Measuring and Tracking: Recruiting and Retention Success

By Lynne Eisaguirre

The old management concept: "what gets measured gets done" applies with equal force to measuring and tracking recruiting and retention success. A recent survey revealed that 36% of organizations surveyed indicated that recruiting and retaining talent were their top priorities. As the demand for qualified workers increases, many executives and business owners are realizing that without a reliable strategy to attract and retain qualified workers, their businesses could fail.

Why should you measure and track recruiting and retention? Consider these benefits:

- Better recruiting practices help fill positions faster.

- Better hiring practices reduce the risk of selecting a bad hire.

- Better retention practices help eliminate the costs of recruiting and training new employees.

- Recruiting and retention is expensive. Tracking allows you to put your money and time where it will have the most impact.

- Tracking allows you to convince skeptical members of your organization that they must get on board with your efforts, in order to save money and build great teams.

- Tracking allows you to be efficient. It's difficult to know what really works otherwise.

There are two approaches to tracking recruitment and retention measures. One is the traditional approach which measures key metrics of recruiting and retention and the other uses a more pro-active "sales" metric.

Using Traditional Measures

Traditional measures of recruitment and retention success measure the following:

- Time to hire: The total time required for hiring. Obviously, if positions go unfilled, you lose productivity.

- Quality-of-hire: How satisfied the organization is with a hire, usually measured by manager surveys 6-12 months after a hire.

- Number of vacancies outstanding: The total number of company job vacancies. This measure helps you keep track of where your efforts need to be focused.

- Cost-per-hire. The total cost associated with a given position and hire. Obviously, if you spend too much money recruiting, the long-term benefits of the employee will be reduced.

- Longevity-of-hires: How long new hires stay with the company. If you measure all the true costs costs of recruiting, you'll soon find that keeping good current employees is much more economical.

- Recruit source effectiveness: The effectiveness of each source the company uses to generate candidates. This might include evaluating advertising, employee referral programs, staffing agencies and so on.

- Time-to-productivity: The time it takes a new hire to become productive in their new role. Included in this measure should be the time of the person who trains the new hire.

- Boomerangs hires: If you have a substantial number of returning employees, the time to orient and train them is obviously reduced. If you make it clear to departing employees that you welcome their return if they

discover that the grass was not greener, you may find those employees to be one of your most efficient ways of filling recruitment needs.

- Turnover numbers. What is the turnover rate for individual managers and departments? This number will help you track and prevent problems.

Downsides of the Traditional Methods

While these measures help you track traditional measures of recruiting and retention success, they also have a downside. Hiring managers and recruiters may be tempted to fill positions too quickly, for example, in order to reduce the "time to fill" number. They may encourage recruiters to fill a need as fast as possible with the wrong person instead of waiting or working harder to find the right person.

Traditional methods may also encourage recruiters to wait for requisitions to be open to identify and build relationships with mission-critical talent, at which point it might be too late. Finally, traditional tracking might encourage hiring managers to screen and sort quickly, instead of networking to find the best person.

A Sales Approach to Recruiting and Retention

Because of the problems inherent in traditional measures, some organizations have moved towards operating more like a sales force than a traditional recruiting force. In terms of measures, the "sales" recruiting team measures outbound activity, such as establishing relationships and making presentations, just as much as inbound activity, such as taking sales orders, or making hires.

For some teams focused on wooing top talent, such as a specialized construction engineer, the sales cycle for these individuals can be five years or more. The team is not measured so much on the number of jobs they fill as they are on the number of qualified individuals they identify and the relationships they

create. Similarly, retention is measured by the number of quality employees an individual manager keeps and his or her overall turnover numbers.

A recruiting team that is focused on outbound activity like a sales team will build the equivalent of a sales funnel, or a series of stages in a relationship that may culminate in a person getting hired at your company. The sales cycle for this kind of recruiting moves from identifying the candidate, though encouraging the candidate to be willing to listen to opportunities or refer others. Some recruiting managers have taken to calling this progression "suspects, prospects, and applicants."

Using a sales model may also require moving recruiting out of specific department or individuals and making sure that everyone is aware of potential opportunities to "sell" your organization to desirable employees, as well as to make sure that you reduce turnover for current employees.

Summary

For many organizations, using a combination of the traditional recruiting and retention metrics, along with increasing their "sales" opportunities, will yield the best results.