

# RECRUITMENT OUTSOURCING RPO, MSP & OTHER TLAS\* EXPLAINED

\*Three letter acronyms

In part two of our Recruitment Outsourcing Made Simple guide, we decode the unique terminology used in the outsourced market. We use plain English to explain the various concepts involved in this method of external talent acquisition to help you gain insight and understanding about what each term really means. We also explain the process.

## SECTION 1 – PRODUCT DESCRIPTIONS

### RPO – Recruitment Process Outsourcing

The transfer of all, or part, of the permanent recruitment process to an external provider.

This can typically include/cover:

- The management of candidates from multiple channels: internal, referral, speculative, direct, agency – within a single process.
- One or more steps of the employee or recruitment lifecycle: research and planning, attraction, recruitment and selection, onboarding, engagement and exit.

Usually underpinned by an applicant tracking system (ATS).

More sophisticated services – sometimes called RPO 2.0 – may also include workforce planning, employee branding and employee engagement.

### MSP – Managed Service Programme

The management of the sourcing, engagement and administration of temporary and other 'non permanent' resources and tasks by an external provider.

This can typically include/cover:

- Temporary workers, contractors, consultants and statements of work
- Resources are often sourced from a number of vendors but managed through a single, common process
- The full lifecycle from planning through requisition, sourcing and onboarding to timesheeting, payment administration and exit

Usually underpinned by a vendor management system (VMS) – or in other words, an internet-enabled system to manage the entire recruitment service.

Under an MSP service, resources are primarily sourced from external agencies or vendors and a variety of sourcing structures can be adopted, including:

- **Neutral Vendor** – an MSP where all suppliers have equal opportunity to recommend candidates or resources. A neutral vendor service is sometimes just called an MSP.
- **Master Vendor** – an MSP where the provider and its sister companies have the first opportunity to recommend candidates or resources.
- **Hybrid** – an MSP that combines elements of master and neutral vendor. This is typically defined by geography, function or discipline and based on the capabilities of the provider.

### Blended RPO

An outsourced service combining temporary, contractor and permanent (and sometimes statement of work) hiring within a single integrated process

The benefits include:

- Enables more effective workforce and resource planning
- Ensures the best and most cost effective resource is engaged
- Requires coordinated decision making from both the company and outsourced provider



## SECTION 2 – THE SIX STAGE RPO AND MSP PROCESS

What processes/stages can recruitment outsourcing support?

Both RPO and MSP services can support organisations through all six stages of the employee or worker lifecycle:

- Research and Planning
- Talent Attraction
- Selection
- Recruit and Onboard
- Retain and Develop
- Depart and Offboard

The focus of the service may vary depending on whether you are engaging permanent hires, temporary workers, contractors or resources under a statement of work. Or any combination of the above.

### So how does it work?

#### 1. Research and Planning

During the research and planning stage, your MSP or RPO provider provides external insight and support to your workforce planning. This generates a demand plan for the year's recruitment.

Once identified, your provider designs and implements a recruitment marketing strategy designed to fulfil those plans, particularly to identify the key roles for pipelining and talent pooling.

Under an RPO service where internal, referral and direct hiring is key, your provider is able to assist in defining and developing your Employer Value Proposition (EVP) and brand to attract and engage with prospective talent.

Under an MSP model where resources are primarily sourced from third party agencies and vendors, your provider also manages a vendor procurement and negotiation programme. This is designed to identify and engage a portfolio of providers who can source all the different potential skill areas that you might need.

#### 2. Talent Attraction

The key to a successful talent attraction strategy is to combine attraction activity with ongoing communication to build a talent pool in advance of each vacancy. This will reduce time to hire and also increase the engagement with new hires.

The talent attraction and pooling stage is where your RPO proves its worth for permanent hires by managing an ongoing attraction strategy that combines the most appropriate media – traditional, online or social – with an ongoing engagement strategy. The candidate experience is also crucial, especially in industries where candidates can also be customers.

#### 3. Selection

For each requisition, your RPO/MSP partner qualifies the request and provides market insight and advice regarding salaries and rates before engaging the most appropriate candidate sources, be they internal, referral, talent pool or third party vendors. From these sources, they select the best fit applicants or bids based on the latest assessment, testing and selection techniques.

### THE 3 TYPES:

#### RPO Recruitment Process Outsourcing

The transfer of all or part of the **permanent recruitment process** to an external provider.

#### MSP Managed Service Programme

The management of the sourcing, engagement and administration of **temporary and other 'non permanent'** resources and tasks by an external provider.

#### BLENDED RPO

This is a mixture of RPO & MSP, where an outsourced service **combines temporary, contractor and permanent** hiring within a single integrated process.



**4. Recruit and Onboard**

Once you have selected an applicant or resource, your RPO/MSP ensures you engage them on the most appropriate contract terms and rates through the provision of market insight and benchmark data.

Once you have selected an applicant or bid, the MSP and RPO processes diverge:

- For permanent hires, the organisation typically manages the process. However, some aspects – most commonly referencing – can still be outsourced to your RPO provider or a specialist third party.
- For temporary, contractor and statement of work resources, the MSP manages the entire process, from contract issue, referencing, compliance and induction processes to managing risk and establishing an arm's length relationship with the worker.

**5. Retain and Develop**

The ongoing engagement with, and administration of, the hire again depends on the type of engagement.

- For permanent hires, the organisation will typically manage the relationship with the employees but again some of the transactional tasks to support appraisals and performance tracking can be outsourced to the RPO provider.
- For non-permanent hires, your MSP provides a timesheeting, payroll and payment processing service for all workers. This is typically managed online through a VMS. They also offer a comprehensive worker tracking and reporting service.

**6. Depart and Offboard**

At the end of their employment or assignment, all employees or workers should receive an appropriate exit and offboarding experience. For permanent employees, this usually sits with the organisation; however, many RPO providers also offer a redeployment or outplacement service.

For temporary, contractor and statement of work resources, your MSP provider will redeploy the workers where possible, thus retaining knowledge in your organisation. However, for those who do leave, they terminate contacts and access, collect any equipment and capture exit interview feedback.

**APPENDIX SECTION 3 – TECHNOLOGY & OTHER USEFUL PHRASES**

**ATS – Applicant Tracking System**

Technology to track applicants through the permanent recruitment process. The emphasis here is on attracting and processing applicants up until they are hired.

**VMS – Vendor Management System**

A technology, usually web or cloud-based, used to administer the engagement process for non-employed workers and resources from requisition to sourcing, onboarding, time sheeting and invoicing.

**CRM – Customer Relationship Management**

A technology, usually web-based, used to manage communications with a large number of contacts. Most frequently used to build and communicate with a candidate 'talent pool'.

**SaaS – Software as a Service**

Web or cloud-based software licensing and delivery model. Common for many business applications, such as payroll processing software and human resource management. Typically offered without any additional services.

**CMO – Contractor Management Office**

The third party payroll, invoicing and administration of non-permanent workers who have already been identified by an organisation.

**SoW – Statement of Work**

A document, usually attached to a master agreement as a schedule, detailing the services or works to be provided by a vendor & the price to be paid. The works to be provided can be described on a "milestone/deliverable" or "time & materials" basis.

**Milestone/Deliverable**

Where a vendor is engaged and rewarded only on completion and delivery of a specified piece of work rather than for time worked.

**T & M – Time and Materials**

Where a worker is engaged and compensated for hours, days or weeks worked. Materials used or expenses incurred are also added.

Visit our website [hays.de/hts](https://hays.de/hts) to learn more about how these solutions can help your organisation's workforce strategy.

**WHAT'S NEXT:**

**PART 3**

**The benefits for your organisation**

The advantages of outsourcing your recruitment

**PART 4**

**Which model should I choose?**

All the options at your disposal

**PART 5**

**Building a business case**

How to win over key decision makers

**PART 6**

**How do I choose a provider?**

Choosing the right recruitment partner

**PREVIOUS EDITIONS:**

**PART 1**

**Recruitment Outsourcing**

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OPTIMISATI  
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TALENT ATT  
MANAGED SERVICES  
RECRUITMENT OUTSOURCING/SO  
TALENT ENGAGEMENT/DIAGNOS  
WORKFORCE STRATEGY/DIGITAL  
NT/TECHNOLOGY & INNOVATION  
DIGITAL & SOCIAL MEDIA/STRATE  
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