



Candidate Experience and 120-Day Separations: Taleo World 2008 Recruiter Survey

Overview

Shaker Consulting Group, Inc. conducted a survey of attendees at the Taleo World 2008 User Conference in Boston, MA. The purpose of the survey was to assess the degree to which organizations are evaluating the candidate experience and measuring the economic impact of staffing process waste or early turnover.

As a sponsor and exhibitor of the conference, we asked recruiting professionals who visited our booth to complete a five-question survey. Three multiple-choice questions explored candidate experience issues and two questions examined 120-day turnover.

Observations and Assertions

The data suggests that the vast majority of companies (86%) do not ask candidates for feedback about their on-line employment experience. In spite of a lack of candidate feedback, a surprisingly large group, (29%) believe their candidate experience is so positive that it creates referrals and viral marketing. The survey did not explore referral rate issues, so we are left to contemplate why this belief is held.

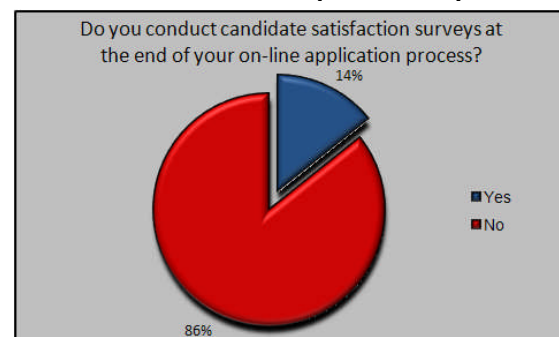
The survey asked if a multi-media realistic job preview (RJP) was part of their on-line candidate experience. An RJP presents a balanced look at the job, describing both the rewarding and satisfying, as well as the challenging and demanding elements of the job. Ninety-four percent (94%) of respondents said no. This is further evidence of significant room for improving the interactive and informative nature of the candidate experience. Web 2.0 recruiting implies a more engaging user

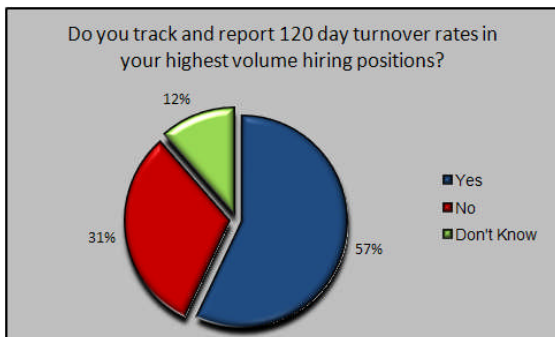
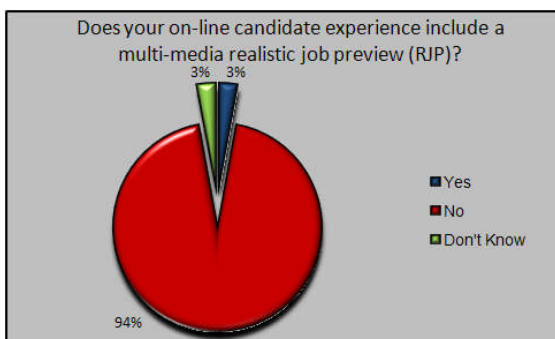
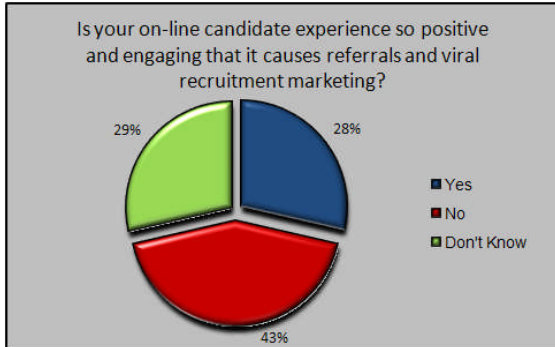
experience. Web 2.0 recruiting might include job-specific video, streaming audio, and animated images which engage and educate the candidate.

The 120-day separation rate is one measure of hiring decision effectiveness. A total of 57% of respondents stated that their company tracks and reports this data. This is contrasted with 72% of respondents stating they do not know the cost of on-boarding a new employee into a high-turnover position. Respondents who did offer an on-boarding cost dollar figure, created a range from a difficult to imagine low of \$300 to a high-end figure of \$29,000 in addition to the often quoted estimate of 1.5 times salary.

As a firm, we are quite interested in the economics of early turnover. We believe that more attention should be given to this staffing process outcome. Reporting turnover as a percentage obscures the economic impact of hiring decisions which result in early separations and further blurs lines of responsibility and ownership of this result. Multiplying the cost of on-boarding times the number of 120-day separations calculates the total dollars lost from this form of staffing waste.

Taleo World 2008 Participant Survey Results





Staffing Process Improvement

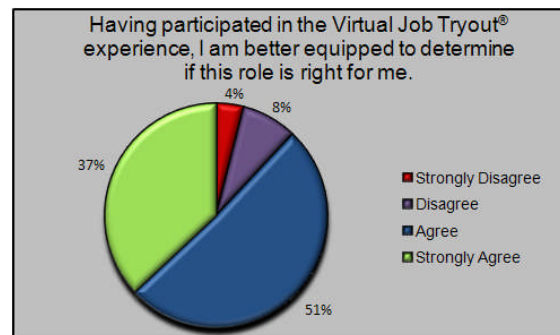
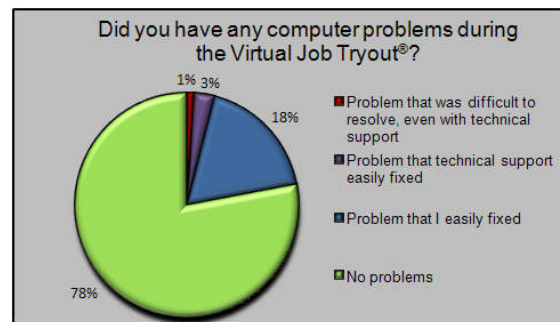
A core step in any process improvement initiative is the collection of data. The mere act of collecting data begins to change the process, according to W. Edwards Deming. Determining which data to collect, by its nature establishes a sense of significance and a focus. One source of data for staffing process improvement is the candidate's reaction to your on-line experience. If you want to create a better candidate experience, begin by finding out how candidates view your current experience.

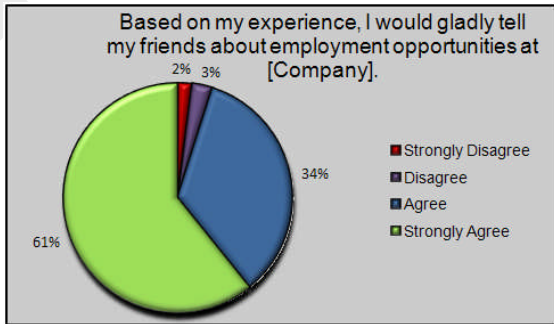
Candidate Experience Factors

Candidates are decision makers too. Your application process should provide candidates with the information they need to make a sound career decision. Questions you might consider asking include:

- Did you experience any problems with our on-line process? (Ease of use)
- Are you in a better position to decide if this job is right for you? (Educational)
- Based upon this experience will you refer others to opportunities here? (Exceptional)
- Please provide any comments on your application experience. (Evaluative)

Data can be used to zero in on improvement opportunities, create testimonials within the careers page and support sourcing efforts. Examples of candidate responses may look like this.





Open-Ended Responses

"I think the virtual job tryout is great! I really like that (Company) gives you an example of what you are expected to do before you even step foot into their offices. It is a very good factor in deciding if this is the right job for you!"

"I really enjoyed this way of getting to know the job. It allowed me to see what it will be like to work for your company. Thank you for the opportunity."

Staffing Economics

Staffing is a business process. As such, the process has inputs or candidates and candidate data. It has value-add procedures such as candidate evaluation, decision-making, and on-boarding. In addition, the output of the staffing process can be measured in terms of separations (voluntary and involuntary), and performance variation of those who remain on the job.

Separations that occur in 120 days or fewer can be labeled as False Starts and can be measured as a form of staffing process waste. For purposes of discussion, one might compare hiring decisions that result in early separations (<120 days) to the manufacturing of defective products. The raw goods are lost and new goods must be put back into the process, causing rework. Staffing waste triggers rework in the form of replacement hires which doubles the cost of talent. Staffing rework is repeating the process elements of sourcing, evaluating, decision making and on-boarding for the False Starts.

Many of our clients have documented the cost of on-boarding. We define this as the investment in time to proficiency. How long and how much does it cost to create a competent performer? The timeline ranges from a few weeks to two years. The methodologies used to arrive at these dollar figures range from an informed estimate to the identification and linking of general ledger accounting codes in conjunction with a black belt Six Sigma project. Organizational belief in and acceptance of the figure is an important factor in each of these examples. Calculations and projections based upon these figures become the agreed upon basis for projecting and calculating return on invest from staffing process improvement.


Cost of On-Boarding

Investment In New Employees From Recruiting To Time Of Proficiency	
Entry-Level Manufacturing (calculated/estimate)	\$5,400
Tellers And Financial Service Call Centers (calculated/estimate)	\$10,000
Phlebotomist (calculated)	\$16,000
Automotive Lease Call Center (calculated)	\$32,000
MRO Field Sales Representative (calculated)	\$48,000
Capital Goods Field Sales Representative (calculated)	\$250,000

When you know the real costs of on-boarding, it is easy to develop return on investment projections. As an example, reducing 120-day turnover of tellers by 10 people would save \$100,000 in on-boarding costs from replacement hires (10 X \$10,000 = \$100,000).

Opportunity

The candidate experience can make a difference in your recruiting process. However, if you don't ask, there is no data to use for process improvement.



The results of this survey speak more to the great opportunity before us than to the kudos that can be taken for best in class staffing practices. There is room for improvement. Wiser approaches to the business process known as staffing can be adopted.

- ✔ Start small. Identify one job as the focus for process improvement.
- ✔ Explore the ability of your applicant tracking system (ATS) to conduct candidate surveys. Decide what information would be valuable and develop a survey process.
- ✔ Collaborate with the CFO to isolate general ledger codes that can be tied to the cost of on-boarding. Examine the possibilities to create new cost reporting for jobs with high 120-day separation rates.
- ✔ Partner with your Quality, Process Improvement or Six Sigma teams to examine staffing as a process. Document inputs, value-add methods and outputs or yields. Begin to track, document and report current state and changes over time.

Notes

The results of the survey are a small glimpse into the practices of a recruiting niche: Taleo customers and prospects (Sample size is 35 of about 500+ attendees, or approximately 7%). Given the size of the entire recruiting universe, this data is not presented as a statistically significant look at recruiting practices. However, we do believe the responses are representative of common practices in corporate recruiting today, and the results are similar to other surveys we have conducted with larger sample sizes. (Shaker Consulting Group and The Society for Human Resource Management (SHRM); Quality of Hire, N = 585, 2004; Objective Candidate Evaluation Methods, N = 282, 2005; The Turnover Misnomer, N = 645, 2006). Contact us at info@shakercg.com for copies of these additional survey reports.

About Shaker Consulting Group

A Cleveland, Ohio-based pioneer in on-line simulations and developers of the Virtual Job Tryout®, a work-sample based candidate evaluation system.



Shaker Consulting Group helps companies drive business results through improving their staffing process.

Sought out by brand-conscious organizations, Shaker Consulting Group deploys client-specific, talent evaluation experiences that document how success is measured in the recruiting process.

Companies that have engaged Shaker Consulting Group to create customized, interactive Virtual Job Tryouts® include notable firms such as: CVS, Diebold, KeyBank, Marriott, Quest Diagnostics, The Starbucks Coffee Company, and The Sherwin-Williams Company.



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