WORKING WITH TOO MANY RECRUITERS?
OUR GUIDE TO IMPLEMENTING AND MAINTAINING A RECRUITMENT PSL
INTRODUCTION:

Robert Walters is one of the world’s leading specialist professional recruitment consultancies. We have worked with blue chip organisations across the globe for the past 30 years and have assisted with establishing PSL’s and participated in a multitude of supplier agreements over this time.

This paper is designed to share some of our knowledge in terms of how to maximise the efficiency of a PSL and how to ensure success for all parties involved in the process.

HOW TO REDUCE THE AGENCY SUPPLIER BASE AND CONDUCT AN EFFICIENT REVIEW PROCESS

When evaluating options for their recruitment processes, companies typically seek to address the following key decision drivers: quality improvement, followed by cost reduction and efficiencies in lifecycle processes for HR / line managers.

By reducing the agency supply base, companies achieve process-led efficiencies and scalability through the consolidation of the agency supplier options available for hiring managers – it is much easier to maintain agreed working practices with a smaller number of agencies, e.g. 4 agencies on a dedicated preferred supplier list rather than 35 random agencies. This results in a single set of consistent and streamlined processes across the business, thereby minimising the time spent on the engagement of new employees by internal departments.

A preferred supplier list (PSL) will ensure that the agencies you engage with as your recruitment partners will provide a high quality, service-centric and value driven recruitment model. By operating in a smaller pool of competition for your business, these agencies will be incentivised to maintain and deliver enhanced service satisfaction for longer-term gains as your recruitment partner of choice.

Once you have made the decision to create a PSL for your recruitment needs, Robert Walters have found that following the best practice procedures outlined within this document will result in the most efficient solution for your business.

ABOUT ROBERT WALTERS

Robert Walters is a specialist professional recruitment consultancy, working with businesses of all sizes as a trusted recruitment partner.

With an international network of offices spanning 28 countries, we are perfectly positioned to help you find the very best skilled professionals. In Ireland, we recruit specialists on a permanent, contract and interim basis, in the following areas:

- Accountancy & finance
- Banking & financial services
- Compliance
- Engineering
- Human Resources
- Information Technology
- Legal
- Sales & marketing
- Secretarial & business support
- Supply chain & procurement

WORKING WITH TOO MANY RECRUITERS? OUR GUIDE TO IMPLEMENTING AND MAINTAINING A PSL
Before reducing the number of suppliers you work with, first get all the facts together. You need to look at your company’s hiring background and current process. This information should include:

- Number of hires made over the last 12-24 months
- Were any of those previous hires volume recruitment projects, e.g. 10 hires for a graduate programme or specific project?
- Were the hires made across all departments or only across certain areas, e.g. finance, legal etc.?
- How many hires were through internal referrals or the company’s own advertising campaigns? Where did you source those candidates from, e.g. job boards, internal referrals etc?
- Are there PSL agreements or current contracts with recruitment agencies in place already?
- How many agencies were utilised? Did this vary depending on the role?
- What was the duration of the hiring process?
- Agency fees spent on those hires; was the spend confined to the PSL, if in place, or ‘rogue’ agencies?
- Location of those hires, e.g. were they all based in head office or across different sites?
- What is the anticipated number of hires for the next 12 months? Are there any major business development plans or opportunities expected in the near future?

Louise Campbell
Managing Director at Robert Walters

“Analysing past performance will provide clear indicators of both good and bad experiences with recruitment agencies and help you to identify where improvements can be made in terms of service and cost.”
Once you have gathered the background information, the next thing to do is to analyse how those hires were made and the recruitment agencies that were utilised. One of the best ways to do that is to survey the hiring managers and potentially the line managers; whilst this might seem unnecessary, it is important to get feedback from the people who are going to be utilising the PSL once implemented. Things to consider include:

- Did the agencies understand the business and the type of candidate required?
- Were suitable candidates provided and if not, why not?
- Did the hiring managers prefer to utilise certain agencies and if so, why?
- How proactive were the agencies; did they suggest solutions or merely act when needed?
- Do hiring managers always deal with the same account manager or recruitment consultant?
- Were agencies able to utilise strategies to attract candidates internationally where candidates with in-demand skill sets were limited locally?
- What is the company not getting from their current recruitment agencies?
- Did candidates feel the process took too long and therefore accepted other opportunities?
- Did any of the successful candidates leave before the end of the probationary period?
- Did the service provide value for money?

By including the hiring managers in this initial stage, companies will be able to understand the issues encountered to date during their current recruitment process. If hiring managers are fully engaged at this early stage, they will want to commit to utilising the PSL once it has been implemented, therefore less likely to go outside the PSL to make separate arrangements.

Time spent at the start of the process analysing what the company requires from its suppliers and what needs to be improved will ensure a better process for all, not just internally but also for current and potential suppliers who will have a clear understanding of the company’s requirements and expectations.
Once you have all the information on how the company has recruited in the past and what issues, if any, they have experienced, it is now important to decide what will be the key criteria for your company when setting up your PSL.

Gemma Allen  
Director at Robert Walters  
“Conducting an audit will enable your company to map out the current recruitment process in detail and assess the efficiency and effectiveness of the current process. This process will enable you to make recommendations on the findings to improve and streamline current practice.”

Utilising the information provided by the hiring managers, together with the data provided by the company’s recruiting history, look for the common threads. For example, have the quality of candidates been excellent but the time to recruit too long? On the other hand, has the service itself from certain agencies been exceptional but at an exorbitant cost?

By examining the information provided, companies will be able to determine what the key drivers are for changing the way agencies are utilised to provide candidates. You will need to be clear on the company’s goals before engaging with agencies for the next step in this rationalisation process in order to ensure agencies selected are the most suited to the business’s needs.

Once again, be sure to include the hiring managers in this process; you will need their buy-in to ensure that once the mandated solution is in place, hiring managers adhere to it and do not circumnavigate the PSL, therefore negating the benefits of this process.

One way to do this might be present the findings from this analysis to hiring managers and confirm their agreement; having engagement and the potential to influence the outcome will really make certain that the hiring managers are fully committed to this project. Maintaining internal communications and transparency about the process will help ensure buy-in throughout the company.

The ultimate goal here is to appoint agencies that have the capability to support your business with the provision of high quality, relevant candidates through a cost-efficient and timely process.
Having decided on the key drivers for reducing the number of agencies the company utilises and what it hopes to achieve, you now need to decide what information is required from the agencies to select the most appropriate suppliers for the future PSL. The company also needs to have a clear idea on how it sees the PSL working in practice, for example, are you planning to have:

- A single, sole supplier for all recruitment needs, with perhaps a ‘second tier’ supplier list for any roles the sole supplier could not source?
- Would a panel of perhaps 4-6 agencies be more suitable?
- Should a ‘niche’ supplier be selected for each area, instead of agencies that recruit across multiple areas?
- Will this be location specific or nationally?
- Would this need to be per division or across all areas?
- Will HR control the recruitment process or will hiring managers contact the agencies directly?

Questions such as these ones need to be answered in order for your company to conduct a review of the agencies in the most efficient manner. If the company does not have a clear understanding of what it is looking for, it will be impossible to analyse potential suppliers against any scoring matrix.

However, if you are uncertain of how you see the PSL working, you could do an initial survey of all recruitment agencies by issuing a first stage, Pre-Qualification Questionnaire (‘PQQ’) or a Request for Information (‘RFI’) document. An initial survey will allow the review panel to exclude agencies at an early stage that do not meet a minimum level of capability, which will save time later in the process when more detailed information will need to be supplied and reviewed.

A consideration at this stage is to also decide which agencies will be offered this initial opportunity. The reason for the review is to ensure that your company is able to implement a PSL with the agencies most suitable to fulfilling the company’s recruitment requirements for the next 12+ months. Agencies that are not currently being utilised by your company should not be discounted at this stage.

Suzanne Feeney
Director at Robert Walters

“How do you intend to announce that your company is reviewing its PSL? One way to alert potential suppliers is to utilise the tender websites, where a company can advertise that there is a PSL opportunity and request suitably qualified agencies contact the company to receive more information.”

This PQQ or RFI is not a detailed tender request but requires the agencies to provide some basic information for initial selection or rejection according to the PSL model the company will be implementing. Reducing the agencies for the long list should be based on a simple analysis of your criteria versus the agency’s ability to meet it. This is why it is important that the criteria is very clear and matches the PQQ/RFI you sent out. It should almost be a ‘tick box’ analysis, whereby you can easily see if the agency matches your criteria. For example:

- Can the agency recruit the disciplines you will be looking to hire?
- Do they recruit in the geographical locations where the roles will be based?
- Have they demonstrated clear experience of hiring the candidates you require?
- Can they actively source relevant candidates from the wider market?
- Are any of the agencies limited in their recruitment search, e.g. under non-compete or ‘off-limit’ clauses with other similar clients?
- Sector expertise – has the agency clearly shown knowledge and understanding of your market?

At this stage, it is not important to worry about price proposals or reducing the agencies involved to a certain number. The goal here is to have a list of those agencies that could potentially meet your company’s recruitment needs. It is the next stage where you will provide more information for the agencies to compile a pricing structure suitable for the opportunity the company is offering and seek to reduce the number of agencies involved to a shortlist.
Once you have selected your initial long list of agencies, revisit the company’s evaluation criteria. Consider whether this will still provide you with the right agencies to be your suppliers or if you have discovered other points to consider through reviewing the PQQs or RFIs.

Companies may at this stage want to consider weighting factors and which are most important to the business and the demands. It’s better to decide now that the key criteria needs adjusting than to stick with it to the end only to find that you do not have the suppliers the company needs for the business to recruit and retain top calibre candidates. For example:

- Will the PSL be for permanent recruitment, temporary recruitment or both?
- If temporary recruitment will be covered as part of the PSL, have you confirmed whether the agency is financially stable and will be able to pay the temporaries on a weekly basis without waiting for invoices to be paid by your company first?

Requesting additional information such as clarifying the financial capabilities of the suppliers can be incorporated in to the next stage of the process. The important thing to remember is to ensure that the information that agencies are being asked to provide will match the criteria that it will be measured against.

However, it is not only the suppliers you need to consider when reviewing the recruitment options for the business. A key consideration when moving to a preferred supplier solution is internal change management. Companies must ensure they have the right resources to tightly control the programme within their business. Hiring managers must understand that the new processes are critical for achieving the goals of the organisation in cost reductions, increased efficiencies and quality improvement.

Consider appointing a senior manager or director as an internal ‘sponsor’ for this process. Involving a high-level person will demonstrate that the company is committed to implementing improvements in the process to both internal hiring managers and the potential suppliers.
Having reviewed and decided upon your evaluation criteria for compiling your PSL, you now need to evaluate the agencies on your long list in order to reduce that number to those you believe could provide your company with the required services.

The most effective way to do this is to begin by issuing a formal questionnaire, whereby you send agencies a tender document, such as a Request for Proposal (‘RFP’) or Invitation to Tender (‘ITT’) to complete and return. This should be much more detailed than the PQQ/RFI that was utilised to create the long list, however, before doing so, it is important to have really analysed exactly what information you can provide the agencies as part of this. This could include the hiring information you sourced at the start of the review process, such as:

- Number of hires made over the last 12-24 months
- Location of those hires
- A breakdown of the hires by division or business area
- The anticipated number of hires for the next 12 months

When compiling the RFP, think carefully about your evaluation criteria and match the information you are requesting to these. Some services might not be considered as ‘standard’ within the recruitment process, however, an agency may consider incorporating it in to their recruitment practices for your company in order to secure a place on the PSL.

There is no need to hide the evaluation criteria from potential agencies. The agencies will want to put together a response that closely matches your requirements in order to secure a place on the company’s PSL, so by sharing this, the responses that come back will have been tailored to your company and its requirements, rather than a ‘standard’ generic response.

As the RFP is being created, ask whether each question or section will help facilitate the decision making process. If not, then leave it out. This is not the same as asking agencies to provide details of additional or innovative services, rather safeguarding that agencies respond with the information your company needs to create a PSL. This will also ensure you do not become distracted by information that has no bearing on the process and it will be clear which agencies have provided evidence demonstrating their capabilities in the areas you require.

Remember: you are going to have to read through the responses provided by the agencies; spending time sifting through and reviewing information that is irrelevant will not keep the process on track. Keep questions relevant and on topic when creating your questionnaire to ensure your company receives the information needed to make informed decisions.

Agencies should be able to demonstrate how excited they are to work with your company as part of a PSL, so leave plenty of opportunity for this to come through in their responses. For a recruitment agency, being part of a PSL is a great selling point when attracting candidates, so agencies will be keen to work with you and provide the best service possible. The RFP should give plenty of scope for this to come across.

Gemma Allen
Director at Robert Walters

“Really consider what the “non negotiables” in your criteria are and make sure there are questions surrounding these within the RFP. List the criteria separately and then ‘tick off’ each point once you have asked questions on the topic as a handy quick reference point when creating the RFP document.”

“IT is important to stay on topic when selecting information to include in the RFP. If the question will not help you to choose a recruitment partner, leave it out. Do not waste time by having to go through irrelevant information by asking unrelated questions. This only drags out the review process and means more work for you or your staff.”
When creating your RFP, separate the document into sections with a separate section containing the questions to be answered. Having questions mixed up with information on the company etc. will not assist in ensuring the agencies respond with a clear document. With a clear separation of the questions in a specific section, agencies will be able to clearly identify where they should respond, ensuring you receive all the information required.

**Louise Campbell**
Managing Director at Robert Walters

“Questions do not need to be overly complicated to provide your company with the information it needs. Clear, unambiguous questions will ensure all parties – the reviewers and the agencies responding – understand what is required. The agencies will provide suitable answers and the reviewers will be able to score the responses accordingly.”

A sensible timeframe for responding to the RFP is also important. Whilst it might be tempting to have everything returned within a week to guarantee the PSL itself is in place within weeks, it must be stressed that the information you are asking for is going to be the basis for your company’s decision-making, so you do not want agencies rushing through it. What you are looking for is a proposal that has been compiled against the criteria your company specified in the RFP and contains enough information upon which you are able to decide if the agency should proceed to the shortlist.

Decide the format of the response the agencies should submit. It is important for the review team to have a consistent format to ensure simplicity of reviewing and comparison. Consider specifying the response as a Word document or similar packages and perhaps avoid spreadsheet formats where it is difficult for agencies to highlight specific examples within their response. In addition, do you want the responses to be sent hard copy, via email or through a portal? With many companies focussing on their environmental impact, consider which format meets the requirements of your company.

Agencies may need clarification to questions they have once they have reviewed the RFP. One method may be to set a deadline for when questions by the agencies can be submitted and then the company could issue a ‘clarifications document’ of questions to all the agencies involved in the process. Alternatively, companies can hold a ‘supplier briefing’ session, where representatives from each agency attend a joint briefing and answer questions submitted in advance. This also provides a forum for the ‘internal sponsor’ to outline the company’s vision on how the relationship will progress and develop.

**Gemma Allen**
Director at Robert Walters

“Make sure to include a ‘who to contact’ section within the RFP. This will ensure that only the designed individuals within your organisation will be contacted regarding any questions or follow-up post-tender process. Having a clear timeframe and dedicated contact points will help to keep the process on track.”

When creating a timeframe, consider advising agencies of a target date for which the company will provide them with feedback post-submission. By giving an indicative schedule, you will not have agencies chasing your company for feedback immediately! A set timeframe will also ensure the process remains on track internally, with the reviewers having committed to the project for a designated period.
STEP SEVEN: MOVING TO A SHORTLIST

Once you have received the RFP responses, it is important to set aside enough time to review. Whilst this might seem obvious, depending on how many responses you receive, this could very well be a task that could take up to two weeks or even longer. Think of the review process as a project and allocate time in your diary accordingly.

Before starting to read the documents, review the information you sent to the agencies and also again review the evaluation criteria you set. Having this information fresh in your mind when commencing will confirm exactly what you are scoring each response against and which agency has matched it.

If it is a team reviewing the RFP responses, rather than one individual, be very clear how this is going to be managed. It is vital that all reviewers are clear on how this will be carried out and exactly what their responsibilities are for doing so. For example:

- Is one person responsible for a specific section and will only be scoring that section in each document?
- Will team members be splitting the total number of response documents between them and only scoring those, e.g. 5 complete response documents out of 30?
- Another method might be for all members to review all of the documents and then compare feedback.

Whichever method is chosen, it is important to be consistent, otherwise it will unfairly impede those agencies whose response documents have already been reviewed if the methodology is changed midway through the process. The review team must be fully briefed on the criteria they will be scoring the response documents against and also understand any ‘weighting’ percentages they need to apply to an answer.

Once all reviewers have agreed on the final shortlist, discussions can then be held with individual agencies regarding any additional clarifications required. At this point, decide whether you need to have the agencies conduct a formal presentation or whether you are happy with the shortlist and wish to form a PSL with those agencies.

Your choices here will very much depend on the number of agencies on the shortlist and the model your company will be implementing, for example:

- Your company is planning to have a PSL with a maximum of 6 agencies on it
- The agencies must be able to recruit across all divisions
- There are 30 agencies that meet your evaluation criteria

In the above scenario, requesting further information to reduce the shortlist further will be sensible, perhaps to a more manageable number of 12-15 agencies, rather than holding individual meetings with all 30 agencies. This can be achieved by issuing a further questionnaire to all of the shortlisted agencies or perhaps requesting that each agency identify other services they are willing to provide as a ‘value add’.

Once you have finalised the shortlist, keep a note of the reviewers’ feedback so that a summary can be provided to individual agencies. This should be offered to all agencies, whether they were successful or unsuccessful. It is likely that the company will want to review the PSL in 12-24 months, so if the reason an agency did not make it through this time is something that could be adjusted for the next time, this will provide your company with more options to choose from in the future.
There are many options for PSL fee structures and it requires consideration as to which option you implement. These include:

- A flat fee amount per placement
- A sliding scale percentage fee structure depending on the salary band
- A single percentage fee structure across all salary bands

In our experience, Robert Walters have found the sliding scale percentage fee structure to be the fairest, as this allows differing charges to be set depending on the level of recruitment and is also the most cost-effective.

A single fee amount or single percentage fee structure needs to incorporate all recruitment levels, therefore you may end up being charged an excessively high amount for the lower-level recruitment bands. For example:

### Single percentage fee structure

- All recruitment up to 75,000 to be charged one amount of 15,000, which equates to a 20% fee at 75,000
- A role paying 50,000 charged at 15,000 will equate to a 30% fee

### Sliding scale percentage fee structure

- All recruitment up to 75,000 to be charged 20%, which will be a maximum cost of 15,000
- A role paying 50,000 charged at 20%, will equate to a cost of 10,000

In the example shown above, the company will save 5,000 on this recruitment piece by utilising the sliding scale fee model. The agreed fees should of course be a discounted structure on the standard terms changed by each agency and commensurate with the opportunity you are offering.

Be wary of trying to negotiate the fee structure too low in your own favour. The aim is for it to be mutually beneficial between your company and the agencies on the PSL. No agency is going to want to provide you with a good service and quality candidates if they are not being compensated appropriately. Consider whether a volume discount model would be a suitable incentive for agencies, particularly if you are able to demonstrate specific hiring volumes for projects etc.

Remember: if you cannot find the candidate you are seeking through your PSL, you may be forced to go outside of that list to other agencies. Most companies will then approach those agencies that had been shortlisted for the PSL but were rejected as they proposed higher, more realistic fees. If any of these agencies successfully place a candidate with your business, they could charge you higher fees for this. Therefore, not only will the recruitment process have been delayed, your staff will have spent much longer on the hiring process and end up paying standard fees, therefore negating the benefit of putting in place a PSL.

Many clients who have gone down this route and focussed primarily on achieving low fee structures, have ended up reviewing the PSL within 6 months and revising it to include other agencies. Although the additional agencies may charge higher, more realistic fees, this has to be weighed against the quality of candidates they will provide and the time saved from securing the right calibre candidates for your company.
STEP NINE: IMPLEMENTATION

Once the PSL has been finalised, all hiring managers should be advised of this and any new processes required before any recruitment campaign. Options to consider for advising relevant staff include:

- Announcement via email or company meetings that a PSL has been implemented
- Seminar or ‘roadshow’ where the agencies come and present an overview of themselves and the areas of recruitment for which they have been appointed
- Company newsletter, either ‘e-shot’ or hard copy
- Link on the company intranet

Remember: agencies on the PSL agreed terms with your business will be under the assumption that they will be given the opportunity to recruit for all disciplines for which they were awarded. Non-compliance on the part of your hiring managers may result in the agencies requesting penalty clauses be enacted against your company if they were not made aware of these roles.

To ensure your company benefits immediately from the discounted fee structures negotiated as part of this PSL process, it must be made clear to the hiring managers that these agencies on the PSL are the only ones to be utilised. Going outside the PSL for recruitment should only happen in the rare instances that the PSL were unable to help and perhaps this would require additional authorisation from HR before proceeding as a control process. If your company has selected agencies to cover all your recruitment needs, this should be something that does not happen.

Watch point:

Ensure all parties, including the agencies and hiring managers, are aware of the process for recruiting new staff. However, do not forget to advise other affected departments, such as finance or legal, on the impact of the new PSL in place. For example, should all invoices be submitted with a purchase order number and payment refused unless this is complied with.

Consider holding briefing meetings, together with representatives from all affected business areas or separately, to explain the new processes that all parties will be expected to adhere to, from both the agency side and internally.
Once the PSL is in place, arrange to conduct regular debriefing meetings with the agencies and hiring managers. This would enable all parties to raise any issues or highlight any achievements or lessons learnt from the recruitment process and allow actions for improvement to be allocated if necessary.

Watch point:

Invite the process of review and discussion of performance at any time or by way of pre-arranged quarterly formal meetings.

An analysis of past performance will clearly identify not only where improvements need to be made, but also highlight any achievements or innovations that have been developed within specific functions that could be implemented elsewhere in the supplier chain.

Agencies should provide regular management information reports on the roles they have recruited for your company over a set timeframe, e.g. quarterly or six-monthly, which could include number of roles released, CVs submitted, interviews conducted. These will clearly demonstrate the success of the agency in both understanding of the role briefs and the placements made.

These meetings will also ensure that agencies are aware of any developments within the business or additional projects that may require headcount increases. Agencies can then be provided with an opportunity to update your company on the recruitment marketplace and outline any innovations they have developed in their recruitment practices that they can bring to the candidate sourcing and selection processes for your business.

Sharing information and feedback post-implementation will ensure that the recruitment process operates in the most efficient manner possible and service delivery enhancements are achieved.
Robert Walters believes that a preferred supplier arrangement is a partnership and the key to its success is honesty, collaboration and strong communication. We feel that by implementing a controlled PSL, your business will retain the scope of multiple channels to the candidate marketplace whilst achieving both service enhancements and the cost effectiveness of a streamlined process. This will enable both your company and the PSL to become more outward looking to enable key workforce planning.

Having been awarded a place on your company’s PSL, Robert Walters will work with your company to accurately define the core promotional message of your business to potential candidates, positioning your company as a key employer of choice and ensuring a continuous stream of high-calibre candidates to help develop your business during the next economic cycle.
CONTACT US

To discuss this whitepaper or talk about your recruitment needs in more detail, please contact your Robert Walters recruitment consultant, email us at dublin@robertwalters.com or get in touch with our office below:

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