Sourcing: spend smarter to land top talent

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Hiring great people is impossible if great people don’t apply. Period. It’s for this reason that sourcing is the most important piece of the hiring puzzle and, perhaps not coincidentally, the piece that can cost you the most if done incorrectly.

The dollars and cents you spend on sourcing add up through job board spends, referral bonuses, print and ink costs for paper applications, advertising costs and other recruitment tasks and strategies. The time you spend determining your sourcing approach, beefing up your efforts and combing through hundreds of applications also adds up. And as they say, time is money. (So is repeating the process when you suffer from high turnover.)

Spending money on sourcing is justified if it’s money well spent. Your hourly employees have more customer interaction than any other employee group. Investing in your front line will help drive bottom-line profits. If you invest in hiring a solid workforce, you’ll get a return when employees provide customer service that builds and maintains customer loyalty – leading to increased sales and repeat business.

Even if you’re sourcing from all the right places, there are ways to either streamline your sourcing efforts or make sure you’re getting the biggest bang for your buck.

Here we’ll take a look at the sourcing landscape to help you get a handle on the true cost of sourcing and to give you an insider’s view on how to source smarter.

**TERMS TO KNOW**

- **Talent sourcing**: the process by which applicants are recruited for an open position
- **Applicant flow**: the volume and consistency of applications submitted for an open position
- **Cost per hire**: recruiting effectiveness measurement tool that takes into account all hard costs associated with making a single hire (advertising, travel expenses, internal time costs, etc.)
- **Sourcing spend**: the cumulative cost of recruiting job seekers to submit applications for all open positions (advertising, employee referrals, internal time costs, etc.)
- **Time to fill**: recruiting effectiveness tool that considers the number of days from when the position was opened for applicants until the selected hire accepts the position.
The cost of sourcing

Sourcing expenses are varied and numerous. Most of them are extremely easy to identify and quantify: the cost of placing a help-wanted ad in the newspaper; the cost of ink, paper and print associated with applications; the cost of banners and in-store signage; job fair costs and the like. But these costs, as obvious as they are, typically don’t make their way into budget line items. It’s time they do.

In order to source more effectively, first you have to take a good, hard look at what you spend to attract applicants. Start with tracking your expenditures during the past year to make this task manageable. Make sure you have a chair handy, because once you add up every expense related to sourcing you’ll probably need to sit down.

Many sourcing channels lead you down a cost track that’s relatively easy to follow and evaluate objectively for effectiveness. However, knowing exactly how much additional time and money you’re spending on all the other big and small tactics you execute to find people – and the ROI of those actions – might not be so clear cut.

Think about the last time you placed a newspaper ad or advertised a job opening on a job site. There was a hard cost associated with each sourcing tactic. But also there was a time element that may be harder to track. You may have received hundreds of applications for that opening. In fact, some estimates show that each hourly job opening receives about 150 applications. How long would it take you to read through 150 applications? And how many applications from that stack were compelling enough to make you want to set up an interview? If the answer was only a few, then your time was not spent effectively - the equivalent of throwing money away.

Then there are the actions that are tougher to nail down. For instance, you have dinner with a friend and mention you have a job opening. Or you post an update on your Facebook page about what open positions are keeping you busy at work. Those quick conversations and Facebook posts represent your time. But are you equating this time to money?

Don’t stop at auditing your own time. Employees often spend time talking to their social network about openings. How can you judge if your employees’ efforts are worthwhile if you don’t know how much time they’re spending to promote your openings and how they’re doing it? Are your employees producing leads that turn into hires, or are they sending you on wild goose chases?
Whether you or your employees are bringing in candidates on company time or personal time, through paid or “free” methods, it’s time and effort directed toward sourcing that could be spent on helping to grow the business and ensure its viability, so it better be worth it. But it’s pretty hard to judge the effectiveness of your methods and the worth of your time if you’re not tracking it. It’s impossible to make an informed decision about whether to ramp up or down on certain sourcing methods without accounting for everything you’re doing.

Take an inventory of all of your sourcing methods, and then try to put a dollar figure on each. When it comes to time spent, rough estimates of hours are enough to get you to a reasonable cost figure based on salaries or wages relative to time spent. A quantitative analysis will tell you if what you’re spending is adding up to real value or detracting from the company’s bottom line.

Now you can start to look at areas where you can create efficiencies or use your money more effectively to improve your sourcing results without having to increase your budget.

ESTIMATES SHOW EACH HOURLY JOB OPENING RECEIVES 150 APPLICATIONS. HOW LONG WOULD IT TAKE YOU TO READ THROUGH THEM?
Start trimming the fat

While choosing a strong mix of channels and casting a wide net to get more applicants is advised, you should also be aware of the strengths and weaknesses of sourcing channels as they pertain to your industry, brand and open positions.

Accepting walk-ins or promoting your job on free social sites doesn’t cost a penny of direct costs. And you may find that you get what you pay for. You can reach thousands of people by sourcing from free social sites, but that may result in thousands of unqualified applicants. Remember when we talked about the 150 applications on average that each hourly job opening receives? Multiply that by 10, and you’ll never get out from under that stack of applications. On the flip side, the good news is that if you take the old-school approach of sourcing from walk-in candidates it’s possible that you could find some of your best employees because they already know, and probably like, your brand. But if they don’t walk in, they’ll never know about your jobs, and you could end up with too few applications.

Paid sourcing channels such as newspapers and job sites cost money up front but provide more value than free sourcing methods over time. Keep in mind that when selecting a paid sourcing method that if you go to general sources instead of those targeting the job seekers who are looking for jobs like yours, you’ll create general – not position-specific – interest. You may find a wealth of qualified applicants, but they may have a salaried position in mind or experience outside of your industry. The best approach is to use a niche job site that has a highly targeted audience.

If you’re looking to hire an hourly employee, look to a niche job site featuring hourly jobs which will deliver more value for your spend. It’s the sticky center of your wide recruitment net.

Source: Direct Employers Association Recruiting Trends Survey
# SOURCES OF EXTERNAL HIRES

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*Source: CareerXRoads, March 2011*

CASTING A WIDE NET ENSURES YOU FIND ALL POTENTIAL CANDIDATES
Spread the word to cut the cost

Even when you post on an hourly job site, don’t think “if you post, they will come.” That’s not all you need to do. You can pick the most appropriate, effective sourcing channels in the world and still end up with low applicant flow if you don’t develop a strong employment marketing strategy.

Employment marketing can help you reach both active and passive job seekers. Once a job seeker has found a position, he or she may stop actively looking on a job site for openings but may not delete an account on that site. If you use employment marketing techniques, employed hourly workers may see your opening and decide it is a better fit than their current position.

On the flip side, active job seekers may have an idea of their right position in mind when they begin their job search. But that could change with the right piece of employer marketing. For example, take a superstar job seeker who always worked retail and never considered working in hospitality. But your perfectly pitched recruitment video or job description caught their attention. Employment marketing can reach those job seekers and make them think twice about what constitutes the right position.

And you can do some things to attract traffic to your postings on the site. Think back to your dinner conversations and Facebook posts about your openings or the chats your employees are having with their friends. Those grassroots employment marketing campaigns help to attract interest. And if you’re a fan of posting your jobs on free social sites, that’s employment marketing, too.
But be sure to tie your efforts back to your postings on the niche job site, where you’re able to take it a step further. There you’ll be able to seat your position as an employer of choice through expertly written and compelling job descriptions and visually pleasing branding elements that tell the rest of the story about why someone great would want to work for you.

Your business invests in marketing to get customers in the door and drive sales. The same principles should be applied to getting great applicants in the door so they can turn around and drive sales for you through exceptional customer service. By including employment marketing in your sourcing approach, the odds will be in your favor that you’ll be able to create brand recognition, receive the desired applicant flow and make great hires. Marketing may be coming to HR for advice soon.
Once you’ve picked out the niche job site that’s right for you, you’ll need to buy space on the site to post your job openings.

Most job sites will let you purchase posting packages that you can use as you see fit for any location or position. Posting bundles are great for smaller employers who know how many employees they plan to hire this year or who do not hire frequently. If you’re in that category, you can purchase a set amount of job postings – say, 50 – at the beginning of the year and use them over time as needs arise or as your hiring strategy dictates.

When you’re talking about a larger company, or one that hires frequently, there’s a bigger bang for your buck than posting bundles. It’s location-based pricing, where you can post an unlimited number of jobs for any single location. Posting by location saves you the worry of getting close to the end of your posting bundle and having either to prioritize one job over another or buy a second posting bundle.

Posting by location also will help you get a better estimate of your sourcing costs during budget development. At a flat fee per month, you know how much you will pay for the entire year, whether you hire 10 or 1,000 employees. If you purchase a posting bundle and later find that you underestimated your needs, you could be scrambling to find extra cash to make those last few hires at year’s end.

If your niche job site offers a range of options, take a look at your business and determine if posting bundles or location-based pricing makes the most sense from a financial standpoint. If you’re on the right niche job site and you’re making effective use of employment marketing, the best people available will find you – and they won’t know or care if you’ve posted by job or by location. It’s your little secret that you’ve stretched your sourcing dollar.
Better service = better sourcing

As you consider the sourcing method that best meets your needs, it’s important to also consider how your sourcing partner will manage your account and the service your partner will provide. Because talent sourcing is the first step to build a stronger hourly workforce, properly managing your sourcing strategy will be a key factor to your success.

If you don’t feel your sourcing approach is producing the best results, will your partner work with you to make adjustments to optimize your account?

Does service and account management begin only when there is a hurdle, or will your partner help you from day one to craft job descriptions and provide insight into what other employers in your slice of the hourly space are doing to recruit employees?

Also consider who is managing your account. Does each customer receive a dedicated account manager or will you speak with a different person each time you call? Are account managers organized by business size and industry or are all account managers considered generalists?

Having an account manager who works with businesses similar to yours means you will receive more strategic advice that will help you get the most from your sourcing spend.

To stretch your sourcing dollar, don’t forget that the person on the other end of the phone or computer can make the difference between a productive spend and a dead end.

ASK POTENTIAL PARTNERS WHO WILL BE ANSWERING THE PHONE WHEN YOU CALL
Some job sites are mere job boards. Some are more like a job posting service that take quality applicants through an assessment as part of the online application process. When assessments are baked into your sourcing method, you’ll uncover critical information about applicants beyond whether they’re qualified for the position. You’ll know which ones have the highest chance for success at your business and in that particular open position. And you’ll save time by taking only those applicants into further consideration.

Assessments can run the gamut from a handful of filter questions that screen for “must-have” qualifications to in-depth, scientifically validated behavioral assessments that will provide insight into the applicant’s fit and compatibility.

The science behind assessments and the value they can bring to your hiring process is far too complex to get into within the confines of a sourcing discussion. That’s why we dedicated an entire white paper to it – “Assessments: evaluate to hire right.”

The key takeaway when it comes to the relationship between sourcing and assessments is if you source properly you will see an increase in application flow, making it difficult for you to review every application that comes in. If you include assessments in your strategic sourcing approach, your sourcing method can double as a tool to help you weed out candidates who aren’t the right fit and hone in on those who are the most promising.

The other critical consideration when you’re choosing a sourcing method is to make sure it can easily integrate with your other online HR systems. Choosing a solution that can filter information seamlessly will enable you to more fully automate the rest of the hiring process – selecting, interviewing, background screening, onboarding, etc. If your sourcing method does not support integration, you’ll find yourself either manually inputting applicant information or relying on the old-school paper tracking and processing approach, which is time-consuming and can result in costly errors.

If you take into consideration the steps that will arise after you source applicants – assessing their potential for success in the position along with the many processes that lead you to make an offer and bring on a new employee – then you can make a more informed sourcing solution purchase. Sourcing may be the start, but how you start always impacts how you finish.
Any financial planner will tell you that if you’re looking to get a handle on your budget, you need to look at your expenses first. When it comes to hourly hiring, sourcing is one of the most obvious cost centers.

Sourcing necessitates an investment in it because of what it means to the health and longevity of a business. But there are ways to source smarter that will help you attract better applicants without weighing down your bottom line.

You have to start with an inventory of your sourcing costs. Look first at obvious costs, such as advertising spend and referral bonuses, and work your way toward the cost of time spent reviewing applications and spreading the word about job openings. You’ll end up with a total that may surprise you.

The best perspective when looking at sourcing costs is this: sourcing is a necessary part of doing business, but what isn’t necessary is paying too much for it or spending valuable time on it less than productively.

You can cut the cost of sourcing by examining your sourcing methods and making subtle tweaks that will have a big impact. Niche job sites are the best way to hone in on your target audience. Use employment marketing to ensure that your job postings are heard above the noise and increase your brand recognition to drive applicant flow. Look at the way you’re buying space on job boards to make sure the pricing package meets your hiring needs and lets you get a good handle on your sourcing budget from day one. And don’t forget to think about what comes after sourcing so you choose a method that will support your next steps.

If your sourcing method supports behavioral assessments, you’re more likely to hire employees who will be engaged in their work and stick around longer. And when you hire employees who stick around longer, you avoid the high cost of turnover, making your sourcing spend even smarter.

You can’t hire great people is they don’t apply. Sourcing is arguably the most important step in the hiring process because it brings you a wealth of applicants to choose from, and when assessments are integrated into your sourcing method, the more the merrier. Done right, you can leverage the cost of sourcing into a lean, mean applicant-finding machine that will deliver better employees and create efficiencies that allow you to spend more time growing your business.

ABOUT SNAGAJOB
With the largest online community of hourly workers and the leading suite of hourly-focused employer solutions, Snagajob is the world’s only company totally devoted to fulfilling the dreams of hourly workers and those who employ them. Founded in 2000 and located in Richmond, Va., Snagajob was named the No. 1 Small Company to Work for in America by the Great Place to Work Institute and Entrepreneur magazine.

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