Understanding the ROI of Analytics for Talent Acquisition
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This document is designed for Talent Acquisition Leaders who understand the value analytics can provide for their organization and are now looking to obtain a better understanding of the ROI that can be achieved from applying analytics to Talent Acquisition activities and outcome measures.
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.

If you’re reading this document, it’s likely that you have a good understanding of the value of analytics for Talent Acquisition and you’re looking to go further – to investigate the ROI of analytics for Talent Acquisition. You may want to deepen your understanding of what Talent Acquisition can achieve based on an investment in analytics and/or you may be anticipating the need to justify an analytics investment in terms of measurable benefits and business outcomes to others in the business.

No matter what it is that has brought you here... welcome! We’re here to help.

In this document we’ll cover:

✓ A quick refresher on how we see analytics being leveraged within Talent Acquisition
✓ How you can tackle the universal challenge of doing more with less
✓ The benefits – both hard and soft - you can expect from an analytics solution
✓ How you can kill two birds with one stone – prove the value of analytics applied to Talent Acquisition, at the same time as finding money to fund your analytics solution
Analytics and Talent Acquisition – a refresher

If you read our eBook - Analytics and Talent Acquisition: A guide to what it is and why you should care, you’ll be familiar with our emphasis on situating analytics within the context of business objectives and outcomes. You’ll know that, from our perspective, analytics in and of itself is just numbers. And we know that this level of understanding is not actionable nor is it one that Executives get excited about. The real power comes from aligning analytics with 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.

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.)

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
Doing MORE with less

We know what it’s like – in Talent Acquisition budgets are staying the same or shrinking while the expectations are increasing. As a result, you’re constantly trying to find ways to do MORE with LESS.

The way to accomplish this is to become SMARTER about your talent investments. Leaders in Talent Acquisition need to look at every dollar spent as an investment. And... these investments need to align with the business objectives and be measured in terms of return for the company.

Analytics – and in particular segmentation - is the means by which you can achieve an accurate understanding of the return on all of your Talent Acquisition investments.

Imagine being able to say with confidence which recruiting sources deliver the best returns – not only in terms of the recruiting lifecycle but also with respect to first year outcomes.

Imagine too, the credibility you gain when you can show and tell with clarity and conviction where you are making the most impact on the business. Finally, you can be spearheading the conversations that matter to the business.
Categorizing benefits

When looking at the Return on Investment of analytics for Talent Acquisition it’s helpful to think of two main benefit categories:

Hard / Measurable Benefits

- These are returns to which you can actually put a dollar value

Soft / Intangible Benefits

- These are returns that are more difficult to put a specific $ value to
- However, these shouldn’t be overlooked as they can have a very positive impact on you, your team, and the business
Smarter Use of Recruiting Spend

Optimize your return on recruiting channel spend – Through an accurate measure of the performance of recruiting channels you can identify those that are performing and those that are not. You can save $$ or re-direct it to the most effective channels.

- **Re-think Agency Fees**
  - Reduce unnecessary agency spend...and with average fees between $10K and $25K this is a good thing.

- **Employee Referrals**
  - Increase focus on Employee Referrals. This can pay in many ways – it takes less time and money to recruit them and they are higher quality.

### Reduced 1st Year Turnover / Increased Quality

Think about it, if you can spend the money you have wisely and save the business money (or better yet make the business money) by consistently hiring top performers who stay - this is golden. These changes can have hard costs associated with them. Here are some examples:

- **Turnover**
  - With costs of turnover estimated at 60 to 200% of salary, making the right hire can have a significant financial impact.

- **Quality**
  - Bad hires cost big bucks - anywhere between $25K and $50K, not including loss of productivity and low morale.¹

### Reduced Vacancy Time = Increased Revenue

All organizations have roles that are responsible for generating revenue or have a direct cost for every day that role is vacant. Filling these roles in a more timely and predictable way, and at higher quality will deliver $$ directly to the business.

### Increased Productivity / Team Member Time Savings

Count up the hours and days spent managing spreadsheets, integrating data (or trying to), and reporting on this. Now, imagine leaving all that to your analytics partner and diverting the time, energy and resources to more value-add activities – like thinking bigger, planning better, and taking action to improve business outcomes.

¹ Source: careerbuilder.com
Through a commitment to business objectives and outcomes, Talent Acquisition teams become engaged in reporting and accountability. 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.

**Better Relationships with Lines of Business & 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.

**Improved Executive Communication**

When you can talk about Talent Acquisition activities in relation to concrete business outcomes, you’ll catch the attention of the executives. Start ‘showing and telling’ – the visuals will impress and the insights will blow them away.

**Enhanced Credibility and Influence for Talent Acquisition**

Analytics can truly raise your game. 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 important things to say that are focused on business results, a great way to say them, and these things matter to those at the executive table. That’s a win-win-win.
Finding the Funds for an analytics solution

Once the many benefits are revealed, most leaders are anxious to get started with an analytics solution for Talent Acquisition. For many, the first question is: how do I find the funds to quickly put this solution in place?

The good news is... It’s not as difficult or as expensive as you might think.

In fact, finding the money is quite simple and can be achieved by looking closely at your current Talent Acquisition spend and doing the ROI on these investments. That’s right, the quickest way forward is to use analytics to measure what is working and what isn’t.

If you team up with the right analytics partner they will be only too happy to provide you with a clear and precise view into which investments are working and which are not. Armed with this information you are able to divert money from underperforming sources and towards your Talent Acquisition analytics solution.

Many Talent Acquisition leaders have been able to quickly fund an investment in an analytics solution by using those same analytics to justify:

- Eliminating 1 underperforming Job Board

- Replacing 1 Agency Hire with another source
To sum up what we’ve learned so far:

✓ We’ve established that **analytics are a key element of ensuring Talent Acquisition provides value to the business.**

✓ We’ve also established that **analytics applied to Talent Acquisition leads to a variety of powerful benefits – both hard and soft.**

✓ Finally, we demonstrated that **finding the money to fund your analytics solution should not be a problem.** In fact, the beautiful thing is that analytics can be used to prove it’s own worth. Through analytics you can very quickly identify areas where you can save money or divert spends from underperforming recruiting sources.

✓ And remember... any analytics solutions provider you are considering should be **happy to work with you to get to this understanding before you become a customer.**
With this general understanding of the ROI of analytics for Talent Acquisition, you’re now ready for the next step. Here are 2 ways we can help:

CONTACT US for a personalized ROI assessment for your organization. We’ll help prove the value of analytics for Talent Acquisition.

Read our 2-pager How to Choose the Right Analytics Solution for Talent Acquisition