



What to Consider When Building An Internal Sourcing Function

The vast majority of business leaders agree that having the right talent at the right time is the key to operating a successful business. Cisco CEO John Chambers once stated that “A world class engineer with five peers can out-produce 200 regular engineers.”

As a result, organizations spend countless hours and millions of dollars attempting to create a candidate identification function (sourcing function) that will allow them to recruit the right people, at the right time, and for the right seat.

Unfortunately, organizations often attempt to mirror the sourcing structure that may be successful within other companies, without understanding and aligning sourcing with business objectives. Approaching the idea of sourcing with a one-size-fits-all approach can be suicide for most recruiting/sourcing leaders. Before you begin the journey of determining your sourcing structure and tools, you must first understand what you need to accomplish both short-term and long-term.

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STEP #1: What problem are you trying to solve?

Answers to this question are often too simple and not reflective of the immediate business objectives of the organization. Here are the common answers:

- Increase size of talent pool
- Gather more qualified and interested candidates
- Save money
- Improve branding and perception of company
- Lower time to hire
- Find more active candidates
- Help with screening in/out more candidates
- Find more passive candidates
- Gather CI and BI on the market and competitors
- Increase diversity hires
- Increase quality of hire
- Recruiters do not have time/skills
- Pipeline talent ahead of demand

These answers probably reflect the goals of every organization and talent acquisition function when attempting to create a sourcing function. Step 1 in this

process starts with your ability to prioritize these objectives – ***rank them from most important to least***. Your ranking of these objectives will be based on the current circumstances of your individual organization. For example, if increasing the diversity of your hires is the #1 most important objective of your sourcing function, the methods, tools and techniques used will differ from the organization focused only on reducing costs. Adopting the sourcing model of another organization will spell disaster.

STEP #2: What structural options are out there?

In the same way that the business objectives dictate the focus of your sourcing function, corporate culture and organizational theories will dictate the actual sourcing structure. Understanding the advantages and disadvantages of each model and comparing them to the objectives and culture of your organization will allow you to choose the model that provides the best results.

Centralized Sourcing Model

Advantages

- Ability to move and deploy resources quickly against demand.
- Collaboration and knowledge sharing happens fluently.
- Retention of IP can be maintained broadly.
- Ensures consistent processes, SLAs and standards.

Disadvantages

- Can create an “US” vs. “THEM” environment
- Ownership issues of resources and control by supported customer groups becomes prevalent.
- Harder to foster deep and close partnership with supported recruiters.
- Depth of Industry and Business Group knowledge diminishes.

De-Centralized Model

Advantages

- Tighter alignment to supported groups and recruiters.
- Partnerships and relationships develop quicker and more deeply.
- Ownership, control and accountability increase.
- Sourcer gains deeper knowledge and expertise in the supported area.

Disadvantages

- Creation of “silos” and lost opportunities for sharing talent and best practices.
- Accountability only to the area you support.
- Lose broad Competitive and Market Intelligence. Missed opportunities.
- Tendency to re-invent the wheel on tools and processes...“We are different than group X”

Outsourced Model

Advantages

- Subject matter expertise that you do not currently have or want to build.
- Can be potentially done at a lower cost.
- Ensures consistent processes, SLAs and standards and one point of accountability/delivery.

Disadvantages

- You lose control of the candidate experience, branding and PR opportunities at the ground level.
- Diminished personal interest in ensuring all the little things are consistently done right. You are just a revenue stream for vendor X.
- Loss of IP and market intelligence.
- Market can perceive you as just a body processing factory.

Off-Shore Model

Advantages

- Lowest cost to do primarily Active Channel Sourcing.
- Can handle large volume of transactions with quicker turnaround than local market vendors given 24/7 operations.
- Can attack the Global talent pool in some key markets given localization issues.

Disadvantages

- Quality can be a major concern.
- Can really only provide Active Channel Sourcing or Secondary Intelligence gathering vs. phone screening and full candidate relationship development.
- English Immersion training, cultural nuances, lack of local market and geographical comprehension.

- Requires many more project management resources than companies are willing to invest.

Building the Function for Quality

The current recruiting and sourcing model is built for quantity. It's a transactional and reactive process focused on filling the top of a broad funnel and hoping that a qualified candidate falls out of the bottom. It's a stop-start-stop-start process that lacks fluidity and adaptability. Recruiters use a "one size fits all" approach to meet quantity demands, which only reinforces the "Show me more candidates" mentality managers are often conditioned to have.

To build an effective sourcing function, create a proactive model that is built for quality and consistency. An effective sourcing model includes the following objectives:

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1. Focus on candidate attraction and screening in (instead of just screening out – quantity)
2. Track and keep in touch with:
 - High-caliber talent, even though timing is not right yet
 - Future hires whose skills are not fully developed
 - Alumni – past employees
3. Create an attitude of mutual benefit – most sourcing functions are selfish and focused on the benefits to the employer, not the potential candidate
4. The candidate experience becomes more targeted and personalized
5. Map talent more effectively through talent profiles

THE PROACTIVE PIPELINE (Phase 1)



Phase 1 in the development of an effective sourcing function ends with a process that engages potential candidates and sources at all stages:

- **Passive/Cold Contact** – suspects that need to be sold
- **Warm Contacts** – Prospects that need nurturing through relationship development. Could also include candidates that decline offers or candidates not quite ready for the position
- **Hot Contacts** – Candidates that are ready to join your organization today
- **Alumni** – Employees still with your organization or that have left your organization

THE PERFECT PIPE (Phase 2)



Phase 2 in the development of an effective sourcing function ends with assigning sourcing tools and methodologies proven to be effective in identifying the specific talent profiles at each stage of the candidate process.

More specifically, understanding what tools can identify what profiles, from what generations, from diverse backgrounds, at the appropriate time while allowing you to maintain ongoing, sustainable relationships with each candidate.

STEP #3: Build Talent Profiles

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Many sourcing functions fail because they operate at individual requisition levels. The most effective sourcing functions focus on talent profiles or grouped competencies. For example, look at your requisitions and identify groups with similar competencies/skills that can be combined together as a specific profile.

STEP #4: Create a Sourcing Channel Document

The sourcing channel document helps define the sourcing roadmap and clearly defines all passive and active channels that need to be covered by profile and then allocates the appropriate resources against each channel. This document clearly lists each channel or tool, as well as the person assigned to that channel. This ensures the sourcing group covers all of the key sourcing channels and hidden talent pools and creates some corporate memory and understanding around each channel's ROI.

STEP #5: Hire or Outsource the Right Talent

No one can perform every aspect of sourcing/recruiting by themselves. It takes a team of diverse talent to successfully build an internal sourcing function. Look for different qualities and skills in different roles.

Sourcers

- Have specific experience with talent identification, cold calling or networking.
- Good sourcers love the phone, not fear it! Most agency recruiters are willing to dial and smile.
- Know all the latest tools and websites (social networking, blogs, etc) and how/when to use them. This is the difference between good and great!
- Generally extroverted and self-confident (sales background usually).
- Traditionally, full life cycle corporate recruiters struggle in a pure sourcing role – so don't put them there. Screening resumes or searching databases is more a junior recruiter's skill.
- Watch out for candidates who think a sourcing role is a stepping stone to real recruiting opportunity or something more senior.
- Should have experience working virtually and remotely.

Internet Researchers

- Have a solid foundation in Boolean syntax and have moved to more advanced approaches (robots and spiders)
- Are geeks: programming background, love of technology. Identify what itch needs scratching, try and measure different tools, and then get rid of the ones that don't deliver for you.

Common Mistakes: “The Pitfalls” that Render the Tools Useless

- Focusing on a single tool that is perceived as successful.
- Not calculating time as an expense for each tool.
- Not tracking the success of candidates by each tool.
- Focusing on the tool itself, not how to leverage it.
- Instead, focus on the tool, the person using it, and the measurements applied.

Metrics must derive from, and align with, business goals and strategies.

STEP #7: Use the Right Measurements

Of course, you have to measure your results to determine the success of your sourcing function. What you measure, and how you measure it, is of paramount importance. The typical definition of recruiting metrics is: standards of measurement that HR professionals use to gather, analyze and present important information regarding the hiring process; these are used to make better-informed decisions in order to receive the best return on investment.

We have developed a better definition: Recruiting metrics are quantifiable measurements that can be compared to established benchmarks AND encourage behaviors focused on candidate quality and client experience. These kinds of metrics speak to long-term ROI.

Using the right metrics will define what is important and what is expected of each recruiter. They will drive consistency in the delivery of recruitment services to the hiring manager. The right metrics will identify process steps that need improvement and report the right recruiting results to senior management. They will support business cases for programs and expenditures in recruiting, and they will evaluate and reward recruiting staff.

Effective recruiting metrics must be able to drive a recruitment behavior focused on quality of hire and quality of client experience. They must be actionable and predictive, consistent in what they measure, and open to peer comparison. Metrics must be tracked over time in order to generate internal benchmarks and analyze internal performance.

The bottom line is this: What gets measured IS what gets done! Metrics must derive from, and align with, business goals and strategies. Metrics selection should only occur after understanding the needs the metric addresses. Most people do it backwards! They create processes around the metrics they want to see – sometimes with disastrous results. Continental Airlines provides an example. As they came out of bankruptcy, there was a strong push to reduce costs. So, the airline came up with the idea of rewarding pilots for reducing fuel costs. Sounds good, right? But customer satisfaction suffered as a result, and customers went to Continental's competitors. The airline met its metric at the cost of its customers.

Seven Metrics to Measure

That seems like a tall order, and it is. Measuring metrics can be hard work. But it's a necessary evil that will yield importance information about your recruiting function to make it better in both the qualitative and quantitative sense. Here are some practical guidelines.

1. **Sourcing Channels:** Measure the number of hires by source.
2. **Recruiting Efficiency:**

- Number of calls made compared to number of calls returned
 - Number of return calls compared to number of candidates developed
 - Number of candidates developed compared to number of candidates presented
 - Number of candidates presented compared to number of hires
3. **Acceptance Rate:** Measure offers presented divided by offers accepted.
 4. **Candidate Satisfaction:** Use a candidate survey to measure satisfaction.
 5. **Manager Satisfaction:** In the same vein, use a survey to measure how satisfied managers are.
 6. **Quality of Hire:**
 - a. Measure performance appraisal ratings three to six months into the job. Also use performance date to determine how productive the new hire is.
 - b. Longer term, review performance appraisals and retention rates by recruiter, source channel, department, and hiring manager.
 7. **Efficiency Ratio:** Measure the total direct recruiting costs divided by the total compensation of hires made (or total positions filled). This is a more accurate measurement of efficiency than cost-per-hire and takes into consideration that higher-paying positions are more costly to fill.

Onward Ho!

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Building an internal sourcing function requires a deep commitment to the success of the company and a knowledge of the company's business goals. You need to understand the different kinds of people you'll hire to populate this new endeavor, and what characteristics to look for during the hiring process. You will need to determine what your company needs at this particular time so that you can use the tools that will meet those needs. And you must use a system to measure the right metrics in the right way. Such a thorough system requires excellence at each stage and sets up all involved in the sourcing function for success.



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