



Modern Outsourcing Strategies Meet The Need For A More Agile Workforce

Flexible, multi-faceted and vibrant consulting is key to achieving business goals



ManpowerGroup™

RPO

RPO providers have a unique ability to find the best workers quickly—often in crucial, high-growth industries and regions.

MSP

MSPs bring new efficiency to the selection and management of providers of outsourcing services and independent contractors.

ManpowerGroup ranked Leader and Star Performer in Everest Group PEAK Matrix, published in the April 2012 Recruitment Process Outsourcing (RPO)—Service Provider Landscape and Capability Assessment report.

TBO

ManpowerGroup Solutions' Talent-Based Outsourcing (TBO) enables companies to bring in limited numbers of workers for targeted initiatives—such as linemen for a telephone utility or call operators for a call center.

BTS

Borderless Talent Solutions facilitates the movement of contingency and permanent workers across borders—this at a time when the best workers are increasingly coming from afar.

SWC

Combining its deep local expertise with its global reach, ManpowerGroup Solutions' Strategic Workforce Consulting helps companies align their business with their workforce strategies.

Outsourcing. Quick. What comes to mind? Mechanical. Dull. Bureaucracy.

The canceled sitcom, "Outsourced," mocked the industry's banality—strangers robotically performing tasks to save the mother-ship money.

That was then.

Now, Human Resources (HR) outsourcing is transforming how companies manage talent. It's still important to reduce costs. But expense savings have become a byproduct of superior benefits, such as workforce agility, visibility and control of performance.

The best HR outsourcing today creates more nimble workforces to address fast-changing skills needs in a fast-changing business environment. It improves the processes for adding talent and the ability to serve and manage it in ways that lead to higher productivity. It also enhances the employer brand—how a company's management of its workforce is perceived by the outside world—improving its ability to attract other talent.

HR outsourcing has become more varied, sophisticated and a bigger part of companies' strategies. It encompasses a wider range of areas and offers organizations unprecedented flexibility.

Imagine the outsourcing relationship as a corporate backyard. Companies once tossed administrative functions like payroll over the fence, paying the neighbors to manage them. Today, though, they are bringing outside providers into their own yards, along with expertise, vital skills, and visibility into intelligence—all wrapped up in a worry-free package. The outsourcing providers are more like cousins who move into the guesthouse. Their permanent presence ensures the company can adjust its workforce strategies and processes fast, often and seamlessly.

Today, the spectrum of outsourcing options is wide and deep, crossing various models of work and categories of workers. With

the right outsourcing partners, companies can mix and match solutions—customizing outsourcing to fit their full-time and contingent workforce needs. At a time when being agile and cost-effective are crucial, companies are seeking outsourcing providers who take over the bulk of one or both, while improving related processes.

Companies can focus on improving the hiring of full-time employees via Recruitment Process Outsourcing (RPO). Use of RPO has soared in recent years as companies look for logical places to maximize investments while improving productivity. RPO providers have a unique ability to find the best workers quickly—often in crucial, high-growth industries and regions.

RPO providers are clearly handling traditional elements of recruiting, including sourcing, screening and assessment, with greater efficiency than before. This has resulted partly from improvement in technology and a greater understanding of how RPO can benefit an organization: outsourcing providers can tailor their services in new, more innovative ways. In recent years, RPO providers have assumed a larger role in onboarding—the orientation of new hires—employee training and development, and even offboarding—separation of workers. They are increasingly managing the social media that generates communities of potential candidates and helps define the employer brand.

Companies may choose a Managed Service Provider (MSP) to supply and manage their contingency workforce, and manage other outsourcing tasks. MSPs bring new efficiency to the selection and management of providers of outsourcing services and independent contractors.

Increasingly, employers are utilizing contingent workforce strategies to provide flexibility. And as the number of contingent workforce sources increases, so do the challenges, such as managing cost, standardizing processes and tracking performance. TAPFIN, ManpowerGroup™ Solutions' Managed Service Provider (MSP) delivers solutions that optimize the management of contingent workforces. Its quality program management,

efficient process, breadth of services and global reach are unprecedented. It's the only MSP to have achieved and maintained an ISO 9001:2008 certification. TAPFIN essentially provides a single, standardized contingent workforce management solution. Three models meet an organization's goals and structure—vendor neutral, master vendor or hybrid. It also oversees all HR service providers and recruitment vendors contracted by a company.

Outsourcing managers and providers work to meet other new workforce demands, related to project-based work, worker migration and workforce management strategies. ManpowerGroup Solutions' Talent Based Outsourcing (TBO) enables companies to bring in limited numbers of workers for targeted initiatives—such as linemen for a telephone utility or call operators for a call center. This allows companies to push forward on initiatives without delay, or the sort of long-term commitment that can add unnecessary cost. Borderless Talent Solutions facilitates the movement of contingency and permanent workers across borders—this at a time when the best workers are increasingly coming from afar. Combining its deep local expertise with its global reach, ManpowerGroup Solutions' Strategic Workforce Consulting helps companies align their business and workforce strategies. This has also become important for organizations which in the past have not connected the two—creating skills gaps that could have been avoided through informed forecasting.

Companies may package a full range of permanent and contingent workforce management solutions, or opt for just a few. Some organizations choose to phase in one or several services at a time before signing more robust contracts. This has helped them grow accustomed to the new, more agile way of addressing workforce challenges. It has also given them an opportunity to work more closely with outsourcing providers. More than ever, companies are seeing these providers as partners who can give them valuable insight on workforce issues and help them map out strategies that are more relevant, customized than standardized methods of the past.

“In a world of shortened resources, companies are looking for trusted partners who can help them find more innovative, creative ways to get things done—and done fast,” says Kate Donovan, Managing Director, ManpowerGroup Solutions. “In the Human Age, this means accomplishing significant goals with fewer resources. Outsourcing can provide the means for achieving objectives that might otherwise be out of reach, at least in the short term. This isn’t simply because the outsourcing partner can perform specific responsibilities but rather because of a deep knowledge of area, function, industry, and most of all, clients themselves. We hear almost daily from the companies we help how much they value us, how outsourcing has evolved into an integral part of their organizations. Clearly, there are things—important things—that companies aren’t able to do effectively without outsourcing. Outsourcing is a true workforce model for our time.”

Talentism Heightens The Significance of Outsourcing

At the 2011 World Economic Forum in Davos, Switzerland, ManpowerGroup announced the dawn of the Human Age. In this new reality, Talentism—the unprecedented importance of individual workers—has replaced capital as the single most important resource in business success. Talentism has required companies to re-evaluate their approaches to workforce management. And it has underscored the need for flexible, scalable solutions. Outsourcing gives companies the agility to infuse talent quickly as business grows but also scale back when needed.

A shortage of skills has simultaneously made it imperative for companies to find individuals who can adequately fill roles. In ManpowerGroup’s most recent skills shortage survey, approximately one-third of more than 38,000 employers worldwide reported difficulties in finding the skills they need. Outsourcing may be the answer. A 2011 report by the Everest Group, which tracks outsourcing trends, said that effective HR outsourcing can lead to improved worker quality and better retention.

Flexible workforce models: As companies seek more innovative, cost-effective ways to manage their workforces, a number are blending contingent and project workers with full-time staff. The Everest Group report found that nearly one in five companies signing RPO contracts last year incorporated contingent and permanent hires. Experts predict that RPO will increasingly provide blended services as companies seek to consolidate their workforce management into fewer, more trusted hands.

RPO’s continues to gain traction: A survey by the consultancy Aberdeen Group of more than 290 HR organizations found that nearly half outsource some core HR functions, but just 2 % outsource all core HR functions.

RPO has gained traction in different world regions. While it continues to grow in Asia, demand has picked up in across the Americas.

“These data points reinforce the idea that HRO will go the way of RPO in 2012—from outsourcing the entire process to more of an a la carte approach,” Kevin Martin, Aberdeen senior vice president of research

operations, said in HRO Today. “More companies are keeping the core strengths in-house and outsourcing where strength is needed or where the task is very tactical or burdensome.”

Elevating the expertise: Companies count on outsourcing providers to have deep industry and functional knowledge. They ask them to source specific skills, and find cultural and technical fits expeditiously. These pressing needs have placed providers in the role of trusted advisors and require them to have more detailed insight into their clients than before. This includes understanding the company’s business strategy, and the skills it needs now and in the future. It also means adding to its suite of services for finding and managing talent. Some providers even combine them with other HR services. “Outsourcing providers are seeing demand for a wider combination of services and adding to their capabilities,” says Rajesh Ranjan, research director for the Everest Group. “They are filling in the gaps in their portfolio.”

“Outsourcing can be appropriate for larger companies trying to build global platforms and replicate recruiting in different countries,” said Gerry Crispin, co-founder of CareerXRoads. “An outsourcing partner with experience in different countries can bring efficiency to that process—and with smaller companies which cannot afford to keep full-time staff for finding and selecting candidates.”

Dual benefits: cost savings and quality: Cost savings remain important but this may be a byproduct of improved quality. Lowering costs but getting bad candidates is not an option. “Quality (workers) is the Holy Grail,” adds Kevin Wheeler, the founder of the Future of Talent Institute and Recruitment Process Outsourcing Association.

Standardizing workforce improvements: Providers are providing services that help companies’ workforce planning. TAPFIN studies in-depth a company’s total workforce—full-time, contingent and project-based, outsourced talent—to create strategies that standardize and improve processes in the use of contingent workers. The end effect is increased productivity companywide.

Bolster employer branding: Top RPO providers particularly help define the employer brand because they have so much direct contact with employment markets. Increased efficiency in recruiting and ongoing interaction with job candidates enhances a company’s reputation as an employer of choice. This comes as power has shifted to the individual in the ongoing minuet with employers. Workers are boldly determining where and when they want to work rather than simply grabbing the first opportunity. An RPO partner capably managing the employer brand can mean the difference in securing the best or lesser talents. RPOs should maintain checklists of issues affecting the employer brand and methodically address all of them.

RPO’s growth spurt: According to Everest Group, revenues from RPO rose 27% from \$1.1 billion in 2010 to \$1.4 billion last year. Everest predicts that the growth rate will ease slightly to a still-robust 20-25% in 2012, reaching \$1.7 billion. Such optimism foresees rising usage by small-and mid-sized companies, which have

played a minimal role up to now, largely because providers have focused on larger organizations with thousands of employees. It also anticipates strong growth in the Asia-Pacific, where emerging markets—and even some more established ones—are developing a greater respect for RPO’s usefulness. As of late 2011, the largest RPO deal was a ManpowerGroup contract that assumes responsibility for annually sourcing and onboarding 8,500 to 10,000 new hires for the Australian Defence Force. The contract includes a large, on-site marketing team that manages social media and employer branding initiatives.

Experts also predict an increase in multinational contracts that address one company’s recruiting needs in multiple locations. Everest found that the number of multi-country RPO deals (MCRPOs) more than tripled between 2008 and 2011. As more companies see positive results of RPO, they are expanding the use of these services across borders. Everest found that the number of RPO deals involving at least two countries rose from 31 in 2010 to 48 in 2011.

Changes in outsourcing in the bifurcated Human Age: India and China have seen massive growth in outsourcing. But multinational and homegrown companies are using outsourcing differently than before in these emerging markets. They are no longer simply looking for cheaper deals on call center and service employees. Rather, they are using outsourcing to find expertise that can help them take advantage of growth opportunities.

Five Recommendations For Improving Outsourcing Strategies

Talent-related outsourcing has a track record of success. Indeed, companies are looking for more solutions and providers have expanded their offerings and impact. Companies may make even better use of outsourcing by following a few guidelines. ManpowerGroup suggests that employers consider the following points:

- 1 • **What Have Providers Done In The Past?:** Analyze performance data and consider personnel. The best outsourcing providers have long lists of satisfied clients. They can tell a company who they’ve helped and how. And they can demonstrate the expertise of their people.
- 2 • **Is The Phased Approach Best?:** A company usually chooses an outsourcing provider whose expertise addresses its weaknesses. Yet this expert may see additional areas that can be improved. In a phased approach, providers build up their offerings and a company may benefit from these improvements in service.
- 3 • **Check and Verify:** A company should ensure that the outsourcing provider can provide the services it is seeking. For example, an IT company recently found that its contracted provider could fill 20 junior-level sales positions quickly but did not have the resources to recruit two vice presidents. The provider was recommended and assured the client that it could tackle both parts of the project. A company should ask for references and look for a track record in the related industry and function, if not geography. Experience is a good predictor of success. Asking detailed questions about how the work will get done is key. Experts want to speak with the

best experts, people they know will make their organizations better. Top vendors are transparent about their processes, expertise and successes.

4 • **Look For Value:** The costs may be higher the first year as an outsourcing provider familiarizes itself with the business and applies its capabilities. But the savings and other benefits may be significantly higher thereafter because of improved efficiency and productivity.

5 • **Choose Global Reach, Local Expertise:** The economy may be more global but it requires unprecedented regional and local expertise. Outsourcing providers with worldwide reach but detailed knowledge of specific markets will be best able to find the talent companies quickly need to build on growth opportunities. Chronic skills shortages in many countries may prevent companies from finding workers in their own backyards. Instead, they will have to use methods of adding talent. Outsourcing providers' depth and breadth of talent may help them foresee roadblocks to growth. For example, ManpowerGroup Solutions' Borderless Talent Solutions offering helps companies overcome visa restrictions or address differing certification requirements. These situations show the outsourcing provider as a strategic partner.

Conclusion

The last four years have underscored the need for companies to be more agile. The collapse of seemingly recession-proof industries ushered in a new, more volatile business environment and consequent caution.

Companies have become more cost conscious and less willing to operate with large staffs that were once the norm. More nimble workforces comprised of increasingly varied combinations of part- and full-time workers and innovative solutions for managing them have become the vogue. HR outsourcing—the tasking of specific operations to outside providers—is the cornerstone of this trend. HR outsourcing is stronger and more multifaceted than ever. It enables companies to add and subtract staff quickly as their fortunes wax and wane, keep pace with skills requirements and move into new territories with the swiftness needed to take full advantage of growth opportunities.

HR outsourcing addresses perhaps the two most fundamental questions in workforce management:

- How can companies find the right workers in the most timely and cost-effective manner?
- How can they reach similar or greater levels of productivity with fewer employees?

With today's HR outsourcing, companies can choose the precise mix of services to address their most important workforce needs and align them with their overall strategies. Companies can adjust these services—add to subtract from them—to account for continued change in economic conditions. Outsourcing epitomizes adaptable, customizable workforce solutions.

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