Steps in Developing a Recruiting Strategy:

Part 1 of 2

From time to time Ascentii Executive Placement Solutions selects whitepapers and articles from external thought-leaders. This newsletter presents "Recruiting Managers, Do You Really Have a Recruiting Strategy?" by Dr. John Sullivan published in www.ere.net on Monday, November 15, 2004.   More information on Dr. Sullivan's work can be viewed at www.drjohnsullivan.com. Dr. Sullivan is also the editor of VP of HR, an e-newsletter providing "out of the box" solutions for senior HR managers. Free subscriptions can be obtained on his website.

Introduction

When I meet with directors or managers of corporate recruiting, I routinely ask them a simple question: "What is the name of your recruiting strategy?"

Almost without fail, I get one of two basic responses, either, "We hire great people," or a just blank look. The first is a horrible answer in that it's not really a recruiting strategy as much as it is a goal or bland statement. It fails to identify where and when you recruit these "great people," and how you identify them. It also provides no differentiation, because clearly no organization (other than perhaps the DMV) starts out trying to hire "bad people."

The blank look is unfortunately the most common response. I used to be shocked when it happened over and over, but I've grown accustomed to the fact that most recruiting departments not only don't have a name for their strategy, they have no strategy at all. Keep in mind that these are not line-level recruiters, but recruiting managers, the same individuals who frequently exclaim in meetings that they want the recruiting function to be more strategic. The simple fact is you can't be strategic without having a clearly defined strategy.

Now, I happen to think I know a little bit about strategy. As an advisor, I have helped design strategies for a number of leading corporations in the area of human resources and staffing in particular; I teach strategy to business students at the university level; and I have written a book on HR strategy (Rethinking HR Strategy) that many business leaders have adopted as a bible for new HR. All of my thoughts and knowledge on strategy were formed via observations made during my three plus decades in human resources.

During this time I have been continually shocked by the number of recruiting professionals who:

- Can't even define the term "strategy"
- Don't know the available strategies in recruiting
- Don't have a name for their own recruiting strategy
- Don't know the steps involved in preparing a recruiting strategy
- Have never written down their strategy so that others can follow it

- Have never compared their strategy in recruiting to their competitors' recruiting strategies in order to ensure that theirs is superior
- Have never integrated their strategy with their recruiter selection, budgeting, and time allocation processes
- Make no attempt to measure the effectiveness of their recruiting strategy

What Exactly Is a Strategy?

The basic premise of having a clearly defined strategy is that by focusing your efforts and looking at the big picture, the recruiting function is more likely to meet its stated goals and have a significantly larger economic impact on the business.

Having a clearly defined strategy sets up an architecture to focus your efforts and planning beyond basic tactical recruiting and towards establishing a competitive advantage in recruiting. The strategy focuses the actions of a recruiting department, telling everyone what to concentrate on and what is unimportant. It further drives whom you hire as recruiters and how you allocate your budget and your time.

Academic definition of strategy: "The plans made or the actions taken in an effort to help the organization fulfill its intended purpose."

From a practical standpoint, being strategic includes these elements:

- Establishing a competitive advantage. The primary goal of a strategy is to drive actions that gain your firm a sustainable competitive advantage in your industry. It demands an ongoing competitive analysis of major "talent competitors" and adjusting of strategy to keep competitors from mirroring or one-upping current recruiting efforts.
- Demonstrating economic impact. Strategic impact is measured in profit, stock value, return on investment (ROI), increased revenue, higher market share and increased margins.
- Company-wide impact. Strategic departments have a measurable, company-wide impact, well outside their function.
- Big picture approach. Strategic means taking a big picture approach. It's global and it looks beyond the current boundaries of business practice. It does not deal with day-to-day issues (operations).
- Future focused. Strategic functions are future focused. They anticipate and prepare for a range of possible occurrences. They rely on extensive information gathering and forecasting of the business environment.
- Continually evolving. Being strategic means continually evolving and reacting to any change in the environment. It requires you be proactive and aggressive. If requires that you seek out problems and opportunities.
- Data driven. Strategic functions rely heavily on the analysis of data and the measurement of outcomes.
- A way of thinking. Being strategic is as much a way of thinking as it is a way of managing.

What Are the Available Recruiting Strategies?

As I mentioned earlier, most firms don't have a documented or formal recruiting strategy. There are notable exceptions, such as Southwest Airlines, which is famous for hiring personality and training for skill. Microsoft is famous for hiring "brains," intellectuals with a proven ability to solve complex logical problems that may or may not have experience in technology. Google seeks out candidates that think outside the box, not necessary how to accomplish something, but rather what all the possibilities are. These are all well-known, oversimplified examples of corporate strategies, but they serve to illustrate the fact that leading companies have strategies that are completely differentiated from others.

In fact, strategies cannot be defined with a single word. Recruiting strategies are complex and may contain up to 12 distinct elements. The 12 elements of a recruiting strategy are listed below. In order to develop a complete recruiting strategy must select one or more items from each of the twelve elements. Those elements include:

- The primary goals of recruiting
- The prioritization of jobs
- The performance level to target
- The experience level to target
- The employment status of the candidate to target
- When to search
- Where to search
- Who does the recruiting
- Primary sourcing tools
- What skills to assess
- How to assess skills
- Primary selling points to offer

An Example of a Comprehensive Recruiting Strategy Description

Comprehensive recruiting strategies cannot be accurately covered in with a single word or even a simple phrase. Before you can put a name on your strategy, you first need to make a variety of decisions within each of the 12 different strategy elements.

The net result is a strategy that might, for example, sound something like this:

An external, hire-to-learn strategy targeting top performers: Our strategy is a skill-building, "hire to learn" strategy focusing on hiring experienced top performers (who are currently employed by competitors) into pre-identified key jobs. Our strategy employs a pre-need, external "within the industry" search that primarily utilizes sourcing and recruiting specialists. A branding strategy and employee referral program are utilized to attract candidates. Candidates are selected primarily through interviews that screen candidates for pre-identified corporate competencies. The primary "candidates selling" approach is a great culture and proven learning and growth opportunities.

The 12 Essential Elements of a Comprehensive Recruiting Strategy

1. What are your primary goals? (Why hire?)

The first element of recruiting strategy is to determine "why" you are hiring outside people. First, you must determine your firm's business goals and then what recruiting can do to contribute to each of them.

Some of the more common business reasons for hiring include:

- Replacements for turnover
- Current or future business expansion
- Upsizing the caliber of talent because top talent has become available
- Limiting the talent available in the market in order to hurt a competitor's ability to staff adequately
- Learning from other firms
- Increasing the capability of your firm by adding new skill sets

Which of these focus areas you select is important because each requires that you direct your recruiting efforts in a different way. For example, if you are hiring for geographic expansion, you will need to implement a strategy that allows you to enter new geographic regions -- as opposed to hiring to hurt, where you need to focus on hiring away key talent directly from competitors.

2. Prioritization of Jobs

No recruiting function has enough resources to fill every position immediately with the top quality hire. As a result, your recruiting strategy needs to include a prioritization element.

- Priority can be assigned in the following ways:
- Hire all jobs equally with the same priority
- Focus on key strategic business units
- Focus on key jobs
- Focus on key or powerful managers

3. Performance Level to Target

Recruiting top performers requires a different strategy and set of tools than recruiting average performers. As a result, you must first determine what level of performance you are primarily targeting before you determine the other elements of your recruiting strategy.

Performance targets include:

- "Butts in chairs" (hire the cheapest candidates with adequate skills in all jobs)
- Focus on average performers in all jobs
- Focus on top performers in all jobs
- Focus on top performers just in key jobs

4. Experience Level to Target

Some employment strategies require you to take the long-term approach and develop your own talent, while other approaches target bringing in experienced talent for immediate help or to bring in new skills.

Experience target ranges include:

- Inexperienced talent that can be trained
- Temporary and contract labor that can be converted
- Hire at the bottom and promote within
- Undergraduate college hires (interns, Internet and on-campus hires)
- Postgraduate hires
- Experienced hires

5. Category of Candidate to Target

Whether you target active or passive candidates has a tremendous impact on both the quality of hire and the difficulty of getting an acceptance.

Active candidates (the easiest candidates to attract):

- Unemployed candidates
- Currently employed but frustrated in their current job
- Passive candidates (These are individuals who are currently employed and not actively seeking employment. They represent over 80% of potential candidates, but they are the hardest to attract.):
- Focus on currently employed average or above average performers
- Focus on currently employed top performers
- Diverse candidates:
- Diverse candidates defined by using EEOC standards
- Diverse "thinkers" using a global standard
- Magnet hires (Target magnet hires who are well-known individuals who, because of their notoriety, by themselves help to attract others.):
- Magnet hires from within the industry
- Magnet hires from outside the industry

6. When to Begin Searching for Candidates

Most firms begin a search once a requisition has been created. But there are a multitude of approaches available:

- Begin recruiting when an opening occurs
- Continuous search (evergreen jobs where there is a constant need)
- Begin before an opening occurs (pre-need hiring can be done to build a talent pool or to build a relationship over time, in order to increase applications and

offer acceptance rates from employed individuals and top performer candidates)

7. Where to Look for Candidates

There are three sub-categories within the "where" element. They include:

Internal versus external:

- Focus on all internal candidates (laterals or promotions)
- Settle on a fixed ratio of internal to external hires
- Hire primarily from college campuses
- Hire primarily from external sources
- Inside or outside the industry:
- Target within the industry only
- A fixed proportion outside the industry
- Geographic focus:
- Local commuting area only
- Within the region
- Within the U.S.
- A truly global search

8. Who Does the Recruiting?

There are two sub-categories under this element. They include: Internally, who is responsible for recruiting?

- Generalists do most recruiting.
- Primarily internal recruiters working in HR
- Separate sourcing and recruiting efforts within a centralized recruiting function
- A mix of corporate and contract recruiters that work internally
- Line managers do most recruiting.
- Employees contribute significantly to recruiting through a heavy emphasis on employee referrals.

Utilizing external recruiters:

- Utilize external recruiting agencies mostly at the very top or bottom jobs
- Third-party recruiters are utilized only for hard-to-fill or key jobs
- Primarily utilize external recruiting agencies
- Outsource the entire recruiting function

9. Primary Sourcing Tools

Identifying candidates and convincing them to apply is essential to great recruiting. Some of the possible sourcing focus areas include:

- Traditional media (newspapers, walk-ins)
- Sourcing using events (job fairs and industry events)
- Traditional Internet sourcing (large and niche job boards)
- Nontraditional Internet sourcing (Google-type name search for passives; chat rooms)
- Employment branding (a long-term sourcing strategy to build a steady long-term supply of candidates)
- Acquiring intact teams and a large amount of talent through mergers and acquisitions (buy firms for talent)

10. What skills should you prioritize when selecting candidates?

When selecting the most appropriate candidates from the candidate pool organizations can use a variety of approaches. Those target skills or competencies could include:

- Hiring brains or intelligence
- Selecting based primarily on personality
- Selecting based on the technical skills required for this job
- Selecting based on skills (technical and people) required for this and "the next" job
- Selecting primarily based on pre-identified, company-wide competency needs (present and future)
- Selecting primarily based on the candidate's experience (industry or job)
- Selecting primarily based on the candidate's contacts and network
- Selecting the "best athlete" available at the time (hire and then find the best job for them)
- Selecting primarily based on cultural fit

11. How to assess candidates

An essential part of any recruiting strategy is the process you will utilize to assess the candidates. Common choices include:

- Interviews
- Personality tests
- Skills tests
- References (business, personal or educational)
- Grades or academic performance (primarily for college hires)
- Drug screening
- Job simulations
- On-the-job assessment (primarily for temp-to-permanent conversions)
- Hire more than you need and intentionally "wash out" the poor performers

12. Primary Sales Approach

Candidates can be "sold" on a job and company based on a variety of strategies. They often include:

- Compensation
- Opportunities for promotion
- Benefits
- A great team and manager
- An excellent culture and values
- Bonus and stock option opportunities
- Challenge, growth, and learning opportunities
- The firm's employment brand and image

Very much like a roadmap you use when traveling, a recruiting strategy tells you where, when, and what you need to do in order to meet organizational goals. More specifically, it gives the recruiting department (and the recruiting professionals in it) a focus and a direction.

A recruiting strategy gives recruiting managers guidance about what they should do more of and less of. It also helps ensure that everyone on the recruiting team understands the priorities of the business and how recruiting can have an impact on the business. That's why, when putting together a recruiting strategy, it's important to make sure that the process you use to develop the strategy is logical and straightforward.

18 Steps in Developing a Recruiting Strategy

There are no shortcuts in developing a recruiting strategy. It takes a logical process and numerous inter-related steps. Each of these steps are outlined below.

1. Determine accountability for the strategy.

Start the recruiting strategy development process by appointing an individual to manage it. Clear accountability for developing and maintaining the appropriate recruiting strategy must be made clear the very beginning.

This individual and the team they select will manage the planning process, but it is critical that they should not own the process or the final strategy. Great strategies cannot be developed in a vacuum. In order to have a successful strategy, recruiting managers, recruiters and recruiting support personnel throughout the organization need to feel that they "own" both the process and the resulting strategy. If they don't, there is a strong likelihood that they will either ignore the final strategy or not understand it. In either case, the net result will be that it will not be completely implemented.

Similar to a plan for a family trip, the strategy needs multiple inputs from individuals with different perspectives and "power bases," who can help identify roadblocks and steer the strategy team in the right direction. Once you have assigned accountability and assembled

your team, I recommend that they utilize these remaining steps as a guide for setting goals and developing your recruiting strategy.

2. Identify the business and overall HR goals of the firm.

It's important to realize upfront that recruiting priorities and goals can't be set independently; they are dependent on already-established business and HR goals and objectives.

When reviewing your company's business and HR goals, be sure that your recruiting strategy is in a similar physical format and that the recruiting goals are closely aligned with or are clearly related to the already-established corporate and HR goals. To identify overall business goals, review the firm's overall business strategy created by the board of directors or your executive management team. If you have the time and the access to it, it's important to review this overall business plan and strategy to ensure that you understand where the business is going.

Another source for identifying key business goals is your CEO's bonus plan. In almost all cases, whatever the CEO or senior officers are measured and rewarded on is, by definition, what is most important to the firm. Of course, if you closely "mirror" them with your key recruiting goals, you help to guarantee that your recruiting goals will directly support the highest priority business goals.

Follow a similar process in order to identify the established HR strategy, goals, and plan. I must warn you upfront that the majority of HR departments have no written strategy or strategic plan. As a result, it's difficult to assess whether your recruiting strategy, strategic plan, or even your goals are in line with what the overall HR function is trying to do. Don't let that deter you though; your efforts in recruiting might spur the rest of the HR department to follow your lead.

When developing your recruiting strategy, it is also important to limit your attention to only the highest priority business and HR goals and objectives; otherwise, you are likely to get bogged down with too many goals and thus increase the likelihood of confusion and the possibility of spreading your recruiting focus too broadly.

3. Identify which business goals and which business units you wish to impact.

For each major business goal you believe you can impact, you need to cascade down to recruiting to identify any possible links or connections between recruiting programs and corporate goals. Some recruiting departments go even further and prioritize different business units, product areas, managers, or even jobs, based on business priorities. The recruiting strategy then directs managers to provide priority services and extra resources to those prioritized areas.

Identifying goals you can impact means that you need to eventually translate these business goals into recruiting strategies and actions. For example, if the business goal is "Grow XYZ business by 20% in six months," the recruiting translation may include:

- Prepare to hire 20% more people
- Determine if the necessary skills to grow the business are present to allow for internal redeployment. If not, determine whether it is better to develop them through training or through "hiring the skills."
- Determine if top performers and already employed individuals are essential for meeting that high growth target.

4. Identify any possible (future) changes to the internal or external business environment.

Forecast any possible changes in the business or recruiting environment in the next few years that may force recruiting (and the business) to reassess its current strategy, approach, programs, or process. Developing a "static" recruiting strategy that does not change with the shifting economic and business environment is a common but disastrous approach.

With the constant ups and downs of talent wars, it is critical that any recruiting strategy "flex" as the economy changes. Common environmental factors include globalization, new technologies, changing demographics, the unemployment rate, the availability of labor, company expansion into new geographic areas or products, and acquisitions or divestitures of business units.

5. Determine who your primary customer is.

Since recruiting can't please everyone in a corporation, it is important to first determine "who," by title, is your primary target customer. Whether you designate senior management (generally the best option), line managers, or applicants as your primary target, it's important to realize upfront that you can't set goals or measures without knowing who your primary customer is.

Once you have identified your customer, it's important to interview or survey them to ensure that you know their current expectations and their changing needs. Document your findings and get confirmation from your target customer to avoid errors. Realize upfront that expectations will change along the way, so develop a regular customer feedback process to capture these changing customer expectations.

6. Select between the traditional "narrow" recruiting strategy and a broader talent management approach.

Most traditional recruiting strategies limit their focus to recruiting. However, select organizations have gone the next step to adopt a broader talent management approach.

A talent management approach integrates many of the often independent HR functions relating to talent and recruiting into a single coordinated effort. Talent management is the acquisition, retention, movement, and release of workers in order to maximize the productivity of a company's "talent inventory."

In addition to the traditional functions of recruiting, a talent management strategy also encompasses:

- Retention
- Orientation
- Workforce planning
- Employment branding
- Relocation
- Talent management metrics
- Internal placement of individuals
- Replacement plans
- Redeployment plans
- Forecasts
- Releasing non-productive or surplus workers

Talent management doesn't necessarily "own" each of the above activities, but it certainly coordinates each and ensures that the entire talent pipeline is constantly supplied and being updated. If you select the talent management option, obviously you must include broader goals in your strategy. These broader goals should relate to each of the above functions and include processes to integrate their individual efforts into a single unified output.

7. Develop or refine your recruiting mission statement. (optional)

Before you can set specific recruiting goals and select your strategy elements, you should first clarify your overall mission or purpose. A recruiting mission statement is a short (one or two paragraphs) statement of purpose. It describes what the recruiting organization does, who it serves (who recruiting's key customers are), and what makes the recruiting organization unique. A mission statement can be used to direct and refine all current and proposed recruiting activities.

If you already have a mission statement, it's appropriate to update it before you begin developing your recruiting strategy. The first step is to check the alignment between your recruiting mission and the mission statement of HR and the overall business. A note of caution: Most mission statements have little actual impact unless they are crystal clear and they are directly supported with an unambiguous recruiting strategy as well as strategic and tactical goals, metrics, and rewards.

A sample recruiting mission statement might look like this:

> Our goal is to continually identify, assess, and sell top performers working in our industry on the value of some day joining our firm. By building a great employment brand and hiring the very best performers, recruiting will be a prime contributor in helping senior managers meet their productivity and business goals. However, we cannot succeed in our mission without managers and employees taking ownership of the process of continually identifying and selling top performers on the value of joining our firm.

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