



HOW TO CALCULATE AND KEEP YOUR COST-PER-HIRE UNDER CONTROL

*Understanding your
recruitment spend and
optimizing it for better ROI*

#TheLotusGroup #TLGInsights #TLGTips



GET THE NUMBERS RIGHT FROM THE START

📌 To calculate cost-per-hire, use this formula:
$$(\text{Internal Recruiting Costs} + \text{External Recruiting Costs}) \div \text{Total Hires}$$

✓ Internal costs include:

- Time of all people involved in hiring process
- Recruiting software and tools
- Onboarding resources

✓ External costs include:

- Job boards, ads, and career fairs
- Background checks, agencies, relocation fees

🎯 Why it matters:

Accurate cost-per-hire data helps you plan budgets, benchmark performance, and justify investments in hiring strategies.

👉 Next, let's explore 7 actionable ways to control and reduce your cost-per-hire—without cutting corners.

TIP 1 - TRACK AND COMPARE COST BY SOURCING CHANNEL

Set up detailed tracking across every candidate source—referrals, job boards, LinkedIn, agencies, etc. Then compare:

- Cost per hire by source
- Quality of hire from each source
- Retention after 6–12 months

Reallocate budget to the most efficient channels to reduce waste while improving results.





TIP 2 - BUILD A LONG-TERM TALENT PIPELINE

Proactive sourcing reduces urgency-based spending. Build and maintain:

- Talent communities
- Passive candidate pools
- Silver medalist lists

Use CRM (Customer Relationship Management) tools or ATS (Applicant Tracking System) features to tag and nurture candidates even when no job is open. This minimizes recruitment time and reliance on costly ads.





TIP 3 - OPTIMIZE YOUR RECRUITMENT PROCESS

Time = money. Every day a role sits open adds to cost. Audit your process:

- Where are the slowdowns?
- Can interviews be consolidated?
- Are offers getting delayed?

Set SLA benchmarks for each stage—sourcing, screening, interviews, and offer—to streamline decisions and reduce time-to-fill.



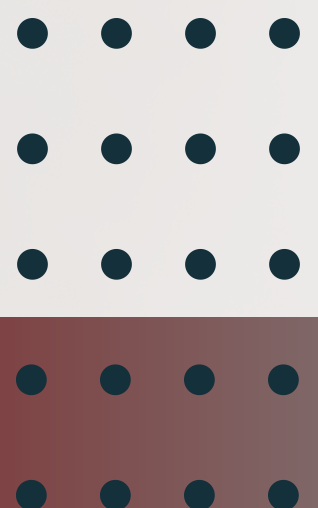


TIP 4 - TURN YOUR EMPLOYEES INTO RECRUITERS

Create a structured referral program with clear rewards. Best practices:

- Make it easy to refer (templates, links)
- Offer tiered incentives
- Recognize successful referrals publicly

Lastly, referral programs can boost employee morale and engagement by involving them in the recruitment process.



TIP 5 - USE AUTOMATION TO CUT REPETITIVE TASKS

Free up your recruiters' time by automating:

- Resume screening
- Interview scheduling
- Email follow-ups and rejections

Use ATS features, chatbots, and scheduling tools to eliminate low-value manual tasks.

Result? Faster throughput, fewer delays, and a leaner hiring budget.



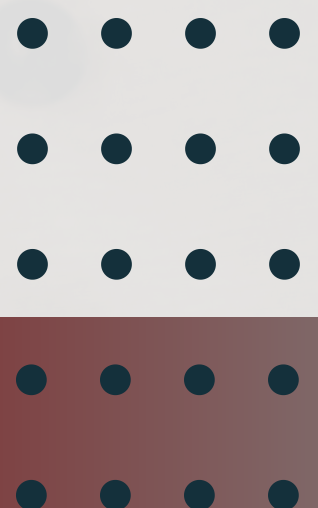


TIP 6 - IMPROVE QUALITY-OF-HIRE TO REDUCE REPLACEMENT COSTS

A low cost-per-hire is pointless if it leads to costly rehires. Improve quality by:

- Defining success criteria with hiring managers
- Using structured, behavior-based interviews
- Assessing cultural and team fit

Better hires mean fewer costly backfills and stronger long-term ROI.





TIP 7 - REVIEW HIRING DATA REGULARLY AND ADJUST

Don't treat cost-per-hire as a static metric. Review it:

- By department
- Quarterly or per hiring cycle
- Against industry benchmarks

Then act:

- Identify overspending patterns
- Test new tools or partners
- Adjust team workload or headcount
- Streamline hiring process

Continuous improvement leads to smarter spending over time.