

Double Your Advertising Budget Without Spending More Money:

How Superior HR Organizations Are Quietly Gaining the Upper Hand And How You Can Identify, Then Reverse Underperformance in Your Own Recruiting Organization





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Introduction

Who Should Read This

If you are a senior Human Resources executive that does a lot of hiring, this special report is specifically for you. It may also be of interest to your hiring managers and counterparts in Finance— especially if they have been pushing you to cut costs or increase your accountability.

How big must your company be to make it worthwhile for you to read this report? If your company meets any of the following criteria, it's plenty big:

- You spend more than \$200,000 a year on recruitment advertising
- You employ more than five recruiters.
- You spend more than \$1 million a year on headhunters.

If your company is a little smaller and you still want to gain competitive advantage in recruiting, you may find the ideas here both interesting and practical.

This report is especially likely to appeal to you if you face nearly the intensity of demand for new hires that you did in 2007, but your management expects you to meet your goals within budgets they cut after the Great Recession of 2009.

Some companies have seen that by redirecting rather than reducing their recruiting dollars, they can generate a return of three for every one they spend more wisely.

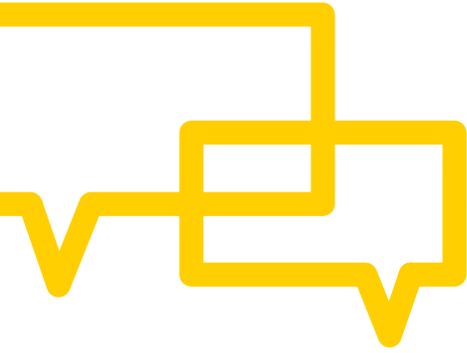
What You Will Discover

By reading further, you will discover these insights:

- Six specific things you can do to help improve your company's competitive recruiting
- Strategies that a small number of leading employers are quietly adopting to achieve powerful advantage, and
- Ways you can help your recruiting organization perform better, by focusing on the things they do best and letting go of the rest.

You may be able to save hundreds of thousands of dollars for your company that you now waste each year on talent-acquisition advertising that doesn't work. As appealing as such savings may be, your bigger opportunity may be to redirect your spending toward other recruiting advertising investments that are much more effective. Some companies have seen that by redirecting rather than reducing their recruiting dollars, they can generate a return of three for every one they spend more wisely.

As you read on, you will see how you can do all this within a few months, without major investment, without disruptions of current business processes, and without upheavals of your organization. Simple changes to your workflow and internal process can generate big returns.



Executive Summary

In the past two years, a handful of innovative employers have quietly gained a decisive advantage in hiring the best employees available to any company in their market. They have done so by developing the intelligence they need to invest more wisely in talent acquisition.

The story of how they did so is likely to be of special interest to companies in industries that do the most hiring. They include companies as diverse as consulting firms and providers of health-care products and services.

Management to Recruiters: Accomplish More, Spend Less

Corporate recruiting organizations have struggled to accommodate such needs. In boom times, their leaders challenged recruiters to fill an impossible volume of job openings. In slower times, management has pressed them to do more with less.

In addition, the job of recruiting has become far more complex as developments of the past 20 years have radically transformed the recruiting process.

HR organizations routinely do things for which they often lack the training and experience to do well.

How Recruiting Has Changed

In the early 1990s, it was enough for staffing organizations, as they were called, to place classified ads in regional or national newspapers. Recruiters also worked the telephones. For job requisitions that were urgent or important, they might enlist the help of headhunters.

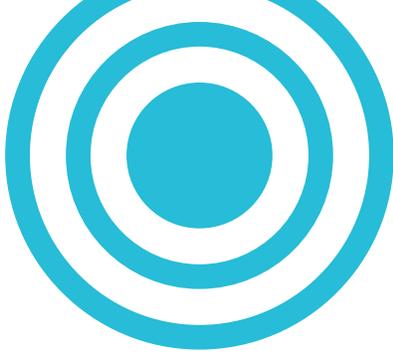
Today, in contrast, recruiters and job candidates all but ignore print advertising. They use the Internet in dozens of ways that few recruiters could have imagined in 1993.

A recruiting organization can easily spend tens of thousands if not millions of dollars a year to meet its hiring quotas.

Is This HR or Marketing?

Most recruiters work in a complex environment that looks and feels more like a marketing operation than a recruiting team. HR organizations routinely do things for which they often lack the training and experience to do well. Those things include planning of communication strategies, choosing media channels, negotiating contracts with job boards and other media, placing ad insertion orders, and the like.

Considering the amount they spend, (recruiting organizations) are surprisingly unaccountable for generating adequate return on investment.



Recruiters find themselves collecting data from many different sources and trying to make sound business decisions from it. This presents three challenges:

- The activity of collecting and analyzing data often takes them far afield from their primary responsibility of finding good candidates for open jobs.
- HR organizations often lack the analytical tools and skills they need to make sound business decisions from the data they collect.
- The data they collect are often inaccurate.

Big Money at Stake

With the added complexity of recruiting also comes higher cost. A recruiting organization in a large company can easily spend tens of thousands if not millions of dollars a year to meet its hiring quotas.

Yet despite the large amounts of money recruiters spend, many HR groups have eluded pressure from financial management to measure how inefficient they might be at these activities.

As much as recruiting organizations have changed in recent years, some have not moved fast enough or in the right direction. In the eyes of corporate executives outside HR, they spend too much money without understanding where to spend it most effectively. Considering the amount they spend, they are surprisingly unaccountable for generating an adequate return on investment.

In addition, HR organizations are often motivated to spend every dollar of their budget every year. Otherwise they are likely get less money the following year. If they focus on spending every last dollar in their budget before the end of a fiscal year, they are certainly not spending money as wisely as they might.

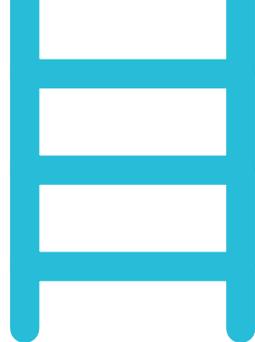
Where Can You Cut and Where Should You Spend?

With every passing year, corporate financial executives seem more inclined to approach their HR organizations with scalpel in hand. Like legislators eager to cut military budgets, financial executives believe recruitment spending is bloated.

They are willing to cut any real fat they may find, but they don't want to compromise national security. They have a hard time separating fat tissue from lean muscle. And most recruiters cannot help them identify the differences.

Like a kind of digital x-ray system, the data they collect helps them distinguish between muscle and fat. By tracking their results, they can readily see where to cut and where to stop cutting.

They have found, to their surprise, that some of the most productive recruiting channels are also among the lowest in cost.



What is the Answer?

A few dozen leading employers have solved this dilemma. They have found ways to spend less money on strategies and tactics that don't work and to spend it instead on ones that work very well.

Their secret is to capture more and better data. They carefully track their spending by media channel. They also track the hiring results they achieve through each channel.

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These revelations have enabled them to cut advertising costs overall. This makes more money available to invest in the most productive recruitment channels. As a result, they have cut their cost per hire and reduced their average time to hire.

By demonstrating high ROI, they have also earned credibility with hiring managers, corporate Finance and other skeptics on the executive board. They have also sharpened their company's competitive edge in the war for talent.

This report is organized four sections:

1. The Challenge. You will discover the magnitude and complexity of the recruiting challenge.
2. The Opportunity. You will discover the benefits companies like yours can achieve by rising to the challenge.
3. The Solution. You will discover specific tools and actions that can help.
4. Recommendations. You will discover six specific actions you can take right now.





The Challenge

During the past 20 years, corporate recruiting has become a complex, costly and labor-intensive process. Today it is exceptionally hard for recruiting organizations to manage all the media channels available to them. It is even harder for them to track the results they achieve through each channel. As a result, many recruiting organizations don't know which of their investments are paying off and which are not.

A Game of Blind Roulette

It has become nearly impossible for recruiters to choose the most effective source or communication channel for each job opening. The channels are too broad and the data are too sparse.

Recruiters must divide their attention between their primary need to find good candidates and their secondary desire to identify the most effective channels for doing so. They focus, understandably, on the areas where their performance is more directly measured. They generally are not accountable for where or how they spend your company's money.

This can be a big problem, if for no other reason that so much money is involved. Companies may find their recruiting teams spending many millions of dollars on talent-acquisition advertising, often with little understanding of how productive their investment should be. They seldom have a way to benchmark their effectiveness against that of others in their industry.

For lack of clear performance data, large organizations are often at a loss to control their high recruitment costs. Nor do they know how to improve their recruiting productivity. They depend much too heavily on the gut-level judgment of their recruiters to post each job opening to the right source.

What corporate function other than recruiting gets away with spending so much money with so little control and accountability?

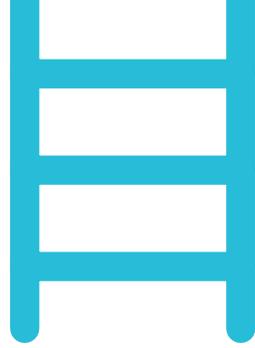
How We Got Here

How did recruiting get to this point? A brief historical detour will help you understand both the origins and the full dimensions of the problem.

In the 1980s and earlier, corporate recruiters could accomplish their goals with little more than classified newspaper ads, a telephone, and occasional help from headhunters. But it could be a big administrative burden for a large company to place hundreds or even thousands of local, regional and national ads in dozens or hundreds of publications.

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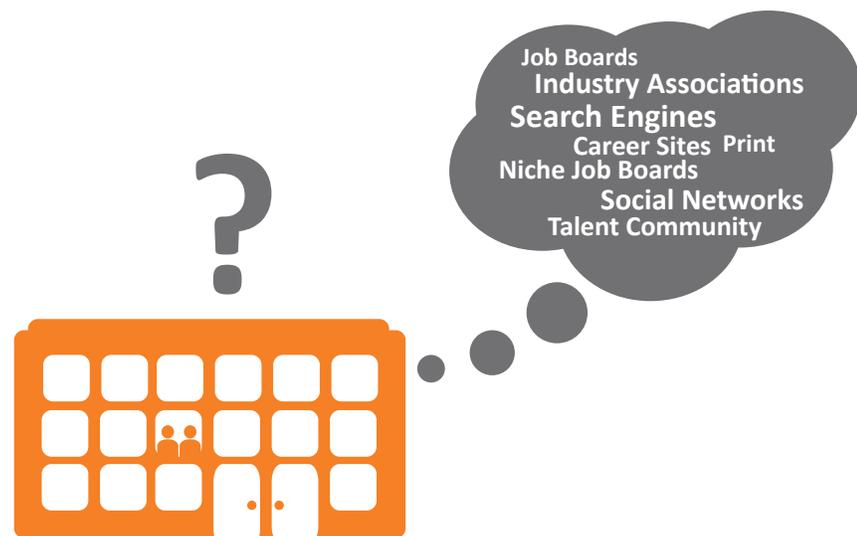


Agencies to the Rescue

To help reduce this burden, employers began working with specialized employment-advertising agencies.

In a practice that still prevails, employers designate some of these service providers as “agencies of record.” This means the employers have authorized such agencies to place ads on their behalf. As compensation for this service, agencies of record receive commissions that amount to 15% of the cost of their ad placements. The agencies receive these commissions from the publishers with whom they place ads, not from the employers who ultimately pay for the ads. Theoretically, the arrangement costs employers nothing because employers pay the same amount for ads even when no agency of record is involved. But the publisher’s cost of commissions is built into ad rates that employers pay.

Over time, ad agencies began offering more and more services to the recruiters they serve. They helped devise advertising strategy. They provided creative support. They helped recruiters establish and build a corporate brand for their employer. They prepared media research and recommend channels where the recruiters should advertise.





The Explosion of Media

Then the Internet changed everything. As business applications began to appear on the Web starting in around 1993, recruitment advertising began shifting out of print and into online media. A handful of online job boards soon came to dominate recruitment advertising.

Fast-forward to today. The world of recruitment media has exploded with alternative channels. Today recruiters use some or all of these media:

- Job boards and job-distribution sites (including Craig's List, Indeed, Career Builder, Oodle, Dice, Hotjobs, and others)
- Blogs
- Search engines (including Google, Bing and Yahoo)
- Job-niche sites (including e-Financial Careers, Absolutely Healthcare, EngineerJobs.com. etc.)
- Talent communities, career sites, e-mail job classifieds and aggregators (including Indeed, Simply Hired, Jobs Online, CareerJet and Juju)
- Mobile handsets and smartphones
- Industry Associations (including the Minnesota Interactive Marketing Association, American Nursing Association, IEEE.org, etc.)
- Social networks and Web 2.0 sites (including LinkedIn, Facebook, Twitter, zoominfo and others)
- Referrals by friends
- Print media

Through many of these media sources, recruiters can easily cultivate two-way relationships with current applicants as well as with past applicants and visitors to their websites.

Use of this broad array of technologies has made the work of recruiters far more complex and challenging. The pace is much faster, and the choices are far more diverse.

Not only do recruiters have far more ways to reach job candidates today, but the candidates also have many more ways to learn about potential employers. For example, candidates have easy access to current and former employees through social networking sites such as LinkedIn and Facebook. An employer with a bad reputation has nowhere to hide.

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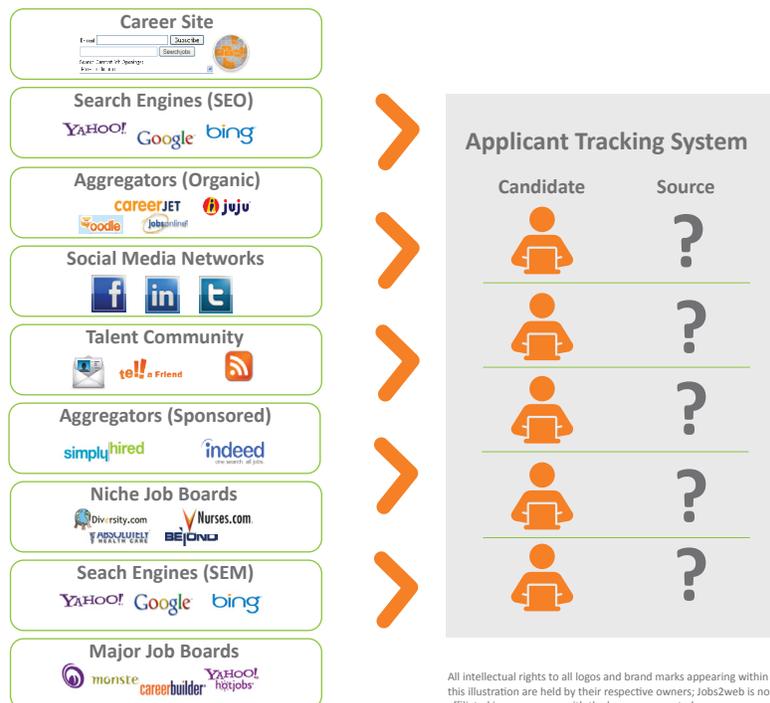
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Why Ad Agencies Are No Longer Your Best Source of Help

In this new world, ad agencies can still provide valuable services for recruiters. They can do strategic consulting, research, and creative work. They can gather information about new media channels. They can try to negotiate pricing, and they can “throw bodies” at managing contracts and insertion orders.

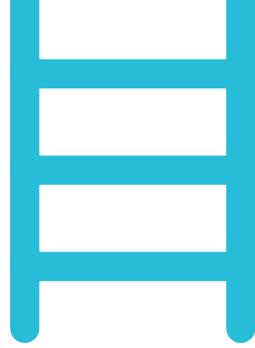
But they have one giant flaw: For all the money ad agencies spend on behalf of their clients, they are ill equipped to help recruiters spend it wisely across all the available media channels.



Ad agencies have a conflict of interest built into their business model.

Why? Four reasons stand in the way of ad agencies, and all are unlikely to change:

1. They have a conflict of interest built into their business model. Because they earn a large portion of their revenue on commissions they earn from your advertising purchases, they cannot recommend lower-cost or free media channels — even if those channels are more effective for you. To do so would reduce agency revenue.
2. For conventional print media, they deliver their analysis too late to be of any value to you in correcting bad media-buying decisions.
3. They lack the technical sophistication and resources they need to track your recruitment results across



all the channels you may use. They cannot link a specific job applicant to a media source. Consequently they don't know which sources are most successful in generating new hires. Lacking this information, they cannot say which channels are most effective for you.

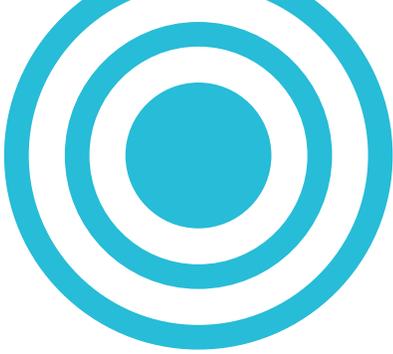
4. They lack technology to track results of fast-paced campaigns on the Internet. They cannot provide analysis that enables clients to execute better campaigns in real time.

Think of it. An annual contract with Careerbuilder may cost your company hundreds of thousands of dollars. Your agency of record gets 15% of that amount for doing a relatively small amount of clerical work.

How could an account executive at your agency recommend that you redirect your spending toward potentially lower-cost sources? Aren't these big shortcomings for employers who want their recruiters to spend their money and time more effectively?

Not only do most agencies work within this inherent conflict, but also much of the grunt work they do can be handled more efficiently through automation. Because technology is not the forte of ad agencies, few have the wherewithal to automate their media-buying processes with all the channels recruiters now use.





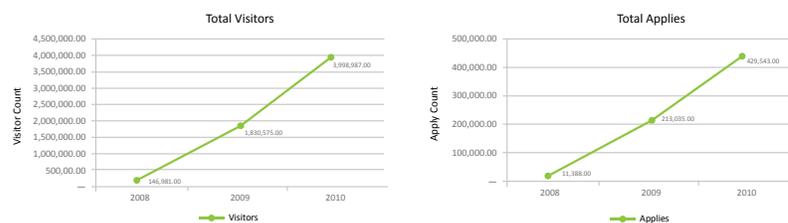
The Opportunity

With fairly simple, low-cost, fast and painless measures that are available to you today, you can likely achieve the following:

1. You can gather better data on your recruitment performance. With this information, you can stop flying by the seat of your pants and start running your recruitment process like a real business.
2. You can hire better people with greater efficiency and productivity.
3. You can take unnecessary and unproductive pressures off your recruiting organization. You can help eliminate distractions and enable them to focus on the job they do best.
4. You can increase your chances of winning the war for talent. You can do so by spending your money more wisely and by operating more efficiently than your competitors.



Their recruiters are free to focus more on the things they do best.



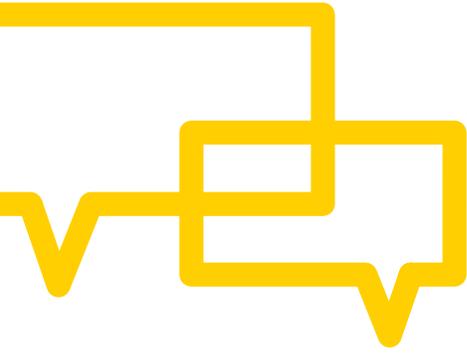
Data based on a major healthcare network that has used Jobs2web to increase candidate visitors and decrease apply costs

Cost Way Down, Effectiveness Way Up

For example, one company in the health-care services business has followed a straightforward process to reduce talent-acquisition costs by 61% between 2008 and 2010. The company hires about 30,000 people a year, with many in hard-to-fill, skilled positions. They previously had a decentralized structure for placing newspaper ads in 600 local markets. The approach was expensive, erratic and ineffective.

By centralizing control and introducing new systems and processes, they went from a cost per hire of about \$320 to only about \$122. The company also reduced total hiring costs during the same period, from about \$11 million in 2008 to about \$2.9 million in 2010. They achieved these cost reductions even as they drastically increased the flow of applicants.





Today they spend their recruiting money smarter and with less involvement of their recruiters. They have eliminated print advertising from their media mix. Recruiters don't have to know which media sources are most effective because a system makes that judgment for them. Their recruiters are free to focus more on the things they do best.

The amount of money your company can save through similar measures will depend on how many people you hire per year and how much you spend per new hire. These factors are likely to vary by industry.

Developing a 'Pipeline' of New Hires

In another example, a global provider of healthcare products and services found it difficult and expensive to hire people for highly skilled jobs in medical sciences and pharmacy. Their typical cost per hire for such positions is in the thousands of dollars.

After implementing a system to help automate their recruiting process, they abandoned a program to hire through e-healthcare sources because they found it was unproductive. Instead they formed an online group for doctors of pharmacy and drove traffic toward it through online banner ads.

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The outcomes have been impressive. As a direct result of this campaign, the healthcare solutions provider:

- Hired seven new employees
- Identified more than 300 additional applicants who now participate in an online "talent community"
- Increased hires in other hard-to-fill areas and have developed a candidate pipeline
- Cut time to fill by 50% in the second year of their program
- Saved millions of dollars in headhunter and search fees
- Reduced their cost of hiring!





The Solution

What is the secret?

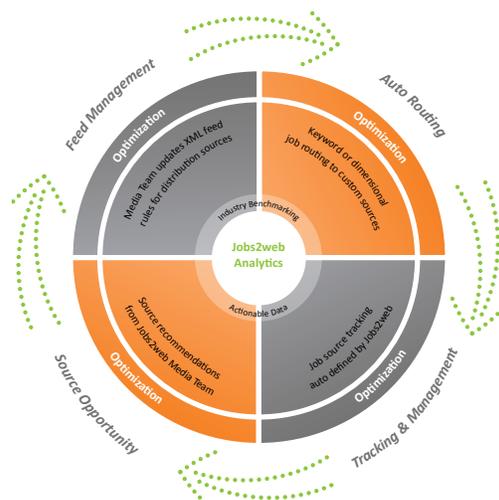
The methods are not well known, but there is no secret.

More Great Things You Can Do on the Web

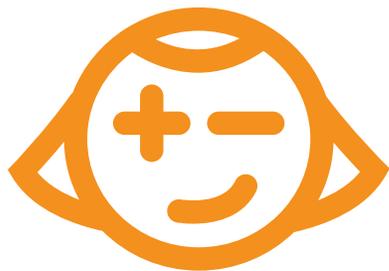
- You can reap all the foregoing benefits by using sophisticated Web technology that gives you a clear line of sight from the original source of job application to the final point of hire.

The technology offers these advantages:

- You can deploy it within 12 weeks, without installing any software on your corporate computers and with minimal involvement of your IT organization.
- You need not change your recruitment processes. The technology will not increase the workload of any of your employees and in fact will free up 10–20% of recruiter time.
- You need not reorganize any of your business functions in order to use it effectively.
- The technology can work seamlessly with all interactive recruiting sources to give you a complete multi-channel view and control of your recruiting strategy.
- You can operate the technology in conjunction with any ATS you may already be using.
- The technology is the only one available that can provide you with timely data linking an individual ad or media channel to an individual candidate — all the way through to the hire. This data will help you make better advertising decisions and will help you eliminate any spending that is not performing to your standards.
- The technology shows no bias toward any source. It makes impartial recommendations by using data and analytics. It always suggests the highest-converting sources for each industry and job type.



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Recommendations

To achieve better recruiting productivity for your company, we recommend these six actions:

1. Deploy the one technology that enables you to track the performance of your company's recruitment activity from source to hire. This same technology will also enable your recruiters to focus their energy on hiring good candidates rather than on managing media programs and multi-channel recruiting.
2. After you are comfortable with the capabilities of the technology you have deployed, reevaluate which activities and functions you can manage effectively. Consider outsourcing remaining activities more strategically. Outsourcing will enable you to run a lean, focused recruiting organization. The control point and measurement of multi-channel recruiting effectiveness is best owned by you.
3. Outsource wisely. In your relationships with ad agencies, consider giving up the convenience of one-stop shopping. Figure out what services you really need from your outsource service providers. Then work with a handful of boutique agencies that can best meet your needs. This is better than working with only one or two agencies that do many things, if they do some of them poorly.
4. Gather metrics on your key performance indicators. With the new data in hand, start controlling the money your recruiters spend on media. Track all recruitment spending against the results it produces. Calculate your ROI on specific media channels.
5. After gathering data for a few months, adjust your recruitment spending. Make sure it is in line with what you learn about the relative productivity of your various channels. Involve your executives in setting guidelines for where to spend money based on the performance of recent investments. Do more of what works and less of what doesn't. Let your competitors continue wasting money on unproductive media channels.
6. As you grow more confident and comfortable with your new insights and capabilities, consider consolidating your outsource service providers to simplify your work. Ask yourself how much real value you are getting from your agency of record.

About SuccessFactors, an SAP Company

SuccessFactors, an SAP company, is the leading provider of cloud-based [Business Execution Software](#), and delivers business alignment, team execution, people performance, and learning management solutions to organizations of all sizes across more than 60 industries. With approximately 15 million subscription seats globally, we strive to delight our customers by delivering innovative solutions, content and analytics, process expertise and best practices insights from serving our broad and diverse customer base. Today, we have more than [3,500 customers](#) in more than 168 countries using our application suite in 35 languages.

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