

Who Does Benefit from a Preferred Supplier List?

Contributed by Administrator
Thursday, 01 May 2008
Last Updated Tuesday, 13 May 2008

Many companies today when using suppliers for recruitment will have a preferred supplier list (PSL). Some companies do not have a PSL and use agencies on an ad hoc basis which means that in most cases they will negotiate a rate - but will probably work to the agency's terms and conditions. Most people are busy and if the agency supplies good staff they are likely to overlook the small print in the terms and conditions.

If this sounds like you - here are some points of which you should be aware when dealing with recruitment agencies:

- Ensure that the agency is responsible for checking that the candidate has eligibility to work in the UK - if not, this is a costly and time consuming exercise for the company.

- Check payment due dates - some have 7 or 14 days which in most cases is unrealistic. Ensure that payment in 30 days is standard. Many agencies say that if you don't pay within their time frame - you could pay a penalty of 2-3%. This sanction is rarely carried out but it is best to set your own payment terms.

- Ensure that the rate % is applied only to base salaries - some will include cars, bonuses - even relocation allowance - anything that relates to the package.

- If a candidate leaves very shortly after joining - ensure that there is a sliding scale of rebate along the lines of:

- 4 weeks from commencement of employment 100%

- 8 weeks 75%

- 12 weeks 50%

Some agencies operate a 'recruitment credit' system - where early leavers are replaced free of charge within set time parameters which can save on fiddly rebate systems.

There are benefits to operating a PSL for both company and agency. For the company it allows recruiting managers to have access to a tried and tested pool of agencies that have proven to be good suppliers of staff - therefore minimising the risk of wasting time. It gives the company an opportunity to introduce minimum standards such as number of CVs submitted per vacancy. It also means that costs can be controlled and monitored in line with recruitment budgets.

From both the company and agency point of view, a PSL allows both organisations to understand each other. It provides insights into how they prefer to operate and the style and culture of each organisation. This in turn leads to a better service and understanding with more informed candidates, thus improving staff retention.

The other people to benefit from a PSL are the candidates. An effective PSL process allows each candidate to be treated consistently by the agency and company. With clear communication lines between both parties, candidates are more likely to feel well treated and briefed in the recruitment process. This means that the agency is able to give more effective feedback to those candidates who have been successful and unsuccessful which can only add to a positive recruitment experience for all.

To start the PSL process for your company you need a set of company terms and conditions - these should then be signed by the agency. If you would like some help or support on this kind of project please contact janet.cowell@resourcingmatters.com