otherwise, the RPO could provide cycle recruiting. In this model, the RPO provider performs the entire recruitment function from scratch, including sourcing, screening, interview scheduling, appointment execution and even on-boarding for permanent and temporary positions. The second model has better potential in that it helps companies reduce the overall cost of recruitment and also frees them up to concentrate on their core competencies.

In fact, it makes sense when a company is hiring at the entry level or for the short term. "Recruitment at the entry level is a



short term phase and outsourcing is more cost effective than hiring people fulltime and then wondering how they can create value," reasons Chaitral Singh, director, HR, ZS Associates. The company uses the services of its RPO partner for campus recruitments and is now considering ways to leverage the company's RPO partnerships to fill up some mid-management and senior positions complete with online assessments, interviews and even background check.

"Some of the newer sectors in emerging markets — e-commerce, for instance, need to hire swiftly. For them 'speed to market' is key and that's something only an RPO company can provide," says YV Verma, who has served as chief operating officer at consumer products company LG and runs an HR consultancy firm currently. "The cost-benefit for companies is lucrative given the intense competition among RPOs to bag contracts for recruitment. Since it is a volume game for both companies and RPOs (with some companies hiring 2,000-3,000 people at one go for expansion projects), there is brisk negotiation at this point and there is definite value addition in the long run given that RPOs study the profiles of people minutely and manage the whole process extremely efficiently," adds Verma.

Looking at the potential benefits, companies are now trying out different combinations and permutations to make recruitment outsourcing more effective. Take MindShift Interactive, a digital outreach company. Instead of using the services of an RPO to hire entry-level employees — as is common currently — the company uses the service purely for mid to senior-management-level recruitments. "Our core strength is digital and many of the entry-level hires are already digital savvy. But when we were looking for senior people — those in their mid-40s and mid-50s — we couldn't find too many people who were that savvy digital-media-wise. That's when we decided to get two RPO partners and outsourced the exercise completely," says Zafar Rais, CEO of MindShift Interactive. Today, roughly



Why outsource recruitment

- **To cut down the overall cost per recruitment**
Especially for bulk hirings or for entry-level, recruitments RPOs are known to save costs to the tune of 40 per cent
- **To focus more on the core business**
Studies show that almost 70 percent of the work involved in the recruitment process is 'non-core' to your business. Thus, by entrusting the burden of recruitment to a specialist, you can focus more on your core business activities
- **To build a competitive edge**
Corporations looking to build large talent pools in a short period of time may not have the bandwidth to select the right talent by tapping 'passive' candidates. RPOs can help given their network
- **To get the best value for money**
A domain specialist is likely to bring in process experts and researchers with in-depth knowledge on the subject to identify the right candidate from a bunch of folks
- **To use resources efficiently**
If your team is spending most of its time doing work that is prima-facie non-core, you could be sure you are wasting precious resources



70 per cent of the recruitment for senior-level positions are done by the company's RPO partners. "Given the rich assessment done by RPOs, we are considering outsourcing 100 per cent of the hiring in the mid- and senior-management level in the near future," Rais adds.

While MindShift and some others remain gung-ho about the recruitment outsourcing after quite a few hits and misses, experts reckon that it is not advisable to take a plunge in haste. "People are the backbone of a company and though it is necessary to infuse fresh blood, it cannot be a hasty process," says Rajesh Save, global head, HR, Syntel Inc. When Syntel was looking to engage an RPO, it made the selection process very rigorous. It shortlisted RPO companies after assessing their track records, then senior managers from its HR team met the potential partners to appraise them of what the company expected, and after several such meetings zeroed in on the RPO partner. The process allowed Syntel and its partner to be on the same page as to what they

expected from each other and what returns Syntel envisaged for itself.

Finally, what is the key to a successful recruiter-RPO relationship? TS Krishnakumar, COO, Ilya Human Capital Solutions, a leading services firm which handles recruitment for a whole range of companies in the IT sector, sums up the formula: First, the recruiter has to be clear what he wants and has to be honest with his RPO partner. Second, the job of an RPO doesn't begin with understanding the hiring needs of a company or end with finding the best fit. A good RPO company will understand the philosophy of the company and accordingly find a candidate. Also, the billing should be based on outcomes. "An employee getting hired today but quitting tomorrow doesn't serve my purpose as an RPO company," he adds. "It is essential that the right person is hired for a certain period of time so that the employee becomes an asset in the true sense," sums up Krishnakumar. ■

EXPERT TAKE

Choosing the right RPO partner

Six things to keep in mind when looking for a recruitment partner

- 1 Look for a company that is known for good corporate governance so that there's transparency
- 2 Opt for 'exclusive' tie-ups so competitors don't use the same partners
- 3 Find a company that has a track record of recruiting good sets of employees while keeping the turnaround time low
- 4 A good RPO should be able to sift through the 'clutter' both offline and online and promise a geographical footprint to get the right talent for your organisation



MOORTHY K. UPPALURI
CEO, Randstad India

- 5 A good RPO company will look at the three important fits: job, boss and company. It will be attentive to detail such as the background of the company, the job profile and the personality of the people who will have to work together
- 6 An RPO company should offer all four 'flavours' of an RPO: recruiter on demand, project RPO, process RPO and end-to-end RPO. They must approach each recruitment outsourcing opportunity differently. A good end-to-end solutions can help clients incur cost savings of 50-60 per cent.