

FELTEX CARPETS

Location: Auckland, New Zealand
 Employees: 1,800
 Industry: Textiles Manufacturing

Best Practice in Action

Feltex Carpets is a New Zealand company renowned for the marketing and manufacturing of high quality wool and wool-rich carpets, including underlay products. Feltex is the biggest private wool textile manufacturer in the Australasian region and successfully serves the demands of a truly international client base. Currently, Feltex is ranked in the top 50 world carpet manufacturers and, as one of the world's most dominant producers of natural wool carpet, Feltex is clearly achieving its desire to be:

'a carpet maker to the world.'

Feltex recognises that critical to its success is having a robust HR strategy that does not simply meet, but also anticipates the 'people' needs of the Company. The HR strategy at Feltex is simplistic in its definition and focuses on three key components; the need to attract the right people, to motivate and develop talented people, and to retain key people within the Company. All three are considered to be of equal importance, and Feltex strategically invests in people management to address the challenges presented by each HR component.

In order to achieve the first objective - attracting the right people for the job - Feltex Carpets has entered into a partnership agreement with Management Search International (MSI) who now provide recruitment services for Feltex. The recruitment model is not a traditional 'preferred supplier' model, but one that sees MSI intimately acquainted with Feltex as a strategic business partner and integral to Feltex accomplishing recruitment excellence.

The Relationship

All salaried recruitment for Feltex is managed through MSI, who have appointed an Account Manager to Feltex. The role of this person is to interact with Feltex on all recruitment-oriented issues. The account manager is regarded as a 'Recruitment Manager' from Feltex's perspective and is included in the Company's organisation chart for the HR Team as such. In effect, he is viewed as a Feltex employee. MSI's Feltex Account Manager is required to define an annual budget detailing expenses to be set aside for advertising, candidate testing, and for recruitment. This becomes part of Feltex's overall HR budget. Responsibility for the recruitment budget has effectively shifted from the line managers to being under the management of the HR department and the Recruitment Manager. This approach means that it is easier to establish an employer 'brand', which has the advantage of offering the function a broader perspective than the transactional outlook of a single line manager.

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The aim when recruiting is not to find the 'best' person for any new vacancy, but to find the *right* person. The right person must suit Feltex's needs both now and in the future. A person who will not just do their role, but who will make meeting the Company's objectives their 'mantra.' For MSI to be able to meet this recruitment challenge, it needs to have very open and honest lines of communication with Feltex, which is facilitated through the partnership arrangement.

The Account Manager presently attends Feltex's HR Department's weekly meetings and this is vital to him maintaining an understanding of what is happening on a daily basis within the corporation. An MSI Director is also present at quarterly reviews, and a number of other briefings between MSI and Feltex take place on a regular basis. In addition, the MSI team are part of Feltex's email directory making it easy for any line manager to make contact with them. All internal communication updates are automatically forwarded to the MSI team. This strong degree of interaction between Feltex and MSI establishes a high level of understanding about managerial needs, and how the appropriate solutions can be delivered. Furthermore, as Feltex is presently going through an amalgamation phase combining two companies, the constant interaction guarantees that MSI remains informed of the latest developments that require HR servicing.

Recruitment at Feltex

When a vacancy at Feltex occurs, there is a systematic and comprehensive process that takes place to ensure that the *right* person for the job is recruited. Firstly, a role competency profile for the vacancy is compiled. The aim is to get a clear definition and understanding of the role that needs filling. This process begins with identifying the outcomes for the role – what is desirable for the person in this role to achieve. The outcomes considered are not just for the short-term but the long term as well, as it is important that the person will continue to be the right person for the job well into the future. The next step requires a set of competencies to be defined for the role. This is referred to as the Role Competency Profile and it is provided to MSI, who in turn use it to seek out a person who matches all the critical competencies.

The partnership model between Feltex and MSI is unique in that MSI has appointed both an Account Manager, responsible for the interface with Feltex, and a Recruitment Manager who manages the candidate interface. The Recruitment Manager is briefed by the Account Manager who has interpreted Feltex's needs, and the Recruitment Manager sets about finding the best possible candidates. The Competency Profile is complemented by MSI's Position Success Profile, which focuses on the leadership and management traits that are conducive to good performance in the role. The Position Success Profile is closely linked to the

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Competency Profile, but it works to identify a candidate's high and low learning-difficulty traits. High learning-difficulty traits have a significant impact on future performance and potential. Therefore, a candidate who is extremely task-competent but has low levels of high learning-difficulty traits may be an effective short-term employee, but not as effective for a longer term.

MSI applies a behavioural event-based interviewing technique and any new candidate is subjected to four types of interviews before they actually meet with the hiring manager. This in-depth approach to interviewing is unusual for the recruitment industry, which typically relies on a maximum of one or two interview rounds. Once the candidate has passed through the initial interviews, they are then interviewed by the hiring line-manager. The hiring manager has an interview with the candidate and if the candidate is considered to be the right person, they will be invited to take part in a psychological test. A one-over-one interview with a senior manager is a standard practice. Results from all the interviews and tests are then cross-referenced with the requirements of the role, and a matching candidate will, in most cases, be offered the position.

This rigorous approach underpins the belief that recruitment inherently contains a certain element of risk management. There is no perfect answer to finding the right person, and the recruitment process involves unpredictable human factors. By having a comprehensive system of checks, and aligning strategies of both recruiting partners, the element of risk can be reduced. Any weak areas a candidate may have are subsequently able to be identified and work can be done to mitigate that weakness. This process may see a 'shortlist of one' candidate that will be interviewed by the Feltex managers.

When the candidate reaches the stage of actually being interviewed by the appropriate manager at Feltex, they have been 'briefed' and already have information about what kind of company Feltex is, their role within it, and the expectations Feltex has of the successful candidate. This saves an enormous amount of the Feltex Managers' time, and means that the interview is a more productive tool in enabling a good, potential 'candidate-company' match.

MSI has an extensive network of agreements with other third party recruitment specialists to ensure that it can meet all of Feltex's recruitment needs. Typically, a company such as Feltex may deal with multiple recruitment agencies that are 'specialists' in recruiting for a given role – such as accountant recruitment specialists, or executive recruitment agencies. The new partnership model means that Feltex interacts with one recruitment partner that functions as a 'Feltex needs' specialist. Therefore, whether Feltex requires a frontline receptionist or a corporate executive, the same MSI Account Manager is used, and it is up to MSI to source the best person. In the event that MSI is not able to internally

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source the *right* person, it engages with third party providers so that combined action can be used to find that 'elusive soul.'

MSI and Feltex use a fixed pricing model as part of their partnership agreement. This approach is also atypical of the recruitment industry but it is beneficial to both parties – Feltex can keep costs controlled, and MSI know exactly what their earning capacity is. This eliminates any motivation for the 'hard sell' of a candidate who may not be right for Feltex, merely in an effort to secure the commission for the hire. To help keep track of costs, Feltex uses an extensive range of KPIs to measure the effectiveness of the recruitment process.

Feltex is very positive about the partnership arrangement, and the recruitment process has been very effective since its inception. The general feeling is that the partnership model is consistently delivering the right people to its doors, and this is largely due to the effort that has been placed in securing a partner who fully understands Feltex as a Company.

A Road Map For Change

In 1999, Feltex conducted a company-wide HR audit and the results identified that Feltex had some recruitment problems. This became the catalyst for a debate about how best to resolve the issues. As resourcing was ineffective, it was agreed that the recruitment function should be 'outsourced' and that Feltex needed to find 'the best recruitment agency out there.' Feltex also believed that the traditional recruitment model whereby companies select the best candidate from a short-list of responses to a public domain job vacancy advertisement was no longer viable in the global recruitment environment operating today. It is an out-of-date concept that companies 'select' individuals; indeed, the current 'war for talent' dictates the contrary - that it is the individuals who are selecting the companies.

After discussions at corporate level, it was decided that a recruitment partner relationship would be the best strategy for attracting the right people to Feltex. Before sending out the request for proposals, Feltex's HR Department met with all the line managers within Feltex and presented the concept of a recruitment partner to them. The line managers were then asked to identify a set of quality requirements that they believed the selected recruitment partner needed to fulfil. In total, there were 12 requirements identified, which included such criteria as the ability to listen and understand Feltex's needs, fixed pricing, and standards for top-quality candidate care. In December of 1999, Feltex sent out a request for proposals to 20 recruitment-focused companies. The request included a description of the relationship and quality requirements, and asked companies to consider whether they could deliver on the requirements. Companies were

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given a two-week time frame to submit a proposal to Feltex. In total, 12 proposals were received from 20 solicited companies.

Each of the 12 proposals was scrutinised and assessed using a six-point scale and every aspect of the proposal was given a grading on that scale. A score of three would indicate that the stated requirements had been met, a score of four or above represented that the recruitment company was exceeding some or all of the expectations.

Feltex met with each of the 12 recruitment companies that had submitted proposals and shared the results with them. First, the company was told how their proposal compared against other companies (without divulging who the other companies were) and then their individual assessments were discussed in an open and honest manner. From this selective stage (almost similar to recruitment), Feltex shortlisted five companies.

At this time, Feltex believed that any one of the five companies could have adequately fulfilled the role of recruitment partner but Feltex was looking for a long-term partner that would exceed its expectations. The five companies were asked to respond to a proposed Service Level Agreement (SLA) which was a detailed document drafted by the General Manager of HR. The responses were of great interest to Feltex. Some of the companies immediately replied that everything in the SLA was fine and that they had no issues or changes to request. Other companies responded only in writing, with no face-to-face contact with Feltex. MSI contacted Feltex and requested a meeting to discuss the SLA in more detail before it submitted a response. For Feltex, the varied responses to the SLA were good indicators of the type of potential relationship that it could expect to have with any of the five companies.

The SLA responses were the first of five key criteria that Feltex used to ascertain which company would become its recruitment partner. The second was a 'partnership' meeting, which focused on the atmosphere and effectiveness of actual meetings and whether a partnership 'feel' existed. The third was pricing, in particular, whether the company was happy to use a fixed-pricing model. The pricing model was designed using a selected group of benchmarked positions. The main aim was for the pricing model not to be price-driven and to deliver an element of flexibility through a 'smorgasbord' of service options. The fourth criterion was referees. Feltex phoned each of the companies' referees and had a discussion with them about the recruitment company and the work they had done together in the past. The final determining factor was a 'subjective' criterion, referred to as 'concerns.' This criterion was used to try and account for the 'gut-feeling' or non-rational that is part of any recruitment or partnership agreement – you have to feel comfortable with, and like, the people you work with.

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Feltex ranked each of the five companies according to the five criteria. To ensure that a clear result would be obtained, Feltex used the forced distribution model to rank the companies, meaning that only one company could receive a five, the next best a score of four and so on. Using this method, MSI was clearly the most successful applicant, best meeting all of Feltex's needs. MSI was offered the role of recruitment partner for the next twelve months, which was recently renewed for a further period.

Relationship Development

The search for a partner began in December 1999, and MSI was appointed in July 2000. The first issues were the integration of MSI into the recruitment model at Feltex. Both MSI and Feltex needed to become familiar with each other and the way that they would best work together. MSI encountered a steep learning curve to quickly become knowledgeable about the business of Feltex Carpets and the factors driving its recruitment needs.

At the same time, Feltex's managers needed to be introduced to MSI. A great deal of effort was directed towards gaining manager's trust and buy-in to this new, and somewhat 'foreign', recruitment practice. Feltex worked hard to establish a set of boundaries and channels of communication. When MSI began its partnership, Feltex had some immediate recruitment needs. MSI worked hard with line managers to successfully fill these vacancies.

From July through to October MSI had begun to develop a credible understanding of Feltex Carpets. This understanding, coupled with their success in filling a number of vacancies in a short space of time, established a stronger relationship and level of trust with the line managers who had been exposed to MSI. Not surprisingly, many of the management team still considered MSI to be a supplier rather than a partner. This was regarded as an area that needed to be addressed and in an effort to help managers understand the new recruitment partnership agreement, a recruitment training programme was facilitated.

The continual communication and interaction between MSI and Feltex enabled the process to be fine-tuned, and led to the partners being able to identify other areas where MSI could add value to the HR function of Feltex. Within the first eight months of the partnership, MSI had established itself as a true partner and had formed close relationships with key managers to such an extent that in some cases they would phone the Account Manager and simply say 'you know what I need.' This is a refreshing initialisation of the process and it is supported by the rigorous process of Role Competency Profiles and the intelligent recruitment process that MSI uses for recruitment.

The confidence in the partnership has resulted in the relationship being formally internalised by establishing 'Feltex Recruitment

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Services', which enabled MSI to become an integrated partner for inclusion in Feltex's organisational chart. The role of MSI has also grown to include strategic recruitment support activities, including employer branding, plant visits, recruitment training and graduate recruitment.

At the end of the first year of the partnership agreement, an annual review was conducted. The review was a forum to discuss the development of the relationship, and the costs and benefits, as well as addressing how the relationship could be enhanced in the future. It was noted that for the relationship to develop further, Feltex and MSI needed to identify specific objectives aligned with Feltex HR's strategic plan for the next year, as partners, so that MSI can continue to build on the strong foundation it has established.

Key Learnings

The model that Feltex and MSI use reflects the importance that Feltex places on *recruiting the right people*. For a partnership model to be successful, there needs to be a realisation that recruiting is not a cost, but a huge investment from all parties. Understanding the value of the model and the benefits that it can bring to the company as a whole is critical to the success and growth of the partnership. These benefits also have to be articulated to the managers who will be relying on the recruitment process - they need to clearly see the benefits that it affords them. Clear communication of the goals and benefits will ensure buy-in and commitment from the management team.

Secondly, selecting the right partner is of utmost importance. Take the time to make sure that you as a company are comfortable with the partner, and that the partner is equally happy with you and your company values. Have a very clear vision of what is trying to be achieved and the role that each of the participating partners will play in realising that goal. Keep in mind that goals and requirements may be refined, or even overhauled, and that the partner needs to be able to feel comfortable with that.

Thirdly, make sure that the ground rules for the relationship are set out clearly and are understood in detail. In essence, the company is entering a 'monogamous' relationship with a recruitment company and, as such, some form of Service Level Agreement is required. With a Service Level Agreement, it is much easier for the recruitment partner to know their expectations and limitations. Feltex comments that when people fail, it is often due to the fact that they were not sure what was expected of them. Make expectations transparent and communicate them in an unambiguous way. This provides the partner with the opportunity to raise any issues if they feel they cannot meet the expectations. A vigilant tracking of relevant KPIs allows both partners to see how things are going, and if need be address any problem areas.

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Finally, MSI note that Feltex has provided a willingness to share and listen to innovative ideas, which has proven invaluable in establishing a trust-based relationship. This ability to see MSI as a true partner, rather than a supplier, has enabled both parties to address the recruitment challenge with confidence. A strong commitment to each other based on factual and honest communication on a regular basis is key to the relationship.

Measuring Success

Every quarter, Feltex and MSI review a comprehensive set of KPIs to determine the performance of the recruitment partnership. The review compares the target budgets and actual budgets, and looks at standard measures such as 'days to fill a vacancy' and the number of vacancies that have been successfully filled by MSI. The quarterly performance measures are also compared against previous results to determine the level of improvement. Feltex also looks at the accuracy of documentation used in the process and how well information has been communicated and disseminated between the parties.

Feltex goes one step further by surveying both the recruiting manager and candidates regarding their recruitment experience. How well the shortlisted candidate was kept informed of progress with their application is also measured. In an effort to make sure that every aspect of the process is the best it can possibly be, Feltex even looks at how the rejection process has been handled. Managers and candidates are asked to assess the process using a standard six point scale. Improvements on any of the measures are raised and discussed at the quarterly meeting to enable both Feltex and MSI to contribute towards improvement for the next quarter.

Overall Impact

In February of 2000, Feltex Carpets initiated its innovative Recruitment Partnership with Management Search International in support of its goal to become an employer of choice. This initiative has delivered significant value to the company and has strengthened Feltex's ability to attract top quality, high-potential individuals in an increasingly tight labour market.

Over the past fifteen months, the partnership has provided a substantial reduction in recruitment costs of more than 30 percent while managing 100 percent successful placement of all of the vacancies that needed filling. Furthermore, staff turnover has been low, with only one MSI-recruited employee having left Feltex (due to personal circumstances).

These positive indicators are a direct result of having a committed recruitment resource that is focussed on meeting the needs of

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Feltex, and providing high-quality individuals capable of delivering the outcomes that support Feltex's strategic goals. The success of the partnership suggests that Feltex and MSI have combined to develop a winning formula that may just redefine the way other companies meet the recruitment challenge.