CareerXroads 8th Annual Source of Hire Study:
What Happened in 2008 and What It Means for 2009

February, 2009

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Forward: Authors' Note

This free, public report, CareerXroads' (CXR) 8th Annual Source of Hire (SOH) study, is intended as a detailed description about how one group of corporations fills their open positions (in the US/North America). Or, more accurately, **how corporate staffing functions measure and report sources of hires for the openings they fill**.

We are indebted to each one of our survey respondents for their willingness to "open their books," voice their concerns and trust that the information they share will be helpful to their colleagues.

Thank you.
Gerry & Mark

Study Restrictions

Timing

During the month of January 2009, we invited our contacts in more than 200 large (5000+ employees), high-profile, firms to participate in our study by supplying information about their sources of hire as well as a few of their related hiring practices for 2008.

55 firms responded by January 30, 2009. We eliminated ten respondents because of our company-size restrictions or because their data did not include SOH details.

We limited the timing for submission to the month of January to better understand the difficulty firms face in gathering data from their systems. We are convinced that accurately collecting, organizing and analyzing SOH data is a critical standard for staffing functions that aspire to be world-class.

Transparent and Anonymous

Each year, since the first study in 2001, we seek to stimulate discussion about staffing issues rather than encourage blind acceptance of data at face value – ours included. This annual survey is not about "benchmarks" or best practices, although many will use it as a benchmark. In fact, it is more about how SOH practices evolve.

Our survey instrument required respondents to provide contact information and we engaged many of them in follow-up conversations during the short collection and analysis period. We have, however, never divulged the names of the firms participating in our survey. We can tell you they represent a cross-section of highly recognizable retail, technology, transportation, manufacturing, pharmaceutical and finance firms. Many respondents could accurately be described as industry leaders.

Executive Summary

The CareerXroads Source of Hire Survey is a yearly snapshot of how large, highly-competitive, high-profile firms maintain and track their SOH data.

Source of Hire impacts the staffing process in two critical ways

Data integrity
Obtaining reliable and valid information about the source of any hire has been a continuing concern of staffing leaders for many years.

Very few companies are confident that their own SOH information is either accurate or complete. Seldom do they blame their Applicant Tracking Systems (ATS) – although these and other technologies are often contributing factors. Poor design and configuration of self-report fields on hiring applications, acceptance of missing data, lack of integration with multiple methods of confirmation, and a poor understanding of SOH as unique "channels that influence choice and selection" are standard challenges which few vendors have attempted to resolve.

The real culprits impacting the credibility of staffing measurement, however, are a lack of accepted data collection standards, insufficient attention to the analysis of SOH data (despite its potential for impacting the corporate bottom line) and, especially, a lack of discipline by recruiters and their leaders in providing training and enforcement of whatever internal data collection protocols they have agreed upon.

Real-time access
Recruiters' real-time access to enterprise-wide SOH data is improving but still primitive and limited. Pushing details of last-hire data down to the level of the recruiter will align staffing tactics much more closely with the goal to integrate workforce planning data and pipeline models in the staffing process.

For staffing professionals to have any hope of bettering their sourcing investment decisions (or to advance their credibility with colleagues knowledgeable in supply-chain analysis for that matter), improving the collection, analysis and dissemination of SOH data is a must. Coupled with workforce data, SOH offers a "supply side" look at pools of talent and will (eventually) differentiate the most competitive corporations from the rest of their industry brethren.

- 45 firms completed our January, 2009 survey.
- These firms employed approximately 1,863 recruiters and sourcers and filled 309,600 openings during 2008.

Key findings for 2008 include

- Internal Transfers and Promotions were 38.8% of ALL the F/T positions a company fills. Nine firms are at or above 50%. We think it worth noting that the significant increase in the proportion of internal to external fills in 2008 versus 2007 (28%) is at least partially due to the deteriorating economic climate during 2008. We think this conclusion is further supported by the survey respondents' estimate that the number of contingent workers employed by their respective firms decreased from 18% in 2007 to 10% in 2008. Cleary the data reflects a shift in emphasis to filling internally and squeezing external hires. We still don't understand why more firms don't tout their internal movement numbers as a means to prove their commitment to development. This continues to be a missed opportunity.

- Referrals (employee, alumni, vendor, etc.) make up 27.3% of all *external* hires and is arguably the number one *external* source. (*Employee* referrals make up most of this category but Alumni referrals are growing.)The efficiency of referrals is one of the single most important characteristics of US hiring practices. 26 firms tracked the number of referrals as well as hires from referrals. More than 17,000 positions were filled from just fewer than 200,000 referrals or 1 hire for every 11.2 referrals!

- Hires attributed to Job Boards (not including the *company site*) represent 12.3% of *external* hires. We believe this SOH has indeed peaked and predict it will diminish in the future. Within the category, Monster has lost ground to CareerBuilder. The two of them account for half the job board hires but both are losing ground to the "long-tail" of niche sites, social networks and other online search engine marketing capabilities that are expanding their reach. The gray area where boards are morphing into much broader suites of services makes it difficult to draw hard and fast conclusions.

- Hires attributed to the Company Website are a problem for us (we maintain that the company web site is a destination not a source) and essentially represents one of every five *external* hires. There is no question about the importance of the company site's staffing pages as a critical "channel" but its acceptance by corporations as a source likely occludes other, more relevant starting points driving prospects and candidates.

- There is no silver bullet for diversity hires. Affinity groups and employee referrals are considered the most productive means to reach diversity candidates, but no one tactic or strategy dominates or can be easily measured.

- The most visible trend in 2008 is the pressure to reduce hires (and associated costs) attributed to third-party recruiters, newspapers and traditional job boards. A steady growth of sourcing tactics especially social networks and search engine marketing is also evident.

- A year ago (January 2008) we asked respondents about their future plans and, for the first time, more firms predicted that they would make fewer hires in 2008 than 2007. We had been creating exercises for contingency planning since October 2007 and our respondents to this year's survey offered data to support last year's prediction. As a group they said they made 22.2% fewer hires in 2008 than 2007.

- In 2009, this year's respondents are predicting another 15.7% drop in hires and not a single firm predicted they would hire more this year than last. At the very least this measure of "no-confidence" about hiring activity (or lack of same) should give leaders pause. We believe that now is an opportune time to engage in planning how to best source when the economy shifts once more to a growth mode.

Methodology

Late in December 2008, emails were sent to individuals at more than 200 different companies known to CareerXroads principals, Gerry Crispin and Mark Mehler. We requested that they complete the online survey at http://www.surveymonkey.com/s.aspx?sm=BDWzzbEgact5573ElbYw2Q_3d_3d

All respondents have corporate staffing responsibilities and direct access to the company's source of hire data. Personal reminders were sent weekly during January, 2009. The Survey was closed January 30, 2009.

Results from the 309,600 positions supplied by 45 large corporations (5,000+ employees) are included here. Over the eight years we have conducted this survey, the number of respondents have ranged from 35-50. The "set" of respondents year-to-year is always different but also, amazingly, consistent.

A Snapshot of the Survey Responses and Respondents

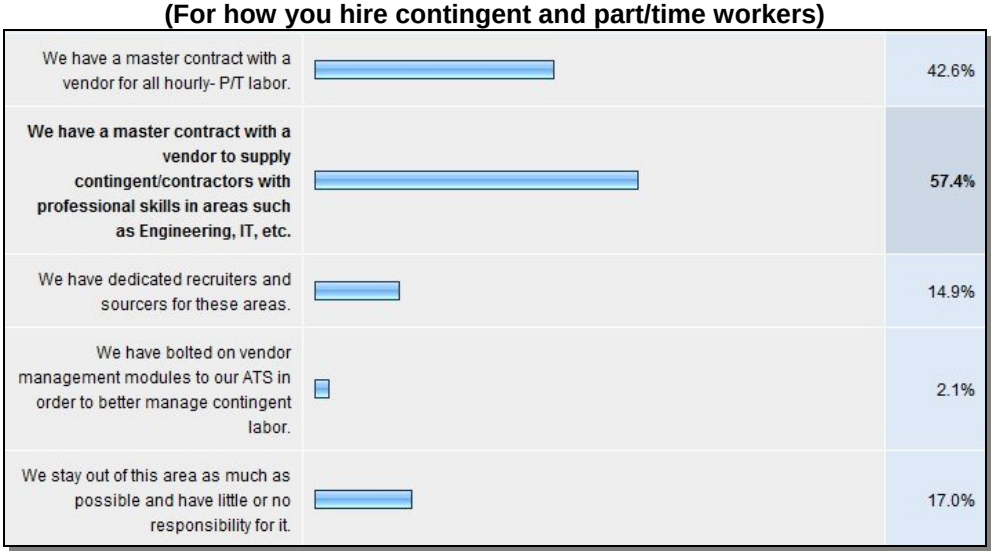
- Mostly Exempt. Approximately 56% of the internal and 60% of the external openings reported as filled in the study were for exempt-level employees.

  We did not breakout SOH differences between exempt or non-exempt employees but strongly encourage this line of analysis internally. As will be seen later, the reason such a large part of the study is professional level is likely due to missing access to hourly SOH data. It is then possible to speculate that newspaper, walk-in and similar SOH would be proportionately higher.

- All Full-Time. No SOH for Contract, Part-time and Contingent workers was collected. Responding firms estimated that 10% of their workforce is made up of contingent, P/T or contract workers

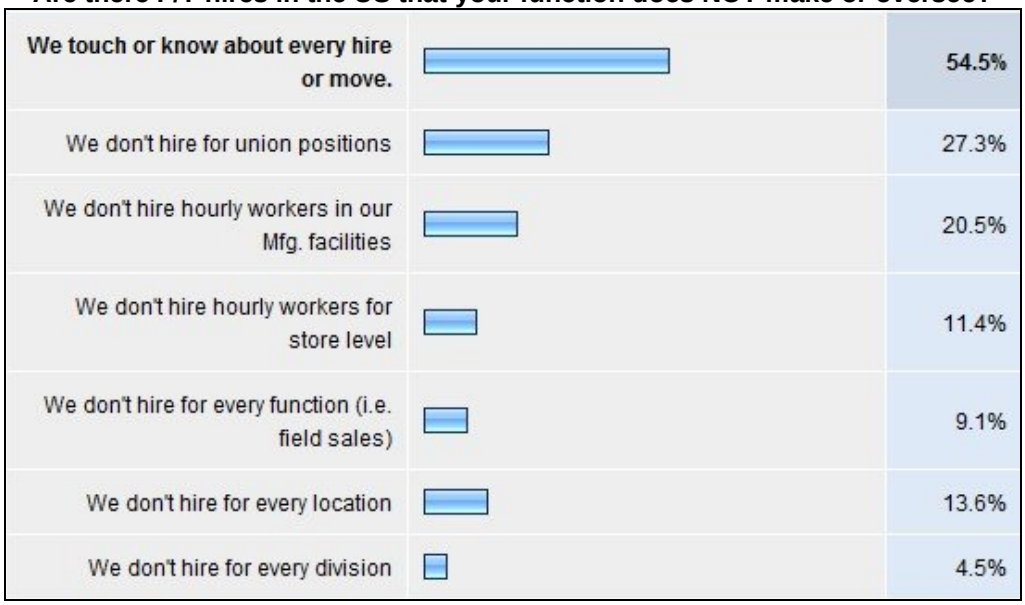
  As shown in the table below, few firms track SOH data for this class of employee (and many Staffing functions do not have responsibility for hiring them). Three of four respondents employ 10% or more contract, contingent or P/T in their workforce. The long term trend points to a significant increase in contingent workers (Japan is now at 35%) but in the short term, the economic downturn is probably why we see a significant change from 2008 where nearly18% were contingent hires.

Figure 1. Staffing involvement with hiring of non-F/T workers
"Which of the following best describe your situation?
(For how you hire contingent and part/time workers)



- Responsibilities Aren't Universal. As we've seen from contingent and contract hiring, the typical staffing function is not always responsible for all the hiring that goes on in their firms. Even F/T hiring tends to be done in silos: location, specialty, level, experience and function and often without even the oversight of the recruiting leadership as the table below suggests.

Figure 2. Respondents Responsibilities for F/T Hiring
"Are there F/T hires in the US that your function does NOT make or oversee?"



- Limited Outsourcing. We wanted to get at whether the "gaps" might be due to outsourcing. Below are the reasons given: We believe larger firms are *less likely* than ever to outsource ALL staffing to another firm.

Figure 3. Respondents involvement in RPO
"Which statement below reflects your RPO situation?"

ALL of the US F/T hiring is done with our own Recruiters.	**60.9%**
We've outsourced SOME F/T US recruiting (division, sales, etc.) to an outside RPO vendor.	19.6%
We've outsourced MOST F/T US recruiting (division, sales, etc.) to an outside RPO vendor.	6.5%
We've outsourced ALL F/T US recruiting (division, sales, etc.) to an outside RPO vendor. There are no recruiters who are employees.	0.0%

- Sourcing is developing rapidly. The table below shows how interest in developing the specialized role of "sourcers" (a person who proactively finds and tracks prospects who have not indicated an interest in the company) separately from a full-life cycle recruiter has increased in recent years to where nearly 50% of the respondents have some specialized sourcing capability.

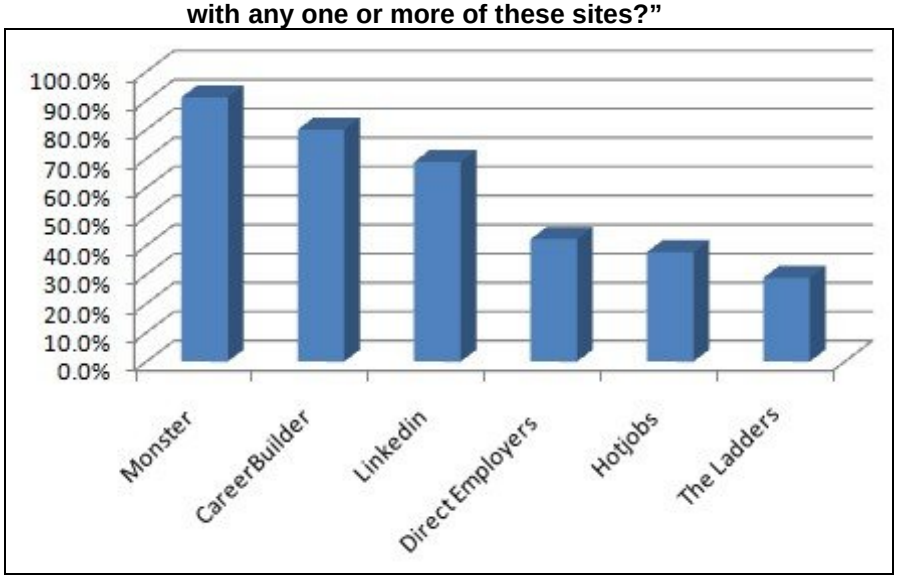
  We anticipate from open-ended responses to this and other questions that sourcing – either internal or outsourced – is exploding and perhaps is the most serious evidence of third-party recruiter (TPR) and agency decline.

Figure 4. Growth of the Sourcers Role
Do you have a separate group of Sourcers?(to do the majority of direct sourcing or is your direct sourcing primarily a competency of your full cycle recruiters?)

	Response Percent
Yes, We have a separate F/T sourcing group that supports staffing and hands off to recruiting. Not in every instance of course.	26.7%
Yes, We purchase sourcing (RPO, Contract, etc.) capabilities as needed.	8.9%
No, full life cycle Recruiters do their own direct sourcing as needed.	**48.9%**

- Multiple online contracts with Job boards. As shown below, most respondent firms have contracts with job board and social network services and the majority of these (where applicable) are for both job posting and resume search. Obviously these firms are constantly morphing their services and adding capabilities. We did not delve deep into the exact mix.

Figure 5. % Respondents with posting and/or resume contracts
"Do you have a contract to post jobs or search for resumes/profiles with any one or more of these sites?"



- Facebook & other social networks are on the rise but... The two figures below are in response to two quick questions we asked of our respondents and they tell the whole story. Walking the talk is going to be an issue before firms can truly view themselves as using social media to hire. After all, it makes no sense to hire with it if you then deny it.

Figure 6. "Do you maintain a company Facebook page?"

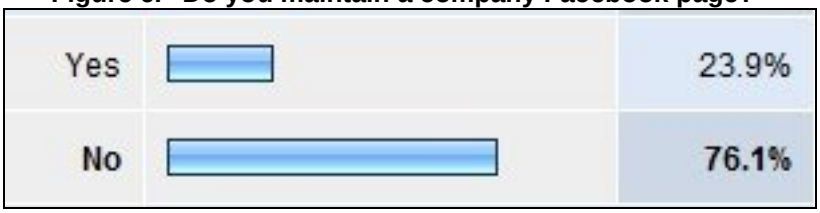
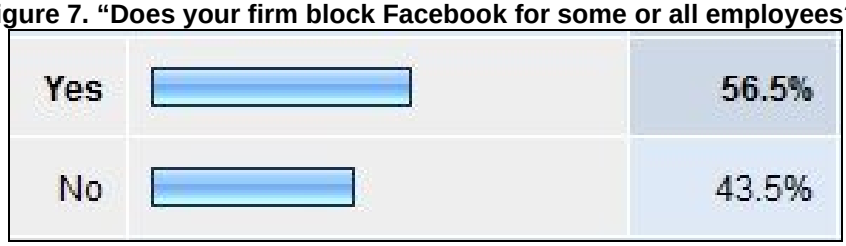


Figure 7. "Does your firm block Facebook for some or all employees?"



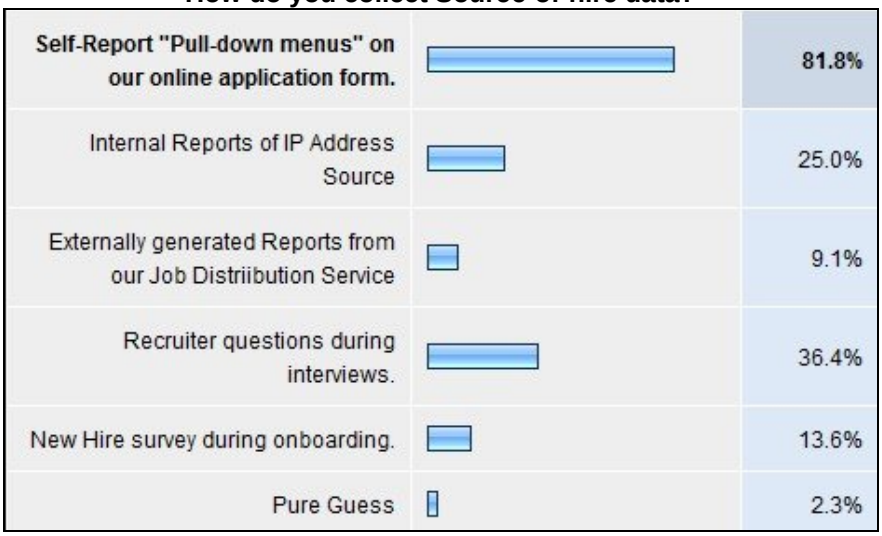
- Data Collection methods are not standardized. As shown in the Table below, 81.8% of our survey respondents use self-report, pull-down menus on their online application form. Several published experiments with self-report approaches have demonstrated high error rates.

  We believe self-report can be improved with careful design. However, additional, independent methods of collecting source of hire data should be used to confirm self-report. For example, automated tracking of IP addresses from which candidates originate can be used to confirm self-report. Respondents increasingly are indicating the use of technology (just not reconciling secondary sources).

  > Open comments to this question include: *"Hard coded sourcing from job aggregator "tags" candidates with source code is reportable from our ATS. We hard code all referrals, agency submittals and as many job boards as possible. The rest of our sources are self-selected by the candidate." "Our ATS is hard-coded to automatically populate source-of-hire field on application; field in HRMS system also captures data as a 2nd gate-keeper to process."*

We also believe that survey instruments, properly designed, can be easily deployed with new hires to map the way a company finds, targets, contacts and engages their candidates. And with “hires” as opposed to candidates and applicants, it is essential that information on ALL the factors that influenced their decision to apply be extracted during onboarding.

Figure 8. Methods of SOH Data Collection
How do you collect Source-of-hire data?



Results: 2008 Sources of Hire

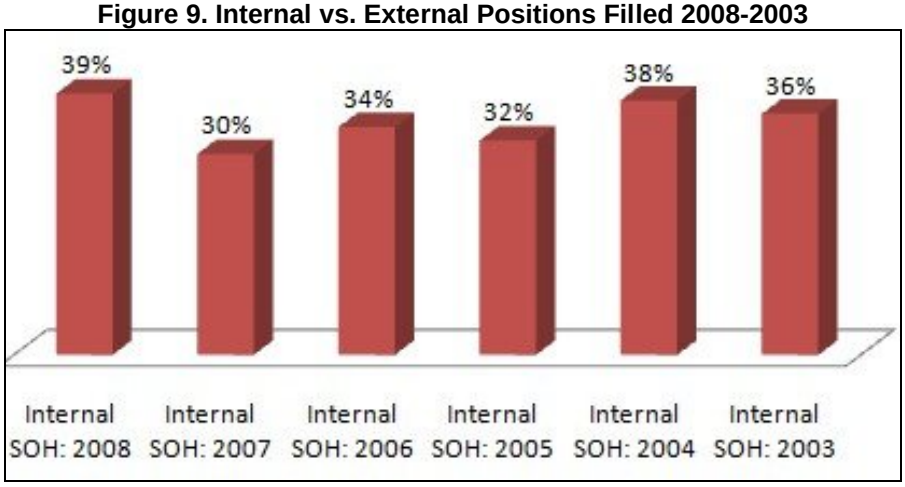
Internal Movement

The # 1 Source of Hire is still the one right under our nose.

Company employees remain the most likely source for filling open positions. Of the 309,600 positions that were filled and could be identified as either Internal or External fills, nearly four out of every ten positions (38.8%) were filled as a result of internal mobility (Table 8).

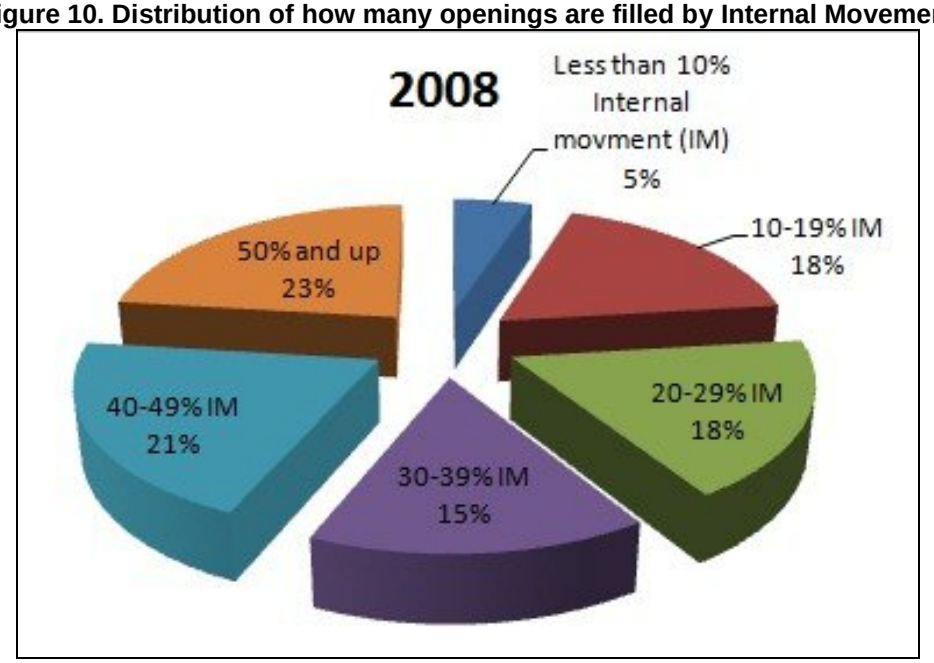
We believe the long term trend for competitive companies is to calibrate their succession, bidding and internal development programs with their business plan as part of their workforce planning process.

Figure 9. Internal vs. External Positions Filled 2008-2003



Internal Movement is Proof of Development
Many competitive corporations aspire to fill 40-50% of their core openings through internal movement in order to ensure strong retention levels for their highest performers. As shown below in Table 10, in actual fact, there is significant differentiation among companies (i.e. 5% of the respondents filled fewer than 10% of their openings from internal employees while 23% of the respondents filled 50% or more of their openings with their employees).

Figure 10. Distribution of how many openings are filled by Internal Movement



While high levels of internal movement can (like referrals) pose challenges for firms with insufficient diversity or those suffering from a lack of innovation, generally the higher the number of positions filled internally the better.

We are amazed that we have failed to uncover a single firm that transparently shares their internal movement figures on their website to bolster their claims of employee development despite that fact that we regularly review a thousand companies' staffing pages each year.

We also suspect that the elevated findings of 2008 (39%) over last year (30%) is at least partially due to the economic downturn during the year where positions were more likely to be eliminated or filled internally prior to going outside the walls of the firm and the 22% fewer hires claimed by respondents would have resulted in an elevated % for internal movement.

Sources of Hire (External)

While we continue to refine what we ask employers about their sources of hire, it is clear from the figure and tables below that employers attribute Referrals (27.15%), their Company Careers Pages (20%) and Job Boards (12.3%) as the most likely sources of hire. Indeed, these three sources account for 60% of all external hires. There are problems with this thinking however as we'll soon see.

For example, it is not evident at this level of analysis that these three sources will dominate in every specialty, geography or class of worker. Agencies at the C-level; Walk-ins and Print in rural settings may emerge as the primary sources if we were able to drill down further.

As we'll see later, the category "Other" is difficult to detail and the Company Career Site may not be all it seems to be.

Figure 11. Sources of Hire 2008

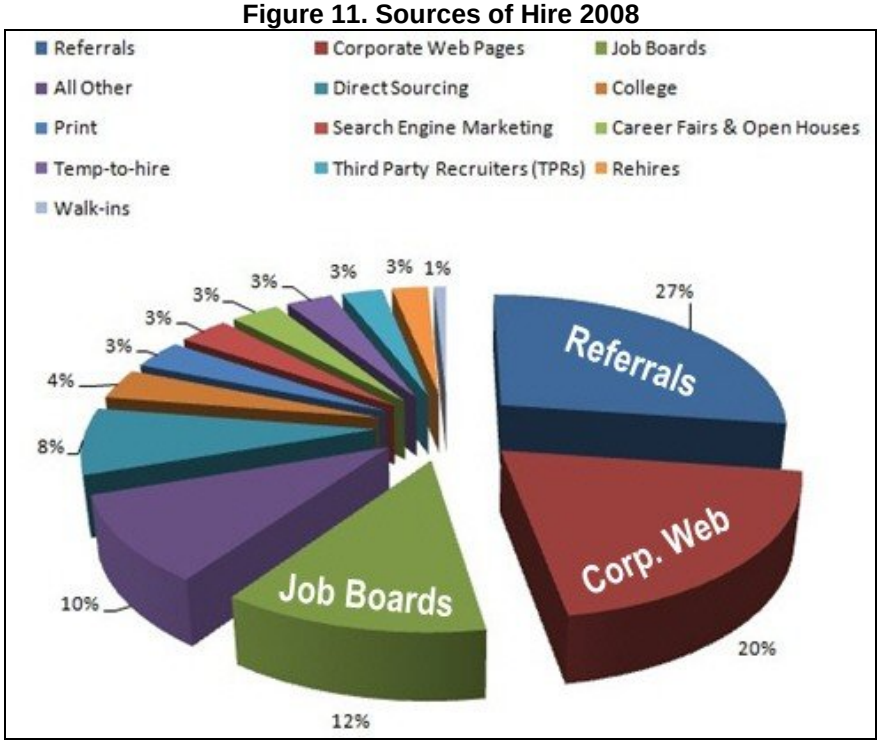


Figure 12. Comparison of Sources of Hire 2005-2008

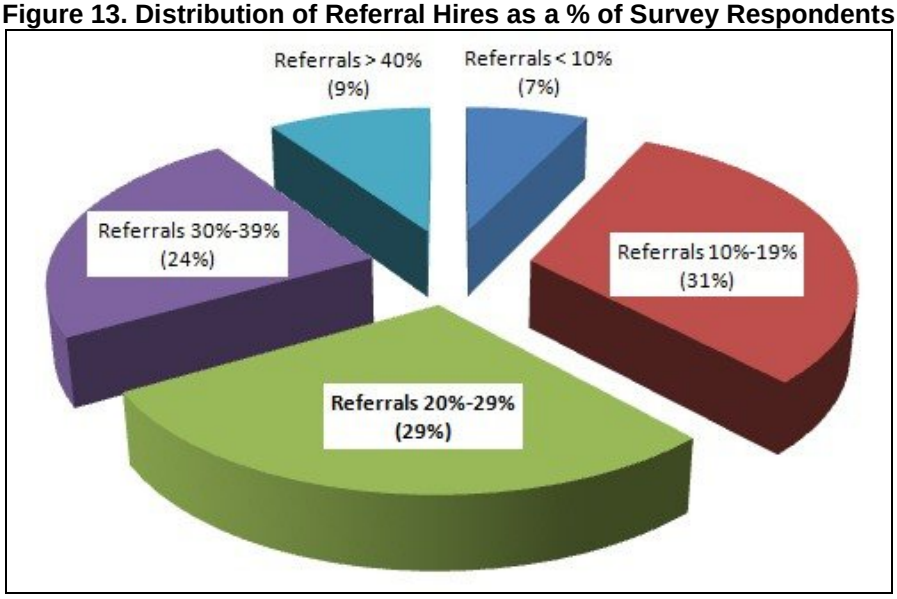
	2008	2007	2006	2005
Referrals	**27.3%**	28.2%	26.6%	27.1%
Corp. Web	**20.1%**	14.0%	20.7	12.2
Job Boards	**12.3%**	11.7%	12.3	12.6
All Other	**10.1%**	12.5%	7.0%	10.5%
Dir. Sourcing	**7.8%**	9.4%	6.4%	7.4%
College	**3.6%**	3.8%	3.8%	5.6%
Print	**3.4%**	4.6%	6.9%	4.6%
SEM	**3.3%**	1.2%	2.0%	N/A
Career Fairs	**3.2%**	2.3%	2.7%	3.2
Temp-to-hire	**3.1%**	3.0%	2.3%	3.2
Agency	**2.7%**	3.3%	4.8%	5.2%
Rehires	**2.4%**	4.8%	5.2%	N/A
Walk-ins	**0.8%**	0.8%	0.5%	4.2%

Additional Observations About Each Source of Hire

Referrals (27.3%)

Despite the reliance on referrals as a basic source of quality hires, they are too often taken for granted. In study after study more than 90% of firms both large and small claim to use referrals, but the range of success, even in our narrow selection of highly competitive firms, is extremely broad as shown below.

Figure 13. Distribution of Referral Hires as a % of Survey Respondents

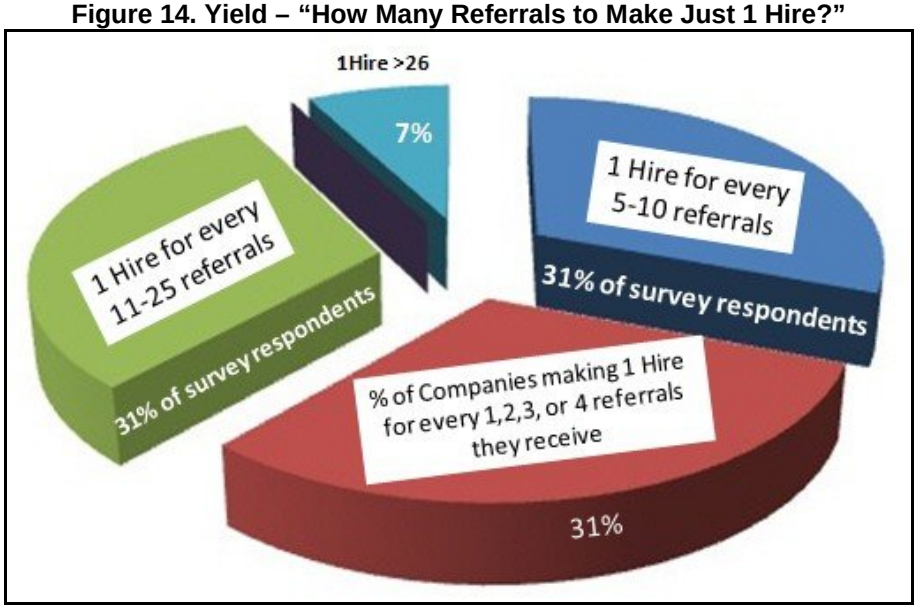


Our survey respondents in 2007 pointed out that 80-90% of their referral hires in 2007 came from employees and 10-20% were referrals from other sources e.g. vendors, suppliers, alumni, “friends”, etc. We did not ask for specific breakdowns in 2008 but estimates were similar.

The most compelling data, however, is when companies supply the number of TOTAL referrals it took to make all those referral hires. We asked each firm that was able to supply us with the number of hires attributed to referrals (more than 17,000) to also supply us with the number of total referrals they received during 2008.

The resulting “yield” (certainly one measure of a source’s efficiency) as shown below is amazing. If one could believe that Employee Referrals are totally independent of other sources, then there can be no better investment than obtaining a hire for every 11.2 referrals. In fact, nearly a third of the firms responding to the survey hired every second, third or fourth referral they received (no one hired every-one).

Figure 14. Yield – "How Many Referrals to Make Just 1 Hire?"



We continue to advise jobseekers to NEVER apply to a company without first networking to an employee in that firm for a referral. The difference in probability of getting "up to bat" is too large to ignore.

The growth of referral technologies, the explosion of social networks and applications to enhance communication and tracking of referrals is continuing unabated and referral activity underlies other attributed sources of hire. Still lagging however is the ability to measure the "quality" of the referral relationship.

When employees refer someone they are not (necessarily) "recommending" them yet most referral programs fail to distinguish the relationship and quantify its value. Learning whether the referral relationship is social, casual or something else that might include a previously shared work connection may become important as this category grows…and it will grow.

In the future, emphasis must be placed on differentiating the type of referrals that lead to better performance, faster on-boarding and increased retention. We have conducted separate surveys of referral practices in each of the last three years to identify current best practices and we share them in appropriate venues. Referrals of all kinds will continue to be scalable and offer extraordinary opportunity as technology enhances networking connections.

Company Website Career Pages (20.1%)

Few survey participants eliminated their "company website" from their list of self-report sources in 2008 in the belief that the company web site is a destination…not a source. The majority attribute one in every five hires (20.1%) to their website. We believe this thinking is too simplistic and continue to argue for a more substantive approach to measuring the influence of the corporate website without diluting the impact of other more legitimate sources of hire (see lessons learned).

We have little argument with the critical nature of every firm's staffing pages as a means to influence action and as an essential channel in the recruitment function's pipelining efforts.

We have no doubt that customers buying products online might be enticed to "cross" to the company website's jobs pages or, that job seekers just "know" they want to work for a specific high-brand company and go directly to their site.

But then these hires should be categorized as customer conversions or the result of effective branding campaigns and not placed in some catch-all category labeled "Company Web Site".

Job Boards (12.3%)
This year, for the first time, CareerBuilder has overtaken Monster with respect to the hires attributed to these respective job boards. This may seem anti-climactic since they've been fighting over king-of-the-hill status for years. CareerBuilder's success may be a pyrrhic victory, however, as the market share of hires attributed to job boards, and especially the larger boards, is flat and poised to lose ground when considering the economy, the increasing penetration of search engine marketing, social networks and other web 2.0 apps that firms are exploring. (Arguably, firms are having difficulty in measuring the impact of newer tools as well as giving the major boards full credit for their entry into many of these areas as well.)

We first asked our survey respondents to provide us with data about the type of contracts they had with CareerBuilder, Monster, HotJobs, LinkedIn, DirectEmployers and The Ladders. Most, where appropriate, had contracts to post jobs and access the site's resume database. The percentage of respondents who actively worked with each site/organization was as follows:

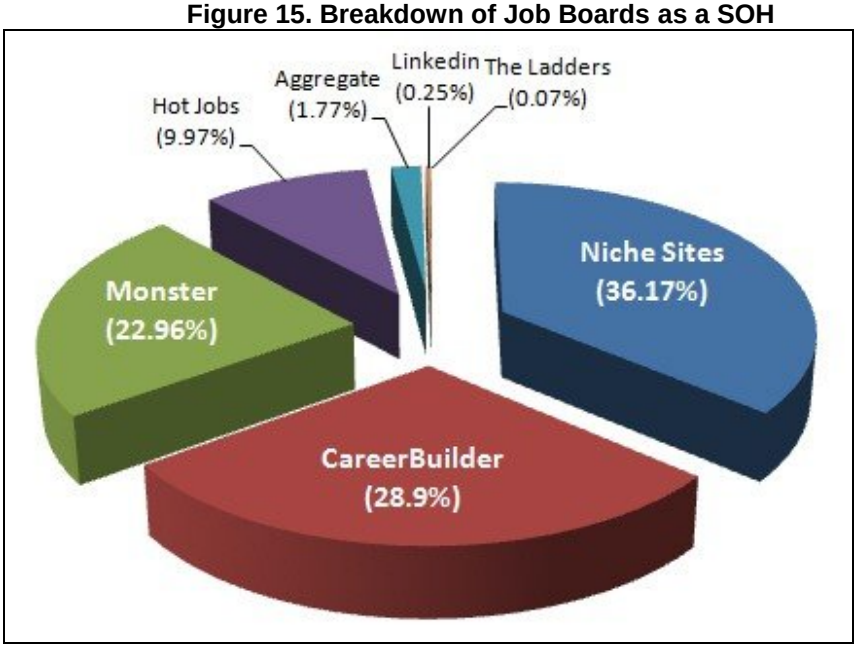
- Monster (91%)
- CareerBuilder (80%),
- HotJobs (65%),
- LinkedIn (61%),
- The Ladders (54%)
- DirectEmployers (53%)

Firms were seldom able to separate the overlap between the hires that were attributed to "direct sourcing" activities that included resume mining versus the hires attributed to a job board's resume database. We certainly expect better measures would increase the numbers of hires attributed to the large boards as well as those attributed to LinkedIn and The Ladders especially. However, we think it would be much less than these services typically claim.

Firms are also more likely to attribute a hire to a specific site than an aggregator of sites such as Simplyhired.com, Indeed.com, Careercast.com, etc. where the job seeker may have originally uncovered the lead…or was it the search engine that is at the beginning of the chain?

While the figure below depicts the “market share” these job boards have within the category, it should be noted that you need to multiply by .123 to legitimately compare them with other sources. With that in mind, CareerBuilder, Monster and HotJobs are viewed as having been the primary SOH for just 3.95%, 3.14% and 1.35% of the respondent’s external hires respectively.

Figure 15. Breakdown of Job Boards as a SOH



The “long tail” of Niche Sites. We also asked respondents to identify the top three Niche Sites that produced hires (and the numbers associated with each). More than 60 sites were mentioned and the aggregate numbers of all niche sites obviously exceeds any one of the major boards. We will consider adding niche sites mentioned multiple times to our survey next year, including: Craigslist, Direct Employers/JobCentral, Dice and Jobing.

The growth of niche sites is due in no small measure to the ease of use of job distribution services such as JobTarget.com (one of dozens of competing firms in the category, JobTarget is a prime example of how the category has grown as it has built a solid relationship with SHRM and is marketed to SHRM’s 250,000 members). This job distribution category offers user-friendly means for a firm to select niche sites to post, automate the posting, and aid in the measurement of results.

All Other (10.1%)
"Other" is a "catch-all", a miscellaneous category. We estimate from responses to the category's details that at least half of this data is simply "missing-in-action", a blank field or, worse – as hundreds of applicants choose "other" in the application process without ever being required to give an explanation.

Figure16. Comments about the "All Other" category

Direct Sourcing (7.8%)
Direct Sourcing is essentially a company strategy to bring agency and third-party recruiter tactics inside. Employers are not in agreement about what is or is not "direct sourcing" as can be seen from the figure below. Just about every proactive strategy to collect leads and contact *individuals who have not actively responded to advertising* tends to be included by some firms. Others reject the inclusion of résumé search as a direct sourcing activity since it is assumed these are active job seekers even if they haven't applied to the company.

Direct Sourcing is still evolving and eventually will be differentiated further by the type of research and the tools employed. Regardless of the difficulty in establishing a standard definition, the sourcing role in recruiting is clearly here to stay given the number of firms committed to an investment in internal sourcing capabilities and the plans to invest even more in 2009. Specialized training, conferences devoted to the subject of sourcing, multiple groups offering certification and job descriptions requiring the certifications are all evidence of sourcing's growing importance.

Figure 17. Perspectives around Direct Sourcing.

	We don't consider this Direct Sourcing.	We don't do this at all.	This is a small part of our Direct Sourcing hire number	This is a significant part of our Direct Sourcing hire number	This is the primary way we Direct Source.
Mining our internal (ATS)resume databases to identify candidates that haven't applied for a specific job.	22.5% (9)	5.0% (2)	27.5% (11)	**35.0% (14)**	10.0% (4)
Mining externally purchased or free resume/profile databases to identify candidates who may not know anything about our company.	2.4% (1)	2.4% (1)	29.3% (12)	**58.5% (24)**	7.3% (3)
Researching Profiles on Social Networks such as Linkedin/Facebook etc.	0.0% (0)	9.8% (4)	**51.2% (21)**	31.7% (13)	7.3% (3)
Developing Search Engine/Social Network Marketing campaigns to drive prospects into "lead" databases.	12.5% (5)	32.5% (13)	**47.5% (19)**	5.0% (2)	2.5% (1)
Cold calling/emailing individuals indentified through research generated internally or externally.	2.4% (1)	12.2% (5)	**46.3% (19)**	29.3% (12)	9.8% (4)

College (3.6%)

The bulk of college hires reported in the survey are from on-campus programs targeting specific schools. We believe this result is typical for the majority of firms with a small but growing commitment to the college marketplace. By contrast, there are many large firms with stronger college-centric hiring models who fill 50-75% of their openings from this single source. These firms generally were not represented in our study.

College hires are the quintessential test of a pipeline hiring model and a measure of the health of our entire employment structure in North America. The current economic climate in 2009 is creating stresses that may result in well-known firms rescinding F/T and Intern offers. We believe this could have long term negative consequences. (*See www.NACEweb.org for much more on college hiring.)*

Media/Print (3.4%)

Hires attributed to print sources are generally down. For years the newspapers simply argued that they weren't being measured correctly. Now there aren't enough print classified champions left to complain. We believe the "floor" is around 3% and the newspapers with successful, online job board properties will eventually brand themselves independently of their print "owners".

Search Engine Marketing (SEM) (3.3%)
Search engine marketing, or SEM, as defined by Wikipedia "is a form of Internet Marketing that seeks to promote websites (or a firm's openings) by increasing their visibility in search engine result pages (SERPs). In the context of a firm's jobs, SEM methods, according to one related organization, SEMPO "include: search engine optimization (or SEO), paid placement, contextual advertising, and paid inclusion.[1]

This category is growing rapidly as firms learn about and develop internal capabilities or partner with suppliers and vendors. We believe this is one of the potential tools to dis-intermediating traditional job boards.

Career Fairs & Open Houses (3.2%)
According to some sources Career Fairs are staging a comeback…and have been for several years. We don't buy it. Many companies no longer accept paper resumes at these events thus complicating the way they are seen by employers and attendees.

However, formats with extensive online components and pure play-online job fairs are gaining traction and, as collaborative tools improve, we can envision some outstanding potential. Firms with significant hiring needs in a single job family should be regularly experimenting.

Temp-to-hire (3.1%)
Temp-to-hire and *Contract-to-Hire* are increasingly important sources as contingent workers make up a larger and larger segment of the workforce…but not this year. This category will take a hit in 2009 as contingent workers are downsized ahead of their F/T colleagues.

As firms begin to get back on track in 2010, however, we expect a quick upsurge in non-F/T hiring…even before F/T hiring gets back on track and this is one area recruiting leaders should examine in more detail during the year.

Third-Party Recruiters (TPR)/ Agency (3.3%)
3rd party placement/agency hires continue to steadily decline – especially among large firms. We believe the traditional agency model (a given % of an F/T hire's compensation) is essentially a pure commodity and being squeezed from several directions. (Oddly enough there is a tight group using agencies for around 10%-15% of their hires – three times the average 3.3% - among firms that fill 1,500-3,000 positions a year.)

Non-traditional agencies are evolving toward RPO models or niche consultative models offering extensive candidate care services as added value or collaborative models with large, linked affinity networks of TPRs leveraging capabilities and managing splits or last-gasp managed competition models via online marketplace platforms like Bountyjobs and Dyak which manage the employer interface (but take their fees out of the agency commission), or….

Don't place your bet on this side of the market having much of an upside when the economic climate reverses. It won't. The US culture is years ahead of Europe and Asia when it comes to dis-intermediation.

Many independent “researchers” are finding they don’t need an agency to market or manage their skills. Clients in need of specialized research are increasingly seeking them out for short-term contract assignments.

The new models evolving to support corporate staffing functions are not tracked in standard ways as a SOH by internal staffing organizations. Small firms with 50-500 employees will continue to be the sweet-spot for Agencies. C-level Search will not change but their numbers are finite and the pressure of search firms to find line extensions for mid-market executives will continue to be the battleground.

Rehires or “Boomerangs” (2.4%)
Technology, especially social networks and changing attitudes about former employees returning to the fold, have combined to create new ways to develop and maintain relationships with alumni and mine them as referrals or bring them home. Website content specifically designed to keep in touch with former employees seems to be bearing fruit even with the dip this year.

To expand the category rather than simply react to interest will require employers to determine ‘touch points’ beginning with the day a valued employ resigns until the day he or she returns. These are not trivial investments as they require systems and protocols that require thought and time but the ROI could be significant.

Walk-ins (.8%)
Walk-ins may be under-represented in this survey because retail and plant employees are often tracked and recorded locally.

Supply Chain Learning

GI=GO is alive and well…

…but our SOH findings still represent the closest mile-marker for employers seeking guidance on where to spend their 2009 budget.

"Garbage in" has always equaled *"garbage out".* There is no question that the findings in this study (and most definitely in other studies) are flawed year after year. We are always the first to acknowledge that but, interestingly, some trends show through despite the fact that the relatively small sample of ~45 respondents drawn from 200+ large firms each year is *never* the same sample.

Some trends just stand out in our (US/North American) culture:

- The power of our people (Referrals, Internal Movement)
- The squeeze on higher cost (Agency) alternatives
- The overwhelmingly focused move to *channel* SOH to an online destination (Corporate Career Sites)
- The steady shift away from traditional SOH (print)
- The preference for the long tail (niche versus major job boards)

"Don't know", Doesn't Cut It

AWOL and "*missing-in-action"* numbers in the 10s of thousands for our data set of 200,000 external hires are unacceptable. A simple "you cannot close an open requisition w/o the SOH field being completed is the start of a solution. It doesn't guarantee the validity of the data but it does force ALL hires to be accounted for. Almost every ATS can be configured to accommodate this rule.

"Don't hire", Doesn't Cut It Either

It has only been in the last few years that large corporations have begun asking their staffing leaders to oversee all the hiring activity everywhere in the world. We firmly believe that knowing who is wearing the company logo today (symbolically) *and where they came from* is a unique contribution so that HR/Staffing can align the hiring function with their respective businesses.

Not knowing (real-time) how many contingent workers are on the lot, let alone employees found working via PEOs (professional employer organizations), RPOs (recruitment process outsourcing), Vendor Master Contracts or internally hired subgroups in remote locations, specialties, levels, etc. unconnected to the staffing organization's oversight role suggests massive missed opportunity.

Analyzing how these representatives found their firm impacts more than the recruiting strategy, it is core to how a business operates. The risk in not knowing, some will mistakenly argue, is compliance. We disagree and feel that argument will too often get you rejected by business leaders. Yes, there is a risk avoidance component but, the real risk is business performance.

(We believe getting a seat at the table requires knowing the difference between theory-predicting what you need and where they are now i.e. workforce planning, and practice-where and how you actually got them.)

Candidates Can't Read Your Mind

The design of self-report SOH fields in nearly every firm is atrocious. We cannot begin to even discuss this issue at any advanced level when the basics are so completely ignored.

Start over and get help from internal I/O or market research colleagues if possible, and external support if not. ATS vendors should be partially blamed for their lack of attention in building data collection tools with any integrity. It is no wonder that some studies show high self-report errors.

Examples of basic design principles:

- Information *first* presented to a job seeker should reflect choices they *know* and understand, not acronyms they don't. (*"I was not looking and was called directly by a company recruiter representing your firm"* not *"Direct Sourcing"* or *"Cold Call"*).

- The number of *first* choices – typically seven categories or less – would then trigger similar short and successive lists of options increasingly detailed.

- Each choice should be relevant to their situation (location, specialty, level, etc.). Presenting a long list of newspapers like the Boston Globe to an applicant checking Newspapers who resides in San Diego is not useful.

- Each time a choice is submitted, ask the applicant if there were another "choice" that had a significant influence in their applying.

- Some choices i.e. *"a referral from a current employee"* or *"other"* absolutely *require* an additional write-in response.

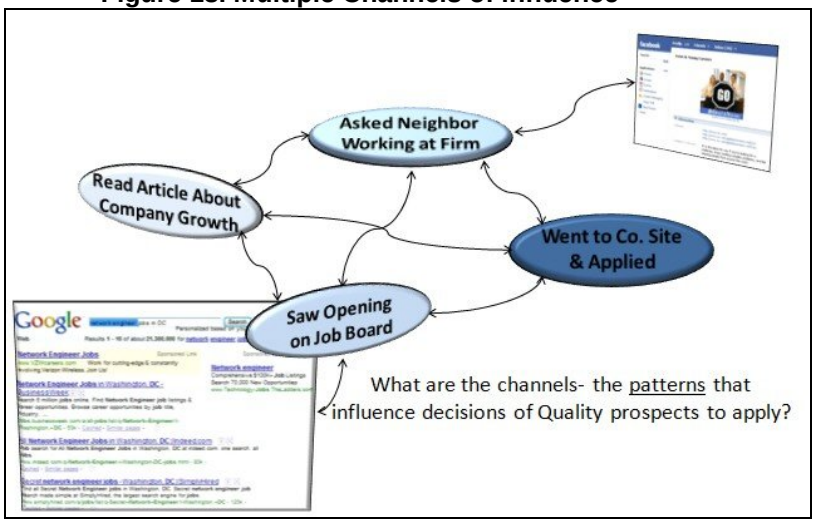
Self-Report Isn't Second Sight

The scientific method requires that findings can be replicated. What methods are being used? As we noted in Figure 9, 81% of the respondents use self-report. We do not advocate eliminating the self-report. Instead we believe it needs to be "confirmed" and enhanced with details/matches from IP sources, job distribution services reports, interview questions, onboarding surveys and/or onboarding focus groups.

Whether you use audit, sample or some other technique, confirming the quality of your data is an essential ingredient of analyzing the business you are in.

Bet You Can't Have Just One

Figure 18. Multiple Channels of influence



Even if you can't identify the "multiple" influences that contributed to how that new hire came to apply to your firm, just know that it is a complex set of factors that channeled the prospect to you – almost never a single one.

The long term aspiration of a world-class staffing function is to fully understand how the prospect's experience influenced his/her decisions to move forward. That being said, it is still a leap forward if you can identify with some confidence the early (if not first) steps of that path.

Plans for 2009

We were surprised at the number of respondents who offered insight into their 2009 staffing plans and extent of their comments. We categorized these into five areas:

Improve Direct Sourcing, Social Network Connections and SEM

Increased use of web 2.0 tools in staffing is currently high on the minds of staffing leaders as a goal in 2009 (even though for "Direct sourcing" to be successful, someone has to actually *speak* to the prospect). In some ways, the hype and attention on the latest tools that promise to deliver a silver bullet are a self-fulfilling prophecy but, in every case this "discovery" strategy is embedded in our cultural DNA and keeps competitive US/North American firms moving forward

> Comments included: *"We need to greatly increase our focus on Social Networking." "Developing a dedicated internal sourcing function." "More movement towards utilizing social networks."*

Reduce Agency, Job Board and Print

The squeeze is on. The state of the economy is a critical factor to encouraging alternatives to agencies, reducing job board contracts – primarily those with the largest career sites, and essentially eliminating remaining expensive print display ads.

> Comments included: *"Looking at moving away from [Job Board] postings." "Bringing Executive Search in-house." "Agency hires will be severely scrutinized." "No more print- highest cost, fewest hires." "Restrict use of third party agencies."*

Increase Referrals

The number of firms who are filling more than 50% of their hires from referral sources has increased dramatically even if the impact is not seen in the "average". Referrals can scale much more in the US/North America and the cost savings will be significant. It will require rethinking the organizational structure and focus of recruiting activities, however and that has not been done.

> Comments included: *"Develop a micro employee referral strategy." "Researching [why] employee referral programs are not expanding." "Develop new avenues that strengthen referrals from employees, alumni and more."*

Track and Train

A surprising number of firms recognize the importance of committing to agreed upon protocols that help standardize recruiter behavior. We're seeing a new emphasis on training that goes beyond *hunter/farmer* tactics and asks recruiters to delve deeper into the *ecology of forests and plains* and the quality of hires to be found there.

> Comments included: *"Educate our Recruiters on appropriate source coding." "Track quality of hire to build quality of source." "Analyze results more frequently."*

Improve The Company Career-site Pages

One constant in every "channel" guiding a prospect from his or her point of origin to the application form and beyond is a corporation's approach to their web site's staffing pages. That these are increasingly important, literally the sole of the recruiting process, is not in doubt but arguably not a first *source.*

> Comments included: *"Creating landing pages." "Starting next Careers Website redesign."*

About CareerXroads: The Staffing Strategy Connection

Gerry Crispin and Mark Mehler work hard to make a difference by helping highly-competitive staffing leaders engage in meaningful dialogue about their practices, strategies and tactics. They call these small group invitation only meetings a *Colloquium.*

They are passionate about how firms design and build staffing processes, the technology to enhance them and the systems to manage them.

Both of these founders of CareerXroads are committed to writing, researching and sharing their adventures, opinions and data about evolving staffing models with members of the HR profession, Colloquium members, and friends.

"We want to know more about the 'playing fields' where candidates and employers meet and they are more than a little curious about how they treat one another: specifically how Job Seekers 'game' their next career move while Employers tout their latest opportunities."

We are always on the lookout for stories about staffing challenges, benchmarks, and results as well as the people who live the stories they tell.

You can reach Gerry and Mark at 732-821-6652 or mmc@careerXroads.com
You can also find them participating at conferences, or Linkedin, Twitter, ERE, RecruitingBlogs and Facebook…for starters.

More about the CareerXroads Colloquium

The CareerXroads® Colloquium was founded in 2002 to bring together recruiting professionals who share a passion for critical analysis and sharing what really works (and what really doesn't) in recruiting. The group has evolved into a forum for some of America's top recruiting professionals and involves six meetings each year, regularly scheduled webinars on hot topics, and a variety of research, camaraderie and networking that can't be found anywhere else.

For more on CareerXroads and CareerXroads Colloquium go to
http://www.careerxroads.com or
http://www.careerxroads.com/colloquium/colloquium.asp