

Why Best-in-Class Companies are Sourcing Talent

70% of talent leaders told us that their #1 priority right now is talent pipelining. Where they plan to invest their recruiting budget this year is reflective of that priority: nearly 60% said they'd be investing in sourcing tools and technologies.

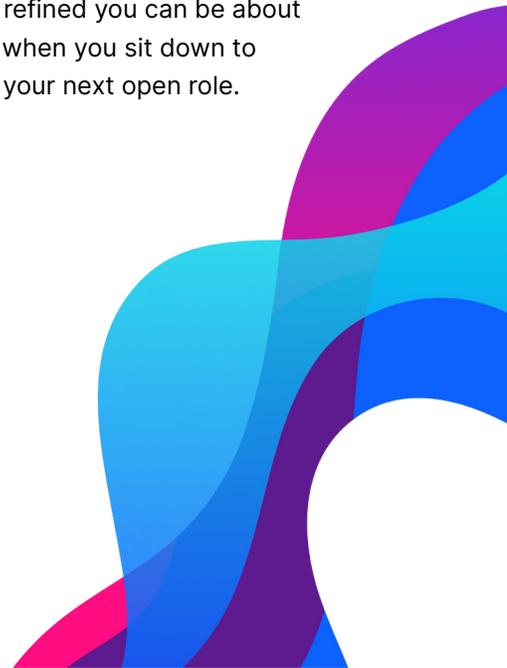
Year over year, we hear that “difficulty finding qualified candidates” is a top challenge for sourcers and recruiters as well as for talent leaders. That's why, in 2020, as hiring slowed for many companies, many recruiters told us that they were using their downtime to “upskill” their sourcing techniques and strategies.

Regardless of the size of your org—and whether or not you're even *hiring* right now—sourcing is a crucial add to any long-term, forward-thinking talent acquisition strategy. Here are some reasons your organization might want to consider sourcing, if it isn't already:

It leads to a more thoughtfully-built team. As opposed to an inbound strategy (take last year's JD, dust it off, and repost it on a handful of heavily-trafficked job boards where it'll bring in a majority of applicants who don't-quite-align with the requirements), sourcing demands a thoughtful approach from the beginning. Hiring managers must get as specific as possible about the skills the role requires, the responsibilities it entails, and the impact it's expected to have, *as well as* where that talent is likely to be found. In the most

mature strategic sourcing initiatives, talent acquisition *also* sources with an eye to mid- and long-term company goals—a strategy that requires ongoing, meaningful dialogues with the business about functional needs and demands.

What's more, as hiring managers sit thoughtfully with the role's responsibilities and the org's larger plans, and as both HMs and sourcers reach out to talent frequently to engage, they're keeping a finger on the pulse of an ever-changing market through conversations with its top talent. Byproducts of these conversations include the collection of competitive and market intelligence. The more keenly you understand your industry, the more clearly you can envision what's possible, and the more refined you can be about what you're looking for when you sit down to consider the profile for your next open role. It's a virtuous circle.



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Sourcing enables long term talent strategy. You start by asking the question: What level of innovation do we need to take our business to the next level? When you can identify specific talent pools that align with your business strategy, you can engage that unique set of individuals who truly have the power to elevate your entire organization. Sourcing is a more proactive, sophisticated, strategic model that allows TA to lead innovation and growth in alignment with company strategy at the highest level. You can choose the talent you bring in the door and have more control over how you manage that talent through the life cycle. Unless you start with sourcing, you're just beholden to what the market's giving you. And that's not a proactive approach that I think any good talent leader is going to be okay with.

Angela Miller | Senior Director, Global Talent Acquisition and Operations



It opens up the pool of available talent exponentially

Passive recruitment practices get you a pool of limited talent—your internal pool, your referral pool, and your active pool. But seeking out talent that *isn't* “available” exponentially expands that pool. For example, in 2020—a difficult year for the majority of industries—tech occupations saw only a 3% unemployment rate. That means that *only* 3% of potential software talent was actively looking for work. Sourcing opens organizations up to that other 97% of qualified talent—an enormous untapped, high-performing group that you don't otherwise have access to.

Opening up the talent pool doesn't just give you access to much more talent; it also statistically biases your hiring outcome toward a higher *caliber* of talent. The traditional, reactive model yields an organization the best of what's *on the*

market in that moment, rather than the best of the *total talent in the market*. Sourcing offers you the latter.

It improves quality of hire

42% of the resumes HR managers receive are from unqualified candidates. While job postings can't guarantee you qualified talent, sourcing allows you to create queries to uncover *only* those prospects who have the right skills and experience, along with whatever other variables you're controlling for. What's more, passive talent is less likely to need skill development: because they're currently employed, they're up-to-date with technologies and industry developments. And whereas active talent may choose you because they're feeling the crunch of time, passive talent has time to reflect and deliberate, and will choose your company for the right reasons—ultimately reducing turnover.

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Even with the influx of inbound at Plaid thanks to our near-acquisition by Visa, we plan to keep our sourcing game strong. A lot of people think that sourcing is like a water faucet: when you need water, you just turn it on. But sourcing is a faucet that has six miles of pipe to travel before it actually makes it to the spigot. So I can't just say, Hey, we've got great inbound; let's turn sourcing off this month and just focus on that. Because in two months—when we're not seeing qualified applicants, or inbound isn't getting us the diversity we're looking for, or we've got a bunch of niche roles coming in—someone's gonna say, We need to turn sourcing back on. Sure. Great. But it's gonna take 3-5 months for water to come out of that spigot. That's why we never stop sourcing. The near-acquisition was a striking reminder about how channels can fluctuate, so sourcing should always be a constant. You source to proactively stay ahead, so you're prepared for every single future req that's headed your way.

Aaron Smith | Technical Recruiting



It reduces time to hire and cost of hire

Because sourcing nurtures relationships with talent long before the need to fill a role arises, you've got a pipeline of warm, vetted talent to reach out to when something opens up, shortening the hiring cycle significantly. This is why sourced candidates are more than 2x as efficient to hire as inbound candidates are. At Gem, some of our customers have seen roles filled up to four times faster thanks to the ready pipelines sourcing generates.

It improves workforce diversity

Referrals tend to benefit White men more than men of color or women of any race. White women are 12% less likely, men of color are 26% less likely, and women of color are 35% less likely to receive a referral than White men are. That means a lot of majority talent is organically coming your way through referrals. Talent that applies through your website isn't always a representation of the overall talent market, either—nor does it necessarily reflect the diversity of the communities your organization is situated in and serves. But sourcing allows you to directly impact top-of-funnel diversity by proactively seeking it out.

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At a high level, the reason sourcing is so important for any company is that it gives you the opportunity to go after specific talent—particular backgrounds and skill sets that you may not necessarily get from inbound. But it's also critical for a smaller company like ours that doesn't yet have a well-recognized brand in the marketplace. Actively reaching out to talent who've never heard of you gives you the opportunity to tell your story the way you want to tell it. That's pretty powerful to think about: sourcing allows you to be top talent's very first touchpoint with your company; you set the tone for their perception of your brand.

Chris Middlemass | Head of Talent

 Gladly

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Gem is an all-in-one recruiting platform that integrates with LinkedIn, Gmail, Outlook, and your ATS. We enable data-driven, world-class recruiting teams to find, engage, and nurture top talent.