



Guide

The relationship between HR and recruitment agencies

A guide to productive
partnerships

Contents

Acknowledgements	2
Foreword	3
Introduction	4
The advocacy model	6
Part 1: The characteristics of a partnership relationship	7
Part 2: Selecting a recruitment agency	10
Part 3: Getting started – building a relationship	16
Part 4: Monitoring performance and maintaining the relationship	24
Part 5: The impact of new technologies	28
Part 6: What does the future hold?	30
Summary	33
Appendices	
Glossary of terms	34
The Demos two models of recruitment	36
Partnerships in practice: more case studies	37

Acknowledgements

Thank you to those individuals and organisations that kindly participated in our research and contributed to shaping this guide:

Organisations

Atkins	Nicola Lake
BBC	Graham Hall
City of York Council	Stephen Forrest
Gilead Sciences Europe	Michele White
Independent consultant	Alan Ives
Rolls-Royce plc	Iain Snape
Royal Bank of Scotland	Grant MacIntosh
Serco	Toni Williams and Debbie Whitehead
St Mungos	Pete Jeffery
The Clancy Group	Amna Naqui and Natalie Wolfe
Yell Group	Isabelle Hung

Recruitment agencies

Adecco Appointments	Steven Kirkpatrick
Chemistry Recruitment	Roger Philby
Contract Scotland Ltd	Colin Woodward
Intelligent Resources	Julia Hordle
Practicus	Boyd Kershaw
Randstad	Jaeson Middleton
Resolve	Muriel Gilbride
Spectrum Personnel	Gary Dixon
Vedior	Belinda Johnson
Recruiter Magazine	DeeDee Doke

Foreword

This guide has been produced jointly by the Chartered Institute of Personnel and Development (CIPD) and the Recruitment and Employment Confederation (REC) to assist HR professionals and recruitment agencies in building and maintaining productive relationships.

What was the impetus for exploring the HR and agency relationship?

Despite the wide choice of recruitment attraction methods available to employers today, there still remains a big demand for recruitment agencies to help employers attract and recruit key staff to their organisation.

But for recruitment agencies to successfully meet their client organisation's recruitment requirements, the quality of the relationship between HR and recruitment agencies needs to be high. In fact, research from the CIPD's 2007 *Recruitment, Retention and Turnover* survey shows that where HR and recruitment agencies are committed to developing and maintaining closer relationships, the outcomes for both parties are more positive. And from a strategic perspective, it's the formation of these stronger partnerships that bring mutual business benefits and added value.

Due to the lack of advice and guidance in this area, we decided to produce this guide in an attempt to provide both professions with some good practice insights and examples on how they can work together more effectively. Not only does this guide highlight the importance of this issue among HR and agency communities, it also aims to influence future collaborative working.

What does this guide deliver?

This guide starts with an illustration and description of the characteristics required to build and maintain strong partnership relationships. It then offers step-by-step guidance to choosing an agency, building, monitoring and maintaining productive relationships. It also explores the impact of technological developments on the relationship and includes a forecast on potential future developments.

Throughout the guide, there are case studies from a wide selection of organisations and recruitment agencies to demonstrate different approaches to building and maintaining productive partnerships.

This work is supported by an interactive practical tool: www.cipd.co.uk/tools

If you would like to comment on this research, please email research@cipd.co.uk

This guide has been written by Karen Wisdom, Nicky Day and Amy Colaco-Osorio from Ipsos MORI.

Introduction

The aim of this guide is to identify and illustrate good practice in building and maintaining productive relationships between HR and recruitment agencies. It demonstrates how HR and agencies in different sectors can work together collaboratively and explore where value can be best added in the future. For some, good practice is defined by a level of achievement, for others in how far they have progressed on a journey to reaching their goal.

According to the CIPD's 2008 *Recruitment, Retention and Turnover* survey, 78% of employers in 2007 used recruitment agencies to attract and recruit employees. But historically relationships between employers and recruitment agencies have been marred by a range of pressures and degrees of mistrust from both sides. At the same time, the employer–agency relationship has traditionally been one based on best value and low cost, with contractual decisions made predominantly on this basis.

Today, however, businesses are seeing a shift towards the desire for 'partnership' relationships between employers and their suppliers on a far more consultative basis. This applies to that of the HR professional and their chosen recruitment agencies.

The CIPD's 2007 *Recruitment, Retention and Turnover* survey highlighted a number of issues that merited further exploration, largely centering on relationships between HR and recruitment agencies and the issue of performance evaluation. Only 36% of the organisations surveyed had a structured approach to evaluating the performance of recruitment agencies.

Against a backdrop of issues relating to talent management – specifically the sourcing of candidates from a now global workforce, increasing diversity and changing attitudes towards work and career – it is

crucial to get resourcing issues right. Our research links and builds on the themes coming out of the CIPD's earlier survey report, and provides insight into good practice for now and in the future.

In gathering knowledge and opinion from employers and recruitment agencies, we set out a number of research objectives covering key areas of relationship-building.

The research objectives

It is relevant in addressing HR–recruitment agency relationships to reference customer relationship management (CRM) practice. Leading organisations use a structured process to develop and build customer relationships. This process revolves around three key facets:

- the level and type of service provided
- the quality of management of client/customer accounts
- the 'added value' perspective, which is often achieved through thought leadership and innovation.

Our research discusses answers to the following questions:

- What are the reasons for employers choosing recruitment agencies in general? How does this relate to the organisation's resourcing strategy?
- What are the characteristics of a strong partnership relationship and how can an agency really add value to the client organisation's resourcing strategy?
- What are HR's key selection criteria for choosing an agency? What is the rationale behind organisations' different choices of recruitment agencies?
- What are the differences between building ongoing relationships and satisfying ad hoc recruitment needs? How can an ongoing relationship best add value to the employer branding process?

- What are the implications of quality over quantity when choosing an agency and building a relationship?
- How do HR and agencies become and remain involved and engaged with one another?
- How do organisations measure agency performance?
- How do organisations and recruitment agencies maintain effective communications?
- If problems arise between HR and agencies, how should they be resolved?
- What has been the impact of new technology?
- What changing environmental trends and developments are affecting the relationship between employers and agencies? And how might these changes shape the way in which both parties might work together in the future?

In addressing the above questions, the guide moves through the initial stages of building and maintaining a relationship, from the selection process, to fostering a longer-term partnership, where added value becomes a natural extension of the process and both parties work together effectively for greater strategic benefit.

Overall, this guide seeks to demonstrate good practice examples, case histories and key messages for HR and recruitment agencies. It is complemented by a web-based tool for HR and recruitment consultants. We recognise that one size does not fit all, and that these messages must be adapted to suit individual organisations, their cultures and processes.

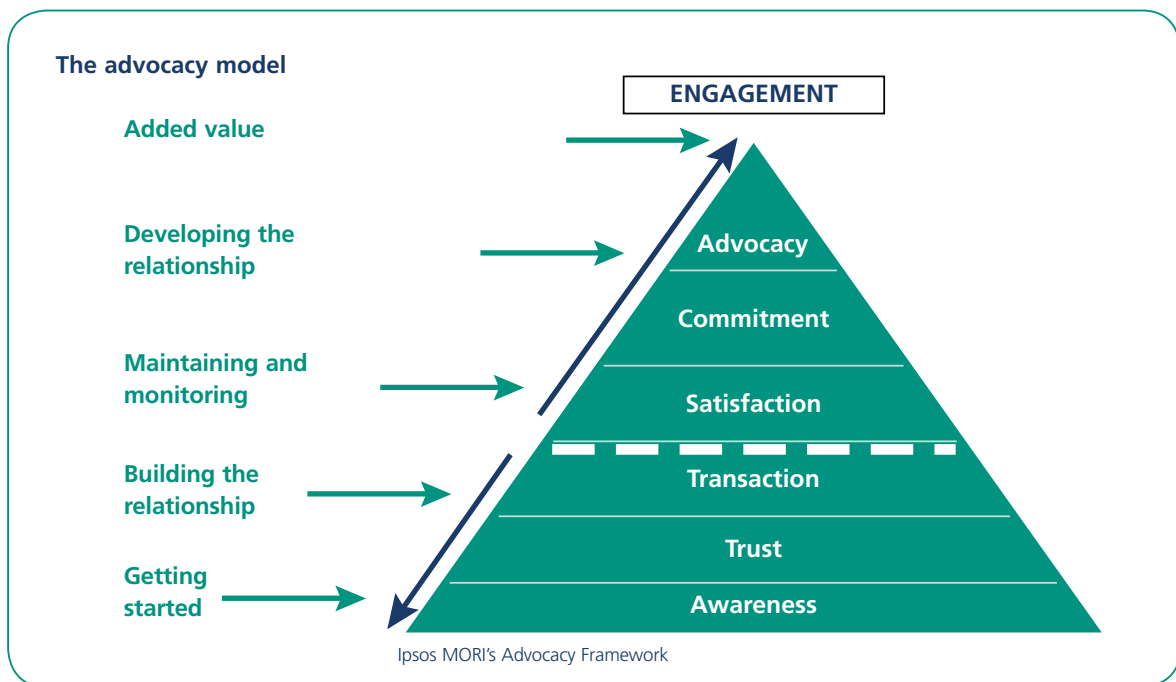
Research design

A discussion guide was designed by Ipsos MORI in conjunction with the CIPD and REC. Ipsos MORI recruited, screened and conducted a series of 20 depth face-to-face and telephone interviews with HR and recruitment professionals based in British organisations in January and February 2008. The sample comprised:

- HR professionals responsible for recruitment
- recruitment consultants and agencies
- line managers with responsibility for recruitment
- procurement professionals with recruitment supplier responsibilities.

A sampling framework was employed to ensure that the sample generated provided a good representation of UK industry by size, sector and specialism. Ipsos MORI designed a relevant screening questionnaire to ensure that organisations interviewed met with a number of predetermined 'good practice' criteria.

The advocacy model



The Ipsos MORI advocacy model was conceived as a framework for thinking and a basis for measurement of stakeholder reputation. Based on the notion of a 'hierarchy of needs', it has been adapted specifically for use in measuring the position of employees on the journey to engagement (and thus an opportunity to maximise employee retention) and for assessing the position of stakeholder groups, including customers and suppliers. At the top of the pyramid are those who create value for an organisation by acting as 'advocates' of its business and services.

In the context of this study, the above framework recognises the benefits for an employer to move its recruitment 'suppliers' from basic awareness upwards towards advocacy, and ultimately engagement.

The key success factor in building such relationships is trust, which evolves through involvement and regular communications on both sides to keep up to date with objectives, developments and changing needs. It also depends on a sense of priority and a willingness to subscribe to a business model that recognises quality over quantity.

High levels of engagement have been proven to have strong links with organisational and business success. Thus it is in the interests of every organisation to maximise the proportion of its stakeholders, in this case employers/agencies, who can add such value by proactively marketing the organisation to others. This is particularly important for employer branding, where, for example, it is essential to forge relationships that motivate recruitment agencies to act as an extension of its organisation in the marketplace.

1 The characteristics of a partnership relationship

We can use the advocacy framework to consider the building and maintaining of a strong HR–recruitment agency partnership relationship. At each stage of the framework, there are key characteristics that can be identified as reflecting the type of relationship between HR and agencies that can benefit both parties in the creation of the ‘partnership’ relationship.

Awareness

This is the means by which HR becomes aware of an agency and its position in the marketplace. Equally it is the means whereby an agency becomes aware of an organisation, its brand, employer value proposition (EVP), objectives and recruitment needs.

- **Marketplace reputation**

Good reputation in the marketplace raises awareness among both employers and agencies of each other’s offerings, making approaches from both sides more likely. An agency with a well-respected brand is likely to be approached by companies to assist with their recruitment needs, for example if the agency has a good reputation within the market for recruiting high-calibre candidates.

At the same time, agencies are likely to be striving to win recruitment business from large, blue-chip companies with a good reputation in their market. Such organisations will not only be valuable for an agency’s credentials, they will also provide experience of good practice and processes and have a clear EVP to sell on to candidates.

- **Tactful approach**

When it comes to the initial approach to work with an employer, the ideal relationship will stem from a tactful approach from the agency to the employer. The more sensitive the approach to prospective clients, the better, forming a basis for a relationship based on understanding and empathy of the organisation’s needs.

- **Geographical coverage**

Awareness of an agency will be greater depending on its national (or specific local area) coverage and associated labour market knowledge of those area(s). Knowledge of local labour markets, specific recruitment sectors in those areas and the associated recruitment trends is inimitable. The size of a recruitment agency’s geographical presence and representation can influence an organisation’s choice of agency to work with.

- **Expertise**

An agency’s capabilities are recognised and valued as an information source for knowledge-sharing – this can be sector-specific knowledge, industry experience, local labour market knowledge and general expertise stemming from working with a range of different clients. This expertise should, in a robust partnership relationship, be recognised and used to the advantage of both parties in a consultative approach to resourcing.

- **Understanding**

Both HR and agencies see the ‘ideal’ scenario as one where they clearly understand each other’s business objectives and needs. As a consequence there should be a mutual understanding of what they are trying to achieve, who they are trying to recruit and into which vacancies.

Trust

Trust takes time to develop. It is built as a result of involvement with and connection between the two parties – through promoting openness and honesty in their relationship.

- **Trust**

Reaching a point where HR and agency trust each other forms the foundation for the ‘partnership’ relationship. This high level of trust as an ultimate goal is recognised and supported equally by both

parties. When the relationship reaches this stage it also allows HR/agencies to challenge each other in their expectations and ideas, creating a relationship based on a two-way dialogue and one that can continue to be developed.

- **Transparency**

A relationship where both parties are working towards the same goal(s) and feel able to communicate openly with each other on a regular basis is desirable. In an 'ideal world' this involves both parties being fully aware of how the other is thinking and how the relationship is progressing.

- **Realistic**

HR's brief must be realistic. Supplying the agency with an accurate job description and person specification for the roles they're looking to fill will make it easier and quicker for the agency to track down the right candidates.

Agencies need to communicate realistic time-scales to HR for sourcing the best candidate(s). Working to realistic time-frames is likely to result in better-matched candidates being placed. Without unreasonable time pressures, agencies have more time to consider and recognise quality candidates.

Not all of HR's demands can necessarily be met from the outset. There may need to be some scope for negotiation in relation to time-scales and the number of candidates put forward, for example, trading off volume or speed for better-quality candidates.

- **Two-way communications**

Regular, frequent two-way communications and progress updates are important. Face-to-face meetings and strategic reviews offer both parties the opportunity to address any issues, ensuring resourcing objectives are being met. As a result both will be up to date on performance and progress, and involving agencies in your business can motivate and engage them.

Transaction

This relates to the process of employers appointing an agency as their recruitment supplier, within or outside of a preferred supplier list (PSL).

- **Timely**

The agency fills vacancies/meets HR's deadlines as agreed and HR responds to submissions and processes candidate applications in a timely manner. Both understand the importance of speed in the recruitment process, but not at the risk of quality.

Satisfaction

Satisfaction can be reached as a consequence of agreeable business interactions, which meet the relevant objectives and also through the way in which both parties behave towards each other.

- **Respectful**

HR and agencies respect each other and the key activities and measures relevant to each other's businesses (for example time-scales, quality, volumes, margins/fees, and so on).

- **Continuity of account people/knowledge management**

HR and agencies work hard to ensure that relationships are built and knowledge about each party is shared within their respective teams. Distinct efforts are made to maintain key contacts on both sides by motivating and engaging staff, as there is recognition that low staff turnover is beneficial to relationship-building.

Commitment

Commitment is an important step upwards towards advocacy, being driven by a desire to develop a deeper relationship.

- **Proactive and challenging**

Agencies are proactive in making suggestions to HR about where they can add business value, anticipate their future needs and challenge requests where appropriate. These suggestions are well informed through the knowledge the agency has of their client's business and strategy. HR welcomes this as an extension of its own thinking and appreciates the input and feedback.

- **Added-value services**

HR is able to tap into the agency's additional expertise to add value to their business. For some agencies, this means acting as a proactive 'temperature taker' on current market conditions, pay benchmarking, the provision of specialist profiling services or the identification of new approaches/techniques or talent pools. For others, there may be opportunities for greater strategic involvement, for example in resource planning, forecasting and/or troubleshooting.

- **Reward for satisfaction**

HR recognises the need for flexibility of margins and fees to generate the best candidates. Agency prioritises staff rewards based on client and candidate satisfaction levels and quality of placements made.

Advocacy

Advocacy is the point at which employers are prepared to speak highly of an agency's services and achievements, and an agency of an employer's business as a place to work. This is tantamount to free word-of-mouth advertising, and effectively helps to drive down recruitment costs in the longer term.

For organisations, agencies that understand and are as enthusiastic as the employer about its product/service, brand and culture will become a valued ambassador for their employer brand. Ultimately this will contribute to the organisation's resourcing objectives by acting as an advocate for the client's EVP and its wider activities.

An agency is a major touchpoint for many candidates in the recruitment process and should therefore be kept up to date with the organisation's employer branding activity.

HR can add value to the agency's business by speaking highly of the agency's service, activities and achievements.

Engagement

Engagement is achieved at the pinnacle of the pyramid. This is where agencies will 'go the extra mile' for employers – beyond the call of duty. It's also where HR will willingly invest time and resources in an agency that is seen to be an effective business partner – agencies in turn reciprocate with HR. In this manner, both are adding value to the other's business through the delivery of discretionary effort that goes beyond the statutory requirements of the relationship.

2 Selecting a recruitment agency

This section focuses on how best to select an agency and what an agency can best do to aid selection. We also focus on what the role of the agency is, and how this compares with HR's expectations.

What role can recruitment agencies play in supporting the employer's resourcing objectives?

A key aspect of raising awareness of HR's requirements and an agency's ability to meet these requirements is an understanding of the HR/agency role and the expectations of each party.

The perceptions by each party of the others' capabilities and role will have a direct impact on their respective expectations. It is therefore important to be clear about both from the outset. This will improve the likelihood of creating a relationship where expectations can be managed and an open, two-way dialogue exists.

Some of the main reasons why organisations use recruitment agencies are:

- to gain access to job-seekers (both active and passive)
- to source candidates from more specific talent pools and match them to an organisation's vacancies
- to reduce the time and in-house resources dedicated to recruitment
- to use a range of specialist skills offered by recruitment experts
- to access specialist services such as screening, filtering and profiling of candidates
- to gain flexibility in recruitment to meet cyclical/market demand
- to get expert opinion about and knowledge of current recruitment legislation
- for benchmarking purposes – access to salary data and local market knowledge.

Progressive client organisations tend to expect their agencies to act as an extension of the client's employer brand/EVP (as discussed in the previous section). To fulfil this advocacy role, a thorough briefing at the outset is essential, with effective two-way communications between agency and organisation to keep the agency updated on all relevant employer brand strategy and tactics.

The CIPD's *Employer Branding: A no-nonsense approach guide* – www.cipd.co.uk/guides – offers employers help with developing and communicating an employer brand.

Added-value offering from recruitment agencies

Many recruitment agencies can also offer or are well placed to undertake additional 'added value' services, including:

- an advisory partner with clear understanding of the client's business, objectives, culture and values – often including additional consultancy services such as talent management advice
- the provision of appropriate speculative CVs to HR where they believe these are relevant to a client's current or anticipated future needs
- the sharing of global and/or local market knowledge to provide perspective for clients to help inform long-term resourcing plans, such as succession planning.

Many agencies would seek to achieve where possible an 'exclusive' partnering arrangement, whereby they are a single approved supplier (or one of two or three with specialist knowledge and skills). This enables a closer relationship with client organisations, a more detailed understanding of the employer's business objectives and resourcing strategy and therefore the ability to anticipate the organisation's recruitment needs.

Consensus of opinion

Both HR professionals and recruitment consultants agree that a vital role for an agency is to build a close relationship firmly based on regular two-way communications and trust.

And more importantly 'advanced' agencies will work with HR to help them reduce their external recruitment spend (something to which many organisations are aspiring). This does not mean that the role for recruitment agencies is negated, but that there are greater opportunities to add value through optimising existing recruitment systems and the effective delivery of other specialist services, as well as contributing strategically to the organisation.

The key issue of trust

Generally speaking, agencies want to be closer than most HR professionals are prepared to let them, in order to understand what is really important to the organisation. HR can be reluctant to 'let agencies in'. However, the good practices we have identified all stem from close relationships that are built on openness, mutual trust and respect. The individual recruitment consultant assigned to an organisation has a huge influence on the building of this trust, and their credibility is directly linked to the success of the relationship between them and their client organisation. In some cases, HR will choose to consider agencies their consultant has moved on to, in order to maintain the successful relationship that already exists with that individual.

'The key influences for client organisations choosing their agency are not necessarily qualifications, but simply "reputation, expertise and trust" as well as general effectiveness in their performance.' Julia Hordle, Director – Corporate Intelligence, Intelligent Resources

Selection process and key criteria

How does HR select the right agencies to fill their vacancies? And how do agencies ensure they are selected?

- **Market reputation**

In the initial stages of the selection process, the reason organisations are attracted to an agency is often due to its market reputation, perhaps through high visibility and performance in a specialist sector or from brand prominence on the high street. It is therefore important for an agency to uphold its first-class reputation and ensure it has good PR, as well as continually delivering strong results. These selling points can help agencies propagate a positive, word-of-mouth reputation within the market.

- **Experience of similar work in industry sector**

While recruitment qualifications enhance recruitment consultants' skills, HR are increasingly seeking agencies with previous experience of working with other organisations in their sector or specialist fields. Recruitment consultants with industry-specific qualifications rather than those restricted to the recruitment industry are also considered to be an asset. Equally, recruitment consultants who have worked in an organisation, in other words on the employer side, are thought to be well placed for promoting the agency's recruiting capability in that sector.

- **Understanding the business goals**

Alongside direct industry experience, organisations are looking to build relationships with recruitment agencies that are prepared to align their client offering with their organisation's culture and values. They are also keen to see agencies demonstrate an understanding of a particular industry and/or individual business and its way of thinking. With a clear picture of where a business is heading within its market, an agency can better select the candidates most likely to add value, maximising the cultural fit and promoting employee retention.

- **Local representation and understanding of local labour markets**

Agencies with good local representation in a specific industry and knowledge of local labour markets are at a distinct advantage. One organisation participating in our research uses a small, local agency that now knows the exact profile of each candidate they are looking for. As a result of this the agency has a clear affinity with the organisation's work ethics and has developed a longstanding relationship with them.

- **Interpersonal relationships and complementary personalities**

Once the initial selection process is under way, the relationship starts to develop between HR and the recruitment consultants they come into contact with from the agency. At this stage, it is fundamental that both parties build rapport, exercise good customer service skills, and look for individuals with personalities that complement one another to start building an effective partnership relationship.

- **Fees and commercial terms**

Agency prices and terms and conditions remain high on the employer's agenda, with greater emphasis placed on this aspect in a formal tender process. Level of agency fees is one of the reasons why some organisations shy away from using recruitment agencies. However, many employers will exercise some flexibility over fees for hard-to-find or specialist candidates, and this may present an opportunity for potential negotiation.

With a huge emphasis on agency fees, an agency will need to be able to justify their worth to HR by demonstrating value for money, for example from proving that it can offer 'added-value services' to organisations (as mentioned previously, for example market measurement, profiling and so on). However, organisations will also need to be realistic and prepared to pay fairly for agency services. Failure to do so is likely to create tension between the two parties and result in agencies offering candidates to competitor organisations.

Vedior strategic partnerships

Vedior is one of the world's largest recruitment services groups, operating over 170 separate specialist recruitment brands across 52 different countries around the globe. Belinda Johnson, Vedior's UK Development Manager, thinks that a key role of a good agency is to help employers move their businesses forward through intelligent resourcing activity. For Vedior, this can range from providing ad hoc support for recruitment – permanent, contract or temporary labour – at one end of the spectrum, right through to a full EMEA-wide recruitment process outsource (RPO), as performed by group company OriginHR.

'Respectful' terms and conditions

The Vedior Group think respectful relationships extend to respectful commercial terms for the agency community. Greater overall 'value' can be achieved from intelligent use of a refined PSL than through opening up requirements to an extensive list of agencies that may have been selected, by way of example, through a pricing e-auction. One example of this is a global client organisation that asked Vedior not to reduce their pricing, as the client wanted to ensure that the recruitment consultants remained keen to work on their assignments. This is particularly pertinent for client organisations seeking to engage with a supply chain to provide their critical front-line resource.

Johnson argues, 'There may be some categories of supply where it is appropriate to have discussion surrounding volume versus margin, but when sourcing for the highly skilled workforce that are going to add the greatest value to your operation, it may be wise to offer terms that are respectful of the amount of effort that it requires to source these candidates. Furthermore, in areas of acute global skill shortages, that effort may extend to sourcing candidates from across the globe.'

Information was provided by Belinda Johnson, UK Development Manager, Vedior

- **Satisfaction levels**

Although much lower down on the selection criteria list, some progressively minded employers are starting to use agency performance measures, such as satisfaction among existing client organisations. Some organisations also consider the agency's success rate in terms of:

- quality of candidates submitted
- candidates' fit to job criteria (for example in terms of average tenure or satisfaction in their new roles)
- client service ratings or feedback from candidates on the quality of the agency briefing and their recruitment experience
- day-to-day service received from the agency staff
- feedback from recruitment managers
- ratio of number of placements made versus number of vacancies filled
- time taken to fill vacancies
- whether any added-value initiatives have been suggested.

'Hygiene' factors

There are a number of criteria that are essential – most organisations we spoke with consider these as minimum 'hygiene' factors they would expect agencies to meet.

These might include:

- health and safety policies
- diversity policies
- quality procedures and accreditations
- risk management procedures
- professional qualifications or organisational accreditations.

Employers also take into account 'higher level' selection criteria relating to professional experience/knowledge and interpersonal relationships.

Agencies seeking to maximise their chances of selection should be aware of the client organisation's selection criteria and priorities and that these may differ between individual client organisations, sectors and specialisms.

Selection: maximising your success

What can HR and agencies do from the outset to encourage the development of a good relationship?

Tips on what HR can do to encourage the development of a good relationship with recruitment agencies

- **Establish and clearly share your strategic approach to resourcing** – it's easier for agencies to help you meet your resourcing objectives if you are clear about your organisation's needs from the outset. It will also give the agency scope to offer more 'intelligent' sourcing of candidates.
- **Provide clear and detailed briefs for job roles** – to facilitate agencies placing candidates be clear from the start about the role requirements, and agencies should adhere to the brief and time-scales more closely.
- **HR to elicit feedback from line managers or other key stakeholders** – who are close to the line and subsequently more knowledgeable on the recruiting role? This information will aid HR in painting a picture of skills, experience and attributes the role requires, in turn helping agencies to find the most suitable candidates. Some organisations purposely involve line managers in the recruitment process, as for them it's more beneficial.
- **Demonstrate a willingness to be flexible** – in your approach to recruitment. While clear aims and objectives are vital, it is also helpful to show agencies that your organisation will accommodate a degree of flexibility from them and potential suggestions for future strategy. In doing so, the agency is likely to return the favour for the organisation when special requests arise.

Tips on what agencies can do to raise their profile to prospective client organisations

- **Think about how best to approach your prospective client** – cold calling is probably not the most effective way. Consider which day and time might be most convenient and through which media you are likely to achieve success.
- **Have respect for any existing preferred supplier list (PSL) arrangement**, but enquire when this is reviewed and how the process works in practice.
- **Research your target as thoroughly as possible** – search their website for information on their organisation, their brand, values, types of roles and prospective needs. The ability to demonstrate knowledge and understanding of a new organisation goes a long way.
- **Keep them informed on a regular basis about your agency's services**, specialisms and achievements through marketing tools such as newsletters and brochures. Client case history materials are often well received, as are testimonials – examples of client organisations you have worked with to help reduce their costs and add business value. Consider inviting them to any events or discussion forums you are planning to demonstrate your capabilities.
- **Ask if it is possible to schedule a meeting/lunch** to discuss their resourcing strategy and needs. This will give you insight into their business and recruiting requirements, providing a potential platform upon which to develop a more meaningful relationship.

Pitfalls for HR and agencies to avoid

Our research uncovers a range of frustrations among both HR and agencies. With some focused effort, these issues can be turned into win-win situations:

- **Unsolicited approaches**

Many HR and recruitment professionals receive high volumes of unsolicited calls from agencies and are frequently contacted by agencies outside of their preferred supplier lists. Apart from wasting valuable time, a particular irritation for HR is that these unsolicited callers often appear uninformed about the organisation in question, structure, brand and employer brand and its HR and resourcing objectives.

'I can tell within the first 30 seconds if they are trying to sell something to me that I don't need, or if they actually have taken the time to find out about our organisation and what we want.'

The general consensus is that cold calling is an unwelcome practice. Many HR professionals admit to screening out such calls in an attempt to avoid them.

HR professionals also actively discourage the sending of speculative CVs, both within or beyond a PSL arrangement. As with unsolicited calls, they do not want to receive ill-matched CVs and feel especially uncomfortable about acting upon such approaches within a PSL arrangement. A minority of HR professionals do concede that an occasional well-matched candidate does add value to their organisation's recruitment activities, but are unsure how such approaches could be made legitimately without compromising the position of other PSL suppliers.

Tip: It is important to legislate for these details in the initial contract.

- **Marketplace reputation**

As a commission-led industry, the recruitment agency profession can suffer from a poor image among employers. This is an image the profession is keen to dispel.

Tip: Agencies should actively promote themselves so organisations are aware of their USPs (unique selling propositions) and positive points of difference, for example specialist sector knowledge and professional expertise.

- **National vs regional representation**

Organisations with national (and international) workforces can expect their agencies to be able to source candidates nationally or internationally as required. It appears that some agencies claim national representation but cannot deliver candidates based in some regions; recruiting in Scotland is a commonly cited example of this.

Tip: It is important for HR to check with the agency if national and/or international representation is a prerequisite, and to be honest with the agency about regional and international needs. This will determine from the outset whether the agency will be in a position to fulfil the organisation's recruitment needs.

- **Preferred supplier lists (PSLs)**

A common frustration where they exist can be HR teams not making preferred supplier lists (PSLs) mandatory. HR professionals sometimes approach non-PSL agencies (instead of PSL agencies) directly for candidates. By not adhering to processes, consistency of the recruitment process is lost.

Tip: As PSLs are put in place to avoid these instances, HR should respect the PSL arrangement to ensure a fair process for all incumbent agencies.

Given a choice, agencies would rather be on a short PSL of two or three agencies. Agencies report that shorter PSLs make them feel more valued and motivated to develop a strong working relationship with the employer. One interviewee from a private sector company said that when non-PSL agencies contact them they are honest with them that there is a PSL in place, but they will keep their details on file in case the situation should change in the future.

Tip: One option is to subdivide a long PSL list into specialist categories, with a small number (say two or three) in each.

- **The balance of quality vs quantity**

Despite a will to enhance the quality and match of candidates, most contracts are fee-based, which serves to encourage a quantity-based approach. Although progressively minded employers and agencies place a firm emphasis on the provision of quality candidates, there are still instances when HR and agencies are looking to fill vacancies quickly, which usually results in substandard candidates.

Recent Demos research highlights that there are two different models of recruitment and therefore two different approaches to recruitment – highly skilled jobs (quality-based) and low-skilled jobs (quantity-based) (see page 36).

Tip: Both HR and agencies should discuss the quality/speed issue, with a view to agreeing where compromise might be reached.

3 Getting started – building a relationship

Building a strong partnership relationship should lead to the following benefits:

- a more strategic partnership between employer and agency
- effective, honest and regular communications
- higher levels of trust between both parties
- improved speed and sourcing of quality candidates.

With shared awareness by each party of the other and a willingness to extend trust, this section discusses what steps HR and agencies can take to establish productive relationships. The benefits of developing a relationship to this next level can be seen in greater efficiency, reduced costs and added value.

Rules of engagement – understanding each others' objectives

As we have previously noted, comprehensive briefings are an essential first step in the shared understanding of objectives once the contract has been agreed.

Communicating the corporate brand, values and culture to the selected agency(ies) – ideally using on-site face-to-face briefings – gives recruitment consultants the opportunity to experience the working environment and start to develop that fundamental 'feel' for the company culture.

Equipped with this knowledge, recruitment consultants can start to appreciate what an organisation is seeking to achieve in its people resourcing activities. This insight helps them to better represent an organisation and its employer brand to potential candidates.

Although some agencies start to gather this knowledge as part of a tender or procurement process, formal briefings will enhance knowledge-sharing and relationship-building and provide the foundations from which to begin understanding and sharing thought processes and joint objectives.

'Investing time in each other is key to building a successful relationship'.

As well as meetings and briefings, linked activities are another useful way to build relationships. These activities can include:

- site/office visits
- 'immersion sessions'
- 'agency days'
- 'experience the job' sessions
- profiling of recruitment consultants
- training agency staff in the 'company ways'
- meetings with line managers and other employees.

Practicus adding value with applied knowledge and business acumen

PracticusHR is a recruitment agency specialising in interim HR management resource across a range of industry sectors. Boyd Kershaw, HR Director at PracticusHR, believes that from a selection perspective there are advantages of being a specialist agency. Kershaw says, 'Because we focus purely on interim HR candidates and are sector focused we often get brought in as a niche supplier.'

Understanding the client's current and future needs

The agency's aim is to engage with its client organisations to understand what their current and, more importantly, their future needs are likely to be. Recognising that companies are constantly changing, PracticusHR think it is crucial that employers work with agencies that actually understand this changing environment and what the implications of the changes mean to them.

To help provide employers with this knowledge, the agency ensures that its recruitment consultants are continually learning from the projects their interims work on. This transfer of knowledge is achieved by taking experiences and examples from projects across all sectors and applying that knowledge when working with other client organisations to help them meet their recruitment needs. Kershaw states, 'We take a genuine interest in our clients' projects and objectives; then we take personal ownership and responsibility for providing candidates that help them deliver those objectives.'

To ensure consistency when receiving information from clients about new requirements, PracticusHR uses specific documentation to fully understand their clients' needs. This eliminates the reliance on job specifications sent over directly from employers, which can vary in detail. These tailored qualification documents are designed to iterate the role requirement – focusing on critical milestones, business objectives and success factors of the role. Knowing what to look for gives the agency a good basis from which to start their search.

In terms of the partnership relationship that both employers and agencies are seeking to achieve, Kershaw describes it as being positioned directly under organisational board level, to get a full understanding of where a business is heading and what it is driving towards. Kershaw continues, 'We want key information to sell to our candidates; even in the interim market there is still a war for talent and to attract and secure the best people we need to understand and communicate our client's brand properly.'

Upskilling staff to deliver a quality service

The agency has taken time to create a comprehensive training programme for their staff, psychometrically profiling recruitment consultants and assessing how they build relationships and empathise with their clients. The seven-week training programme is broad and business-focused. It teaches the staff more about business and how to improve as individuals rather than about recruitment.

As well as staying on top of their recruitment consultants' training and development needs, the agency also employs an in-house quality manager, who is responsible for looking across the business to identify areas for improvement. To maintain customer service levels, PracticusHR also uses an external agency to speak to all client organisations and candidates about the service they have experienced.

Looking forward to the next five years, PracticusHR is focusing on becoming more consultative, drawing on the knowledge and experience their recruitment consultants gain from working with a number of client organisations.

Information was provided by Boyd Kershaw, HR Director, PracticusHR

Involve line managers

There is ongoing debate as to how involved line managers should be in the recruitment process and the agency interface. This depends largely on the extent to which the responsibility for recruitment is devolved in an organisation. Some employers prefer line managers not to be involved in the agency relationship but to be involved more in the internal process (for example approving a shortlist of CVs, meeting final candidates and so on).

Others regard them as integral to the process, involving them in meeting agencies at the point at which the initial recruitment need has been identified, right through to negotiating the job offer. Many organisations that use online candidate management systems (a third party web-based application used to administer recruitment processes) are now opening up access to line managers.

Those organisations that do involve line managers in the agency interface report mainly positive benefits, including:

- a clearer understanding by the agency of the local environment, culture, nature of the role and the personality of the manager (and also the team) – this not only enables agencies to brief candidates with first-hand knowledge but to achieve a better match of individual candidate to vacancy

- an additional, direct line of communication for which the agency can raise questions and discuss requirements
- a stronger employer brand
- lower attrition rates
- improved management of information.

A potential risk of involving line managers relates to additional time and delay.

Tip: Setting clear targets for response times by managers helps to control this, as does advance awareness of line managers' movements.

'Our client organisations regularly invite us to forums where they outline the evolving strategy of the company, which includes driving compliant usage of its supply chain. In return, the agency is given the authority to "whistle blow" for the organisation if they discover line managers endeavouring to utilise agencies that the organisation has not approved.' Belinda Johnson, UK Development Manager, Vedior.

Serco involving line managers in the recruitment agency relationship

Serco is a global company that improves services by managing people, processes, technology and assets more effectively. The diverse company employs more than 48,000 people in 35 countries who offer operational, management and consulting expertise in the aerospace, defence, education, health, home affairs, local government, science, technology, transport and commercial sectors.

In 2003, Serco initiated a review of its recruitment preferred supplier list, which at the time extended to between 300 and 400 agencies. In a stringent rationalisation process, the list was reduced to around 50 agencies that were judged to offer a good organisational fit with Serco's business, its needs, and in particular its values.

To ensure effective recruitment, Serco are driving a comprehensive relationship management programme linking HR with internal clients and external recruitment suppliers. An e-recruitment tool has been introduced for the distribution and tracking of CVs, although, as Toni Williams, Resourcing Manager at Serco, is keen to point out, 'not at the expense of communications with the hiring managers direct'.

The organisation relies on their agencies to provide market intelligence and is clear about what working together effectively requires: 'understanding what information our agencies need, and them understanding what we need'. Williams explains, 'We are after the best person for the job, someone that can drive our performance by combining commercial know-how with a deep public service ethos and really emulate our governing principles.'

Serco aims to engage line managers throughout the recruitment process, and Williams thinks that communication is crucial to achieving this engagement.

Recruitment at Serco is a devolved process, with line managers empowered with the responsibility for resourcing in what Williams describes as an 'entrepreneurial culture'. Adhering to the company's resourcing policy, managers have within these guidelines the autonomy for placing recruitment advertisements and notifying recruitment agencies to make contact with line managers directly as soon as a job vacancy is posted.

Equipped with knowledge of Serco's recruitment model and the contact they have with the company's line managers, their agencies have a comprehensive understanding of what is required. As each job specialism is covered by only two or three agencies, the number of telephone calls a Serco line manager needs to take or make is limited. Agencies are briefed to chase up line managers directly, liaising with Williams if problems arise.

Williams thinks that this approach to recruitment brings many business benefits, including good communication and getting the right people into the right roles. Initially there is a certain amount of time involved in setting up the agency–line manager relationships, but the employer believes this to be a worthwhile investment. The level of direct contact by agencies with Serco line managers means that Williams is free to focus on other, more-strategic tasks.

To aid relationships between the organisation and their agency partners, Serco run an 'agency day', to which over 100 recruitment consultants from preferred supplier agencies are invited. Attendees are treated to a complete update on Serco, its financial performance, what that means for them, the organisation's people strategy, vision and values. The group's HR director attends the event, which Williams claims 'is greatly appreciated by those present'. This forum is also effective in helping to communicate Serco's employer brand: a challenge, due to the diverse nature of its business.

Serco involving line managers in the recruitment agency relationship (continued)

Over time Serco have seen better-quality candidates and improved levels of candidates to job matching. Williams recognises that they're not perfect and is keen to work with agencies to solve any problems. However, Williams believes that their best agency relationships are built on 'commitment and values, integrity and ethics' – and describes the relationships with their preferred supplier agencies as 'first-rate'.

For Debbie Whitehead, a recruiting line manager for corporate head office at Serco, relationships with agencies are still built through personal relationships, but more gradually, and she sees the biggest challenge for line managers to be managing the combination of an online and personal approach to benefit both the agency and the recruiting department.

Information was provided by Toni Williams, Resourcing Manager, and Debbie Whitehead, Recruiting Line Manager – Corporate Head Office, Serco

Build rapport with your contacts

As we have noted, regular contact by telephone, email and face to face are all essential in relationship-building.

HR need to keep their agencies informed of organisational developments, changing strategies and recruitment needs. They should also be looking to help their agency become an advocate for their business by providing them with as much knowledge as possible.

In return agencies showing a genuine interest in employers, their business and the challenges they face (that is, beyond a particular brief) may also help to develop the relationship. Many organisations value forms of interaction and networking outside the standard practice, although these should not be regarded as a substitute for effective day-to-day communication.

Employers are also interested in the agency's relevant new service developments and in new knowledge about the marketplace, which may in turn benefit their own businesses.

Encourage openness and honesty

'We can say anything to them and it will be in the best interests of our relationship.'

HR would rather their agencies tell them at an early stage if they have created an impossible brief, than discover too late that a vacancy cannot be filled.

Similarly, if the package for a particular job role is unattractive to quality candidates, this should be openly discussed and reviewed between HR and agency. If problems are encountered, it is better to discuss them immediately and to agree a workable solution, rather than risk damaging the relationship.

Create a sense of trust

Trust will usually result in HR allowing agencies to become closer to their operation, perhaps 'letting go' a little, albeit with a controlled element of risk-taking in order to build trust.

Agencies that are trusted say they are more likely to deliver a high-quality service and will seek to repay that trust through the delivery of discretionary effort for the client organisation's benefit.

Seek permission to challenge

The most progressive HR–agency relationships have an intuitive sense that it is acceptable for either party to challenge the other's strategy, assumptions or tactics. Sometimes a relationship has to be established before both parties are comfortable with this concept. While the will to challenge may not be an inherent characteristic of every organisation's culture, the benefit of agreeing that this is indeed permissible far outweighs any initial discomfort with the prospect. Therefore, the emphasis is on both HR and agency to suggest and to agree that this is a valuable activity, providing it is done constructively.

Sourcing and selecting candidates: quality or quantity?

HR and agencies are essentially working towards the same goal: both are keen to find the right person for the right job, for commercial benefit on both sides.

In sourcing candidates, the pressures are not only related to the quantity of candidates being identified, their relative suitability for the role or 'quality' but also the speed with which they are placed. The ideal scenario for everyone is to place the best quality candidate in the quickest possible turnaround time.

Where **specialist** recruitment is concerned, there is a clear preference among HR and agencies alike that incurring longer lead times to find the most appropriate candidate is the best option.

Yet, where clients have a **volume** recruitment requirement, it can become increasingly challenging to focus on the quality of candidates. Although in theory

there is an absolute industry preference for quality over quantity, the commercial reality of recruitment targets and 'bums on seats' can lead to both HR and agencies considering compromise to fill vacancies.

Sourcing temporary workers

Sourcing high-calibre temporary workers is as important to HR as recruiting permanent employees. High street agencies may place less emphasis on relationship-building with HR when they are sourcing temporary workers, but our research suggests that there should be as great an effort on the quality of the temporary workforce. Not only can they lead to permanent hires through the increasingly common temp-to-perm contract, they also have the potential to become great advocates for a business within a local area, potentially leading to other quality hires through word-of-mouth referrals.

City of York Council and Adecco – an integrated approach to recruiting temporary workers

As a former recruitment managed services manager, Stephen Forrest, Business Development Manager for HR at the City of York Council, has a good understanding of how best to manage relationships with client organisations.

City of York Council employs a large number of temporary staff for a wide range of roles – from engineers through to social workers. Until recently the council used a number of agencies with which they had no formal agreements to recruit all their temps.

Appointing Adecco on a managed agency contract

To gain greater control of the organisation's expenditure on recruiting temporary workers, the council recently appointed Adecco on a four-year managed agency contract. Also included in this contract is the integration of an internal resource pool (own mini-recruitment agency) into the arrangement, whereby Adecco have agreed to work as second tier to the internal pool.

The organisation is looking to expand its internal resource pool, which currently tends to recruit for office and driver roles only. Before signing up Adecco, this internal resource pool was acting in competition with the old agency, but now if the council's recruitment team is unable to fill job vacancies, they are passed on to Adecco. This arrangement is defined as second tier.

The main reason for appointing Adecco was their willingness to work with the employer in reducing its use of agencies over the long term. The tender success criteria focused heavily on quality – with 'innovation being critical'. So what formed the selection criteria for the tender process? The following measures were used to determine the organisation's choice of agency:

City of York Council and Adecco an integrated approach to recruiting temporary workers (continued)

- experience of being a managed agency
- experience of working with local government or similar
- experience of working with second-tier supplier management
- relationship management offering
- innovation and getting 'best value'
- proposal for actual contract implementation
- multiplier rates
- management fees
- rates for transfer from incumbent agency.

The council was impressed by Adecco's performance and input during post-tender negotiations and contract finalisation. Emphasising the importance of the Adecco account team, Forrest said, 'We needed to know who would be looking after our account and that we had stability in the event of agency staff turnover.'

Developing a partnership relationship

During the initial six-month phase, which is now complete, a relationship of trust and honesty was established. Adecco have sought to create a pool of temps who are familiar with the council and its work, and the organisation has worked closely with Adecco to set up their second-tier supplier arrangements. This has involved becoming personally involved in the negotiation of terms with some longstanding existing agencies.

With regular review meetings held to assess performance, Adecco are also adding further value by actively providing the council with information on agency usage. The council intends to use this to challenge line managers on their use of agencies.

Before the Adecco contract was set up there was no control over the use of temporary agencies, and the organisation only produced minimal management information on agency usage, rates and mark-up. Forrest was pleased that Adecco is prepared to take on a contract, with limited information, and work with the council to establish a baseline to demonstrate their commercial value.

The council aims to keep Adecco involved and consult them on the organisation's strategic resourcing developments. From Adecco's point of view, they are keen to be at an advantage during their day-to-day delivery and believe this can be gained from understanding the council's goals, service needs and recruitment activity.

Forrest believes that the way forward for recruitment agencies is to change their business models, in the way that other HR suppliers have done, by managing client relationships through engaging with their business needs and then reviewing their commercial model accordingly. In terms of reaching the advocacy level on the customer relationship model, this would mean 'a proper strategic partner to work with us'.

Information was provided by Stephen Forrest, Business Development Manager for HR at the City of York Council

Building relationships: maximising success

What can HR and agencies do to help build the foundations of a productive relationship?

Tips on how to build relationships

- **Understand each other** – HR should understand the experience and skills of their chosen agency and how it aims to help them. As already noted, agencies: the more you know about your client's organisation and its needs, the better.
- **Take a wider perspective** – HR needs to consider the upfront cost of recruiting a candidate versus the longer-term saving to be achieved by securing a candidate who provides a good match for the job and organisation, and whose loyalty may repay this several times over in the longer term.
- **Be realistic/honest** – as we have seen, HR would rather know if a brief is impossible or if it will take longer than they anticipate to fill it, and an agency would rather find the right person, even if it takes them longer.
- **Be flexible** – sourcing the right candidate for a role is the ultimate goal, particularly in hard-to-fill skill groups. Both agencies and HR need to show a degree of flexibility concerning time-scales, taking into account the difficulty of the search, current market conditions and salary levels.

Our research revealed a number of specific tensions among both HR and agencies. These can be easily addressed, so it's important that both parties are aware of these potential frustrations and how to avoid them.

• Managing CVs

HR is often presented with duplicate CVs, with more than one agency submitting the same candidate for a role. This is a particular problem with using job boards and online systems. Today candidates can post their CVs in many places and it is inevitable that different agencies will sometimes pick these up and send them to the same client organisation. Not only does this all mean that HR is being provided with fewer potential candidates, it also slows down the recruitment process because it creates a need to revisit talent pools.

This is not only an issue for HR professionals. Agencies also find it a frustrating process to be competing against other agencies in a bid to be the one to upload CVs first.

Tip: This problem can be reduced by HR using a restricted roster of agencies, which must in turn be open with their candidates about any potential duplication via direct applications/job boards. HR must also seek to limit the media through which vacancies are promoted.

• Managing pressure

Agencies are often eager to place candidates quickly, putting undue pressure on HR to interview candidates and provide feedback, rather than allowing them sufficient time to schedule interviews and to consider the suitability of the candidate. Most agencies think that speed is now imperative to secure the best talent.

Tip: This presents an opportunity for discussion and negotiation to find agreeable solutions.

• Investing the time in a full briefing

To source the best candidates, an agency needs to be dedicated time by HR to engage in a full briefing, where they can gain a clear understanding of the organisation and its resourcing needs.

Tip: A full briefing will increase the chances of generating higher-quality candidates quicker.

• Maintaining quality

With a pledge to thorough screening and ensuring a certain level of contact/relationship is built up with a potential candidate before submission of their CV, agencies following good practice can miss out on submitting an 'ideal' candidate. This is as a result of being superseded by faster competitors who fail to check a candidate's suitability before submission.

Tip: HR need to be mindful of this risk when issuing briefs and setting time-scales.

The quality of candidates is also, arguably, being compromised by the introduction of new technologies that allow agencies to submit CVs online. Using candidate management systems presents a danger that agencies will compete to upload candidates' CVs without determining whether they are the best fit for the job.

4 Monitoring performance and maintaining the relationship

For HR and agencies to maintain their commitment to a strong partnership relationship, there need to be measures in place to monitor and evaluate performance and progress. This section recommends how best to monitor and evaluate performance to ensure the relationship continues to fulfil the objectives it originally set out to achieve.

Monitoring performance

Maintaining an effective working relationship requires regular performance monitoring to ensure that both parties are satisfied, any areas of disagreement can be resolved and continuous improvement can be made.

Some commonly used methods to monitor agency performance are:

- **Service-level agreements (SLAs)** – a recognised set of key performance indicators (KPIs) against which HR and agency can work. There is some argument, however, that SLAs are something of a formality and are a standard offering from all recruitment agencies. The secret is in agreeing KPIs that are SMART (that is, specific, measurable, achievable, realistic and against which time can be monitored). Examples of such KPIs are:
 - quality of CVs – level of seniority, relevance to the job, actual conversion to job offer rates
 - quantity – target number of CVs per job/role
 - speed of turnaround – length of time taken to process a CV and respond to a job brief
 - placements – target ‘close-out’ rate (number of placements made versus the number of vacancies to fill)
 - application-to-hire ratio
 - success of the placement, that is, how long the candidate remains in the role
 - value for money
 - ease of payment process – invoicing accuracy, supply of management information and how

quickly it’s produced

- diversity of candidates.

- **Progress reporting** – regular updates are crucial, whether face to face or on the telephone. Reports on progress and opportunities to meet up and discuss problems are fundamental in maintaining the relationship and identifying areas for improvement. One organisation that participated in our research has monthly and quarterly strategic review meetings with all their PSL agencies.

There is a consensus that effective communication not only helps to prevent issues arising in the first place, but it is key to overcoming existing problems.

When it’s not possible to resolve problems, or relationships turn sour, it is accepted that there are instances where HR or agency will have to walk away, and this is sometimes the case in disagreements over unethical requests, fees, and so on.

- **Levels of client organisation satisfaction** – some agency staff are remunerated based on levels of client satisfaction, rather than volumes of candidates placed, contributing to a more service-oriented approach to building relationships with HR and adding overall business value to the client organisation.
- **Strategic planning sessions** – as a stand-alone activity or an extension of a progress update, HR and agencies can continually work towards improving resourcing strategy together.
- **External monitoring** – seeking assurance from an external body is a good way to ensure that agency performance and client organisation satisfaction is maintained. External organisations independently assess candidate and client organisation satisfaction, feeding back any issues to be addressed.

- **‘After care’ following initial placement of candidate** – some agencies continue to build the relationship after each candidate has been placed, and this is well received by organisations. An example of this is where an agency takes the time to call both the candidate and employer after the initial placement to ensure things are running smoothly and to discuss any issues that may have arisen.
- **Updates on legislation**
Many larger organisations are up to speed on legal developments and aware of their responsibilities towards temporary employees. However, smaller organisations often rely on the agency to provide them with updates on new legislation and guidance on how to handle the legal aspects associated with employing temporary workers. This legal advice is generally seen as an added-value service.

The CIPD’s *Labour Market Outlook* quarterly survey report (February 2008) outlines employers’ views on the EU Agency Workers Directive.

www.cipd.co.uk/surveys

Good practice organisations with diversity strategies in place will be keen to protect them. Therefore, they will only be willing to work with good practice agencies that not only comply with legislative requirements, but that also actively support diversity in the workplace.

For practical hints and tips on aligning your diversity strategy with the business, take a look at the CIPD’s web-based tool – *How to Make a Business Case for Diversity*.

www.cipd.co.uk/tools

Gilead Sciences working in collaboration with recruitment agencies

Gilead Sciences is a research-based biopharmaceutical company that discovers, develops and commercialises medicines. The organisation conducts some limited ad hoc recruitment advertising and relies on ‘high street’ agencies for support staff and temps.

Michele White, Manager, Human Resources International at Gilead Sciences, works in collaboration with a range of executive search partners to fill senior-level and specialist vacancies. These agencies work as an extended arm of the HR team, providing a full recruitment service to Gilead.

Selecting agencies

The specialist roles at Gilead require their partner agencies to have experience of working with life sciences companies, to know Gilead as an organisation and to understand its culture and job roles. As well as fee structure, Gilead’s selection criteria for agencies include their ability to recruit internationally and their multicultural perspective. White thinks that the fee structure impacts directly on the service levels Gilead receive.

PSLs

Gilead also works with some contingency partners on a non-retained basis, for basic recruitment services, which is moving towards a PSL situation. Gilead favours PSLs and believes they encourage familiarity, making it easier to bring agencies up to speed on developments and to develop their understanding of the Gilead culture and to achieve flexibility on pricing. However, White is mindful that PSLs can bring complacency and render employers vulnerable to the loss of good recruitment consultants who move agencies.

Gilead Sciences working in collaboration with recruitment agencies (continued)

Developing partnership relationships

In developing their agency relationships, Gilead gives their partner agencies access to company information, which is supported by face-to-face meetings. This provides them with enough information at the ready to work with them and challenge them. The organisation values their expert advice and seeks to 'engage them' with Gilead and its activities. Meetings or telephone calls will often be arranged with department heads to discuss strategy and long-term plans. Weekly conference calls are scheduled to update on progress and to forward plan.

White's advice for HR in developing relationships is to invest time at the early stages in briefings and building understanding, to recognise the value of communicating information and the tools to do the job. For agencies, White suggests adopting a more proactive approach, seeking out information on their client organisations and passing this on to candidates pre-interview. She feels that occasional speculative approaches for specific candidates are reasonable, providing that they are relevant and reflective of the employer's likely needs.

Candidate management system

Gilead has recently implemented a new candidate management system – primarily for use in obtaining approval of CVs – and sees this in the future as an ideal way to manage candidates from advertised positions.

Service-level agreements (SLAs)

The employer uses service-level agreements (SLAs), although White is wary about creating blame cultures where responsibility for measurable aspects can be unclear, and is introducing a new staff member to manage this aspect. The company's SLAs include the following performance measures:

- quantity (number of CVs)
- quality (level of CVs)
- analysis of turn-down rates
- close-out rates and speed of turnaround.

Executive search – quality vs quantity

White acknowledges though that the 'high street' agencies work to a different, quantity-driven model. Gilead's best business relationship is with an executive search agency, which is motivated to work with them and excited about their work. The agency conducts good-quality screening and prepares their candidates for potential relocation. Keeping the company informed about the agency's current activities and progress, it tries to manage the employer's expectations and is realistic about what can be achieved. Thinking outside the box the agency is creative, open and honest and focuses on the future, including possible areas of diversification, says White. At the same time, Gilead considers how they could use the agency more and in new areas.

Information was provided by Michele White, Manager, Human Resources International, Gilead Sciences

Monitoring performance and maintaining effective relationships: maximising success

Once the relationship is established, what steps can HR and agencies take to maintain a productive relationship?

Tips on what HR can do to maintain the relationship

- **Identify and implement clear KPIs** – to assess agency performance, in an attempt to highlight any issues and areas for improvement. Having contractual measures in place will benefit the relationship. When HR and agencies both adhere to these measures, it will help strengthen the relationship.
- **Communicate regularly** – report back and keep agencies informed of their performance, addressing any issues as and when they arise. Make sure they are aware of any changing business needs/requirements and they will be better placed to work alongside you.
- **Respond to agencies in a timely manner** – waiting for HR to turn around CVs and give feedback on potential candidates is frustrating for agencies seeking to meet their clients' needs. It also presents the risk of candidates being snapped up by competitor organisations.
- **Reasonable expectations** – HR must be open and honest with agencies, respecting their views and expertise on recruitment needs and job briefs issued. A lack of understanding about the way recruitment agencies operate can trigger unrealistic expectations from HR. Having clear boundaries about what is expected and acceptable will help to prevent frustrations and in turn maintain good relations.
- **Limiting bureaucracy** – too much bureaucracy will increase lead times on placing candidates – awaiting approval from a number of parties, dealing with inefficient administrative processes or being party to conflict between the recruitment function and line managers makes for a protracted recruitment process. This is likely to place a strain on the HR–agency relationship, as agencies try to keep candidates warm and maintain a certain level of service.

Tips on what agencies can do to maintain the relationship

- **Communicate regularly** – inform HR of the progress they are making to fill their vacancies. Keep employers up to date on your next steps and future plans on how you can help inform their recruitment strategy.

Agencies need to feel comfortable about challenging HR demands where they seem to be unreasonable and be honest about what they can achieve within a given time-scale.

- **Monitor candidates' progress** – make contact with the candidate and employer during the period immediately after the candidate commences employment. This shows commitment to delivering higher levels of customer satisfaction. It will also enhance the candidate's experience, reflecting well on both the employer and agency.
- **Know when to step out of the process** – it is important that agencies know at what point their expertise is no longer required. Agencies can then assume a 'background' role until the employer requires your assistance again.
- **Seek to add further value** – to understand what HR most values and where you could fill any gaps in their resources or service offerings. Regular dialogue and strategically focused discussions will help to inform where value can best be added.
- **Managing attrition and account knowledge** – as HR regard relationships with agency contacts to be a key priority in assessing agency performance, high levels of staff turnover within the recruitment agency industry can lead to the breakdown of relationships.

Each time a new recruitment consultant is assigned to an account, HR must begin to rebuild rapport and trust with that individual, as well as briefing them on their organisation's employer brand and resourcing plans, objectives, processes and roles.

5 The impact of new technologies

Technological developments and the advent of Web 2.0 have opened up new opportunities for employers. Technology is now frequently used by organisations to attract and recruit employees. The CIPD's 2008 *Recruitment, Retention and Turnover* survey report reveals that 75% of employers use the company's own corporate website to attract applicants.

Many employers and agencies report reduced costs and streamlined, faster recruitment processes as a result of introducing new online recruitment tools and systems.

Candidate management systems are a popular tool for managing the recruitment process. Social networking sites such as LinkedIn and Facebook have also given employers and agencies access to a greater number of candidates. Some employers report positive experiences of using these sites to source potential employees and other virtual sites to drive recruitment among 'hard to reach' groups.

Employers and agencies interviewed suggest that instant messaging is set to replace email as a key communication tool.

But what impact is technology having on the relationship between HR and agencies? Our research revealed the following:

- **Need for up-to-date information**

With candidate management systems being widely used, steps must be taken to ensure that all information is current and updated as frequently as necessary by both HR and agency.

There is also a need to ensure that all candidates are appropriately screened (face to face if possible) by the agency prior to submitting any details to HR.

- **Negative impact on interpersonal relationships**

As communication and exchange of information can take place with less or no human contact, there

is concern that technology will start to replace traditional interpersonal relationships between HR and agencies. There is a distinct need emerging to maintain clear channels of interpersonal communication, as electronic methods do not offer a complete substitute for personal contact.

'Having selected their agency, one of the main problems companies are facing at the moment, as a result of increased recruitment outsourcing and use of online portals, is the breaking of the traditional bond between the recruitment consultants and the client organisation's recruiter – the decreasing level of contact made with the line manager. Not only are recruitment consultants losing the colour and detail, but part of being a good recruitment consultant includes being an advocate for the recruiting company.' Julia Hordle, Director – Corporate Intelligence, Intelligent Resources

- **Risks of duplication**

While technology has harnessed the ability to attract more candidates, it has created some problems, such as duplicating vacancies between job boards and agencies. A downside for agencies is that it also allows opportunities for applications to be made from candidates to employers directly, bypassing the agency.

Some employers reported the alleged risk that agencies failing to follow good practice were downloading CVs from job boards, submitting the CVs without candidates' knowledge and then putting forward candidate details without sufficient screening.

Despite the wide-ranging changes that the recruitment industry has seen to date, technology is still in its relative infancy, and wider future use is expected, especially in relation to Generation Y (defined as young people born between 1983 and 1997), their different media behaviour and use of technology.

More information on the use of technology in the efficient delivery and support of HR activity and processes can be found in the CIPD's *HR and Technology: Impact and advantages* Research into Practice report www.cipd.co.uk/researchreports

The key to overcoming the associated challenges of Web 2.0 is to use online methods to enhance the recruitment process and to complement the building of relationships, but not as a replacement for interpersonal contact.

Yell Group high engagement with recruitment agencies

As Yell Group's UK Head of National Resourcing, Isabelle Hung works with a range of agencies to meet Yell's UK recruitment needs. The majority of Yell's role profiles are sales-based and call centre positions, undergraduates and executive search, across a PSL of some 50 agencies, which include regional specialists for field and telesales roles.

Hung manages a recruitment team of 20 and has reversed reliance on external recruitment agencies from 80% to 20%. Incumbent agencies are invited to participate in profile testing, spend time with relevant teams, meet managers and observe operational activities, such as listening in on customer calls. Day-to-day contact with Yell's recruitment team is supplemented by quarterly reporting and performance reviews.

Applicant tracking system

Specialist, bespoke software allows Yell's agencies to upload candidates' CVs via a portal, which Yell then screens using its own applicant tracking system. Although line managers are not permitted to approach agencies directly, they do have access to this system.

Using profiles to determine the right candidates

Applications for sales and customer service roles at Yell are profile-driven. The company has ambitious performance measures in place, with one in every three CVs submitted having to lead to a job offer. The best agencies manage to achieve a one-in-two conversion rate. Given the volume of recruitment there is potential for a quantity rather than quality approach. But Hung is clear about the importance of quality, saying, 'I would rather have the right CVs.'

Measuring agency performance

Hung speaks with pride about her organisation's approach to measuring agency performance. Yell's telephone-based information service, Yellow Pages 118 24 7, uses a 50:50 temp-to-perm ratio, spread across two core agencies, and Yell uses employee attrition measures to help assess their performance. One of the Yellow Pages 118 24 7's regional call centres employs an on-site agency, which Hung says is 'heavily integrated in the recruitment process'. Its monthly performance reviews feature a dashboard of performance measures and a discussion focused around market knowledge.

Making the agency feel part of the Yell recruitment team

Yell's desire to engage with its agencies has resulted in running agency seminars this year, which take place every six months. The company places a great importance on agency briefings, which Hung thinks are essential to agency survival. She also believes that insufficient briefings reflect poorly on their employer brand and as a result of this applicants may inadvertently be encouraged to apply direct to the company.

Information was provided by Isabelle Hung, Head of Resourcing, Yell Group

6 What does the future hold?

We acknowledge that there is no single solution for any employer or recruitment agency, and that the findings in this guide should be adapted to the needs of the differing organisational and agency environments and cultures.

But what changing environmental trends and developments are affecting the relationship between employers and agencies, and shaping the way in which both parties might work together in the future? Our research suggests that the following developments are taking place:

- **Agency specialisation**

There is a growing demand by employers for individuals with specialist skills, particularly in hard-to-fill skill groups. In line with this, recruitment agencies are increasingly looking to specialise and offer expertise in particular fields. In the coming years, HR and agencies are predicting an increase in the use of recruitment agencies with sector-specific and local market knowledge.

- **Increasing added-value services**

Many organisations are currently aiming to reduce their traditional reliance on agencies. Instead, employers are predicting a changed role for agencies in helping them to optimise their recruitment processes, and to take elements of their recruitment back in-house.

Both HR and agencies are beginning to talk about agencies taking on a more consultative role, by which they are adding 'strategic value' and providing specialist services and knowledge, in addition to directly sourcing candidates.

- **Collaborative partnerships**

There is a general agreement that the future will foster more collaborative and predictive HR-agency relationships, with organisations seeking to engage the agencies they work with to a much greater extent in recognition of their potential contributions, for example

as employer brand stakeholders.

Agencies need to ensure that they understand the marketplace in order to identify and match candidates successfully. At the same time in organisations where HR and recruitment functions are structurally divided, they must work together more effectively to jointly develop resourcing plans that meet business needs.

- **New business model for recruitment agencies**

With the growth in other recruitment methods, for example online recruitment, HR and agencies are beginning to talk about the fusion of recruitment agencies, recruitment advertising and outsourcing providers in order to offer more 'added value' services to their clients. There also seems to be an opportunity for diversification within the recruitment market across these services.

- **Master/neutral vendor agreements and recruitment process outsourcing (RPO)**

Many organisations are already changing the way they recruit, adopting different ways of operating to reduce costs and become more efficient. Having one provider to co-ordinate all recruitment needs across agencies has currently worked well for the partnership between the BBC and Capita.

Implementing sole resourcing provision to one supplier has brought a different dynamic to the relationship – with both committing to forming a stronger bond. As Capita have been awarded exclusive responsibility, they have a much higher stake in contributing to the BBC's resourcing strategy than the traditional HR-agency relationship model, where agencies feature among a whole host of other recruitment methods. In this instance, the expectation is on Capita to build and maintain relationships with the various agencies. This places greater emphasis on the importance of effective communication between all parties to ensure a positive business outcome.

- **Advancement in technology**

In relation to the problems experienced by HR and agencies, there has been a move towards greater sophistication of the management of candidate databases. Employers and agencies demonstrating good practice are seeking ways to reduce the duplication of candidates, to protect CVs and to maintain an effective level of interpersonal communications.

Databases also provide some employers with the ability to keep a record of their own talent pools/banks, which can impact the HR–agency relationship, as the need to engage agency services is reduced. At the same time, how will the growth in technology affect the role of the recruitment agency in granting access to candidates?

- **Global marketplace**

With organisations increasingly taking advantage of the global marketplace in their attempt to track down talent, many employers and agencies are turning their attention to sourcing candidates from overseas markets and moving people around the globe to fill vacancies. This activity is particularly prevalent for hard-to-fill roles, such as construction workers and engineers.

Smart organisations will be those that can work with their agencies to optimise the matching of people to roles regardless of their origin – home or abroad. It also offers agencies a chance to embrace the added- value concept.

The CIPD's *International Recruitment, Selection and Assessment* research report offers advice and guidance on all aspects of global resourcing.

www.cipd.co.uk/researchreports

Vedior's extensive access to a global marketplace of candidates and client organisations has facilitated the need for it to develop extensive capability in sourcing, matching and transitioning skills for clients across geographies. For many of Vedior's clients, this has become an essential component in their resourcing strategy.

While this doesn't diminish the intrinsic value of local recruitment knowledge, many of the Vedior companies now have a truly international database of candidates who, in certain professional disciplines, are becoming increasingly prepared to consider relocation as a means of career development. Belinda Johnson from Vedior states that, 'Once you start to work with candidates on a global scale, many are prepared to return to you as an agency throughout their career for advice.'

Chemistry a new recruitment agency business model

Roger Philby, founder of Chemistry, thinks that the recruitment industry as a whole relies heavily upon a traditional business model that 'discourages open relationships'. Philby says that 'clients are pessimistic about the performance of recruitment agencies. Their expectations are at zero and they are on their guard from the start.'

Before starting up Chemistry, Philby commissioned a business consultancy to find out what clients most disliked about recruitment agencies. He used the findings to inform his own business strategy, arriving at a different business model for Chemistry.

Chemistry's model is based on fees. The agency charges a minimum percentage fee up front and the balance after the successful candidate has been in position for six months. Although this may appear risky, Chemistry has proven to be over 75% accurate in predicting the future performance of new hires (normal recruitment processes run at 25%*). This shared risk-reward model, Philby believes, is one of the reasons for their amazingly 'sticky' client relationships.

All of Chemistry's recruitment consultants are trained in occupational psychology tools and techniques. Chemistry also trains the organisations it works with in candidate profiling to become 'Chemistry accredited'. Every Chemistry candidate receives a 'Chemistry Book', containing feedback on what Chemistry have discovered about them in their interactions.

Working in the UK with Yell, the international directories company, Chemistry has seen the nature of its work evolve as Yell has taken certain services back in-house. Yell now consults Chemistry on added-value services such as special resourcing projects and the occasional recruitment 'overflow' need.

Chemistry's recruitment consultants have some revenue targets to meet, but the emphasis of their reward is on the basis of client satisfaction scores, with clients deciding how much that worth is. This works well for Chemistry, as their philosophy is to find and place the best talent for the client organisation. Therefore, their staff reward is designed to support the agency values.

The agency believes strongly in leading by example when it comes to client-handling skills. Philby says, 'The only way you can truly exhibit a "best in class" approach is by behaving appropriately. We do it here by role-modelling – everyone knows how to behave, not because we tell them how to but by our actions.'

Chemistry's new consulting practice is currently helping their client organisations redesign their own recruitment models. The agency's approach to customer relationship management is to treat clients and candidates as the most important people in their lives.

Information was provided by Roger Philby, founder of Chemistry

*Source: British Psychological Society

Summary

Today, accessing talent in a rapidly changing global and diverse marketplace presents employers with a critical challenge. Without the right competencies and capabilities, organisations are unable to meet business demands. Overcoming this challenge requires a strategic approach to resourcing. But while evidence shows that many organisations use recruitment agencies to help them track down talent, the way in which the two parties interact with one another doesn't always signify a strategic partnership.

This guide highlights the need for HR professionals and recruitment agencies to build and maintain strong partnership relationships and outlines the characteristics required in aspiring to becoming advocates of each other's business. With the growing importance of employer branding as a powerful recruitment tool, organisations want to feel confident that agencies have the ability to act as an extension of their employer brand.

Our research suggests that employers should be asking agencies how and where added value can be achieved. Equally agencies must be proactive in making suggestions to HR about where value can be added. To achieve this value-based shift, there needs to be greater recognition from all recruiters that the potential cost-benefit to be gained as a result of reducing employee attrition rates will more than offset any initial investment of time and cost made in other ways (for example reviewing fee structures).

Building and maintaining productive relationships takes time. HR must be willing to involve agencies in their quest to meet the organisation's resourcing goals. Immersing agencies in the culture and values will equip them with a deeper understanding of the organisation. Investing in full briefings from the outset and keeping agencies updated on an ongoing basis should lead to quality candidates and present agencies with the

opportunity to contribute value-added recommendations. Driving too hard a bargain is also likely to destroy the relationship and any added value organisations are striving to achieve.

From the agencies' perspective, building insight and knowledge of their clients' business and the marketplace they operate in as well as seeking to create a customer-service-oriented environment based on the promotion of client service, account management and innovation/thought leadership will demonstrate credibility and commitment. It will also provide agencies with the ability to anticipate their clients' future resourcing needs.

Our research finds that the most productive relationships are often as a result of interpersonal relationships built with individual recruitment consultants, with the most successful appearing to be with consultants that have previously worked in the industry sector of the recruiting company. There is also a strong emphasis on clear two-way communication that lends itself to a culture in which it is acceptable to challenge and discuss issues to reach agreeable solutions. At the same time, creating clear KPIs offers both a means of evaluating performance and a method from which to measure business benefits and progress.

Forming closer liaisons will ultimately bring mutual business rewards. Those employers and agencies that successfully work together collaboratively are more likely to experience future strategic and tactical benefits, in the form of increased efficiency, reduced bottom-line costs, enhanced employer/agency brands and the delivery of strategic goals.

Glossary of terms

Candidate management system (sometimes known as applicant tracking system)

A candidate management system is a third party web-based application used to administer the recruitment process. An online database automatically imports information from the candidate's CV as soon as their application is received by the careers website.

Integrated applicant monitoring tracks key candidates through each stage of the hiring process, while centralising and automating all candidate information and activities, such as interview schedules and feedback, offer creation and approval and expenses.

Employer value proposition (EVP)

An EVP is made up of everything employees experience and receive from their employer during their employment with the organisation. It relates to the organisation's mission, values, leadership, culture, and compensation and benefits philosophy among many other variables.

Instant messaging

Instant messaging is the act of instantly communicating between two or more people over a network such as the Internet. Instant messaging requires the use of a client program that hooks up an instant messaging service. It differs from email in that conversations happen in real time.

Managed service provider

A managed service provider is an intermediary company that, on behalf of the employer, handles and co-ordinates its recruitment administration. It offers a single point of contact for the organisation's recruitment needs, eliminating the need for its staff to get involved in contacting several agencies to fill vacancies.

It can also handle the management of supply agency relationships, good practice implementation, auditing, invoice consolidation and management information (MI) provision.

The supply agency arrangement as part of this 'managed service' can take many different formats, depending on the organisation's specific requirements. For example, employers use sole recruitment agencies for specific disciplines, or a neutral vendor arrangement across the board exists with a much larger number of supply agencies.

Multiplier rates

Multiplier rates are useful when there are volumes of temps being employed in one organisation to give volume discounts. For example, if the hourly rate charged by the agency to the employer is £30 and the hourly rate the agency pays the temp is £20, the multiplier is 1.5. Using this same example, if the employer had 30 temps on site, the agency might agree with the client organisation that for numbers 20–30 they would be prepared to drop the multiplier to 1.4 or less.

Preferred supplier list (PSL)

The preferred supplier list (PSL) is a record of the recruitment agencies formally selected by the organisation to undertake certain elements of the recruitment process. The list is usually compiled following on from a competitive tendering exercise.

Recruitment consultants

For the purpose of this report, recruitment consultants are referred to as the employees that work for the recruitment agency.

Recruitment process outsourcer (RPO)

Recruitment process outsourcer (RPO) is the hiring by an organisation of a third party to handle aspects of its recruitment needs. It is essentially a form of business process outsourcing, where a client outsources or transfers all or parts of the staffing recruitment process to an external service provider. Some examples of typical services outsourced include talent sourcing, selection and assessment processes and re-engineering of recruitment processes.

Service-level agreement (SLA)

A 'service-level agreement' (SLA) is made between two parties or organisations and sets out how services will be provided and to what standard and how those services will be monitored.

Social networking sites

Websites that provide a virtual community for people interested in a particular subject to virtually 'hang out' together. Members create their own online 'profile' with biographical data, pictures, likes, dislikes and any other information they choose to post. They communicate with each other by voice, chat, instant message, videoconference and blogs, and the service typically provides a way for members to contact friends of other members. Current examples include LinkedIn and Facebook.

Web 2.0

Web 2.0 is a trend in the use of World Wide Web technology and web design that aims to facilitate creativity, information-sharing and, most notably, collaboration among users. These concepts have led to the development and evolution of web-based communities and hosted services, such as social networking sites, wikis and blogs.

The Demos: two models of recruitment

The 2007 report by Demos on the future of recruitment, *Recruitment 2020: The future of recruitment and why it matters*, identified two models of recruitment: one based on a highly personalised service, focusing on highly skilled roles, and the other based around a more standardised service for low-skilled jobs.

Linking this to the two different quantity/quality approaches to recruitment, the Demos report predicts a closing of the gap between the two models and the findings from our research support this move.

Demos: two models of recruitment

Highly skilled jobs	Low-skilled jobs
Specific role to be filled	Generic roles to be filled
Certified skills required	Certified skills required
Low volume, high cost	High volume, low cost
Identify candidates through networks and peer-to-peer recommendation	Identify candidates through database
Candidate pool from active and passive job-seekers	Candidate pool from active job-seekers only
Candidate interest in pay (plus wider factors: role organisation and so on)	Candidate interest in pay
Build relationships with clients and candidates	Functional communication when necessary

Partnerships in practice: more case studies

Centrica involving procurement and line managers in selecting agencies

Line managers are heavily involved in the recruitment process at Centrica. Matthew Berry, Head of Recruitment at Centrica, describes the business as being equipped with a central team of recruitment experts who liaise with recruiting line managers. The recruitment team use their expertise to identify the most appropriate or specialist agencies according to the recruiting business area.

Selecting the agency

Internally, the procurement team will then consider agencies at a broader level, reviewing whether partnering with the agency is commercially viable. For Berry, it is imperative that the selection process and choice to partner with an agency is as fair for HR as it is for the recruitment agency – making it attractive to both parties.

At Centrica success can mean different things to different parts of the business. For example, procurement tends to believe that successful relationships with agencies are about getting the best price or contract deal. However, for the business, success is measured by having the right people placed in the right roles. To reach an amicable agreement internally on the choice of agency(ies) there needs to be some alignment in this perception of success.

According to Berry, 'This is where the recruitment team can really add value by giving expert advice on market conditions and sensible rates/terms to a point where line managers, HR and procurement all agree on the choice of agency and that the partnership is of benefit to all of those involved.'

Involving line managers

Line managers have direct contact with agencies on a day-to-day basis and take responsibility for briefing the agency on their roles. Berry is keen to point out the importance of 'learning to trust the line and your people to do the right thing. Although there is great commercial value in having a central point of contact for recruitment, in a large organisation this type of resourcing structure can slow down the recruitment process.' Berry believes that having an intermediary between the agency and the line is often a poor decision, as it can limit communication. At Centrica the one-to-one relationship is often between the line manager and their contact at the agency on a day-to-day basis.

Information was provided by Matthew Berry, Head of Recruitment, Centrica.

St Mungo's a third-sector perspective

Peter Jeffery is Executive Director (HR, Audit and IT) for St Mungo's, a London charity for the homeless. The nature of the business as a 24/7 care organisation means that the type of recruitment Jeffery oversees is extremely diverse, with continuous vacancies to ensure all shifts are covered. A large number of staff are brought in as temporary workers via agencies, as well as around 15% of the organisation's specialist staff.

Among other things, every worker must be checked by the Criminal Records Bureau so any agency working in partnership with St Mungo's needs to be able to adhere to tight controls and be subject to clear monitoring standards. Therefore the agencies the charity chooses to work with must understand the ethos of the sector it operates in. 'This involves spending time talking recruitment agencies through it,' Jeffery says. The agencies that really succeed are those who are experts in terms of their specialism but also experts in terms of St Mungo's as an organisation.

St Mungo's is currently using four preferred agencies with certain 'specialisms', which were chosen following an open tender process. Jeffery admits, 'About 80% of the relationship is built with individual consultants with whom HR has direct contact with – it comes down to the quality of the person we are talking to.'

One of the agencies the charity works with continually monitors their relationship with them. Calls are made to all parties after the candidate has been hired to check how things are going and to identify any areas for improvement. Jeffery views this as particularly good practice: 'It's a nice follow-through and if someone walks out within the first three months then we can get some feedback.'

Jeffery explains that 'to build productive relationships employers need to be clear about their requirements, give honest feedback to their agency and to understand that building on the relationship is a two-way process – taking into account the agency's feedback as well as their own. Equally agencies must understand their customer's needs, provide customer service and above all be realistic.'

Information was provided by Peter Jeffery, Executive Director (HR, Audit and IT), St Mungo's.

The Clancy Group agency days

The Clancy Group is a construction company that uses what they call 'agency days' alongside their standard agency briefings. In 2006, all PSL agencies were invited in to meet the managers. During the day agency representatives were given a short presentation on the business, its corporate goals and a range of employee roles it recruits for. It was also a prime opportunity for recruitment consultants to meet the HR director in person – beneficial to HR and agency.

Both the Clancy Group and the agencies found the days useful. Not only did agencies have a chance to see the working environment they would be recruiting into, they also had exposure to their own competitors within the local recruitment market. Above all, it gave both parties the opportunity to put faces to names and to get to know one another better – building the foundations for successful relationships to develop.

Information was provided by Amna Naqui, HR Adviser, and Natalie Wolfe, HR Administrator, The Clancy Group

Resolve Professional Appointments building agency credibility in the marketplace

Muriel Gilbride, Managing Director of Resolve Professional Appointments, set up the Glasgow-based agency in 2004. The agency offers recruitment and selection into mainly the HR, accountancy and business support sectors.

Gilbride's recruitment background means that she has a clear and established understanding of the importance of quality processes and candidates.

When it comes to working with client organisations, Gilbride says, 'It's about long-term relationships.' The agency knows from their experience of recruiting into the HR sector that HR professionals do not respond well to receiving cold calls, so they make a conscious effort to build their client base using alternative means.

One way of marketing their services is to host seminars for prospective clients on practical aspects of the HR market.

Matching candidates

To be able to effectively place candidates, Resolve's clear set of selection criteria includes candidate fit to organisational culture and values. Not only is it important for candidates to be a good skill fit; they also have to be a good organisational fit. And CVs aren't submitted unless they can meet these criteria.

The agency insists on having a comprehensive brief from every new client, to help them understand what differentiates them from their competitors. According to Gilbride, a key part of this takes place at the face-to-face meeting and it's at this time that the relationship moves up a notch as it facilitates the development of trust, which is often difficult to do over the phone.

Gilbride's advice to the recruitment agency industry is to 'go back to basics and concentrate on personal and customer service and make sure you can deliver on your promise'.

Information was provided by Muriel Gilbride, Managing Director, Resolve Professional Appointments

Find out more...

Recruitment, Retention and Turnover (2007)

www.cipd.co.uk/surveys

The annual CIPD survey looks at trends in recruitment, retention and employee turnover. This survey of resourcing practices includes a section on working with recruitment agencies.

Recruitment (2008)

www.cipd.co.uk/factsheets

Factsheet – gives guidance to employers on best practice in recruitment based on the CIPD viewpoint. It includes a section on external recruitment services.

Recruitment 2020: The future of recruitment and why it matters

www.rec.uk.com/about-recruitment/research/bookshop/recruitment2020

Report by independent think-tank Demos looking at the main drivers that will shape the recruitment landscape over the next decade. Commissioned by REC's Industry Research Unit and the *Guardian*.

Debunking the Myths: The future of managed services in recruitment

www.rec.uk.com/about-recruitment/research/bookshop/debunkingthemyths

Research for the REC and KPMG by Cordoba Consulting that looks at how new technology in managed services is really changing the face of recruitment.

At the CIPD, we explore leading-edge people management and development issues through our research. Our aim is to share knowledge, increase learning and understanding, and help our members make informed decisions about improving practice in their organisations.

We produce many resources on recruitment issues including guides, books, practical tools, surveys and research reports. We also organise a number of conferences, events and training courses. Please visit www.cipd.co.uk to find out more.



Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ
Tel: 020 8612 6200 Fax: 020 8612 6201
Email: cipd@cipd.co.uk Website: www.cipd.co.uk

Incorporated by Royal Charter Registered charity no.1079797