



Building a business case

You come out of an executive meeting where it was collectively agreed that your company's current recruitment process, model, or infrastructure is not effectively supporting the needs of its business units. You are charged with coming up with a solution or a remediation strategy.

Thinking that everyone in your decision-making group is on board, you contact third-party recruitment service providers for proposals. While this might ultimately be the most appropriate strategy, hard data is needed to support each stake-holder's unique decision-making process.

Building a business case is sometimes a very arduous exercise that eventually will require an executive who is not emotionally attached to make a decision. This person will make you justify the decision and will ask for an apple-to-apples comparison. Without this comparison, the proposed solution will be scrutinized, debated and ultimately go nowhere.

Before you commence solution-creating activity, quantify your as-is costs and processes; decide what additional competencies or capabilities you need; develop a steady-state set of financial projections to organically grow these additional capabilities and establish realistic timelines and costs to implement this solution; identify the risks and rewards for this approach; and put a nice cover page entitled "Recruitment Services Business Case" on your finished stack of collected data. Only with collective organizational agreement can you begin to solicit requests for proposals from third-party recruitment services firms against your own internal business case.

Three primary categories of information are needed to develop your business case: the easy, the not-so easy, and the downright difficult. In simple terms, be prepared to have difficult conversations.

Gather data around the hard costs of current recruitment spend and what you would need in a future state. This includes salaries associated with recruitment staffers who support the in-scope lines of business; the associated overhead; and equipment, marketing, and other ancillary costs.

These are the soft costs, such as length of vacancy. What is the correlation between costs and revenue loss resulting from 40 days to fill a vacancy? If you can reduce the days to fill a vacancy, what is the unit of cost for each vacant day? In addition, what type of turnover does your organization have, and how many training dollars are allocated for each new hire?

For example, you might realize that your most productive employees stay for three or more years, while the least productive ones stay less than six months. However, because each goes through three months of training upon hire, your turnover might cost millions in training — more than all of your hard recruitment costs. This data is not easy to isolate.

Why are you not achieving recruitment success doing what you are currently doing? Are your challenges really a model issue, a lack of resources, or the staff members involved? Did you invest a great deal of money in an applicant tracking system (ATS) but never mandated that all organizational stakeholders adopt it? To get your arms around this data component, you'll need to ruffle some feathers, so make sure that there is an internal sponsor or champion who has endorsed this business case exercise, or you might quickly find yourself labeled as part of the problem.

Once you've developed your business case, you can almost categorically lift the data component types from this document and create an RFP from third-party recruitment services companies. The data you get back from them and their approach or solution to your recruitment challenge is presented along with your business case. Decision-makers not emotionally tied to the solution at this point can make rational business decisions around whether you should organically build a solution or go to market to source a solution from a recruitment services company.

My personal experience shows that if you don't develop a business case to support your proposed solution, you will either fail to gain approval to move forward, or if you are granted approval to move forward and implement your solution, there will be deep organizational disappointment because people will not have had the benefit of comparing it with anything else. In short, not developing a business case, in advance of proposing solutions, is a bad decision that can only get worse.

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About Pontoon

Pontoon, with corporate headquarters in Jacksonville, Florida, United States, is the global leader in workforce solutions. Pontoon specializes in Contingent Workforce Solutions, Recruitment Process Outsourcing and Workforce Consulting. Operating with nearly 650 colleagues worldwide, Pontoon currently delivers talent management solutions in 74 countries for its 100-plus clients, a global client base that is broader and deeper than the industry has experienced to date. Pontoon is one of the largest worldwide MSPs, and has been named the #1 global enterprise provider of RPO services.

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