

Benefits of Using a Staffing Firm for Direct Hire Placement

Categories : [EMPLOYER HOT TOPICS](#)

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When the time has come to expand your business, you have two choices: manage the hiring process “in-house” or partner with a reputable human capital management (i.e. staffing) firm.

This fundamental decision usually comes down to cost for most business owners. However, thinking of “cost” as a simple, tangible, easily calculated metric is not accurate. Hiring costs encompass more than the cost of job postings/advertising, job fairs, interviewing, and testing. The cost of time, cost of a bad hire, and lost productivity costs must also be taken into account.

Let’s look at some of these direct costs:

- 1) **Sourcing costs** – costs incurred during the initial search for the candidate. These costs may include fees for print ads, online job board posts/social media posts, employee referral programs, job fairs, etc. In addition, you should include the time that a hiring manager may take to do his/her own sourcing from networks, contacts and other referrals.
- 2) **Screening costs** – the cost of the internal recruiter’s time to understand the job requirements, develop and implement a sourcing strategy, review resumes and backgrounds, prepare candidate assessments, etc.
- 3) **Preliminary interviewing costs** – the costs wrapped around preliminary phone interviews and the cost to have the internal staff prepare, conduct, summarize and communicate the results of those interviews

4) **Interviewing costs** – includes the cost of scheduling interviews, the reimbursement of travel to and from the interview, and the actual time involved (for all employees) in conducting the interviews. In addition, the costs of employees who must be away from their job while interviewing candidates need to be included.

5) **Testing costs** – cost for pre-employment tests to help assess a candidate's skills, abilities, aptitude, attitude, values and behaviors. These costs include any software subscription fees, per-test charges, and cost of the employee's time who administers them

6) **Other hiring costs** – includes the time and cost for follow-up with candidates during negotiations and to notify those who were not selected. In addition, there are (perhaps) relocation fees, background checks, reference checks and drug screens.

Some hiring costs are less tangible and may be more difficult to measure. These can include:

1) **Time to fill position** – it takes (on average) 8 weeks to recruit, screen, interview, and hire a new employee. All of your hiring costs must be multiplied by the number of weeks that the position is vacant.

2) **Lost productivity cost** – calculate the cost of this lost productivity at a minimum of 50% of the person's total compensation for each week the position is vacant, if there are people filling in for the exiting employee.* This is due to the fact that these workers may not understand the processes involved and may have little/no training.

3) **Bad hire costs** – making a bad hire can cost anywhere from 1.5x to 3.5x (or more) of that person's annual salary.

Now, not every candidate will incur these expenses. This partial list is designed to highlight the fact that managing the hiring process in-house may not be as cost-effective as thought.

It is a significant investment of money and resources to internally implement the hiring process. By partnering with a trusted human capital management firm, like Snelling, these costs are either eliminated or greatly reduced. Not only does this save your money, but it allows you to focus your time and resources on the core aspects of your business, while we manage your search for candidates. Time is money. You do not have to allocate precious time to sorting through a stack of resumes; you benefit from our carefully screened network of qualified candidates.

NOTE: [A full-color, downloadable PDF is available.](#)

*from the book, *Response Ability: The Language, Structure and Culture of the Agile Enterprise* by Rick Dove.