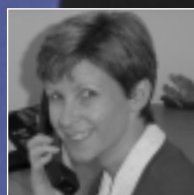


Recruitment Agencies

Are you getting value for money?



Written by Tina O'Brien FIPS
Sales & Marketing Director Orthopaedics
Intavent Orthofix Ltd.

The recruitment industry

There are over 11,850 organizations operating in the UK, employing circa. 89,450 people in total, with an estimated 68,860 individuals working as recruitment consultants (REC- Recruitment & Employment Confederation Recruitment Industry Survey 2001)

It is estimated that the largest ten firms are unlikely to control more than 15% of the market.

The recruitment industry of the 21st century is a multibillion-pound industry with an invoiced sales turnover in excess of £22,850 million recorded for 2000/2001. This represents an increase of 24.2% on the previous year (REC Feb 2002-module 1 page 5).

Is this money well spent?

Most organizations set annual expense budgets and include a sum for recruitment. Should this allocation become overspent it will impact on budgets agreed for sponsoring clients and the continued planned training and education programmes and other important monetary requirements

Cost Factor

It is important to get recruitment right first

time. Where an individual is placed by ineffective recruitment methods and proves to be unsuitable then a great deal of money is wasted, not only in recruitment costs and time taken but also in the costs of training a new member of staff.

It is generally accepted that the cost of recruiting the wrong person is equivalent to twice that person's salary.

Despite rapid changes in technology, it is still true to say that the most important resource available to an organization is its people.

Criticisms of Recruitment Agencies

Criticisms from both customers and candidate are often a result of miscommunication, with expectations not being discussed initially and then not being met.

Research undertaken by the Royal Mail demonstrates that most business relationships fail as a result of trust between individuals being broken, with 68% of buyers stating that they will stop using a supplier or organization should they become complacent or fail to communicate on a regular basis.

As part of providing an added value service employment agencies should routinely plan

for communication to take place on a regular basis with both candidates and clients and then measure whether or not personal expectations have been met and even exceeded. Planning time to communicate with the client on a consistent basis should be part of the recruitment consultants role.

Does this level of communication sound familiar:

1. A phone call enquiring whether there are any vacancies, a short job specification and literature is requested
2. CVs come in the post often inappropriate
3. The recruitment agency makes a second telephone call, usually the same day the CVs have been received. Powers of persuasion are given by the agent to encourage the organization to see candidates, which do not necessarily fit the job specification.
4. A third and fourth phone call is received from the recruitment agency immediately following the first and second interview and should a job offer be made then there is no further dialogue.

You may then be faced with an invoice which is some what higher than expected, if you try to

contact the recruitment consultant you have been dealing with, they are often unavailable and the accounts department suggests you refer to the terms and conditions which would have been sent in small print following the first telephone call.

This sort of experience is not unique and is supported by a survey conducted in 1995 by the Institute of Employment Consultants (now the REC) where they involved organizations using employment agencies. One of the questions included "What would your main criticisms of the recruitment industry and the people that work in it be" The answers were as follows:

- a) Put forward poor quality people
- b) Too pushy
- c) Lack of integrity

Terms & Conditions

It is vital that you read and understand the terms and conditions supplied by the recruitment agencies as they can be onerous. You may find yourself receiving a bill more than double of what your expectations are.

When you have agreed a percentage check what this actually includes as it may include total remuneration package not just the salary.

It is important to check when payment is expected as late payments may lead to further expense.

Check what the rebate conditions are should a candidate leave as you may wish to re-negotiate these terms.

It is important that you fully understand the terms and accept them before agreeing to pursue with the process because after the event you may find that the companies adhere rigidly to these terms.

How should recruitment agencies perform

The Employment Agencies Act 1973 and Regulations 1976 states that agencies or businesses are required to make unreasonable enquiries to obtain information. It is never possible to give a fixed definition of how unreasonable might be interpreted in a court of law, however the REC requires its members to follow the spirit of the law, which essentially requires them to be

- Detailed and accurate
- Honest
- Mindful of needs of both the candidates

and clients

Previously placed workers

Where the agency has previously placed a candidate in a job, under no circumstances are they allowed to approach the person directly about another position either directly or indirectly.

Have you experienced a relatively new recruit, who has subsequently left, only to later find that it was the same agency that placed him/her in their new job?

Control and monitoring

Once a recruitment consultant has been appointed for a vacant position it should provide a written proposal confirming its understanding of the clients needs. This should also include the basis for the consultancy fees.

Do you receive this written proposal?

Exceeding expectations

Having successfully filled a vacancy the recruitment agency should follow this up with a phone call or meeting to see how well the candidate is settling in and that the clients expectations have been met. This being more consultancy based rather than a desire to simply 'get the sale'

Do you receive this service?

THE SOLUTION

Preferred Suppliers

Over recent years, there has been a move by many large and medium sized organizations to appoint recruitment agencies as preferred suppliers. This change helps to establish a relationship between the agency and organization. Research has demonstrated time and time again that people buy from people and effective working relationships are developed initially between individuals rather than the organization they work for. Having a preferred supplier helps you to:

1. Take control of the recruitment situation by establishing with the recruitment agency what you require from them.
2. Establish communication expectations
3. Establish a point of contact
4. Negotiate better fees
5. Setting out your own terms and conditions to include:
 - a. Payment terms

b. Refund policy

c. Fixed or variable prices without having any surprises when the invoice is received

6. Building long term relationships rather than one off placements

To enable new entrants to apply to be an approved supplier it would be worthwhile reviewing the list on a six monthly basis.

Human Resources (HR)

Outsourcing recruitment is a necessary evil. It is better to allow the HR department or in smaller companies dedicate one individual to do all the communicating with the recruitment agencies. This will ensure you will:

1. See the whole picture of the company.
2. Provide you with more negotiation power.
3. Adhere to the job specification and description and not be encouraged to see inappropriate candidates.
4. Have the most experienced person working closely with the agencies you are dealing with unlike sales managers who have not always been trained in recruitment.
5. Maintain tight records of agreements.
6. Have fewer misunderstandings.
7. Foster better relationships.
8. Improve the likelihood of getting the right candidate for the position

Conclusion

By having an approved supplier list and the HR department to be the sole contact with the recruitment agencies

- You will build strong long-term relationships
- You will be in a position to set out what your objectives are
- You will know exactly what to expect and not be unpleasantly surprised with invoices showing hidden and unexpected costs.
- It will also improve the likelihood of getting the right candidate and feel that you have received value for money.

Tina O'Brien FIPS
Sales & Marketing Director
Orthopaedics
Intavent Orthofix Ltd
www.intaventorthofix.com