acolyte

Acolyte Presents

8 STEPS TO… MEASURE RECRUITMENT PERFORMANCE (KPIs) – PART 1

Talent Insight Hub – Intelligence White Paper 2020

TABLE OF CONTENTS

INTRODUCTION

Acolyte is revolutionising how HR & Talent Professionals access and use talent data to drive effective recruitment.

Whether your workforce strategy is focused attracting the strongest talent or retaining existing staff, Acolyte uses big data, analytics and human experience to give you a unique perspective on your talent landscape.

Acolyte helps HR leaders embed recruitment success throughout their business by providing, crystal clear insight, a fresh perspective, a clear roadmap, and actionable next steps.

Demand for talent has never been more competitive and the best candidates today behave more like customers.

The opportunities presented by on-line job boards, social recruiting and professional networking sites such as LinkedIn, have changed the way that talent interacts with the labour market to find work.

Our mission is to provide you with the insight you need to create competitive advantage in this new talent landscape.

The '8 steps to…' series is part of Acolyte's suite of intelligence products designed to help HR & Talent Professionals proactively and successfully attract and retain the talent their organisation needs.

Alastair Gorton
Founder & CEO

METHODOLOGY

Acolyte is an award winning talent consultancy and technology company that has been guiding the recruitment profession for over a decade.

With a pedigree from world leading technology, legal, finance, strategy & staffing consultancies, our people continue to challenge traditional recruitment models and help our clients drive the talent agenda.

Strategic Talent Mapping	Competitor Talent X-Ray	Organisational Mapping	Employer Branding	Employer Value Proposition	Diversity and Inclusivity
Attraction Audit	Retention Review	People Pipelining	Global Talent	Strategic Workforce	Recruitment Process

Intelligence: Acolyte's suite of Talent Intelligence services provide the customised, data driven analysis our clients need to inform strategic thinking and drive growth.

Technology: Acolyte's SEARCH Talent Acquisition platform continues to redefine how organisations access the talent they need.

8 STEPS TO…APPLYING EFFECTIVE RECRUITMENT KPIs

In a competitive talent market, the commercial impact of open vacancies in an organisation is high and has the potential to significantly affect the performance of the business. Employers are becoming increasingly aware of these costs and are investing in ways to manage and monitor recruitment performance

It is important to recognise that candidates have choice, and the strongest candidates will often behave more like customers or clients. This means that developing a recruitment strategy built on accurate data that reflects the needs of the market is increasingly important and will result in more effective talent acquisition

Fill Rates, Cost per Hire, Time to Hire & Retention Rates are well established recruitment KPIs that offer a powerful macro perspective on the performance of an employer's recruitment strategy

However, understanding why candidates exit themselves from the recruitment process, why applicants are rejected by hiring managers, the percentage of an employer's offers that are accepted and the Source of Hire provide greater granularity about how different aspects of a recruitment strategy are performing

Managing and monitoring data provided by live recruitment campaigns provides exceptional insight and the opportunity to refine campaigns real-time

In this document we discuss 8 key steps to measuring and monitoring recruitment performance and discuss how this insight can be used to effectively maximise hiring success

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Candidates have choice, and the strongest candidates today behave more like customers or clients. Developing a measurable recruitment strategy built on robust reporting and data that reflects the needs of the market is key to effective talent acquisition

1.

FILL RATE

WHAT IS THIS KPI?

The Fill Rate is the ratio of successful hires to the total open vacancies filled as a result of an employer's recruitment strategy

WHY IS THIS METRIC IMPORTANT?

The commercial impact of open vacancies in an organisation is high and has the potential to significantly affect the performance of the business. Measuring Fill Rates enables employers to monitor different recruitment initiatives and minimise the number of open vacancies. It also allows the employer to 'test and learn' as they look for the right mix of recruitment channels for their organisation

High Fill Rates indicate that the recruitment strategy of an organisation is functioning effectively and that their recruitment processes are operating satisfactorily. A low Fill Rate exposes issues in the recruitment strategy and highlights potential inefficiency or lack of effectiveness in the recruitment channel used

To maximise Fill Rates, the employer will often adopt a blended approach to their recruitment strategy. They may focus on improving capability in their in-house resource as well as developing preferred supplier lists (PSLs) of vetted third part agencies who know and understand their business and can respond to the needs of their hiring managers. They may also seek to add recruitment technologies that increase efficiency and reach

HOW IS THIS METRIC CALCULATED?

$$\frac{\text{Total Jobs Filled}}{\text{Total Open Vacancies}} = \text{Fill Rate (\%)}$$

INSIDER TIP

The most effective recruitment strategies access disruptive technologies that allow the employer to look outside traditional talent pools of ACTIVE candidates and tap into a larger PASSIVE candidate populations. Appropriate technology tools improve Fill Rates by allowing recruiters to harness artificial intelligence and other technological developments to fill open vacancies quickly with quality candidates.

2.

COST PER HIRE

WHAT IS THIS KPI?

Cost per Hire measures the average spend associated with recruiting to fill an open position in an organisation

WHY IS THIS METRIC IMPORTANT?

Cost per Hire allows organisations to benchmark recruitment spend and forecast the amount of investment needed for effective talent acquisition. It helps helps HR Leaders to plan effectively and assists with the development of future hiring budgets. Cost per Hire also enables Recruitment and HR professionals to calculate a meaningful recruitment Return on Investment (ROI) figure

An understanding of Cost per Hire and the ROI of recruitment spend are valuable tools used to manage and monitor performance. They are often used for goal setting and performance appraisals in talent acquisition teams. These metrics also offer a powerful way to articulate the value that an internal recruitment team is able provide to their organisation

HOW IS THIS METRIC CALCULATED?

$$\frac{\text{Total Recruitment Costs}}{\text{Total Number of Hires}} = \text{Cost per Hire (£)}$$

Example recruitment costs may include:
- External recruiter expenses & Job boards fees
- Employer branding & Careers site costs
- Contact recruitment initiatives such as University milkrounds and careers fairs
- Internal recruitment costs e.g. salaries of the talent team, LinkedIn Licenses, etc
- Candidate assessment costs

INSIDER TIP

As the recruitment challenge associated with different roles can differ significantly it is recommended that a Cost per Hire figure is calculated based on discipline, level or other appropriate segmentation to maximise the value and insight available from this KPI

3. TIME TO HIRE

WHAT IS THIS KPI?

Time to Hire is a measure of time taken by the employer to identify and hire talent to fill an open job vacancy (usually in days)

WHY IS THIS METRIC IMPORTANT?

The current talent market is competitive, and employers are under pressure to secure the right resources at the right time. Any delays have the potential to result in significant commercial loss and may add stress to existing organisational structures as they deliver in the absence of necessary resources

Typically, each employee in a business is there to perform a role that has a positive commercial impact on the organisation. As a result it is possible to calculate the opportunity cost of each vacancy per day. This can be an enlightening exercise as it allows an employer to genuinely understand the opportunity cost of each open role and the potential commercial impact of delays in filling the vacancy

Lowering the average Time to Hire also helps create competitive advantage by enabling employers to secure better candidates ahead of rivals recruiting in the same areas

HOW IS THIS METRIC CALCULATED?

Calculating the potential commercial impact of an open vacancy

$$\frac{(Revenue / Headcount)}{Working\ Days\ (220)} \times Revenue\ Multiplier = Daily\ Opportunity\ Cost\ of\ Vacancy\ (£)$$

INSIDER TIP

The start and end of a recruitment process can vary depending on the organisation (i.e. is the recruitment process defined as ending; a: When an offer is made? b: When an offer is accepted? or c: When the new hire reports to work for his/her first day?). The important thing is that the employer is consistent in their application of these rules when assessing performance internally and takes these differences into account when benchmarking externally

4.

RETENTION RATE

WHAT IS THIS KPI?

Retention Rate measures the ability of an employer to retain hired talent within the organisation

WHY IS THIS METRIC IMPORTANT?

Retention Rate is an important KPI for all organisations as staff churn is a primary driver of open vacancies and as a result and, as a result drives, other direct recruitment costs. There an immediate correlation between the number of unwanted vacancies and the overall cost of talent acquisition

Strong retention has many other benefits. It indicates positive morale in the workforce which itself directly correlates with productivity. There is reduced knowledge loss within the organisation caused by losing key staff and less inefficiency caused by open vacancies. It also avoids the negative commercial impact of new staff members taking time to reach full productivity

While there are many factors that impact Retention Rates, it all starts with the hiring process. Attracting high quality individuals who are well informed about both the company they are joining and he role they are performing is critical. As is making sure that they have a positive introduction to the firm through the recruitment journey and on-boarding process

HOW IS THIS METRIC CALCULATED?

$$\frac{\text{\# of individual employees who remained employed for entire measurement period}}{\text{Total \# of employees at start of the period}} = \text{Employee retention rate (\%)}$$

INSIDER TIP

Recognise that a successful recruitment process is not only measured by the the number of hires made and vacancies filled (these are short-term measures of success). Success should reflect the performance of the hires in the new roles, their length of tenure and their growth within the organisation

5.

SOURCE OF HIRE (SoH)

WHAT IS THIS KPI?

Source of Hire (SoH) is a recruitment KPI that shows the relative success of the various recruitment channels used by an employer

WHY IS THIS METRIC IMPORTANT?

By understanding from where successful hires originally entered their talent pipeline, an employer can effectively measure and monitor the performance of the component parts of their overall talent acquisition strategy

The SoH metric allows employers to make informed investment decisions and allocate resources based on the recruitment channels that yield the highest volume and strongest candidates for each open position

Poorly informed recruitment strategies can lead traditional in-house talent acquisition teams to revert to inefficient and potentially expensive recruitment strategies such as job boards, CV libraries or even external agencies. These traditional recruitment methods may play an important role in hiring, but uninformed over-reliance on these approaches can symptomatic of teams that are struggling and fatally undermine recruitment performance

HOW IS THIS METRIC CALCULATED?

$$\frac{\text{Number of Hires (from each Source of Hire)}}{\text{Total Hires}} = \text{Source of Hire (\%)}$$

INSIDER TIP

This metric is particularly powerful when analysed in the context of the hires made in different disciplines and levels as it provides valuable granularity. For example, in more junior roles the percentage of candidates that originate from recruiting sources such as Job Boards may be be far higher than in more senior positions or in more specialist roles

6. REASONS FOR NON-SELECTION

WHAT IS THIS KPI?

'Reasons for Non-Selection' is a KPI that measures and monitors the reasons that hiring managers reject candidates during a recruitment process

WHY IS THIS METRIC IMPORTANT?

This KPI highlights discrepancies between what the hiring manager needs for the role and the skills & experiences of candidates presented by the recruitment team to fill the position

Monitoring the volume of candidates rejected for each role and categorising why each individual was rejected provides powerful data that can be used to measure how effectively the in-house team are able to respond to the needs of the business. Specifically, it allows analysis of how well the recruitment understand the roles that they are being asked to hire for and whether improvements to the initial briefing process are necessary

Unsuitable candidates in the pipeline present a challenge to an organisation. There is the time cost associated with the unsuccessful campaign and the commercial impact of open vacancies. There is the reputational impact in the talent market as the employer rejects candidates that had believed they were suitable. Perhaps most importantly, there is the impact on the internal reputation of the recruitment function as Hiring Managers become accustomed to receiving inconsistent results. This creates pressure in the organisation to revert to 'tried and tested' methods such as third-party agencies, undermining the business's broader talent acquisition strategies and causing hiring costs to escalate

HOW IS THIS METRIC CALCULATED?

> Record the volume of candidate's rejected per vacancy and capture & categorise the reason for non-selection in each instance

INSIDER TIP

It is worth remembering that most Hiring Managers are not recruitment experts. While they will certainly understand the role they are hiring for and the skills and experiences required, it is up to the recruitment team to make sure that this information is transferred effectively during the briefing phase. The recruitment team should set the agenda of the briefing and it is often helpful for them to arrive at the meeting with the profiles of some example candidates to provide a framework for the conversation

7. WHY CANDIDATES DROP OUT

WHAT IS THIS KPI?

Monitoring the reasons that candidates may exit themselves from a campaign at the various stages of a recruitment process provides important diagnostic insight into the reaction of the talent market to the employer's vacancy. It can also provide interesting intelligence about the wider perception of an employer's brand and the experience of the candidate as they navigate an employer's recruitment process

WHY IS THIS METRIC IMPORTANT?

Organisations are constantly looking to standout as a unique employer to attract the best candidates to work for them. Asking why candidate's refuse to engage with an opportunity helps to build an understanding of how candidates perceive the employer brand and, where candidate responses reference their allegiance to a current employer, can offer valuable insight into competitor retention strategies

As candidates engage further with the recruitment process, the quality of data available from exiting applicants improves. Important, real-time insight can be obtained that can highlight details that may undermine the attractiveness of the role. Feedback can identify issues with the efficacy of the recruitment process, challenges in the candidate journey, issues with remuneration & benefits or even problems with scope of the role itself

HOW IS THIS METRIC CALCULATED?

Candidate responses should be measured throughout the recruitment process. To build a complete understanding of candidate sentiment, reasons that applicants exit themselves from the process should be collated and categorised into the following categories:

1) Issues with the company's culture
2) Issues with career and development opportunities
3) Issues with the role and associated responsibilities
4) Issues with the office and environment
5) Issues with the reward and remuneration being offered

INSIDER TIP

Recognise that candidates have choice, and the strongest candidates will often behave more like customers or clients. Developing a recruitment strategy built on accurate data that reflects the needs of the market is sensible and will result in more effective talent acquisition

8. OFFER ACCEPTANCE RATE

WHAT IS THIS KPI?

The Offer Acceptance Rate KPI measures the percentage of accepted job offers against the total number of offers made for the role

WHY IS THIS METRIC IMPORTANT?

Offer Acceptance Rates highlight the ability of the recruitment team to identify candidate's priorities, requirements and deal breakers prior to the offer being extended and to negotiate an amicable, mutual beneficial agreement on terms

This metric forms part of the overall analysis of 'Why Candidates Drop Out' discussed in section 7. However, as the investment made to bring candidates to the offer stage is considerable, it is important enough to analyse separately

There is a danger in assuming that candidates primarily drop out at this stage due to expectation discrepancies over-compensation. This assumption often arises from candidate feedback that references counter-offers from existing employers or receiving better offers elsewhere. While this is undoubtably true in many cases, the reality is that this is often a justification used by a candidate (both to themselves and to the potential employer) that papers over other serious misgivings such as issues over company culture or a perceived lack of future opportunities at the employer. If these challenges remain unidentified or are ignored, they can seriously undermine future hiring initiatives

HOW IS THIS METRIC CALCULATED?

$$\frac{\text{Number of Offer Acceptances}}{\text{Number of Offers made}} = \text{Offer Acceptance Rate (\%)}$$

INSIDER TIP

To improve Offer Acceptance Rates it is important to ensure the compensation and benefits offered are aligned with market rates or better. A thorough salary benchmarking exercise will help in identifying the 'right' pay for the role. Offer Acceptance Rate can also be improved when candidates are provided with a realistic presentation of the role on offer and the challenges and opportunities associated with it. This will result in attracting well informed candidates through the process and help with retention rates post successful employment
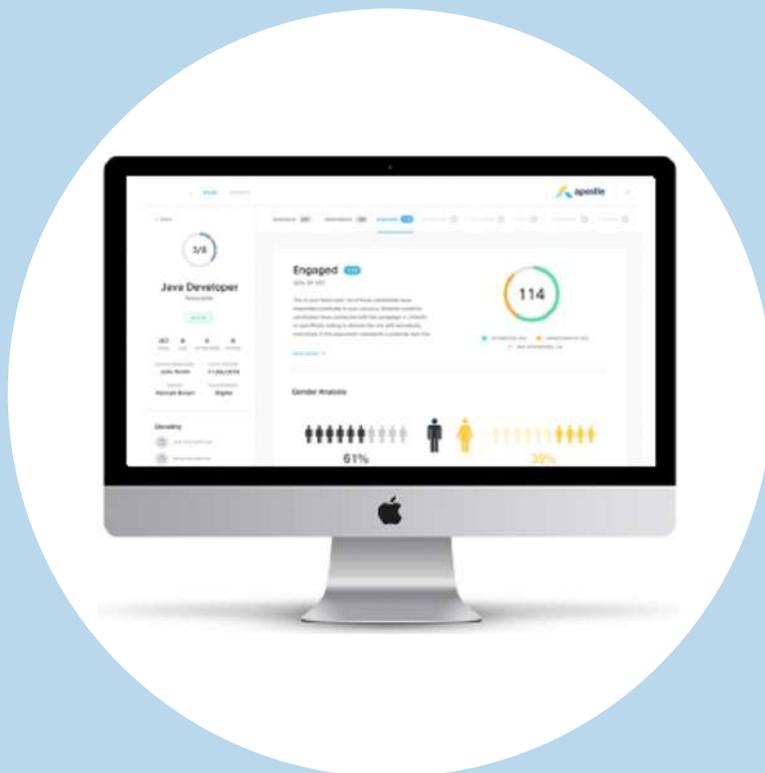
THE ACOLYTE TALENT PLATFORM

FIND

Choose from the best PASSIVE and ACTIVE talent. Search functionality that gives your team direct access to every candidate at every level in any sector or geography.

RETAIN

Immediately access key information that will maximise retention in your workforce. Including: Diversity & Inclusivity, Salary Benchmarking, Talent Hotspots, Competitor Activity & Candidate Sentiment Analysis.

HIRE

Campaign management that identifies, screens, qualifies & introduces you to exactly the right people. Improving hiring success and adding powerful diagnostic capabilities for every recruitment campaign.

GROW

Also benefit from access to Acolyte's suite of talent intelligence services which provide the customised, data driven analysis you need to inform strategic thinking and drive growth.

HIRE TALENT DIRECTLY

Acolyte's mission is simple:

To create a platform that offers employers the insight and recruitment solutions they need for direct, scalable and cost-effective access to the high-quality talent required to meet their business objectives.

We harness data, AI and the latest technology to energise hiring in your business and empower your in-house recruitment and HR teams to deliver direct hire strategies.

Success

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"Professional, quick to deliver results & cost effective, In a trial between contingent agencies alongside Acolyte and the best and successful candidates always came via the Acolyte Platform"