Costs per hire do not matter anymore!

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Summary In many organisations today, we still find a strong focus on reducing hiring costs. But in high performing companies we discovered an interesting development: They've stopped measuring costs per hire (it's now just an inconspicuous statistic).

Why is that? Well, the reason is, that when you recruit a high performer, they have a shorter time to proficiency and tend to stay with the company for a few years, so it actually doesn't matter if the hiring costs are 5,000 or 10,000, because the investment is already returned within the first year. On the other hand, if you recruit a low performer, it makes no difference if you saved a few bucks in the recruitment process, because the damage is much more significant.

But how do you convince line management and the finance department, that costs do not matter?

In high performing organisations we found HR were much more business driven, working with metrics and analytics – especially when they link the results of

people management to business cases (expressing the success of a process in financial terms). This approach convinces most line managers, and expressions like *'We save money if a position does not get filled'*, are long gone.

We all know the phrase, *'You get what you measure'*, so putting emphasis on measuring 'costs per hire', only motivates recruiters to move towards a low-cost hiring process at the expense of tools and procedures that have a positive impact on hiring quality, such as psychometric tests or enablement sessions for hiring managers.

Consequently, it's important for HR to understand the value creators in every process and how to express them in monetary value. It can sometimes be a bumpy road, but it pays off in the end.

As W. Edwards Deming famously said: ***'Without data, you're just another person with an opinion.'***