



# Direct Sourcing 2.0

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The innovations that have sparked transformative shifts in business during the 21st century, particularly globalization, communication, and technology, have empowered enterprises with new tools and strategies to find the talent required to succeed in a highly-competitive market that remains filled with uncertainty as the global pandemic lingers on.

Even after this period of dramatic change, the role of talent in driving enterprise operations and results will continue to increase. Today, the stakes for finding, attracting, and hiring the right talent are higher still, and a literal talent “frenzy” has hiring managers in all industries and geographies struggling to fill key positions. And that was before the “Great Resignation” of 2021 took hold. Now, more than ever, these leaders need to take control of their talent destinies. As a result, direct sourcing has become the hottest topic in the world of talent and work.

With an ever-increasing number of talent channels, including digital staffing marketplaces, traditional staffing vendors, professional services, talent networks, and social media platforms, the ability to match project requirements with available skillsets has never been easier. It has also never been more competitive or difficult to hire top candidates. Businesses that harness the power of direct sourcing and talent pools have the ability to develop an agile workforce which can be the key differentiator needed to advance and grow in a marketplace that rewards dynamic, talent-led responses to new business pressures and challenges.



## A World Turned Upside Down

The large HR shift towards flexibility that began several years ago, as part of the Future of Work movement, helped many enterprises focus on engaging talent in a much more dynamic manner. This focus has proved particularly useful for HR leaders in all industries and regions as they continue to navigate uncertain labor markets during the pandemic. What was once a sophisticated and advanced approach has become the operating standard for successful enterprises.

Simply put, workforce flexibility (or agility) has become a lynchpin to success. More broadly, business agility remains a top CEO priority today, and organizations that respond dynamically to real-time pressures and challenges will continue to advance through these uncertain times. Increasingly, these same CEOs understand that business agility and workforce agility are inextricably linked — one cannot exist without the other — and are making larger investment in the tools and teams that manage their workforces.

Earlier this year, Ardent Partners (and the [Future of Work Exchange](#)) research found that 82% of all businesses feel the challenging times of the past 18 months has increased the demand for extended and non-employee talent. This number reinforces

the idea that workforce flexibility (and scalability) are essential links to economic progress in the now-chaotic, hyper-competitive global marketplace. And, in many ways, operationalizing that flexibility/scalability has become a driving force in enabling overall workforce agility. To do so, enterprises can tap into talent pools, marketplaces, clouds, and communities to enhance the work done by the trusted full-time staff; they can also leverage a range of services and other recruiting streams to build a dynamic talent acquisition process that can support crucial enterprise initiatives.

In Q1 2020, Ardent Partners predicted that the global business landscape would experience a sharp uptick in the utilization of non-employee labor as a direct result of the pandemic's sweeping impact on business and human interaction. Going into the pandemic, 43.5% of the average organization's total workforce was considered "contingent." Today, that number sits at 47%. The expansion of the contingent workforce over the past decade has been the foundation of workforce scalability and it will continue to grow in size and strategic impact in the years to come.



## The Key Elements of Direct Sourcing

Direct sourcing has become synonymous with the continued evolution of talent; businesses that desire deep organizational and workforce agility are actively harnessing the power of talent pools (and placing top candidates into the recruiting process) as a viable means of reducing talent acquisition costs, ensuring top-tier skillsets and expertise, and structuring a truly dynamic workforce.

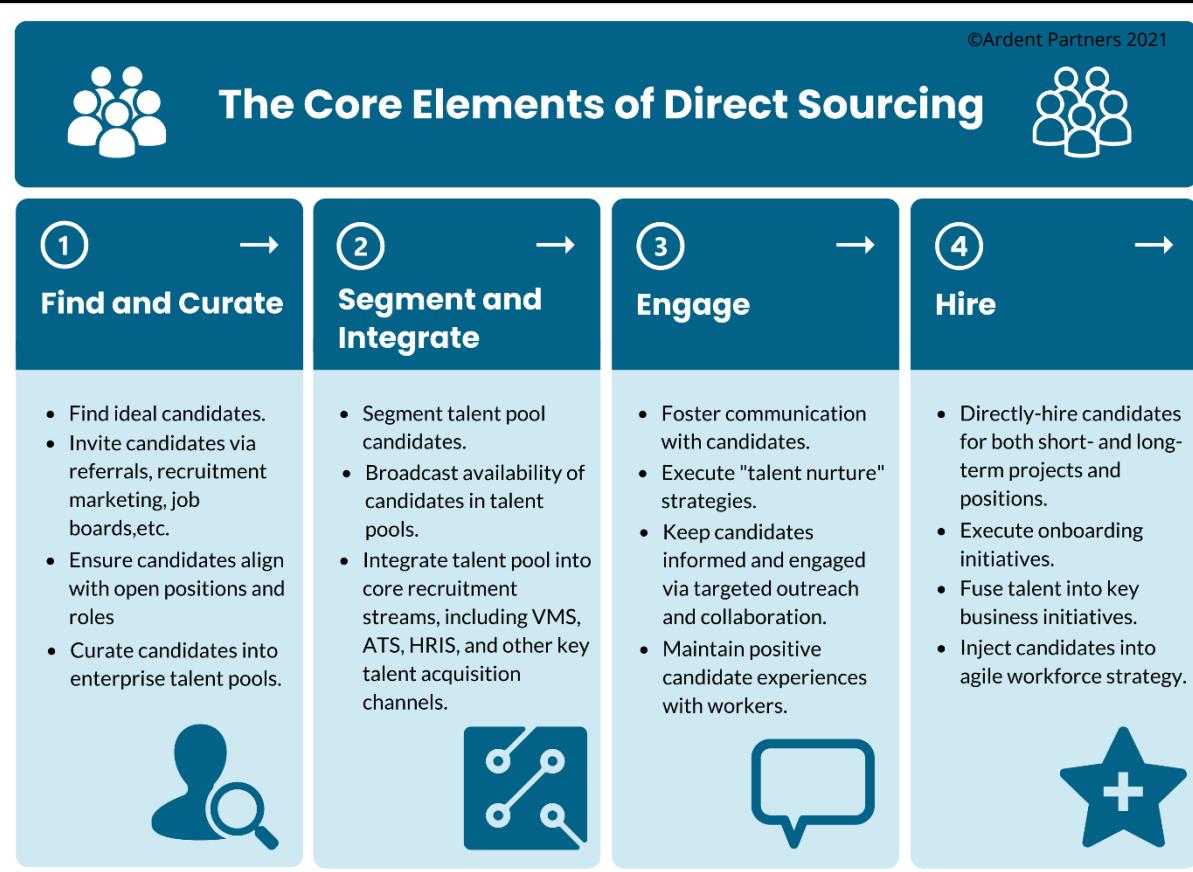
Direct sourcing allows a business to leverage its culture and brand to attract top-tier candidates that are easily engaged for future projects and initiatives. In a world that has become more digitized (especially in the HR and talent arenas), direct sourcing is becoming a differentiator for the businesses that actively pursue workforce agility.

Historically, direct sourcing delivers value by enabling (1) deeper candidate pipelines, without the need for staffing suppliers or intermediaries, 2) more active recruiting and engagement of known talent, such as “silver medalists” and past contractors, and 3) more savings, both hard (reduced staffing markups, more competitive rates, etc.) and soft (higher-quality talent, faster fill rates, stronger performance, reduced risk of bad hires, etc.). In essence, direct sourcing entails several key “phases” that comprise a larger and dedicated program:

- **Talent curation.** Talent curators (often consisting of business leaders well-versed in talent acquisition and hiring) are responsible for identifying top-tier workers and “collections” of expertise and skills that can be tapped in an on-demand manner.
- **Talent pool development.** Talent pool development involves grouping various types of candidates into an on-demand channel of known workers, such as retirees, alumni, silver medalists, past freelancers/contractors, and new candidates that are engaged via branded job portals.
- **Talent pool segmentation.** By segmenting talent pools, businesses can better align new job or project requirements with available candidates. Talent pool segmentation most often involves the cross-section of candidates by geography/region, skillsets and expertise, compensation, certifications, etc.

- **Integration with core enterprise recruitment streams.** One of the most critical pieces to direct sourcing is placing talent pool candidates into the main recruiting streams that hiring managers leverage to source new workers. Talent pools should be integrated and readily accessible in Applicant Tracking Systems (ATS), Vendor Management Systems (VMS), and other key talent acquisition and contingent workforce management platforms.
- **Talent nurture and communication.** This deeper element of direct sourcing involves frequent communication with candidates in talent pools to ensure that they are properly engaged and show interest in potential employment. Talent nurture has become a critical piece of today's direct sourcing programs, as businesses contend with the "Great Resignation" and a higher number of disillusioned workers that prioritize communication, empathy, and other non-monetary benefits.
- **Repeatable candidate engagement through company branding and other marketing facets.** One of the essential items of direct sourcing is simple on the surface: how do we engage candidates and encourage them to opt-into our talent network? Leveraging job boards and job portals that reflect the company's overall brand (specifically its color schema and notable design elements) and culture (social responsibility, etc.) are the ideal means of driving candidates into a network from which can be curated into deep talent pools. On top of this is the art of referrals, which, when automated, can allow existing candidates to refer like-minded and similar-skilled workers to join a company's talent community.

*Figure 1: The Core Elements of Direct Sourcing*

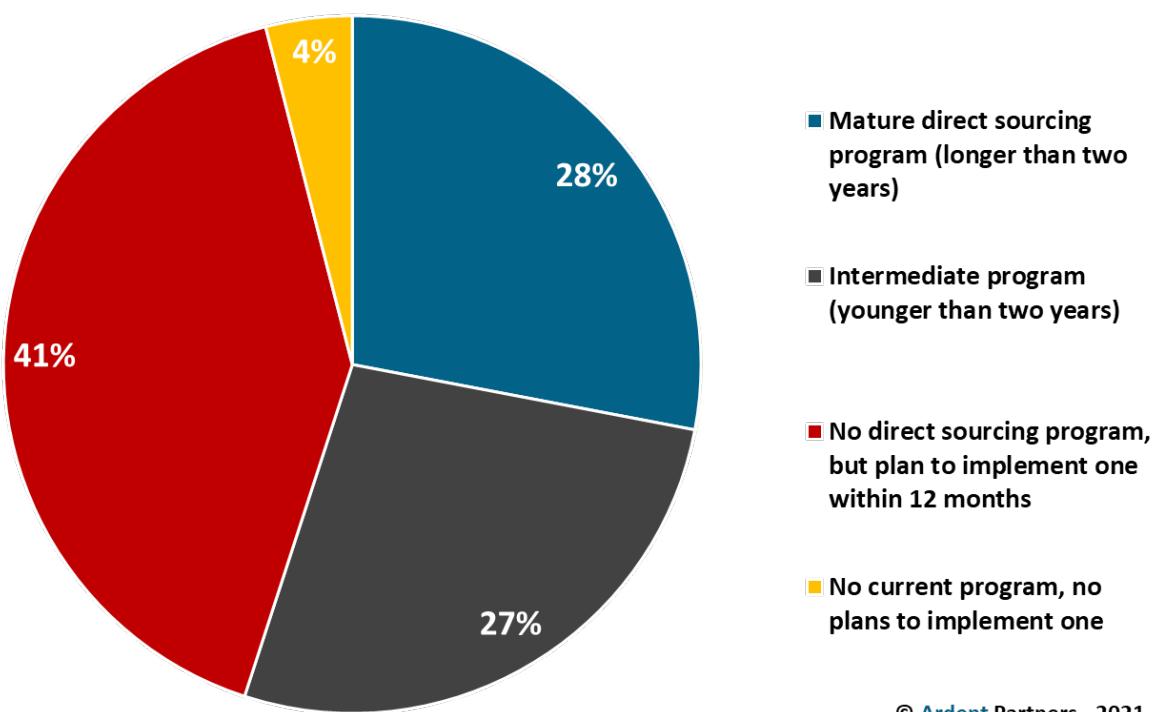


## Direct Sourcing, Approaching Universal Acceptance

When Jack Welch said, "control your own destiny or someone else will," he meant that the best way to control outcomes is to manage them directly. Given the absolute criticality of talent in the enterprise today, the vast majority of hiring managers are taking control of their talent destinies through a direct sourcing program (see *Figure 2*). While direct sourcing has experienced broad-based adoption in Europe over the past decade, it has only more-recently emerged as a viable talent acquisition strategy within the United States. This has resulted in, as Ardent Partners research shows, a majority of businesses (55%) everywhere having an active direct sourcing program in place and more than a quarter (28%) having the program for more than two years.

Direct sourcing can help businesses bypass traditional talent acquisition processes (which are often slower and more manual than direct sourcing initiatives), nurture candidates in a meaningful way, and hire workers with specific capabilities as needs arise. The strongest indication of the market's acceptance of direct sourcing is the fact that a full forty-one percent of all hiring managers have stated their intent to launch a direct sourcing program within the next year. In 2021, direct sourcing reached its tipping point; in 2022, it will achieve near-universal acceptance as all but a few businesses will act as their own recruitment firms, saving time and money on talent engagement.

*Figure 2: Direct Sourcing Adoption in 2021*



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While a massive number of HR teams are currently working to launch a direct sourcing program, the biggest impact from this direct sourcing wave will not hit the talent market for several years as it takes time, focus, and commitment to develop the talent curation capabilities needed to build a self-sustaining talent pool. This means that outside recruiters will remain key players in the industry in the short-term but will need to quickly develop new strategies and ways to innovate their industry if they are to remain viable in the long-term.

### The Direct Sourcing Blueprint, Revisited

In last year's *Direct Sourcing Toolkit*, Ardent and the [Future of Work Exchange](#) unveiled a series of recommendations and guided strategies for successfully developing and implementing a direct sourcing program. With so many organizations yet to undertake this journey, it is imperative to revisit these guidelines for direct sourcing success:

- **A deep understanding of total enterprise skillsets is required.** No matter the industry, each organization is comprised of a collection of skillsets that, in aggregate, contribute to how work is done. Direct sourcing programs thrive on "skillset intelligence;" without it, initiatives lose their flair. If hiring managers understand which skillsets are in abundance or in high demand and which will be needed in the near future, building initial talent attraction strategies will be much more effective.
- **Integrated procurement, HR, and talent acquisition competencies are necessary for early-stage direct sourcing.** The capabilities of these three units are required for a direct sourcing program to succeed: 1) procurement's influence will drive hard cost savings through talent channel optimization, 2) HR's impact will guide hiring managers and stakeholders to engage the strongest candidates, and 3) talent acquisition will drive the strategic vision for how to source talent based upon current and expected needs.

- Focus on both brand and experience. The employer brand can be powerful in today's labor market; many candidates want to ensure that they work for organizations that share their cultural and societal values. Also, the omnipresent notion of the "candidate experience" should guide direct sourcing processes such that job recruits experience a positive journey no matter if they are merely sitting in a talent pool or actively engaged for an open position or project.
- Segmentation is more valuable than it initially seems. Segmenting talent pools may seem like a basic strategy; however, it can pay incredible dividends. Talent pool segmentation, be it via geography, compensation, skill, remote or in-person, certification, etc., allows hiring managers to quickly focus in on the talent required for a highly-complex project or initiative. Taking the time during the front-end of the direct sourcing process to segment talent pools can be hugely impactful to the overall program.
- In direct sourcing, selecting and utilizing the right solutions is job one. The inherent power of today's contingent workforce, human capital, and digital staffing solutions provides enterprises with the ability to automate crucial aspects of talent pool development and integrate these sources into the business' broader talent acquisition processes. MSP solutions, VMS technology, and direct sourcing platforms all contribute to create a human- and technology-led direct sourcing program, helping to launch the initiative and ensure that all hiring managers have the ability to quickly access available talent pools.

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## Direct Sourcing, Delivering Big Value

Successful direct sourcing programs have made a large impact on the quality of the overall workforce by achieving better alignment between an organization's needs and the best available talent than alternate recruiting methods. However, the competitive advantage in talent recruitment that the early adopters of direct sourcing have gained will begin to yield as more new programs are launched each year.

The 55% of businesses that are running direct sourcing programs today are utilizing talent pools as a viable means of building talent pipelines, reducing talent acquisition costs, ensuring strong skillsets and expertise, and structuring a truly dynamic workforce. Direct sourcing enables a business to act as its own recruitment firm and leverage the power of its brand to attract desired workers to its centralized talent pool. The process also helps enterprises engage candidates directly, increasing the chance of building stronger, longer-lasting relationships with top-tier talent.

While the pandemic has turned job interviews into a more and, sometimes fully-, virtual process, the human elements of conversation, bonding, and interpersonal connection are not completely lost. Direct sourcing bypasses intermediaries and allows the candidates to develop direct

connections (hence, "direct" sourcing) with hiring decision-makers. Candidates that are not hired initially can, nonetheless, become candidates for other positions in the future. By eliminating the agency or middleman, enterprises are better able to tap into a developed bench of previously engaged talent and cut lengthy time-to-fill rates. The same holds true for other candidates that have been vetted in some form and are "known" by the hiring team (i.e., "silver medalists," retirees, past contingent workers or freelancers, etc.), or were targeted for curation based on their current job experience.

Beyond the candidate relationships, direct sourcing allows a business to leverage (and manage) its culture and brand to attract recruits that are easily engaged for future projects and initiatives. Hearing long-employed (and loyal) HR and business professionals discuss the traits and culture of their organization is a more significant and credible way to learn about a potential employer than through the words of a recruiter with a commission on the line. The informal testimonials of the internal hiring teams can effectively build engagement and ultimately, worker loyalty.

While the talent curation part of direct sourcing

typically takes time to develop, most organizations possess an innate ability to identify strong cultural fits and highly-desirable skillsets. Additionally, the ability of internal recruiters, HR, and hiring managers to collaborate and tailor job searches to a unique team, manager, project, or location is unmatched when dealing with outside recruiters. The level of nuance can be akin to the difference between a surgeon and a butcher. The ability to increase recruiting precision can be particularly valuable when businesses are managing specific diversity, equity, and inclusion initiatives.

One other notable attribute of direct sourcing is that it avoids the heavy price of fully-loaded talent acquisition costs charged by outside firms. While successful direct sourcing programs reduce talent acquisition friction and costs in the short-term, as businesses continue to devote resources to it, they will find these programs can also transform how work is done. And, in a world that has become more digitized (especially in the HR and talent arenas), direct sourcing is fast becoming table stakes for businesses that are actively pursuing workforce agility.

## Direct Sourcing 2.0 and the Future of Work

While direct sourcing as a strategic workforce program is relatively new when compared to more established areas, such as contingent workforce management and talent acquisition, its impact in highly-competitive job markets can be game-changing. Truth be told, even basic direct sourcing programs can drive value through a combination of on-demand, plug-and-play talent, and hard-cost savings. But the pandemic's impact on the workforce has dramatically accelerated market shifts. Today, talent is scarce and comes at a premium.

As a result, workers are demanding greater flexibility from their employers. They are more focused on work-life balance, while also desiring greater independence. Among many things, the "Great Resignation" of 2021 indicates a seismic shift in power towards the worker and away from the employer. This may or may not be permanent, but businesses, nonetheless, face constant pressure to deepen human capital and future-proof skillsets within their total workforce. Now, more than ever, enterprises require a steady flow of new workers to keep pace with their competitors. Now, more than ever, enterprises need superior sourcing capabilities. Now, more than ever, enterprises need a new approach.

Now is the time for "Direct Sourcing 2.0," the next generation of sourcing strategies that blend innovative solutions with a renewed focus on the candidate experience and an ability to use talent pools to populate the key projects and roles that require expertise and experience. Today's business climate has accelerated the need for a reimagined approach to candidate engagement. As the market for talent continues to tighten amidst the lingering pandemic and a surging number of resignations, businesses find themselves in a new kind of "war for talent," one that is far more extensive and complicated than anything experienced pre-pandemic.



## The Path to Direct Sourcing 2.0, Part I: Enhancing Talent Curation

Years ago, compensation ruled the talent wars in a straightforward manner. Businesses simply had to pay more to attract the best talent. Pay remains a top priority for job candidates, but today there are many more aspects of the overall “work experience” — corporate culture, inclusiveness, flexibility, and the opportunity to perform career-defining work, among them — that determine whether or not a skilled professional will take their talents to a new employer. This has made the front-end of direct sourcing more important than ever before.

Like the sommelier at a MICHELIN-starred restaurant, talent curators must understand the wide range of available talent (or wine) in the market today, and determine how best to pair it with the work opportunity (or meal) to achieve sublime results. The “art” of talent curation must be expanded into a series of processes that can navigate economic and worker-based market shifts and transform talent pools into communities of engaged workers interested in more than one-off opportunities. The next great generation of talent curation must entail:

- Customizing curation strategies for both active and passive candidates and ensuring that these initiatives are aligned with the needs and requirements of these workers.
- Aligning the enterprise brand and its overall mission, culture, and workplace environment with curation strategies and processes.
- Modeling the “candidate experience” on the concept of the “customer experience” as a way to engage and attract workers, particularly important in hot job markets that necessitate high-touch, candidate-first approaches for curation.
- Accounting for personal perspectives in potential candidates and how these aspects may influence career decisions.



## The Path to Direct Sourcing 2.0, Part II: The DE&I Factor

In 2021, diversity is no longer a "check-a-box" factor for many enterprises around the world; rather, it has become a cultural movement within business that emphasizes the depth of talent pools, talent communities, and talent networks without bias or barriers. The truth regarding diversity, equity, and inclusion (DE&I) is that direct sourcing programs (and CWM programs) that are diverse tend to be more successful. If businesses can embed a spirit of inclusion within their direct sourcing processes and act in accordance with this mindset, they can broaden the existing talent landscape and improve upon it with new ideas and opportunity.

And, while established diversity programs previously existed in many enterprises, the events and civil unrest of the past eighteen months driven many businesses to develop and communicate more purpose-driven goals which are linked to societal, economic, technological, and sustainable shifts. To achieve these goals, a large number of businesses are trying to harness the power of a diverse workforce.

Using direct sourcing to hire diverse talent gives HR teams a direct ability to link purpose with DE&I efforts. For example, businesses can opt to tap into professional networks that were already designed for diverse workers from various backgrounds, cultures, and genders and link these to talent curation efforts. Direct sourcing initiatives can also benefit from "diversity automation" that is enabled from direct sourcing platforms that have partnerships and integrations with diverse job boards and networks. They can also offer anonymizing functionality that can hide specific information about different candidates.

Layering DE&I into direct sourcing is about changing behaviors and removing hiring barriers and unconscious bias from talent engagement and talent acquisition. Utilizing technology to help guide and enforce a new mindset can be extremely valuable and create awareness that the deepest talent pools are diverse talent pools.



## The Path to Direct Sourcing 2.0, Part III: Skills Validation, Candidate Assessment, and Worker Intelligence

The path to Direct Sourcing 2.0 is rooted in the idea that data should drive talent-led decision-making. Most next-generation direct sourcing programs leverage AI-driven functionality to enable a more robust picture of available skillsets, improve the matching of available skills with open positions and project requirements, streamline the assessment of candidate skills and expertise, and enhance worker intelligence. The majority of businesses see AI and advanced analytics as a catalyst for Direct Sourcing 2.0 over the next two years (see *Figure 3*, next page).

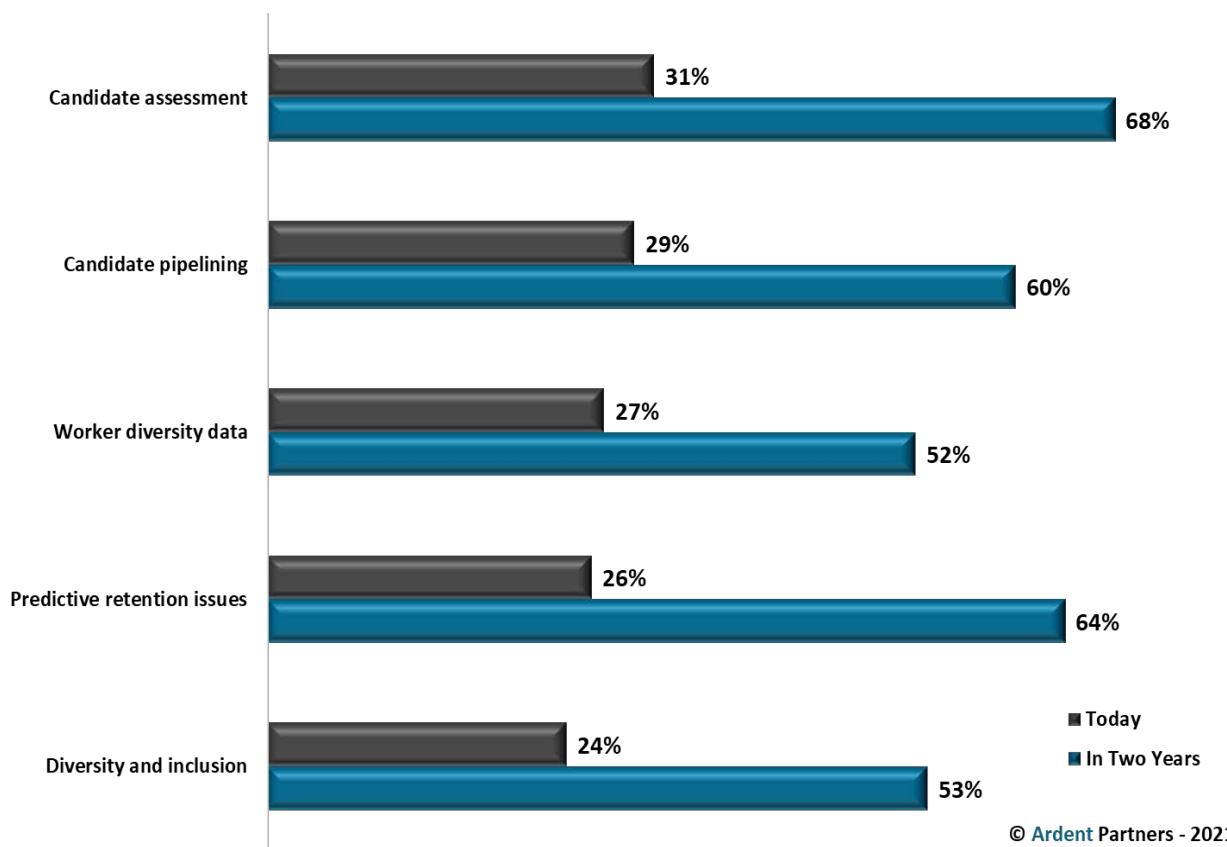
Ardent Partners and the [Future of Work Exchange](#) make the case that an employer's brand can be a catalyst for talent transformation because it can be used to attract talent and maintain an allure as non-FTE workers shift in and out of enterprise projects. Direct Sourcing 2.0 builds on brand concepts and pushes them to a higher level by using AI and analytics on candidate data to improve messaging, increase support for diversity initiatives, and gain a clearer picture of the worker expertise available in the market. Ardent research shows that:

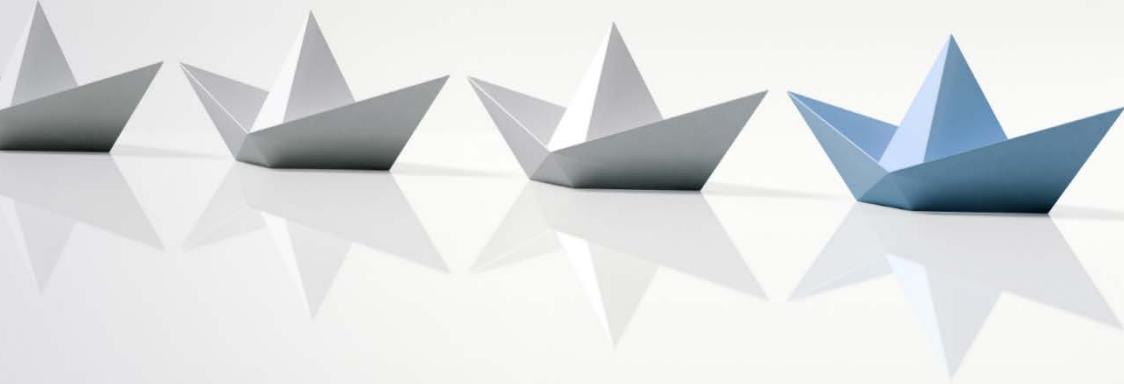
- **Nearly 70% of businesses plan to leverage AI-based tools for candidate assessment within two years.** Candidate fraud has not grabbed headlines yet, but it is a risk for businesses, particularly those that require specific skills and certifications. With more candidates operating in a remote environment, businesses require better means to ensure that their potential hires actually possess what is represented in their resumes and history. AI-fueled candidate assessment tools support the validation of competencies and skills, helping to ensure that the talent pipeline is filled with candidates who can succeed in their placements.
- **Sixty-four percent (64%) of enterprises plan to use AI to solve talent retention issues.** The labor market over the past two years has been anything but stable and certain: within the span of 12 months, the market experienced both a dramatic increase in unemployment and the highest number of worker resignations in business history. There are more open positions in the United States than at any other time this century. HR leaders and their teams need the insights required to more accurately forecast what their workforce will look like in the future, given economic and organizational changes. Predictive retention data, modeled within direct sourcing programs,

can augment how and when businesses engage talent pool candidates and what skillsets should be targeted in upcoming recruiting campaigns.

- **Diversity, equity, and inclusion initiatives will be boosted with next-level intelligence over the next two years.** DE&I remains a critical piece of direct sourcing and talent acquisition overall. In 2021, roughly a quarter of all businesses utilize AI within direct sourcing for DE&I purposes (27% for worker diversity data and 24% for general diversity and inclusion insights). More than half of all enterprises plan to use AI to drive these initiatives over the next 24 months. Businesses that invest in developing AI-led data collection will be able to cast a wider net within the realm of diversity, capturing gender, culture, background, neurodiversity, etc. These insights can provide hiring managers and executives with the intelligence needed to monitor and improve DE&I initiatives.

*Figure 3: Current and Planned Utilization of AI in Direct Sourcing and Talent Acquisition*





## Beyond the Brand: The Deeper Side of Direct Sourcing

Two major undercurrents of modern talent acquisition that are streaming directly into the direct sourcing arena are (1) going “beyond the brand” regarding talent attraction and retention and (2) mapping candidate “personas” for better project-to-talent fit. It is no longer enough for a business to simply lead with a prominent brand. An employer’s brand is important to most talent, but businesses must continually and comprehensively assess their processes, culture, and workplace to define the characteristics of the candidates who will be the best-fit from both a cultural and skills perspective. Which behaviors are the strongest match for the business at-large? Which skillsets will thrive in a specific environment? How will talent pool candidates react to a change in a team or

department’s work location strategy (fully-remote, hybrid, or in-office operations)?

Businesses that traditionally defined the skill and experience requirements for a new role or project should expand their definitions to include soft skills, emotional intelligence, empathy, and other modern worker attributes as a way to develop stronger placements and greater success of the newly on-boarded candidates. After the fact, these teams should analyze how current hiring processes, such as onboarding and training, impact the overall candidate experience, and make any necessary adjustments. A successful direct sourcing 2.0 program builds upon its experience and prioritizes the factors that resonate well with current and prospective employees.



## The Path to Direct Sourcing 2.0, Part IV: A Seamless Hiring Manager Experience

Given the current challenges to find and retain top talent, leading HR organizations are investing in ways to improve the “candidate experience” (similar to the “customer experience”), where every aspect is designed to be positive, engaging, and beneficial to the recruit. In a market where the candidate holds more power than ever before, compensation and benefits, employment perks, AND the employer’s credentials (i.e., brand, culture, vision, values, etc.) can play a major role in attracting a qualified candidates. This will continue to be true as an increasing number of candidates are incorporating their personal views on an organization’s culture and brand into their decision-making.

While the candidate experience is critical, the hiring manager experience should also be considered. Hiring managers are often on the front lines of the war for talent and must account for:

- The specific needs of each role, position, and project.
- The intricate requirements of a multifaceted talent acquisition strategy that balances direct hire, job boards, talent marketplaces, staffing suppliers, etc.
- The necessary data and intelligence to make faster, more educated talent and hiring decisions.
- The proper balance between the human touch, automation, and third-party services, etc. that can be used to find, engage, and source high-quality talent.

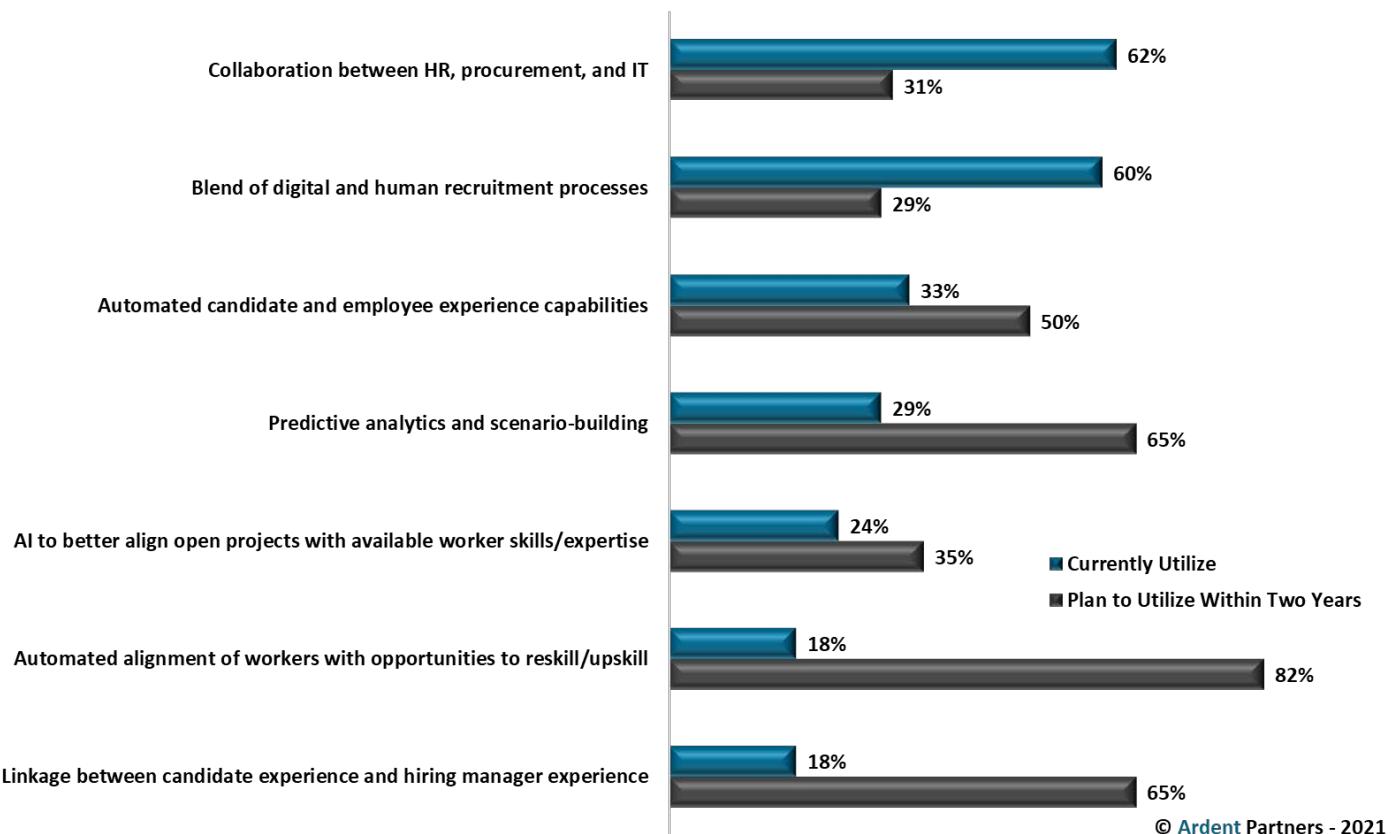
Traditional recruitment is not typically seen as scalable due to the manual work often associated with it, while direct sourcing relies heavily on hiring teams to drive activity, scalability, and value. Just as HR leaders are realizing that candidates should be treated like customers, hiring managers also need an experience that is seamless and boundaryless. Business and HR leaders must also arm their hiring managers with the necessary resources, technologies, and capabilities to effectively tap into different talent pools without the worry of internal barriers or archaic inertia. To achieve this, digitization of key direct sourcing processes is vital.



## The Path to Direct Sourcing 2.0, Part V: Recruitment Marketing, Campaign Automation, and Digital Direct Sourcing

The path to Direct Sourcing 2.0 is paved with technology. While elements such as talent curation, talent pool development, talent pool segmentation, and recruitment stream integration are core to any direct sourcing program, HR leaders and their teams must incorporate digitization and advanced direct sourcing competencies to get to the next level of performance (see Figure 4).

*Figure 4: Advanced and Digital Capabilities for Direct Sourcing, Today vs. Two Years*



Achieving **Direct Sourcing 2.0** requires advanced capabilities to be coupled with digital recruitment functionality in order to boost talent quality, enhance candidate intelligence, and develop repeatable and scalable methods for reengaging talent to build a truly agile workforce.

While predictive analytics are not commonplace today, soon, a majority of enterprises will look to scenario-building as a way to enhance overall talent intelligence. Predictive analytics, in this realm, will augment the organization's overall knowledge of its in-house skills as well as the expertise available externally (across all talent communities, including talent pools). This level of intelligence will spark new and targeted initiatives to find better-aligned candidates with stronger talent engagement efforts and push business leaders to better understand who the strongest candidates are for future roles, positions, and projects.

Sixty-five percent (65%) of businesses plan to link the candidate experience with hiring manager experience. As discussed earlier in this report, transforming talent acquisition into a consumer-like journey is just one side of the Direct Sourcing 2.0 coin. The other side focuses on the hiring manager experience, which should be seamless in order to streamline the means of finding, engaging, and sourcing talent for a full spectrum of open roles and positions.

While only a third (33%) of businesses have automated candidate experience capabilities in their direct sourcing programs today, 50% more plan to do so within two years. Personalization and sharing more specific details regarding a project/role match, when automated, are repeatable and scalable to ensure that all candidates have a more positive and compelling experience when recruited.

## Digital and Human Convergence: The Art of Managed Direct Sourcing (MDS)

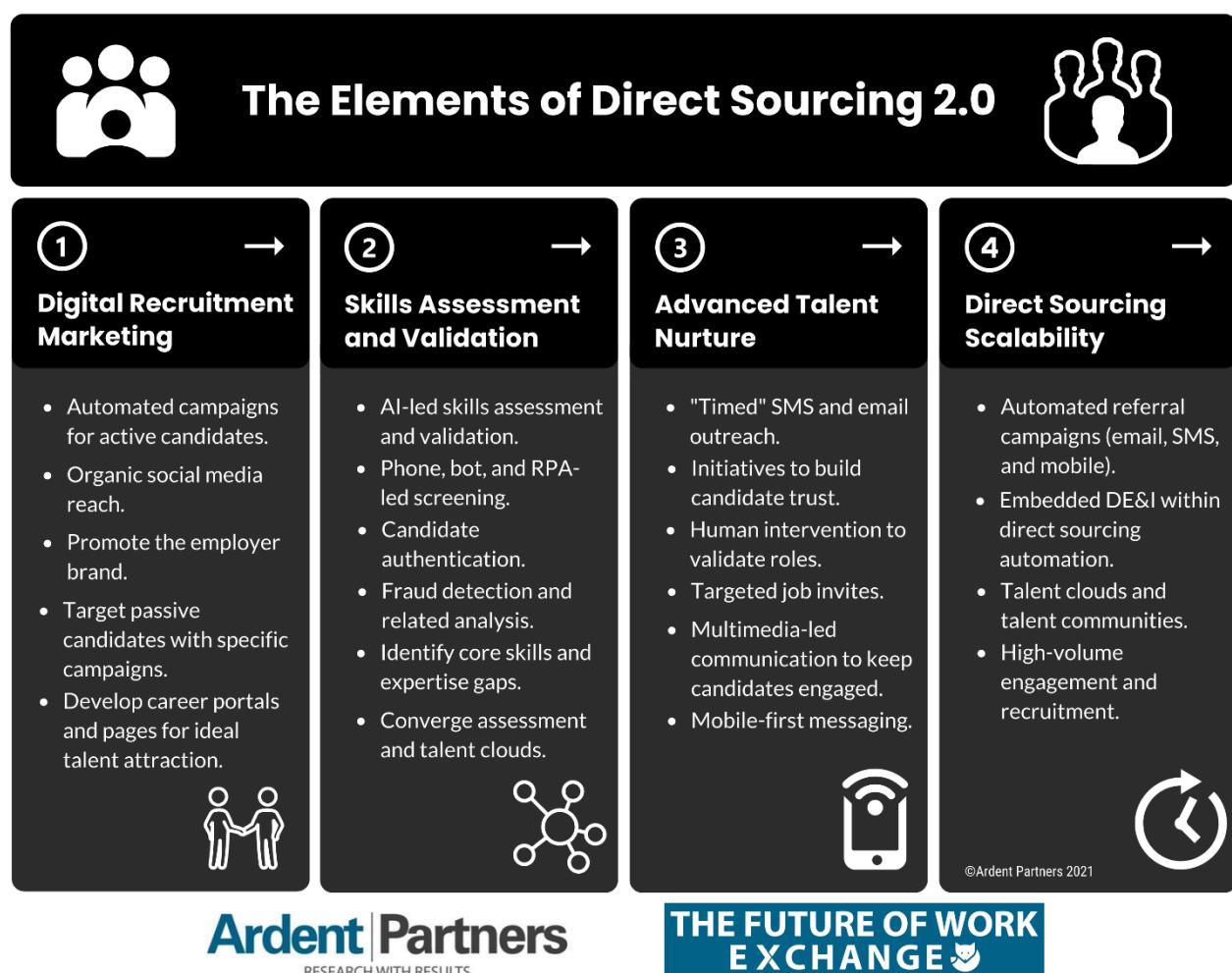
Sixty percent (60%) of organizations actively blend digital and human recruitment processes, reinforcing the notion that direct sourcing must unify traditional talent acquisition methods with innovative direct sourcing technology. This is exactly the foundation of "managed direct sourcing," which entails a multi-phased series of strategies, underpinned with technology, that drives a continuous flow of candidates who can be engaged and hired in an on-demand fashion. MDS differs from traditional direct sourcing in the sense that it is more controlled, repeatable, and, most critically, *highly-scalable*.

MDS is typically offered as a services-based solution through a Managed Service Provider (MSP) and augmented with direct sourcing technology offered by an ecosystem of platform partners. An MDS offering will typically drive talent curation and other key program elements, while the direct sourcing platform partner will enable a series of repeatable processes including referral campaigns, nurture strategies, messaging and collaboration, and diversity engagement. What sets MDS apart from traditional direct sourcing is its symbiotic relationship between full-lifecycle, human-led services and agile digitization.

# The Future of Direct Sourcing

Direct sourcing has dominated discussions around talent, work, and staffing for the past few years because, when executed well, it can deliver incredible value to the greater organization through hard benefits (such as cost savings and a quicker average time-to-fill rate) and soft benefits (greater talent quality, better engagement with highly-skilled candidate, etc.). And, as the overall HR market evolves in the wake of rising worker resignations, smart businesses will prioritize the need for deeper assessment and validation of skillsets and place a greater emphasis on the candidate and hiring manager experience. The starting point for most will be to build on their existing direct sourcing capabilities and work to develop Direct Sourcing 2.0 capabilities (see *Figure 5*).

*Figure 5: The Elements of Direct Sourcing 2.0*





As shown in Figure 5, the components of a successful Direct Sourcing 2.0 strategy hinge on the enterprise's ability to:

- **Leverage digital recruiting processes to engage and communicate with candidates.** Recruitment marketing has been a key tool for talent acquisition teams that target both active and passive candidates with specific messaging regarding open positions. Digital recruitment marketing leverages this same thinking but also invites active and passive candidates to join branded portals (and talent pools) by crafting distinctive communications that speak to career paths, worker values, desired cultures, etc.
- **Harness the power of AI to more effectively validate candidates' skill, expertise, fit, and overall alignment.** Candidate assessment can be enhanced and improved by adding AI capabilities into the mix. Managers simply do not have the time, resources, or energy (especially in today's frenetic market) to deal with a "bad hire." Virtual recruiting has made skills validation more difficult and candidate fraud more commonplace. AI-led direct sourcing tools can augment the way that enterprises gain peace of mind over who and how they engage candidates before hiring.
- **Nurture talent pool candidates with next-generation strategies that take into account timing, trust, and mobile-enabled messaging.** Sometimes it is not just how frequently hiring managers communicate with their talent pool candidates, but when they do so that can make a world of difference in the ability to "close" a candidate. Talent nurturing within Direct Sourcing 2.0 programs entails more advanced approaches including text-first messaging, better and deeper communication with candidates, and outreach that can build trust between employer and worker.
- **Scale direct sourcing to become a repeatable set of processes that can drive value across the full enterprise.** Direct sourcing programs typically start small, with a specific segment of worker categories before expanding into other critical areas of the enterprise. Direct Sourcing 2.0 is the culmination of expansive, innovative strategies and solutions that can take direct sourcing to the next level by increasing the number of high-impact, talent-based positions that fall under the scope of the program.



## Conclusion

Direct sourcing went from being an additional way to find talent to a revolutionary means of tapping into the extended workforce to drive better business outcomes. As the business world [continues to evolve](#), even in the throes of "The Great Resignation," the lowest unemployment rate since the pandemic began, and "power" shifting to the worker, the continued transformation of talent engagement is now an enterprise standard. The question then becomes: How do businesses continue to respond in the wake of being forced to reimagine talent acquisition, human capital, and the agile workforce?

Talent curation, talent pool development, talent segmentation, and talent nurture are all ideal direct sourcing phases that drive inherent quality, cost, and other forms of hardline value. However,

the transformation of talent and work translates into a need for businesses to derive more from their direct sourcing initiatives, given the utmost focus today on the candidate experience, hiring manager optimization, skillset depth and alignment, and, most importantly, how directly-sourced talent addresses how work gets done.

Direct sourcing is very effective in its current state, but the stakes keep rising. The increasing need for talent and the ongoing challenges competing for it mean that enterprises must continue to challenge the status quo and operate on the bleeding edge in order to stay on top. Accordingly, Ardent Partners and the [Future of Work Exchange](#) believe that Direct Sourcing 2.0 will emerge as the top talent strategy for the modern enterprise this decade.



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For the past 15 years, Christopher J. Dwyer has been the industry's preeminent contingent workforce management (CWM) analyst and an early Future of Work evangelist. His research focuses on the application of innovative workforce and technology strategies that help businesses around the world optimize how work is done. Dwyer is the author of hundreds of research studies and briefs related to CWM, talent acquisition, human resources, and supply management, and the underlying technologies that enterprises can utilize to improve how talent is engaged and managed. This research has enabled thousands of organizations make smarter technology investment decisions related to their talent and workforce needs.

As the Senior Vice President of Research at Ardent Partners, Dwyer oversees all research programs related to talent and workforce management. His research and consulting in the digital and on-demand staffing space have helped revolutionize how businesses source talent and labor. Dwyer is also the architect behind the new [Future of Work Exchange](#) site, which has quickly become a groundbreaking destination for HR, talent

acquisition, procurement, and other key business executives as they seek the best strategies, solutions, and innovative tools for managing the arena of work and talent.

Dwyer is the voice behind *Contingent Workforce Weekly*, the industry's first podcast dedicated to the contingent workforce industry. Now in its sixth season, the podcast is one of the top Future of Work-oriented shows across all major podcast platforms.

Dwyer has been quoted/featured in *USA Today*, *Staffing.com*, *The Christian Science Monitor*, *Forbes*, *CNBC*, *The Recruitment Innovation Exchange*, and other major business publications. He has been honored multiple times by *HRO Today* (2013, 2014, 2015, and 2016) as an "Analyst and Advisor Superstar" and was twice recognized as a "Pro to Know" by *Supply and Demand Chain Executive Magazine* (in 2014 and 2019). And, in 2018, he was named as a "Top 100 Future of Recruitment Influencer" by Onalytica. He welcomes your comments at [cdwyer@ardentpartners.com](mailto:cdwyer@ardentpartners.com). Connect with Dwyer on [LinkedIn](#) and follow him on Twitter (@CJD\_Ardent)

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With 22 years in the industry and 12 years leading the charge at Ardent Partners, Andrew Bartolini is a globally-recognized expert in sourcing, procurement, supply management, and accounts payable. As the Chief Research Officer at Ardent Partners, Andrew oversees all research and client programs including the annual State of the Market and Metrics that Matter eBook Series', Technology Advisor Reports, Ardent's monthly webinar series, as well as its in-person and virtual CPO Rising Summits. Andrew is also the publisher of CPO Rising, the news and research site for Chief Procurement Officers and other procurement leaders ([www.cporising.com](http://www.cporising.com)).

Advisor to corporate executives and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 500 times in nine different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their sourcing, procurement, supply management, and accounts payable operations and his research is currently part of the Supply Chain/Management curriculum at several US universities.

He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and

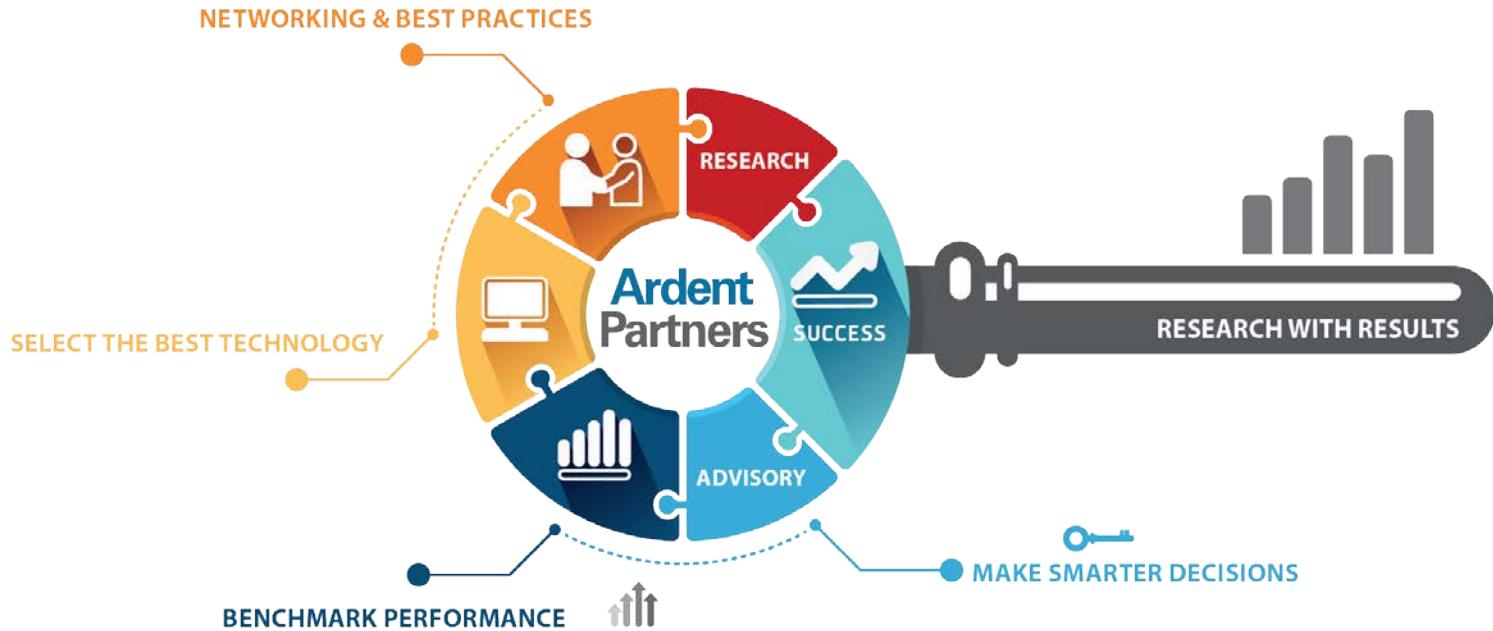
accounts payable and has been published or quoted in leading business publications including The Wall Street Journal, Business Week, Investor's Business Daily, Forbes, and Fortune, as well as the major trade publications focused on accounts payable and supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for several prominent spend management solution providers. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than \$500 million in aggregate client spend), business process transformation, and software implementation provides a "real-world" context for his research and writing.)

Andrew's post-MBA work started in management consulting and investment banking where he structured, managed, and advised on large capital market transactions. Andrew began his professional career running a homeless family shelter in Los Angeles. He welcomes your comments at [abartolini@ardentpartners.com](mailto:abartolini@ardentpartners.com) or 617.752.1620. Connect with him on [LinkedIn](#).

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