

Sourcing Recruitment Agencies



Client: Major Brand UK Food Manufacturer

Size: 2000 + Employees

Project: Sourcing

The Challenge: Balancing cost reduction with candidate quality

Sourcing of recruitment agencies often requires a delicate balance. How do you ensure an agency provides the best candidates (where they make the largest margin) with the need to keep agency rates competitive? Other factors aside from cost also become important such as industry specialism, dedication of the agency and market reputation to attract the best candidates.

For this client, a broad range of functional and geographical areas were included, so a single approach and overall Preferred Supplier List (PSL) was not appropriate.

The Solution:

A review of the current spend with recruitment agencies across 9 functional recruitment specialisms (from admin and HR to sales and supply chain), revealed:

- ✓ 44 Recruitment Agencies used across the group
- ✓ No central dictate on PSL – local arrangements made without formal contracts
- ✓ In the previous 24 month period over £1 million had been spent on recruitment.
- ✓ In the last 12 month period this was £488,000

The first activity was to identify and cleanse the existing supplier base with local HR managers and consider new recruitment agencies. The recruitment market changes regularly with consultants moving and creating their own practises.

Existing strong relationships between the HR Community and their incumbent suppliers had to be challenged and stakeholder engagement became one of the key considerations in the exercise.

Following this market analysis, incumbent and new providers were benchmarked and PSL s identified at a functional level. A process of PSL review for suppliers was put in place to monitor those that failed to deliver on candidate quality or who delivered poor service levels.

A shortlist of suppliers for an RFQ was created, in this case 19 agencies providing for the 9 functional specialisms. The RFQ was run to get a revised baseline of rates and this was followed with an eAuction to fine tune those rates.

The events were built with 4 salary bandings (up to £20k / £20k-£40k / £40k-£60k / over £60k)

- Baseline rates ranged from 15% to 30%
- RFQ rates ranged from 12% to 20%
- Rates post the eAuction ranged from 5% to 20%

Averaged across functional specialisms and salary ranges a potential saving of £185,000 was identified, based on fixed rates rather than a candidate's complete package.

Similar to many of the events run by Xoomworks, the final award wasn't solely considered on price - the Group HR director's priority was to ensure a high quality of candidate so a more risk adverse approach was implemented, with a PSL with negotiated and contracted rates that would deliver £60,000 savings.

While large saving numbers can be attractive for Procurement, additional value that will also bring down the cost of business was important here. Changes to existing contractual terms included:

- ✓ An improved penalty clause with refunds where candidates leave before their probation period is complete
- ✓ Quality measurement for candidate retention over a 12 and 24 month period
- ✓ Improved Service Level Agreements

Elements of these improvements would determine if the Recruitment Agencies stayed on the PSL.

Xoomworks Sourcing Services

Our sourcing offering allows for a tailored set of defined services for the areas where you need the most support, ranging from simple programmes of e-auctions to complex category management.

Category coverage:

Our consultants have managed over £1 billion through events, saving over £130 million in a broad range of direct and indirect categories for growing and established organisations.

Xoomworks brings category, process and system expertise to achieve greater savings at a faster rate.

Additionally, our transactional expertise helps ensure the savings you've achieved on contract are delivered through to the business and reach the bottom line.

Direct	Indirect			
Over £700m sourced	Over £500m sourced			
Raw Materials 5-9%	Advertising & Marketing 8-20%	Office Equipment 7-25%	Professional Services 5-12%	Travel 5-10%
Goods For Resale 4-14%	Promotional Products 10-20%	Stationery 5-12%	Temporary Labour 8-18%	Fleet 10-15%
Packaging 5-11%	Training 7-15%	Print 6-18%	Facilities & Warehousing 5-21%	Transport & Logistics 8-17%
Equipment & Machinery 10-45%	IT Hardware & Peripherals 10-22%	Telecomms 6-14%	Fuel 5-10%	Utilities 6-15%
Total Savings: Over £130m				

“Working with Xoomworks has enabled us to generate significant savings out of our sourcing investment.” Head of Supply Chain

Our Results

While we have saved our clients over £130m, it's not always just about cost savings - the results must be sustainable.

Both our approach and our fees are structured to encourage this:

Our approach is collaborative meaning our expertise is transferred to your team, up skilling them and making them more self-sufficient.

As transactional experts, we also advise how to capture the savings, so they become more than just paper-based.

Our fees, unless specifically requested, are not based on percentage of savings achieved, meaning supplier assessment and award can objectively consider non-cost metrics.

There are a number of case studies on our website with greater detail from a small sample of our successes.

Industry Experience

As well as a broad range of categories, we work across most industry sectors, including:

- Pharmaceuticals
- Financial Services
- Retail
- Media & Entertainment
- Utilities
- Travel
- Mining
- Automotive
- Aerospace
- Oil & Gas
- Public Sector
- Property
- Manufacturing
- Communications
- Professional Services
- Hospitality
- Food & Beverages

About Xoomworks

Xoomworks is a niche consultancy and outsourcing company that specialises in Procurement and Business Intelligence. Staff are based in UK and Europe and consist of technical, business and behavioural consultants, and senior procurement staff. Our Complete Procurement proposition addresses both the mechanics and behaviours of Procurement that drive the greatest value for organisations.

Interested in finding out more about Xoomworks Procurement?

Call us now on +44 20 7400 6120 or send an email to procurement@xoomworks.com www.xoomworks.com/procurement

Procurement Leaders Finalists

