

**CASE STUDY | Reduce External Recruiting Costs**

*How Recruiting costs can be expensive for any organization, and they were for a large bank in Europe.*

**The Problem**

Recruiting costs can be expensive for any organization, and they were for a large bank in Europe. According to the bank’s Shared Services department in Switzerland, 90 percent of its external recruiting costs for experienced hires were spent on agencies and print advertising.

But the contribution level of these expensive recruiting channels was only 25 percent, where low-cost channels (like Intranet and Internet) were used by 67 percent of hires.

This was the impetus for an improvement project that aimed to reduce external recruiting costs for experienced hires by reducing the ratio of external hires via agencies and advertising (primary metric). At the same time, more applicants should be attracted by low cost recruiting channels like online job offerings (secondary metric).

**The Solution**

After investigating the current recruiting system and practices, the project team identified three root causes for excessive recruiting costs – leading to the following solutions:

- ▶ A mandatory recruiting policy was introduced: “Expensive recruiting” via agencies and print advertising can only be done after a defined “waiting period” and when an open position cannot be placed with “cheap” recruiting channels. Open positions are immediately published on the Intranet.
- ▶ A reduction of print advertising was achieved by better coordination of recruiting efforts and combining multiple job offerings into single-print advertisements.
- ▶ The job-bank website was improved to increase its attractiveness and effectiveness. This was based on customer-experience lab findings about experienced hires: a more attractive job website makes more hires apply online and reduces the need for placing print ads and engaging agencies.

**The Results**

The team’s results were impressive, reducing external recruiting costs for experienced hires by \$3.25 million. Playing into this savings was a primary-metric reduction in the ratio of external hires via agencies and print advertising

**Problem**

- ▶ External recruiting costs too expensive

**Solution**

- ▶ Introduced a mandatory recruiting policy
- ▶ Reduced the cost of print advertising
- ▶ Improved the job-bank website

**Result**

- ▶ Improved ratio of hires by advertising and agencies from 25% to 19%
- ▶ Reduced recruiting costs by \$3.25 million.

from 25 to 19 percent. Additionally, the team impacted its secondary metric by increasing the ratio of external hires via cost-efficient recruiting channels (e.g. online recruiting) from 67 to 79 percent.

One key lesson learned by the team was that the customer-experience labs turned out to be a very efficient and effective methodology for increasing the attractiveness and efficiency of “client-facing interfaces,” such as the job website. This was also used to redesign the Human Resources Intranet and the Careers website.

**Expense Ratios - Print Advertising and Agencies**

