Sourcing Gets Smart
Revamping Strategies, Rethinking Technology

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Sourcing Gets Smart: Revamping Strategies, Rethinking Technology

Sourcing is the foundation of any successful talent acquisition strategy. Decidedly, organizations are unable to recruit top talent unless they have proactively identified top talent. Yet, with a shortage of key skills and increasing competition in a global market, uncovering qualified talent is a daunting challenge. Organizations looking to gain a competitive advantage can no longer afford a reactionary approach to sourcing. As a result, they are reexamining existing methods in order to broaden their reach and improve efficiencies. Innovation in sourcing technology is helping to drive this change. This Research Brief is based on a study conducted in January and February 2012, and addresses the key pressures that drive sourcing efforts, the strategies and tools in place to address them, and the metrics used to evaluate such initiatives.

The Business Imperative for Sourcing

Sourcing has reached an inflection point. Organizations are not only struggling with to identify quality leads but also with how to implement a long-term sourcing strategy that will support growth goals. According to research conducted in January and February 2012, the top pressures facing HR and talent acquisition leaders directly impact sourcing efforts, including the shortage of key skills (55%), the inability to meet organizational hiring goals (52%) and trouble identifying top talent (47%) (Figure 1).

Figure 1: Top Talent Acquisition Pressures

<table>
<thead>
<tr>
<th>Percentage of Respondents, n=139</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortages of required skills available in the labor pool</td>
</tr>
<tr>
<td>Trouble sourcing enough qualified candidates to fill openings</td>
</tr>
<tr>
<td>Pressure to meet the company’s growth objectives</td>
</tr>
</tbody>
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Source: Aberdeen Group, February 2012

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Unsurprisingly, the shortage of key skills and trouble sourcing qualified candidates are also the same pressures facing top business leaders in Aberdeen’s 2011 Quarterly Business Review. Clearly, the task of identifying, managing and engaging qualified leads is a business imperative. As a result, Aberdeen’s talent acquisition research conducted in January and February 2012 found that 33% of organizations view sourcing as the top priority in the talent acquisition lifecycle, above areas such as hiring, screening, assessment and onboarding (Figure 2). In order to address the talent and business pressures listed above, sourcing initiatives need immediate attention. For many organizations, this emphasis on sourcing will require a reevaluation of traditional methods in favor of more innovation. A new approach will require a focus on the basics - clearly defining sourcing activities and linking these initiatives to the business.

**Figure 2: Talent Acquisition Priorities**

![Figure 2](image)

The reality is that only 2% of organizations indicated the presence of a long-term approach to sourcing. The majority of organizations are confused about what sourcing is, who owns it and how to execute a strategy. For the purpose of this document, sourcing is defined as the uncovering of talent, including activities around advertising, researching, managing, engaging, and measuring talent leads. It does not include pre-screening or pre-qualifying activities.

Sourcing is both an art and a science. The art of sourcing is difficult to measure and involves relationship building and talent pipeline activities. The science, on the other hand, is built on a systematic approach to identify the best strategies and tools used to uncover talent and measure the process. Although the science is the key to aligning with the business, few organizations focus on these measurements. Only 18% of organizations can link organizational profitability to sourcing initiatives through validated data.
Even more startling, 20% of organizations do not know if they are making this connection. In order for organizations to show the value of strategic sourcing, they need a clear vision of sourcing initiatives and a way to align these efforts with the business through validated data.

**Sourcing is No Accident**

Nobel prize winner, Albert Szent-Györgyi, wrote the following: “A discovery is said to be an accident meeting a prepared mind.” Although the concept of a "prepared mind" is timely in the world of recruiting, sourcing is no accident. In today's environment, preparing for quality talent is not enough. Organizations need to be proactive by continuously building relationships, cultivating leads and measuring the process. A new approach to sourcing requires organizations to move out of their comfort zones.

Fortunately, organizations are shifting their mindset. When asked to identify top strategic actions in talent acquisition, sourcing is again the priority. Building a talent pipeline (35%) and strengthening overall sourcing efforts (33%) are top strategies in 2012. Talent pipelines are the future of sourcing. With an increase in the number of candidates, organizations have been looking for ways to become more proactive in the way they build talent communities and manage a large database of talent sources. Those organizations looking to gain competitive advantage need to build a unified, dynamic and sustainable talent pipeline that will not only help them stay prepared but actively engaged with quality leads.

**Figure 3: Top Strategic Actions**

![Figure 3: Top Strategic Actions](image)

Despite these sourcing activities, many organizations feel lost when implementing these strategic actions into a comprehensive business plan. According to Aberdeen's 2012 talent acquisition survey, organizations are
developing both organizational and knowledge management capabilities to help fulfill these strategic actions. The most common capabilities include leveraging core competencies early in the process and standardizing sourcing efforts (Figure 4). Although these capabilities will enable organizations to become more strategic and forward-thinking in the way they source for talent, alignment with the business is still an afterthought.

Organizations are unable to make the correlation between sourcing and organizational performance. Only 26% of organizations cited that the metrics being measured are agreed upon by stakeholders while only 16% of organizations are leveraging sourcing data for areas such as performance management. Without this data consolidation or transparent goals and metrics, sourcing will never be a priority to the business, the way it is to HR professionals.

**Figure 4: Sourcing Capabilities**

A New Look at Sourcing

In order to align with the business and provide a more systematic approach to identifying talent, organizations are reexamining the structure, process and technology in order to enable a successful sourcing strategy.

**Structure**

Traditionally, sourcing has been a decentralized process with localized activities and various roles operating independently. As more recruiting functions move to a centralized model (57%), sourcing is following suit. Fifty-eight percent (58%) of organizations have a centralized sourcing function with either one dedicated resource responsible for all sourcing activities or regional oversight. A centralized approach to sourcing has benefits as well as risks. In either scenario, sourcing is standardized and organizations benefit from consistent processes, the ability to mobilize resources more rapidly, and increased collaboration. As organizations expand globally, a centralized model becomes more difficult to implement since local processes and technology can vary from region to region.

Although only 3% of organizations are outsourcing the sourcing function, RPO providers looking to expand offerings and create a more complete
talent acquisition solution are strengthening sourcing services through partnerships and new offerings.

**Figure 5: Sourcing Organization Structure**

![Sourcing Organization Structure Diagram](source)

**Case Study — The Coca-Cola Company**

The Coca-Cola Company and more than 300 worldwide bottling partners work together as the Coca-Cola system to deliver 1.7 billion servings daily. The leading manufacturer and retail giant has over 500 brands and operates in over 200 countries worldwide. It currently ranks as the world’s largest beverage company.

With 139,600 employees, the task of sourcing and recruiting top talent is imperative to maintaining a strong employer brand. As a result, The Coca-Cola Company reshaped its sourcing efforts several years ago, developing an internal sourcing function similar to an in-house retained search firm. This sourcing group is comprised of global sourcing consultants that support key geographies in the United States, United Kingdom and Turkey. Sourcing consultants engage in canvassing the external market through multiple channels including: in-person networking, LinkedIn, college recruiting events, ATS database mining and external databases.

Identified leads are then recorded in a contact management system, placed into talent pools and later developed into candidates and placed into the selection process for open roles. The first step in this process is creating a consistent candidate profile including years of experience, diversity, education, geographically, and specific company. With an internal sourcing function, The Coca-Cola Company has achieved the following:

1. Improved speed, quality, diversity initiatives
2. Cost savings
3. Strategic, relationship-based pipeline building for future recruiting needs
4. Proactive and direct outreach to the external market
5. Focus on core pillar roles at the Manager through Director levels
6. Provide marketplace expertise to the business

Future plans for sourcing include expanding the sourcing consultants to South America and Asia Pac.

**Process**

Despite this move to a centralized sourcing model, organizations still fail to look at the big picture of total talent in the workforce. The evolution of the workforce has undergone a seismic shift over the last decade. In order to stay agile enough to handle changes in economic conditions, organizations are beginning to embrace and engage the flexible workforce. The contingent workforce is growing as both employers and job seekers recognize the benefits including greater diversity and lower costs. According to Aberdeen’s 2011 Contingent Labor Management report, 22.5% of the average organization's workforce is considered contingent and 25% is expected to be contingent in 2012.

Despite the growth and opportunity of a flexible workforce, the majority of sourcing efforts do not integrate contingent labor. Although, 59% of organizations use contingent labor year round, only 24% of organizations include contingent labor in their sourcing initiatives. Organizations also need to customize the sourcing experience, recognizing the different expectations, attitudes and technology between traditional sourcing and contingent sourcing efforts. A few of these differences include a stronger need for compliance, communication and collaboration when sourcing contingent labor.

In order to provide a complete view of total talent to the business, sourcing needs to both customize and integrate contingent labor into sourcing efforts.

**Figure 6: Use of Contingent Labor**

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, year round</td>
<td>59%</td>
</tr>
<tr>
<td>Yes, but only seasonally</td>
<td>17%</td>
</tr>
<tr>
<td>No, but we plan to in the future</td>
<td>6%</td>
</tr>
<tr>
<td>No, and we have no plans to</td>
<td>17%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, February 2012

**Technology**

With an increasing number of tools and solutions available in the market, selecting the right sourcing technology is a daunting challenge. Aberdeen’s 2012 talent acquisition survey found that only 15% of companies are extremely satisfied with their sourcing provider. The remaining organizations (somewhat satisfied, neutral, dissatisfied or extremely
dissatisfied) are all likely to seek replacement solutions. Historically, organizations have relied heavily on job boards as the primary tool. Yet, as the cost of general job boards has risen and the value has dropped, organizations are rethinking this reactionary "post and pray" model. Today, organizations are leveraging a variety of tools to handle the advertising, engagement, management and measurement of the sourcing process. This new approach does not necessarily indicate the death of job boards but rather the opportunity for new sourcing tools. While 77% of organizations currently utilize job boards, the highest areas of sourcing investment in the next 12 months include search engine optimization (26%) and candidate relationship management (27%).

The most important factor when considering sourcing technology is the effectiveness of source of hire. Organizations can no longer afford to operate blindly when sourcing talent. Yet, tracking the source of hire and gaining insights around sourcing strategies and tools is a pain point for many recruiting departments. Most active candidates apply through multiple channels while passive candidates may not apply through the first source they encounter. Without data on sourcing channels, organizations are unable to make strategic decisions around where to source for talent and where to invest in sourcing channels. Furthermore, organizations struggle with linking source of hire with employee performance (Figure 7).

The data shows that organizations lack the resources, data and necessary alignment to perform this type of analysis. Consequently, organizations have limited information not only about where talent is coming from but also how well this talent is performing once onboard. When considering sourcing technology, organizations need an accurate source of hire that also provides visibility into employee performance.

**Figure 7: Barriers to Linking Source of Hire to Employee Performance**

<table>
<thead>
<tr>
<th>Percentage of Respondents, n=139</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited resources to do meaningful analysis of the information</td>
</tr>
<tr>
<td>Candidate data and post-hire employee data are not integrated</td>
</tr>
<tr>
<td>Employee performance measures are not aligned to hiring criteria</td>
</tr>
<tr>
<td>Employee performance data is not tracked</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, February 2012
Search Technology

One way that organizations are becoming more proactive in their sourcing efforts is by investing in stronger search capabilities. With the number of applicants soaring, organizations find it challenging to navigate through a sea of resumes to find the "right" fit. In fact, 27% of organizations receive over 50 applicants for every open position. In order to manage this process and identify quality talent, organizations need to be able to quickly search both internal and external databases. Yet, when it comes to search capabilities, the majority of organizations rely on their current Applicant Tracking System (ATS) providers. ATS search capabilities typically lack robust functionality in this arena and often overlook quality applicants by offering limited search fields, rely heavily on keyword search, and lack field based search. As a result, when asked to rank the most effective sources of hire, resume searching technology and job matching capabilities were low on the list receiving average scores of 2.72 and 2.61, respectively (1 being the least effective and 5 being the most effective).

In order to overcome this challenge, organizations are turning to third-party providers that offer a suite of products including robust search capabilities, job-matching, and analytics. Several of these providers include semantic search engines that allow organizations to search not only their internal databases but also multiple job boards and social media sites. Semantic search, unlike keyword search, improves accuracy by understanding the context of the terms used rather than the actual words. When considering these third-party providers, organizations ranked accuracy as the most important criteria with a score of 4.37 (1 being the least critical and 5 being the most critical), according to Aberdeen’s talent acquisition research conducted in January and February 2012. Accuracy in search is critical to identify quality hires and make sure that the right applicants are not overlooked in the search process.

The Social Factor

Social media is a catalyst for this new approach to sourcing. Sites such as LinkedIn, Twitter and Facebook are redefining the way organizations identify and attract talent. Leading organizations recognize the value and cost-effectiveness of these sites.

Despite the momentum around social media, organizations are still immature when using these sites as a sourcing tool. Most organizations are using social media for very tactical purposes including broadcasting jobs and creating a profile. These activities do little to engage candidates or build relationships - two advantages of social media. In order to effectively leverage these sites, organizations should focus on building employee referral programs and engagement tactics.
Case Study — Hyatt Hotels

Over the past few years, Hyatt Corporation's sourcing and recruiting group has leveraged social media to help increase efficiencies and reduce costs. The following are a few key takeaways from Hyatt’s social sourcing strategy:

- **Blogs.** Hyatt set up a Ning network (social media/blogging platform) connecting college recruits with alumni. Through this site, new recruits engage with existing employees and alumni to learn about the culture at Hyatt. This Ning site also serves as an initial onboarding tool since many of the new recruits become management trainees through the process.

- **Facebook.** Hyatt Hotel and Resort Careers has over 28,000 fans and serves as a powerful tool for strengthening employer branding and proactively source talent. Candidates are able to engage with recruiters, connect with peers and get questions answered quickly.

- **Twitter.** Twitter is used to advertise jobs through tweets and engage in conversations with possible job candidates. Hyatt prioritizes the quality of conversations versus the quantity of followers.

- **LinkedIn.** LinkedIn is used to source professionals as well as create a strong alumni group. Many organizations are beginning to recognize that an alumni program will not only improve employer branding but can also serve as a sourcing tool. The catch is that employers need to create, manage, and cultivate these programs. Hyatt ensures that it has a dedicated individual, a strong communication strategy, a system to measure the progress, and of course, technology.

Key Takeaways

Sourcing is the most critical area of talent acquisition for organizations looking to identify and attract quality of hire.
• **Focus on total talent acquisition.** Although, 59% of organizations use contingent labor year round, only 24% of organizations include contingent labor in their sourcing initiatives. In order to make smarter decisions around sourcing, organizations need to take a complete view of their workforce and include contingent labor in any strategic sourcing initiatives.

• **Reconsider sourcing technology.** With a myriad of sourcing providers in the market, organizations need to consider providers that will allow them to improve efficiencies, build sustainable talent pipelines and engage with quality talent.

• **Align with the business.** Sourcing is top of mind for HR and business leaders today. Organizations need to align sourcing goals with overall business goals in order to drive organizational profitability.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

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Related Research

<table>
<thead>
<tr>
<th>The Talent Acquisition Lifecycle: From Sourcing to Onboarding; September 2011</th>
<th>Talent Acquisition Strategies 2010: Candidate Experience and Relationship Management Come of Age; August 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments 2011: Selecting and Developing for the Future; May 2011</td>
<td>Succession Management: Sustainable Leadership for the Future; July 2010</td>
</tr>
<tr>
<td>The 2011 HR Executives Agenda: Automation, Innovation and Growth; December 2010</td>
<td>Competency Management: The Foundation for Talent Success; December 2009</td>
</tr>
</tbody>
</table>

**Author:** Madeline Laurano, Research Director, Talent Acquisition Solutions

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