

HOW TO INCREASE PROFITABILITY THROUGH OFFSHORE SOURCING AND RECRUITING WITHOUT GETTING BURNED

THE ALLURE AND THE CHALLENGE

As the economy continues to improve corporate recruiting departments need to contain cost while improving recruiting efficiency. A single corporate recruiter may handle up to 60 simultaneous job openings. It simply is not possible to conduct quality searches for this many positions. Many corporate recruiters also have human resources responsibilities, which make it even more difficult to find the time to recruit for so many openings. Clearly corporate recruiters would benefit from having a low cost, high quality partner to increase their recruiting bandwidth.

The widespread adoption of Vendor Management Systems (VMS) has allowed corporate recruiting departments to lower costs for filling temporary positions. However, sometimes the use of VMS has come with the tradeoff of also lowering the quality of hire. Meanwhile, the lower margins of VMS accounts has created a business imperative for staffing firms to establishing lower cost and high quality recruiting processes.

Recently progressive corporate recruiting departments and staffing firms have discovered a better approach – working with an offshore recruiting partner. An offshore recruiting partner can increase recruiting productivity by 30 to 50 percent, lower the cost per hire by 40 to 60 percent, and allow recruiting organizations to rapidly scale up or scale down the size of their recruiting teams as the volume of job openings fluctuates.

Sound too good to be true? While these types of results are certainly possible, they are not always achieved. The quality of many offshore recruiting firms is inconsistent and some firms are less than totally reputable. So selecting the right partner is critical.

THE CONCEPT

Many of the tasks involved with recruiting mid to fairly senior (\$50,000 to \$130,000) professionals are not done face-to-face. Recruiters often identify candidates through Internet-based sourcing and then communicate with the candidate using the phone and e-mail. These “back-office” activities can be performed equally effectively from a lower cost center – offshore. The majority of offshore recruiting firms are located in India, but some offshore recruiting firms can be found in other Asian, Eastern European, and Latin American countries.

Offshore Recruiting Services

Offshore recruiting firms provide a range of services. Full lifecycle recruiting allows recruiting organizations to outsource recruiting functions that do not require in-person interactions. Tasks can include sourcing, candidate interviewing and qualification, negotiating compensation, administering online tests, conducting background and reference checks, and preparing cover notes and forms for submitting candidates to in-house recruiters or into VMS portals.

Internet-based sourcing and/or candidate screening services are simpler than full lifecycle recruiting, yet can free up to 50 percent of recruiters’ time. Offshore sourcers and recruiters work as “assistants” to the US-based in-house recruiters and typically provide support for the most critical and time sensitive job openings. The offshore team performs the time-consuming tasks and leaves the highest-value, highest-touch tasks to the in-house recruiters. As a result, in-house recruiters can close up to 50 percent more job openings, focus on complex tasks requiring the greatest skill, provide a more positive experience for candidates, and delight their hiring managers through presenting higher quality candidates.

WHAT TO LOOK FOR IN AN OFFSHORE RECRUITING PARTNER

Selecting an offshore recruiting partner can be confusing. The “sales pitches” of many firms sound suspiciously similar. Oftentimes, these “me too” firms end up competing almost solely on price. This can be dangerous because at a certain price point, it becomes impossible to provide quality sourcing and recruiting services without significantly cutting corners or worse.

Recruiting is not a commodity business. It would be foolish to hire an internal recruiter based solely on the cost of the recruiter and with no regard to the recruiter’s capabilities and experience. The same is true when hiring an offshore recruiting firm.

The challenges below outline things to look for when selecting an offshore recruiting firm. With careful due diligence in selecting a partner, the promise of offshore recruiting is likely to be realized.

CHALLENGE - RECRUITERS WHO ARE NOT TRAINED

Solution - Offshore recruiting firms work on low margins and some cannot afford to hire experience recruiters or provide training. Insist on the offshore firm providing bios of the recruiters on your offshore team. Verify that the recruiters have received training and be skeptical of firms that claim to provide on the job training.

CHALLENGE - RECRUITERS WHO DO NOT SPEAK CLEARLY

Solution - Insist on speaking with the recruiters on your offshore team. Verify that the recruiters have received voice and accent neutralization training.

CHALLENGE - RECRUITERS WHO DO NOT UNDERSTAND THE NUANCES OF AMERICAN BUSINESS

Solution - Some offshore recruiters will not understand the urgency of American business or the importance of delivering on commitments. Some will be hesitant to say “no” or “I do not understand” to an American client. Verify that the recruiters on your offshore team have experience working with Americans and training in American business practices.

CHALLENGE - RECRUITER TURNOVER

Solution - Turnover of recruiters in India is extremely high and can undermine performance. High turnover is mostly caused by the enormous demand for experienced international recruiters. Other reasons include health problems from working the nightshift, proposals for arranged marriages that stipulate no nightshift jobs, and leaving a job to take care of an ailing family member – even when the ailment is not life threatening. The level of turnover is much lower in offshore firms that offer their recruiters higher pay and better opportunities to learn and advance professionally. Ask your offshore firm about their recruiter attrition rates and retention programs.

CHALLENGE - LACK OF PROCESSES

Solution - The offshore firm should have well-established processes starting new clients, monitoring recruiting performance, and tracking the progress of each job order. Ask detailed questions about the work process and make sure there is experienced management overseeing the recruiting team.

CHALLENGE - POOR INFRASTRUCTURE

Solution - Effective offshore recruiting is not possible without quality infrastructure for both voice and data. Talk with your offshore team to confirm voice quality is acceptable and check to make sure the offshore firm has redundant ISPs in case of an outage.

CHALLENGE – CONFLICTS OF INTEREST

Solution – Some offshore recruiting firms also operate a US-based staffing agency. Some of the offshore recruiters work for non-affiliated clients and others work for the offshore recruiting firm’s own staffing agency. When this is the case, the best recruiters (and never the worse recruiters) are usually assigned to the firm’s own agency and the non-affiliated clients get the “leftover” recruiters. Always find out if the offshore firm operates a staffing agency and the process by which recruiters are assigned to clients.

CHALLENGE - DISREPUTABLE COMPANIES

Solution - Some offshore recruiting firms, especially those competing on price, will cut corners. Some common dishonest practices include billing "dedicated" recruiters to more than one account, not fully staffing teams that are supposed to have multiple recruiters, not providing backup recruiters when recruiters are absent, and submitting candidates to multiple clients (be especially leery if the offshore firm has its own US staffing agency). Make sure that your agreement is with a US firm in case there is a need to enforce disputes.

CHALLENGE - CONTRACT TERMS

Solution - Some firms insist on long-term contracts that provide little recourse if performance is not acceptable. Look for firms with flexible contract terms.

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