CORPORATE ALUMNI

Success Factors
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THE RISE OF ALUMNI

Increasingly, feelings of rejection, resentment, and disconnectedness accompany an employee’s departure from a company. But today’s thought leaders and champions of best practices recognize the implications of poorly coordinated off-boarding experiences and, to improve recruiting efforts, are beginning to implement alumni programs. Alumni workers can serve as a dynamic resource for companies, not only in maintaining a virtual bench of passive and immediately deployable talent, but for helping to attract new talent and promoting an organization’s brand.

Leveraging an alumni community, according to Bersin & Associates analyst Madeline Laurano, can be a win-win for an organization. "Deloitte & Touche’s alumni network keeps track of over 75,000 former employees nationwide. Savvy recruiters are thinking of new ways to create strong talent pipelines of both active and passive candidates. In this respect, alumni programs should be employer-driven rather than initiated by former disgruntled employees.”1

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ST CENTURY WORKFORCE DYNAMICS

The growing perception among business leaders is that corporate assets are comprised more of intangibles such as Knowledge and Talent than in decades past. Over 70 percent of an operations budget goes to supporting human capital. And despite high unemployment figures and the ensuing increase in the volume of applicants, the talent gap remains a challenge. The situation is further complicated by large-scale reductions that have severely impacted or eliminated talent acquisition bandwidth, creating a "perfect storm" of lost knowledge through an exiting workforce. Two years ago, a wealth of skills and experience began disappearing from the job market as the first members of the Baby Boom generation turned 62, the average retirement age in the large, developed economies of North America, Europe, and Asia. Over the next 15 years, according to studies conducted by Deloitte Research, 80 percent of the workforce growth in these countries will occur among people 50 years or older. By 2050, people over the age of 60 will comprise 40 percent of Europe's total population and 60 percent of its working age population. The mounting pension obligations and shrinking labor pools could force economic hardship on Germany, Italy, Spain, and Japan. The age of the average worker continues to rise, but the supply of youth is dwindling. Most companies lack the capabilities to recover with in-house talent acquisition.

According to the May 25, 2010, article in The Wall Street Journal, culling data from the Bureau of Labor Statistics, resignations outnumbered layoffs for the first time since October 2008.² The article goes on to reference a 2009 study completed by outplacement firm Right Management in which 60 percent of the workers polled indicated their intent to change companies when the market improves.

Right Management followed up in June 2010 with a survey of 558 participants throughout North America who were asked: “Has your organization involuntarily lost talent in the first half of 2010?” Responses were as follows:

- 54% - Yes, a lot of our top talent has left.
- 18% - Some, but we have the talent to replace them.
- 28% - No, we’ve retained most of our top talent.

The knowledge loss coupled with the cost to replace that talent is having a direct impact on companies. However, it also presents a unique opportunity. As companies and their HR departments look to address rising demand, forward-thinking strategists in those organizations are focusing on the value of their corporate alumni as ambassadors of the brand and preferred potential candidates for future engagements, both permanent and contract.

The following graphics from Accenture’s study titled “The High Performance Workforce 2010” reinforces that companies who have been forced to reduce staff plan to rebuild to pre-recession levels over the next 2 years. Corporate Alumni Programs comprised of both Technology and Services are one key to turning your attrition into a talent pipeline.

Have you reduced the number of full-time employees in the company in the past 12 months?

**US results**
- No: 35%
- Yes: 65%

**Global results**
- No: 37%
- Yes: 63%

Source: High Performance Workforce Study, 2010
US Base = 117
Global Base = 674

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More than half (54 percent) of large US businesses that reduced staff in the past 12 months plan to rebuild their workforces to pre-recession levels within two years.

Do you plan to eventually return your workforce to its pre-recession size?

**US**
- Yes, within six months: 4%
- Yes, within 12 months: 11%
- Yes, between 12 months to 2 years: 39%
- Probably not: 41%
- Definitely not: 5%

**Global**
- Yes, within six months: 2%
- Yes, within 12 months: 7%
- Yes, between 12 months to 2 years: 26%
- Probably not: 44%
- Definitely not: 21%

Source: High Performance Workforce Study, 2010
Base = Companies indicated that their workforce is now smaller than before
US Base = 59 of 117b
Global Base = 313 of 674
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CORPORATE ALUMNI PROGRAMS

Corporate alumni programs are not new. Companies of all sizes have an online presence for alumni recruiting initiatives, although most treat it as a corporate Web site – a necessary investment, but not one deeply aligned with the business strategy.

With the added emphasis on alumni, providers have responded overwhelmingly by introducing new varieties of sourcing tools that rely on hosted, Web-based technologies commonly known as Software as a Service (SaaS). While these tools are innovative and perform a key function in alumni sourcing, they fall short of the total program by themselves, unable to operate against benchmarks and objectives. As with any tool, these platforms are only as effective as the people who administer them. Too often, a provider’s offering stops at the Web site interaction point. The result is a passively maintained application and the hope that alumni will be attracted to it, join the program, and then actively participate in the community. It falls on the clients to invest additional time, effort, and resources to develop a dedicated competency in leveraging the alumni investment into a strategic business return.

The problem seems largely to be one of perception; the idea of what a true alumni solution should involve and what components are needed to build and run that program. Having tools in place to automate processes creates efficiencies, but their purpose lies in support. A successful program is a systemic whole, not the sum of its parts. Superior providers must therefore offer the services and expertise to turn a client’s investment into results, overseeing the process from start to finish. Key components of a best-in-class alumni program include:

- Supporting technology
- Clear benefits to both the client and the alumni
- Community forums
- Interesting and relevant content
- Web 2.0 extensions for the corporate site or Internet presence
- Detailed and formal communications plan
- Services to drive results from investments

PROGRAM MODEL

Well conceived services supported by technology drive successful alumni programs with benchmarks, defined objectives, leveraged shared services models with specific SLAs to reduce the cost of talent acquisition, reduce time-to-fill, and market the employment value proposition to multi-generational workforce, in their media of choice, on a voluntary opt-in basis.

Software as a Service

- Technology
  - Hosted Web site dedicated to alumni candidates
  - Contact database and CRM for alumni interaction
Employer portal and reporting capabilities

Services

- Performed by subject matter experts with specific Service Level Agreements and KPI goals to:
  - Recruit, populate, and maintain the alumni community
  - Refresh relevant content and news
  - Match job postings with candidates
  - Facilitate interviews
  - Payroll candidates on contract assignments
  - Assist with benefits information and communication
  - Promote corporate brand identity and good will
  - Drive diversity initiatives
  - Market the alumni program and promote through Web 2.0 channels

ALUMNI PROGRAM VALUE

Here are four key areas of impact that drive the value of your corporate alumni program.

Job Performance

- Alumni are known assets of the company with a job performance history that can be referenced, making them less of a performance risk than someone new to the company
- Fast on-boarding and time to productivity as they are aware of company culture and policies
- Minimal training required

Reduced Talent Acquisition Cost

- Rehired at payroll rates, not vendor mark-up rates
- Minimal recruitment cost
- Reduces/eliminates training costs
- No technology license or maintenance costs (if program is outsourced)
- Management focuses on core competencies and KPIs, not recruiting
- Leverages skills and otherwise lost tribal knowledge in an on-demand fashion
- Reduces the time positions go unfilled

Risk Management

- EEO and OFCCP compliance liability transferred to provider (if outsourced)
- SOW governs employment and responsibilities
- Reduces termination liability and cost
- Reduces mis-hires since skills and capabilities are known

Communication

- Addresses both contingent workforce and employee alumni populations
- Multi-generational workforce friendly
Delivers content and messaging through media of choice on a voluntary opt-in basis
- Reinforces employment brand and employment value proposition by keeping alumni connected to the company
- Provides alumni with a connection to the company and an inside track to new opportunities

CONCLUSIONS

Recent market activity indicates a demand for alumni as a Managed Service with companies recognizing the turnkey nature of alumni solutions, which can be implemented and show value within 60 days of the go-forward decision. Coupled with increased demand and no resources to meet it, an alumni program offers a short-term fix with long-term upsides.

This increased demand has also created a marketplace for technology providers, who remain focused on the tools that facilitate the solution, not the solution itself. Software as a stand-alone strategy can be categorized by another acronym: SOS, or Shiny Object Syndrome. Without a plan and the metrics to measure progress, all you have is a Shiny Object. It cannot measure and drive successful outcomes or results. Attempting to do so is no different than trying to sell your home by just posting a sign in the yard. Yes, it’s there for the world to see, but will it actually sell the home by itself?

A successful alumni recruiting competency requires a human capital investment of time and effort tied to those technologies, with clear objectives that are mutually beneficial to the company and its alumni. By outsourcing your alumni program, you can capture economies of scale and industry leading best practices delivered as a Managed Service, measured and managed against defined benchmarks and metrics. Outsourcing also allows you to offload the overhead associated with an internal build-out. But regardless of the choice to buy or build, the benefits, savings, and strategic value to your business far outweigh the cost, becoming one of least expensive ways to leverage your alumni into future business results.

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Areas of Interest/Expertise include:
- Recruitment Process Outsourcing (RPO)
- Talent Acquisition Strategy and Employment Branding
- Workforce Planning
- Change Management
- Organizational Design and Development
- Diversity and Inclusion Strategy and Execution
- Managed Service Programs (MSP)
- Vendor Management Systems (VMS)
- Independent Consultant Compliance (ICC)
- Corporate Alumni Programs