There are six talent acquisition metrics that all organizations must track to identify where costs can be reduced and where improvements can be made to protect revenue, improve efficiency and increase quality of hire:

- Time-to-fill
- Interview-to-offer ratio
- Retention rate
- Hiring manager satisfaction
- Candidate & new hire satisfaction
- Cost-per-vacancy
6 KEY TALENT ACQUISITION COST REDUCTION METRICS

1. TIME-TO-FILL

Consistently tracking how many business days it takes to fill a position, from the day a requisition is opened until the first accepted offer, yields an important indicator of how your recruitment marketing efforts are working and how confident your managers are in making hiring decisions. Extended time-to-fill often stems from a lack of clarity with hiring managers. Lingering positions lead to lost productivity – and a loss of revenue.

Nearly every organization recognizes the importance of measuring time-to-fill, but if the data is not examined by job category, department, recruiter and hiring manager, the full insight these numbers provide is not being realized.

2. INTERVIEW-TO-OFFER RATIO

The interview-to-offer ratio reveals the total number of candidates that the hiring manager needed to see before being comfortable making the final decision to hire. This metric should be tracked by job category, recruiter and hiring manager.

A high interview-to-offer ratio often means the manager is unclear about the department’s needs or not confident in his or her ability to make a hiring decision, so expensive time is being spent conducting too many interviews. To maximize hiring manager and recruiter efficiency, ensure that the job scope is clear from the start. Establish trust between the recruitment team and hiring managers so only top performers who truly fit the position are being sent on to interview.

3. RETENTION RATE

If the organization’s overall retention rate is less than 90% in the first 90 days, it is critical to analyze the screening and interviewing process, the team’s understanding of the skills required for the role and how the role is being communicated to the new hire.

According to the Society for Human Resource Management, depending on the size of the organization and the type of work the organization performs, a 1% increase in the organization’s overall retention rate can save as much as $1 million annually.
4. **Hiring Manager Satisfaction**

Instituting a real-time, anonymous survey at the time of hire allows you to capture the hiring manager’s perception of the process and indicates whether the recruitment team is meeting expectations. This real-time feedback allows the talent acquisition team to step back and quickly course-correct in areas where things are not running smoothly.

By tracking and reporting hiring manager satisfaction on a quarterly basis, it is possible to regularly reference performance against the benchmark and maximize lessons learned from the data.

5. **Candidate & New Hire Satisfaction**

It is equally important to measure new hire satisfaction through an anonymous, real-time survey that asks the new hire how their expectations matched the reality of their new position. To provide a comprehensive view into the entire recruitment and onboarding experience, surveys should be administered on the first day of work and at 90 days on the job.

Engaged new hires reach productivity faster and remain more productive over their tenure with an organization – which also leads to greater employee loyalty and longer retention. As with new hires, candidates should also receive anonymous opportunities to provide feedback. Satisfaction should be measured (regardless of your intent to hire) to ensure you are delivering a great experience during the hiring process.

6. **Cost-Per-Vacancy**

Traditionally, when organizations talk about the overall cost-per-hire, they only include direct talent acquisition costs, such as marketing dollars, recruitment agency costs, staff costs and technology subscriptions. But it is also critical to consider the total organizational cost of a position remaining unfilled. Called cost-per-vacancy (CPV), calculations include premium labor costs, overtime costs and loss of revenue from unfilled, revenue-generating positions.

On a more actionable level, calculating cost-per-vacancy provides the transparency HR leaders need to inform their strategic workforce plan and transform their approaches to talent acquisition and management – ultimately creating a highly efficient and effective talent function that attracts, engages and retains the right talent.
### CALCULATING TOTAL COST-PER-VACANCY

To understand the financial impact of unfilled positions, use the following worksheet to calculate CPV. If your HR data allows, consider adding more in-depth measures such as a quantitative measure of the cost of hiring manager time spent on recruitment activities.

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits of recruiting staff</td>
<td></td>
</tr>
<tr>
<td>Technology costs</td>
<td></td>
</tr>
<tr>
<td>Administrative and overhead expenses of recruitment staff</td>
<td></td>
</tr>
<tr>
<td>Temporary staffing/agency costs</td>
<td></td>
</tr>
<tr>
<td>Incurred overtime due to unfilled positions</td>
<td>+</td>
</tr>
<tr>
<td><strong>TOTAL COST OF ALL VACANCIES:</strong></td>
<td>/ - divided by</td>
</tr>
<tr>
<td>Average number of vacancies</td>
<td></td>
</tr>
</tbody>
</table>

**AVERAGE COST PER VACANCY:**

### A SMARTER APPROACH TO HIRING

To be an employer of choice, organizations must find ways to reduce expenses while attracting and retaining a motivated, engaged and productive workforce. An intelligent approach to talent acquisition and analytics is key to both goals.

Calculating the metrics outlined and learning the full ramifications of open positions enables organizations to make a positive impact on financial performance, employee engagement and productivity. Sharing this information with executive leadership validates HR’s critical role in driving organizational performance and achieving an organization’s triple aim: protecting revenue, and improving efficiency and quality of hire.

---

**About Cielo**

Cielo is the world’s leading pure-play provider of global Recruitment Process Outsourcing (RPO) solutions. Cielo leverages its global reach, local talent acquisition expertise and customized solutions to help clients achieve a sustained advantage and outstanding business outcomes through their talent practices. Under its **WE BECOME YOU™** philosophy, Cielo’s dedicated recruitment teams primarily serve clients in the financial and business services, consumer brands, technology and media, engineering, life sciences and healthcare industries. Cielo knows talent is rising – and with it, an organization’s opportunity to rise above.

For more information, visit cielotalent.com.