TRADITIONAL
RECRUITING IS BROKEN

JÜL | inbound smarketing agency

INTRODUCTION

According to LinkedIn contributor and Fox News consultant Liz Ryan, traditional recruiting is disastrously broken[1]. Ryan points out how the good old days of networking and résumé hunting are no longer effective in our digital world. Based on the evidence we'll share in this eBook, we have to agree. We'll show the benefits of implementing digital inbound methods to attract better candidates, improve efficiency, and effectively measure candidate engagement for more accurate job-fit predictions.

WARNING: this eBook will provide evidence as to why your recruiting is in desperate need of an upgrade. Attraction Recruiting™, which we'll discuss in detail, is designed to help talent acquisition departments transition from outdated recruitment techniques and move forward using advanced digital recruitment strategies tailored to hiring needs and candidate expectations. Today's candidates and the changing online world require you to be agile in your recruitment processes. We'll demonstrate how the concept of inbound will enable you to increase your talent pipeline, improve candidate engagement, allow you to measure that engagement, and improve your hiring process and cost per hire.

Today's Talent
Acquisition Struggles

Talent acquisition teams today are faced with a plethora of challenges. Recruiters hiring at high volumes in hard-to-fill positions like those in healthcare, information technology/IT, and skilled trades can relate especially well to these issues we'll discuss, as well as to the solutions we'll recommend in the final section.
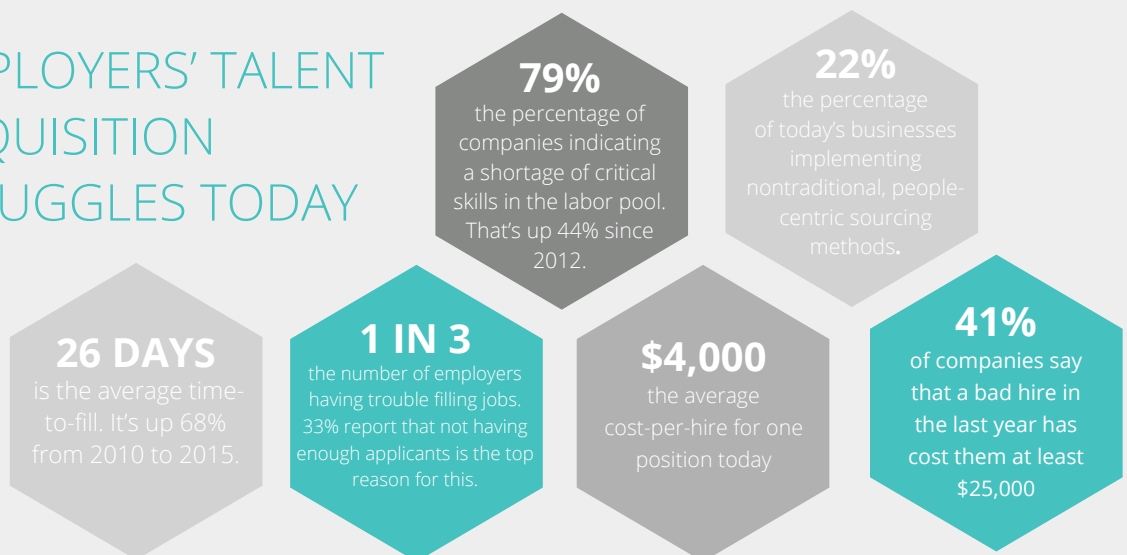
SOURCING QUALIFIED CANDIDATES

We're facing a talent shortage today, and recruiters are feeling the brunt of this pain. One in three employers are having trouble filling jobs[II]. 33% report that not having enough applicants is their top reason for this struggle[III]. According to The Aberdeen Group, the percent of companies who indicated a shortage of critical skills available in the labor pool is at an all-time high (79%); that's a growth of 44% since 2012[IV].

In the United States, the problem has been on-going for quite some time. In looking at ManpowerGroup's Annual Talent Shortage Survey results[V], a majority of the top hardest-to-fill positions have been on the list for over five years. Their survey doesn't take into account the pressure of high-volume hiring, which adds a degree of challenge since many places hire multiples of these positions at once (hospitals, IT firms, and manufacturing plants, for example).

EMPLOYERS' TALENT ACQUISITION STRUGGLES TODAY

79%
the percentage of companies indicating a shortage of critical skills in the labor pool. That's up 44% since 2012.

22%
the percentage of today's businesses implementing nontraditional, people-centric sourcing methods.

26 DAYS
is the average time-to-fill. It's up 68% from 2010 to 2015.

1 IN 3
the number of employers having trouble filling jobs. 33% report that not having enough applicants is the top reason for this.

$4,000
the average cost-per-hire for one position today

41%
of companies say that a bad hire in the last year has cost them at least $25,000

Despite having access to past applicants and various external candidate databases through human resources technologies, search tools can be complex and ineffective at identifying available qualified candidates. Recruiters relying on database-driven job sites such as LinkedIn, Glassdoor, Indeed, and others, face a lack of engagement opportunities with candidates, plus an overwhelming amount of competition.

Recruitment teams have tried to combat these sourcing issues using a variety of strategies including adopting "people practices", with 12% giving their current employees more training to take on positions, and 22% utilizing non-traditional recruiting methods (that's the one we're after!).

AR Insight: Only 22% of today's businesses are implementing non-traditional, people-centric recruiting methods to combat sourcing challenges. Can anyone say, *"opportunity?"*

EMPLOYER'S COST

Hiring is expensive. Not only must *you* spend time and money to list and syndicate positions, interview applicants, and on-board them, but cost-per-hire also takes into account the cost of replacing a current employee and training them, plus the cost of a poor hire. That all adds up, and fast.

According to CareerBuilder, 41% of companies say that a bad hire in the last year has cost them at least $25,000, and 25% of companies say that a bad hire in the last year has cost them at least $50,000[VI]. 38% of these bad hires were a result of the company's need to fill the position quickly due to reactive hiring practices.

High-volume recruiters suffer high cost-per-hire scenarios as a continuous cycle. Almost always the cause is due to a number of factors including:

- Industry
- Staff size
- Geography
- Time-to-fill requirements

Bersin by Deloitte published its most recent research last year. Cost-per-hire was up 7% to nearly $4,000 on average for one hire[VII]. "At a cost of nearly $4,000 on average to fill an open position, US companies are [also] spending nearly three times the amount spent on training per employee," said Karen O'Leonard, VP, benchmarking and analytics research,

Bersin by Deloitte, Deloitte Consulting LLP. Healthcare organizations had the largest increase in spending among industries at 16%.

Another study by ERE Media[VIII] showcases the staggering costs of recruitment:

- Entry-level employees cost between 30-50% percent of their annual salary to replace.
- Mid-level employees up to 150% of their annual salary
- High-level or highly specialized employees, up to 400% percent of their annual salary

Calculate your own cost-per-hire with this formula (explanation of variables below):

$$\left[\text{Internal Costs} + \text{External Costs} \right] \div \text{Total \# of Hires} = \text{Cost-per-hire}$$

External costs (all spending outside your business for recruitment in the designated time period) include:

- Third-party fees, such as agencies and outside recruiters

  ◦ Note: Agency and external recruiter fees can range between 15-25% of the candidate's first year annual salary, or it could be a flat per-hire hourly fee. This is typically negotiable and depends on how the agency functions.

- Job boards, social media, and other advertising
- Job fairs
- Campus recruitment

- All travel expenses for recruitment
- External assessments, background checks and drug tests

Internal costs (all spending inside your company for recruitment in the designated time period)

- Recruiting team's salary, benefits, and career development
- Cost of HR technology, software and systems
- Other fixed costs such as employee referrals, government compliance, etc.

It's clear to see why cost-per-hire is such a struggle for recruiters today. Keep reading for a look at a more cost-effective way to find and hire talent, Attraction Recruiting™.

TIME-TO-FILL

The average time to fill a job - from the initial posting to an accepted offer - was 62% longer in 2015 than in 2010 for large global organizations, according to research from CEB[IX]. The research also found that the average time-to-fill for professional business and other white-collar positions is now a whopping 68 business days - 26 days longer than it was in 2010.

The average time-to-fill for U.S. jobs in all industries is now at 26 days[X], according to the most recent DHI-DFH Mean Vacancy Duration Measure, the standard assessment of hiring duration. (The DHI-DFH reflects data from the U.S. Bureau of Labor Statistics and defines working days as Monday through Saturday, whereas CEB uses Monday through Friday in its measure.)

The most recent data, from February 2016, cited especially long-lasting vacancies in health services (49 days), finance (42 days), government (36 days), education (35 days) and information technology (32 days)[XI].

CANDIDATE EXPERIENCE

An incredibly long time-to-fill means a direct decline in the candidate experience and, related, the candidate's engagement. Additionally, organizations add layers of processes that also hinder a candidate's ability to successfully apply or stay engaged with your job, such as:

• Complex or redundant application processes

• Insufficient application technologies that either don't work well or don't allow for follow-up

• Career centers and hiring interactions jarringly different from their experience as a customer

• Lack of personalized communication from a recruiter

• Lack of respect for candidates' time

Online application abandonment rates range from 60% to a whopping 90% according to surveys by CareerBuilder, iMomentus, and Appcast[XII]. One CareerBuilder study found that 68% of job seekers say they would accept a lower salary if the employer created a great impression throughout the hiring process[XIII].

Clearly, candidate engagement is an issue facing talent acquisition teams today, along with rising costs to hire and longer times to fill. The question is, what can be done about it?

Why Traditional
Recruiting Is Broken

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Unfortunately, the answer is not to continue doing things the way you've been doing them. Traditional recruiting in a digital world no longer works, and even the clunky technology you're using cannot be trusted to improve the problems. Your competition to find high-quality candidates is fierce. Online job boards are overrun with ads lacking categorization for specialized candidates. Newspaper job listings, even today, are chock-full of generic positions.

What do we consider traditional recruiting methods?

- Job fairs
- Hiring internally based solely on seniority
- Temporary agencies
- Generic job websites
- Newspaper advertising
- Local employment offices
- Relying solely on networking

Recruiters of today who are succeeding in shortening the hiring process and focused on the return for recruiting investment, RRI, are utilizing non-traditional methods aimed at building the talent pipeline for their organization. Before we get into that, specifically, let's take a look at why traditional methods are no longer working for your hiring needs.

1. You're Practicing Reactionary Recruitment.

According to the Aberdeen Group's Talent Acquisition 2014: Reverse the Regressive Curve (June, 2014)[XIV], recruiters are struggling to fill open positions quickly because of the reliance on traditional methods and outdated techniques. 60% of companies have a reactionary recruitment approach, wherein they only source and hire when there are open job requisitions, instead of actively looking for new talent all the time. Scrambling to fill open positions only once they are vacated leads to rushed hires that may not be the best fit.

Reactionary hiring methods inflate costs, as there is little to no carry-over from hire to hire. Each one is brand new, and you're starting from scratch to build an applicant pool and hire someone. It costs both time and money, effecting both cost-per-hire and time-to-hire.

AR Insight: Reactionary hiring negatively impacts cost-per-hire and time-to-hire.

2. You're Employing Rigid, Cumbersome Processes.

More expansively, Aberdeen's May 2015 study[XV] highlights the rigid processes and interactions that take place with candidates as a huge problem for engagement. Without an engaging hiring process with communication plans, interactive career sites and opportunities to create positive reinforcement for applicants, recruiters fall behind other companies that do provide these.

3. You're Using Outdated or Non-Integrated Technology.

The researchers at Aberdeen Group cite a lack of progressive technology that moves with the demands and workloads of today's hiring teams. With powerful processes and technologies in place, "talent acquisition can become the strategic process HR has always dreamed it could be."[XVI]

Another problem with outdated recruiting technologies, according to the Washington Post[XVII], is that they don't support sourcing candidates who lack a four-year degree. For example, some of the highest skilled IT candidates are self-taught and learned their expertise working the field. Nearly 40% of IT jobs are performed by candidates without any formal college education. Relying on traditional methods and outdated technologies to gauge both qualification and engagement of these candidates means you may be missing out.

4. You're Ineffective at Engaging and Recruiting Passive Candidates.

Pursuing passive candidates is time-consuming and often more expensive, but leads to a higher-quality hire if successful. However, many organizations have no easy way for passive candidates to express interest in their company without submitting a full application.

In any economy, it's common for employees to keep their options open by evaluating new opportunities. LinkedIn Talent Blogger Lou Adler[XVIII] reports that engaging passive candidates helps overcome these challenges:

• Quality candidates you desire are already employed

• 95% of the top recruits aren't seeking new positions

• Passive candidates have no deadlines to find better jobs

- 75% of the talent right for your positions aren't looking
- Connections are made slowly with ideal candidates

A recent Gallup study[XIX] reported that a mere 32% of employees are engaged in their current positions. What's even more startling is nearly 51% are not engaged in their current positions. This is a clear opportunity for you to capture the attention of a passive candidate and showcase your business's experience as one worth pursuing.

Without the ability to prepare for future needs by building pipelines of passive and active candidates, many organizations find it difficult to ramp up hiring for key positions when talent needs accelerate. Forward-thinking companies also need to be able to measure the intangibles of job seekers: engagement, interest, and success level based on things other than experience they've listed on a résumé.

According to LinkedIn[XX], the competition finding quality candidates is now more competitive than at any other point in time. The reasons aren't related to a shortage of skilled labor despite preconceived notions about the market. It's due to changing expectations of the candidates in today's hyper-digital world.
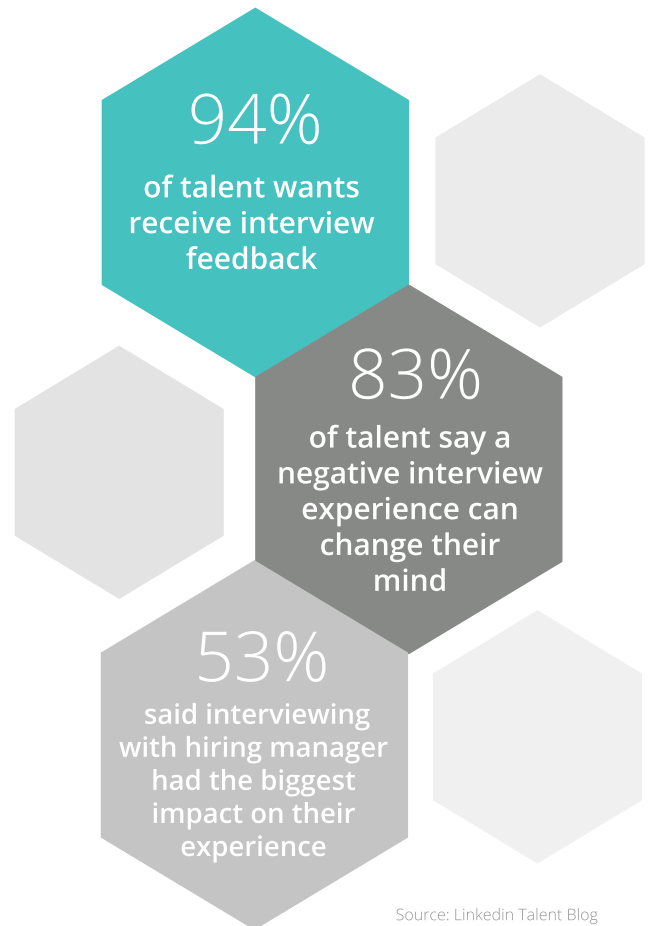
Candidates' Expectations
Have Changed

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Today's recruits have some solid expectations when it comes to their candidate experience with your company. And while you may be tempted to brush these expectations aside because, generally, they are voiced by millennials, don't. Just because a generation is the first to voice concern with an ill-fitting practice doesn't mean that other generations don't agree or won't directly benefit from the change.

"If you don't think it's important for you to favorably impress job applicants and make sure they have a positive experience — whether you hire them or not — think again," states Mel Kleiman of TLNT. "In 2014, there were 6.2 unemployed people for every job opening. At the end of 2015, that number was dramatically lower: 1.6 per opening"[XXI]. It's a candidate's market right now, and applicants expect you to adapt accordingly.

Increased use of prehire screening tools has led to an overall negative experience. "Since the advent of the Internet, careers sites, applicant tracking systems and applying online, many employers have accumulated a lot of 'technical debt' with extraneous screening and selection activities at the front end," says Kevin Grossman, vice president of the North America program at Talent Board[XXII].

94%
of talent wants receive interview feedback

83%
of talent say a negative interview experience can change their mind

53%
said interviewing with hiring manager had the biggest impact on their experience

Source: Linkedin Talent Blog

In addition, longer interviews with more people has increased the time-to-fill while also leaving a negative experience in its wake. Andrew Chamberlain, chief economist at Glassdoor, finds that job interview processes have extended significantly since 2009. "Choosing to require group panel interviews, candidate presentations and more has a statistically

significant effect on extending hiring times," he says[XXIV].

Quality candidates today know that they have the power. Whether passive or actively looking for a new position, they don't want to settle for sub-par businesses, and your candidate experience and hiring process are a direct reflection of your business to them. They're looking for:

- Transparency in the job expectations and hiring process (what to expect, how long it will take, etc.)

- An engaging, informative career center telling them about your business

- Follow-up from the recruiter with a status – good, bad, or indifferent

- Positive employee reviews, either online or during an interview

- A cohesive experience that matches their impression of your brand

Traditional Recruiting Tactics
A Thing of the Past

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According to CareerBuilder's 2015 U.S. Job Forecast, more than a third (38%) of HR managers today are focusing on building their talent pipeline. More than a quarter (28%) of HR managers are focusing on improving the candidate experience [XXIV]. To meet these goals, it's time to take a look at new and updated recruiting methods.

What has worked in the past no longer delivers the right types of candidates. Many organizations strike back by overspending to solicit talent from sources such as job boards and working with recruiting agencies to meet basic hiring demands.

So What's the Answer?
Attraction Recruiting™

What if there was a better way to do this faster? There is. It's by retooling your HR department to attract candidates rather than chase them.

Attraction Recruiting™ dovetails engagement recruiting techniques with proven inbound marketing tactics and data measurement. By attracting and measuring engagement of potential candidates, based on their journey and online relationships to your company website, content, and social profiles, your connections become more meaningful.
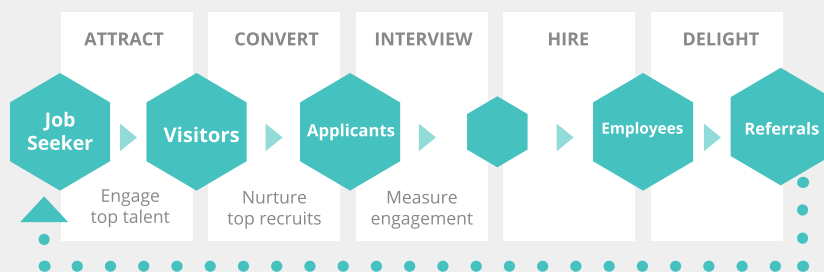
Applying an inbound approach to talent acquisition is a better, more efficient way

Attraction Recruiting™ empowers you to create dynamic connections with job seekers who have the right types of skills your company demands.

The method is a digitally inbound form of applicant tracking. It's a process of tapping into the power of inbound marketing and hard-wiring it into your human resources efforts. Too many companies and recruiters have wasted enormous manpower finding the best candidates for their jobs.

At Jül Inbound Agency, we help companies convert their poor-performing hiring practices into efficient, strategic, proactive

ATTRACTION RECRUITING™ METHODOLOGY

ATTRACT	CONVERT	INTERVIEW	HIRE	DELIGHT

Job Seeker ▶ Visitors ▶ Applicants ▶ ▶ Employees ▶ Referrals

Engage top talent | Nurture top recruits | Measure engagement

to recruit talent. The proven formula is designed to save you time and money by implementing the following steps:

- Attract job seekers
- Engage top talent
- Convert applicants
- Nurture top recruits
- Measure engagement

hiring masters using our Attraction Recruiting™ method. It saves our partners time and money by streamlining their processes, building the talent pipeline, effectively nurturing potential candidates, and backing it up with data insights into engagement and return. Learn more online at attractionrecruiting.com.

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We also publish frequent blog posts with news and advice.

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SOURCES

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