

MEASURING WHAT MATTERS

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In many companies around the Beltway in November 2006, recruitment and staffing functions suddenly found themselves in the spotlight due to a thriving job market and diminishing labor supplies. While this attention may have been a welcome change for most recruiting professionals, it also brought demands for greater accountability from them.

A decade earlier, most of us could have managed our recruiting departments by reporting the number of jobs we opened and the number we filled each month. But in 2006, with attrition rates in the double digits and vacancy rates running ever higher, business survival was at stake. We were expected to provide real-time metrics in categories that said far more than how busy we were. We were expected to show what our efforts were contributing to the bottom line.

The metrics that meet these expectations fall, for the most part, into one of these six categories: Quality, Utilization, Activity, Retention, Time, and \$ (costs). Q-U-A-R-T-\$ provide the type of metrics chief operating officers and chief financial officers value most. They relate to business strategies, expenses, return on investments, and results. This is how most businesses measure success.

Quality is most easily measured by customer satisfaction. If the new employee is performing well and producing results within or beyond expectations, the client will be happy. While manager satisfaction with the fit-to-specs can be captured upon hire, the more meaningful measure is actual job performance. This, of course, can take 6 to 12 months or even longer to fairly evaluate. Successful recruiting managers carefully track the sources of the people they hire. This allows them to assess the return on investment of specific recruitment strategies. When a particular sourcing technique shows diminishing returns, a change of strategy can be easily justified. This happened throughout the industry in the late 1990s when the Internet job boards became the primary means for finding new jobs. For a fraction of the cost of a newspaper advertisement, the Internet provided significantly higher applicant flow than the traditional printed newspaper advertisement.

Activity measures may not directly affect the bottom line, but they certainly play an important role in determining how we staff our recruitment functions. The volume of recruitment needs will dictate the number of recruiters required to satisfy them on a timely basis. Recruiters can manage only a certain number of open requirements. Exceed that number, and the law of diminishing returns takes effect.

Retention is critical for many reasons. The duration or tenure of employment measured by function, department, location, or source of recruitment can speak volumes about quality, culture, leadership, competitiveness, and return on investment. While the recruiter cannot be held solely accountable for early attrition, the first element of retention is an open, honest, and accurate recruitment.

For many, Time has become the key metric. Time to fill is often deemed more critical than cost per hire because how long a position is vacant equates to considerable losses in revenues, production, and, perhaps, customer satisfaction. In a very competitive job market, employers cannot expect to win the talent war if they don't act quickly when good candidates present themselves. Finally, costs per hire, costs of turnover, and costs of recruitment strategies will always capture the attention of management and provide valuable measures for planning future recruitment strategies.