



Look at how much work you do!

Have you ever stopped to figure out exactly how much time you have to invest in hiring an employee? Activities like screening phone calls, reviewing resumes and arranging interviews can really be time consuming. This exercise will help you develop an accurate estimate of how much time you spend locating a suitable individual.

For the following recruiting and hiring activities, estimate how long each would take to complete. Once you've done that, total the number of hours. You may be surprised at what you find!

<i>Recruiting and Hiring Activities</i>	<i>Estimated Time Required</i>
Developing position specifications (<i>job description, compensation package, etc.</i>)	
Writing, laying out and placing ad	
Screening phone calls (<i>how many phone calls might you receive to an ad?</i>)	
Receiving and scanning resumes (<i>how many resumes would you wade through to find a few good ones?</i>)	
Reviewing resumes	
Developing a short list of possible candidates	
Arranging interviews (<i>how many first interviews would you need to schedule?</i>)	
Conducting first interviews	
Developing a second short list based on interviews	
Arranging second interviews	
Conducting reference checks	
Extending an offer	
Sending rejection letters	
Other recruiting and hiring activities:	
Grand Total	

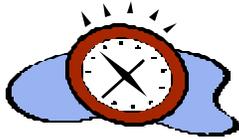
This analysis makes several assumptions:

- You get a great response to your first advertisement.
- The first person offered the job accepts and starts.
- The first person hired works out for the long-term.

If any of these assumptions turns out not to be true, the figure you just calculated could easily skyrocket!

How Can Permanent Placement Services Help?

Reclaim Time.



A staffing service will handle the majority of the administrative burden associated with hiring a new employee. For any job opening, you'll only hire one person out of all those you see. Most of the time you spend is completely wasted! What more productive activities could you engage in, if you didn't have to spend time advertising, recruiting, screening and reference checking?

Better Quality Applicants.

Often, the best people are already working. The perfect person for a position with your company may not have time to look for another job, or may be concerned about confidentiality issues.

People in this situation often turn to staffing services to help search for new employment. As a result, staffing services have access to candidates who may not otherwise be available to your company.

Guarantees.

If a candidate proves to be unsuitable within a specified frame of time, most staffing services will replace that candidate free of charge (each service's guarantees vary). This saves you all the time and hassle of replacing a bad hire on your own.

Shorten the Placement Cycle.



Placement services leverage their recruiting and advertising expense across multiple clients, and are constantly searching for skilled individuals. They employ multiple recruiting tactics like advertising, direct recruiting, networking and computerized databases to maintain a large pool of applicants. Access to vast applicant resources may enable a staffing service to locate a candidate for you more quickly.

It's true that staffing services don't make sense in every case. If you can, for example, go to your filing cabinet and pull out the resume of a qualified candidate who accepts the job, using a placement service would obviously not save you a lot of time. But in today's labor market where qualified applicants are in short supply, permanent placement services can be of real value in saving you time and headaches.

Need help convincing someone else within your organization? If so, the following exercise may be helpful. It takes a look at the cost-effectiveness of staffing from an owner's or president's perspective, and can be used as a tool internally for justifying the use of a staffing service.

Estimating the Cost of a Bad Hire

In many cases staffing services offer less expensive alternatives to getting your work done. For example, do you know what it really costs you to employ your staff? The “hidden” expenses associated with being an employer are often underestimated. Things like recruiting, interviewing, training, benefits administration, management and turnover really add up! Consider the following expenses for an administrative employee at \$20,000 who terminates after one month:

<i>Cost Area</i>	<i>Example</i>	<i>Your Estimated Cost</i>
HR Time <ul style="list-style-type: none"> • Specification of position • Prepare classified ad • Review resumes from 100 ad responses • Telephone screen 10 candidates • Schedule, prepare for and conduct 5 interviews • Assessment testing for 3 candidates • Reference check for 3 candidates 		
Total HR time <i>(\$ per hour x hours)</i>	$\$40 \times 30 = \$1,200$	
Other Recruitment / Interviewing Costs		
Management interview time <i>(\$ per hour x hours)</i>	$\$50 \times 6 = \300	
Other interviewers' time <i>(\$ per hour x hours)</i>	$\$50 \times 9 = \450	
Cost of advertising <i>(15 line ad run for 3 Sundays)</i>	$\$450$	
Salary and Related Costs		
Salary <i>(for one month)</i>	$\$1,666$	
Benefits <i>(based on national average of 31%*)</i>	$\$516$	
Overhead, administrative expense, etc. <i>(20%*)</i>	$\$333$	
Training / Orientation / Answering Questions		
Trainer's time <i>(\$ per hour x hours)</i>	$\$15 \times 16 = \240	
Manager's time <i>(\$ per hour x hours)</i>	$\$50 \times 8 = \400	
Productivity Losses		
Compensating for sub-standard performance <i>(co-workers doing or re-doing bad hire's work: assumes bad hire is working at 75% capacity)</i>	$\$10 \times 40 = \400	
Grand Total	$\$5,955$	

* percentages based on U.S. Chamber of Commerce statistics

Additional Expenses to Consider

This estimate of the real cost of a bad hire doesn't even take into account costs which are extremely difficult to calculate, such as:

- the negative effect on co-workers' productivity and morale
- lost business and opportunities due to mishandling by the employee
- unemployment compensation, severance pay or legal fees
- recruitment and training costs which you must incur again to replace the employee.

Imagine what the cost would be for a mid-level manager who terminated after three months!

The Bottom Line

Although the examples provided in this exercises are quite conservative, they effectively demonstrate the real value staffing services provide: lowering costs, improving focus, reducing the risk of not finding qualified candidates through traditional resources. If you are interested in increasing your organization's profitability, staffing services can play a major role.

