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Human Resources and Recruiting Management

By William Laurent

Ask any employer, and he or she most likely agrees with the ancient axiom "Good people are difficult to find." More than ever, global enterprises face an unprecedented degree of competition in recruiting and hiring the best candidates and talent at all levels of seniority. Ironically, while the hiring and retention of quality personnel is critical to the growth and survival of 21st century companies, the business processes and IT systems that support procurement and development of employees are often ill conceived, poorly managed and devoid of value.

All too often, corporate HR offices lose control of the hiring process without being aware of it. Despite the establishment of an entrenched vendor list, senior and junior managers from all business segments will have their own preferred vendors, creating unlimited potential for conflicts of interest and complicating the candidate search, recruitment and interview processes for the organization. In large labor markets such as London, New York, Hong Kong and Tokyo - where thousands of recruitment and executive search agencies exist - the problem can be compounded exponentially. And while many large organizations have robust customer relationship management implementations that address and streamline various vendor management processes, there is inevitably a lack of actionable data captured and maintained by these systems that will help recruitment firms and retained search firms add maximum value to the hiring process lifecycle and become better business partners.

In order to effectively manage vendors and have them become true partners in the business, they must be held accountable. This can only be accomplished by using performance metrics that help both parties actively track and communicate issues in a timely manner. Without vendor key performance indicators (KPIs), there can be no measurement and thus no improvement. Businesses need to remember that vendor lists are dynamic and subject to change. Data should be accessible and help managers understand what vendors have filled which requisitions, what the vendor's commission fee was and more. The value of having this sort of actionable knowledge is rousing; in fact, the ROI on this data can be immediately realized by using it to great advantage in the vendor-fee negotiating process. Just as sales and marketing departments are always held accountable for their achievement via standard qualitative and quantitative KPIs, so should an organization's vendors. According to Jason de Luca, senior managing partner of Smart Partners, a Tokyo-based boutique consultancy, "Organizations are realizing that initial enterprise resource planning projects have fallen short in terms of what is offered in the HR space. Some of the more common performance metrics that have been used internally need to be extended to vendors if they are to add requisite value to the business." Many recruiters talk about how they add value, but few companies know if they really are adding value because they don't know how to measure value externally; in fact, they are probably having quite a few problems measuring it internally.

In addition to performance metrics for better vendor accountability, another common problem is the monumental proliferation of candidates' personal information, usually in the form of resumes. Resumes contain a virtual treasure trove of confidential information - a combination of personal and professional facts that expose both the potential employee and the corporation to unlimited risks. Far too often, a centralized repository or application to securely store and manage this sort of information does not exist. Resumes freely get sent in email attachments all around the organization and between the organization and its recruiting firms. Such practices could spell disaster for all parties, and regulatory mandates that aim to protect their citizens' personal information are starting to get tougher. Institutions across the world must now balance the wealth of opportunities afforded to them by their data assets with the risk that these data assets may be compromised by numerous threats both internally and externally. Loosely structured data that resides on candidate resumes is no exception.

Getting a handle on how the hiring function of the organization is running will always be a critical component of fully understanding how the business is running as a whole. However, employee hiring processes don't usually get the same amount of attention that is given to more strategic customer-facing tasks or operational and sales processes. Vendor management issues are commonly not transparent and thus do not surface as obvious candidates for business process reengineering, governance, best practices or system enhancement. However, modern times necessitate that HR offices adopt and foster a more proactive agenda in order to leapfrog competitors in retaining and hiring staff. Likewise, executive search firms, headhunters and recruiters of all stripes will find themselves having to add measurable value to the recruiting functions of their clients. Enterprises must do a better job working with their vendors to iteratively re-engineer recruiting processes while mutually managing any associated risks.

A company's most valuable assets are its people. Fortune 500 companies allocate more than one-third of their operating revenue - in remuneration, health care, retirement/pension funds, training and additional programs - on human capital. Prudent corporations don't neglect to extend governance and technology best practices to the procurement of human capital. DMR

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