

---



**Strategic My A\*\***

---

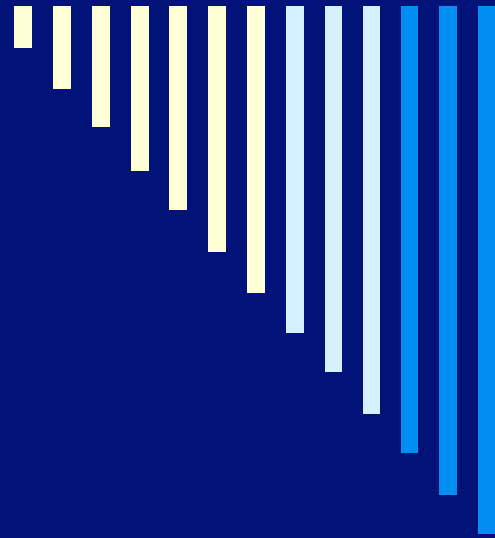
**This Is What Strategic  
Recruiting Really Looks Like**

ERE.net conference  
April 29, 2015

© Dr John Sullivan

---

The most current version of these slides can be found at [www.drjohnsullivan.com](http://www.drjohnsullivan.com)



I'll move *fast* today

But please interrupt  
with questions or comments  
at any time

# My goal is to give you at least 5 takeaways

Please draw a box like this on your note pad

## *Action items*

**1. Find out how to get in the annual report**

**2.**

**3.**

**4.**

**5.**

**6.**



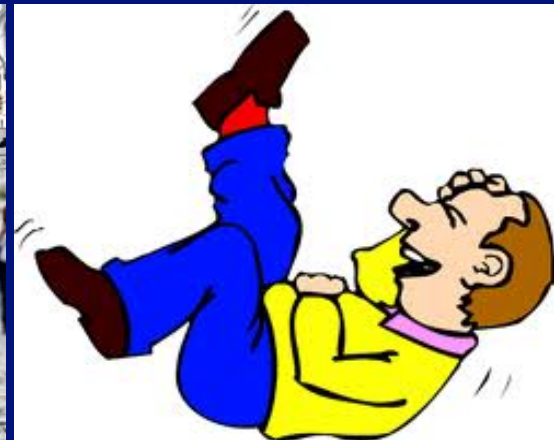
My secret spy drone

Let's start off by being frank...

1) Being strategic requires courage

2) “The laugh rule” is one of the best ways to tell if your ideas are truly bold and strategic

**WHAT WOULD  
YOU DO IF  
YOU WEREN'T  
AFRAID?**



If most nod in agreement, it probably isn't strategic <sup>4</sup>

## Example – comparing normal recruiting with strategic recruiting actions

**Normal (not-strategic)** – hire individuals into open jobs

**Strategic recruiting is much bolder!**

➤ **Team liftouts** - hire the entire intact team

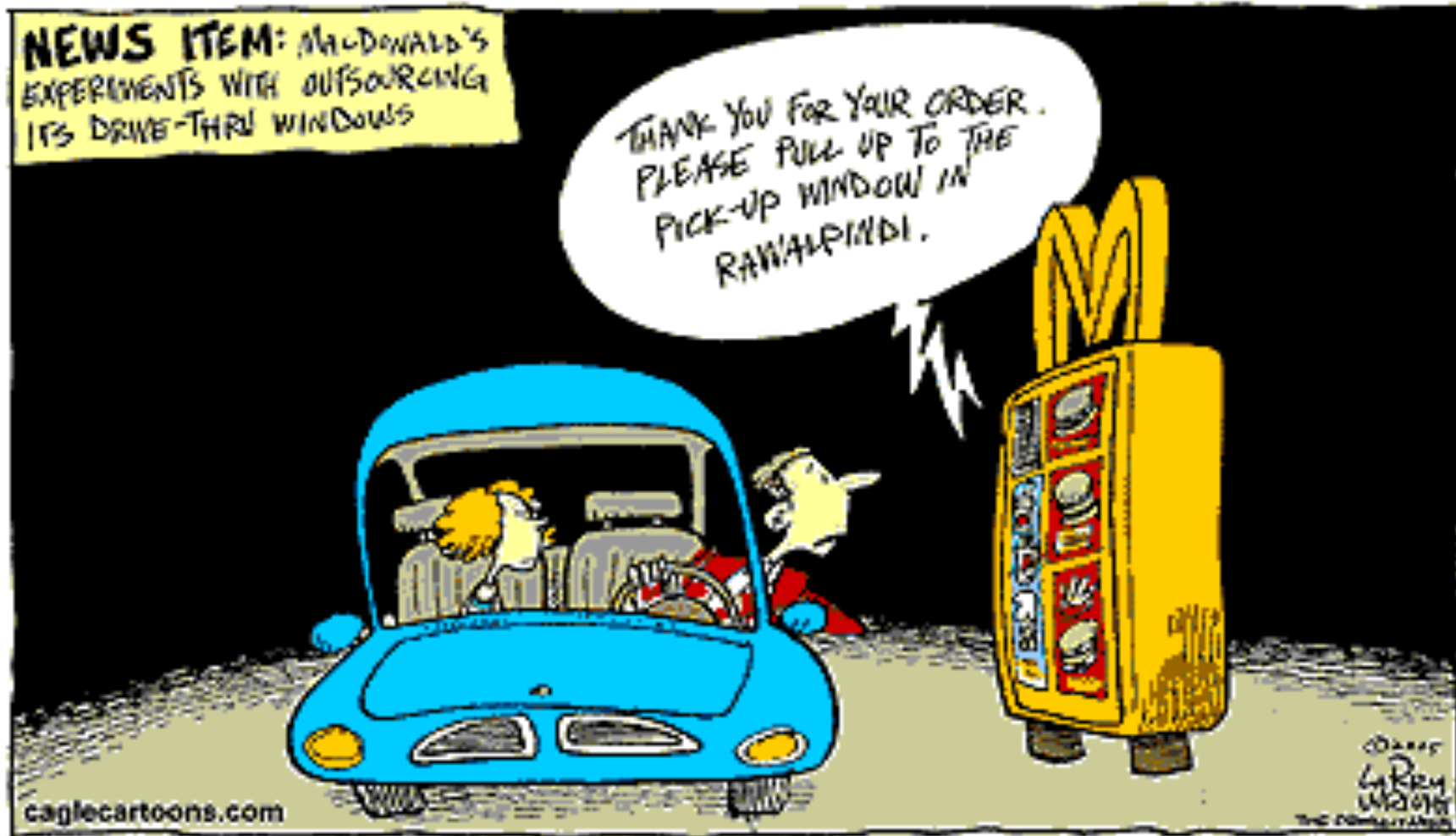


➤ **Acqui-hiring** – buy a startup firm primarily for its intact teams of talent (Yahoo and Facebook)

➤ **Hire to hurt** – poach their best... so that “they won’t have them”... and **we will** (Uber recruiters **book short rides on Lyft to make their recruiting pitch**)

**Can you see the difference?**

# Would you laugh at this strategic solution to a talent shortage?



**Business impact -  
18% increase in order quality & a 32 sec decrease in delivery time**

How are we doing?

---



*Let's start with...*

**Where are HR and Talent  
Acquisition currently ranked on  
lists of strategic functions?**

---

**Almost everyone agrees that HR  
must become more strategic**

**When CEO's and board-level executives rank  
business functions... which one is listed as the most  
strategic?**

**Sales**

**Where was HR ranked on the list?**

**“the least strategic function”** Source: DDI



## **Yes, Talent must increase its business impacts**

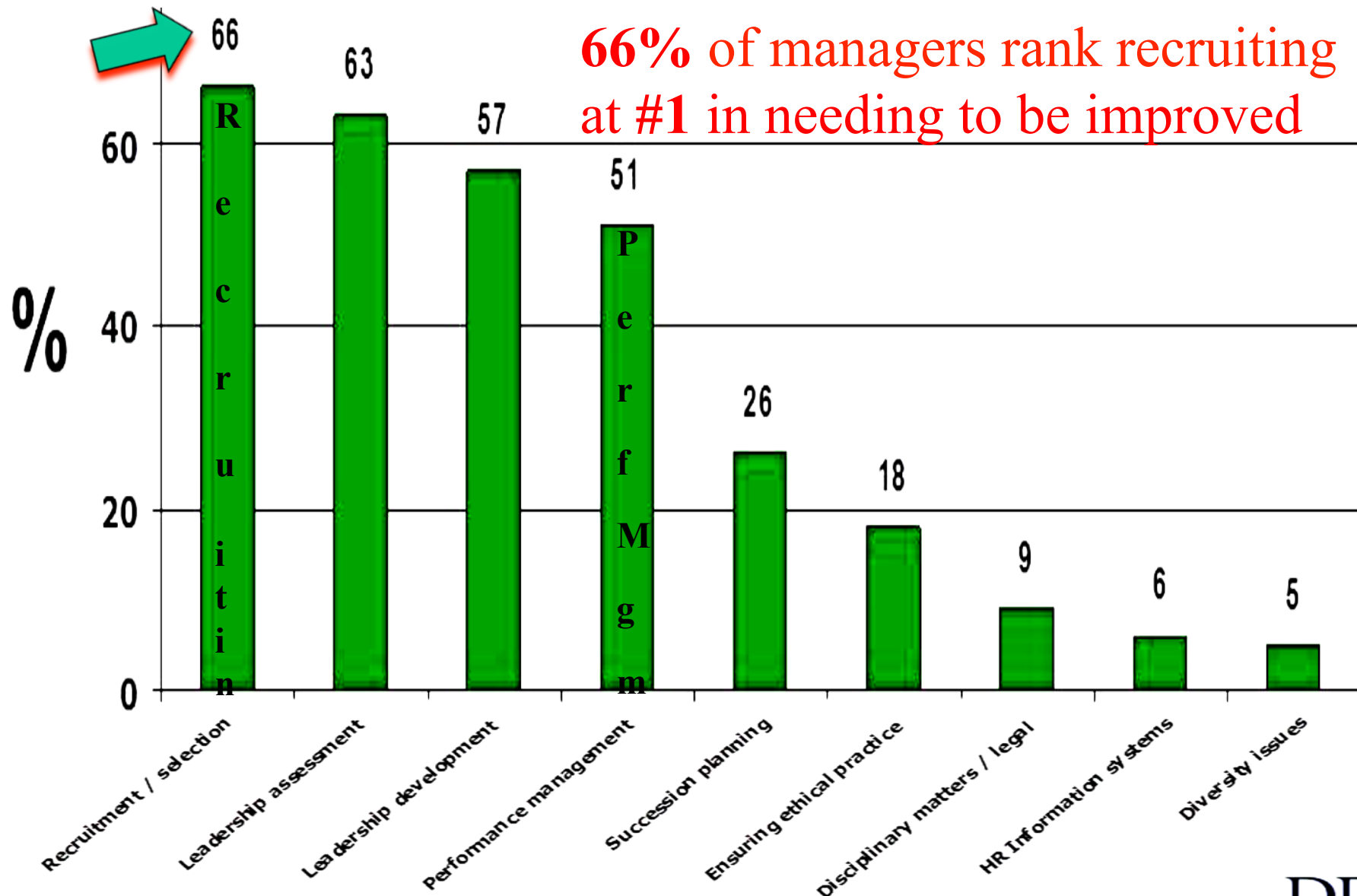
**Which of the 18 major business actions had the highest impact on improving business outcomes?**

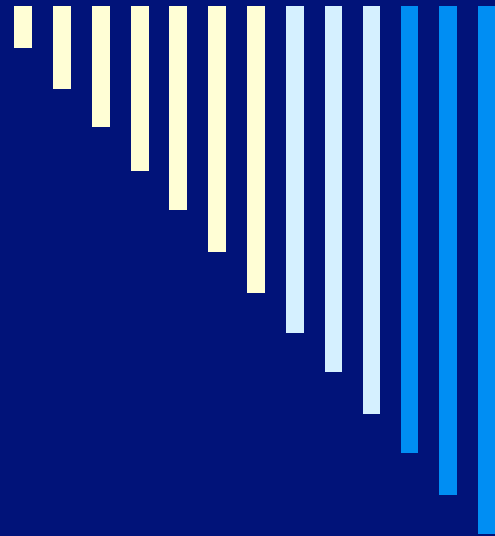
**#1 - Was... reducing operational cost structures**

**#18 - “Talent was dead last”**

(Source: KPMG / HfS research)

# According to “P&L” department heads... What HR function needs the most improvement?





**Why bother to act strategically  
in recruiting...**

**What are the benefits?**

**You can't be strategic... unless you increase  
revenue**

**Do the firms with the best recruiting and  
employer branding... make more revenue  
and profit?**

## **Illustration** of the bottom line impact of being strategic in recruiting

**Which of these firms have the best strategic recruiting function and employer brand?**

- IBM
- HP
- Yahoo
- Amazon
- Microsoft
- Google
- Facebook
- Apple

# Let's compare the difference in employee output value at... "Top" vs. "Very Good" TM firms in tech

**Average** rev per ee **\$208,000**

**Expectation: Talented firms will have**

Yahoo \$221,000

IBM \$238,000

HP \$363,000

Amazon \$577,000

\* Indicates it's rank among the top

**Microsoft\*** #4 \$729,000

**Google\*** #3 \$1,230,000 (Nearly 6 times the average)

**Facebook\*** #11 \$1,360,000 (Nearly 6 ½ times the average)

**Apple\*** #1 \$2,150,000 (Nearly 10 ¼ times the average)

**Key learning** – Apple could produce the same revenue as Yahoo with 9 times fewer workers

**Your job...**

**is to figure out which key talent actions cause these huge employee output differences**

--

**Any Questions?**

# All HR tools cannot have the same impact

Which HR **function** normally increases revenue & profit the most?

**HR function or process**



**Revenue  
Growth**

**Profit  
Margin**

**Total  
Improvement**

Firms that excelled at this function performed \_ times better

HR function or process	Revenue Growth	Profit Margin	Total Improvement
1. <b>Recruiting</b> ←	3.5 times	2.0 times	5.5 times
2. On boarding and <b>retention</b>	2.5x	1.9x	4.4
3. Managing talent	2.2x	2.1x	4.3
4. Employer branding ←	2.4x	1.8x	4.2
5. Performance management and rewards	2.1x	2.0x	4.1
6. Developing leadership	2.1x	1.8x	3.9
7. Mastering HR processes	1.8	1.8	3.6
8. Global people management/ global expansion	1.8	1.7	3.5
9. Enhancing employee engagement	1.8	1.6	3.4
10. Providing shared services and outsourcing	1.6	1.7	3.3

## Additional benefits from being strategic in TA

1. Your business impact will be **quantified in \$**
2. More **exposure** to executives
3. Strategic results will **influence managers to listen**
4. It will give your firm a **competitive advantage**
5. You will be **viewed as more businesslike**
6. Better **job security** and promotability for your team
7. More **funding** and resources



an example >



**An example of...**

**The abundant resources you get from being strategic**

**Because they have proven their strategic impact...**

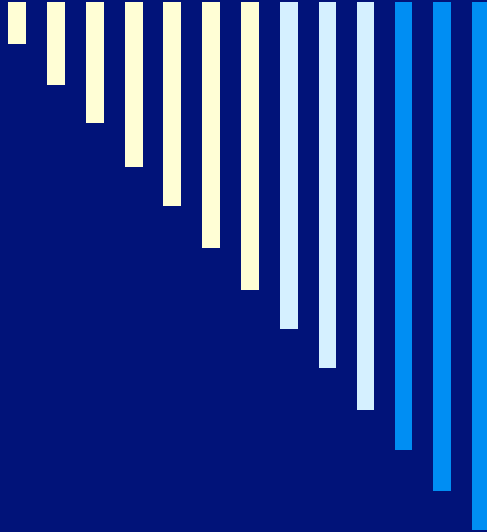
**Google has double the recruiting budget of an average firm** (Laszlo Bock)

**Google has the world's lowest employee to recruiter ratio, “a ratio of 58:1”** (The industry average is 577:1)

Source: Google recruiting 3/17/15 & Fortune Mag.



---



Here are the 8 criteria that...  
make a recruiting action strategic

## To be strategic you must meet these 8 criteria

1. It increases **corporate revenue by at least 1%**
2. It has a measurable “big picture” impact on **other corporate goals** (innovation, profit, product development) and an impact **beyond your business unit**
3. It is **forward-looking** with an impact and a focus **beyond this year** (prevent rather than constantly **fight fires**)
4. Its impacts are **quantified in \$**, so that **different strategic actions are easily comparable**
5. It gives a firm a **hard to copy competitive advantage**
6. It increases a **firm’s capabilities** to do new things
7. It demonstrates a **positive ROI**
8. **“Others” declare what is strategic...** in the annual report/ SEC filings or the BOD/ CEO says it is

## An example of “others” declaring that TA is strategic

- **“Hiring is the most important thing you do”** (Chairman Eric Schmidt at Google)
- We rely on highly skilled personnel... **“Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate our existing employees** (2014 annual report)
- **“If we do not succeed in attracting excellent personnel... we may be unable to grow effectively”**  
(SEC filing by Google)

---



**What are some typical  
not-quite-strategic TA actions?**

## **Actions with good but not-quite strategic impacts**

**Cost per Hire efforts**

**Career fairs**

**Using large job boards**

**Post and pray**

**Relying on active sources**

**Being on Social Media**

**An OK candidate experience**

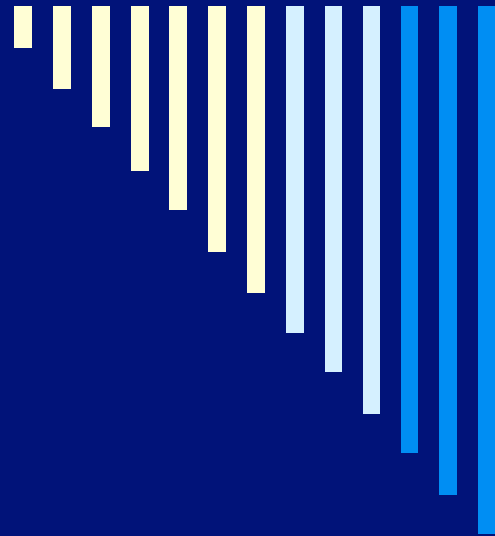
**Restructuring**

**Training recruiters**

**Live video interviews**

**ATS upgrades**

**RPO**



**Here are the 15 highest impact  
strategic actions in recruiting**

**With examples**

---

## Top 15 recruiting actions with the highest strategic impact

1. Increase **Q** of **H** by **5%**
2. **Data-driven** TA decisions
3. Use **Q** of **H** info to improve
4. Quantify **\$** impact on rev
5. Focus on **innovators**
6. **Prioritize jobs** by rev impact
7. Raise **referrals** to 50%
8. Raise **boomerangs** to 15%
9. **Speed** to get quality hires
10. Ranked on **best place lists**
11. Everything **on the mobile**
12. Focus on the **not-looking**
13. **Most wanted** list
14. Give them a **real problem**
15. Pick a **strategic strategy**



## # 1 - Increase Q of H by 5% (On the job performance)

**Any action that increases the quality of hire / on-the-job performance of new hires by 5% is strategic**

- Use quality **sources** (Referrals #1 / boomerangs #2)
- Better candidate **screening**
- More effective **closing**
- **Branding improves quality 9%** - a brand that influences the best candidates to apply (while dissuading others) “**can improve applicant pool quality by 54%**”... and **quality of hire by 9%**

Source: Corporate Executive Board (CEB 2014)

## # 2 – Shift to data-driven decisions in TA

### When do salespeople accept a new job?



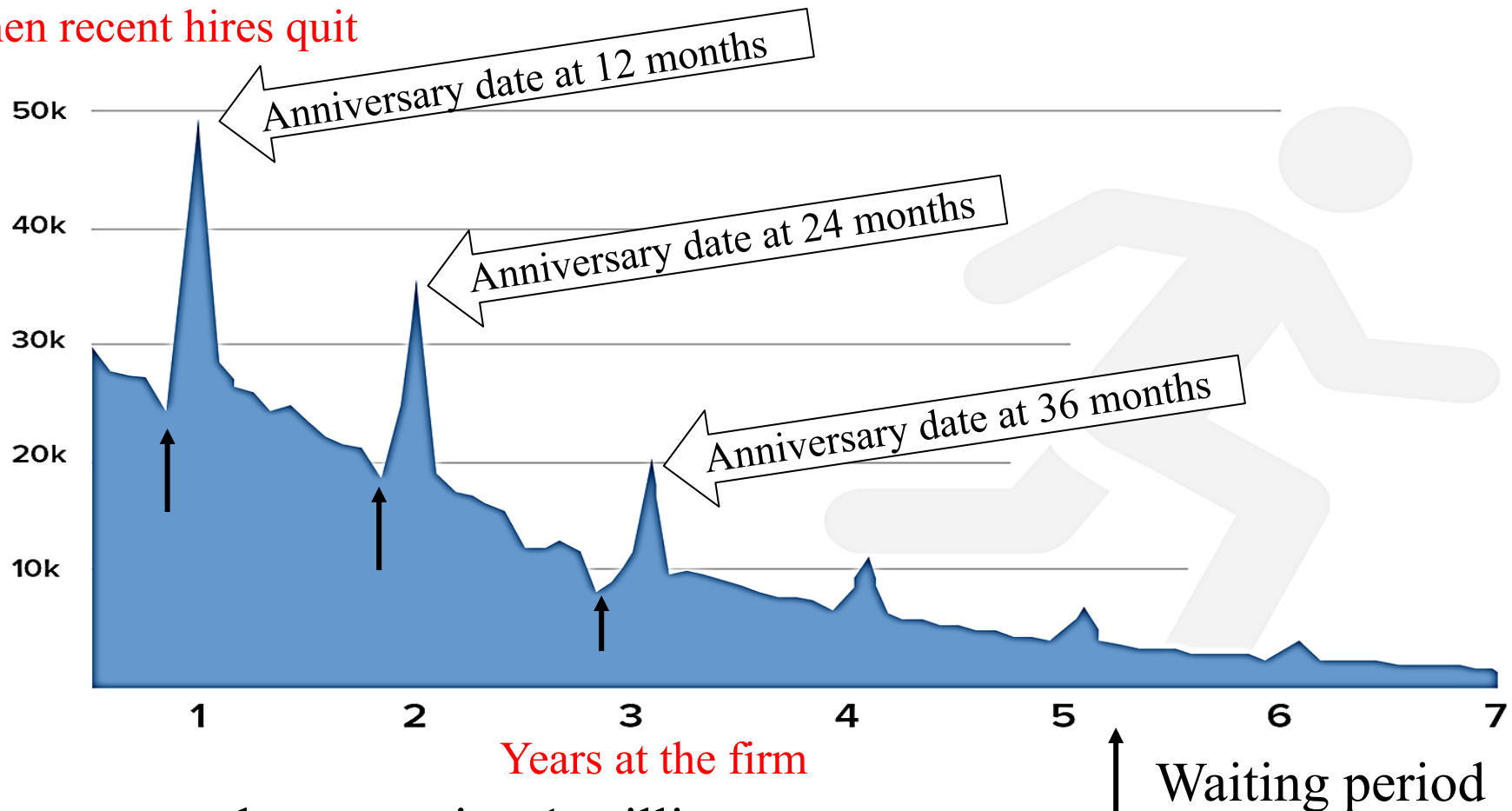
Source: Entelo 2015

# What causes these recent hire “turnover spikes”

The intuitive approach would merely guess...

But the data-driven approach would know precisely why

When recent hires quit



Source: entelo.com using 1 million resumes

## Learn from Google

**DON'T TRUST YOUR GUT: USE  
DATA TO PREDICT AND SHAPE  
THE FUTURE**

## # 3 - Use Q of H information to improve selection and sourcing

**Many firms are simply wrong about what factors predict new hire success**

- **GPA's** “are worthless as a criteria for hiring”
- **Test scores** “are worthless”
- **Brainteasers** are a complete waste of time”
- **Interviews** – “it's a complete random mess”...  
“we found a zero relationship” (between interview scores and on-the-job performance)
- **College** – “the proportion of people at Google without any college education...has increased over time”
- **What predicts?** – “**capability & learning ability**”

## Another example of...

### Using Q of H info to improve selection & sourcing

- **New-hire success data showed that most new hires failed not because of the lack of skills or experience, but... because of turnover (50%)**
- **New-hire success data also revealed NH turnover was closely connected to... commute distance and access to public transportation.**
- **So it added commute issues to the selection criteria**
- **After changing them, the firm achieved “fully staffed status” for the first time**
- **And cut unwanted turnover to 27%**

 Gategourmet

## # 4 - Quantify your bus. impacts on revenue in \$

- Last year, a revised **data-driven recruiting program for salespeople** was implemented
- Because of the improved hiring process, newly hired salespeople now **sell nearly 15% more** (+ \$5,100 a month or \$61,000 per year)
- With over **100 sales hires** per year, **the CFO calculated that the revenue impact exceeded \$6.1 million**
- That amount is **nearly 4X** the total corporate recruiting budget and 15% of corporate revenue

# Always calculate the ROI of quality hires & recruiting programs

**The Container Store®** makes hiring top performers its #1 foundation principle



**It calculates that:**

3 bad employees = 1 **OK** employee

3 OK employees = 1 **good** employee

3 good employees = 1 **great** employee

**We pay great employees up to 100% more** than other retailers (they cost more)

But we get... **“three times the productivity at two times the payroll cost”** (ROI)



## # 5 - A focus on hiring innovators (Implemented ideas that make current things obsolete)

**One top-notch engineer is worth “300 times or more... than the average**

Alan Eustace



**“We would rather lose an entire incoming class of engineering graduates than one exceptional technologist”**

300 times \$1.2 million rev per ee =



**Google uses Zombie code jam and the rabbit hole game to find and interest innovators that can't be found using recruiting tools**

## # 6 - Prioritize jobs by their revenue impact

### **Prioritize recruiting on revenue generating positions**

- The CFO found that when a loan officer position is vacant... **\$5000** is the lost revenue **each vacant day**
- **The position was prioritized** and a second recruiter was added
- The added recruiter **reduced vacancy days by 100**
- **\$5k times the reduced 100 excess vacancy days** equals a **\$500,000** revenue increase per year
- The recruiter cost was only \$100K

**OMG - there is an ROI!**

## # 7 - Raise referrals to 50% to get quality hires

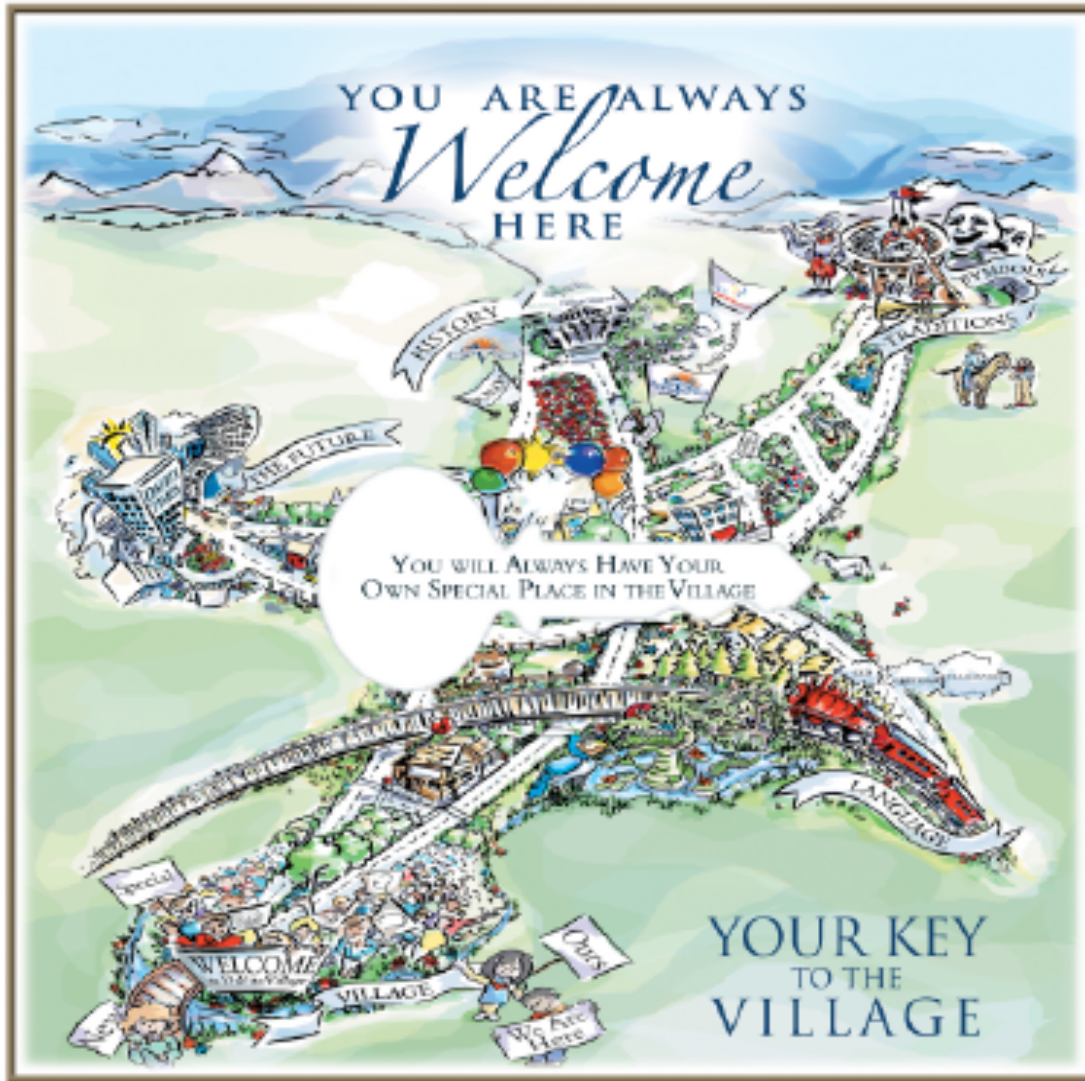
Source <u>effectiveness</u> (out of 5)	
1. <b>Employee referrals</b>	3.44
2. Social networking sites	2.98
3. Corporate career pages	2.75
4. Internal job boards	2.52
Source: Aberdeen Group	

- **Facebook and Twitter hire more than 50%** of their hires from referrals and the average for top firms is 46% Source YesGraph
- **Accolo** selects a few employees for each of its jobs, based on their likelihood of knowing the right person... **Accolo averages 8 referrals for every job**



## # 8 - Raise boomerangs re-hires to 15%

“You’re always welcome here” e-card + alumni group



**DaVita - 15% of all hires**

**Once a teammate,  
always a teammate!**

We want to connect with you, see what you are up to, and hear about your successes since you left the village.

**72%** of past employees would return to the firm if the opportunity arose

## # 9 - Speed to get quality hires

- **HP once found that** the top 10% of candidates were gone within **10 days**
- Google found that hiring speed **also has a major impact on college hiring success**
- **Same-day hiring** may be necessary in order to get the best that are in high demand



## # 10 – Get ranked on top employer lists

**LinkedIn** – Most in demand employers 2014

1. **Google**
2. **Apple**
3. **Amazon**
4. **Facebook**
5. **Salesforce**
6. **Disney**
7. **Nike**
8. **Microsoft**

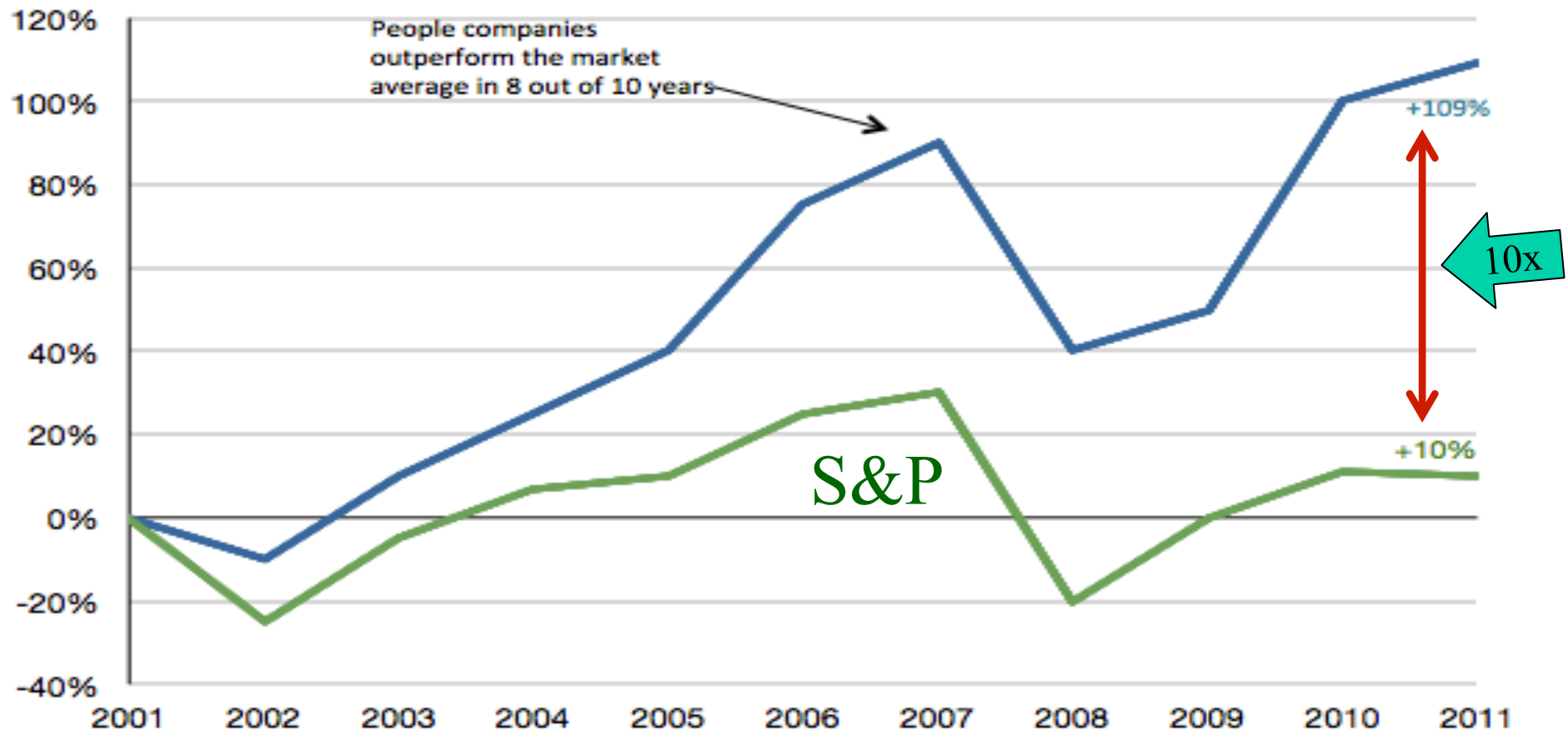
**Do you see the overlap...**

1. First with the firm's **revenue per employee \$ amount**

2. And then with a firm's **market cap ranking?**

# Continued – Getting ranked correlates with increases in stock growth

"People" Companies Outperform the Market Average



Made Fortune list 3 out of 10 yrs. (109%) vs. S&P (10%) - BCG 2012

## # 11 - Everything must be on the mobile phone

**Mobile has the highest and fastest response rate**

- **43% use it for their job search**
- **Use texting, video, pictures, voice & geo-locators to make your messaging mobile accessible**
- **Make all internal recruiting applications available to managers and recruiters**
- **You must have a mobile application that allows prospects to directly apply for (and even accept) jobs through their mobile phone**





## # 12 - Focus on those that are not-looking (passives)

80% of all employable people are not-looking

But of the 80%...

Only **10%** are top performers

And only **1%** are innovators

**The remaining group includes many turkeys** that can't get hired at another firm or that have no initiative

Not-looking prospects **can be found through** referrals, LinkedIn, on S Media, in forums, contests and finding their work on-line

## # 13 - Create a “most wanted list”

### **Red 5 Studios identified “100 dream prospects”**

- Decide at the **beginning of the year** who to target
- They developed an **individual profile** on each target using social media and personal blogs
- They airmailed each one a **free iPod**
- **The message on each was personalized** to the prospect... complete with artistic packaging and a recorded **message from their CEO**
- **90 of 100 recipients responded** (3)



## # 14 - Give candidates a real problem to solve

**The best predictor of on-the-job success is how well they solve real current on-the-job problems**

- **“It gives us an opportunity to really look at them and assess their skills and how they work with us in real problem solving”**



## # 15 - Pick a recruiting strategy that gives you a strategic competitive advantage

**The most strategic recruiting strategies (out of 30)**

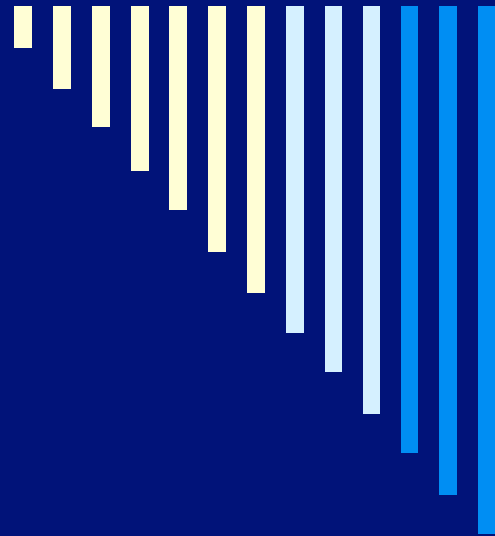
- 1. A recruiting culture** - every employee a talent scout
- 2. Direct business impact recruiting (BIR)**
- 3. Top-ranked employer branding strategy**
- 4. Innovator focus / Purple squirrel**
- 5. Magnet hire strategy** (the best coworkers attract others)
- 6. Right day / Counter cycle hiring**
- 7. Talent pipeline / Pre-need hiring**
- 8. Poaching / hire to hurt**
- 9. Hire to learn**
- 10. Use other firms as your farm teams**



# The remaining 10 strategic recruiting actions

**The next 10 bold recruiting actions  
that normally have the highest strategic impact**

16. Internal **best practice** sharing facilitation
17. Internal **executive search**
- 18. Competitor analysis** and countering their moves
19. Project NH **trajectory** for retention and leadership
- 20. Hire them both** (buddy)
- 21. Poach** from your competitors and **Acqui-hiring**
- 22. Remote college hiring**
23. ID your **farm teams**
- 24. Team lift outs** to get functioning intact teams
25. Reward **recruiters for Q of H**



Who are the benchmark  
strategic recruiting firms  
to learn from?

## Which firms have the most strategic recruiting functions?

1. Google
2. US Army
3. Sodexo
4. CACI
5. Intuit
6. E&Y
7. Zappos
8. DaVita
9. Marriott
10. Facebook
11. Tata
12. Deloitte

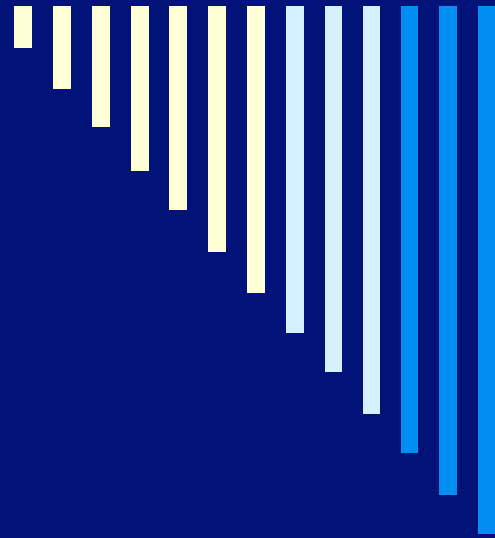




## Initial action steps to be more strategic

- ☑ Benchmark Google (read Work Rules)
- ☑ ID corporate goals you can impact
- ☑ Work with the CFO to quantify \$ impacts
- ☑ Create a team for the data-driven effort
- ☑ ID accurate selection factors
- ☑ Hire HR pro's with data/analytics skills
- ☑ Work with exec's to prioritize HR areas
- ☑ Shift to real-time and predictive metrics
- ☑ Get in the annual report
- ☑ Add up your total yearly impact in \$





*Did I make you think?*

Do we have time for questions?

---

These slides can be found at [www.drjohnsullivan.com](http://www.drjohnsullivan.com)



## Dr Sullivan's background

- 40 + years in HR
- Former Chief Talent Officer of **Agilent Technologies**, the HP spinoff with 43,000 ee's
- Fast Company Magazine called him the “Michael Jordan of Recruiting”
- Staffing.org called him “the father of HR Metrics”
- SHRM called him “One of the industries most respected strategists”
- Selected among HR's “Top 10 Leading Thinkers”
- 900 articles and **10 books, one is on Metrics**
- Currently he is a Professor of Management
- Advised over 175 firms on all 6 continents >