



The Big 3 Efficiency Metrics in Recruiting

By Doug Fuehne

Measuring success is critical in recruiting. There are four general types of metrics on which to concentrate - cost, quality, quantity, and time. At Q4B, one way we measure “quality” is through our **Big 3 Efficiency** metrics.

Efficiency is a funny thing; it can mean many different things to different people. For example, the Laws of Thermodynamics tell us that any engine or machine is doing very well if it is operating at 80% efficiency, which means that 80% of the energy put in is turned into useful work. They also tell us that NO machine can operate at 100% efficiency.

In recruiting, efficiency measures how well recruiters are doing their job and how effective the process is. At Q4B, our Big 3 metrics are:

- **Submittal Efficiency,**
- **Interview Efficiency,** and
- **Offer Efficiency.**

The first, **Submittal Efficiency**, is a measure of how well submitted candidates fit against the requisition profile. It is defined as the number of candidates interviewed divided by the total number of candidates submitted. You would expect this number to be high. However, as in Thermodynamics, it can be TOO high. If it is 100% the recruiter is not pushing the edges of the requisition specifications, which means you are probably missing good candidates.

However, if your Submittal Efficiency is too low, it indicates the hiring managers are spending too much time reviewing resumes. This could be because the recruiter may be doing a poor job, or perhaps the requisition has been mis-specified to begin with. As a whole, hiring managers and recruiters are doing well if three of every four submittals make it to interviews (75% efficiency). Flashing-red-light warnings should start to go off if less than one in



two (50% efficiency) make it to interviews, meaning it is time to investigate to determine where the problem areas are.

Next, the **Interview Efficiency** is a measure of the hiring manager screening process. It is defined as the number of candidates who receive offers divided by the number of candidates interviewed. You would expect this number to be lower than the submittal efficiency, since most people want to interview several candidates for one offer. The goal is to shoot for 30% efficiency, which means your organization is making offers to one out of every three to four interviewed candidates. . , If less than one in six candidates interviewed actually receives an offer (16% efficiency), it should be an indicator that it is time to investigate again. With low efficiencies there could be any number of problems, most of which are issues in the screening process, including hiring manager over-selectivity. However, recruiters can be great assets during this phase - they can help out with scheduling interviews, prepping candidates, gathering immediate interview feedback, and generally guiding the process.

The third of the Big 3 is the **Offer Efficiency**, a measure of how many candidates actually accept your offers and start working with you. It is calculated as the number of candidates accepting offers divided by the total number of offers. Since the recruiters should be helping hiring managers extend offers that will be accepted as well as pre-closing the candidates, we expect this ratio to be high. If the process yields an 80% Offer Efficiency, or four out of five offers are accepted, you are doing well. Conversely, if less than three in five offers are accepted (60% efficiency), then something in your recruiting processes needs to be modified or addressed. Low Offer Efficiencies could mean the recruiter is doing a poor job of pre-closing the candidate or negating counteroffers; or perhaps the offers themselves are undesirable, whether from a financial standpoint or on other dimensions, such as too much travel or an undesirable work location. Also, as with Submittal Efficiencies, Offer Efficiencies can be too high as well; if 100% of people accept your offers, perhaps you are offering too much money for the job.



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The efficiency metrics are relatively easy to gather and calculate, but are very helpful in monitoring the quality of the recruiting process. By investigating the issues indicated by the efficiencies, we can identify potential problem areas in sufficient time to take corrective action and still get your hires on time.

Another benefit of the efficiency ratios is that by multiplying all three of them together, you can get the expected number of hires from the number of submittals, assisting your planning process. For example, multiplying the lower bound of the “good” efficiencies ($75\% \times 30\% \times 80\%$) = 18%, which means you need to submit between five and six candidates to get one hire.

Next time, I’ll discuss Q4B’s cost and time metrics, specifically our sophisticated cost-per-hire metrics and time-to-fill metrics. For now, have an efficient day.