Managing Hiring Volatility & Costs with On-Demand Recruitment

Company Overview

This medical device company (hereby referred to as the "company") develops, manufactures, and markets products that simplify, automate, and innovate complex biomedical testing. More than 275,000 of its systems operate in both Diagnostics and Life Sciences laboratories on seven continents. For over 75 years, its products have affected countless lives by improving the productivity of medical professionals and scientists, supplying critical information for improving patient health and delivering solutions for research and discovery. It serves customers in the Life Sciences and Diagnostics segment, including scientists, hospitals, and laboratories.

Headquartered in the United States, the company employs over 10,000 workers worldwide with operations in the Americas, Europe, Africa, Middle East, and Asia / Pacific.

Business Environment & Challenges

In February of 2011, an American-based global science and technology innovation company, acquired the company and over the course of the following months, began the process of integrating new technology, processes, and systems. As a part of that process, the company would transition its applicant tracking system from IBM's Kenexa Brass Ring to the parent company's applicant tracking system, Taleo. In conjunction with that change, the company would appoint a new Senior Manager of Global Talent Acquisition / Management in November of that same year. Among the many initiatives the new TA Manager would spearhead, he was tasked with evaluating the current Recruitment Process Outsourcing solution (large multi-national RPO solution provider) to determine if its capabilities, structure, and industry experience would match the lean culture driven by the company's new parent organization.

One significant challenge for the company during this time was hiring volatility. Workforce planning and forecasting were sparse, and subsequently, the Talent Acquisition team would be tasked with filling 900 requisitions annually at its peak and as little as 293 requisitions at its base. This volatility would be exacerbated by the ongoing need and subsequent shortage of highly skilled workers in the Molecular and Clinical Diagnostics arena. The combination of hiring volatility and lack of strategic / passive sourcing capabilities of the company's RPO solution provider would place a significant burden on the HR and Hiring Manager team at the company.

The second challenge with the company's hiring cyclicality arose from the service delivery model of its RPO supplier. The rigid structure of both the delivery mechanism and cost structure placed most of the financial risk and burden on the company. The pricing model of the supplier was in line with the traditional "big box" RPO and MSP solutions providers and carried a massive monthly minimum fee ($181,000.00 or 2.1MM annually), in addition to incremental variable costs of $750.00 to open a requisition and $750.00 to close a requisition. From 2007 to 2009, the company would reduce its hiring volumes in excess of 50%; however, because of the high fixed cost structure of the RPO provider, the company would only experience a modest cost reduction of 12%.

Ultimately, the lack of flexibility in the incumbent's service delivery model, five consecutive years of missing its Key Performance Indicator (KPI) for cycle time, and a 2011 cost per hire of $8,913 would lead the company to conduct a national search for a new RPO solution provider.

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In December 2011, the company's newly named Talent Acquisition leader learned of Personify, a RPO solution provider with extensive experience in the In-Vitro Diagnostics sector. The firm's global headquarters was located in Research Triangle Park, NC, and it was working with another global operating company associated with the company's new parent. Over the course of the next few months, the company would take the pulse of other operating companies within the umbrella of its parent, as well as conduct its own due diligence to determine if, in fact, this "off label" RPO solution could present a remedy for the company's hiring challenges around cost, quality, and speed. On August 1, 2012, the company named Personify as its U.S. RPO solution provider.

Previous Talent Acquisition Strategy

The Talent Acquisition strategy prior to Personify's arrival at the company was designed and implemented with the help of its previous RPO solution provider. It focused on local conditions rather than a centralized TA approach designed with subject matter expertise across industries and job families. The RPO solution provider's roles provided local onsite support and were structured to incorporate both Talent Acquisition functions and HR Coordinator functions across the company's four main sites: Brea, Chaska, Hebron, and Miami. The recruiting function was responsible for intake calls, candidate sourcing, processing and ongoing recruiting. The Recruiting Coordinators were responsible for interview scheduling and coordination, day of interview meet and greet, pre-employment testing, offer letter creation, W-9's, new hire packets, and expense reimbursement. Additional tasks included processing paper employment applications at the onset of an onsite interview. All administrative resources, with the exception of an offshore sourcing center, were conducted at various sites.

The combination of cyclical hiring volatility, lack of subject matter expertise, and the absence of an industry-proven talent bench would begin to affect cycle time. The onsite recruiting model began to breakdown as hiring needs increased and the recruiting teams were performing less actual recruiting functions and more general administrative tasks. As volumes continued to rise, the recruiting team became unable to keep pace with the cycle time requirement of the company, and ultimately, the RPO provider would miss its target for annual cycle time of 72 days every year.

Personify's Solution

Personify first made its impact by proposing a solution that matched the business needs of the company. Annual hiring volumes would range from 293 to 892 requisitions per year. Addressing hiring volatility and its effect on price was listed as a high priority at the onset of the project. The first step would be to limit the company's risk. De-risking the relationship was paramount to the company, and the team at Personify set its sights on developing a service delivery model that would remove minimum volume requirements and allow for pricing to move lock step with hiring volumes. This adjustment would remove greater than 96% of the risk associated with the structure of the previous provider and lay the foundation of Personify serving as a true "partner" to the business.

The second critical step was to design a model that would enable the company to ramp up and down in real time with virtually no adverse effect on quality or cost. The historic requisition volatility at the company prior to Personify's arrival would carry forward in the early months of the partnership. The company would open nearly 200 requisitions in the first quarter of 2013 (68 requisitions per month), followed by reducing

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requisition volumes by 75%, or 56 total opens, the following quarter.

Typical solution providers handle sharp downturns in hiring volatility three ways: (1) reducing its workforce, (2) shifting its project team, or (3) subcontracting the work. The Personify model is fueled by the candidate networks in the Clinical and Molecular diagnostics industry and the fundamental belief that there is a direct correlation between time, tenure, production and voice of customer. This continuity would be the first key driver to Personify creating a long-term, steadying solution to cycle time, cost per hire, and candidate quality. Rather than reduce the project team as the volumes decreased, Personify made the risky decision to strengthen its commitment to the company by assembling a team of industry-specific, cross-functional team leads to match the organizational structure at the company. These new leads would oversee requisitions in Information Technology, Research and Development, Sales, Marketing, Technical Service, Quality, Operations, and Engineering.

In addition to restructuring the team, Personify leveraged a hiring bowler to analyze both the leading and lagging indicators necessary to deliver quality results. Personify's hiring bowler would play a critical role in forecasting the necessary activity upstream (resume submissions, quality of submission, first interviews, 1:1 interviews, and offers) necessary to justify the results needed downstream (offer accepts / hires). Industry-specific recruiters with job family expertise working with a hiring bowler to forecast both volumes and subsequent sourcing resources would be critical in the overall success of this new innovative on-demand delivery mechanism.

As 2016 requisition volumes doubled year over year from 672 to 875, Personify seemingly improved speed. This is proof positive that an "on-demand" process delivery model when fueled by predictive tools like a hiring bowler and an industry specific sourcing team can withstand even the highest peaks and valleys. This certainly was the case at the company.

Business Impact

During the course of implementation, it became evident to the team that a transition from the traditional model of onsite recruiting and administrative support to an industry and job family SME virtual model best aligned with the agile, lean needs of the business. Over the course of the first 90 days, Personify would deploy a team of "short-term" onsite support specialists to understand the specific needs of each site with the ultimate goal of transitioning to a fully virtual model.

Over the course of the five years that would follow, Personify's virtual team of SHRM-certified Client Services Coordinators would become fully integrated into 19 sites domestically and internationally, coordinating over 8,000 interviews on behalf of the company. This team plays a critical role in the greater than 50,000 candidates Personify processes annually. It is a widely known fact that a key driver to Personify's reduction in cycle time points directly back to the Client Services team. Personify carefully tracks the teams "time to schedule" to ensure bottlenecks in the process do not negatively affect cycle time.

The decision to transition from a high-fixed cost supplier to Personify's on demand model would pay dividends for the company.

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Personify would reduce the company's overall costs by 35%, or $823,000, annually in the first year of partnership. Over the course of the next five years, Personify's 35% cost reduction would carry forward, as project savings would represent nearly $5MM, or roughly $1MM per year.

From a project perspective, the company set the SLA for time to fill at the parent company mandated cycle time requirement of 72 days. Personify met or exceeded this target in four of the following five years. 2016 would mark the fastest project to date for both time to source (33 days) and time to fill (64 days).

Timeline

In the first twelve months following implementation, the impact Personify had on speed, cost and quality at the company was immediate. Personify reduced total cycle time year one by 12%, or 10 days. This reduction was faster than any of the five years that preceded Personify.

Figure 1: Personify's Service Level Agreement Metrics

Metric	Description	Target	Project Average
Quality of Submits	Ratio of candidates submitted for interview to those ultimately selected for interview by the hiring manager.	60.0%	66.8%
Time to Fill	Average number of days from receipt of an approved requisition to the day of offer acceptance	72	68.6
Minimum Candidate Submissions per Requisition	Threshold number of candidate submissions at which any search is considered fully engaged	5	7.23
Phase 1 Balance	Percentage of searches that are filled in Phase 1	75.0%	85.5%

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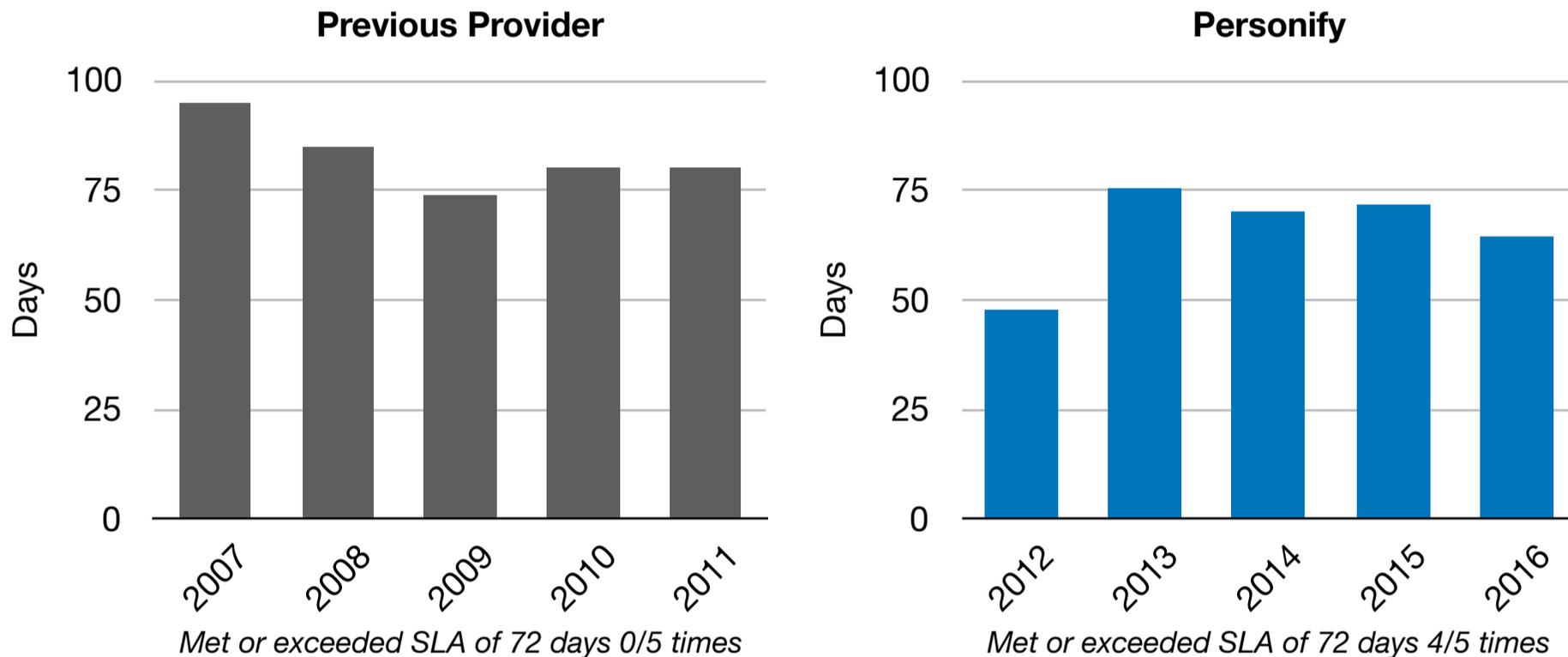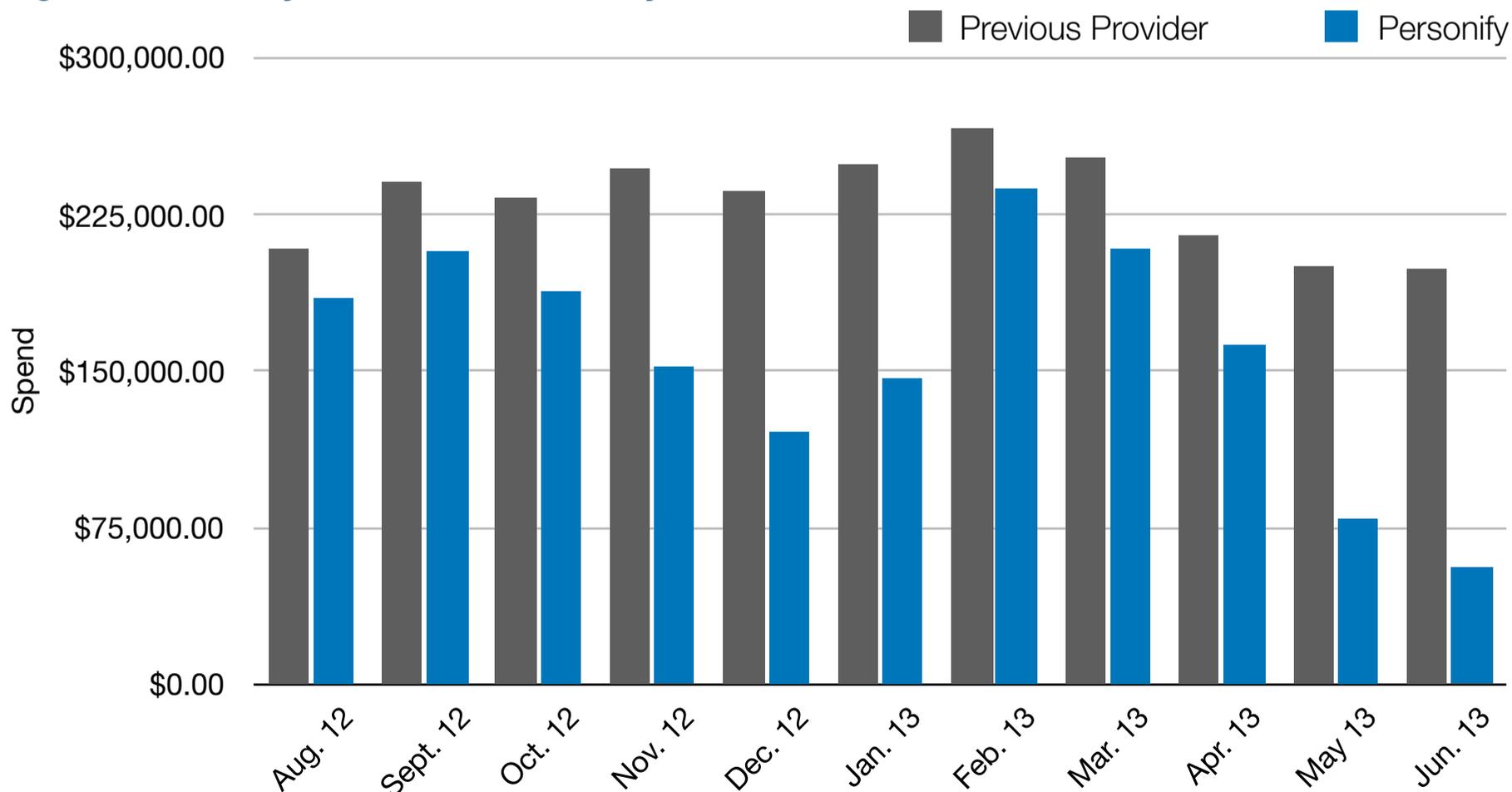
Figure 2: Annual Time to Fill Pre and Post Personify

Previous Provider

Met or exceeded SLA of 72 days 0/5 times

Personify

Met or exceeded SLA of 72 days 4/5 times

Figure 3: Personify's On-Demand Delivery vs. Fixed Cost Model

Legend: ■ Previous Provider ■ Personify

The year 1 cost savings with Personify's On-Demand Delivery Model were $828,000 (32% reduction).

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