



# WHITE PAPER

**Be Active about Passives!**

***Why Corporations need to rethink how they recruit  
for Mid-Management and Specialist Roles***

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## Introduction

Today, passive candidate pipelining and recruiting is taking root in the very foundation of the in-house recruitment strategy. More and more corporations are following “retained search” techniques in nature – research and sourcing – to attract such candidates for specialist, or mid-level management positions. But why target the “Passive” candidate instead of the “Active” one? What are some approaches that can be used to identify the right people? And does traditional applicant tracking technology address the need to manage all collected candidate intelligence?

**As the “passive” status evolves from “preference” to “prerequisite” for many roles, there is nothing “passive” in the process used to find such talent.**



## What Are the Differences Between “Passive” and “Active” Candidates?

Some may simply define an active candidate as “one who is ‘pro-actively’ looking for a new job”, while a passive candidate is “one who is not ‘pro-actively’ looking for a new job”. In practice, though, there are “degrees of passivity” which must be considered in order to label a candidate appropriately (please refer to diagram below). An individual, for example, who keeps an updated profile on a job board or a social network may be considered to be somewhere between the two extremes.



**DIAGRAM: Degrees of Passivity**

**Active**

**> Open**

**> Passive**

*Will apply directly to the corporation*

*May come direct to a corporate job site*

*Unlikely to apply to a corporate website  
directly will apply via sites such as Monster*

*Not actively looking but will keep a résumé on Monster*

*Will use Social Networks*

*May use Social Networks*

*Will only be found on the web via third  
party references – press, corporate  
websites etc*

*May not be on web – other sourcing  
techniques may be required*



## Why Care About Passive Candidates?

Typically, a passive candidate will be harder – and more costly – to recruit. This may be quantified to an extent by looking at the Search fees paid to Retained versus contingent recruiters; a retained search firm (traditionally dealing exclusively with passive candidates) will bill around 1/3 of the total compensation of the placed candidate while a contingent (who will typically work with both types of candidates) firm may bill half that. Usually, corporations are prepared to pay a retainer if they perceive that a wider range of passive candidates may lead to a more successful and effective placement (since the candidate will present a proven record while serving in a similar function at a competing company) and this placement will have a significant impact on the fortunes of the business unit for which the hire is made.

### ***Scenarios: When should a corporation consider passive candidates?***

*Active Candidates may be most appropriate for:*

- *Relatively Generic Position with a relatively high profile employer*
- *Relatively large volume of Candidates with appropriate skill sets*
- *Relatively simple to “target candidate audience”*
- *Strategic importance of not hiring the optimum candidate is relatively low*

*Passive Candidates may be more appropriate for:*

- *Specialized position*
- *Relatively low availability of candidates with appropriate skills sets*
- *Necessity of identifying “specific experiences” as opposed to simply characteristics (Generic marketing manager as opposed to market manager with experience of marketing luxury goods into Japan)*
- *Selecting the wrong candidate may have significant impact on Corporate performance*

Though retained search firms continue to dominate C level recruiting, the same logic applies in mid level execs / specialists positions. The more senior or the more specialized a position is, the more a corporation looks beyond a database of “job hunters”. Obviously, in either of these scenarios the corporation will still benefit from considering a candidate pool incorporating passive candidates. For the most senior positions, the Corporation should consider retaining a search firm. For positions that demand certain expertise, though, the corporation should adopt techniques practised by retained executive search firms – research and sourcing – to identify passive talent.

## **Complementary Approaches to Acquire the Right Talent**

There are three main sections to the talent acquisition team: Recruiting, Research, and Sourcing. Though “recruiting” may be straight forward in its term – research and sourcing may not. The difference between the two is: while research teams do the name generation and, many times, candidate development for specific, and current, openings at the company, the sourcing teams do the on-going talent pipeline building – independent of any open reqs; sourcers don’t recruit anyone and many times don’t even do the candidate development since their sole task is to identify names of potential candidates within target competitors so when such a position must be filled, the researchers and recruiters can tap into the pool of names gathered by the sourcing team.

Many times, though, corporations don’t have the technology to manage these research-driven efforts.



## **ATS Stands for Active-Applicant Tracking System:**

Truth be told, Active Candidates will apply for positions. The most active will visit a corporate website and register an interest. Slightly less active may register a resume on a job board, or via a contingency recruiter.

An ATS is used to manage the process of handing applications and manage the process of interviewing and selection of active candidates. Functionality which allows an ATS to upload positions to and download candidates from job boards may allow firms to attract semi-active candidates, but this does not attract generally passive candidates from the right hand side of the passivity diagram above. Furthermore, ATS Systems tend to be based on the management of candidates by volume; low touch, high efficiency recruiting. This is not the approach required to woo a successful professional from a competitor.

To put it simply, Applicant Tracking Systems are designed to track applicants. Passive candidates do not apply for positions; hence, by definition, an ATS can not be the solution for a firm wishing to pro-actively reach out and attract passive candidates. Essentially, using an ATS for this is the technological equivalent of using a retained search firm to dig out a superb candidate from a market leader only to ask her in interview, "So, why are you so desperate to come and work for us?"

## **Competitive Intelligence is Key to Building Effective Talent Pipelines**

Passive Candidates need to be identified and approached. They will not apply for jobs, nor register on job sites. Therefore, recruiting technology is required to support the Sourcing Process (Name identification) and to build relationships with those individuals who are targeted.

Most sourcing processes begin by target top performing competitors. It is a Company Centric-Approach. This is because the experiences of an individual are likely to be as important as his or her specific skills. If a firm needs a candidate with knowledge and experience in marketing luxury goods into China then the average job board is likely to provide little in the way of candidates. In this situation, candidates are scarce, the position is not generic and so passive

candidates may well fit the requirement. The recruiter should consider recruiting from the marketing teams of organizations already successfully selling luxury goods into China.

Building a talent pipeline involves identifying where a corporation might need to hire in future, identifying those competitors which over perform in those areas, and then mapping out the individuals and teams responsible for that over performance at those competitors.

A true talent acquisition system will allow Sourcing teams to do just this. It will do this in part through research techniques which allow users to search corporate websites, social networks, and news sources to identify names, and partly through the ability to record and understand the structure of these targets – through organization charts and relationship diagrams.

Such a system will therefore allow a company to build a genuine understanding of talent pools at competing organizations. Those talent pools may become the future talent pipeline for the corporation.

## **Converting a Talent Pipeline to Talent Involves Relationship Building**

The identification of potential candidates is simply the first stage of the talent acquisition process. If a passive candidate is performing well for a competitor he is unlikely to move without good reason. Bridges will need to be built and this requires CRM.

Most sourcing and recruiting teams will have access to some form of CRM product. However, the CRM tool should be fully integrated with the sourcing tool because it is vital for a user to see more than just who is known within a competitor. The truth is – most recruiting software is candidate-centric and does not link multiple people to a single, defined company. Therefore, there is no simple approach to reviewing relationships at a Company level; or more specifically, “who have I spoken to at this firm?” Or even, “who has been a useful source?” For effective sourcing, this type of information is key.

A Genuine Talent Acquisition system will allow communication to be viewed from both a candidate-centric and a company-centric perspective. Reviewing a company record should show every conversation we have had with any employee – or former employee – of a competitor, while reviewing a person record should show every conversation we have had with that individual, throughout her career.

## **FILEFINDER is a Genuine Talent Acquisition System**

Many products which carry the label “Talent Acquisition Systems” are fundamentally designed for the recruiting of active candidates. For corporations wishing to widen the net to recruit from a wider pool of candidates, a genuine Talent Acquisition System – such as FILEFINDER 9 from Dillistone Systems should be used.

FILEFINDER was traditionally used exclusively by Retained Search firms and is the market leading product in that space (with installations in 56 countries); but with the rise of the in-house research-driven talent acquisition team, FILEFINDER is being implemented for leading corporations to manage their recruiting assignments... all ranging from relatively small organizations up to Fortune 100 companies in sectors as diverse as financial services, media, internet and technology, entertainment, consumer goods, management consulting and retail.

The product is typically implemented alongside the traditional ATS and will be used by both Sourcing and Recruiting teams. It provides a range of functionality designed to both identify and recruit passive candidates.

The product is supported by Dillistone Systems - part of Dillistone Group, a publically traded, profitable, and debt-free organization with offices in the United States, Europe and Australia.

## **Further Action**

**Regional contact details for Dillistone Systems offices can be found at [www.dillistone.com](http://www.dillistone.com)**

