



HMP

Active Sourcing – reduce cost while improving speed and quality of recruiting



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Over the last years we have filled more than **300 vacant positions** with an enhanced approach to active sourcing for clients like **SAP, Deutsche Telekom** and **Accenture**.

By using innovative methods we reduced sourcing costs significantly while improving recruiting speed and enhancing candidate quality at the same time.

In addition to the traditional approach of identifying contacts and doing telephone research we added two social community methods, namely

1. Web 2.0 social communities like LinkedIn and XING
2. Referral polling from top talent in the client's organization

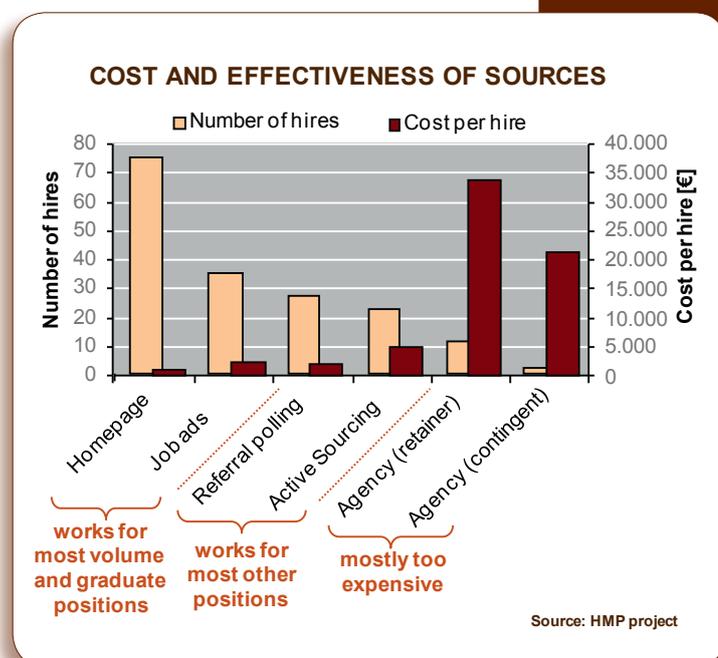
The **web 2.0 approach** has become highly successful¹ with the increased coverage of social networks.² We have continuously improved our method to identify candidates and to make them interested in a conversation without over-promising to them. This is particularly important as the “spamming” level in web 2.0 social networks is perceived high.³

Referral polling differs from traditional employee referrals⁴ in two points: Firstly, not every employee is invited to refer candidates but only key employees, role models for the open position and management are actively invited. Secondly, this target group is actively called several times to ask for candidates. In one project we found out that paying a referral fee is not necessary for this target group. It even results in better candidates – a referral fee⁵ seems to dilute candidate quality as people hope to increase their potential payoff by adding as many names as possible.

We have also combined the two methods by using referrals in social networks.

As a result of applying the new methods sourcing becomes less expensive, more effective and much quicker than standard referral programs.

The real life project example shown in the figure below proved that only the right mix of sourcing channels results in an optimized recruiting.



- All official positions should be posted on the own home page⁶
- Online ads are a good source for graduates and young professionals as well as some higher volume positions. They work less well with specialists that are often not looking for a job
- Active sourcing using referral polling and web 2.0 contacts contributed significantly to reducing the average cost per hire
- Traditional headhunting showed very limited results for contingent searches
- Retained and contingent searches both proved to be too expensive⁷



How web 2.0 sourcing works

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The key to successful sourcing in social networks is to follow the etiquette. This means being conscious of other's time, preparing well and providing facts and solid arguments. In the last few years we have evolved our approach continuously. For example, we noticed that using sophisticated electronic search mechanisms is much less effective than scanning many CVs quickly by experienced sourcing professionals.

Therefore, we execute the following steps:

- Initial definition of profile, including creation of hand-out materials
- Keywords are derived from profile (and list is extended during search)
- Target companies are defined (and list is extended during the search)
- Keyword search in XING, LinkedIn and other social networks
- Manual quick scan of hundreds, even thousands of CV documents (as too narrow keyword searches leave out too many candidates)
- "Quick turn around" loop with customer with five best profiles after 2-3 days, mostly without knowing yet if candidates are interested. Nevertheless, this discussion improves quality of the search, speeds up by avoiding wrong profiles and takes only a few minutes – thus even reducing the usual time to discuss a profile
- Contacting of suitable candidates
- Get response from candidates
- Explain and sell job to candidates
- Select those interested and suitable
- Conduct structured interviews with our own interview management application
- Create recommendation to client on suitable and interested candidates

OUR OFFER ACTIVE SOURCING

OPTION 1: Interim resources (by effort)

- ▶ You pay 60.00 € per hour for our interim recruiter, determine the recruiting effort and profit from a close collaboration with us.
- ▶ This option is the most cost effective, particularly for multiple hirings or a position with several location options.
- ▶ No additional costs in case of a hiring.
- ▶ The real actual costs per hiring for this option are between 3,500 € and 9,000 € (calculation based on previous projects).

OPTION 2: Fixed price (performance-related)

- ▶ Fixed price of 12,000 € per hiring. 1/3 paid at assignment, 1/3 at contracting of candidate, 1/3 at candidate's start of work.
- ▶ We deliver candidates until a hiring takes place.
- ▶ The fixed price is independent of the annual compensation of the position.

All prices mentioned do not include VAT.

- Handover of candidate to client
- Optionally, we also execute in-house-recruiter tasks like scheduling interviews and liaising with candidates.



How referral polling works

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The key to successful referral polling is to select the right target group, ideally the top talent and management of your organization. As these people are very dedicated they are highly motivated to contribute to the recruiting. Typically they just don't take the time to fill a tedious referral form. Therefore, calling them and making the referral as easy and convenient as possible is the solution.

Therefore, we execute the following steps:

- Initial definition of profile, including creation of hand-out materials
 - Identification of top talents and managers who should be “polled” for providing referrals
 - Information to referrers on the program
 - Contacting of the referrers via phone, explaining the program and asking for referrals. Typically 2-4 calls per referrer are required to get an optimized response rate
 - The time required for referrers is minimal, what is important is to create a positive conversation as most people are willing to help but just usually do not take the time
 - When polling employees it is not necessary to pay a referral fee to employees
 - Talent knows talent and attracts talent
 - Check with referrers if they want to contact the candidate, or if we do it, using their name or not
 - Contacting of suitable candidates (us or referrer)
 - Get response from candidates (us or referrer)
- Explain and sell job to candidates (us or referrer)
 - Select those who are interested and suitable
 - Conduct structured interviews with our own interview management application
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Why you should try us

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We have a proven track record in delivering recruiting services to major companies across Europe. We deliver out-tasking solutions, interim management or train your in-house staff how to apply effective recruiting methods.

Our strengths include:

- Successful service to companies like SAP, Deutsche Telekom and Accenture for many years
- Proven approach to convert job profiles into keywords and to create target company lists
- Strong networks in LinkedIn, XING and other social networks
- Experienced professionals used to screen hundreds of profiles per day – as manual search proves to be vastly more effective than sophisticated technical methods
- Local resources in many European markets
- Proven method to contact candidates and to get positive response
- Innovative screening and interviewing methods
- Strong business skills of our recruiters
- Ability to provide recruiting service to the extent required by the client, i.e. including candidate handling, hiring manager interaction etc.
- Track record of successful employee referral polling, without paying a fee to employees
- Innovative “quick turn around” processes, depending on client priorities

EXAMPLE: SAP

- Since 2005 we deliver to SAP active sourcing, interim recruiting, interim recruiting management as well as program management.

Volume

- Peak volume of more than 2.000 positions p.a. managed by our interim management

Speed

- Reduced time to fill from 20 to 12 weeks for executive recruiting by our interim recruiters
- Enabled proactive „warm“ sourcing pipeline through three quarter rolling workforce planning, resulting in more than doubled accuracy of headcount forecasts

Cost

- Increased referral rate from 10 to more than 20% supported by our referral polling program
- Reduced cost per hire reduced by more than 10% across all channels supported by our active sourcing

Quality

- Increase candidate-to-hire ratio for sales executives from 4:1 to 10:1 supported by our active sourcing

Productivity

- Increased productivity from 12 to 15 positions filled per recruiter per quarter by our interim recruiting management

Reference

- Francois Scholtz, Head of Recruiting EMEA Field Organization

About HMP:

We increase productivity. We speed up change. And we create value through innovation.

HMP was founded in 1996 and has resources in Germany, UK, France, Spain, Poland, Romania and Bulgaria.

www.hmp-change.com

Please contact us



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Author: Bertram Pachaly is a Partner of HMP and has helped his clients in the last 15 years to improve human performance. As physicist and MBA he is specifically interested in quantifiable results.

From 1993 to 2000 he worked with the international consulting company Accenture (previously Andersen Consulting). In multiple post merger integration programs he helped to improve speed, productivity and international cooperation. During 2000 and 2001 he led large projects and the Hamburg office of the web agency Icon Medialab (today LBI).

In 2002 he joined the HMP team and supported clients like SAP and Deutsche Telekom to speed up transformational change, to improve potential and performance management and to establish a more effective recruiting.



References:

¹ Cf. Woo candidates With Web 2.0. (July 2008). Journal of Accountancy, Vol. 206, Issue 1, p.18.

² Cf. Tuor, Nadine. (Februar 2008). Online-Netzwerke. Eine kommunikationstheoretische, sozialpsychologische & soziolinguistische Analyse. NET.WORX, p. 15. <http://www.mediensprache.net/networx/networx-55.pdf>, Stand:12.10.09.

³ Cf. Oliva, Ralph A. (Jan/Feb 2004). Spam! Separating the good from the bad and the ugly. Marketing Management, Vol. 13, Issue 1, p.50.

⁴ Cf. Arthur, Diane (2001). The employee recruitment and retention handbook. p.49.

⁵ Cf. Maier, Norbert (2009). Erfolgreiche Personalgewinnung und Personalauswahl: Von der Personalsuche über die Auswahl und Einstellung bis zur Einführung mit zahlreichen Arbeitshilfen und Vorlagen zur Gewinnung qualifizierter Mitarbeiter. p.48.

⁶ Cf. Arthur, Diane (2001). The employee recruitment and retention handbook. p.129f.

⁷ Cf. Stedt, Jim. (2006). Talent Balancing. Staffing Your Company for Long-term Success. p.85ff.

For further information:

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