Understanding Today’s Recruiting Metrics

Defining, Measuring and Tracking Quantifiable Objectives
**Metrics.** For some Recruiters and Hiring Managers, it’s a swear word. For others, it’s a coveted term. The definition of metrics, and deciding which ones to use, differs from person to person, but it remains universally understood that metrics are a crucial element to the staffing world.

The question is, how do we know which metrics are the most important to measure, and why? How have these shifted as we progress as a technology-heavy industry?

This whitepaper will address Recruiting Metrics, why they are important, what makes them work, and why so many tend to fail.

To understand the importance of metrics, one must first look at overall sourcing strategies and what causes them to fail.

**Why Do Sourcing Strategies Fail?**

• Short term vs. long term thinking
• Reliance on a single tool/medium – online or offline
• Not integrating sourcing methods into the overall recruitment process
• Not starting by defining the objectives
• Looking at online sourcing as all ‘take’ with little ‘give’
• Following the leader
• Lack of real strategy

• **Lack of actionable metrics**

**What are Metrics?**

There are several definitions of Recruiting Metrics, many of which have an underlying idea regarding a standard form of measurement. NAS Recruitment Communications, a recruitment solutions organization, defines Recruiting Metrics as tools that are used to make better, informed decisions in order to receive the best return on investment. These metrics are used to gather, analyze and present information regarding the hiring process.
Or, more simply put, Recruiting Metrics are a quantifiable measurement that can be compared to established benchmarks. These measurements encourage behaviors that focus on candidate quality and client experience as well as return on investment.

**Why Use Metrics?**

Though the definition sounds complicated, the reasoning is simple. Metrics can and should advance the relationship between the Recruiter and the Hiring Manager, helping align the correct objectives with each project. Metrics provide credibility to the Recruiter by displaying their understanding of the overall goals and objectives. These consistent measurements drive delivery of services, provide a platform of measurement of the Recruiter, and allow for accountability.

**What Makes Recruiting Metrics Effective?**

Effective recruiting metrics must:

- Be actionable and predictive
- Be consistent in what they measure
- Be tracked over time in order to generate internal benchmarks and analysis of internal performance
- Be open to peer comparisons
- Be able to drive recruitment behavior focused on quality of hire and return on investment

With the ability to measure comes the ability to improve.

**What’s the Problem with Traditional Metrics?**

Some of the most traditional metrics are time to fill and cost per hire. But both of these metrics have their share of issues.

**Cost Per Hire**

Cost per hire often looks only at initial cost and not the long-term costs that accompany hiring the wrong candidate.

**Common Recruiting Metrics**

- Sourcing Channels
- Recruiter Efficiency
- Acceptance Rate
- Candidate Satisfaction
- Manager Satisfaction
- Quality of Hire
- Efficiency Ratio
It typically does not account for quality of hire or consider the production the candidate will or will not deliver for the company. These missed objectives can cause conflict between the Recruiter and the Hiring Manager.

**Time to Fill**

Time to Fill metrics often result in manipulation of the system, in which Recruiters choose the lowest hanging fruit in order to fill a seat, focusing on candidates that are faster and cheaper but not the best fit for the company. The focus shifts from quality to immediate cost of vacancy, resulting in a greater turnover percentage and additional recruitment costs in the end.

**How to Apply Effective Metrics**

It’s essential to keep in mind that metrics are only as good as the recruiting who is utilizing them. Many metrics are difficult to define and track. One way to effectively track metrics is to be accountable for your sourcing channels, efficiency rate, and client and candidate satisfaction.

**Sourcing Channels - Create a Strategy**

Recruiters and Hiring Managers must understand that sourcing is a process with costs associated at each step. Prioritize recruiting around costs while utilizing internal systems and resources. Slowly increase the capacity of recruiting tools to reach each objective, measuring quantity and quality of hire along the way.

**Recruiter Efficiency**

- Define Role of Recruiting vs. Role of Hiring Manager
- Ensure criteria used to assess Recruiter is within their control
- Define service level agreement between Recruiting and Customers
- Report results often (Weekly, monthly)
- Provide Comprehensive Training to Recruiter

**Keep these comparisons in mind:**

- # Calls made compared to # Return Calls
- # Return Calls compared to # Candidates Developed
- # Candidates Developed to # Candidates Presented
- # Candidates Presented to # Hires
Efficiency Ratio

- Is a more accurate measurement of efficiency than cost-per-hire
- Takes into consideration that higher paying positions are more costly to fill
- Includes differences associated between compensation and candidate supply
- Includes candidate demand due to variations in market, position level, industry and geography
- Is the calculation of dividing the total staffing (internal and external) cost by total compensation recruited

How to Improve the Process

There are several ways to improve efficiency metrics within recruiting. Focusing on effective sourcing channels and providing thorough training are extremely useful, as well as providing the appropriate technology and tools to the Recruiter and Hiring Manager.

More ways to improve:

- Hire Recruiters/contract Recruiters instead of search firms
- Utilize Referral Programs
- Utilize Preferred Vendor Lists
- Focus on Effective Sourcing Channels
- Focus on Recruiter Efficiency
- Provide Sales Training to Recruiters
- Provide Appropriate Technology/Tools

More ways to Measure

Track the percentage of new hires who are satisfied with the hiring process. This can be done with a candidate survey regarding the process. A positive experience improves the company brand and increases your referral rate. Understand and focus on all processes of manager and candidate satisfaction, including making good on your promises (the importance of onboarding).
Track the percentage of managers who are satisfied with the hiring process; this can also be achieved with a survey. Build a relationship with each manager by being a leader, being savvy on each industry, and maintaining frequent communication.

**Quality of Hire Tops the Metrics List**

![Quality of Hire Metrics Chart]

A study conducted by the Aberdeen Group found that **Quality of Hire** is the most important Recruiting Metric to follow.

Quality of Hire can best indicate a job well done by the Recruiter. Hiring the best talent is what ultimately drives an organization’s long-term success. Metrics such as time to fill and cost per hire, while measuring different aspects of the process, do not always account for the final impact.

**The Bottom Line – Keep Metrics Simple!**

Don’t try to include too many factors in your metrics program. That can get overwhelming and dilute decisive outcomes. Work with to ensure credibility and tie revenue per hire to dollar impact across your organization whenever possible to demonstrate the value of high-quality performers. **Keep track of your hiring progress.** Identify a baseline. Measure, measure, measure. Note your best hiring sources and factors that indicated new-hire success (as well as those that didn’t). Share your results and reward your Recruiters and Hiring Managers along the way.
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