Analytics and Talent Acquisition

A Guide to What it is & Why you should care
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Talent Acquisition is no stranger to data and metrics and the most progressive of leaders in this space are now leveraging robust and holistic analytics for powerful results – for their organizations and for themselves.

Up until now it’s been common practice for Talent Acquisition to focus on reporting and summarized metrics on the efficiency of the recruiting process (i.e. number of hires, % of hires by source, average time to fill). This is no longer sufficient in today’s business. Senior Executives expect Talent Acquisition to drive business results just like other business units such as sales and marketing. And let’s face it, these efficiency metrics have limited value to Senior Executives. They want outcome metrics and they want results that matter to the business.

The time is now for Talent Acquisition to evolve its capabilities and begin connecting people data with performance, productivity and other business metrics.

In this eBook, we’ll help you get there by:

✓ Discussing the status quo in Talent Acquisition and how analytics can help evolve this for the better
✓ Providing reasons why this is important and why you should care
✓ Explaining what a robust and holistic talent acquisition analytics solution is
✓ Exploring the many benefits associated with analytics applied holistically to your talent acquisition activities and the business.
Why now?

Well... there are several compelling reasons to get started with Talent Acquisition analytics:

**EXECUTIVES ARE DEMANDING ROI** - Like other business lines, HR and Talent leaders are being asked for insight into the ROI of their activities. Talent Acquisition leaders need to answer the question – are our investments paying off? There is a real need to reliably track spend and demonstrate the value Talent Acquisition brings to the organization.

**THE SUCCESS OF YOUR COMPANY DEPENDS ON TALENT ACQUISITION** – Talent powers the business. Organizations that successfully place the right people in the right position at the right time will be rewarded with better performance and outcomes. If Talent Acquisition is critical to business success, leveraging analytics to achieve business outcomes should be a priority.

**DATA RICH BUT INSIGHT POOR** - You may be data rich but it’s likely you’re insight poor. And that’s not good enough. There is more data being collected than ever before. ATS systems have an abundance of data, social media measures are increasing in sophistication and volume, and there are additional sources of data including referrals, surveys, performance, turnover and business results that live outside Talent Acquisition. It’s time to start connecting the dots and generating rich insight, taking targeted action and driving improved business outcomes.

**TALENT ACQUISITION LEADERS** – We’re willing to bet you didn’t get into Talent Acquisition to focus on transactions and process, and to talk about static numbers in a report. If you think about it, leveraging analytics and insight gives you a fantastic opportunity to elevate your thinking and your doing within the organization. Analytics integrates detail, analysis, creativity, business acumen and communication all in one activity. Rather than focusing on numbers and transactions, you can start telling the compelling people story rich in context and evidence-based.
“[analytics] is the **surest way to get a seat at the table**”

- Mark Schmit, ExecDir of SHRM
  Wall Street Journal, May 2013

“The payoff for companies that get [workforce analytics] right is **enormous**”

- HBR, August 2013

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“Aberdeen Group
A Haite Hanks Company

“Leading organizations... are rethinking their strategies and technology options, **challenging the traditional role of the recruiter, and focusing on how talent acquisition efforts can directly impact business outcomes**.

Best-in-class companies achieve:

- 94% of first-year employees retained
- 80% of employees received ratings of exceeds performance
- 15% year-over-year improvement in hiring manager satisfaction.”

September 2013

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**Bersin by Deloitte.**

Companies using people analytics **“generate high returns for their work”** - their stock market returns are 30% higher than the S&P 500, they are twice as likely to be delivering high impact recruiting solutions, and their leadership pipelines are 2.5x healthier. These HR teams are 4x more likely to be **respected** by their business counterparts for their data-driven decision-making, giving them true potential to help change the business.”

- in Forbes, October 2013

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Analytics in and of itself is just numbers. It’s possible to mine data and perform complex analytics and come up with interesting numbers but if this isn’t aligned to business objectives and goals, then you are left with just that – interesting information, with little value. The real power comes from aligning analytics with your Talent Acquisition objectives in order to achieve meaningful outcomes for the business.

To contribute powerfully to the business Talent Acquisition needs to situate analytics within a broader context flanked by business objectives at the one end, and business outcomes at the other.

Analytics

Objectives & Business Goals
- Articulate and prioritize business objectives, goals and desired outcomes

Metrics
- Identify metrics that align to objectives

Segmentation
- Segment metrics by key demographics (job, location, performance, tenure, etc.)
  - This is key! – we’ll talk more about this later...

Insight
- Identify meaningful patterns, areas of opportunity, hotspots, anomalies that are out of alignment with objectives

Action
- Take action to drive improvement and achieve business outcomes
So, now that we’ve established that in order to have value, analytics must be situated in the context of business objectives, what does this mean for Talent Acquisition?

- It means starting from objectives and building from there. It means building a holistic view of the activities of Talent Acquisition and the impact of these on the business. It’s one thing to execute a hiring and onboarding process efficiently, but it’s another to understand deeply how that new hire is fitting in and performing in the short, medium and long-term.

- If the business objectives for Talent Acquisition are:
  - Timely and Predictable Fulfilment [a.k.a. speed / efficiency]
  - High Quality Talent [a.k.a. quality / effectiveness]

then Talent Acquisition must build a deep understanding of the connections between these two dimensions and their impact on business outcomes.

Talent Acquisition must work towards an approach that strikes a balance between the speed/efficiency, and the quality/effectiveness of its efforts – tying both of these to business outcomes.

### Business Objectives

**Timely, Predictable Fulfillment**

*Speed/efficiency*

- % On-Target Fills
- Time to Fill (Average / Variance)
- Time to Fill (Variance)
- Cost of Vacant Positions

### High Quality Talent

*Quality/effectiveness*

- % 1st Choice Candidate Acceptance
- Quality of Hire
- 1st Year Turnover
- 1st Year Performance

Achieving a balance provides a holistic view of the talent cycle and insight into the impact of Talent Acquisition activities.
To get to holistic insight and to measure against business outcomes, you need to connect the dots – there needs to be integration across disparate systems. This means stretching beyond the transactional data in recruiting sources and systems and making connections with outcome sources.

When outcomes are connected to the activities of Talent Acquisition, this has the power to completely transform the way Talent Acquisition thinks, acts and feels. Suddenly, every activity is tied to business objectives and has meaning in connection with tangible outcomes.

**Continuing on without connecting the dots, means working in a silo and working blind** – not really knowing how your efforts are contributing (or not) to business outcomes. The payoff for piecing together the data and working towards a holistic and objectives-driven view will be transformative for Talent Acquisition.
Once the dots are connected, it’s time to start segmenting the data – this is where insights linked to business objectives are uncovered.

**Why is Segmentation important?** You hear your marketing colleagues talk about segmentation all the time... and here’s why:

They clearly understand that all buyers in the market are not the same and, in order to be successful, they need to segment, understand the values of these segments and design value propositions and programs aligned to those values.

Talent Acquisition must take the same approach.

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It’s not enough to take a homogenous or company-level view, **Talent Acquisition leaders must segment (by role, level, location...) for the numbers to have meaning.**

- **Homogeneous & Disconnected View**
  - “Our Average Time to Fill is 45 days”
  - “We do not know the 1st Year Turnover and Quality of our hires”

- **Segmented & Connected View**
  - “Our On Time fill Rate for Senior Consultants is 37% and it is costing us $1M in lost productivity per year. If we increase our On Time fill rate to 80% we will save $800k/year in lost productivity.”
  - “Our 1st Year Involuntary turnover for Intermediate Developer roles is 28% from source A.
    - Our 1st Year Voluntary turnover for Intermediate Developer roles is 5% from Source B.
    - If we shift our investment from source A to source B we will save $500k/year.”

**Which conversations would you rather have?**
**Benefits of an analytics solution**

- **Measurable, Bottom-Line Benefits** – Done right, a holistic analytics solution can deliver returns that Talent Acquisition leaders can actually put a dollar value on.
  - Optimized return on recruiting channel spend
  - Reduced 1st year Turnover and increased Quality of Hire
  - Reduced Vacancy Time = Increased revenue
  - Team member time savings and increased productivity

- **Business Focused Results** – When analytics are situated in the context of business objectives and outcomes, Talent Acquisition can evolve from a tactical and reactive function to a strategic, proactive and predictive part of the business. A holistic understanding of how the efforts of Talent Acquisition align with business outcomes means that every activity can be focused towards business success.

- **Talent Acquisition Team** - The connection of Talent Acquisition activities to outcomes means that teams are focused on the right things and working together to improve the business by making smart hiring decisions. Talent Acquisition teams become engaged in reporting and accountable for their actions.

- **Better Relationships with Lines of Business and Hiring Managers** – With a holistic understanding of recruitment measures and first year outcomes, Talent Acquisition can more effectively engage with hiring managers and lines of business, working together to drive improvements in Quality of Hire, performance and productivity.

- **Reporting and Executive Communication** – When you can talk about Talent Acquisition activities in relation to concrete business outcomes, you’ll catch the attention of the executives. When you can do this with the help of compelling visuals, you’ll be able to communicate more effectively. Start ‘showing and telling’ – the visuals will impress and the insights will blow the Executives away.

- **Credibility and Influence for Talent Acquisition** – Your ability to use analytics to make smarter hiring decisions, to act faster, and to communicate effectively will raise your profile in the organization. Suddenly you have business focused results to talk about, a great way to communicate them, and these results matter to those at the executive table. That’s a win-win-win.
1. **It’s a journey.** What’s that saying…? Rome wasn’t built in a day. Well the reality is, your analytics capability won’t be either. Adopt the mindset that this is a journey. Embrace the journey and be ready to discover, evolve, learn and enjoy. Honestly, this has the potential to be one of the most rewarding professional experiences you’ll have.

2. **Just get started.** Resist the temptation to wait for perfect timing. Don’t hold off for a certain time of year, until that new ATS is in place, or for a new planning phase. The sooner you get started the sooner you will be amazed by the insight you can gain from the data you have now. And…almost immediately you can start connecting data sources outside Talent Acquisition for more powerful insight.

3. **Don’t fret over your data.** It’s not perfect and it never will be. Don’t spend time upfront trying to clean your data. One of the things your analytics partner can do is quickly visualize your data so it’s clear to see where anomalies or gaps exist. This makes it easy to resolve problem areas and removes the pain of upfront data clean-up.

4. **Work towards defined objectives and outcomes.** This is key! All this data and insight can be overwhelming. Find an analytics partner who will work with you to identify objectives, outcomes and priorities. Don’t just buy a software solution. The biggest value comes in working closely with your partner to continuously build insight and understanding that is business and outcomes focused.

5. **Start sharing insight – and do this sooner than later.** Don’t wait until everything is perfect before sharing with Executives. Just start with a small ‘show and tell’ and you’ll be amazed where it takes you. Starting with beautiful visualizations and fresh business-focused insight you will attract attention and spark conversations.
Talent Acquisition has a lot to gain from workforce analytics and it’s not just in the areas of insight and better business outcomes. By leveraging analytics and insight, Talent Acquisition leaders also stand to gain visibility, credibility, and influence across the organization.

We believe that analytics applied to Talent Acquisition and the insight that comes from this can have more impact on your overall success than anything else you might do in Talent Acquisition!

“Enhancing our analytics capability has helped us transform the way talent acquisition connects to the business. By equipping us with meaningful insight into recruitment and first year outcomes, our talent acquisition group has become better advisors to the business. Very quickly we’ve grown our credibility and gained influence.” – Associate Director, Talent Acquisition, LoyaltyOne
Great question – it’s one that gets asked a lot. The short answer is no, ATS systems do not provide the insight Talent Acquisition requires. The reason is very simple – an ATS only captures a portion of the information required to understand Talent Acquisition Outcomes.

There are **2 key shortcomings of ATS systems:**

1. An ATS only captures the process information – it does not capture outcomes.
2. An ATS provides basic operational reporting on the recruiting process. This means you end up with simple and silo’d reporting that is disconnected from the rest of the business.

To measure against objectives and demonstrate value to the business, Talent Acquisition needs more than an ATS can deliver on its own – it needs insight that comes from the connection of process and outcomes data.

Consider whether your ATS can answer questions like:

- What is your On-Time fill rate for key positions?
- What is the lost revenue / productivity by position for every fill that is not on target?
- What is the quality of hire by Line of Business and Job Category? By Recruiting Source?
- What is the $\$\$ impact to the business for every High Quality Hire? If Quality of Hire increases by 5% what is the $\$\$ impact to the business?
- What is the 1st year turnover rate by Line of Business and Job Category?
  - How much is this costing the business?
  - For every 1% reduction in 1st year turnover what is the $\$\$ impact for the business?
- What is the $\$\$ Return of your Referral Program?
- What is the ROI for each of your Recruiting Sources by Line of Business/Job Category?
WANT TO LEARN MORE?

DOWNLOAD OUR DOCUMENT:
“THE ROI OF ANALYTICS FOR TALENT ACQUISITION”

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