Talent Acquisition Strategies 2010

Candidate Experience and Relationship Management Come of Age

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Aberdeen Group
A Harte-Hanks Company

Executive Summary

The process of effective talent acquisition has evolved. Organizations realize the need for the right people in order to execute on their strategy, and as a result, competition for talent has skyrocketed. It is no longer enough for companies to simply court active job-seekers as many of the best candidates are gainfully employed and not necessarily "on the market." To determine the role of and makeup of talent acquisition at top-performing companies, Aberdeen surveyed 380 human resources, recruiting, and line of business executives in the months of July and August 2010. The results were very clear: among top-performing companies, the method of simply casting a line and waiting for a bite has been replaced by a proactive and strategic process that focuses on candidate experience and relationship management.

Best-in-Class Performance

Three key performance criteria were used to distinguish Best-in-Class companies in talent acquisition. On average, these top-performing organizations achieved the following:

- 96% first-year retention of new hires over the past two years, as compared to only 68% among Laggard organizations

- 92% of new hires were the top-ranked candidate, as compared to 51% among Laggard organizations

- 6% year-over-year decrease in the time-to-fill vacant positions, as compared to an 8% increase among Laggard organizations

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- Hiring manager visibility into status of candidates in the recruitment process

- Clear understanding of the sources for the best quality candidates

- Corporate leadership support of the talent acquisition strategy

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Establish or maintain a longer-term view of talent requirements irrespective of current hiring needs

- Manage talent acquisition as part of (not separate from) overall talent management

- Make the 'experience' of the candidates and hiring managers a top priority

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Chapter One:
Benchmarking the Best-in-Class

Business Context

Hiring plans at organizations have increased over the past nine months. This is according to data collected by Aberdeen Group from thousands of executives in cross-functional business disciplines for Aberdeen's *Quarterly Business Review*. In fact, when asked for their organization's anticipated year-over-year change in headcount for fiscal 2010, the answers have swung from an anticipated slight decrease in December of 2009 to a 4% projected increase as of August 2010 (Table 1).

Table 1: Optimism Pertaining to Recruiting is on the Rise

	Data from Dec 2009	Data from Mar 2010	Data from Aug 2010
Anticipated Change in Headcount for Fiscal 2010	(1%)	2%	4%

Source: Aberdeen Group

Supporting Business Growth

The aforementioned change in hiring plans links directly to the increased emphasis placed on business growth. In fact, 48% of the business executives surveyed in August 2010 for Aberdeen's *Quarterly Business Review* indicated organic revenue growth is their organization's top goal. After a few years of scaling back headcount in order to drive efficiencies and minimize operational expenses, organizations realize they must strengthen their infrastructure to achieve this growth; and the talent component of this infrastructure will be critical.

In support of this, 73% of the 380 human resources, recruiting, and line of business executives surveyed in July and August 2010 for this particular study on talent acquisition strategies have indicated their organization's talent acquisition efforts over the next 12 months will increase. This represents a 70% growth when compared to the number of organizations (43%) that indicated the same in Aberdeen's August 2009 research *Talent Acquisition Strategies 2009: Cutting through the Clutter and Proactively Managing Quality Candidates,*. In addition, 49% of the executives surveyed in this year's research indicated they also anticipate budget increases for talent acquisition purposes, as compared to only 16% that indicated the same in 2009.

However, whether a company is hiring in the near term or is waiting for the economy to stabilize before it adds to its headcount, the lesson learned from Aberdeen's 2009 talent acquisition report are clear and are reiterated throughout this year's research: **while hiring may slow or stop, talent acquisition at top-performing companies never does.**

Fast Facts

According to data collected by Aberdeen in August 2010 for its corporate *Quarterly Business Review*, headcount reduction over the past three years averaged:

√ 2.76% in 2008

√ 4.28% in 2009

√ 1.96% in the first half of 2010

According to data collected by Aberdeen in August 2010 for its *Talent Acquisition Strategies* research:

√ 49% anticipate increased budget for talent acquisition purposes, as compared to only 16% who indicated the same in 2009

"In order to meet our changing needs in the future, we will need to redesign the role of HR recruiter. This means putting rigorous workforce planning strategies in place, revising administrative processes, and making better use of social networks."

~ Jean-Francois Dion, Director of Talent Acquisition, Industrial Alliance

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Competition for Required Skills is Peaking

A visual comparison of the macro forces driving talent acquisition over the past two years illustrates two striking trends. First, despite the massive numbers of unemployed workers in the marketplace, the gap between the skills required by businesses and what's available in the talent pool is widening. Second, after years of cutting back, the need to scale to enable the business to achieve growth goals is now outpacing the need for cost-cutting measures to offset declining revenue and profit margins (Figure 1).

Figure 1: External Pressures Driving Talent Acquisition

Source: Aberdeen Group, August 2010
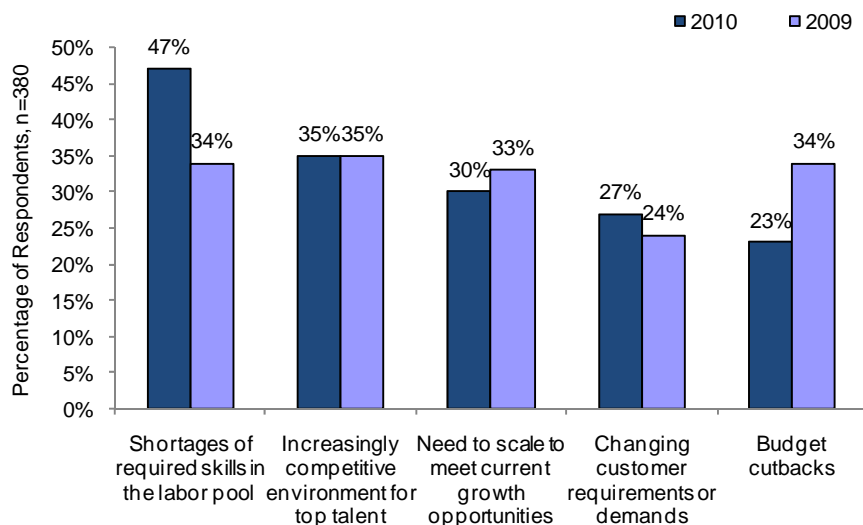
> "There must be a better defined talent acquisition strategy, focusing on an employment brand and a shift toward greater recruitment of passive candidates. We are not immune to the demographics of the baby boomers aging out of our workforce, many at the higher levels of management. Therefore, we need to develop a pipeline of talent (passive candidates) to fill critical roles in the next three to eight years."
>
> ~ Talent Acquisition Manager, Fortune 500 Construction Aggregates Company

These pressures are further compounded by the needs and expectations of their customers, as well as the need to outmaneuver the competition. However, as more organizations compete for a smaller pool of skilled workers and consider the longer-term needs of the business, the greater the emphasis these organizations will need to place on three elements:

- Defining and identifying the skills, competencies, attributes and /or behaviors deemed most critical to the business

- Building and nurturing the strongest possible pipeline of candidates who meet these criteria

- Strengthening the perception in the marketplace (among both current employees and prospective candidates) that the organization is a great place to work

The Maturity Class Framework

Companies employ a variety of metrics to track and measure the success of their talent acquisition initiatives. For the purpose of this benchmark report, Aberdeen used three key performance criteria to distinguish Best-in-Class

companies from Industry Average and Laggard organizations. The criteria include:

- **First year retention rate.** An organization's inability to retain the talent it has worked so hard to recruit and bring up to speed (i.e. turnover) is a killer. Not only does this cost a company in terms of dollars and time invested in the employee, but also in lost productivity and institutional knowledge, as well as decreased morale and engagement. For this measure, Aberdeen made no distinction between voluntary and involuntary turnover as any turnover in the first 12 months is "bad" turnover and reflects a disconnect at some level, either with the company's expectations of the worker, or with the workers expectations of the company.

- **Percentage of new hires that were the company's top choice.** From sourcing and nurturing, to screening and interviewing, including the eventual extension of an employment offer, there are many elements to a successful talent acquisition campaign. While the ultimate quality of a candidate an organization is able to attract varies on numerous factors (including the strength of its employer brand and the effectiveness of its candidate outreach), the ability for a company to actually hire the best of its candidates demonstrates alignment and focus among the stakeholders involved with acquiring great talent, as well as with the recruitment process.

- **Time to fill new job vacancies.** While this metric may at first pass seem quite tactical, the time it takes for an organization to fill job vacancies has evolved into an indicator of an organization's competence in identifying, communicating with, and nurturing ideal candidates (both within its own employee base as well as among the mass of candidates employed elsewhere or currently unemployed). Especially, with such strong focus on productivity, the ability for a company to hire quality candidates more quickly has become a competitive necessity.

Organizations with top performance based on these criteria earned Best-in-Class status, as described in Table 2. For additional details on the Aberdeen Maturity Class Framework, see Table 7: The Competitive Framework Key in Appendix A.

Table 2: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	▪ 96% average first-year retention of new hires over the past two years ▪ 92% of new hires were the top-ranked candidate ▪ 6% average year-over-year decrease in time-to-fill vacant positions

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Definition of Maturity Class	Mean Class Performance
Industry Average: Middle 50% of aggregate performance scorers	▪ 89% average first-year retention of new hires over the past two years ▪ 70% of new hires were the top-ranked candidate ▪ 1% average year-over-year <u>increase</u> in time-to-fill vacant positions
Laggard: Bottom 30% of aggregate performance scorers	▪ 68% average first-year retention of new hires over the past two years ▪ 51% of new hires were the top-ranked candidate ▪ 8% average year-over-year <u>increase</u> in time-to-fill vacant positions

Source: Aberdeen Group, August 2010

Recruitment Prowess Leads to Employee Productivity and Customer Retention

Aberdeen's July 2010 research, *Effective Talent Management Drives Profitable Business Growth,* provided a detailed analysis and powerful examples of how Best-in-Class organizations have tightly correlated effective talent management to key business performance measures such as revenue growth and shareholder value. Two such measures are *time to productivity* (defined in this research as the percent of new hires over the past 12 months that met their first performance milestone in the agreed-to timeframe), and *customer retention*.

- **Time to productivity**. In this research on talent acquisition strategies, Best-in-Class organizations rated time-to-productivity a 4.09 (on a scale of 1 to 5, where "1" equals least valuable and "5" equals most valuable) with regard to its value to measure talent acquisition effectiveness. While superior performance in this measure was not a Best-in-Class criteria for this study, Aberdeen's research has revealed that top-performing companies averaged 85% of their new hires achieving their first performance milestone in the agreed-to timeframe. This is in comparison to only 66% and 63% of new hires at Industry Average and Laggard organizations, respectively.

- **Customer retention**. Hiring and retaining quality employees who fit within the culture of the company and demonstrate the kind of performance and behavior that customers expect helps provide a better customer experience. Recent research from Aberdeen's marketing strategy and effectiveness practice, *The 2011 Marketer's Agenda* (a study of more than 270 organizations conducted in July 2010), revealed "customer retention" as a top three measure of marketing's contribution to the organization. Whereas organic growth has already been established as the primary business goal in 2010, the ability for a company to retain (and grow) its valued customers is imperative to that objective. And, according to this

Fast Facts

√ **31% more new hires at Best-in-Class** organizations achieved their first agreed-to performance milestone on-time, as compared to all other (Industry Average and Laggards combined) organizations

√ **Best-in-Class organizations retained an average 94% of their customers in the last fiscal year**, compared to 86% average customer retention among all other organizations

research on talent acquisition strategies, organizations that achieved Best-in-Class performance in talent acquisition also retained an average 94% of their customers in the previous fiscal year, as compared to 87% for Industry Average and 82% for Laggards.

The Best-in-Class PACE Model

In order to achieve these top results, organizations brought together a mix of strategies, capabilities and enabling technologies. The characteristics exhibited by Best-in-Class organizations in this study are summarized in Table 3, and include:

- Clear understanding of what it takes (skills, personality, aptitude, etc.) to succeed in a given environment or job role

- Constant pursuit of top quality candidates

- Strong collaboration between HR, recruiters, and hiring managers

- Focus on delivering the best-possible experience for every candidate

- Knowledge of and access to talent already available within the employee base

Table 3: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
▪ Shortage of required skills in the labor pool	▪ Proactively build and expand a candidate pipeline ▪ Strengthen ability to identify talent that is most likely to succeed ▪ Emphasize strategic workforce planning to accomplish long-term company objectives	▪ Process to obtain feedback from hiring managers on the candidates ▪ Hiring manager visibility into status of candidates in the recruitment process ▪ Recruiters work with hiring managers to ensure requirements for each job role are defined and understood ▪ Corporate leadership support of the talent acquisition strategy ▪ Process to obtain feedback from hiring managers on the recruitment process	▪ Employment screening solutions (i.e. background checks, drug screening) ▪ External and/or internal career portals ▪ Applicant tracking systems ▪ Employee referral tracking tools ▪ Hiring management system ▪ Assessment solutions ▪ Social networking tools ▪ Candidate relationship management technology

Source: Aberdeen Group, August 2010

Best-in-Class Strategies

The challenge facing companies in the marketplace can be summed up through a single, albeit very loaded question: how do we address the growing gap in the availability of desired skills, as well as the increasing competition for people with those skills, in order to improve our ability to deliver for our customers and ultimately help the organization meet its growth objectives? More so among the Best-in-Class (as compared to all other companies - the combination of Industry Average and Laggards), the

answer lies in their ability to look longer-term for the candidates most likely to succeed within their culture and given job roles, as well as identify, attract, and nurture relationships with those prospects (Figure 2).

Figure 2: Top Strategies Pertaining to Talent Acquisition
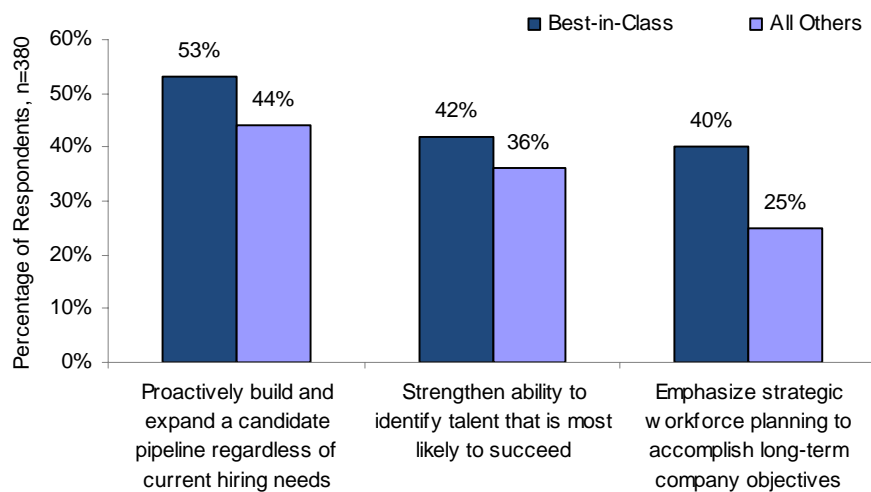
Source: Aberdeen Group, August 2010

For two years running, Aberdeen's research has revealed the top Best-in-Class strategy pertaining to talent acquisition is one that revolves around *candidate relationship management* - and this focus in growing in a rapid rate. In fact, to "proactively build and expand a candidate pipeline regardless of current hiring needs" was cited by more than one-third more Best-in-Class companies this year than in last year's research (53% vs. 39%).

One reason for this can be found in Aberdeen's August 2010 quarterly business review data. That research revealed that while 65% of business executives believe the economy has already started to recover, 33% believe the recovery will be slow but steady and another 43% believe the economic recovery will be painfully slow and take a few years to fully recover.

The key to this top strategy is "relationship management" - which has both short and long-term implications. And much like an organization has a strategy around nurturing relationships with its prospective and current customers (i.e. customer relationship management), the organizations that are able to find and hire the best quality candidates most quickly (as outlined in Table 2) are doing the same with their prospective employees. For these top-performing organizations, talent acquisition is a continuous process, no matter the immediate hiring needs.

Continuous vs. Reactive Pursuit of Talent

Whereas recruiting is more tactical and tends to focus mostly on immediate hiring needs, talent acquisition is more strategic and takes into account the

Fast Facts

√ **Proactively building and expanding a candidate pipeline**, is cited as a top two strategy by 36% more Best-in-Class organizations in 2010 than in Aberdeen's 2009 talent acquisition research (53% vs. 39%)

√ The third most popular Best-in-Class strategy in this year's talent acquisition research (**emphasizing strategic workforce planning**) is prioritized by 74% more Best-in-Class organizations than in 2009 (40% vs. 23%)

√ To **scale back or freeze talent acquisition efforts** was cited as a top two strategy by 20% of respondents in Aberdeen's 2009 talent acquisition research - in comparison, a mere 5% indicated this as a top two strategy in this year's research

longer-term needs of the business. And the increased emphasis among the Best-in-Class on the strategies outlined above suggests a decidedly more strategic approach to talent acquisition.

Not surprisingly, the majority of top-performing organizations pursue talent acquisition on a continuous basis in which identifying and cultivating relationships with top prospects is always a priority. On the other hand, the majority of bottom-performing organizations pursue talent acquisition in a more reactive (or as-needed) manner (Figure 3).

Figure 3: Talent Acquisition Strategy: Reactive vs. Continuous

Source: Aberdeen Group, August 2010
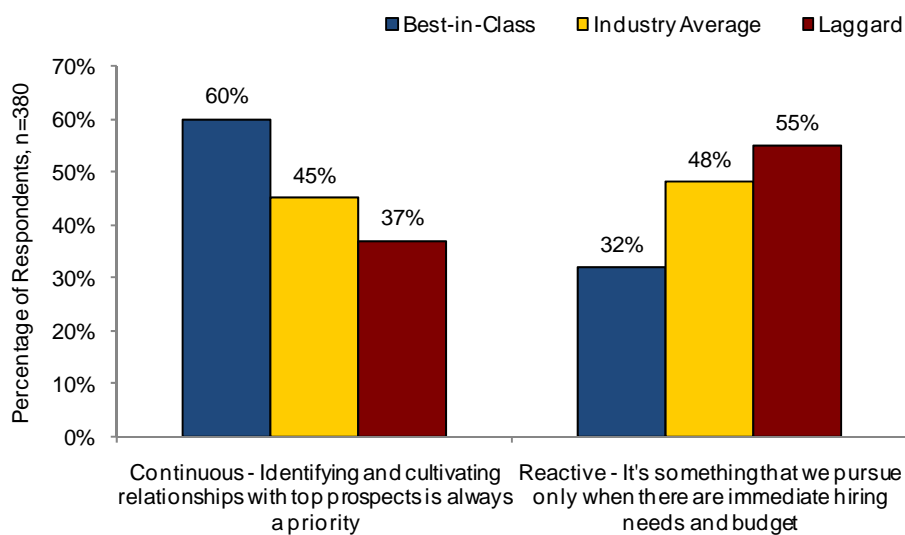
> "We need to recognize that recruiters have strategic influence in ensuring that our organization is best placed in terms of talent pipelines and capabilities. We should also focus on being innovative in attracting passive candidates, reducing costs, recruitment cycle time and non value add administration through efficiency in data and technology integrations."
>
> ~ Vanessa Flynn, Global Talent Acquisition & Integration Strategic Lead, Hertz Europe

It is important to note, given the nature of certain industries where high-volume hiring is an expected part of the business (e.g. to address seasonal activity), that 83% of the survey respondents to Aberdeen's 2010 talent acquisition strategies survey indicated they were answering the survey from the perspective of recruiting and hiring salaried full-time employees - both exempt and non-exempt - as compared to only 8% which indicated they answered from the perspective of recruiting and hiring high-volume hires.

Quality Matters

Amidst the continuous pursuit of talent acquisition, one thing is not lost on the Best-in-Class: the importance of quality. In fact, for the fourth year running, "quality of hire" reigns supreme as the top measure of these organizations' talent acquisition success. And over the past year, top-performing organizations continue to place increasing importance on three key variables they attribute to this important measure: productivity; fit; and hiring manager satisfaction (Table 4).

Table 4: The Top Five Most Valuable Measures of Quality of Hire

Calculating Quality of Hire (Scale of 1 - 5: "1" is least valuable and "5" is most valuable)	Best-in-Class (2010)	Best-in-Class (2009)
Organizational fit	4.30	4.22
Hiring manager satisfaction	4.29	4.06
Time to productivity	4.15	3,98
Character / personal values demonstrated	4.04	3.97
Increase in productivity (i.e. sales or service)	4.00	3.88

Source: Aberdeen Group, August 2010

The Discipline to Measure Quality of Hire

Aberdeen's 2009 *Talent Acquisition Strategies* research revealed the top barriers to measure and validate (with data) this top performance measure: *lack of knowledge pertaining to what to measure; lack of understanding of the business impact (value) of measuring quality of hire;* and *inconsistencies due to separate workflows due to numerous distinct business units.* These same barriers remain ranked as top barriers in this year's research. After all, whereas 76% of Best-in-Class (and 60% of all other organizations) indicated in this research that they measure quality of hire, the percentage of organizations that can actually validate it with data is abysmally low (this includes only 29% of Best-in-Class and a mere 15% of all other organizations). However, these same top five measures the Best-in-Class rely upon to determine quality of hire also clearly suggest two abilities organizations must have in place in order to truly measure this key metric:

- **Eliminate the subjective wherever possible.** Two of the five measures in Table 4 (characters/values demonstrated and organizational fit), are less objective and more subjective. According to Aberdeen's research, clear knowledge of required skills, competencies, and behaviors - coupled with 360-feedback from key stakeholders on how they perceive the candidate's "fit" within the company, team, or job role - brings the most clarity to this otherwise "fuzzy" element. Regarding the former, Best-in-Class organizations weigh demonstrated skills or competencies and behavioral or attitude assessments with relative parity (40% and 36% respectively) to determine organizational fit. In comparison, all other organizations are much more likely to place more weight on demonstrated skills and competencies over behavioral/attitude assessments (53% and 31% respectively). For job roles where technical competence (i.e. certification or license) is <u>not</u> required to perform the job at hand, the mantra of "hire for fit and train for skills" is certainly apropos. And regarding the latter ("team fit"), the

Fast Facts

While hiring, on average, 92% of their top choice candidates, compared to an average 64% among all others, the Best-in-Class are also able to manage recruiting costs more effectively than their counterparts:

√ 54% of Best-in-Class indicate they are able to measure cost-per-hire in terms of real dollars, as compared to 45% and 39% of Industry Average and Laggards respectively

√ Among the Best-in-Class, the average cost per hire decreased by 3% over the past 12 months, as compared to a 1% decrease among Industry Average and a 5% increase among Laggards

Best-in-Class are 57% more likely than their counterparts (44% vs. 28%) to determine organizational fit on feedback from the immediate team.

- **Track new-hire performance through the first year.** Three of the five measures listed in Table 4 (time to productivity, increase in productivity, and hiring manager satisfaction) are performance-centric and can only be ascertained once the employee is on board and if the company is able to track and document the performance progress of each new hire. The culprit here is often the existence of multiple data sources, which make it difficult to aggregate a comprehensive picture of new hire performance. And, according to 23% of Aberdeen's aggregate survey sample, and 29% of the Best-in-Class, this represents one of the two top barriers they are either striving to overcome or had to overcome in order to measure this elusive metric.

The emphasis placed by the Best-in-Class on aligning their talent acquisition efforts with the longer-term needs of the business provides keen insight into how top-performing organizations view talent acquisition integral to (and a part of) talent management; not separate from it. The imperative of talent acquisition's integration with other elements of talent management is the focus of the following Aberdeen Insight.

Aberdeen Insights —
Talent Acquisition and Talent Management: One in the Same

Organizations that view talent acquisition as separate from talent management are short-sighted, as all phases of the employee lifecycle (from recruitment to retirement) are contiguous and compounding.

Given the emphasis that businesses are placing on longer-term planning, the aforementioned holds particular relevance. In fact Aberdeen's December 2009 landmark research study entitled *Integrated Talent Management: Improving Business Results through Visibility and Alignment,* revealed that 40% of the more than 400 business executives surveyed perceived a top pressure driving the integration of talent management at their organization was the need to have a longer-term view of talent needs.

The importance of tracking a new hire's performance throughout their first year with the company has already been established in this research as essential to measuring quality of hire (and hence ensuring hiring manager satisfaction). In addition, as will be expounded upon in Chapter Two of this research report, this is also needed for an organization to effectively ascertain which sources of candidates produce the best new hires.

continued

Aberdeen Insights —
Talent Acquisition and Talent Management: One in the Same

However, let's look at something that may not be so obvious: the importance of integrating talent acquisition with succession planning to enable the business to achieve its longer-term objectives. While recruiting and succession planning are often perceived as being on different ends of the talent management continuum, they are actually highly dependent on each other.

For example, as an organization seeks to build a strong bench of willing and able successors to key job roles (either existing job roles or ones it anticipates it will add in order to support its growth objectives), it is essential that the organization not only understands the skills, competencies, and/or attributes required for each job role, but also is able to ascertain the readiness of its workforce against those requirements. The resulting "gap analysis" then allows the business to identify areas of talent needs that either can be filled internally or recruited externally. If the latter is most appropriate, then the same competencies/skills/attributes used to determine succession readiness (or deemed necessary as the business evolves) should also be the ones the company bases its sourcing and candidate relationship management efforts.

In support of this, Aberdeen's July 2010 research *Succession Management: Sustainable Leadership for the Future* revealed that Best-in-Class companies (the top 20% of aggregate performers in bench strength, the percentage of newly promoted leaders that received "exceeds expectations" on their most recent performance review, and the time to fill key vacancies) were 53% more likely than all other organizations (49% vs. 32%) to integrate recruitment data with their succession planning process.

In the next chapter, we will see what the top performers are doing to achieve these gains.

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Chapter Two:
Benchmarking Requirements for Success

Chapter One of this research report established that in order to really shine above the rest, companies need to start with a solid strategy for candidate relationship management. But when you break it down, a number of capabilities emerge that must be in place for this to be possible. For example, a strong employer brand makes it easier to engage candidates in the pipeline. Having the business involved in hiring helps to ensure better quality of hire, as well as a better candidate experience. And collecting feedback from stakeholders in the process ensures that the same formula doesn't get over-used and worn out. These capabilities, as well as many others, will be discussed throughout this chapter.

Case Study — VALIC

VALIC is a provider of tax-advantaged retirement savings plans for public sector organizations, non-profit employers, education, and hospital systems. Currently, the organization has over 1,250 financial advisors serving these markets. Due to the competitive nature of their craft, turnover rates among advisors tend to be fairly high. In addition, the average age among this segment of the workforce within the company is 55, meaning that retirements are going to be a sizeable issue over the next 20 years. In response to this, the organization has made it a priority to build a deep pipeline of candidates to ensure that those roles will be filled with the right people in the future.

Unfortunately, much of the best talent in the financial advisory world is in the passive marketplace, and as a result recruiting at VALIC needs to be very strategic. According to Gordon Frutiger, Associate Director, National Sales Recruiting, "We aren't necessarily looking for candidates to pay attention today, but in several months when they might not be as engaged in their current job, we hope that they'll then think of us. Of course, this requires much more than simply planting seeds, it takes work to keep these relationships going." For VALIC, this means making an effort to communicate frequently. Using a third-party solution for candidate relationship management, the company is able to not only track candidates from a variety of sources, but send out updates and information to keep people engaged and informed.

continued

Fast Facts

√ Organizations in which 1) recruiters and hiring managers work together to determine competency or skill requirements for each role, 2) hiring managers are given visibility into the status of candidates, and 3) feedback is collected from hiring managers regarding candidates were **nearly seven times more likely to achieve Best-in-Class results** compared to those that had none of these in place.

"We aren't necessarily looking for candidates to pay attention today, but in several months when they might not be as engaged in their current job, we hope that they'll then think of us. Of course, this requires much more than simply planting seeds, it takes work to keep these relationships going."

~ Gordon Frutiger, Associate Director, National Sales Recruiting, VALIC

Case Study — VALIC

There is also a solid focus on social media as a means of building and maintaining relationships. And although this aspect is something that started relatively recently in the summer of 2008, the viral nature of it caught on quickly. According to Frutiger, "Advisors are beginning to actively use social media to promote their advisory businesses, so we know that we need to expand our brand recognition over the web. We are currently doing that by taking our existing social media pages focused on recruitment, and layering them with vibrant and dynamic material such as video testimonials, widgets, and retirement calculators. This year, we have already hired 275% more people just from LinkedIn than we did all of last year."

Overall, the talent acquisition strategy at VALIC has been very successful. In order to validate their efforts, the company looks at the volume of traffic coming into the pipeline as well as the number of candidates actually accepting offers. Since the start of their candidate relationship management initiative and introduction of their candidate relationship management system, they have seen a dramatic improvement along these metrics. With this deep network of engaged candidates, VALIC has been able to meet the challenges of their industry and improve their chances of success in the future.

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 5) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 5: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Process to obtain feedback from the hiring manager on the recruitment process		
	78%	66%	56%
	Process to obtain feedback from new hires on the recruitment process		
	64%	46%	34%

	Best-in-Class	Average	Laggards
Organization	Corporate leadership buy-in for talent acquisition strategy		
	78%	54%	45%
	Corporate Marketing and recruiting / HR work together to ensure branding efforts are optimized and consistent		
	65%	46%	45%
Knowledge Management	Clear understanding of the applicant sources that provide the best quality job candidates		
	69%	57%	37%
	Common competencies among top performers in each job role have been defined		
	58%	42%	37%
Technology	Types of technologies used for talent acquisition:		
	▪ 83% Employ-ment screening solutions ▪ 74% Recruitment technology ▪ 51% Assessments (i.e. skill, behavioral, etc.) ▪ 43% Candidate relationship management software	▪ 78% Employ-ment screening solutions ▪ 78% Recruitment technology ▪ 46% Assessments (i.e. skill, behavioral, etc.) ▪ 41% Candidate relationship management software	▪ 74% Employ-ment screening solutions ▪ 73% Recruitment technology ▪ 45% Assessments (i.e. skill, behavioral, etc.) ▪ 32% Candidate relationship management software
Performance Management	Indicate they are either somewhat or extremely satisfied with their organization's talent acquisition process		
	80%	59%	43%
	Experienced cost savings within three months of automating their talent acquisition efforts		
	54%	22%	18%

Source: Aberdeen Group, August 2010

Capabilities and Enablers

Meeting the current and longer-term talent needs of the business requires a continuous focus on talent acquisition that takes into account the skills needed to fill particular roles in the future, as well as the ability to engage and track candidates from a variety of sources - both external to and within a company. It also requires a perception of a company as an ideal place to work (i.e. a strong employer brand). Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class reveals that a combination of internal capabilities and technology enablers are essential to this endeavor.

Process

With quality as the ultimate measure of talent acquisition success, the experience of two key constituents has become a primary focus among the Best-in-Class: the hiring managers the recruiters must serve; and the candidates the company seeks to attract and hire.

Experience Management (the Hiring Manager)

As indicated in Table 4 of this report, for the second year in a row, Aberdeen's research has revealed hiring manager satisfaction as a top two determinant of "quality of hire." And with the Best-in-Class indicating their intentions to look longer-term as part of their talent acquisition planning (as illustrated previously in Figure 2), the involvement of those who are held accountable for the sustainability and performance of their team or business is essential.

Certainly an important element is feedback from the hiring managers on both the quality of the slate of candidates they are presented as well as with the overall recruitment process. Regarding the former, 92% of the Best-in-Class have a process to obtain feedback from the hiring manager on candidates (compared to 78% of all others). To make this feedback proactive, recruiters and the hiring managers should meet at the start of the recruitment process to define the competencies (i.e. skills, attributes, etc.) the hiring manager seeks - this is in place at 86% of Best-in-Class and 73% of Laggard organizations. In addition, both stakeholders should define mutual expectations pertaining to the overall recruitment process, as well as agree to dates or milestones at which both will meet to review progress and discuss ways to improve the process. Whereas nearly 80% of Best-in-Class organizations indicate they have a process to obtain feedback from the hiring manager on the recruitment process, slightly less than two-thirds of all other organizations indicate the same. One element that enables hiring managers to provide quality feedback on the recruitment process is visibility into the status of candidates in the recruitment process - something enabled by 90% of the Best-in-Class as compared to 67% of all other organizations.

Among organizations that seek hiring manager feedback on both the recruitment process and the candidates (referred to below as "hiring manager involved"), the performance improvement is substantial (Table 6).

Fast Facts

√ **Nine in 10 Best-in-Class organizations** provide hiring managers visibility into the status of candidates in the recruitment process, as compared to only two-thirds of all other organizations

Table 6: Hiring Manager Involvement Makes a Difference

| Key Performance Indicator	Hiring Manager Involved	Hiring Manager *Not* Involved
Time to Productivity (percent of new hires who achieved first performance milestone within agreed-to timeframe)	74%	57%
Percentage of new hires who were the company's top choice	76%	53%
Employee Performance (percent of new hires who received "exceeds" expectations in their first performance review)	45%	38%

Source: Aberdeen Group, August 2010

Experience Management (the Candidate)

Regardless of whether or not a candidate is the right fit for an organization or a particular job role, it is important to ensure that each candidate's experience with the organization's recruitment process is positive and lives up to the brand that is communicated. As one end-user wisely stated: "Every person who interacts with your company is a potential employee, customer, vender, or influencer. It's important to make a good impression on every candidate because you never know how they could impact your company in the future." And to ensure a positive candidate experience, the majority of Best-in-Class organizations have in place two key process capabilities aimed at the candidates their organization found most attractive whether they accepted or rejected the company's job offer (Figure 4).

Figure 4: 360 Feedback from Top Candidates
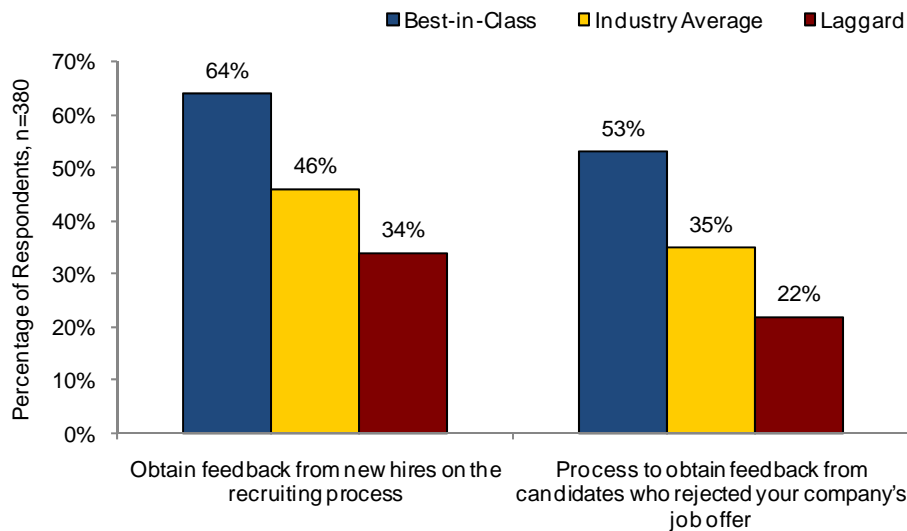
Source: Aberdeen Group, August 2010

Not surprisingly, a "positive candidate experience from the first visit to the company's website through the interview process" was rated by the Best-in-Class as one of the two most valuable contributors to a company's employer brand - see the Aberdeen Insight on Employer Brand in this Chapter for more details. This could be something as simple as updating candidates on open positions, sending them an email to let them know whether or not their application was received, or letting them know when they either are selected to move on to the next stage of the hiring process or were found not to be the right fit. But those that are leading the pack take it to the next level and constantly collect feedback from multiple stakeholders in order to make sure that the experience isn't just acceptable, but exceptional.

Aberdeen Insights — Candidate Relationship Management

Chapter One of this study established candidate relationship management as a critical piece, if not the critical piece, of talent acquisition going forward. And while this may seem like a bold claim, the evidence is more than abundant. And the pressures listed in this study make it clear that organizations can't simply go out into the world and pick up quality talent on a whim; skills are in short supply, and the competition is becoming increasingly resourceful in attracting the people with those skills.

But how are these top-performers going about the process of engaging candidates early-on? The top candidate relationship management activities as rated by Best-in-Class organizations show how these companies value on a combination of technology and proactive outreach from key stakeholders:

- Maintaining an engaging and informative company career portal - not only

- Recruiters and hiring managers actively communicate with candidates via phone calls or personal emails

- Utilizing software (such as candidate relationship management or an applicant tracking system) to regularly track *all* candidate communications

Whereas 82% of the aggregate sample for this research indicated their organization has a process to communicate with and nurture prospective employees, Aberdeen's data shows that most organizations can improve this process. In fact, only 36% of the Best-in-Class (and 27% of all others) indicate they have a formal candidate relationship management process - one that defines who communicates what and when. In comparison, 51% of the Best-in-Class and 55% of all others indicate their candidate relationship management process is informal; one in which the modality and frequency of communication to candidates is completely at the discretion of the hiring manager or respective recruiter.

Evaluating an organization's process for candidate relationship management can be filtered down to a few key questions: is the organization communicating a strong employer brand into the marketplace (note, this includes making it easy for prospective candidates to find and apply to open positions)? Is the organization engaging all of the right stakeholders to actively reach out to candidates and maintain a strong level of interest? And lastly, does the organization have the right means in place to keep track of the whole process and effectively manage those outgoing communications?

Organization

Excluding the Best-in-Class, only 50% of companies indicate that corporate leadership supports their current talent acquisition strategy. This is reflected in Aberdeen's survey data which shows that while Human Resources (HR) outweighs all other job functions in setting talent acquisition strategy (42% among the Best-in-Class and 44% among all others), the role and influence of the president or CEO is far greater at top-performing organizations (32% versus 19%). And, as organizations make more of a practice to look longer-term to address their business needs, the involvement of these key organizational leaders (the ones that actually set corporate strategy) becomes more pressing.

But involvement from the business in talent acquisition goes much further than the senior organizational leaders. One key constituent included by the majority of Best-in-Class in talent acquisition - as already reported in this research - is the hiring manager. However, another stakeholder group that is less commonly recognized in the recruitment process, yet will continue to grow in its strategic importance as candidate relationship management and employer branding strategies continues to evolve and expand, is the corporate marketing department.

Collaboration with Corporate Marketing

Chapter One of this research report referenced the importance of having a strong employer brand in order to attract and engage quality candidates. And just as an organization's marketing function is a key cog in perfecting the outward presentation of the corporate brand, so too must they perform their magic in building up the employer brand. This is invaluable because, after all, this could be the first experience that a prospective employee has with the company. This means not only putting in language regarding the organization's credentials as an employer in the corporate website, but making its social networking pages, job postings, and relevant collateral stand out to the discerning eye. This is something currently put into practice by nearly two-thirds of the Best-in-Class, as compared to less than one-half of all others.

"With regards to employer brand, you should work collaboratively with marketing but also need your own funding so that you aren't constrained by marketing's budget and spend priorities."

~ Bertrand Dussert, Vice President, Global Recruitment Operations & Workforce Planning, American Express

Aberdeen Insights —
Employer Brand Magnifies in Importance

Given the importance of attracting, nurturing, hiring, and retaining top quality talent, a strong employer brand (i.e. the perception that your company is a great place to work among those that do and do not currently work for your company) is magnified greatly. Indeed, Aberdeen's April 2009 research report, _Employer Branding: How to Grow, Measure, and Manage your Company's Perception,_ revealed that employer brand rated 4.59 out of 5 in an increasing scale of importance in relation to attracting talent, and a 4.17 out of 5 for retaining talent.

continued

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Aberdeen Insights —
Employer Brand Magnifies in Importance

For organizations that seek to strengthen their employer brand, research from Aberdeen's 2010 talent acquisition strategies study reveals that structured creativity and consistency in both the pre- and post-hire are vital.

Table 7: Most Valuable Contribution to Employer Brand

	Best-in-Class Rating
Structured, engaging and informative onboarding (or induction) process	4.25
Positive candidate experience - from the first visit to the company's website through the interview process	4.21
Consistency between job roles communicated to candidates and the job they actually perform once onboard	4.21
Company culture that rewards creativity and innovation	4.08

Note: 1 = Least Valuable, 5 = Most Valuable
Source: Aberdeen Group, August 2010

Candidate and new-hire experience. Ensuring a positive experience for the candidate from their first visit to the company's website, during the interview process, and through their first year of employment with a company requires not only an easy-to-use and compelling website and career portal, but also coordination between and among all stakeholder groups involved in the interview process. It also requires an engaging and purposeful onboarding process. According to Aberdeen's February 2010 research, *Onboarding: The First Line of Engagement*, organizations with a formal new hire onboarding process report 60% greater year-over-year improvement in revenue per full-time equivalent and 63% greater year-over-year improvement in customer satisfaction, as compared to organizations that describe their onboarding process as informal.

Delivering against expectations. The topic of an "aspirational" employer brand (one that an organization aspires to and advertises as such to its employees and/or the market, but may not match the current reality) was the basis of a heated panel discussion at Aberdeen's 2010 Human Capital Management Summit. Given the data presented in Table 7, sage advice for any organization is to ensure that what is promoted is actually delivered.

Once again, the role of the hiring manager in setting and delivering against clearly defined expectations is pivotal. In fact, in 2009 and 2010, Aberdeen's annual onboarding research revealed that one of the two most valuable activities to engage new employees is for the manager to meet with the employee within the first two weeks on the job in order to mutually agree to performance expectations and a related development plan. This will then be reinforced by frequent (monthly) informal meetings between the hiring manager and the employee to ensure alignment and make adjustments as-needed.

Fast Facts

The sources of candidates deemed most valuable among the Best-in-Class:

√ Employee referrals or networks - 4.31 rating

√ Easy-to-use and engaging company career portal - 3.65 rating

√ Social networking sites - 3.12 rating

√ Online job boards - 3.01 rating

Note: 1 - 5 scale where "1" is least effective and "5" is most effective

Knowledge Management

One of the reasons why Best-in-Class organizations were able to achieve strong annual improvement in time to fill (an average 6% decrease versus an average 3% increase among all other organizations) are the capabilities these top-performers have in place that allow them to know where the best talent comes from. In addition, they are more capable of pre-qualifying candidates based on defined commonalities among those who have been most successful within given job roles at their organization.

With regard to the former, Best-in-Class organizations are 41% more likely than all others to track which sources of talent produce the best results and plan their efforts accordingly. And the superior value the Best-in-Class place on their employees' referrals or networks for quality talent - see side bar on this page for more details - gives further credence to the importance of a strong internal and external employer brand.

Clarity into Competencies Pays Off Big

Just as talent sources need to be considered in advance, companies also need to have measures in place to accurately predict which professional skills, values, or characteristics make the biggest contribution to success so as to evaluate individual candidates up-front. This comes in the form of competency models, which are currently used by 58% of Best-in-Class companies and 40% of all others in the context of talent acquisition. Even more importantly, though, 50% of the Best-in-Class are able to filter applicants based on these competency profiles, often through use of assessment tools, which are discussed in the next section. This is something that only 37% of other organizations are able to do. This can be useful in several ways:

- Ultimately, the use of competency models this allows for significant reductions in time and effort during the interview phase. As an example, a case study in Aberdeen's recent report *Assessments in the Public Sector: Taking on Leadership Scarcity from the Inside* shows how one large-sized state government utilized a competency-based pre-hire assessment to reduce the number of candidates it interviewed by 80%, while at the same time it vastly improved the quality of those candidates based on subjective feedback from recruiters and hiring managers.

- It also allows a company to increase the quality of its hires because the company has greater insight into whether the candidate possesses the skills/competencies/attributes shared by those the company deems critical for a given position. Table 8 illustrates the performance difference in new hires by companies that have both capabilities in place: defined competencies of top performers and the ability to filter candidates against these competencies/traits.

Fast Facts

√ Organizations with a formal candidate relationship management process and also utilize tools to manage and track all candidate communications are **40% more likely to be Best-in-Class** as compared to organizations with a formal CRM process but no CRM technology (28% vs. 20%).

Table 8: Have Defined and Can Filter Against Key Competencies

Key Performance Indicator	Hiring Manager Involved	Hiring Manager *Not* Involved
Time to Productivity (percent of new hires who achieved first performance milestone within agreed-to timeframe)	78%	64%
Employee Performance (percent of new hires who received "exceeds" expectations in their first performance review)	46%	38%

Source: Aberdeen Group, August 2010

Technology

Sixty-five percent (65%) of all organizations included in this research study indicated their talent acquisition system is either fully or partially automated; this includes 65% of the Best-in-Class.

Because the landscape for recruiting is so vast and varied, there is a plethora of available tools and technologies that range from the tactical to the strategic. Those most commonly used by Best-in-Class are employment screening tools for background checking, reference checks, or drug tests (83%); recruitment tools such as applicant tracking systems or hiring management systems (74%); pre-hire assessments (51%); candidate relationship management technology (43%); and emerging technologies such as social networks or mobile recruiting technology (33%).

Some of these are fairly obvious. Screening, for example, is something that all companies must do, and third-party solutions can be of great value not only in streamlining and tracking various screening processes, but also in mitigating risk by avoiding hiring the wrong people, from employees and contracted workers, to vendors. Many organizations also realize the value of automated recruitment systems in making life easier when it comes to tracking offers and streamlining previously time-consuming hiring procedures. However, where the Best-in-Class reap advantages beyond their counterparts is via the integration of their recruitment technology and background screening solutions. For example, 61% of the Best-in-Class indicate their applicant tracking system and their employment screening solution is either fully or partially integrated, as compared to only 40% of all others. Through this integration (where initiating a background check is a built in step in the hiring workflow), these organizations also facilitate their ability to make the right decision regarding the status of the candidate.

While assessments do not see nearly as much current adoption for talent acquisition purposes as recruitment technology or screening solutions, Aberdeen's data suggests that nearly two-thirds of the Best-in-Class will utilize this type of technology in the year to come. This growth becomes clear when one considers the strong emphasis placed by these top-performing companies on building a pipeline of quality candidates. To further credence to this assertion, Aberdeen's March 2010 research report

"The biggest challenge will be to sort through the fads to find the long term solutions in job seeker behavior in the electronic world. The use of technology to find, court, and connect with people will determine the success that companies have in recruiting."

~ Ron Hagy, SVP Talent Acquisition, Old National Bancorp

Talent Assessment Strategies: A Decision Guide for Organizational Performance, revealed that 73% of the more than 400 executives surveyed indicated one of the most valuable uses of assessments was to improve quality of hire.

But the use of other technologies for talent acquisition purposes is not so obvious. Candidate relationship management technology, for example, is only used by 43% of Best-in-Class and 37% of all others. These tools can help a recruiter (or organization) to build a pipeline of passive candidates, as well as manage and track all data and communications between all stakeholders and each particular candidate. This not only allows for a deeper pipeline that plans further out, but can enable the organizations to perform advanced analytics on which communications garnered the most interest/activity, as well as automate certain forms of candidate outreach so as to keep prospects engaged. Despite the limited use of this technology, Aberdeen's data suggests it is making a sizable difference:

- Organizations that indicate they have a formal candidate relationship management process and also utilize tools to manage and track all candidate communications are 40% more likely to be Best-in-Class as compared to organizations with a formal candidate relationship management process but no corresponding technology (28% vs. 20%).

Aberdeen Insights —
The Onset of Emerging Technologies

Emerging technologies, such as social networks, video-enabled talent acquisition tools, and mobile tools are on the rise. Despite only being implemented by 33% of Best-in-Class, another 51% indicate plans to put them in place.

Social networking tools, blogs or wikis, and mobile technology all allow organizations to expand their network further than ever before. And considering the fact that employee referrals or word-of-mouth rank as the top source for talent among all organizations, those that are able to utilize these tools effectively will find that the value of the company's network is beyond measure. Furthermore, the viral and community nature of many of these methods means that it becomes possible to achieve significant gain at a very low cost.

A company that successfully utilizes emerging technologies is Imperva; a fast-growing, mid-sized data security company. Recently, the organization shifted its recruiting process from using third-party recruiters to an internally managed strategy that relies heavily on social networking. Leveraging a third-party solution, they are able to link up all of their various social media outlets and job-board postings, track candidates from all corners of their network, and allow hiring managers to interact with the system via mobile device. This allows Imperva to propagate its employer brand easily through a number of online mediums, as well as make it easier for prospective applicants to interact with the company through a method of their choice.

continued

Aberdeen Insights —
The Onset of Emerging Technologies

According to Michelle Rife, Senior Manager of Staffing at Imperva, this overall strategy of building the brand while managing online networks has yielded significant returns. From a cost perspective, the company has completely cut out their use of external recruitment agencies, reducing expenditures from roughly $800,000 each year to under $100,000. At the same time, by tracking all of their candidates into a single pipeline, they were able to reduce average time-to-fill from 90 to 120 days to no more than 30. And the focus on viral word-of-mouth has resulted in improved visibility. Whereas they would receive 200 applications previously in a normal year, they have already recorded in excess of 2,000 since January.

Of course, the challenge of social media is that, with so many different external touch-points, it can be difficult to ensure a consistent brand. But by taking a holistic strategy it becomes possible to strengthen the company's network and lower costs, all without diluting the brand and creating risk for the company.

Performance Management

Eight-five percent (85%) of the Best-in-Class indicate they have achieved cost savings since automating their recruitment process - as compared to only 45% of all other organizations. Furthermore, whereas 54% of the Best-in-Class experienced cost savings within the first three months of automating their talent acquisition efforts, only 19% of all other organizations indicate the same. While technology certainly aids an organization's ability to achieve talent acquisition superiority, top-performing organizations reinforce their ability to use and support automated processes via the myriad organizational, process, and knowledge management capabilities outlined previously in this chapter. And while 80% of the Best-in-Class indicate they are somewhat or extremely satisfied with their recruitment process, the strategies and enabling capabilities (both process- and technology-centric) they are pursuing signal these top-performers have no intent on slowing their talent acquisition progress.

Chapter Three provides recommendations that all organizations (Laggard, Industry Average, and Best-in-Class) should consider in order to advance their ability to hire, make productive, and retain the best quality new hires most quickly and cost effectively.

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Chapter Three:
Required Actions

Whether a company is trying to move its performance in talent acquisition from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

All Organizations

- **Focus on the "experience."** With quality as the ultimate measure of talent acquisition success, the experience and feedback of two key constituents has become a primary focus among the Best-in-Class: the hiring managers the recruiters must serve; and the candidates the company seeks to attract and hire. With regard to the former, Table 6 in Chapter Two shows the tremendous impact associated with the involvement of hiring managers into the recruiting process.

- **Formalize a candidate relationship management process**. Whereas 82% of the aggregate sample for this research indicated their organization has a process to communicate with and nurture prospective employees, only 28% indicate they have a formal process pertaining to who communicates what and when. In order to provide the best, most consistent experience to candidates, an organization needs to ensure that it communicates is actually what it intends to communicate. As referenced earlier, an "aspirational" employer brand, while well-intentioned and perhaps motivational, can back fire in a big way when/if a candidate or employee perceives what they bought into is not what they owned at the end of the day.

Laggard Steps to Success

- **Gain senior leadership buy-in**. There are some things that an organization simply can't do without. And it should go without saying that senior leadership support is front-and-center among these. However, less than one-half (45%) of Laggard organizations indicate this level of buy-in. Certainly some of this has to do with the fact that these bottom-performers also rate the challenge of measuring the business impact of talent acquisition a 3.87on an increasing scale of 1to 5 (where "5" signals most challenging). Improving upon this will be the key to getting senior leadership to recognize the value of a strong and strategic approach to talent acquisition.

- **Involve the hiring manager**. With hiring manager satisfaction as the ultimate litmus test for any recruiter, there should stand no barrier to involving hiring managers not only in helping to define the competencies, skills, and/or attributes of the employee(s) that person seeks, but also in their perception of both the quality of the

Fast Facts

√ **88% of the Best-in-Class** are able to measure time to fill (defined as the number of days from the time the job requisition is opened to the time the offer is accepted), as compared to 69% of Laggard organizations

candidates they are delivered as well as with the recruitment process itself.

- **Gain greater insight into the sources of your best talent.** A mere 37% of Laggard organizations indicate a clear understanding of the applicant sources that provide their best quality job candidates. Without this knowledge, organizations are wasting time and money with their recruiting efforts. To start small, Laggard organizations should compare the data collected from applicants in the recruitment phase with that of the first employee performance reviews of those hired within the past 12 months.

Industry Average Steps to Success

- **Collaborate with corporate marketing**. The talent realities and competitive landscape of today (and the near-term future) are forcing organizations to place heightened priority on the strength of their employer brand - both internally (among existing employees) and externally (in the marketplace). It seems inevitable that the terms "employer brand," "corporate brand," and "consumer brand," will become both ubiquitous and synonymous. Whereas corporate marketing and recruiting / HR work together to ensure branding efforts are optimized and consistent at 65% of Best-in-Class, this is only the case at 46% of Industry Average.

- **Ask the candidates about their experience.** With buy-in and involvement from the hiring managers in place, the Industry Average must gain perspective of the candidates they've worked so hard to identify. The two areas of focus must be: 1) to garner feedback from new hires on their experience with the company's recruitment process (from the moment they first visited the company's website until the time they accepted the job offer - and even once they came onboard); and 2) to ascertain the reasons why candidates who received the company's job offer actually rejected it. This serves to not only help the company continually improve its processes, but also to ensure the candidates speak positively about the company going forward.

- **Put in place and promote career development and professional growth - but only it you can back it up.** The Aberdeen Insight in Chapter One of this report made the case that all phases of the employee lifecycle (from recruitment to retirement) are contiguous and compounding. One such example is employee development. Whether an organization seeks to hire for 'fit' and train for skills, or wants a workforce that can produce for the company as quickly as possible, or even build a reputation as an employer that invests in the professional development of its people (to strengthen its employer brand), an organization's prowess in employee development is inarguably a recruiting tool. Currently, 63% of Best-in-Class utilize the promotion of career development

"With the continuous burden on HR leaders to reduce their costs, the pressure to increase productivity is greater than ever. This will require an evaluation of all processes to increase efficiencies wherever possible and I believe that the end result will be more mature processes and changes to our service delivery model."

~ Jim Miller,
Senior Manager
Talent Acquisition,
Raytheon Global Headquarters

and professional growth to attract quality candidates, as compared to only 41% of Industry Average organizations.

Best-in-Class Steps to Success

- **Integrate recruitment data with other talent management data**. The integration of recruitment data with other talent management processes is an important capability that remains a challenge among even top-performing organizations. And while the Best-in-Class are outpacing their counterparts with integrating recruitment data with onboarding (28% versus 21% among all others) and employee performance management (38% versus 27% among all others) processes, this remains an area where all organizations must improve in order to measure and track the post-hire performance of new employees as well as ascertain where the best performing new hires were sourced from as candidates.

- **Be able to measure the impact of emerging technologies on talent acquisition efforts**. While only 31% of Best-in-Class organizations indicate they currently utilize emerging technologies for talent acquisition purposes, the (current and growing) geographic, demographic and technological realities demand new and innovative ways for companies and candidate prospects to find and communicate with each other. And of these, only 37% (a mere 11% of the aggregate Best-in-Class) indicate they can actually measure the impact of these emerging technologies on their talent acquisition efforts.

- **Be able to validate 'quality of hire' with data**. Despite 76% of the Best-in-Class indicating they measure this valuable metric, only 29% are able to validate it with data. As reported throughout this study, there are a few critical factors to achieve this: ascertaining and agreeing to performance measures with the hiring manager; being able to quantify the subjective (specifically organizational 'fit'); and tracking and measuring a new-hire's performance throughout their first year. This also requires competence in the first recommendation (highlighted above) for the Best-in-Class - the ability to integrate recruitment data with other talent management data.

Aberdeen Insights — Summary

Three quarters of market trending data from Aberdeen's *Quarterly Business Review* research have left little doubt that organizations are gearing to grow. And while this same data suggests that that hiring is starting to heat up, it also reveals that 76% of business executives believe that the economic recovery will be (at best) slow but steady.

continued

Aberdeen Insights — Summary

Whether or not an organization has near-term hiring needs, the pursuit of talent acquisition should not slow, and should focus on the following:

- Regular communication, especially in instances where the prospect isn't actively seeking jobs

- Consistency among the message communicated externally to candidates and prospective candidates, the experience of the candidate throughout the recruitment process, and the reality of the job once they become an employee

- Stakeholder involvement throughout the entire process, from senior leadership, to hiring managers, and even to the marketing department

- Efficient systems for storing, integrating, and accessing the extensive amount of data on candidates in the pipeline

By focusing on strategically engaging candidates over the long-term, and putting into place the multitude of capabilities and enabling technologies discussed in this report, organizations will not only become better at finding the right person to fill a role, but will improve their chances of being the destination of choice for an increasingly scarce pool of talent. When the need arrives, these organizations will be best positioned to hire higher quality candidates in a faster, more cost-effective manner.

Appendix A:
Research Methodology

Between July and August 2010, Aberdeen examined the use, the experiences, and the intentions of more than 380 enterprises as it applies to their current and future talent acquisition strategies..

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information the strategies, experiences, and results these companies are implementing in order to stay ahead of the competition for talent.

Responding enterprises included the following:

- *Job title:* The research sample included respondents with the following job titles: C-level / President (12%); EVP / SVP / VP (10%); Director (27%); Manager (24%); Consultant (6%); Staff (12%); and other (3%).

- *Department / function:* The research sample included respondents from the following departments or functions: HR / talent management / recruiting (59%); corporate management (8%); business development / sales (6%); and marketing staff (13%); and others (14%).

- *Industry:* The research sample included respondents the following industries: healthcare devices and services (9%); manufacturing (9%); software (8%); public sector / education (6%); financial services (6%); and others.

- *Geography:* The majority of respondents (74%) were from North America. Remaining respondents were from Europe (13%); Asia-Pacific (9%); Middle-East / Africa (3%); and South/Central America and Caribbean (1%).

- *Company size:* Thirty-one percent (34%) of respondents were from large enterprises (annual revenues above US $1 billion); 35% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 31% of respondents were from small businesses (annual revenues of $50 million or less).

- *Headcount:* Fifty-four percent (54%) of respondents were from large enterprises (headcount greater than 1,000 employees); 24% were from midsize enterprises (headcount between 101 and 1,000 employees); and 22% of respondents were from small businesses (headcount between 1 and 100 employees).

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

√ The central strategy behind their talent acquisition efforts

√ The sources of talent, employer branding activities, and metrics used to determine critical measurements such as quality of hire and organizational fit

√ The results, if any, that have been gleaned from organization-wide talent acquisition efforts

The study aimed to identify emerging best practices for talent acquisition in all industries, and to provide a framework by which readers could assess their own capabilities in this critical function.

Table 9: The PACE Framework Key

Overview
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: **Pressures —** external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)   **Actions —** the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)   **Capabilities —** the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)   **Enablers —** the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, August 2010

Table 10: The Competitive Framework Key

Overview	
The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance: **Best-in-Class (20%) —** Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance. **Industry Average (50%) —** Practices that represent the average or norm, and result in average industry performance. **Laggards (30%) —** Practices that are significantly behind the average of the industry, and result in below average performance.	In the following categories: **Process —** What is the scope of process standardization? What is the efficiency and effectiveness of this process? **Organization —** How is your company currently organized to manage and optimize this particular process? **Knowledge —** What visibility do you have into key data and intelligence required to manage this process? **Technology —** What level of automation have you used to support this process? How is this automation integrated and aligned? **Performance —** What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, August 2010

Table 11: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.

Source: Aberdeen Group, August 2010

Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *Succession Management: Sustainable Leadership for the Future*; July 2010

- *The 2011 Marketer's Agenda: Accessing and Understanding Customer Experience Data Is Life or Death*; July 2010

- *Effective Talent Management Drives Profitable Business Growth*; July 2010

- *Mobile HCM: Workforce and Talent Management on the Move*; June 2010

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