**Effective Management and Performance Optimization**

**Managing with Metrics Part 2**

*The Important Quality Metrics and Ratios*

*By Jon Bartos*

It has been argued over the years that whether the practice of recruiting is an Art or a Science. Most in the industry would argue that it is an art with many variables since it deals with selling techniques, subjective matter and style. The better you are at it, the better your results tend to be. However, I would completely disagree. Recruiting is science. And a simple science at that. By understanding the Quantity and Quality metrics in the recruiting game, we can take an average Joe and help make them into a top office superstar - simply by working on the quantity of activity that they attain daily as well as the quality of which they perform it.

A good way to understand this concept is to look at top producers in most offices. The top producers tend to have more activity on the go and their ratios tend to be much lower than those of the newer recruiters in the office. Having more activity simply means they do more volume and tend to be on the phone longer, their ratios being lower meaning they are doing a better at the quality of which they perform their profession. So by getting the volume up and working on the quality of their work that a recruiter performs, we can take an average Joe and transform them into if the top performer, by paying attention to the metrics.

Last month we completed a deep dive into the important Quantity metrics, which is the metrics that need to be paid attention to and performed to have the volume on the go to give someone the best chance to be successful. But we all know, the trend in life today is to not work harder. With Millenials and the X generation in the work force, the four hour work week, people wanting more time off for the things we like to do - we don’t just want to work harder, but smarter. We work to live, not live to work right? So how do we work smarter? By paying attention to the Quality Metrics or Ratios and improving skill sets to lower them to where we need them to be. It’s all science folks.

Let’s take a deep dive in the top Quality Metrics that every manager needs to pay attention to and recruiters need to master – in order to be at the top of their game quickly.

**Per Desk Average**

Per desk average tells us the efficiency of how well your office is doing. The calculation for PDA is the total revenue divided by the total amount of people on the phone in your office. They could be Account Executives, Account Managers or even Project Recruiters or Project Coordinators. As long as they are on the phone, they need to be counted. A good PDA is anything over 300K for the office. An average PDA is about 225K. A very low PDA is anything under 125K. To increase profitability in your office, a manager needs to take a hard look at getting the PDA up to over 300K. Most offices can double profitability by just getting the PDA number from 200K to 300K. To get PDA up, simply get people better trained, hire better performers and stop letting the low performers hang around. If you can get your office to over 400K PDA with more than 4 people, you have something to brag about, and more money then you can spend.

 **$/MCH**

Dollars per Market Connect Hour tells us how much your each employee is worth for every hour they are on the phone. It’s a great tool to help recruiters understand the value of their time. So an hour wasted can be devastatingly costly. Its calculated by taking the total Revenue in a given time period divided by the hours they were actually on the phone in that time period. For example, if Joe Recruiter was on the phone for 80 hours for the month(20 per week/4 per day) and they brought in $40,000 in revenue, their time is worth $500.00 for every hour they are on the phone(MCH). This is important to note… the higher quality work they do, the higher the $/MCH will be. The only cautionary note about $/MCH is it can be misleading. If someone is in a hot market, has a great account they may able to do less time on the phone and see incredible results. A manager needs to sit down with their team and let them know if they can increase the volume of work, the $$ will follow in the same manner. Based on a 20 hour Phone time week for 50 weeks(2 weeks vacation) and billing $300,000.00 per year – we are at $300 per Market Connect Hour. I have seen $/MCH be as low as $50.00 and as high as $2500.00/MCH. In my office, one of my goals is to quickly get Recruiters above the $$250.00/MCH goal which means they are profitable in my office.

To increase the $ per MCH, we need to get better at the skills of recruiting to improve our quality of work that we do.

**First time sendout to placement ratio**

The first time send out to placement ratio is the metric that everyone wants to talk about. The first time sendout to placement ratio is the number of times you have a first time sendout in order to get a placement. It’s figured by total first time sendouts divided by the number of placements for a given time period. A new person starting in the recruiting business will have a 10/1 or higher first time send out to placement ratio. A recruiter who is very experienced and does retained work may have a 3/1 ftso/pl ratio. The ftso/pl ratio really look at three areas.

1. How good a job order I have
2. How good my matching skills are
3. How did I set up expectations with my client, that they would only see 3 candidates.

It is a good indication of how efficient a recruiter is. The lower the FTSO/PL ratio is typically the better they are at the recruiting profession. How do we improve our FTSO/PL ratio? Improve the quality of job orders you work on(only work on those will end up in placements if worked on), Get much better at understanding what your clients are looking for and do a better job at matching and setting expectations at how many candidates your clients are going to see from your efforts. It could be one or all of the above three factors needed to improve this ratio.

**New Marketing Presentations to Job Orders**

The marketing presentations to job order ratio, tells us the efficiency at which we market. The ratio means for every Job Order we get, it takes how many marketing calls. The better we are at marketing presentations, the lower ratio will be and thus the less calls that need to be made. This quality measurement is exceptional in determining how good we really are. Other things that can effect this ratio are the quality of marketing list that you have and the methods someone uses to get a hold of people. It’s a voice mail and email world today, so if your voice mail and emails are weak, there will be few call backs in which to give your presentations. You need to get at bats in order to improve this ratio. It’s like anything, the more you do something, typically the better you get at it. To get this ratio to lower a couple things need to be done. Start by talking to the right people and getting the right people on the phone. The second is use a strong insight statement in your market and a solid value proposition – why use you opposed to any other alternative. Getting fantastic at handling objections is another good way of making sure you get the most out of your call. A good ratio for NMP to JO would be 5 to 1. An average ratio would be 10/1. A ratio that should cause a red flag would be anything above 15/1. This would mean either there is a skill set defiency, a bad list or a market place is going south. Paying attention to this ratio and managing it can help bring better job orders and thus placements in. It also can help in determine market place changes before it is too late.

**Candidate Presentations/Quality Candidate**

Like the NMP/JO ratio is to marketing, the CAP/QC ratio is to candidate recruiting. Your candidate presentations to QC ratio tells you how good you are at selling an opportunity. A QC is a candidate that you will be submitting in on an opportunity. They have an interest in the opportunity, match the skillsets needed and are willing to make a job change. This ratio is critical to track, because it tells us how good we are at recruiting. This ratio can make skill set deficiancies painfully obvious. The four goals of recruiting I live by are:

1. Get referrals first

2. Get them interested

3. Build a life long relationships by asking questions

4. Get there desired next step in there career or dream job.

Many who direct recruit and ask for referrals miss an opportunity to get 2 to 3 additional potential candidates from that call and thus limit themselves. Again, it’s not about working harder, it’s about working smarter and getting resourceful. Many of us forget this is selling profession. We need to sell the sizzle of the opportunity and painting a picture of what their life could be like by working with our clients. By managing this ratio, you can help improve candidate flow very quickly. Things too improve this ratio would include better lists, using all technologies to get a hold of candidates, going after referrals first, role playing with someone on better selling the company and the position and developing stronger relationships with potential candidates.

**Job Order to Placement Ratio**

The JO/PL ratio tell you how many job orders are needed to make a placement. Even in the retained world, there is not a 1/1 ratio. Most contingency firms run a 5/1 to 7/1 job order to placement ratio. Many retained firms run 2/1 to 3/1 ratios. With this ratio, the lower is not necessarily the better. In contingency search, we don’t always get the highest quality job orders. Therefore, if we spend time on the poor quality job orders, we simply waste our time. Since time is all we have as recruiters, we need to insure we work on the best work and get paid for our work. In retained work, we need to be careful as to what work we take as well. One of my top three night mares in this business has been working on three searches that ended up purple squirrel searches. If I didn’t get too excited about taking the retained work, and spent more time on determing the fillability of the work, I could have saved hundreds of man hours and undue frustrations.

**$/Placement**

The dollars per placement metrics is an important one to watch. The $/placement tells us what the size of fees we have. This ratio can tell us a few things:

* What level of positions are working on
* The potential fee pressure in our market place
* Our negotiating skills when taking a job order

If you want to increase revenue and recruiting income, the easiest way is to increase your $ per placement. You can do this by two ways. Negotiate better fees up front and by working on higher level positions. I have a recruiter in my office that has an average fee of 14K. He desparately wants to make over 200K. By analyzing his desk, the majority of work he does has been on sales representatives in the high technology space. We have figured out by putting an additional focus on VP of Sales and Regional Sales Manager positions, he is getting his fee to over 20K per placement in now time. By doing the same number of placements and increasing his $/Placement by 43%, his income would increase 50% based on our internal compensation plan. Not bad for asking one additional question and talking to one level above his normal call pattern.

A manager can make this quickest impact to the bottom line by training his team on better negotiation skills, getting involved in the fee negotiation process upfront and focusing on higher level positions.

**Mapping Calls(epoejo) to Sendout Ratio**

Most recruiters have no idea what a Mapping call or an Epoejo call even is. Which means most don’t even do it. Wath a Mapping call is – is the actual presentation of the candidate either face to face or on the phone with a hiring manager before you send the resume over via email. It’s a top 10 in terms of importance recruiting activity. By presenting the candidate instead of sending and email, it allow the recruiter to go over why the candidate is a great fit. Can your hiring manager get everything they need from just a resume? Absolutely not. A mapping call allows you to qualify your job order as well as present the highlights of your candidates before they can get the resume and they get shot down because they missing a key word. Here is what a mapping call(ePoejo call) sounds like:

*“ Mr Hiring Manager, two things. I wanted to thank you for the opportunity to work on the VP of Sales search. What you were looking for was (go over the job order that you took in depth), then ask. “Has anything changed since the last time we talked??”*

IF something changed, smile and take notes. You may need to go back and requalify your candidates to insure they have that new requirement that you just learned. Don’t be upset, the more you know your clients specs, the better you will be at – in your profession. IF nothing has changed, present your candidates. Don’t forget, this is a selling profession, so add a little sizzle..

“ *We spent the last 10 days, calling in to your key competitors and have a couple superstars that you may want to talk to right away, let me share some highlights of these candidates with you…..”*

In this ratio, the lower the number is the better. IF you can get to a between a 1/1 to 2/1 ratio – you are on the top of your game. If you it is higher than that, we may need to work on Matching skills and understanding client specifications better.

**Time to Deliver and Time to Fill**

The TTD and TTF metrics are becoming very critical in recent times. Back a few years ago, a recruiting firm could wait 2-3 weeks before delivering candidates. If you takes you over a week on a contingency search, chances are that the position may no longer be available. The life of a job order in a contingency search is much like that of a loaf of bread. How long does it take for a loaf of bread to get moldy? A week maybe. In hot humid climates, even shorter. Today your TTD for candidates on your high quality job orders has to be a matter of a few days. To change your TTD, a recruiter needs to focus on the flawless execution of the right processes for planning, research and recruiting. One of the big problems most recruiters have is they try to plan, research and recruit all at the same time. The planning and research has to be done on non-selling time hours, before 9am, lunch and after 4pm. This allow the time to focus on each activity to make sure the recruiter has the most efficient day possible. My goal is to deliver 3-5 “A” players within 3-5 business days. This insures you keep in the game.

The Time to Fill metric (TTF) is a the time it takes from when you take a job order until the time it takes to have a candidate on board. Two critical components involved in the TTF are your Time to Deliver (TTD) and your clients all inclusive hiring process. An efficient TTF metric should be from 3-5 weeks maximum. Anytime it takes longer than 4-5 weeks, we tend to lose candidates out of the process. Life happens fast, peoples life changes, interest levels lower over time, there fore an effiecient TTD and an even better Hiring Process needs to be put in place. Your clients are not experts at hiring, we are. We need to work as trusted advisors to our clients to share with them what is happening in the market place, and what their hiring process has to look like in order for us to be successful together. A good way to do that is do a reverse timeframe for recruiting by asking when they want to have someone on board by. Then work backwards from the hire date, the two week resignation, the offer letter, the interview process, and add in the time to recruit to figure out a realistic time frame. If it goes longer than 4 weeks, work with client to rework the hiring process to make it a win- win for all parties involved.

Recruiting is not an art – that is difficult to manage. It’s a fine science that can be processed and systematized to effect the desired outcome. An office or a recruiter that is not measuring both quantity and quality metrics, is like a plane taking off without a flight plan. They may know where they want to go, but have no idea of what altitude, how long it will take, how much gas is needed or even what direction to go to get there. The result is often a crash landing, both as a recruiting office and as a pilot in the plane. The metrics is like a detailed GPS unit that will give precise directions on improving performance quickly. Simply by following them, getting the volume of business on the go and getting the needed training in those areas that are deficient, one can be transformed to be a superstar in the business in no time. By understanding these ratios, a recruiting leader can quickly make impact as to the performance of their team.

The million dollar question is how you track this type of data to be able to manage by it. My organization has developed a system called Recruiting Performance Management systems(RPM) that allows and individual or entire office to track these numbers on a weekly basis by inputing less than 10 data points per week. This system provides recruiters and managers with a 4 page dashboard that shares with them how they are performing based on individual goals and what needs to be done to improve that performance. The RPM Income and Metrics Calculator and RPM Dashboard are available to any office or recruiter. For more information please don’t hesitate to email me at jon.bartos@jonathanscott.com..