



# iProCon Insight

Recruitment Best Practice

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## Use referrals instead of recruitment agencies and beware of online application forms!

### **Abstract:**

*This article*

- *shows some evidence that many organisations spend far too much on recruitment agencies, while still not getting the best candidates*
- *presents a case study on how an Australian software company cut recruitment costs by half relying much more on referrals*
- *explores the role of recruiting websites, communication, and organisational culture in your recruitment process*

### **Recruiters can be fun**

We discussed the poor quality of some recruitment companies' work on this blog earlier, when we pointed out that the way recruiters are incentivised often encourages them to spam clients with irrelevant CVs and damage the brand of the recruitment company (see: <http://www.iprocon.co.uk/newsletter-sep08.htm>). This issue was brought back to my mind recently in an anecdote, which can only be described as hilarious:

*A person I know was looking for a job and sent her CV to a couple of recruiting agencies. Throughout his career he has worked as a technical expert for SAP HR systems, yet one of the first job offers a recruiter presented to him as a "great fit" was a role in credit risk control based on the "Basel II" directive.*

*Where did this recruiter derive the great fit between this role and my acquaintance's CV? Well, the candidate had lived in the city of Basel for several years. Whether the recruiter assumed that living there does involve complementary evening courses on this important piece of financial regulation or whether he just did a text search without looking at any of the context is everyone's guess.*

### **Broad dissatisfaction with recruitment companies**

This is certainly an extreme example, but not very far from the truth in many cases according to our own experience. We are not denying that there are some high quality recruiting companies out there, who really understand their clients' business needs and their candidates' profiles.

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**(Vanson Bourne  
survey)**

It seems, however, that we are not alone with our feeling that in many cases clients do not get their money's worth:

A recent survey by the research company Vanson Bourne (commissioned by "Talent Puzzle") of UK business owners and HR staff found that

- 76% of HR staff think agency rates are a rip off
- 73% find it difficult to find a good recruitment agency

(see <http://press.talentpuzzle.com/2010/01/three-quarters-of-uk-businesses-feel.html>)

### **Case study: Atlassian**

It is against this background that we found this case study of Atlassian, an Australian software company, very interesting for a best practise:

Atlassian develops and sells collaboration and software development tools to help teams deliver products and services faster (at iProCon we successfully use Atlassian's wiki / collaboration tool "Confluence"). They have 220 employees and are recruiting globally to grow their business. In a recent issue of their newsletter, Atlassian reported how they changed their recruitment process, because they became frustrated with recruiters doing an unqualified database dump into their inbox. Their new recruitment process (see: <http://www.atlassian.com/32/get-in.jsp>) does involve a focus on referrals from staff as well as others and a simple set of rules for recruiters, who want to work with them:

#### **Rule 1: You can't empty your candidate database into our inbox**

*The first time you send us candidates, you can only submit a maximum of 4 candidates.*

#### **Rule 2: Great candidate, means a great relationship**

*Make sure that these candidates are awesome. If one (or more) of these 4 candidates is hired, you may be allowed to submit more candidates and become our recruitment partner.*

#### **Rule 3: Unsuitable candidates, sorry mate!**

*If none of these candidates you put forward is good enough, then we must unfortunately part ways.*

These policies are underpinned by a strong employer brand and an honest effort to make candidates and new starters feel welcome.

The results from their running campaign are striking:

- 24 hires in 6 months (i.e. more than 10% growth)
- Recruitment cost reduced by 50%
- Only 4% of hires (having done our maths we conclude: just one) coming from recruiters
- Less strain on their HR staff from irrelevant CVs to check

(see their newsletter article

[http://blogs.atlassian.com/news/2010/02/join\\_atlassian\\_news\\_about\\_our\\_recruitment\\_efforts.html](http://blogs.atlassian.com/news/2010/02/join_atlassian_news_about_our_recruitment_efforts.html))



**“You can’t empty your database into our inbox!”**

### **How can we benefit from this approach?**

You can argue about some of the parameters, but it certainly is a best practice worth considering. However, it may not be that easy. If an organisation is used to handling candidates at arm’s length and looks at the labour market in the same way it looks at the commodities markets, some transformation is needed, before they can find and attract the best candidates. Some indicators that your organisation needs some changes beyond process, probably involving the basic understanding of people management and even organisational culture, are:

- Getting an unsolicited referral from employees recommending friends for vacancies is an exception
- If employees tell a friend about a vacancy, they say “they are hiring...” rather than “we are hiring”
- Line managers are only marginally involved in the process. Candidates feel they are hired by HR rather than by their future boss
- Policies taking care of mere formalities rule the process

So, throwing in the rules Atlassian is using and waiting for things to brighten up won’t do. There needs to be an atmosphere, where employees, who refer their best friends, have a proud tone in their voice, when they see them after the interview and ask “So, how was it?”.

### **Open your door!**

If you decide you don’t want to rely on agencies as much as you used to do, make sure that great candidates actually can get through to you without using these recruiters. Corporate job sites, which should be an open gate for job seekers from around the world, are often perceived by candidates as an obstacle in their effort to get in touch with an employer. We hear the same complaint again and again: “I am tired of typing in my CV data into yet another so called e-recruiting platform. Why can’t I just send them the file? I found the best solution for me is to send my CV to a couple of recruiters and let them deal with it.” So, while saving a few cents by outsourcing data capturing to the candidates, many firms pay for this hundredfold in recruiters fees for candidates, who would happily have submitted their CVs directly, if they were only allowed to do so. So, think twice before setting up an online form with 100 mandatory fields often without featuring the relevant options for some of the candidates. You may also find that having candidates upload their CVs and using a software to automatically recognise the relevant fields and transfer them into your database will make the process more comfortable for all parties involved.

### **The right solution for your organisation**

Online job sites as well as recruitment agencies can play a valuable part in your recruitment process. However, it needs to be coherent, in line with your people strategy and culture, and using the right tools for the right parts of the process and the right groups of candidates. Some organisations seem to pay three times, where paying once should



If you want to attract the best brains into your organisation, you should make it easy for them to get in touch with you directly. They know their own value and will rather look elsewhere or work with an agency, than submit to a cumbersome application process

be enough:

- They build a fancy online job site, which is so cumbersome that only the most desperate candidates, recruiters won't touch, are using it.
- They pay fees to recruiters, who overwhelm them with huge numbers of CVs.
- They still have HR staff busy working through the onslaught of CVs, as neither recruiters nor employees making referrals have a clear idea of what's required.

If you want to pay only once and get the best results, you need to achieve the right mix and make sure everybody involved will recognise the right candidates, when they see them.

### How we can help

iProCon Ltd. is not offering any recruitment services. However, we can help you in two ways:

- We can provide high quality interim staff from a dedicated network of associates
- We can help you to align your recruitment process with your business requirements and culture, no matter whether this means switching to an RPO model for most roles or following the Atlassian example and relying much more on referrals

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