ClearCompany

DEFINING
MEASURING
BUILDING
IT INTO YOUR
ORGANIZATION

(QoH)

QUALITY OF HIRE

INTRODUCTION

Quality of Hire (QoH) has long been one of the major dividing lines between sourcing, recruiting and HR. After all, retention and talent management have more to do with the quality of a worker than anything else...right? Well, that's what the recruiters might have you believe. In fact, quality of HIRE is right there in the name. The person doing the hiring is the one who is responsible for the quality, right?

Well, not exactly. We know sometimes the best hires crash and burn because they were paired with the wrong manager, or because the job description (when sent to the recruiter) was out of date. So clearly the onus rests on management! But wait, how can management and HR be responsible if the person was never right from the get-go. It's at this point that the Sourcers get blamed for the issue.

Not so fast, claims Amplify Talent's Lars Schmidt, former talent acquisition executive for companies like TicketMaster and NPR. Schmidt, who now works with the likes of Hootsuite and SpaceX says:

> "You can have an amazing hire and a horrible manager. That great hire will be poached by another organization and that's not a reflection on the recruiter that brought that person in."

And we're right back where we started...

Never before has a metric been so kicked around until it truly loses all meaning. In debating whose issue it is to increase Quality of Hire, we've stopped actually working to increase it. A simple search of HR practitioner blogs will give you a cursory view of metrics that may or may not affect QoH, and right and wrong ways to measure QoH, and of course, the crucial reasons to increase your QoH score. And while all of those things are important, resources that contain them, along with practical advice on how to get buy in from all the groups that weigh heavily on the outcome of QoH, are few and far between.

So, our team has created such a resource. Our goal is to give you the numbers, research and strategies you need to define, implement and measure QoH in your organization.

Let's start with what Quality of Hire is:

Quality of Hire is a buzzword that gets tossed around, but how it is determined and defined is as elusive as the perfect job candidate. It's rarely defined outright, most likely because developments and advancements in the metrics it encompasses have made its true function pliable in terms of what organizations hope to get out of it.

According to workplace experts CEB, Quality of Hire is defined as:

"**Noun**: a new hire's current and likely future effectiveness at completing his or her individual tasks, and contributing to others' performance and using others' contributions to improve his or her own performance."

Quality of Hire is how organizations measure the value a new employee will bring not just to their own performance, but to the overall goals and performance of the company.

"***If that's true***, then why are some of the more commonly used metrics used to determine Quality of Hire time-to-fill and cost-per-hire? Those types of metrics may help reveal efficiencies in the recruiting process, but they do very little in determining what and how hiring decisions impact the ability for organizations to meet business goals."

Our own Sara Pollock had this to say about Quality of Hire. But is this the final verdict on the subject? Well, sort of. When looking at different philosophies, it seems that we use these metrics because everyone else uses them. Furthermore, there are very few platforms or tools that provide an at-a-glance QoH measurement.

According to **LinkedIn's Global Recruiting Trends of 2016**, 45% of Talent Leaders cited Quality of Hire as the most valuable metric in talent recruitment. That's interesting considering that of those same respondents, only 33% strongly feel they can measure Quality of Hire effectively and only 5% feel as though their methods are "best in class."

What we're left with then, is a metric that has no agreed upon responsible department, few driver metrics, and an inadequate definition...throw in the fact that every company is different and the "most important metric in talent recruitment" becomes one of the least understood.

Without all of the right variables, Quality of Hire is merely an inconsistent and therefore, inaccurate measurement of value that does nothing for the overall effectiveness of an organization's workforce.

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DEPARTMENT RESPONSIBILITY

The fact of the matter is that **every** department plays a critical part and before looking at the metrics to really determine where the errors occur, we have to look at what each department is responsible for when measuring QoH.

Sourcing

At the core is sourcing. Sourcers find and engage potential candidates. They are tasked with finding and understanding which mediums will provide the best candidates, learning how to best initiate contact and build rapport with those candidates and representing the company in such a way that makes those candidates want to apply for a job. This also means that they play an integral part in contributing to QoH. For example, a Sourcer that oversells or is dishonest about the company or job when establishing contact with potential candidates is partly responsible if a candidate is hired and then leaves the company due to inconsistencies with their job duties.

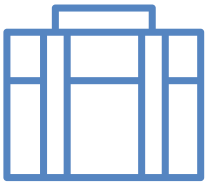
Recruiting

Recruiters are the ones we naturally want to hold responsible for QoH. While many pre-hire quality metrics rely on recruitment data, they aren't the only ones affecting a company's QoH. Recruiters choose and prepare candidates from a company's ATS to move forward with the interview process.

After reviewing resumes, conducting phone screens, posting job descriptions and ads, they become something of a match-maker, placing the needs of the company against the needs and skills of the (hopefully) worthy candidates and then putting the interviewing wheels into action. Recruiters highly influence QoH metrics specifically related to candidate outreach (post-sourcing), referral rates and email conversion rates.

Hiring (HR)

Hiring managers are tasked with collaborating with HR to write job descriptions, craft compensation plans, write up job offers and essentially lead the interview and hiring processes. They have to use their intuition and knowledge to make informed and intelligent judgments as to which candidates will be the highest quality choice for the job at hand and if they will fit in with the company culture. QoH is directly impacted by hiring decisions, as so much of the process relies on their subjective judgement. One misguided job description, team placement or outright bad judge of character can cause a ripple in QoH metrics.



Management

When a candidate is hired on, they may or may not be directly managed by the acting hiring manager. In either case, management is where post-hire metrics are heavily impacted. Managers should be leaders. Meaning they train new hires, manage their performance, help them set goals, coach them on career development and ensure that any concerns they have about their new role and company are communicated and taken care of. This leadership is cultivated throughout their entire tenure with the company. How employees are managed influences culture, performance, productivity, engagement, and retention, thereby affecting virtually every post-hire metric. All it takes it a single bad manager to disrupt not just one, but many metrics related to QoH.

Playing the blame game will only engage your company in an endless and messy circle of "whodunnit." Instead, take a look at the bigger picture, try to connect the dots and start making plans for improvement. Getting there might not be easy, but that's what we're here for.

METRICS GALORE

How many Quality of Hire metrics are there you ask? Infinite. Or at least it seems so. Every company will choose to use different metrics based on areas they feel will shape and increase their own QoH and there is no doubt that new metrics will continue to enhance (or confuse?) this process. The problem is that ALL the metrics have the potential to shape and increase QoH so most companies today, especially small ones with limited resources, aren't able to bring their QoH metrics full circle. It's impossible to know that, however, if your company is limiting the scope and reach of their metrics to only one stage of the hiring process.

Research on Quality of Hire **conducted by Hudson RPO** shows that 80% of companies have stated they care about their quality of hire. Yet, of those same companies, only 32% of them actually track statistics on quality of hire, such as duration of stay with the company and work performance.

So, let's cover all the bases:

Pre-Hire Metrics

Measuring pre-hire quality is important because organizations are able to compare pre-hire requirements with the actual performance of new employees, revealing potential strengths and weaknesses in virtually every step of the hiring process.

According to Lou Adler, properly measuring pre-hire quality means **employers can potentially avoid** recruiting bad hires, before they can impact Quality of Hire. Almost all tracking for pre-hire metrics occurs during the sourcing and recruiting stages. While not *every* metric known to man for pre-hire quality is listed, these are many that will yield great insights.

Sourcing mix of passive, active or referred candidates

Sourcers work to find high quality choices of passive candidates and candidate referrals for high-demand and management positions to pass on to recruiters. **These types of candidates** should typically make up **50%** of the candidates recruiters bring to hiring managers.

Sourcing channel effectiveness

This one is a no brainer. Tracking where the best candidates are sourced from will help to maximize the sourcing stage. How the best candidates are measured will vary from company to company.

Passive candidate call back rate

Passive candidates are an important source for recruiting and networking because they tend to be the highest quality candidates with the highest quality referrals. Recruiters should work to maintain a high percentage (75%) of call backs from them.

Passive candidate conversion rate

This metric is made up of several smaller metrics that track from end-to-end contact with a passive candidate from first-response contact to prospect-conversion rates. Recruiters should aim to **convert 75% of the passive candidates** they contact into prospects.

Passive candidate yield

Tracking for this metric is simply the ratio of how many passive candidates who are offered a position accept the job. Understanding this metric helps detect inefficiencies in passive candidate engagement in the sourcing and recruiting stages.

Referrals per call

Employee referrals are the most effective sourcing channel and increase the chances of successful job matching from 2.6 to 6.6%, according to research done by Glassdoor, which is why they are also significant in measuring pre-hire quality. Adler suggests recruiters should try to get at least two referrals per call.

Job posting effectiveness

How a job post is crafted has a direct effect on apply rate. In fact, the language used in job ads is so influential on a candidate's decision to apply that computer scientist for Unitive, Laura Mather, created a software to eliminate unconscious bias in hiring decisions, including how job posts are written. Job post effectiveness is easily measured by the apply rate.

Email conversion rates

Job candidates today want meaningful careers, personalization and easy-to-read information which means how they are approached for a potential job can be critical to turning them into a real prospect. Making sure email content is compelling, specific and to-the-point can significantly impact conversion rates. Recruiters should aim for response rates that are 50% or higher.

Candidates per hire

This metric represents how many job candidates a hiring manager sees before a hire is made. If a company's sourcing and recruiting department has done it's job well, ideally, hiring managers should only need to interview **a handful** of candidates before reaching a decision. That is, if there aren't inefficiencies, bias, poor judgement or a misrepresented employer brand/job description influencing it.

Post-Hire

If you thought there were a lot of pre-hire metrics, post-hire metrics are truly boundless and many overlap with performance metrics. These are measurements on new hire performance, as well as measurements of the overall workforce and company and how they affect QoH through things like culture and management style. Here's just a handful:

Time-to-hire

Time is money. When evaluating QoH, tracking how long it takes to hire someone for a role will help companies improve so that time-to-hire shrinks.

Time to new hire productivity

Determining the amount of time and to what degree a new hire reaches productivity helps shape QoH because it allows managers to create a standard levels of productivity for benchmarking. It's a also a key aspect of measuring recruiting ROI.

Revenue per employee

According to Aberdeen Group, the **most common way to measure employee productivity** is revenue per employee. This metric helps companies keep track of the revenue that is created or lost in proportion to the number of employees in an organization. Revenue per employee is also useful when assessing other metrics like turnover costs and cost-to-hire.

Hiring manager surveys on new hire performance

Assessing new hire performance can be quick, easy and inexpensive with hiring manager surveys. Dr. John Sullivan explains, "Ask [hiring managers] at time of hire, at 6 months, and at 12 months, to simply rate each new hire on a 1-10 performance scale, where five is the average on-the-job performance for a new hire in their job family and 10 is an exceptional performer. Sometimes the "would you rehire?" question is the **least painful way to judge new hire performance**."

Culture fit surveys

Culture-fit surveys can be easily crafted and distributed and can help companies assess the culture of their organization. By having the workforce frequently rate how satisfied and connected they are with company culture and values, companies can determine strengths and weaknesses and whether teams are aligned with company values. Having this kind of data can detect and improve on problems with recruitment, training and management processes.

360 Degree Feedback

Getting feedback from colleagues is critical for more than just the employee being reviewed. It improves communication and provides employees with feedback they can use to get their performance where it needs to be. It's also an important metric for HR professionals because they can improve recruiting efforts by comparing 360 degree feedback results of employees and using those results to hone in on which candidates most closely identify with the pain points discussed in the results.

ONBOARDING IS THE QoH LIFE

The onboarding stage is critical to QoH because this is the period of time that new hires are typically deciding whether or not to stay at a company. What's more is that how a new employee is developed in these early stages has a direct impact on post-hire quality metrics. But new employee onboarding still seems to be on the backburner for many companies. In a recent report, Empower Hiring Managers And Recruiters Today To Own Recruiting Tomorrow, **Aberdeen Group revealed** the power of quality of hire as it relates to the rest of recruiting.

Aberdeen's Best-in-Class companies that used Quality of Hire saw a lot of employees with exceptional performance reviews. These companies also had a mean 15% year-over-year improvement in ***hiring manager satisfaction***. Out of companies that measure QoH, 54% provide key stakeholders with a view of the development progress of new employees in the onboarding process.

This means they are 2.7 times more likely to share this data than their less mature peers. **Measuring quality of hire is more than just finding the right person for the job** — it also focuses on employee performance after they begin working. *(Jibe)*

Organizations that make Quality of Onboarding a priority are one step ahead of achieving improved Quality of Hire. These two elements of the hiring process go hand in hand, which is why it's just as important to track and understand Quality of Onboarding. Finding a Performance Management System that has the ability to do this means organizations can:

- Understand time-to-productivity for each new hire onboarded at your organization
- Identify gaps and barriers in your onboarding process, then optimize it
- Benchmark performance and overall quality for your new hires against

While tracking and understanding Quality of Onboarding is critical to success, it takes more than a structured and calibrated onboarding program to get one step closer to improving Quality of Hire. There also has to be a focus on the onboarding *experience*. Note the italics! What do you remember about your onboarding experience? Paperwork? Setting up your work email? No, those are not experiences, they are tasks.

What do you remember about your onboarding experience? Paperwork? Setting up your work email? No, those are not experiences, they are tasks. Experience = Engagement.

Experience = Engagement and the sooner new employees are engaged, the sooner they can be productive in working towards business goals. The onboarding stages are the best time for creating memorable, meaningful learning experiences for new employees. Not convinced? Pay attention to these **employee onboarding statistics**:

- As much as 20% of employee turnover occurs in the first 45 days of employment.
- New employees take between 6 and 12 months to become as proficient as their veteran co-workers.
- Companies with standard onboarding processes yield 54% greater new hire productivity AND 50% greater new hire retention.

So, how can companies structure their employee onboarding process to favorably influence QoH metrics? Just follow along...

Months 1 and 2: Acclimation

These months are dedicated to training new employees on company policies and procedures, job duties and becoming familiar with the company culture. Employees are most vulnerable in this stage so it's important for managers to go the extra mile with one-on-one communication, gauging and monitoring this person's attitude with their new role. Facilitating team building activities or social gatherings for team members during this time will help new employees bond with co-workers, creating a sense of loyalty and comfort in their new work environment.

Months 3 to 6: Talent Development

Though we all progress at a different pace, this is generally the right time to begin engaging in serious performance conversations with new employees. If they were given the right resources, leadership and support, your new employee should be quite settled into their new role by now and ready to discuss performance goals. Let your new employee know that you're noticing their progress, strengths and potential and begin setting manageable goals that enhance and build on those strengths. Employees with involved managers are more engaged in their work and typically exhibit higher levels of self-awareness, which is absolutely critical to improving performance.

Months 6 to 12: Career Planning

It's during the 6 to 12 month period that managers can comfortably and justifiably begin thinking about the new employee's future with the company. The new employee should now be thriving in their role and in the culture of the company. At this point, managers should prepare to discuss career planning with this new employee (if they want to keep them). Having specific goals and a clear path to a promotion or job shift, is going to keep employees engaged in their current role, looking ahead to the future for a promising career with your company. This is also a great time to groom any desirable employees for critical roles in the chance that you may need to fill them unexpectedly.

The Takeaway

The employee onboarding experience has to be a memorable and thoroughly cultivated one. Even if your company relies on sink or swim tactics to new employee development, things like frequent communication and career planning should not be ignored. What it comes down to is being a good leader, supporting your staff and providing them with the comfort of knowing that they are where they belong. If managers are doing everything they can to manage new employees right, there are few things standing in the way of an improved Quality of Hire.

QUALITY OF HIRE CHECKLIST

Define department responsibilities for QofH

Ask each department which piece of the puzzle they feel comfortable carrying. Dig down to make the goals and responsibilities as granular as possible. “Increase QoH” is not a granular goal, but having your HR manager say “Creating an expectation game plan for each new hire in 2016” IS a granular goal where everyone can agree on what success looks like.

Solidify buy-in

Once you have created goals and measurements for each department, you can ask for buy-in from your stakeholders. When you are all working toward the same goal (with different supporting roles) you’re more likely to be successful.

Identify problem areas

If you anticipate hurdles, it won’t make them disappear but it can make troubleshooting a lot easier. Where do you think your process might break down? How can you create metrics that won’t discourage when it “gets worse before it gets better”? Is your timeline to increase QoH reasonable and realistic given hiring and succession goals? Answer these questions honestly and your plan will start coming into focus.

Assign pre- and post-hire metrics

You’ve heard the old adage “You can’t manage what you don’t measure” and that’s especially true when the area in question can be driven by a plethora of metrics (as we’ve shown QoH can). The metrics you select from this melange are up to you, but agree on them and hold yourself (and your team) accountable. Assign metrics by department, role or responsibility or to an individual, but find a way to track them accurately and in tandem.

Improve each department based on measurements

As you see metrics trickle in, assign one person or team to look at them overall. But don't simply look at the numbers; apply anecdotal evidence as well. What do your new hires think? How do the people who have been there for a year or more feel about their experience? What does the manager of the latest team wonder about their performance? There are many filters to apply to the numbers around QoH, and it's imperative to put each metric and its associated value into perspective before acting on improvement plans. This is a good exercise to do quarterly.

Re-Assess your system

No system is perfect right out of the gate and those that are, generally undergo some changes as they scale to fit the company's needs and goals. This will be no different. Assess your system on an annual basis to determine if certain metrics are still relevant or anything has changed in your hiring plans company-wide to dictate a different measurement.

There! You're done. Well, okay, you're never going to be entirely done. But we hope in identifying the metrics that often drive QoH, and in sharing the responsibility among the departments who have an effect on it and finally by showing you practical and actionable ways to build a QoH practice within your company, we've given you a solid cornerstone. Hiring, managing and retaining A-Players is no easy feat, but with best practices in place, you can come closer than ever before.

The ClearCompany platform allows you to build QoH and QoO templates right in the platform and offers a QoH metric that measures what you decide. To learn about hiring, onboarding and managing performance with ClearCompany, go to **our demo page** and sign up today!

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