ADP

IN THE BUSINESS OF YOUR SUCCESS℠

To RPO…Or Not To RPO.
When Is Technology Not Enough?

June 20, 2012

An **HR.com** **Webcast**

HR. Payroll. Benefits.

Agenda

- **Introduction**

- **The Talent Acquisition Challenge**

- **Talent Acquisition Technology Options**

- **Recruitment Process Outsourcing Options**

- **Conclusion**

About ADP

Automatic Data Processing, Inc. (ADP) is one of the world's leading providers of technology-based outsourcing solutions

- 570,000 clients and 55,000+ associates doing business in over 60 countries worldwide

- Providing expert outsourced employer services to small, mid-size and large employers for over 60 years; over 30 years internationally

- Fortune 500 /#265 Revenue, #96 Profits; Revenue = Approx. $10 B

- Provide services to over 50 million employees internationally

- Pay one-in-six private sector employees in the U.S. and serve more than 10 million employees outside the U.S.

- Serves 40+% of the North America auto/truck retailers

- 1 of 4 companies AAA rated by Standard & Poor's and Moody's

- Ranked #1, Fortune's Most Admired Companies, 2010 (Financial Data Services sub-category)

Introduction

Mission

Power organizations with *insightful* solutions that drive business *success*

Vision

Be the *world's authority* on *helping* organizations *focus* on what matters

TALENT ACQUISITION TRENDS AND TECHNOLOGIES

Current Talent Acquisition Trends

Developing talent gap
- Less than 1/3 of your organization are Baby Boomers-decreasing rapidly
- By 2015, 60% of today's jobs will require skills held by just 20% of today's population

Increasing voluntary turnover rates
- Voluntary turnover rates on the upswing – 8% in 2011 (+14% from 2010)
- High performers turnover rate at 4.4% (+19% from 2009)

First year turnover rates
- Improving since 2007, but still at 21.5%.

Talent acquisition professional workload
- 2.5 talent acquisition professionals per 100 hires
- 18.3 open requisitions per recruiter.

Sources: PwC Saratoga and Bersin and Associates

Companies Are Not Hiring The Same Anymore

The <u>strategic importance</u> of talent acquisition has been driven by <u>several factors</u>

<u>But the process</u> of bringing the right people into the organization is <u>not any easier</u>

- The return of "the war for talent"

- Talent mismatch

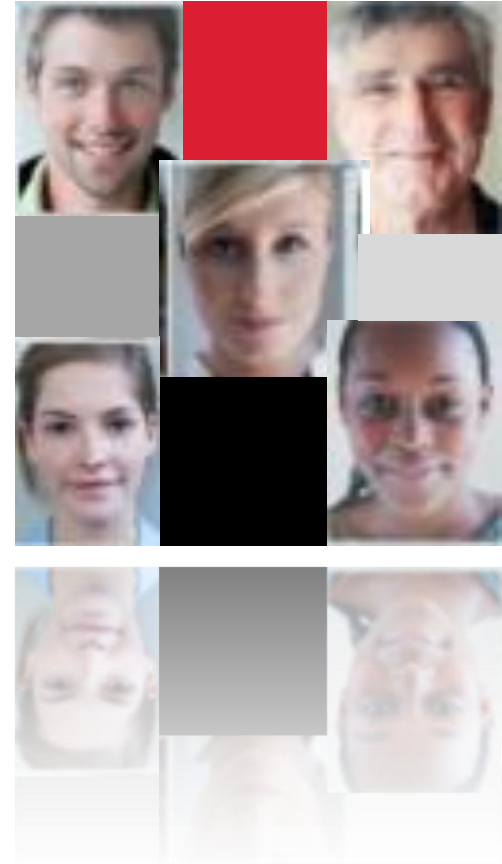- Driving efficiencies and effectiveness

- Disconnected, distributed process

- Compliance regulations

- Proliferation of new technologies
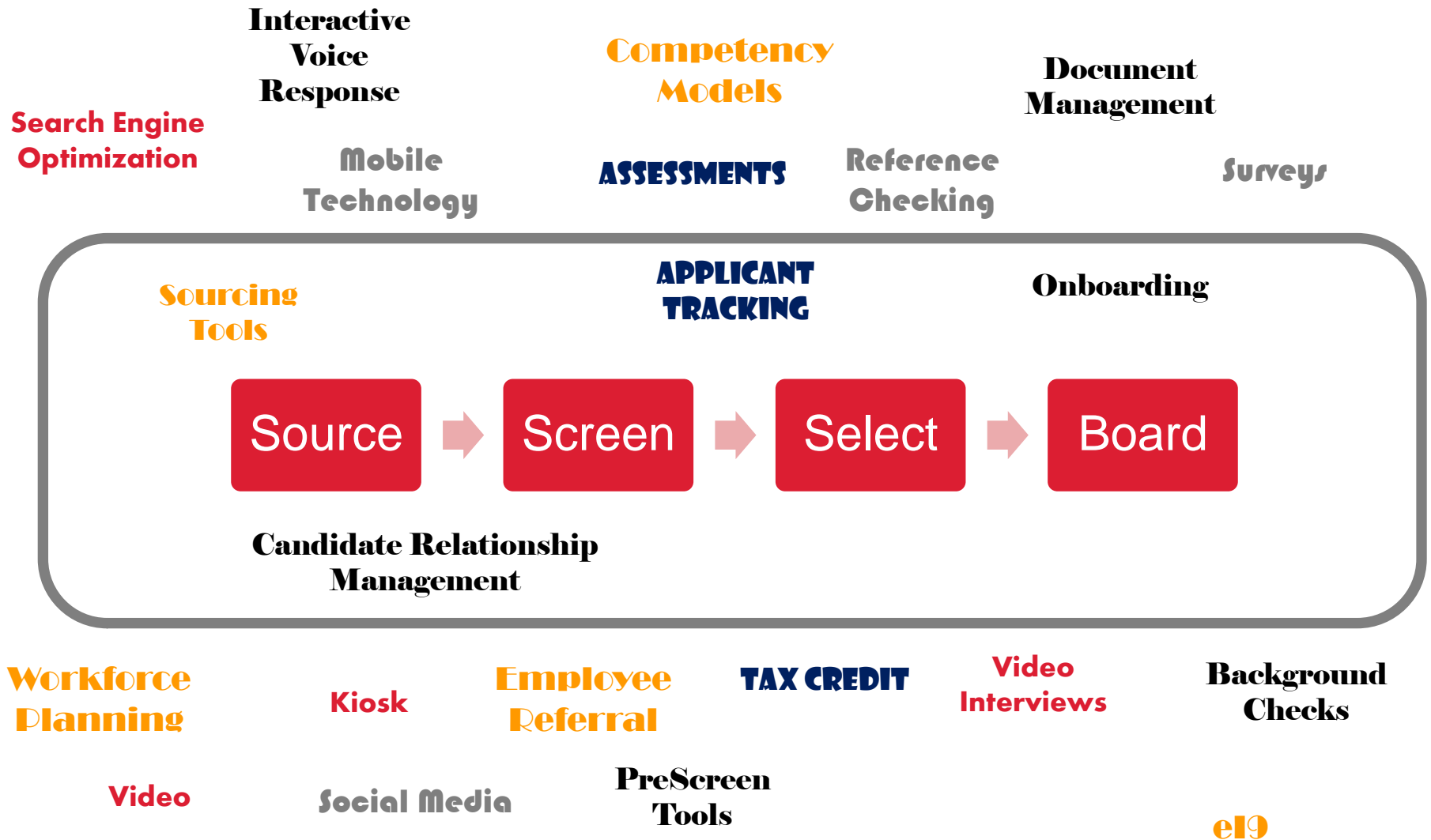
Today's Recruiter's Profile

THEN… reactive in nature, responding to vacancies in real time

NOW…proactive, just-in-time talent

- Marketing awareness (trends, branding)
- Financial acumen & metrics
- Sales ability-pipeline management, forecasting
- Relationship building, candidate engagement
- Partnering-inside and outside organization
- Social media-new way to talk
- Technologist

Talent Acquisition Technology

Search Engine Optimization

Interactive Voice Response

Mobile Technology

Competency Models

ASSESSMENTS

Reference Checking

Document Management

Surveys

Sourcing Tools

APPLICANT TRACKING

Onboarding

Source	→	Screen	→	Select	→	Board

Candidate Relationship Management

Workforce Planning

Kiosk

Employee Referral

TAX CREDIT

Video Interviews

Background Checks

Video

Social Media

PreScreen Tools

eI9

ADP

How Much Technology Is Too Much?

A. When costs are greater than benefits

B. When adoption begins to decrease

C. When technology is silo'd and doesn't play well with others

D. When users and candidate preferences change

E. Most of your job involves training others

F. You spend too much time in vendor review meetings

G. All, or any, of the above

Talent Acquisition Audit (Example)

PROFILE

- **Understand the top positions**
- **Defined competencies**
- **Identified near term and long term demand and supply**
- **"Buzz" factor**

PEOPLE

- **Quality/quantity rating of recruiters**
- **Stakeholder engagement**
- **Associate support**
- **Executive commitment**

PROCESS

- **Availability of process map**
- **Identified spend throughout the process**
- **Defined competencies**
- **Methods to impact efficiency and effectiveness**

TECHNOLOGY

- **Status/value of available solutions**
- **Methodology to keep abreast of upcoming technologies**
- **Business case mentality to new solutions**
- **Organizational readiness for new technologies**

The Talent Lifecycle

RECRUITMENT PROCESS OUTSOURCING

What is Recruitment Process Outsourcing (RPO)?

When a provider acts as a company's internal recruitment function for a portion or all of its jobs.

RPO providers manage all or part of the entire recruiting/hiring process from job profiling through the onboarding of the new hire, including staff, technology, method and reporting.

RPO improves a company's employment branding, time to hire, increases the quality of the candidate pool, provides verifiable metrics, reduces cost and improves governmental compliance.

Transfer of ownership of all or part of the recruitment process to a service provider on an ongoing basis.

Benefits

| Improved Quality of Hire | Cost Reduction | Improved Candidate / HM Satisfaction | Scalable Solution | Performance Accountability |

RPO Models

End-to-End Model

- End-to-End delivery of RPO
- Single vendor
- Streamlined single process
- Single point of contact for candidate
- Full accountability
- Shift control of technology/resources
- Shift control of SLA's

Front-End Model

- Recruiting portion of the RPO Model
- Strategic partner in recruiting strategy
- The RightThing drives candidates; client manages the hiring process: screening, interviewing, offers, onboarding, etc.
- Ideal for clients who want recruiting expertise and have the staff available to manage the process

Back-End Administrative Model

- Supplemental RPO to internal staffing
- Administrative functions including scheduling, travel coordination, and interview confirmation
- Offer letters, pre-employment criminal background and drug screen
- Onboarding

On-Demand RPO

- Supplemental RPO delivery to internal staffing solution
- Strategic partner in recruiting strategy and administration
- As hiring volume exceeds internal capacity, RPO delivery engages
- Prepare for future hiring needs and internal recruiting spikes

Benefits of RPO

Recruitment Process Outsourcing

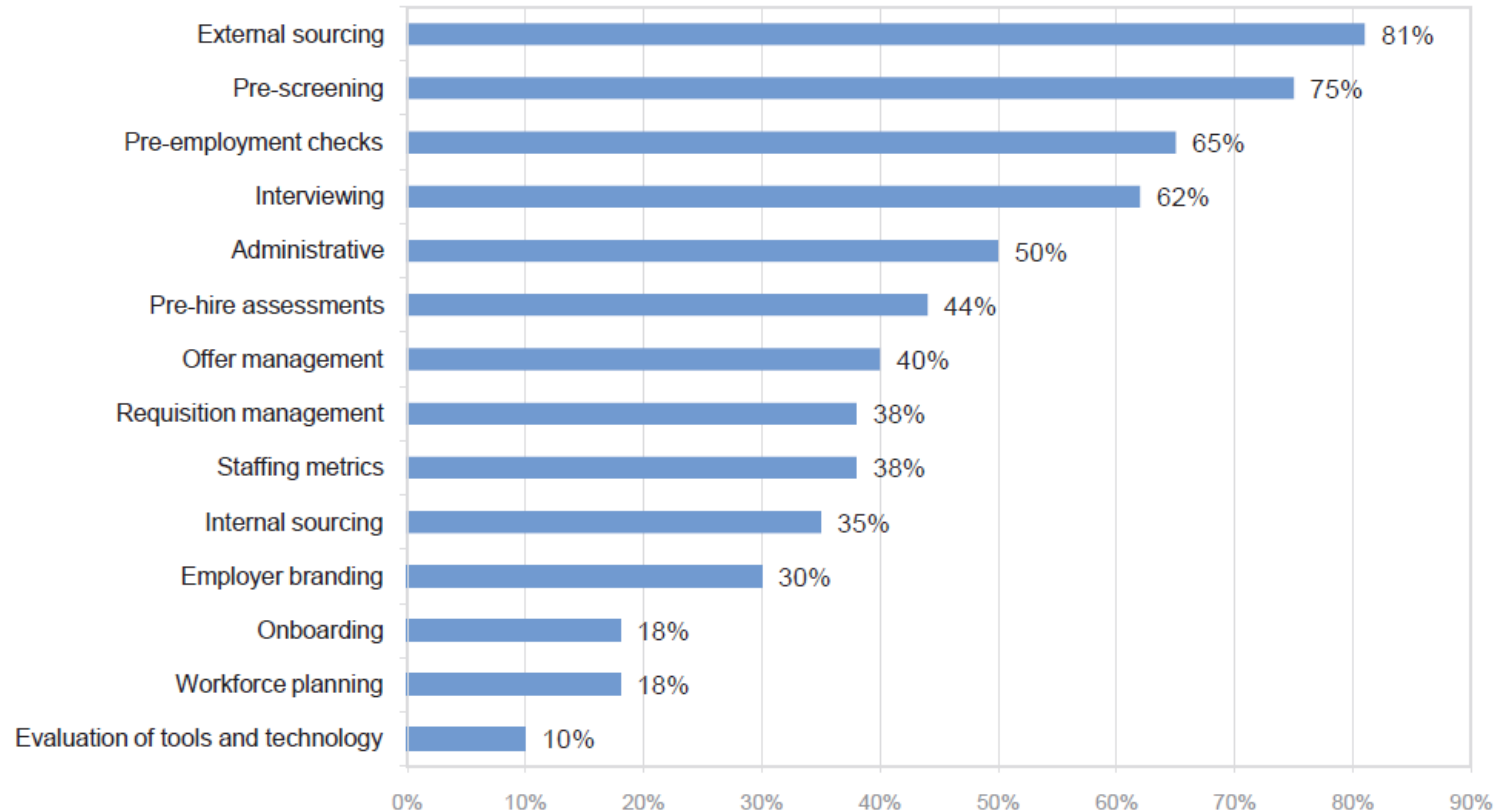| Recruiting	Process Enhancements	RPO Enabled Technology	Employer Branding	Resources
▪ Candidate Pipelining ▪ Engages Passive Candidates ▪ Generates Interest ▪ Builds Corporate Image ▪ Ability to integrate with client ATS	▪ Reduces Costs ▪ Increases Efficiency ▪ Leverage Best Practices ▪ Metrics ▪ Process Consulting	▪ RPO Enabled Technology ▪ Increase Automation ▪ OFCCP Compliant ▪ Portals for Hiring Managers ▪ Contact Relationship Management ▪ Proactive Recruiting	▪ Builds Company Image ▪ Enhance Client Culture ▪ Throughout All Media ▪ Supported by SME	▪ Scalable Team ▪ Dedicated Team ▪ Flexible On/Off-Site Options ▪ Functional Subject Matter Experts ▪ Certified, Trained ▪ Experienced

Client Results/ ROI/ Value

High Quality Hires   Reduced Turnover   Employer of Choice

Key RPO Activities

Figure 23: Key Activities Managed by an RPO Provider 2010

| Activity	Percentage
External sourcing	81%
Pre-screening	75%
Pre-employment checks	65%
Interviewing	62%
Administrative	50%
Pre-hire assessments	44%
Offer management	40%
Requisition management	38%
Staffing metrics	38%
Internal sourcing	35%
Employer branding	30%
Onboarding	18%
Workforce planning	18%
Evaluation of tools and technology	10%

Source: *Bersin & Associates, 2010.*

When Might RPO Make Sense?

A. Desire to drive greater consistency of our talent acquisition processes

B. The need to scale to meet hiring spikes

C. When talent acquisition professionals are spread too thin or lack the necessary skills

D. When we are challenged to embrace new technology opportunities (cost, skill, etc.)

E. Need to reduce talent acquisition spend, or change the investment model

F. Need to augment current processes

G. All, or any, of the above

Driving Consistency and Scale of Recruiting Function
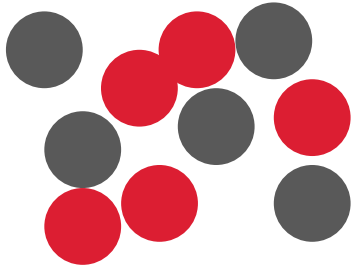
- **Multiple locations-multiple processes**
- **Inconsistent vendor relationships (background check, I9, drug screening)**
- **Agency relationships**
- **Location specific compliance challenges**

- **Seasonal workforce**
- **Project based business strategy requiring on-demand talent availability**
- **High agency fees-multiple agency relationships**

# Elevating Talent Acquisition Competency

- **Lack of dedicated recruiting professionals**
- **HR generalist roles**
- **Limited technology support**
- **Limited use of best practices**
- **Lengthy time to hire metrics**

# Reducing Talent Acquisition Spend and Gaining Access to New Technologies

- **Costly utilization of job boards-"post & pray"**
- **Rogue spend with agencies**
- **Reducing talent acquisition head count**
- **Limited use of leading edge technology**
- **Cost per hire outpaces industry averages**

Augment Current Processes

Talent

Talent

Talent

Hires
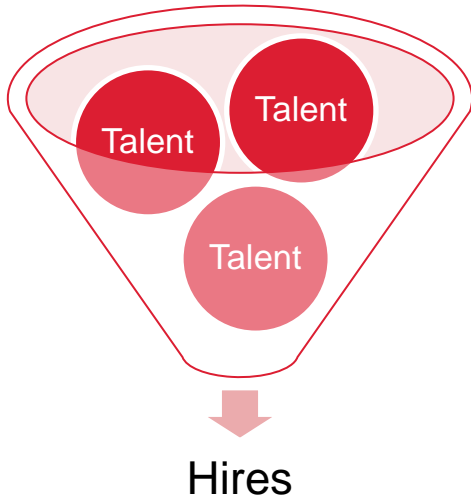
- **Requisition centric view of recruiting (Reactive)**
- **Limited ability to develop talent pipelines of external talent (Proactive)**
- **Lack of annual recruitment plan/budget**
- **Limited employment branding, undefined employment value proposition**
- **No "social" presence**

RPO – Service and Technology

CLIENT

PROVIDER
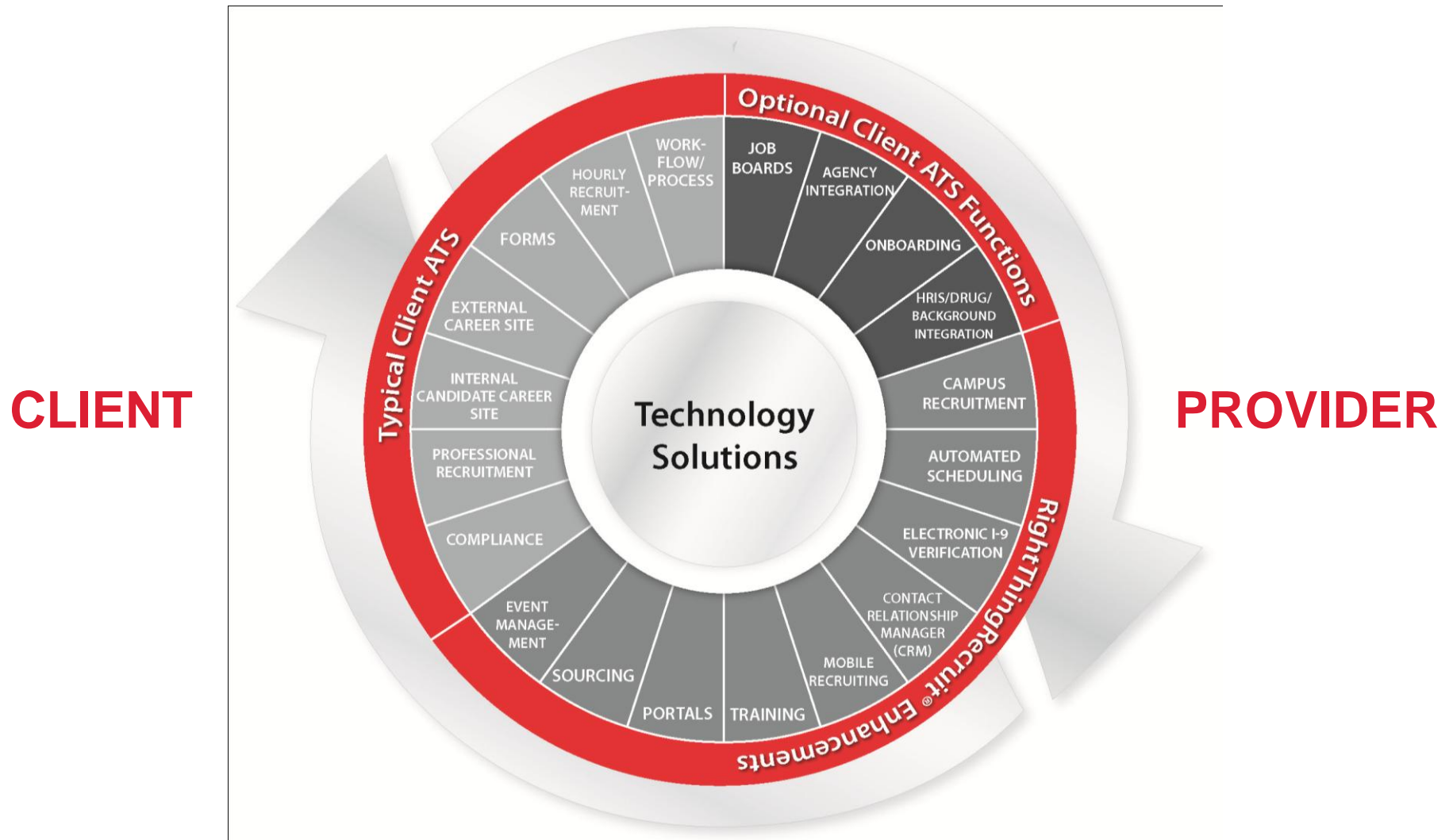
Summary

Technology for "technology sake" is not advised

An honest audit of your talent acquisition practices will highlight opportunities

Not all problems can be solved with technology

The warning signs that technology only may not be enough!

Collectively evaluate RPO to strengthen your talent acquisition practices

Questions?

Jack Coapman
ADP Talent Solutions

Jack.Coapman@adp.com

John Hancock
The RightThing, An ADP Company

John.Hancock@rightthinginc.com