

3 PILLARS OF AN OFFSHORE RPO PARTNERSHIP THAT DRIVE MORE PROFITABLE PLACEMENTS



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According to Staffing Industry Analysts, the staffing market will hit the **\$146.6 billion marker in 2017**. Opportunities for increased revenue and profits will expand as the market size does. However, approximately **20,000 staffing firms in the United States** will all be competing for a slice of that revenue and continuing to innovate as they maintain or improve profits. Since no single business is guaranteed a share, speed, quality, and cost management are key drivers to outflanking competitors and achieving a greater share of successfully placed candidates.

In their quest to hit profitability targets and their clients' key performance indicators (KPIs), more staffing companies turn to **offshore recruiting services** as an economical way to accelerate their delivery. Offshore recruiting teams source and screen candidates at a fraction of the price compared

to onshore resources. Our research finds that:



Our clients save

31%

on their cost per hire while at the same time, they increase placements per onshore recruiter by up to

60%

on average.

Yet not all offshore RPOs are created equal – quality, ability to scale, and service are the big

differentiators.

Balance is critical – a stool that stands on three legs is solid and sturdy. If one leg is shorter or less strong than the others, a person would fall off and lose the support he or she needs. Just like a stool needs three sturdy legs to offer full support, your offshore RPO partnership needs to be constructed around three key pillars: the strength of the offshore team, the appropriateness of the work that is sent to them, and onshore engagement. Staffing firms will face lower risk and deliver higher ROI, ultimately growing their profit and revenue, if these three pillars are in good order.

In our eBook, you will learn ways to maximize the profitability of your recruitment efforts and identify which capabilities are necessary in an elite offshore recruiting partner.

PILLAR #1:

Partner with a Strong Offshore Team

Success in the staffing industry begins and ends with the quality of people working for your firm. An offshore team is no exception. The quality of the submittals staffing firms receive from their offshore partner depends on the strength and stability of the offshore recruiting team. Two key factors help ensure your offshore team is able to consistently hit target metrics:

1. Assembling teams based on a proven candidate profile.
2. Establishing a support structure that increases the number and quality of submittals sent to recruiters.



Finding Great People

What fits the right profile for a front-line offshore screening position? There are many parallels to the very traits that determine a successful onshore recruiter. Fortitude, sales acumen, process-orientation, and an unrelenting work ethic are all essential. Beyond that, focusing on the following key areas will help ensure your success in building a high performing offshore team:

STRONG COMMUNICATION SKILLS

Being able to effectively communicate with a candidate is critical in selling a role, preventing fall-off, and onboarding. As the **3rd largest English speaking country** with a rank of **13th worldwide** in English proficiency, the Philippines provides a large, educated labor force. We draw from a talent pool of over **1.3 million candidates** that make up the Philippines BPO market. Filipinos have a **neutral accent** that thrives in voice based work. Most US residents feel it is easier to communicate with English speaking **RPO resources in the Philippines** than with Indian resources.



CULTURAL AFFINITY

Bonding between their onshore team members and candidates is critical to ensuring overall success for your offshore program. With English as the official language of the Philippines, there is no language barrier for Filipinos to consume **Western media**. Your Philippines-based team members often times have similar interests, watch the same shows, and listen to the same music as onshore recruiters and the candidates they work with in the US. This alignment with US culture plays a significant role in the quality of candidates willing to work with your offshore team.



RELEVANT EXPERIENCE

Rather than finding staffing experts, our candidate profile emphasizes experience communicating with U.S. based customers and degrees in the appropriate industry verticals. Low attrition is a key factor with hiring for positions that have a longer learning curve. We have found that hiring great people who are used to working the night shift results in much lower attrition than hiring people with recruiting experience who are used to working the day shift. For that reason, many of our recruiters are hired from call centers in Manila. With **1.3M call center employees in the Philippines**, there is no shortage of talent to choose from. Not only can we select the highest performers; but, we can also find candidates with relevant degrees or industry background. Healthcare staffing firms can benefit from offshore recruiters who have nursing degrees or some first-hand nursing experience before taking contact center positions. Front-line team members fitting these profiles face a lower learning curve – they already understand the challenges, passions, and terminology familiar to those in the industry.



Providing a Support Structure

Building an offshore recruiting team with the right profile and then assigning them to a client isn't quite enough. It would be like sending out one of your junior recruiters to build a new branch in a far off locale without preparation or support for the task ahead. A **good offshore RPO** has the support structure in place to maximize their capabilities to deliver the highest ROI.

■ CORE TRAINING

Understanding an industry does not automatically translate to an understanding of how to recruit for that industry. What are the signs that a candidate is ready for a new opportunity? How do you address their pain points? When is even the best time to contact them? These are all questions an offshore recruiting team needs to know how to answer.

Consider something as simple as candidate behavior. For example, a great nursing candidate is going to likely be too busy to receive recruiting calls during their shifts (we wouldn't want them talking to recruiters while helping patients anyway). Connecting via email or text outside their shift enables recruiters to reach candidates when they're more inclined to consider opportunities. Our own onboarding program takes our employees through a full month of core training before they provide recruiting services to a client.

■ ORGANIZATIONAL DEVELOPMENT

Most industry verticals evolve quickly. Staying current in healthcare, IT, and other industries requires regular development and training in the latest trends. A strong offshore recruitment partner provides regular cultivation of their front-line team members' knowledge set.

Our own team is regularly trained and updated about the latest industry tools and trends by onshore resources at the heart of the industry. By staying current, we understand how to better leverage interactions into potential submittals. Additionally, we take the time to guide the career paths of PSG team members to channel their skills in the right direction.

■ LINE MANAGEMENT

A strong team requires a strong leadership presence. By having team managers proactively leading our offshore screening teams, we maximize their efficiency and overall output. There are opportunities to coach team members to better pipeline interested candidates for specific markets, solve conversion issues, organize daily planners, and prioritize requisitions.

Strong leadership needs to always be maximizing delivery and keeping attrition low. Even a slight change in attrition affects the ROI and the ability to break even on time. A strong leadership team helps to motivate, direct, and retain employees who might otherwise go elsewhere. Employee attrition can be a huge issue at offshore providers if not managed carefully.

■ REPORTING & SCORECARDS

The staffing industry is dependent upon the delivery of key client metrics and your offshore team should mirror that mentality. Our own analysts generate ad hoc reports to supplement client reports into a monthly PSG scorecard that guides strategy discussions with our clients.

Our own teams are evaluated on their placements per recruiter, ability to grow client margin, and Net Promoter scores. In fact, we find that the Net Promoter scores of our offshore screening teams consistently align with brands like Apple and Southwest Airlines for willingness of customers to recommend our services. Perpetual awareness of our current standing keeps our resources at their most effective. Moreover, these team scorecards and individual employee scorecards are central to our compensation model. Since performance bonuses typically make up 25% to 35% of every employee's compensation, there is a high incentive for our offshore recruiters to deliver on those key metrics.

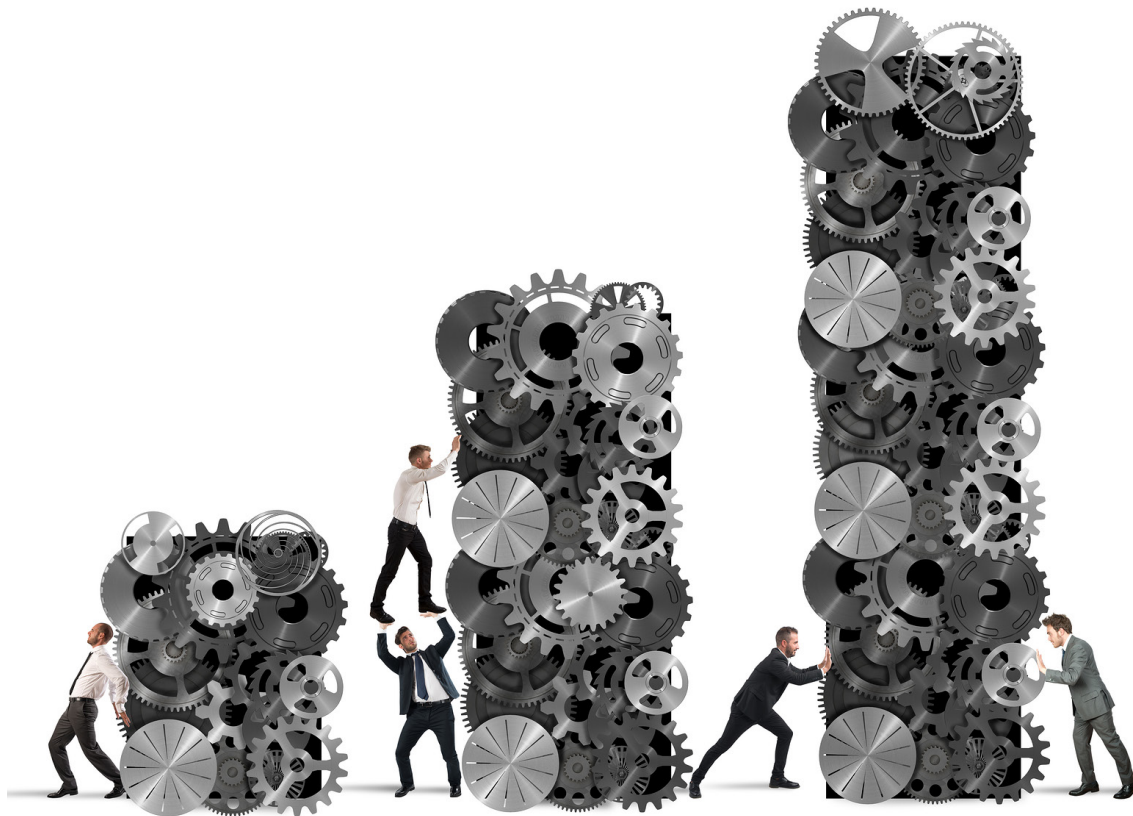
■ OUR PROPRIETARY TECHNOLOGY

Over the last 5 years, we have invested in the development of a proprietary technology called Compass that, in conjunction with our clients' ATS systems, enables our recruiters to track all upstream activities and our leaders to manage their team members' performance in real time. Combined with data from our clients' ATS systems, Compass provides a performance management system with analytics used to help identify opportunities to improve performance and ensures comprehensive reporting is provided to our clients. Client reporting includes details down to the recruiter level that include dials, connects, internal submits, client submits, interview requests, offers, and placements. As the largest RPO to staffing companies in the world, PSG is able to make significant technology investments to continue to drive higher performance for our clients.



PILLAR #2:

Assign Appropriate Work



With a great team in place, the next focus is determining which types of requisitions are best given to an offshore team. Business engagements prosper when expectations are clear to both sides. Staffing firms especially need to understand the initial capabilities of their offshore resource as programs ramp up. This understanding allows them to get the full ROI possible at each stage of the relationship. Here are the main considerations every staffing firm needs to keep in mind as they assign requisitions to an offshore team:

Sourcing Work Needs to Be Appropriate to Skills

One common misconception that staffing firms new to offshore RPOs have is that they expect their offshore team to be made up of miracle workers. If your onshore team with years of industry experience is unable to find that purple squirrel, the odds are against a new offshore sourcing and screening partner finding them. Instead, assigning the offshore team to requisitions in which your onshore team has had success and already has performance targets paves a more predictable pathway to ROI.

Each of our teams is dedicated to a single client. By hiring people with staffing experience that is still germinating, we provide ourselves a blank slate to train them in our client's and our own best practices. Additionally, there is less attrition in the early stages of the partnership because fewer competitors offer the training and coaching provided by our organization. Getting the most out of junior level recruiting resources requires strategic use that pays off in the long run:

▪ SEND REQUISITIONS APPROPRIATE TO THEIR EXPERIENCE

Assigning a new recruiter to fill a complex requisition is ineffective at best. In most cases, the position would open and close before the junior recruiter makes any headway. The start of a partnership with an offshore recruitment team is no different.

The greatest ROI is achieved by assigning them high volume, low to mid-complexity requisitions that leverage their existing training. That way, they can focus on mastering processes and speed at the start. Team leads are then capable of working directly with front-line team members to identify current wins and ramp-up training and alignment activities.

▪ GROW COMPLEXITY OVER TIME

As your offshore team matures and gains more expertise, you can give them more complex work. At that point, the processes and techniques for sourcing candidates are ingrained enough to increase their productivity. The organizational development systems of a strong offshore partner will position them to adapt. Mentorship helps to calibrate their training and the way they approach new, more complex requisition types so that the submittals continue to be of high quality as they increase in complexity.

• AVOID ASSIGNING OVERLAPPING REQUISITIONS

Successful staffing firms treat an offshore recruitment partner as an extension of their own team right from the start. Rather than having offshore recruiters compete with in-house resources, there is a defined separation between each of their target requisitions to maximize the strengths of both sides of the equation. Also it is important to ensure that offshore teams do not consistently get a less fillable set of requisitions than your in-house recruiters.

Goals Need to Be Appropriate to Measure Success



There needs to be a mutual understanding of the measure of success. It's important to get a strong sense of the sweet spot in which the offshore recruiting team will perform now and in the future. Moreover, there needs to be transparency about expectations and goals so that team leads can make ad hoc adjustments to achieve KPIs within reasonable timeframes.

Goals for your offshore RPO team need to take the program ramp-up period into consideration. Metrics for success such as submittals, interviews, and placements need

to account for the learning curve over the first few months. Both staffing firm and offshore RPO need to discuss goals and ROIs in a transparent way. Then, the team needs to be held accountable to those goals. If the offshore recruiting partner has the right process in place, they will be successful in maintaining those agreed upon KPIs.

PILLAR #3:

Foster Onshore Engagement with Offshore Resources



An offshore sourcing and screening team should not operate in a bubble. At their strongest, they are part of a staffing firm's long-term business plan. Yet differences in location and minor cultural contrasts at times create an artificial barrier preventing these partnerships from being fully advantageous. Overcoming that obstacle means creating a seamless integration between the onshore and offshore teams.

• MAKING OFFSHORE RESOURCES PART OF YOUR LONG-TERM PLAN

Offshore RPOs are a strategic solution, not a quick fix. Considerable amounts of time and money are invested into ramping up an offshore program, so it should be central to your multi-year strategic plan, rather than a stopgap measure. Even the ROI achievable with the two approaches is drastically different.

When a solution is just temporary, less thought is put into what is the most strategic long-term usage. The essential stage of getting front-line members of the offshore team up-to-speed would be neglected in favor of a less-precise numbers game. It's often the way we see many less mature competitors operating, submitting the same candidates across a range of requisitions for multiple clients.

Treating an offshore sourcing and screening team like part of a long-term strategy requires you to keep them informed about expectations (allowing them to modify their tactics) and collaborating with them to expand the number and variety of requisitions they can fill. Longevity of an offshore partner allows them to grow and adapt alongside you, expanding your capabilities and even boosting your overall profitability targets.



■ ERASING THE LINE BETWEEN OFFSHORE AND ONSHORE TEAMS

When front-line recruiters and team leads feel like an engaged part of the client organization, they act with a greater sense of accountability to shared goals and responsibilities. The more accountable they feel, the better the results for the client.

How do staffing firms create that connection? Many of our clients work to spread the message that everyone is part of one big team. Employee engagement activities are shared across both sides. If there is a team pride week or dress-up-your-team-leader day onshore, the offshore team participates too.

One of our clients from Florida went above and beyond, planning a Filipino day for both teams. The onshore team catered Filipino food, had employees dress in the colors of the Philippines flag, and even played a Filipino pop culture quiz that the offshore team watched and participated in via Skype. Everyone interacted and got a better sense of what their teammates in different parts of the world were like.

Activities like this go a long way to help everyone feel like one team. Often, onshore resources feel threatened when part or all of their processes are moved offshore. There is a misguided sense that some faceless entity will be taking away their jobs. Explaining the continued value of their contributions and having both teams interact with one another shows there are real people on the other end: one multinational team pursuing a common goal.

Even on the executive team there needs to be that level of unity. Including team leadership and executives from the offshore team in monthly and quarterly business reviews extracts unique insight and provides a greater long-term ROI.



What a Good Offshore Program Provides in Performance and ROI

The combination of these three supportive pillars of an offshore program drives results for both the staffing firm and the offshore partner. In fact, as shown below in data from across 28 of our programs, accounts set up to fulfill these guidelines make a significant difference to achieving better ROI. Yet there needs to be an effective assessment in place to determine the health of a program so your team can take proactive steps to improve upon results.

We have built an assessment program around the three legs of the offshore recruiting stool that rates the partnership on a scale from one to ten across several factors for the strength of the offshore team, the appropriateness of their work, and onshore engagement. Here is a snapshot of a passing and failing Offshore Program Assessment.

	Accounts With Poor Set-up*	Accounts With Good Set-up*
Onshore Sat Rating (1-10 scale)	6.4	10.0
Placements per Recruiter Change**	+46%	+69%
Gross Margin Multiple***	2.0X	6.9X

Any assessment with a total score higher than an 85 is a strong partnership that is much more likely to deliver high performance. The difference between a passing and failing program has a significant impact on ROI and profitability:

■ ONSHORE SAT RATINGS

We send out surveys quarterly to our onshore team to gauge satisfaction with their offshore recruiters and there is a large gap between failing and well set up programs. Poorly set up programs are only capable of hitting a 6.4 satisfaction score on average while a well set up program routinely hits 9 to 10.

■ PLACEMENTS PER RECRUITER CHANGE

When we evaluated offshore screening teams that fed candidates to onshore recruiters, there was over a 23% point difference in the increase to placements per recruiter. Poorly set up accounts saw +46% change while well set up accounts saw +69% change.

■ GROSS MARGIN MULTIPLE

The difference in gross margin by itself is worth carefully building the three pillars. Accounts that failed to adhere to the three legs of a supportive offshore partnership at best achieved a gross margin multiple (the multiple of gross margins from placements contributed to by the offshore team vs. cost of the offshore team) of 2.0 times while a well set up program was able to achieve as much as 6.9.

All of our offshore programs are held to the highest standards through the sales, implementation, and production stages. Our ability to properly set up highly effective offshore programs on a regular basis generates superior revenue and profitability for our clients, continually attracting the world's largest staffing companies and Fortune 50 corporations to our offshore recruiting services. Those results would be unattainable without the strong offshore team, appropriate work assignments for offshore recruiters, and engagement with onshore recruiters that are the cornerstone of each PSG program.

Want to get the best results out of your offshore recruitment partner?

Contact us to set up a program that hits your performance and profitability goals.