

The McKenzie Mailer

October, 2004

Volume 4, Number 10

The Second Annual McKenzieHR Human Resource Update

Wednesday, November 10,
2004

8:30- - 1:30

Topics to be Covered:

Wage & Hour Update
Recruitment & Retention
FMLA

\$70.00 per person for
current clients

\$95.00 per person non
clients

Includes continental
breakfast and a full
Deli Lunch Buffet.

To sign up click here

Last month the link
did not work – so we
will try it again.

“ASK BOB”

Introducing “Ask Bob”
this is a new feature to our
web site. For no charge,
you have the opportunity to
ask human resource related
questions of Bob McKenzie,
president of McKenzieHR.
To Ask Bob a HR question,
go to www.mckenziehr.com

Recruitment Metrics – Are You Measuring the Right Stuff?

A human resource executive stood in front of his peers and was very proud to report that their goal of reducing the cost per hire by 15% for the year was met. Imagine the embarrassment of the executive when asked by the Chief Financial Officer why the total recruitment cost increased by 25% over the same period of time. It turns out that the organization hired 25% more employees than the previous year with no appreciable increase in overall number of employees. What happened is that turnover increased. The emphasis placed on meeting their cost per hire goal overshadowed the resultant lower quality of hire.

Cost per hire is one of the most misused measurements of the effectiveness of an organization's recruitment efforts. As a stand alone measurement, cost per hire is virtually useless. A measurement of cost per hire must be looked at in conjunction with the quality of hires. A better look at the effectiveness of your recruitment efforts is tenure of employees leaving the company. What is the percentage of employees leaving within the first 90 days? Six months? Two years?

Turnover results in higher costs and lower productivity and the direct recruitment cost to find a replacement is only about 10% of the total cost of turnover. When an employee is missing, other employees are forced to fill in or work overtime; the cost of unemployment insurance increases, the manager must make time to place an ad in the paper, review resumes, screen telephone calls, interview candidates, check references, etc. If the position includes relocation or agency fees, the cost goes up.

The truth be told, it is more important to spend more up front to ensure that the hires you make are the best suited for your organization. A bad hire will cost the company up to 10 times or more than the recruitment cost to fill the position. A hiring mistake results in lost productivity, lower morale among the good employees, loss of credibility of management for making such a huge error and maybe a discrimination charge or a lawsuit. It may be impossible to put a price tag on a bad hire.

What is your measure of recruitment success?