

Data-Driven Talent Acquisition

The **process** and **metrics** you need to take an evidence-based approach to talent acquisition

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Introduction

Bad hires are always costly. And with organizations facing unprecedented challenges, there is no room for errors.

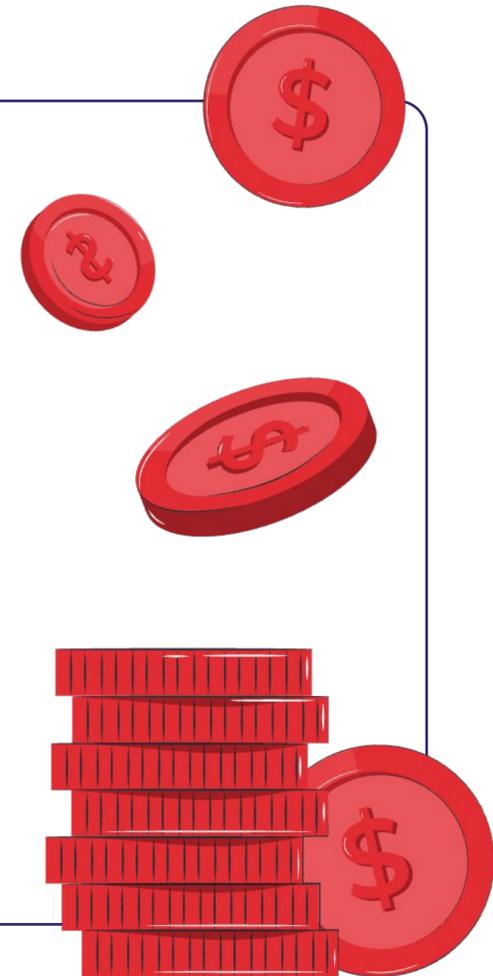
So how do you win the war for talent and find the right people to help your organization hit its strategic goals?

In this guide, we'll share the 9-step talent acquisition process, including the tools, data and metrics you need to optimize it for your organization.

Replacing a bad hire **costs 33%** of their **annual salary.**

And that's not even touching on the indirect costs, such as lost opportunities and productivity.

[Source](#)





The nine-step process

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Step 1

Organizational needs analysis

The organizational needs analysis is the foundation of your recruitment strategy. During the needs analysis, you combine your organization's mission, vision, goals and values, as well as the (new) skills you want to add to a team.

Unless there is a good fit both in terms of culture and skills, your new hire could end up adding to your 1-year turnover rate ([find more information about this metric on page 15](#)).

Map existing skills with a skills matrix

With a strong employer brand, you probably already have a good idea of what is needed for a good culture fit. However, if you're not 100% sure which skills should be included in the job requisition, creating a skills matrix can help.

A skills matrix lets you visualize the skills required, available, and missing in a team. Turn to the next page to find out how to create a skills matrix in 4 steps.



Tool

Skills matrix

1: Define the relevant skills

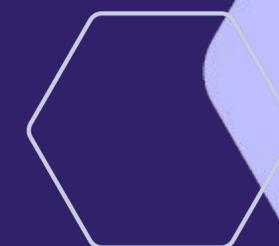
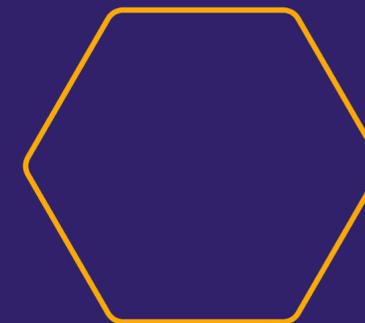
Analyze the team you're hiring for. Make a list of the skills and competencies needed for the team to achieve its goals.

2: Assess team members on current skill levels

The key is to do this on a numerical scale so that the results are easy to understand and compare. For example, you could use this four-point scale:

1. No capability
2. Basic level of capability
3. Intermediate level of capability
4. Advanced level of capability

You can ask members of the team you're hiring for to assess their own skills, but this isn't always reliable: a 360-degree feedback tool will provide better insight.





Tool

Skills matrix

3: Determine team members' interest

If a team member is able but unwilling to perform a particular task, you will not have capacity for that task despite having the skill available in your team.

This is why it is important to include interest, which you can measure as interested (1) or not interested (0).

4: Fill in the skills matrix

You now have all the information you need to create a skills matrix visualizing skills gaps within the team. For skills matrix templates and more information about the process, [visit the AIHR blog](#).

Example assessment

	Bill		Mary	
	Proficiency	Interest	Proficiency	Interest
Technical writing	(0,0)	0	(0,0)	0
Legal research	(0,0)	1	(0,0)	1
Graphic design	(3,3)	1	(0,0)	0
Questionnaire design	(1,0)	0	(0,0)	0

Proficiency rating is expressed as (X,Y), where:
 X = Person's level of skill or knowledge
 Y = Level of responsibility applying the skill or knowledge



Step 2

Job requisition approval

This is the starting point of the recruitment process. The job requisition includes an overview essential information about the job, and needs to be approved by the direct supervisor of the team's manager, or HR.

The job requisition usually covers (among other things):

- Why the position is needed
- Whether it is a new or existing position
- Hiring manager
- Job duties
- Pay and budget

Use the requisition as a data source

The job requisition form is often built into your Applicant Tracking System (ATS) or Human Resource Information System (HRIS). These forms can be excellent input for data-driven decision making using metrics and analytics.





Step 3

The vacancy intake

This is the most important step in the entire talent acquisition process. Here, you conduct a job analysis to collect all the information you need to make a good hire.

Unfortunately, a thorough analysis takes time and may delay the recruiting timeline. But given how expensive such a decision can be, performing the analysis is time well spent.

Turn the page to learn more about conducting a job analysis.





Tool

Job analysis

"Without data, you're just another person with an opinion." This W. Edwards Deming quote is a favorite at AIHR. But it's not just a case of having enough information. You need the right information. So what should a job analysis include?

1: The job description

This includes all required skills (see the skills matrix), competencies, and daily activities for the job.

2: The person specification

This describes the qualifications, skills, experience and knowledge, and any other selection criteria that are relevant to your

organization. Make sure to differentiate between must-haves and nice-to-haves. Using this information, you can create a candidate persona.

3: The competency framework

The competency framework lists the required competencies for the job. This helps create the person specification, and forms the basis for the new hire's performance appraisal.

Step 4

Selection criteria and methods

There are several factors that play a role in determining the selection criteria and methods. The vacancy intake plays a large role in determining the selection method. The function is also a key factor: a general mental ability (GMA) test, structured interviews, and work sample tests will probably be enough to select a junior accountant, but a completely different approach is needed to select a CFO.

How effective are selection methods?

This has long been a subject of study. Here are the top 10 methods that are best able to predict good overall job performance, based on 85 years of research.

The top 10 most effective methods

1. Work sample tests
2. GMA tests
3. Employment interviews (structured)
4. Peer ratings
5. Job knowledge tests
6. Job tryout procedures
7. Integrity tests
8. Employment interviews (unstructured)
9. Assessment centers
10. Biographical data measures





Step 5

Searching and attracting

You now have all the information you need, and you know which methods you're going to use. That means it's time for the most visible and recognized part of the talent acquisition process: searching for candidates. Use the information gathered during the previous steps (and if present, your own historical data) to determine which mix of channels is the best fit for the vacancy.

Measuring channel effectiveness

What worked last year might prove ineffective in the current, completely different job market. Avoid investing resources in an approach that doesn't work (anymore) with these metrics.

METRICS

Application completion rate

$$\frac{\text{Number of completed applications}}{\text{Total number of applications started}}$$

Sourcing Channel Effectiveness

$$\frac{\text{Total number of impressions of the channel}}{\text{Number of applications of the channel}}$$

Sourcing Channel Cost

$$\frac{\text{Advertisement spending per channel}}{\text{Number of successful applicants per platform}}$$



Step 6

The selection process

Once candidates start applying, it's time to start using your chosen selection methods. This part of the talent acquisition process includes pre-selection and traditional interviews, but also background checks, credit checks, and more.

METRIC

Yield ratio

Are the right candidates entering the selection process? Calculating the **yield ratio** is a simple way to find out.

$$\frac{\text{Number of hireable candidates resulting from stage N}}{\text{Total number of candidates who entered stage N}}$$





Step 7

Making the decision

If all has gone according to plan, you are now ready to select an excellent candidate and make them an offer. Consider the talent acquired! But this isn't where the talent acquisition process ends.

Measuring offer success

Unfortunately, not all offers will be accepted, even after negotiations. You can keep track of your performance in this area with the offer acceptance rate metric. A low acceptance rate often indicates compensation problems, which can be avoided by discussing pay earlier in the recruitment process.

METRICS

Offer acceptance rate

$$\frac{\text{Number of offers accepted}}{\text{Number of offers made}}$$

For example: if 72 offers are accepted out of a total of 278, the Offer Acceptance Rate would be $72/278 = 0.26$ (26%).



Step 8

Onboarding

The next step is onboarding the new hire. A 30-60-90 day plan is a great tool for this ([template available here](#)). You can create it based on the vacancy intake, and it helps in two ways. Firstly, it lets the manager clearly express their expectations. Secondly, it lets the candidate know what is expected of them, creating a structured onboarding process.



METRICS

Time to productivity

Time to productivity is the time between the first day of hiring and the point where the employee fully contributes to the organization.

Cost of Getting to Optimum Productivity Level (OPL)

This metric combines, the costs of onboarding, training, co-workers involved in on-the-job training, and anything else arranged to get the new hire up to speed. Usually, a percentage of the employee's salary is also included in this calculation, until they hit 100% OPL.



Step 9

Evaluation

This is a great opportunity to check back in with the candidate. Ask if the job and organization match expectations. If a mismatch happens structurally, it can indicate a problem with communication, or that managers aren't fully aware of what recruiters are promising.

More Talent Acquisition Metrics

The Talent Acquisition process is complete, but that doesn't mean you should stop tracking data. Even after your new hire is at Optimum Productivity Level, there are insights that can help you improve.

METRICS

First Month Turnover Rate

$$\frac{\text{Employees who left the organization within 1 month}}{\text{Total number of hires}}$$

First Year Turnover Rate

$$\frac{\text{Employees who left the organization within 1 year}}{\text{Total number of hires}}$$

First Year Resignation Rate

$$\frac{\text{Employees who left the organization within 1 year}}{\text{Headcount}}$$

First Year Retention Rate

$$\frac{\text{Number of hires who perform well}}{\text{Total number of hires}}$$

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