



Harry Franzheim—an HR/OD Practitioner for over 40 years—has published this newsletter to bring you careful insight into reducing costs and unlocking employee potential.

**AT ISSUE**

*Recruitment Process Outsourcing is designed to stop the constant revolving door—and greatly reduce your expenses—of employees coming and going. And in today’s labor market, you need all the help you can get.*

## Stop the Churn, Start the RPO



### HR Fact:

**Three Causes of Preventable Attrition and Turnover\***

**Financial Stress**

Financially stressed employees are likely on the lookout for a better-paying opportunity.

**Stagnancy**

People will stay if they have a chance to grow and move up the ladder with the company.

**Dissatisfaction with Job Parameters**

Employees quit from poor work/life balance. Inflexibility from a workplace is a significant issue.

\*DailyPay, August 22, 2018

Say it slow and it makes better sense: *recruitment—process—outsourcing.* Just like any other business process, the recruiting process or talent acquisition (“hiring” in plain English) can be outsourced to a third-party supplier. RPO is a brilliant strategy for some companies, especially in light of the current shortage of qualified candidates. Why would a company outsource the recruitment process?

- If a company does not have the internal infrastructure (overhead) to put the time and energy into the recruitment process, which can include some of the following: advertising openings, reviewing resumes, telephone screening, testing applicants, face-to-face interviews.

- If a company is simply not that skilled at managing the recruitment process, it might make sense to allow an agency that is built for one purpose—finding talent!

- RPO can be more cost effective and

efficient for a company—often the quality of hire is better when using an RPO over other models like temp-to-hire.

**Recruitment Process Outsourcing** is a form of business process outsourcing (BPO) where an employer transfers all or part of its recruitment processes to an external service provider.



- When a company has to scale up quickly in staff.

Many companies use a “temp agency” to find employees and a 60-90-day evaluation period before offering a full-time position to an employee. That evaluation period is how the temp agency makes its money and it is a period in which both the temp employee and the company can determine if this is a good “employment fit.” It is also a period of uncertainty. Almost anything can and has happened in which the employee and company part ways before a full-time offer is made. So the process must repeat from the beginning. This repeated cycle is called “churn.” It is highly expensive and will wear out a company’s front-line supervisors (who train temps and new hires). It is not surprising that a company “churns” through five to seven temps for the same opening before one makes it through the evaluation and “fills”

the opening in the organization.

### **Doom Loop**

This churn cycle has a reinforcing component to it that is hard to break free of. Because the “temp” may or may not make it back the next day, week, month, the supervisors and employees stay at a distance from the temp employee for fear of wasting time getting to know him/her. This lack of engagement almost certainly causes the temp employee to abandon the job for a better opportunity, leaving the supervisors and other employees oddly justified in keeping their distance. Prolonged temporary assignments can also work against the company as temp employees come to learn that rarely does the company hire the temps (for reasons stated above). Once that fact is learned by a temp (looking for a full-time opportunity), he or she will likely move on to another assignment. We know of employers that spend millions on this ridiculous doom loop cycle.

### **Boom Loop**

RPO breaks that cycle and can actually improve a company’s employment brand and reputation in the highly competitive field of employment. In RPO, the employee does not work as a temp. The employee is selected by the hiring manager to “join our team” directly. The hiring manager simply selects from a pool of talented individuals who have all been vetted by the employment agency. This way the agency can attract a better-quality candidate since the available talent does not have to quit his/her current job to take a chance with a temp agency and the 60-90-day evaluation process. In fact the candidate may not know that an employment agency is even involved. This allows for a bigger pool of already-working candidates (as opposed to the unemployed only). The employment process becomes streamlined, efficient, and even enjoyable. Starting an employment relationship this way builds loyalty and engagement even prior to the employee’s

first day on the job. This changes the stories that are told within the organization from those of risk, uncertainty, and churn to those of commitment, pride, and collaboration.

### **Doing It Right the First Time**

We all know that it is cheaper to do a process the “right way” rather than doing it wrong and doing it over again! This is very true for the hiring process: do it wrong and do it over (churn). An effective RPO arrangement places a lot of work on the front end of the selection process. Understanding the nature of the work to be performed, the company’s culture, and the employment brand is essential for success. It is critical that a reputation management system is used to improve the employment brand from the start. Using the hiring company’s logo in job postings helps differentiate these full-time jobs from the “temp to hire” jobs of an employment agency. Recruiters that are adept at reading and sorting through resumes and job profiles quickly and accurately are a critical component. So too are the front-end skills and behavioral testing available as part of the RPO. Recruiters that are personable, pleasant, and knowledgeable about the company and the work are paramount in engaging the candidate through the point of job offer and beyond. The key is to make sure that the candidate understands that this is a direct hire opportunity with a very reputable company. When done correctly, an RPO results in higher quality candidates and thus a need for fewer candidates in general.

### **The New Era HR Solutions – RPO Advantage Scalability and Flexibility**

Our team has the ability to increase or decrease the number of recruiters dedicated to a specific client, depending on its recruitment volumes. As the recruitment volumes go up, we grow the number of recruiters and recruiting support staff dedicated to the account. As recruitment

volumes go down, we redirect resources to other solutions we manage, thereby reducing the cost for the client.

### **Reduced Time-to-Hire**

Using proactive strategic sourcing plans that are client specific, we typically reduce the time it takes to recruit a new hire. Hiring good people faster and reducing downtime can substantially help productivity.

### **Cost Reduction**

The amount of cost reduction will vary based on your current recruitment model. For organizations that rely heavily on recruitment and staffing agencies, the cost savings can be in the 30-50% range on a cost-per-hire basis.

### **Quality of Hire**

New Era HR Solutions uses scientifically proven screening methods to identify and focus on high-potential candidates and ensure the optimal fit between the role, person and organizational culture. We start by creating a comprehensive job and person profile. We find talent from a wide range of sources (internal employees, employee referrals, internet, job boards, networks etc.), and we conduct behavioral interviews, hard- and soft-skill assessments and reference checks to assess candidate fit.

### **Enhanced Employment Brand**

The employment brand is essentially the identity of the company as an employer, and when every other aspect of the recruiting process is in place and doing well, the employment brand improves. If your candidate quality improves, that looks good to other potential candidates for your organization. If your hiring managers are satisfied and are working in a consistent recruit-to-hire process, then people who go through that process will have only good things to say about it and your company as an employer. New Era HR Solutions RPO helps organizations in many more ways than just cutting recruiting costs or filling positions faster. RPO can actually help a business become a better place to work. **ne**



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New Era HR Solutions is a locally owned, privately held staffing and HR consulting company with the mission of creating sustainable employment opportunities for our employees by improving the business performance of our clients.

New Era HR can help you find, harness, and sustain the talent you need to grow your business. We offer training and development services and on-site coaching for leaders at all levels of the organization.

For more information about New Era, go to our website [www.NewEraHRsolutions.com](http://www.NewEraHRsolutions.com) and click on our blog to learn even more.

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