

WHERE DOES YOUR TA FUNCTION BELONG?

In-house vs outsourced:
considering all the angles.

 20 MIN

GUIDE





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INTRODUCTION INTRODUCTION INTRODUCTION INTRODUCTION

GROWTH. LABOR SHORTAGES. LAYOFFS.

There's never a dull moment for Talent Acquisition teams. Businesses are always looking to save costs where they can. Many CFOs even wonder whether they could pull their TA model fully in-house – immediately crossing that spend off the list of expenditures.

But is that a move that's worth making? How does a fully in-house TA model operate, and what kinds of resources will it need in order

to compete with outsourcing recruitment? And does it have to be either/or—can you bring some elements of the TA function in-house and outsource the rest? What do businesses need to know before they decide which path to choose? Let's find out.



UNDERSTANDING YOUR TALENT ACQUISITION OPTIONS

When evaluating support options on the TA spectrum, it is best to understand the basic differences. Explore what *RPO means*, the benefits a search partner can provide, and the areas that make up an in-house talent acquisition decision.



Recruitment Process Outsourcing (RPO) is where a business outsources all or part of its recruitment activities to a specialist provider that offers the latest tech and intellectual property (IP) alongside its expertise.



Search partners work with your in-house team to provide TA services and support on an as-needed basis and can help with permanent executive and professional recruitment and short-term interim and contract placements.



In-house Talent Acquisition is fully focused on managing an organization's entire talent needs, using their own methodology and tech to find talent placements.

PEOPLE DRIVE GREAT BUSINESS

Talent Acquisition is an essential part of a company's future success because it identifies and appoints the people and the skills the business needs to drive innovation and growth. Successful organizations tend to build and run recruiting as a highly strategic, professional, agile, and flexible solution. Done well, it delivers the right talent, in the right place, at the right time. Get it wrong, and the business is not operating at maximum capacity and potentially falling behind the competition.

WHAT SHOULD YOU EXPECT FROM A MATURE TA FUNCTION?

Whether businesses opt for insourcing their TA model, partnering with an RPO provider, or fall somewhere in between, there are some basic non-negotiables every effective TA function should be expected to deliver.

Looking to strategically evaluate your TA function? Ask whether it can:

- Find and attract the best talent on the market?
- Flex and scale to meet changing recruitment needs?
- Build new expertise and evolve over time?
- Introduce and invest in new technologies?
- Prove its commercial value through hard data and metrics?
- Handle governance and compliance risk?

The right TA solution maximizes resources, delivers measurable results and makes the most of the time and the investment.



THE INS AND OUTS OF TALENT ACQUISITION

Let's look at what's driving companies to assess their current TA strategies and partner models and explore the pros and cons of each path.

Why you may be considering an in-house talent acquisition model...



COST SAVINGS. When it's time to cut costs across the board, spending on any kind of outsourcing can be perceived as the more expensive option – or even a luxury. Especially if you're a CFO under pressure to reduce expenditure. Get rid of RPO and search partnerships, bring it all in-house and immediately the business is saving money, right? Unfortunately, it's not that black and white, as we'll explore.



OPTICS. Even the most bulletproof sectors sometimes go through cutbacks and layoffs. Spending cash on an external talent solution at the same time as eliminating big chunks of the workforce? Not a great look, from a PR standpoint. Even though a company might still be recruiting people in the parts of the business that are growing, that's perhaps easier to swallow if it's kept discreetly within the in-house TA function. But should a business prioritize optics if it's at the expense of long-term business growth? Maybe not.



CONTROL. Outsourcing TA through a TA services partner does mean handing over the recruitment reins to a third party, putting faith in them to get it right. Bringing it back in-house gives businesses full control – the buck now stops with them, for good or bad. We'll take a deeper look at the ideal client/TA partner relationship later in this piece.



of recruiting professionals say that the best way to improve recruiting performance over the next five years is by investing in new recruiting technology.

- From 2022 RPO eBook

... and when you might want to consider working with a talent partner



TALENT SHORTAGES. When talent is in high demand, hiring the right people with the right skills becomes even more difficult. Leveraging the specialist expertise of a talent partner can widen the pool of candidates and bridge that gap, with their extra resources helping the business secure the in-demand talent it needs.



EVOLVING AND TRANSFORMING. Things move fast these days. Staying current with talent shifts, market trends, new technologies and all the other variables is basically a full-time job. While an in-house team can handle it, often they have too much else on their plate and don't have the bandwidth or depth of expertise to properly take advantage of every transformation opportunity.



SCALING UP AND MOVING FAST. When businesses are growing and hiring on a large scale, their TA needs to keep pace. An external talent partner will be ready to mobilize at short notice, increasing overall TA capacity to help an overstretched in-house team, so that key metrics like Time to Fill don't suffer.



SPECIALIST ROLES. Any large business will need to hire a huge breadth of people, from C-suite executives to teams of tech talent, or even bringing in short-term interims. When it comes to finding those niche candidates, talent partners' deeper talent networks and external recruitment specialists focused on specific industries, functions, or even roles are a huge advantage.

IMPORTANT CONSIDERATIONS BEFORE DECIDING THE RIGHT TA MODEL FOR YOUR BUSINESS

Alongside calculating the price tag, businesses assessing their Talent Acquisition model benefit from taking the longer-term impacts into account. Let's look at some key considerations:

WHAT ARE THE COST IMPLICATIONS?

There's a significant amount of expense related to the TA function: not just salaries, but other essentials like technology and

software tools, business support, continual upskilling and so on, which all have an associated cost. Additionally, there are the 'soft' costs of recruitment, such as sourcing programs, recruitment advertising and market insights.

So when talent partnerships are scrutinized as a line item on the expenditure list, it can look like an expensive outlay, because all those expenses are included in the contract cost. No wonder belt-tightening CFOs might be tempted to move TA in-house to

cut expenditure. However, when businesses bring the function in-house, a cost burden also comes with it. Often, in-house Talent Acquisition teams lack strict governance and cost control processes. As a result, many TA costs become unknown or intertwined with other areas of the business, making it difficult to have visibility or control over them. **In a recent Korn Ferry poll**, 86% of HR professionals said they did not know the total annual cost of acquiring talent for their organization.

Meanwhile, a good talent partner will be determined to deliver a strong ROI and work with you on an agreed upon level of service rather than covering the costs of maintaining and resourcing an in-house team. With a TA partner, every dollar spent will be optimized and invested in something impactful.

The cost of replacing a manager within 6 to 12 months of hiring can be 2.3 times their annual salary.

WILL YOU BE ABLE TO SCALE UP WHEN YOU NEED TO?

We're certainly living through interesting times. When the pace of change is this fast, agility is the name of the game.

But with a relatively fixed internal TA team, agility is hard to deliver quickly. If organizations need to quickly ramp up hiring, can they risk being left behind by a TA function that's scrambling to mobilize, holding them back from the growth that they need?

TA partners tend to be more agile by design, giving their clients the ability to quickly switch up hiring strategies if they need to, so they can adapt, evolve and transform.



ARE YOU ABLE TO SET YOUR TA FUNCTION UP FOR SUCCESS?

It's easy to underestimate the TA function: the labor it takes, the investment it needs, the planning and expertise behind it.

According to Liz Schaefer, a Human Resources Practice Leader in our Professional Search team, *"Building an in-house TA team that can compete with the pros isn't the easy option, by any measure. It takes an intentional, strategic effort. Talent Acquisition is a broad discipline, one that requires deep knowledge and experience across the spectrum. And good TA professionals are in high demand."*

Organizations may need to invest significant amounts of money, resources and effort to do it well - and it can't be done overnight.

Meanwhile, if businesses don't get it right, the cracks will quickly start to show. For example, if internal TA teams aren't 100% focused on filling roles because they're just stretched too thin, time to fill might slow. The quality of candidates might drop.

And then there's the risk of losing out on the best candidates. When top talent is up for grabs, an insourced TA model will have to compete against TA and search professionals, and it's unlikely they'll be able to match their resources. TA providers live and breathe recruitment, and they're relentless. That's why partnering with TA specialists can be the go-to option for many businesses looking to supplement the work of their in-house recruiters.

DOES YOUR TALENT STRATEGY ALIGN WITH YOUR BUSINESS STRATEGY?

Our recent **HR leader survey** had some interesting findings. Talent shortages and the increasing cost of labor mean that retaining and attracting talent is now at the top of the priority list for CHROs. Digital and business transformation is also high up on the strategic agenda.

The key to delivering on that is, of course, having a strong and mature

TA function. As David Ellis, VP for Global TA Transformation puts it, *"Effective TA is a driver of business transformation and performance. It's part of the fabric of the organization, and always looking towards the future. An evolved, mature TA function is a huge asset to any organization and is the cornerstone of growth - but it takes time to develop, requiring long-term strategic effort and expertise."*

It's useful to consider how an organization's longer-term goals might align (or not) with the TA function. Moving in-house might save money in the short term, but is that at the risk of losing TA maturity and hampering the business strategy? Does a move in-house signal an overall unwillingness to invest in TA - and what will that cost the business over time?



THE CASE FOR THE RIGHT TA PARTNER

For many companies, outsourcing some (or all) of their TA is what works best for the business. Let's look at some of the competitive advantages of choosing this route.

Outsourcing the TA function means putting it in the hands of experts, specialists who are expected to be able to prove their worth every day. A TA partner creates the opportunity to reduce costs, hire more efficiently, access the best candidates and minimize time to hire.

A TA partner delivers specialist expertise across markets and functions; providing the inside knowledge, insights and thought leadership that in-house teams are not built to do. The right partner can help businesses see the bigger

picture, and bring new ideas, strategies and technologies to help them win.

Partnership is a key word here. The right TA partner will work seamlessly alongside the business over the long term, continually creating value and enabling its evolving TA maturity. The partner aligns with their client's TA needs and is focused on adding value to the relationship. And they'll be strategic, spotting opportunities and mitigating risks. Success will be measurable, proven by metrics, and trust will be earned.

If **outsourcing recruitment** is right for you, there are a few options you can choose from. Each option can benefit you in different situations.

**FOR FLEXIBLE,
SCALABLE
RECRUITMENT NEEDS,
CONSIDER AN RPO
PROVIDER.**

Services will vary depending on what's required at the time. For many clients, that means a team of experts can (among many other things) take care of every aspect of the recruitment process: sourcing, screening, assessing, interviewing and even onboarding candidates. They'll ensure there's a strong alignment between recruitment goals and long-term business objectives.



7 REASONS TO OPT FOR A FULL RPO SOLUTION:

01

Scalability - a readiness to mobilize for growth at short notice

02

Strategy - RPO specialists are proactive about spotting trends and opportunities, preparing your business for what's coming next

03

Methodology and IP - the brightest minds in TA creating approaches and tools that deliver a competitive edge

04

Efficiency - freeing up the internal HR team from process-driven work so they can focus on strategic projects

05

Expertise - a breadth and depth of knowledge that can't be matched by in-house teams

06

Value for money - RPO doesn't come for free, but it's an investment that pays dividends

07

Peace of mind - the confidence from knowing you're accessing the best candidates on the market

As Ellis says, "There's no one-size-fits all RPO." That's because no two organizations have the same challenges to tackle in the same way. Effective RPO demands a flexible approach, one that listens to a client's current and future workforce needs to create a bespoke TA model that will adapt and evolve as the business grows.



OUTSOURCING VS INSOURCING - CAN YOU HAVE THE BEST OF BOTH WORLDS?

Choosing between outsourcing TA or doing it in-house doesn't have to be an either/or. There is a middle option, where businesses bring in external TA help for specialized or targeted recruitment projects, such as appointing a new CEO or finding in-demand tech talent. Smaller businesses in particular can benefit from this mixed approach, leveraging the expertise and resources of an external talent partner to supplement the work of their own team.

It's a win-win: if an organization is not yet recruiting at a level that would benefit from a full RPO solution, it can still reap all the **benefits of outsourcing recruitment and selection process** with a search partner. That means partnering with a team of TA experts to have on hand, people with a solid understanding of the company, the industry and the talent it needs to move forward. As Schaefer explained, *"the right search partner will mobilize every tool and resource at their disposal to get the job done."*

Bringing in the right TA specialist to help with a specific project or challenge can be a smart approach for many businesses. Here's how it can help:

-  **Filling a specialized or high-level vacancy - sometimes you just need expert help**
-  **Access to multiple deep talent networks, each with a specific focus: industry, seniority, type of deployment and more**
-  **Keeping the client up to date with today's ever-changing recruitment environment**
-  **Consulting an in-house TA function and helping its journey to maturity**
-  **Embracing the latest recruitment tech, strategies and trends**
-  **Bringing in a big-picture perspective and holistic view of the market**
-  **Freeing up the in-house team to focus on strategic priorities**
-  **Leveraging smart tools and other IP to optimize recruitment processes**

This hybrid approach can take many forms. The right talent partner will work closely with clients to determine the kind of TA support they need and design a bespoke solution that fits their budget and resources - no cookie cutters involved, just great ROI.

Did you know?

Our data suggests that agency usage—with its associated costs—can actually increase on average by 10% after businesses move to an in-house TA model.

That's because in-house TA teams often delegate overflow to agencies since rapidly scaling up or down their teams can have adverse effects not only on costs but also on the company's brand.

CONCLUSION CONCLUSION CONCLUSION CONCLUSION

THERE ARE TWO DRIVERS HERE: THE DESIRE TO CUT EXPENDITURE, AND THE NEED TO SECURE THE BEST AND BRIGHTEST CANDIDATES AHEAD OF THE COMPETITION.

Can these drivers co-exist? Ultimately, there's no escaping the fact effective talent acquisition takes significant effort, resource and financial investment. Whichever way you slice it, TA comes with a price tag.

It's also clear that TA is essential to the long-term success of any business. Whether that business goes all-in with RPO, brings everything in-house or chooses to work with a search partner, having a strong and mature TA function will enable it to move forward and grow.

Cutting back on TA spending may save money in the short term, but over time, the consequences are serious. If businesses fall behind in the race for talent, they're no longer delivering to their fullest potential. And they may never catch back up.

Businesses need to look beyond a short-term cash crunch and make a TA investment decision based on their long-term talent strategy.





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