



# H!ntel

The right people. The right process.



# How to cut your hiring costs in H2

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# How much are you spending on recruitment fees?

**25 hires** Expected attrition rate 20%

**£153,120**

**17.5% fee** Average salary of £32,000

**50 hires** Expected attrition rate 20%

**£240,000**

**17.5% fee** Average salary of £32,000

**60 hires** Expected attrition rate 20%

**£430,500**

**17.5% fee** Average salary of £41,000





# The current market

**8%+**

Vacancies registered

**12%+**

First interviews

**-0.3%**

Job applications

**2%+**

Candidate registrations





# What the data highlights

**Vacancies have increased**

**Applications have decreased**

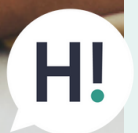
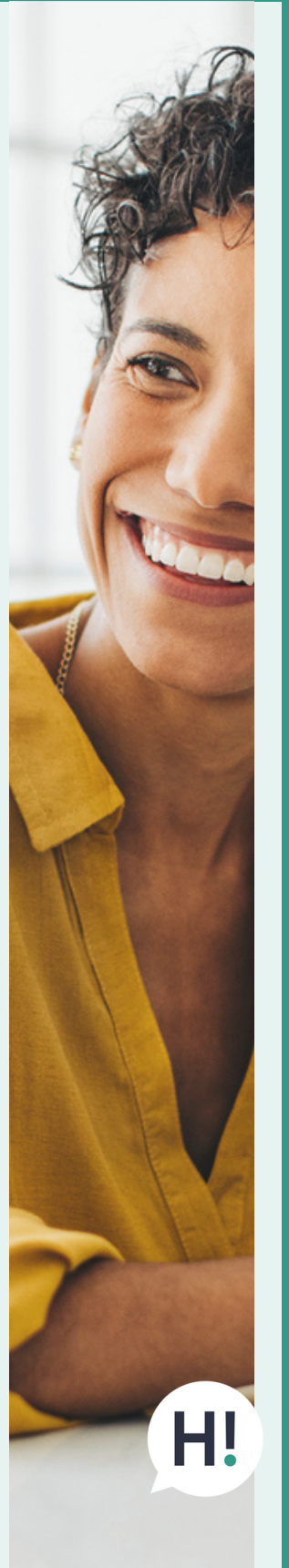
Have you increased your resources and headcount to prepare for the challenges highlighted above?

# Contributing factors

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## 1 Time to hire

- The cost of time to hire refers to the expenses incurred during the process of recruiting and onboarding a new employee. It includes various factors such as the time spent on sourcing and screening candidates, conducting interviews, background checks, and completing the necessary paperwork.
- The actual cost of time to hire can vary widely depending on several factors, including the industry, the level of the position being filled, the efficiency of the hiring process, and the specific practices of the organization. Generally, the longer it takes to hire a candidate, the higher the cost of time to hire.



## 2 A bad hire

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**The financial costs of a bad hire can have a significant impact on an organisation's bottom line.**

Here are some of the key financial expenses associated with a bad hire:

- **Recruitment and Rebate Costs:** These include the expenses incurred in sourcing, advertising, screening, and interviewing candidates. If a bad hire needs to be replaced, these costs will be incurred again.
- **Lost Productivity:** A bad hire may not be able to perform their job duties effectively, resulting in decreased productivity for themselves and potentially for the entire team or department. This can lead to wasted time and resources, impacting overall organizational performance.
- **Employee Turnover Costs:** If a bad hire causes dissatisfaction among other employees or negatively affects team dynamics, it can lead to increased turnover. The cost of employee turnover includes recruitment expenses, training costs for new hires, and the loss of productivity during the transition period.
- **Error Costs (customer loss and damage to reputation):** A bad hire's mistakes or poor performance can result in errors that need to be rectified. These errors can range from operational inefficiencies to financial mistakes, customer complaints, or even legal and compliance issues. Rectifying these errors often incurs additional costs.
- **Legal and Compliance Costs:** If a bad hire engages in misconduct or fails to comply with legal and regulatory requirements, it can result in legal issues, fines, penalties, or lawsuits. The financial costs associated with legal proceedings and compliance failures can be significant.

**Taking proactive measures to improve the hiring process, such as thorough screening and rigorous selection criteria, can help mitigate the financial risks of a bad hire.**





## 3

## Poor onboarding

**The financial cost of poor staff onboarding can be substantial. When employees are not properly onboarded, they may struggle to acclimate to their roles, leading to reduced productivity and potential negative impacts on the organisation.**

Here are some financial expenses associated with poor staff onboarding:

- **Training and Development Costs:** If employees are not adequately onboarded, they may require additional training and support to get up to speed. This can involve investing in additional training programs, resources, and time from trainers or mentors. These costs can be significant, especially if multiple employees require remedial training.
- **Increased Recruitment Costs:** If employees who were poorly onboarded decide to leave, the organisation will have to invest in new recruitment efforts to fill the vacancies. This includes expenses such as job postings, advertising, screening, interviewing, and background checks.
- **Impact on Employee Morale and Engagement:** Employees who experience a lack of effective onboarding may become disengaged, resulting in lower morale and reduced commitment to their roles. This can lead to increased absenteeism, decreased productivity, and a negative work environment, all of which can have financial consequences.

**Investing in a comprehensive onboarding program that includes clear job expectations, training, mentorship, and ongoing support can help minimise these financial costs associated with poor staff onboarding. By ensuring that employees are properly integrated into the organization, organizations can set a solid foundation for long-term success and employee satisfaction.**



# 4 Attrition

**Attrition refers to the natural process of employees leaving an organisation due to factors such as resignation, retirement, or termination.**

While some attrition is expected and can even be beneficial for an organisation's growth and talent management, excessive attrition can result in financial costs.

Reducing attrition and its associated costs can be achieved through various strategies such as implementing effective retention programs, enhancing employee engagement and satisfaction, offering competitive compensation and benefits, providing opportunities for growth and development, and fostering a positive work environment. By focusing on employee retention, organisations can mitigate the financial costs of attrition and maintain a stable and productive workforce.





# Management time and resources

**When a manager is involved in the hiring process, their time is a valuable resource that comes with associated financial costs.**

Here are some financial considerations related to the cost of hiring on a manager's time:

- **Opportunity Cost:** The time spent by a manager on hiring activities means they are not able to allocate that time to their regular managerial responsibilities. This can result in a loss of productivity and potential missed opportunities.
- **Managerial Salaries:** Managers typically receive higher salaries due to their level of responsibility and expertise. Calculating the cost of their time can be done by multiplying their hourly rate by the number of hours spent on hiring.
- **Extended Vacancy Costs:** If the hiring process takes longer due to a manager's involvement, it can result in an extended vacancy period for the open position. Extended vacancy costs can be significant, especially for critical roles or in industries with high-demand talent.
- **Impact on Team and Subordinates:** When a manager is heavily involved in the hiring process, it may result in a temporary shift of focus from their existing team and direct reports. This can lead to decreased support, guidance, and feedback for their subordinates, potentially impacting their performance and morale. The financial costs associated with decreased team productivity or increased turnover within the team should be considered.
- **Recruitment Expenses:** In some cases, managers may also be responsible for sourcing candidates, conducting initial screenings, or participating in recruitment activities such as attending job fairs or networking events. These activities may incur additional costs, such as travel expenses or fees for attending recruitment events.





## Mitigating costs

To mitigate the financial costs of hiring on a manager's time, organisations can consider implementing strategies such as streamlining the hiring process, leveraging technology for initial screenings, delegating certain hiring tasks to HR or other team members, or utilizing external recruiting resources. By optimizing the manager's time and ensuring their focus remains on their core managerial responsibilities, the financial impact can be minimized.

It's important to note that these are just some aspect of the overall cost of hiring. Other expenses such as relocation costs, sign-on bonuses, and benefits should also be taken into account for a comprehensive understanding of the total cost of hiring a new employee.



### Review PSL terms

Look at who you are using to recruit; do they provide good candidates that stay? Are their fees in line with your budget?

### Retention improvement

Why are your people leaving? What benefits and rewards are you providing and are they in line with your competition?

### Use social media

Brand awareness through social media is one of the best ways to attract engaged talent without dipping into your budget.

### Create a sub's bench

By planning your future hires in advance you are prepared should a resignation land on your desk or you have sudden growth.

### Bring in an outsourced solution

When talent teams are stretched they tend to use more external agencies thus the spend goes up. By bringing in a 'recruiter on demand' to support your team the only additional cost is their time.

### Optimise your job adverts

By making sure your job adverts are attracting the right people you save time on the selection process and interviewing meaning you can hire someone quicker and save on time.

### Create a fool proof interview process

By making sure your interview process is robust you are less likely to make an expensive wrong hire.

### Internal referrals

Incentivise your team to introduce people to the business with referral schemes.

### Use technology

By introducing technology to your hiring process it not only speeds things up, but also removes any bias from the process.

### Compliant temp solution

When hiring temporary workers compliance is always a head ache with right to work checks, agency worker registration and pay methods. Using a professional body to manage these saves time and cost.

H!ntel can support your business in all the areas above.



# Talent Navigator

H!ntel's Talent Navigator product is a complimentary discovery process which provides a comprehensive assessment on every aspect of a business's recruitment setup. Reviewing supply chain management to policies and overall cost and resources.

**Try for free**



Say 

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**Nicola Broomham**  
**Director**

[nicola@hintel.co.uk](mailto:nicola@hintel.co.uk)

[hintel.co.uk](https://www.hintel.co.uk)

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