

Just-in-time Hiring Will Never be Achieved using “Requisitions-per-Recruiter” as Your Resource Planning Model

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Over the last decade there has been much discussion about recruitment organizations becoming more proactive, developing candidate pipelines, and shifting toward a “just-in-time” hiring model.

There are numerous benefits associated with forecasting human capital needs and having a slate of qualified candidates available upon request, including dramatically increasing customer satisfaction and employee morale.

Of course, the most notable is the decrease in costs and/or increase in revenue as a result of substantial reductions in time-to-hire.

Calculating cost-of-vacancy allows an organization to quantify the dramatic impact just-in-time hiring can have on the bottom line.

Example—Financial Services

Middle Market Commercial Lenders

Ave Annual revenue production: \$12m

Ave time to hire: 60 days

of hires/year: 100

Increase in revenue (reduce time to hire 30 days): \$100mm

Example—Healthcare

Registered Nurse

Cost of Vacancy (provided by finance): \$993/day

Ave time to hire: 50 days

of hires/year: 800

Decrease in costs (reduce time to hire 30 days): \$15.9mm

In this economy, companies are focusing on cost containment and see the recruitment function as administrative. Organizations in this climate are not willing to invest in the resources required to deliver just-in-time hiring. The easiest way to cut costs is to slash “administrative” headcount and/or don’t fill vacant positions.

With that said, the economy didn’t spiral downward until about a year ago, and as always, it will rebound sometime in the future.

Most organizations didn’t progress toward using a just-in-time hiring model, even before the recession, because most recruitment leaders are not capable of (or haven’t taken the time to) justifying the resources required to develop candidate pipelines required for just-in-time hiring.

The biggest reason why most organizations have not evolved toward a just-in-time model has nothing to do with economic conditions; rather, most organizations continue to use the unsophisticated metric “requisitions-per-recruiter” as their resource planning tool.

Allow me to explain.

Hiring employees for an organization is just like any other manufacturing/production operation.

- There are people, recruitment resources, sourcing tools, equipment, computer systems, capital, etc. required to hire a person within an organization (known as “materials” in manufacturing/production operation).
- Materials are *released* throughout the hiring process (the supply chain), converting prospects into applicants into candidates into employees.
- The goal is to identify, recruit and hire X number of quality people based on the needs of the organization (the production plan/schedule).
- The needs are defined based on growth, turnover, succession planning, etc.

While manufacturing/production organizations have been using advanced Material Release Planning systems for decades, many/most recruitment organizations have relied on the “requisitions per recruiter” metric for their recruitment resource planning activities.

I have never understood the “reqs per recruiter” planning model.

If anything, this metric defines the number of requisitions a recruiter can juggle at any given time to maintain adequate quality/customer satisfaction while achieving a certain time-to-hire service level (30, 40, 50 days). But if the customer (hiring manager/line of business) is truly demanding a just-in-time hiring model (0-10 days time to hire), how can this reqs-per-recruiter “metric be used as a planning tool?

Evolving to a Just-in-time Hiring Model

If the customer truly wants us to:

- Be more proactive
- Create candidate pipelines
- Migrate toward a just-in-time hiring model

Then you need to:

- Articulate/educate the customer on the *materials* required to be *released* throughout the entire process/supply chain based on a defined production *schedule* provided by customer.

The last part of the previous statement—defined production schedule—is very important. It is the starting point for the implementation of a Material Release Planning model.

Regardless of how a schedule is created (sales forecast, etc.), a production manager can only be measured on their ability to run a lean, just-in-time supply chain operation (releasing the appropriate materials at the right time) based on that defined schedule. They cannot/are not held accountable to a just-in-time production system without that schedule! You never hear the following request in a well-run manufacturing organization:

Customer:

“Joe, I want you to make sure we have enough materials on

hand so that when we have a need, you can meet it just in time.”

Joe the Production Manager:

“What are your needs?”

Customer:

“I don’t know, but make sure you can fill them just in time.”

You don’t hear these types of requests within well-run manufacturing companies, because the request is impossible to deliver on. Unless, of course, you stockpile enough materials/inventory which—is way too costly to even fathom! But in our world of recruiting, we get these types of requests (and

even worse—we work on them) all the time!

Having worked with professionals from over 1,500 companies over the last 12 years, I have found that even if/when there is a headcount forecast defined during an annual budgeting process, most recruitment leaders do not work with their hiring managers to understand exactly *what* they need and *when* they need them, and most importantly, hold them accountable to a hiring schedule/forecast.

Of course, the hiring managers/clients/customers obvious excuses for not providing a “hiring schedule” include:

“I can’t predict the future”

“I don’t know what is going to happen to the business”

Given that logic—how does a company ever predict revenue, profitability/earnings per share, etc? If managers took the time (and we held them accountable), they could define a fairly accurate hiring schedule with a standard variation percentage. In addition, we could develop plans for these variances as they occurred throughout the year.

The only proven way to develop a lean, just-in-time hiring process is to start with a defined schedule. Without it, we can’t deliver that request (nor can anyone else). To fully explain this concept, I will provide a simple but effective example of how you can use a Material Release Planning approach to evolve toward a just-in-time hiring model.

Once you understand the concept, you can create a more

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REQ LOADS

complex, robust materials release planning system.

Approach to Define Sourcing Requirements

To implement, we need to know:

1. Number of hires
 2. When you need them
 3. Process efficiency
 4. Sourcing time required to find an interested, qualified candidate
- One of our clients received a hiring request on Novem-

ber 17 from one of its internal clients.

1. Number of hires: 230 salespeople
2. When they needed them: 30 by end of December. Another 200 during 2009.
3. Process Efficiency (estimated based on historical data):
 - Hiring managers would interview 90% of the candidates submitted for consideration by the recruiters.
 - 33% of the people interviewed would be extended an offer (note: recruiters were not meeting candidates in person before submitting them for consideration. Just

Assumptions/Projections	30 hires	2009
Projected start date for first group of new hires	by December 31st	16/month (200 total)
Number of weeks to source candidates	2	4
Ave. number of hours sourcing to find one submitted candidate	6	6
Candidate submittal to hiring mgr. interview ratio	90%	90%
Interviews-to-offer ration	33%	33%
Offers-to-hire ratio	85%	85%
Hiring goal	30	16
Resource Planning— Calculated from above projections		
Number of recruiters dedicated to assignment (source three hours/day)	23.77	4.75
Sourcing hours/day	71.30	19.01
Sourcing hours/week	357	95
Total sourcing hours	713.0	380.3
Ave. number of hours sourcing to find one submitted candidate	6.0	6.0
Submittals	118.8	63.4
Hiring manager interviews	107.0	57.0
Offers	35.3	18.8
Starts	30.0	16.0

phone interviews).

- 90% of the candidates receiving offers would actually start.

4. Sourcing time required to find an interested, qualified candidate (estimate based on historical data): Since they figured they would have to source passive candidates, it would take approximately six hours of sourcing to find one interested and qualified candidate.

Some other assumptions:

- Recruiter could source four hours/maximum a day. The rest of day would be interviewing, scheduling hiring manager interviews, extending offers, paperwork, etc.
- To hire 30 people by the end of the year, they had just two weeks to source candidates (get them interviewed and hired by December 15th, the last week feasible to start someone before the end of the year).

Based on this information, we identified the sourcing resources required to achieve this goal (see table on previous page).

Some observations:

- To hire 30 people by the end of the year, they would need to assign approximately 24 recruiters for the hiring project!

- Hiring managers would need to interview 107 candidates in two-three weeks to meet goal by end of January. Did they have the time/resources to accomplish this task assuming the recruitment team would deliver enough candidates?
- Five recruiters would need to be dedicated to this hiring initiative throughout 2009.

Note: The “solution” to achieve this hiring goal/schedule previous to using this approach was to dedicate two recruiters full time and another two recruiters part-time. Of course they would work as hard as possible to achieve the goal.

Once the hiring executive was educated on the resources required to meet this request/schedule, he altered his schedule (realizing that he couldn’t hire 30 people by the end of the year) and allocated funds to hiring the resources necessary to perform the sourcing activities over the next 13 months.

This is a very simple example of using a Material Release Planning approach to resource planning. We could develop a more elaborate Material Release Planning identifying all the resources required at each step of the hiring process. I have successfully used this Material Release Planning approach to define sourcing/full-time-equivalent requirements for years. You can use this for annual planning, variance in hiring schedule/demand, etc. It has allowed me to justify resources, set realistic hiring goals/expectations, and open up dialog regarding process efficiency. Most importantly, it has provided me with an objective, quantifiable approach to migrate towards a just-in-time hiring model.

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