

RECRUITING STRATEGICALLY

A presentation to NAER by Murray Parker

History

For decades, experienced recruitment has been largely an “after the fact” or tactical function that engages the recruiting process only **after** a position is open (vacated by the incumbent or created by new growth) and a requisition is approved.

Ask yourself what other business function could survive on an “after the fact” basis. What manufacturing operation could remain viable if it waited until raw materials had run out before sourcing potential suppliers and ordering new stock? Or what capital project manager would wait until the facility was built before specifying and ordering the manufacturing machinery? Yet even today, in spite of the Internet and widespread application of business software systems, requisitions are still approved and recruiting resources engaged only **after** the role is vacant!

In the words of David Lefkow, Interactive Solutions Consultant, TMP

“The reactionary recruiting model is still alive and well in corporate America! The old ways of doing business – “Get a job, post it in the newspaper, watch the resumes pour in” - has merely been changed to, ‘Get a job, post it online, watch the resumes pour in.’”

And job-posting results speak for themselves. As reported by The Wall Street Journal in 2002, Monster had the best hire-per-posting ratio, and that was a whopping 1.4%. A 2007 survey by Adler Concepts of corporate recruiters showed that the results from big boards like Monster continue to decline.

Strategic behavior has been largely absent from the recruiting scene with one notable exception, entry-level college recruiting. Some employers have been willing to fill their pipeline with new hires even though there is no demand from their organizations. They anticipate that, like the marathon runner who fails to preload his diet and drops out at mile 20, a shortage of talent at some future time could impair their ability to meet business plan. So they **hire in anticipation** of need.... **strategically**.

Let’s examine why a growing number of organizations are beginning to think more strategically for their **experienced** professional and **top executive** hiring as well.

Why Change?

It’s Good Practice: Let’s look at the example of production supply chain best practices. Their goal is to provide the optimum flow of quality resources in time for production to complete and deliver on-spec products per business plan. Why not apply the same practices to human resources? That is, plan ahead and hire according to forecast. Plan to have all the people with necessary capabilities in-place and ready to contribute by the

time called for in the business plan.

We already see examples of this approach with interesting results:

- SOFTWARE CO hires 21 account executives from their private talent community of 60,000 prospects in three weeks. Result: Fast time to fill, quality candidates, no fees and a very happy VP of sales.
- HOSPITAL in New Zealand hires two burn surgeons from the UK in 2 weeks, identified from their global private talent community in 48 hours. Result: hired in days versus months, saved money and lives.
- A Director at MARCOM began his **relationship** at the company's career site anonymously months before the right opportunity for him was posted and emailed to him. Result: Fast hire, low cost and a huge supporter of his company's internal talent organization.

You may notice that the actual time to hire in these examples was very short. Strategic recruitment does not mean that there is a long time to fill. Actual hiring can be completed as rapidly as you can execute the interview process. You will also note that each case involved identifying candidates from a talent community. Those talent pools weren't created overnight. Strategic recruitment involves developing and nurturing talent resources on a regular basis. Implementing good practice in terms of planning ahead and managing relationships can set the stage for amazingly quick and high quality hiring.

Get the Greatest Value: When it comes to recruitment, no matter what metrics you employ to evaluate your results, **you truly win only to the degree your new hire performs and contributes to your business.** It's the vision that leads your business through rapid growth, a new product that gains market leadership, or a significant cost reduction; these are the returns for hiring well.

Employee contribution is huge; whole industries (service, software and others) are now valued at billions of dollars based on their human capital. Stocks also plummet when key contributors exit. The absence of critical employee contribution can be very costly, sometimes fatal to a business plan.

Dr. John Sullivan, Chairman of the Human Resource degree program at San Francisco State University recapped the conclusions from a recent survey of venture capitalists. According to the survey, access to capital and new business ideas is no longer the most critical resource for startup firms; the most critical resource is talent.

Key dimensions of this human capital contribution include:

- 1) Timing (having a capable person in place and ready to produce in time to meet business goals) and
- 2) Quality (does the person actually meet or exceed performance expectations)

When compared to tactical search, strategic recruitment offers the potential benefit of superior performance in both key dimensions.

Although it is relatively easy to grasp the importance of both the timing and quality of

employee performance, it seems to be quite another matter to develop a valid means for measurement. A recent survey by CFO Research Services (Baird/3-03) discovered that only 16% of financial executives understand the return on human capital investment even though 36% of revenues are spent on human capital.

Certainly there are new tools and resources now available that can provide solutions under the proper strategic direction. Enterprise software applications such as SAP systems hold the potential to provide the raw data. Pioneer resources such as Staffing.org are helping to educate the business community and bring clarity to valuation metrics for human capital. Such metrics allow organizations to determine recruitment best practices based on contributed value rather than just cost savings.

The World is Changing: If maximizing employee contribution and benefiting from talent office best practices don't together provide sufficient motivation for employers to consider strategic recruitment, demographic changes in the workforce may soon make it a necessity.

- There will be a growing **shortage of experienced candidates**. Check out Roger Herman's, "The Impending Crisis, Too Many Jobs – Too Few People" or review BLS statistics. Job creation is expected to outpace workforce growth by at least some 10,000,000 by the year 2010. Just how far into the future is that really? Have you got a plan to achieve and maintain full employment by then?
- Even now, elevated unemployment levels have not created a professional employee surplus. Biotech/pharmaceutical, healthcare, financial services and consumer products industries are among those that continue to face shortages of key qualified personnel. Current total college educated unemployment of about 3% is almost as good as it gets. Most perceived surplus actually represents temporary displacement, such as IT engineers in Silicon Valley who could have a job tomorrow if willing to relocate to Washington DC.
- Changes in **workforce requirements** also effectively contribute to the near-term shortage of qualified candidates. North America's transition from manufacturing to a service economy has **displaced** many skilled and unskilled workers. Changing corporate cultures have also created the need for new skill sets. The demand for more team oriented interpersonally competent middle managers, for example, has created a tight supply for qualified mid-level executives. In many cases, people can be re-educated to contribute in new sectors or new cultures but again, realizing the benefit of such programs requires advance planning and additional resources.
- Changing **makeup of the workforce** will alter not only the "who" but the "how" of acquiring and maintaining human capital. It is predicted that 85% of the growth in the workforce within this decade will be from diverse populations.

Since it is people that truly differentiate one enterprise from another, how we prepare now for these coming changes will ultimately determine the success of our organizations in the future.

It's All About Relationships

You'll notice terms such as relationship, talent community and talent organization in the case histories cited earlier. These all refer to one of the key ingredients for delivering top performing candidates on a strategic or pre-planned basis. That is, a community of qualified people with which one has established an ongoing relationship. This is not, by the way, the same thing as your database or applicant tracking system. All the resumes that have been collected by automated systems become useless after several months without a proactive communications program. The majority of automated tracking systems are full of "timed out" files.

The main difference between a database and a talent community is relationships. A talent pool is a living vibrant community of professionals that keeps in touch for reasons of personal and professional interest. Talent community prospects are identified and recruited via much the same methods and channels as for a vacant position. Becoming a record in your tracking system is, however, just the beginning. These prospects require constant care and feeding until such time that they are motivated to make a career move.

For example, let's say your company's business plan combined with past experience forecasts the need for 6 experienced brand managers on an annual basis. With a predetermined hiring pattern of one every two months, one could **develop and nurture a talent community of qualified prospects** in sufficient number to provide at least 6 hires per year.

We can see evidence that companies are beginning to recognize the importance of managing relationships, not just for recruiting but also for all their stakeholders. For example, P&G, long known for its policy of escorting employees out the door at the moment of resignation, has this year held its first alumni gathering. All past employees were invited back to campus for a weekend of networking. Among the hundreds of attendees were CEO's Meg Whitman of eBay, Jeff Immelt of GE and Jim McNerney of 3M; looking to connect, strike up or renew relationships and find a way to enhance business. You can expect to see more such events in the future. Again, it's all in the relationships.

It's Also About Planning

To accurately size a talent pool and establish a strategic recruitment program, one must first determine how many people are needed and what capabilities are required. The objective is to provide a sufficient quantity of qualified prospects at the time of need. Although not a new concept, planning for people needs is seldom practiced at the level necessary for strategic success.

Human Resources Planning (HRP) seemed on the rise in the 70's but fell by the wayside, a victim of the organizational restructuring and M&A activities that followed. We now see evidence of its return, stimulated in no small part by growing recognition that talent is the key resource. Again, given that the valuation of major corporations like Microsoft depends entirely on the output of their human capital, it is more critical than ever to plan

in advance for human resource needs and act strategically on that forecast.

Besides timeliness, a key tangible benefit from planning ahead is the positive effect on quality. In the absence of that blind urgency to fill a vacancy “like yesterday”, the recruiting process can more effectively address performance expectations, competencies and behavioral dimensions. The result is a greater probability for superior performance from a strategic hire along with longer-term retention.

Ultimately it’s About Contribution

You have seen how strategic recruitment involves forecasting talent needs, identifying talent ahead of time, managing ongoing relationships with that talent then recruiting and hiring that talent on a just-in-time basis. You benefit from operating efficiency, the enhanced performance (based on timing and quality of fit) from strategic hires and by getting the top performers you need in the face of a growing employee shortage. Effectively, by taking the strategic approach, you can win on all three counts.

For more resources on this subject, please refer to the Links under Search Resources at www.bortonwallace.com. We also welcome your feedback, experiences and further inquiry.

Murray Parker has been actively engaged in the professional recruitment industry since 1978 when he founded The Borton Wallace Company to help clients build strong organizations. Education includes a BA in Physics from Earlham College and an MBA from the University of Delaware. Professionally, he is a Charter member, Past Chairman and remains active in the National Association of Executive Recruiters (NAER). Having completed retained assignments for nearly every function within a variety of industries, Borton Wallace focuses on longstanding client relationships based on contributed value and quality of fit. The firm is also an invited member of the Cornerstone International Group (CIG), one of the world’s 20 largest search organizations.