

## IT Recruitment: How to get results without running a betting game

With the US economy in a recession, IT spending is expected to be hit hard in 2009. According to what is an admittedly optimistic estimate in a recent Forrester report coverage, growth in US business and government purchases of IT goods and services will be down to 1.6% in 2009, from 4.1% in 2008<sup>1</sup>. However, despite the economic slowdown, technology investments won't go away. Businesses will continue to look to IT to either drive top-line revenues by providing a competitive advantage or to lower operational costs by optimizing processes and consolidating systems.

In either case, the rules of the game have changed. With existing as well as new IT projects underway combined with a renowned sense of urgency and slashed IT budgets, organizations are asked to do more with less. Companies are now looking into innovative ways to ensure they meet their IT needs within this new reality. Securing the proper IT resources to successfully get these IT projects done in the face of aggressive schedules and tight budgets is the cornerstone of these efforts. Now is not the time for cost-conscious companies to underperform in their IT recruitment efforts: they need the right talent for the job and they need it now! But has IT recruitment become easier or harder in the current environment?

### Challenges

The market conditions today are radically different than what they used to be - even a year ago. On average, demand for IT jobs is rather stable while supply of IT professionals in the job market is growing. In most cases, this makes it a buyer's market with an over-abundance of previously hard to find IT talent looking for new and attractive job opportunities. But although in theory it is easier for companies to locate the right candidate for a particular job role or project assignment, it is also the case that this new environment has challenges of its own: with an over-abundance of candidates, searches tend to become more time-consuming and prone to mismatches, especially as time-to-fill pressures kick in. A recent survey by UK's National Computing Center [[www.ncc.co.uk](http://www.ncc.co.uk)] identified that a third of companies still could not effectively recruit for some specific IT skills<sup>2</sup>.

**Today, the key challenge areas in IT recruitment are three-fold:**

#### **1. Meet the need for candidate profiles with a new set of qualifications:**

There is a growing trend to seek IT professionals who are both business- and technology-minded<sup>3</sup>. This becomes an increasingly important factor in banking as well as other industries that view the business-technology integration as a top challenge within their organizations. Therefore, these organizations require an IT personnel that is not only technically savvy, but has also experience within the particular sector and understands key aspects of the business. Another trend is to seek IT professionals who can keep up with the growing complexity of today's technologies and the increasingly important role of Internet, for example in the areas of network security, web services, social computing, and Web 2.0 / Web 3.0 applications.

**2. Improve the efficiency of the recruitment process:**

Obviously, the main focus for efficiency is to find the right person to get the job done, but the recruitment process itself is also becoming increasingly complex and resource-consuming. There is a clear productivity benefit when the recruitment process is optimized so that hiring managers in organizations don't get bogged down with posting jobs, processing resumes, screening applicants, and conducting opening interviews; especially in the current environment where the numbers of job applicants can be overwhelming.

**3. Make it a profitable undertaking:**

The UK's National Computing Center [www.ncc.co.uk] proclaimed that 2009 would be a year of transition to more financially-attractive alternatives for IT recruitment. This means that we do see more and more companies looking into external IT staffing solutions to streamline the IT recruitment process with pre-selected/pre-screened candidates in order to improve their productivity, reduce recruitment costs, increase turnaround times, and help mitigate the risks of being understaffed or overstaffed depending on business needs.

So, when firms decide to work with external IT consulting/staffing vendors, what are the success factors to make this collaboration successful?

**Success Factors**

According to the National Association of Computer Consultants Businesses (NACCB), the key success factors for IT staffing when utilizing an external IT consulting/staffing service provider or a Vendor Management System (VMS)<sup>4</sup> model revolve around quality of candidates, incurred cost, and communication throughout the process<sup>5</sup>.

	QUALITY	COST	COMMUNICATION
Goal	Get outstanding IT talent that is committed, productive, cost-effective, and can easily integrate in the multicultural environments of most global corporations	Reduce costs associated with selecting, hiring, and training IT professionals, but also manage or spread out costs associated with maintaining a flexible workforce	Ensure accurate and timely communication and feedback between hiring managers, HR personnel, job candidates, and IT staffing consultants
Risk	Cost constraints can result in a pool of lower quality candidates or potentially technically adept candidates that lack in soft skills of personality, motivation, values etc.	Hidden costs involving requirements for extra training or mismatched hires that need to be replaced	Under-trained or under-staffed IT staffing consultants becoming a bottleneck when they don't understand the firm's business or technical needs

*Figure 1: IT recruitment success factors.*

In today's challenging environment, two very common trade-offs can negatively affect the success factors described above:

- Time vs. quality of candidates: As IT staffing consultants are pressed for time to fill in certain positions; they relax quality standards resulting in proposed candidates of lower quality.
- Few vs. many candidate submissions: VMS models encourage the submission of large numbers of candidates from multiple IT staffing consultants that may dilute the quality of the proposed candidates, as opposed to more focused or trusted models that produce fewer candidates but of higher quality.

IT consulting/staffing vendors have been working with associations like NACCB to develop a set of best practices to ensure effective and successful IT recruitment based on input from all stakeholders. In addition, IT consulting/staffing vendors are proactively innovating on their own in the development and deployment of recruitment processes to meet the demanding staffing needs and challenges in today's environment.

### The "Convert in Three" Recruiting Process

Northbound LLC has optimized the IT recruiting process to achieve the "Convert in Three" target: Convert each staffing requirement from the first 3 candidate submittals, or, in other words, fill in each job opening within the first 3 candidate submittals. Historically, fill ratios average between 3:1 and 5:1 in non-VMS models, but soar to between 12:1 and 20:1 in VMS models.

To achieve the "Convert in Three" target, Northbound relies on a three-tier recruiting process:

**Tier 1** - Offshore team of technically strong recruiters are immediately assigned the client requirements to screen resumes and forward to the on-site recruiting teams (using the time difference to the client's advantage). Due to the obvious culture and time difference, this team does not have any interaction with the candidates.

**Tier 2** - Onsite level 1 recruiting team already has a shortlist of candidates to start calling and evaluating in more detail (this is saving the onsite level 1 team 50% time as the technically qualified offshore team has already done the initial filtering).

**Tier 3** - Onsite level 1 recruiters are required to then send only the top 3 candidates to the level 2 recruiting team. This is further validated and the final set of 3 candidates is forwarded to the end client. The level 2 recruiting team is comprised of assigned senior account managers that serve as dedicated contact persons with the client to discuss the client's requirements, complete the resume submissions, and receive feedback from the client.

The level 2 recruiting team is the most experienced team and is involved in the ongoing training of the offshore and the level 1 onsite recruiting teams. They are also involved in prioritizing and assigning requirements based on skills, durations, rates etc. from each client. In effect, the level 2 recruiting team is the main liaison between the client and their needs and the rest of the recruitment teams and IT candidates. This is important for the client as they have a dedicated point of contact with an experienced recruiter onsite throughout the recruitment process. On a typical scenario there are 3 offshore and level 1 recruiters assigned to each client, These recruiters may receive multiple assignments from the level 2 senior recruiters daily in case the client has multiple requirements for numerous job postings.



## Results

Northbound achieves an average of 12-15 target placements each month in the most efficient and economical way for major clients including IBM, McGraw-Hill, Southwest Airlines, Dun & Bradstreet, GMAC, UBS, Wells-Fargo, Ally Financial Services, ING, Adobe, Good technology, J&J, Amgen, Comerica Bank, Kelly Services, Beeline, and others. Northbound's "Convert in Three" recruiting process offers tangible advantages:

- Faster time-to-fill ratios: Top 3 qualified resumes are submitted to the client within 3 hours of the client releasing job requirements.
- Lower risk for mismatch hire: The "Convert in Three" process has a success rate of 94%; the only time the process fails to convert is when the client changes their requirements, in which case the new set of requirements is re-submitted to the process.
- Significant cost savings: Cost savings achieved via the offshore/onsite model allows for an optimized price-quality ratio in a competitive environment.
- Enhanced communication process: The onsite recruitment team ensures accurate communication of requirement and a quick feedback loop to the candidates.

## Conclusion

In today's challenging environment, forward-thinking firms look into IT staffing / recruitment solutions to improve productivity, contain costs, and mitigate risks without compromising the quality of their IT resources. A number of considerations arise when looking for outside IT staffing vendors. Professionalism, established track record, and a proven recruitment process are key factors that lead to a successful partnership and ensure maximum client satisfaction.

## About Northbound LLC

Northbound LLC combines market insight, technological innovation, and client collaboration to produce successful partnerships geared to move your business in its best direction. We are a global services company dedicated to growing our clients' success through offerings across two critical areas of the enterprise: the demand generation engine, and core engineering / IT capabilities. Northbound's customers include: IBM, McGraw-Hill, Southwest Airlines, Dun & Bradstreet, GMAC, UBS, Wells-Fargo, Ally Financial Services, ING, Adobe, Good technology, J&J, Amgen, Comerica Bank, Kelly Services, Beeline, and others.

## References

1. [www.forrester.com/Research/Document/Excerpt/0,7211,46671,00.html](http://www.forrester.com/Research/Document/Excerpt/0,7211,46671,00.html)
2. [www.computerweekly.com/Articles/2009/01/14/234205/a-third-of-companies-still-cannot-recruit-some-it-skills-says.htm](http://www.computerweekly.com/Articles/2009/01/14/234205/a-third-of-companies-still-cannot-recruit-some-it-skills-says.htm)
3. [www.banktech.com/news/showArticle.jhtml;jsessionid=AKG1NVXZZXAYQSNLRSKH0CJUNN2JVN?articleID=212101168&pgno=2](http://www.banktech.com/news/showArticle.jhtml;jsessionid=AKG1NVXZZXAYQSNLRSKH0CJUNN2JVN?articleID=212101168&pgno=2)
4. Vendor Management System (VMS) generally refers to the software that's in place to facilitate the requisitioning and procurement process of filling staffing requirements. Vendor Management Organization (VMO) is the body of policies and procedures that surround the VMS software and that can be either managed internally or outsourced to a third party.
5. [www.naccb.org/resources/vms\\_bestpractices\\_initiatives.pdf](http://www.naccb.org/resources/vms_bestpractices_initiatives.pdf)