



ROI in recruitment is all about value

The 'new normal' in recruitment is already driving positive change and growing businesses in our industry

It's quite clear that attitudes towards recruitment have changed significantly since the recession took hold. The good news is that the so-called 'new normal' is already driving positive change for our industry, pressuring many sub-standard or inflexible suppliers out of the market. The new attitude is also creating incentives for innovative firms to provide ever increasing levels of customer service and value.

In today's highly pressured economy, organisations are focused on getting value from every part of their supply chain. For decades recruitment seems to have been a blind spot for too many industries and employers who've considered it a 'necessary evil'. They've paid a premium for little more than a bunch of CVs with a logo on them. But this time, search providers haven't escaped notice. And it's not just about squeezing costs down: long-sighted employers have placed the focus on sustainable value rather than short-term cost cutting.

So what's different now? Well, clients are demanding higher standards of candidate pre-qualification, more accountability and, ultimately, increased return on investment (ROI) from the suppliers they engage. But what is ROI in recruitment? One blue chip HRD we're working with has a pretty clear idea: "If the new group FD's still with me in two years, you'll know you did a good job!" That's certainly part of the ROI puzzle, but, in driving toward that outcome, I think there are a number of areas where recruiters can take more accountability and add the sort of value that's often missing in an industry with a significant reputation problem.

To start with, I can't avoid talking about fee structure. Historically, there was a scandalous amount of 'fee and flee' recruitment, where 50%+ retainers were collected with very little hope of an outstanding hire. The market isn't willing to cope with that element of risk, and some firms are offering 'delivery weighted' fee structures that mean the client has a far greater likelihood of actually getting what they pay for. In some cases, it's even appropriate to withhold a proportion of the fee until a probationary is completed — a concept that's very much in

“

Getting ROI from recruitment relies on a robust and consistent process, which is perhaps the most common failing of executive level search firms and operators in the mid-market

line with what the HRD I mentioned above said about ROI (although two years is obviously out of the question!). For recruitment firms that consistently deliver on their promises, delivery weighting isn't a problem — in fact, it's a differentiator.

But achieving ROI can't just be about the fee structure; it's more about evidencing value out of the process. Getting ROI from recruitment relies on a robust and consistent process, which is perhaps the most common failing of executive level search firms and operators in the mid-market, although I am willing to concede that they have more margin for

error with more junior management roles. In this area, public sector recruitment has some great elements of best practice. The process works around the specific nature of the role, engaging the key stakeholders right across the lifecycle of the recruitment initiative and assessing candidates in a matrix format, measuring skills and experience, style and approach and cultural fit against the requirements of the role.

Culture fit is hardly ever explored in enough depth, considering how critical it is to an accurate and sustainable hire. Recruitment partners often start work with an understanding of culture fit that's summed up in a sentence like 'high energy extrovert with good communication skills'. That's just not good enough to reduce risk (or deliver value). The industry benchmark for excellence involves a thorough exploration of the organisational culture and climate, and the culture of the particular team the individual will fit within (or lead). It will take a real investment of time to go through this process properly, but it's worth it, especially if the most senior client stakeholders are engaged to give their input and are therefore committed and engaged to the hiring process.

There aren't any magic beans; ROI in recruitment comes down to great (and consistent) process, and great innovations within the process. It's not just about cost, it's about value.

Raj Tulsiani is CEO at Green Park Interim & Executive Search