How to work with Recruiters

When to engage, how to measure success, and manage costs

I'm Matt Cholerton

I was an In-house HR Leader and Recruiter for over a decade.

Started, Hito Labs, an External Agency in 2013.
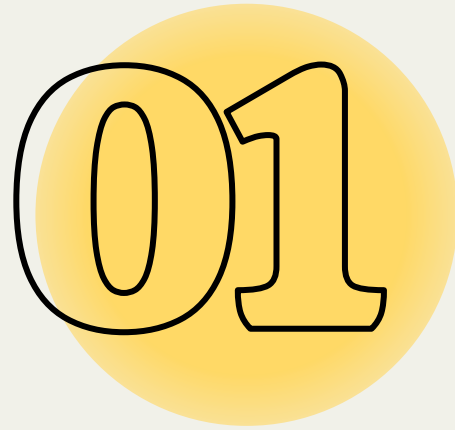
Learning Objectives

01 In-house vs External Recruitment Firms

02 How to Monitor Recruiting Projects

03 Thinking about Recruiting Spend

01

In-House vs External Recruitment Firms

When In-House? When to get External help?

- Key Factors -

1) Number of roles (sustained openings, familiar, duplicate roles)

2) Difficulty of roles (competition and market, skill niche, senior, specialized, diverse*)

3) Skills and resources of team (sourcing tools, time pressures, junior/senior skills)

4) Urgency

Which Approach is best?
Strengths of In-house & External Recruiting

Recuiting Approach

Hiring Manager   Recruiter

In-House

Partner Agency   Contingency

External

Recruiting Approach

Hiring Manager   **Recruiter**   Partner Agency   Contingency

- Employee Branding
- Relationships / Deep understanding of company 'culture'
- Candidate Experience
- Internal Process
- Understand long term goals (opportunistic hiring, promotions coming up)
- Inbound (applicants)

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Recruiting Approach

Hiring Manager In-House   Partner Agency   Contingency

- Create job description
- Post / share the role
- Screen resumes
- Communicate with candidates / scheduling
- Interview
- Prepare interview team

Recruiting Approach

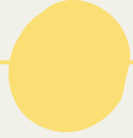Hiring Manager In-House **Partner Agency** **Contingency**

Hybrid

Hourly, Hourly and fee, guaranteed payment

(Flavors: "RPO, RaaS, Retained, Contained, On-Demand, Engaged, Contractor, Sourcer"

Paid a Success Fee

No placement/No fee

Recruiting Approach

Hiring Manager　　Recruiter

Partner Agency　Contingency

- Volume approach
- Search tools and skills
- Database
- Efficiency
- Bandwidth/speed
- Outbound

Recruiting Approach

Hiring Manager   Recruiter

- Planful / time
- Familiarity of roles
- Internal resources (tools, databases)
- Recruiting productivity / overall workload

Partner Agency   Contingency

- Niche Roles
  - Senior level or specialized skills
  - Diverse, remote, hours
- Difficulties / roadblocks
- Urgency /Speed

Recruiting Approach

Hiring Manager

Recruiter　　Partner Agency

Contingency

Great Recruiters
and Partner
Agencies can
provide
overlapping skills

- Volume approach
- Candidate Experience
- Search Tools
- Internal Process
- Bandwidth / speed
- Inbound / Outbound
- Relationships / understanding of
  company 'culture

02 Key Recruiting Metrics

Lots of Key Recruiting Metrics

- Time to Fill
- Source of Hire
- Cost per Hire
- Offer Acceptance Rate
- New Hire Quality / Turnover
- Applicant Tracking Metrics

- Interviews per H
- Interview to Off
- Offer Response
- Pipeline Velocity
- Candidates per H
- Time to Schedul
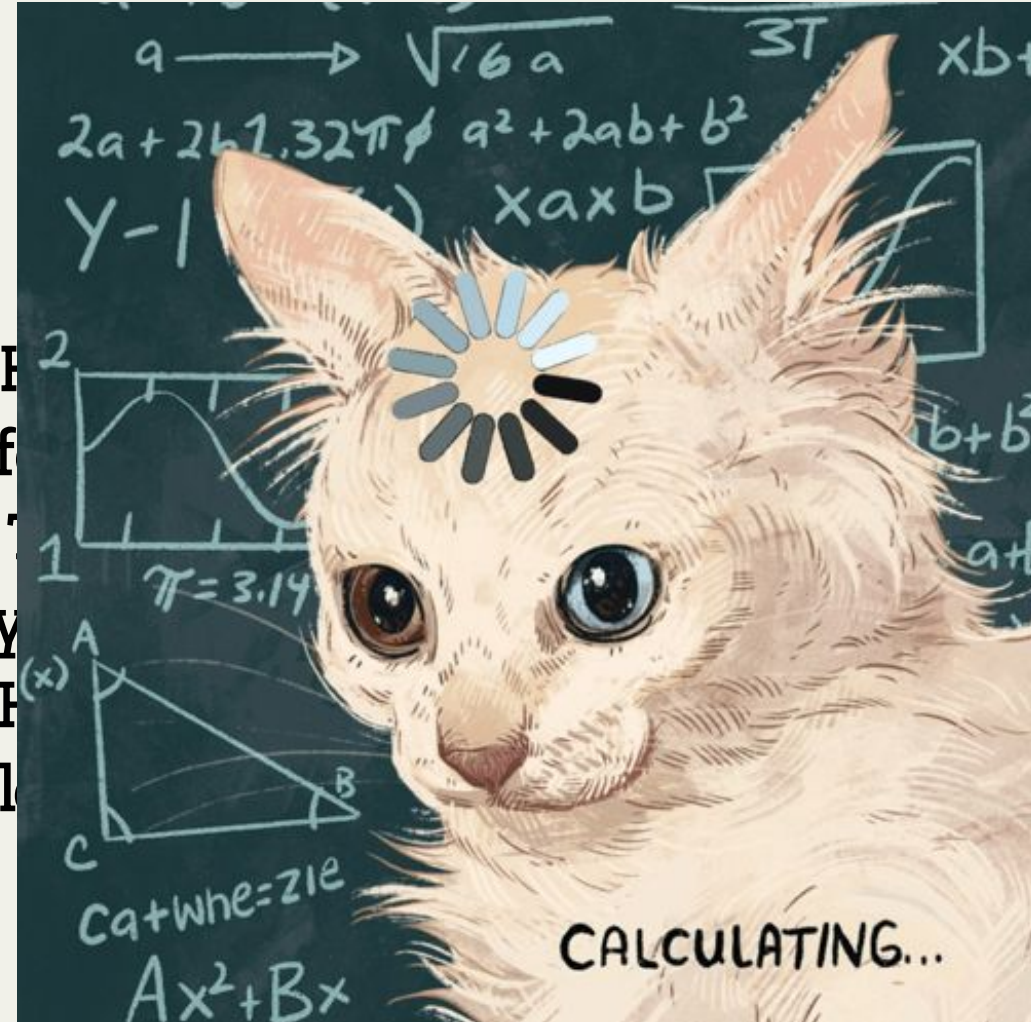
A. Lodestar

B. Conversion Rate

Lodestar noun

ˈlōd-ˌstär
variants or *less commonly* <u>loadstar</u>

1 : archaic : a star that leads or guides
2 : one that serves as an inspiration, model, or guide

A. Lodestar

Three (3) candidates to the Hiring Manager Stage or Beyond

Lodestar

Three (3) candidates to the Hiring Manager Stage or Beyond

- Easy to measure
- On-track to make a hire
- Allows quick iterations (+efficiency, interview team time, candidates experience)
- Maintain Lodestar prompts other process activities (i.e. more sourcing)

Conversion Rate

Top of Funnel	Recruiter Screen	Hiring Manager Screen	Assessment / Team	Accepted Offer
20%	40%	60%	40%	90%

Conversion Rate

Top of Funnel	Recruiter Screen	Hiring Manager Screen	Assessment / Team	Accepted Offer
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| | For Example –> | 8 candidates talk to HM
5 advance to next stage | 5 candidates move to Team
2 advance to next stage | |

Conversion Rate

1. Establish interview stages
2. Estimate conversion rates
3. Measure performance against expectations
4. Improve process

Time (days) in Stage

- Is this a reasonable amount of time?
- Should we change the requirement at this step?
- Are we on track to hire when we need?
- Who is / isn't prioritizing?

03

Managing Spend

Have 'Project Analysis' in mind

Hiring Manager   Recruiter

- Planful / time
- Familiarity of roles
- Internal resources (tools, databases)
- Recruiting productivity / overall workload

Partner Agency   Contingency

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Cost Analysis

Hiring Manager   Recruiter   Partner Agency   Contingency

Cost Analysis

Hiring Manager   Recruiter   Partner Agency   Contingency

- Recruiter salary and benefits

  - Sourcing tools, posting

- Lost revenue from vacancy

  - Interviewers time / ˙lost productivity (*urgency*)

  - Morale of team

20% - 30%
Role? I.e. $75k X 25%
$18,750

- Candidate Experience
- Internal Process improvement

Cost Analysis

Hiring Manager Recruiter

Partner Agency Contingency

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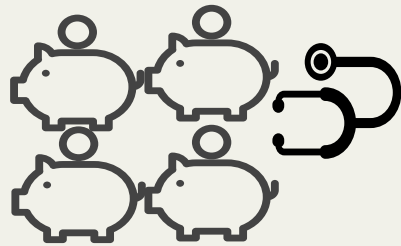* *On average, In-house takes 2X as long to hire as External*

Cost Analysis

Hiring Manager   Recruiter   Partner Agency   Contingency

There is no formula (yet)

Urgency # of days to desired start = 41 $\times$ Talent Market (Unemployment rate BY function) $\times$ Recruiting Expertise and Familiarity w/ role $+$ Sourcing & Resources

Lost revenue in dollar$ from vacancy $+$ Lost revenue in dollars from interview $-$ $\sqrt{}$ Number of open Roles

$$\frac{U(T)Exp+R/Rev}{x(Roles)} = \frac{41(3.8)4+R/2}{35000^2} = 8523$$

… In-House hire

Focus on converting
Time is money

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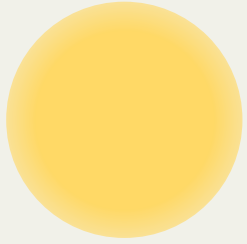
Thank you!

Free Consultation

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