CareerXroads 9th Annual Source of Hire Study:

Meltdown in 2009 and What It Means for a 2010 Recovery

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Forward: Authors' Note

This free, public report, CareerXroads' (CXR) 9th Annual Source of Hire (SOH) study, is a detailed description about how one group of corporations fills their open positions in the US/North America. Or, more accurately, how corporate staffing functions measure and report sources of hires for the openings they fill. To better organize this report we posed just three questions:

- Who are these survey respondents anyway?
  Do they relate to my situation?

- What are the 2009 Sources of Hire?
  What might we learn from 2009 for 2010**?**

- What can I do to improve and leverage SOH data?

If the reader assumes that the data sliced and diced in this whitepaper is truly representative of where firms find their hires in the US, then you will have missed our point entirely. Indeed, this whitepaper, which we have published now for nearly a decade, is constructed as a lab report to examine the problems and the promise of how well corporations measure one part of the staffing process.

Our intent is to hold up a mirror so firms can look at themselves and their increasingly critical and vulnerable supply chain. Vendors can help, but only if staffing leaders are disciplined enough to do their part and get vendors to focus on needed changes as a priority.

We are indebted to each one of our survey respondents for their willingness to "open their books," voice their concerns and trust that the information they share will be helpful to their colleagues.

Thank you,

Gerry & Mark
CareerXroads

Executive Summary

Key Findings for 2009

- Internal Transfers and Promotions were the source of 51% of ALL the F/T positions companies filled on average. This is a significant increase over 2008.The spike in Internal Movement is a strong artifact of the recession and suppressed many other Sources of Hire. Expect internal movement to fall to more normal levels in 2010.

- 30% of respondents "do not know and cannot even guess" at the size of their contingent population (which averages 13.6% for those who "do know"). If predictions that contingent workers could become 25-35% of a company's workforce in the next few years are correct, then business plans and staffing functions have a "disconnect" that must be addressed.

- Referrals make up 26.7% of all *external* hires. This is arguably the number one external source. The yield for referrals is one hire for every 15 referrals, making this category the most efficient source by far. The growth of social media could change the dynamic of referrals and firms need to re-examine their efforts to stay ahead of the curve.

- Hires attributed to Job Boards represent 13.2% of *external* hires. Monster continues to lose ground to CareerBuilder. The two of them account for more than half the job board hires but the category itself is under pressure from company plans to reduce costs and shift to other sources.

- Social Media, while rapidly expanding as a strategy, is still in its early stages vis-à-vis attributed hires. Only about 500 hires can be attributed to Social Media. Direct Sourcing activities are increasingly adopting social media tools and tactics but 2009 also saw a decrease in "sourcers" (who are the most specialized at using social media to track prospects). This suggests that social media has not been leveraged as much as was intended. Corporate staffing is poised to expand social media initiatives rapidly in 2010 as the recession ends.

- Hires attributed to the Company Website are significant (22.3%) despite the obvious flaw in viewing them as a "source".

- 2010 looks bright. Two years ago (January 2008) we asked respondents about their future plans and, for the first time, more firms predicted that they would make fewer hires in 2008 than 2007 (and they eventually confirmed that prediction by filling 22% fewer openings). 2009 was even grimmer. 100% predicted at the beginning of 2009 they would fill fewer openings… and they did… 27% fewer. This year only 10.8% predicted further reductions in hiring while 48% expect to grow and the remainder to hold steady. If realized, the predictions for 29% growth in 2010 would bring the recruiting function back to front and center.

- Nearly all respondents described their 2010 plans in detail. Most mentions were to build or emphasize social media; build or rebuild sourcing teams; employ more SEO (search engine optimization)/SEM (search engine marketing) campaigns and initiatives; expand referrals; use more niche boards where necessary; and reduce overall use of job boards in general – major boards particularly. There were also frequent mentions of training (cold calling), branding and improvement of career sites.

Who Are These Respondents Anyway?

A Snapshot of EMA/SHRM 1998 Survey Respondents

Here's a bit of history to set the stage, provide some context and entertain. Twelve years ago, SHRM, which had recently acquired the Employment Management Association, engaged in a joint survey of "Staffing Metrics" via a mailing to 5500 prospects – all of the 4000 EMA members and a sample of randomly selected SHRM members and volunteers.

256 companies responded (a 5% response rate) with their 1997 Sources of Hire, associated costs and much, much more. The many pieces of trivia contained in this document (one of the many documents lying fallow in our desk drawers) are worth noting briefly because this was one of the last serious studies with a properly constructed sample set. It also saw the beginning of the impact that the Internet was to have on everything in recruiting.

- Time-to-start in 1997 was "computed to be 52 days." We doubt if many firms can match that number today since by definition it spans the date of approval until the day the new hire shows up for work.

- Average Cost-Per-Hire (CPH) ranged from a low of $369/per hire for Job Fairs and $408 for employee referrals to highs of $1638 for print ads and $9339 for third party agency hires. The average Internet cost per hire was $678.

  (While we believe CPH has some value in examining recruiting process' efficiency, today the standard for how CPH is measured and the problems with how this figure is then mis-used convinced us to avoid it in our limited research. Perhaps when the American National Standards Institute approves a real standard for CPH later this year…but we're getting ahead of ourselves.)

- Give some serious thought to the list of 1997 Sources of Hire below before tackling our survey or wrestling with your own internal benchmark.

1997 Sources of Hire (EMA/SHRM)

28.7% - Newspaper ads
19.7% - Employee Referrals
10.4% - Agency (3rd party contingency)
08.7% - Contract Recruiters
08.3% - Job Fairs
05.0 % - Other advertising
04.6% - Image advertising
04.2% - Trade journals
02.9% - College
02.9% - Resume services
02.1% - Agency (3rd Party search)
02.1% - Internet
01.5% - Radio

We told you this trip down memory lane would be entertaining. With 256 respondents, the data was broken out by size of firm and industry. They even captured the average starting salary so that a simple ratio of cost as a percentage of total compensation could be calculated.

Needless to say times have changed. From a supply-chain perspective the world is not the same. What hasn't changed are the challenges associated with collecting, comparing and leveraging this data to make better decisions.

(Before moving on, we would like to send a special tip-of-the-hat to Gary Cluff, a long-time volunteer and author of many of these EMA surveys. Gary, a nationally-recognized expert in recruiting, is still making a difference in the DC area and leading the staffing function at Mitre Corporation.)

A Snapshot of CareerXroads 2010 Survey Respondents

- Timing. Late in December (2009) emails were sent to staffing leaders at more than 200 different companies known to CareerXroads principals, Gerry Crispin and Mark Mehler. We invited individual firms to complete an online Source of Hire survey [http://www.surveymonkey.com/s/5VLSDKF]. All those invited have corporate staffing responsibilities and direct access to their company's SOH data.

  We limited the timing for submission to the month of January to better understand the difficulty firms face in gathering data from their systems. We are convinced that by accurately collecting, organizing and analyzing SOH data in a narrow window (if not actually real-time) is an essential standard for staffing functions that aspire to be world-class.

  48 firms responded by January 31, 2010. We eliminated seven respondents because of our company-size restrictions or because their data did not include SOH details. 41 remained.

- Scale. Results from the 176,420 positions supplied by these 41 firms with approximately 1.8 million US-based employees, employing 1501 US recruiters and sourcers are included in the following pages.

  Over the nine years we have conducted this survey, the number of firms responding has ranged from 35-50, typically a 15-25% response rate. Each "set" of respondents is generally different, but about half participate year-after-year.

  While these numbers aren't trivial since our respondents are *not* small firms, it would be prudent to fully understand the flaws of reports like this one before assuming that the numbers here can be compared to your own.

- Transparency and confidentiality. Our annual survey requires respondents to provide contact information and we engaged many of them in follow-up conversations during the short collection and analysis period. We have, however, never divulged the names of the firms participating in our survey. We can tell you they represent a cross-section of highly recognizable retail, technology, transportation, manufacturing, pharmaceutical and finance firms. Many of the respondents can accurately be described as industry leaders.

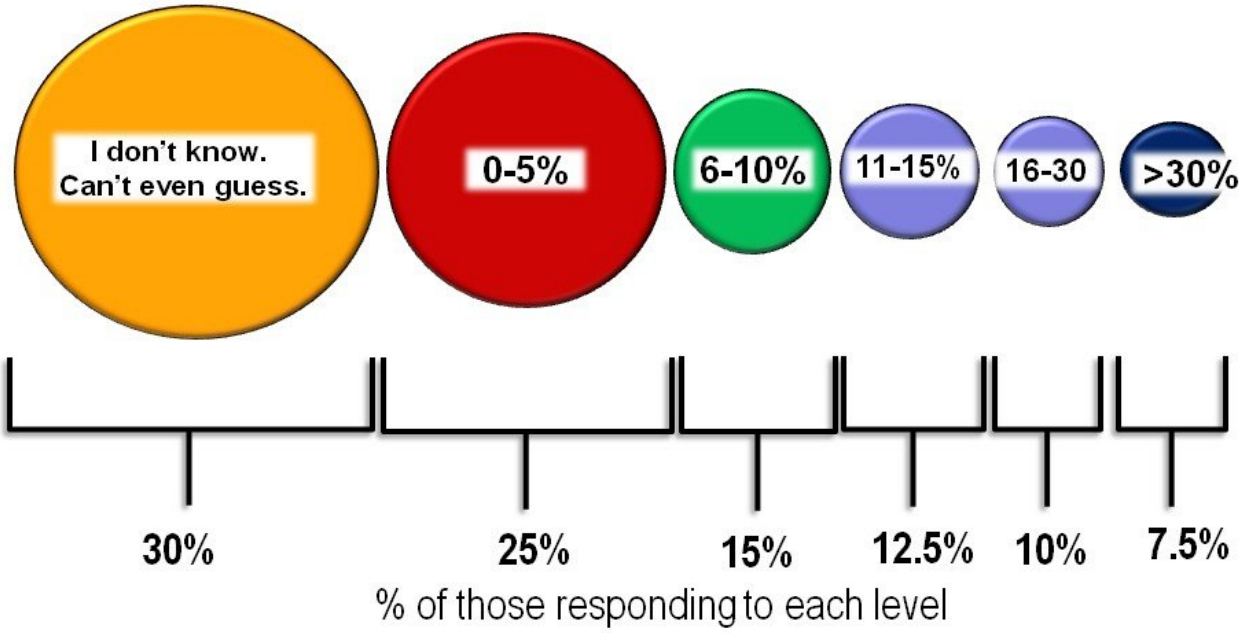
- Exempt versus Non-Exempt. Approximately 58% of the internal openings were filled with exempt-level employees (candidates). But the numbers are reversed for the external openings where 59.6% were filled with non-exempt candidates.

  This spike in non-exempt external hires is higher than in previous years where the demographics have been closer to 50% for both classes of employees. We did not breakout SOH differences between exempt or non-exempt employees but strongly encourage this line of analysis internally.

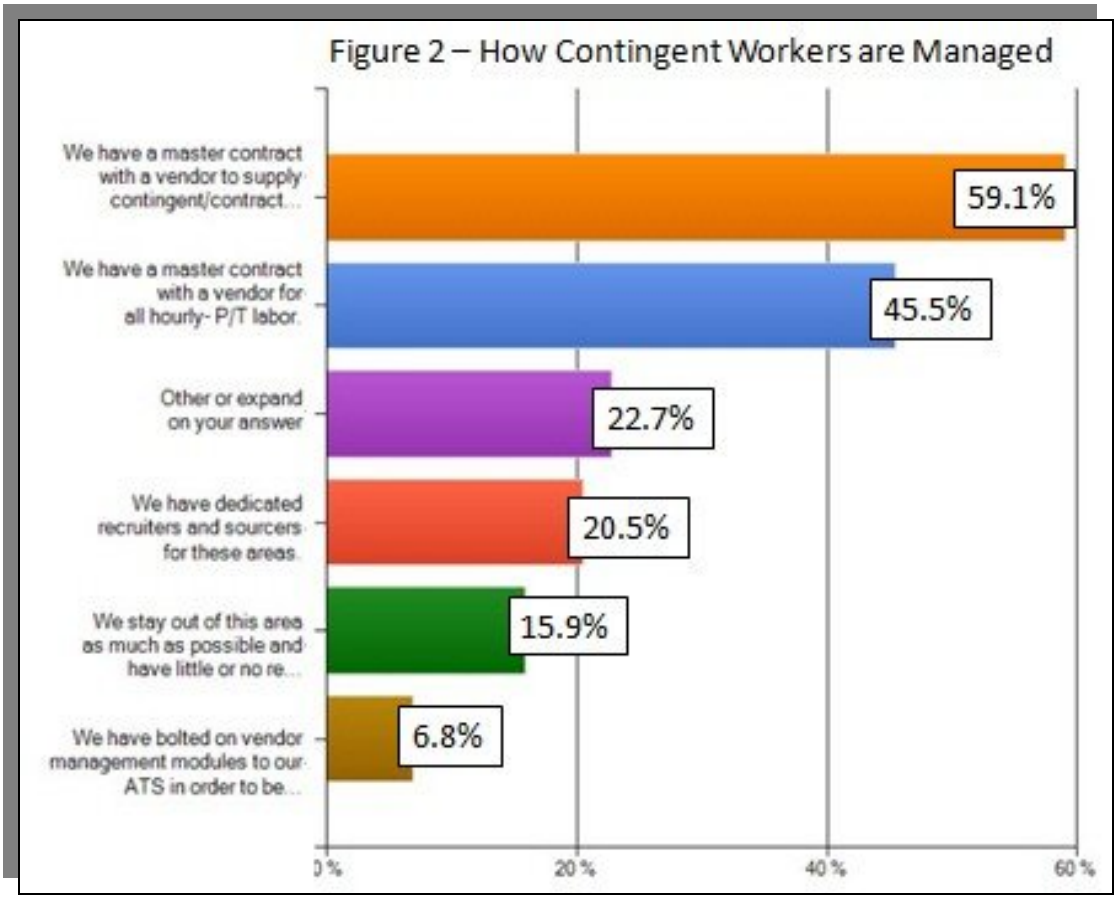
- Full-Time versus Contingent. No SOH data was collected for Contract, Part-time and Contingent workers. However, we did ask firms to provide us with an estimate of the size of their contingent population. Figure 1 shows 30% of the respondents saying they "really don't know and can't even guess" the size of their contingent population.

  The reality is that most firms do not have responsibility for managing or tracking contingent workers. Of the firms who can estimate the size of their contingent population, the average percentage reported is 13.6%. Some experts predict this number may double or triple in the next few years and staffing leaders not in touch with contingent workers are likely to fall behind.

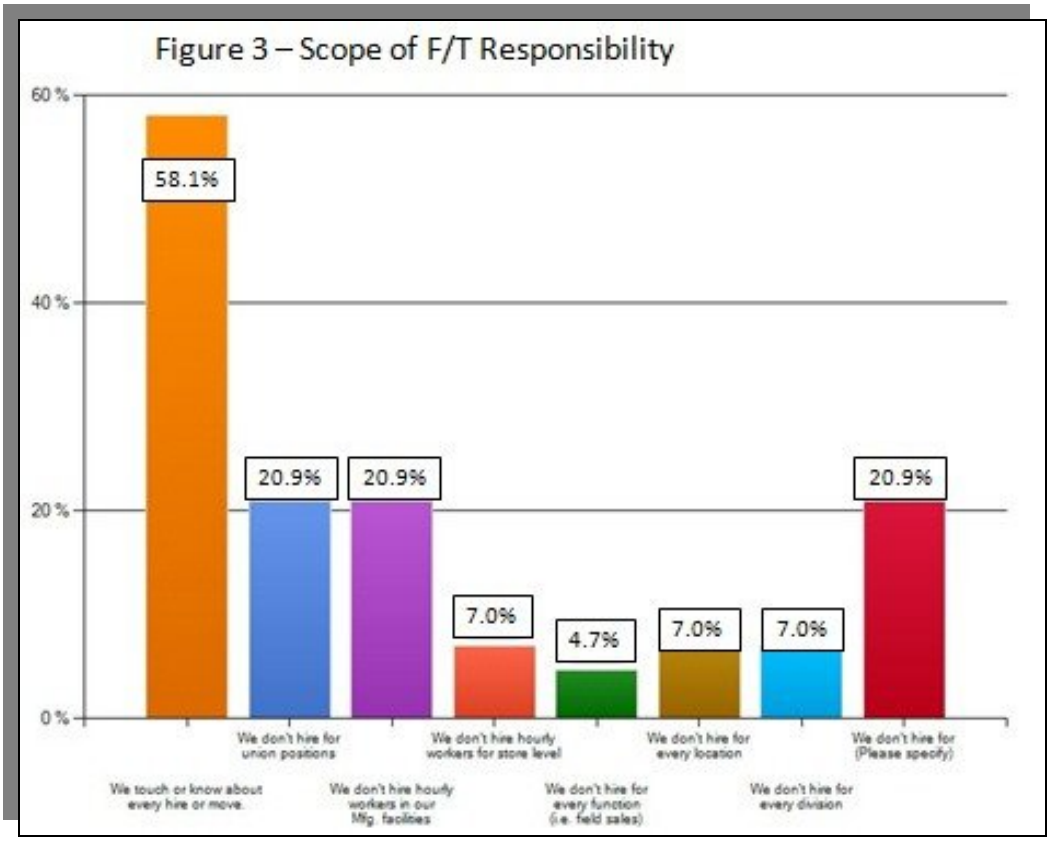
Figure 1. - What part of your workforce is contingent?
(Last year about 10%, this year 13.6%)



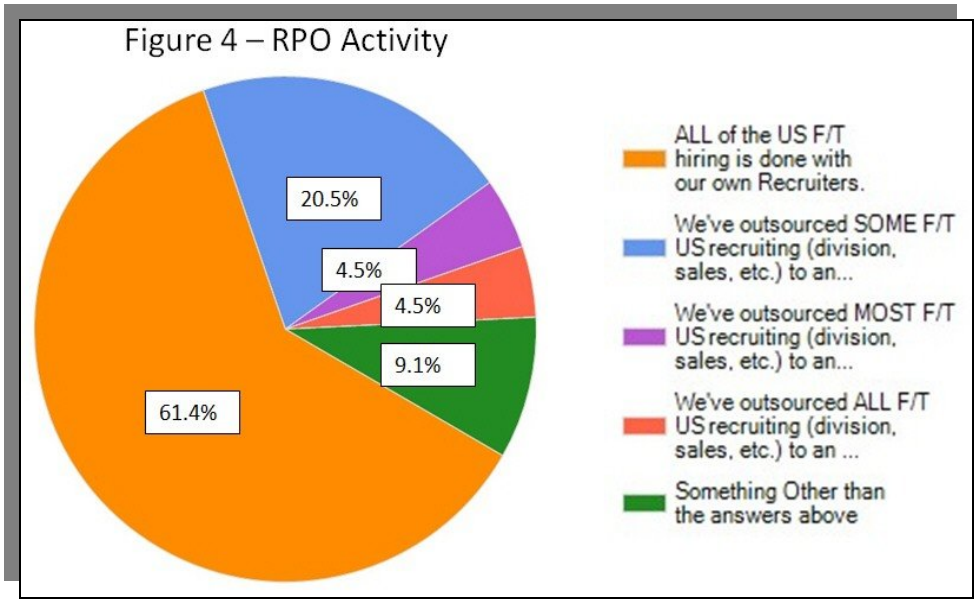
As can be seen in Figure 2, even the firms that are aware of their contingent populations appear to outsource or manage their hiring remotely and are unlikely to monitor the relevant sources of hire. This supports our rationale to focus on F/T hiring only.



- Range of Responsibility. In Figure 3, 58.1% of respondents claim to know about every F/T position they filled even if the staffing function is not personally responsible for the hiring. The remainder of the respondents admit they do not oversee some part of the hiring process in their firm e.g. union positions, a plant location, a specialized skill area, internal moves, board level positions, etc., etc.



- RPO. While most respondents (61.4%) do not outsource their F/T hiring, two respondents (4.5%) have outsourced all staffing.



- Predictions for 2008 vs. 2009 vs. 2010**.** Two years ago, January 2008, we asked respondents about their future plans and, for the first time, more firms predicted that they would make fewer hires in 2008 than in the previous year (we saw this coming and had been creating exercises in our Colloquium meetings for contingency planning since October, 2007). **I**n January, 2009 our survey group said they actually made 22.2% fewer hires during 2008 than the year before.

  A year ago, our survey group also predicted that 2009 would be much worse than 2008, estimating another 15.7% drop in hires over 2008. In fact, **not a single firm predicted they would fill more openings in 2009 than the previous year**!

  In our February 2009 whitepaper we said that this 100% "no-confidence vote about hiring activity (or lack of same in 2009) should give leaders pause" and we suggested that 2009 was the opportune time to develop new strategies for 2010 when employers could reasonably expect an upturn.

  Well, 2010 has arrived and this new group of respondents confirmed their colleagues' year-old predictions. 85% of the participants in this year's survey indicated that they had indeed filled even fewer openings in 2009 - 27.9% fewer than 2008. No surprise.

  The good news is that only 10.8% are predicting they will fill even fewer openings in 2010. 37.8% of those responding to this year's survey say they will hold steady and 48% plan to grow. The average growth in 2010 predicted for all participants surveyed is 29%!

  Let the good times roll.

What are the 2009 "Sources" of Hire?

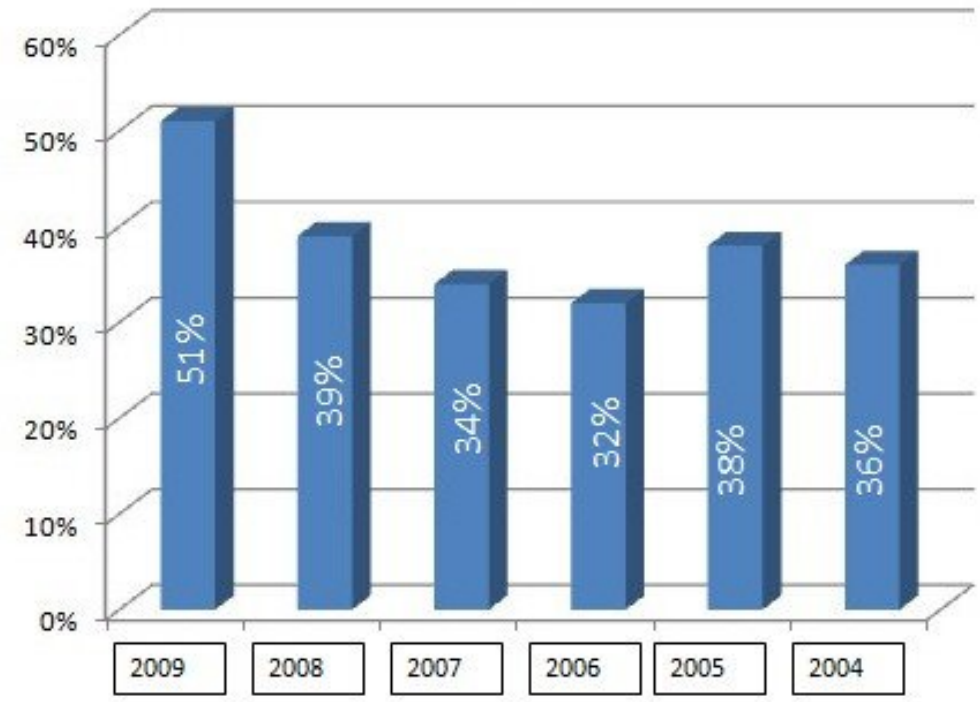
We have a difficult time each year deciding just how to categorize the sources of hire. The differences among how companies define their sources are significant. It is no wonder researchers and vendors pull their hair out when trying to compare their clients' populations on this subject. In the end we first ask our respondents to share their definitions and then create the closest generic list that covers, hopefully, 90% of the sources.

Internal Movement (51%)

The # 1 Source of Hire is still the one right under our nose. Company employees remain the most likely source for filling open positions. Of the 176,421 positions, 51% were filled from internal movement and promotion. This is the highest average we've ever seen for the US.

This data is skewed because the median, the number where half of the responding firms are above and half are below, is 38% - well below the mean or average of 51%. We believe this shows that larger firms (more so than smaller ones) were under tighter restrictions to limit external hiring and literally moved the average. We also think the 2008-2009 upward spike will return to normal levels of approximately 35% in 2010.

Figure 5 – Internal Movement



To a lesser degree we also believe that internal movement reflects a long-term trend in competitive companies to calibrate their succession, bidding and internal development programs with their business plans. This shift to bring back workforce planning processes ignored in the last couple decades is slowly regaining lost ground.

Is Internal Movement Proof of Development?
Most firms' Employee Value Propositions (EVPs) promise candidates that they develop their employees (not that we've ever come across a firm actually saying "No, we won't develop or promote you, we'll simply work you until you burn out and discard you for another body-in-the-seat").

Since development is an integral component of the employment brand, publishing internal movement and promotions data may be the best way that job seekers can differentiate between competing firms' claims. It is a piece of transparency leaders speak to and job seekers complain about.

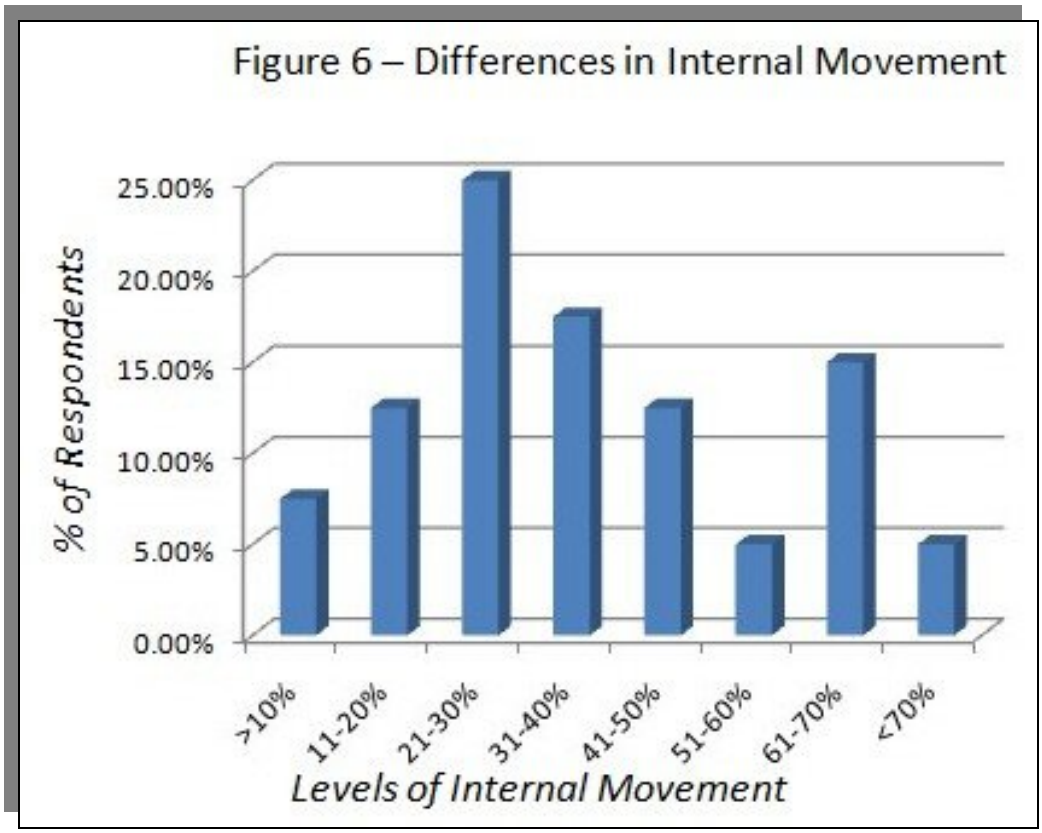


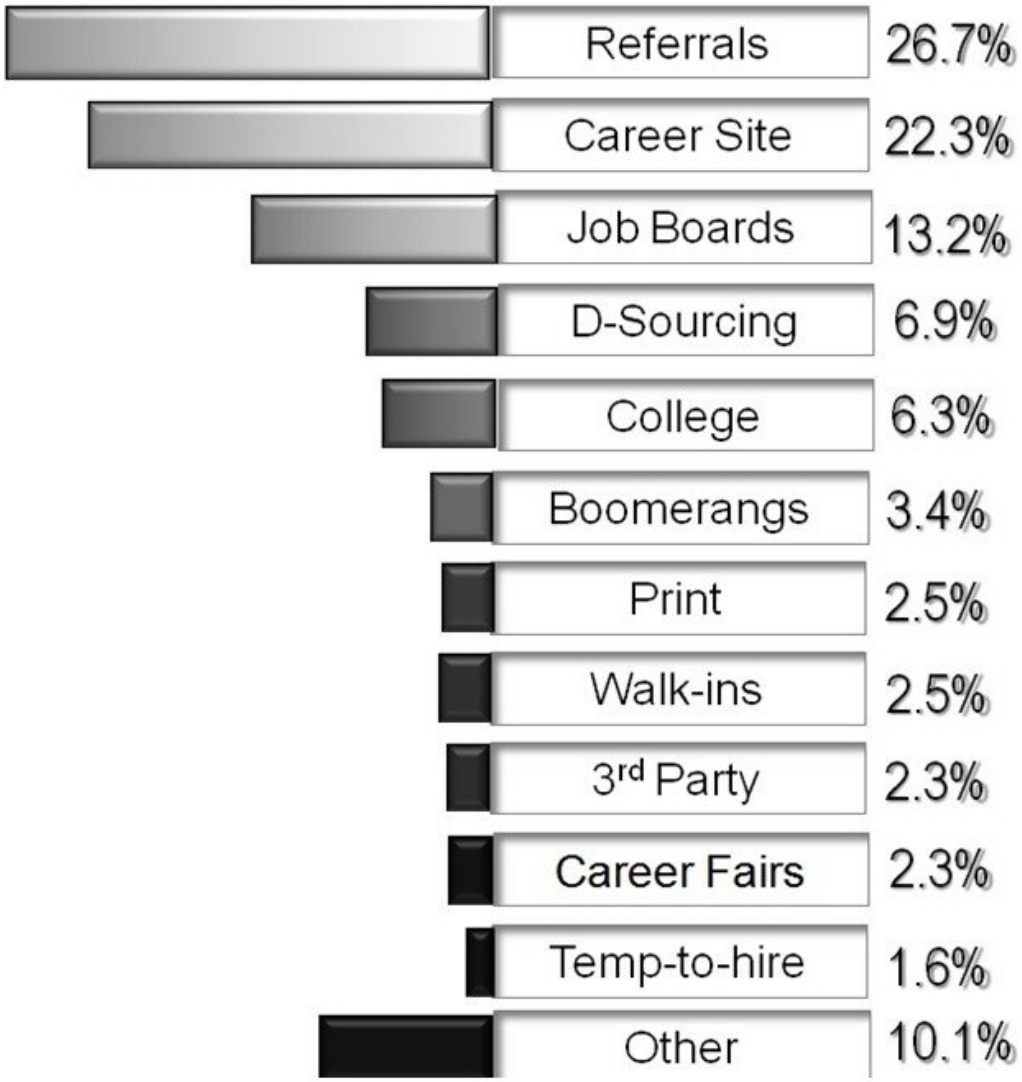
Figure 6 confirms that about one quarter of our respondents filled 21-30% of all their openings through internal movement or promotion. Pretty good! At one extreme, 7.5% filled fewer than 1 in 10 openings. Pretty bad! At the other extreme, another quarter of the respondents filled at least 50% of their openings via internal movement! Where would you want to work?

Few firms in the US bother to publicly share their internal movement and promotion data. We can only find one, California Pizza Kitchen, whose career site briefly notes: "Approximately 30% of managers will be team member promotions" [http://www.cpk.com/careers/hourly-opportunities/] before sending prospects off to see the anecdotal and now ubiquitous happy-employee videos.

External Sources of Hire

75% of all external hires are attributed to just five sources: Referrals, Job boards, Company Career Site, College and Direct Sourcing.

Figure 7 – 2009 External sources of Hire



The devil is in the details however and our definitions of several sources (Direct Sourcing especially) are subject to broad interpretation depending on to whom you speak. Regardless of how narrowly we try to restrict the definitions, there will always be a wide variation in what employers call a source.

Compounding the problem even commonly understood definitions have changed dramatically over the last few years. Can you put a posting into a newspaper today without having it appear somewhere online? So is that source Print or Job Board? Would you characterize LinkedIn as a Job

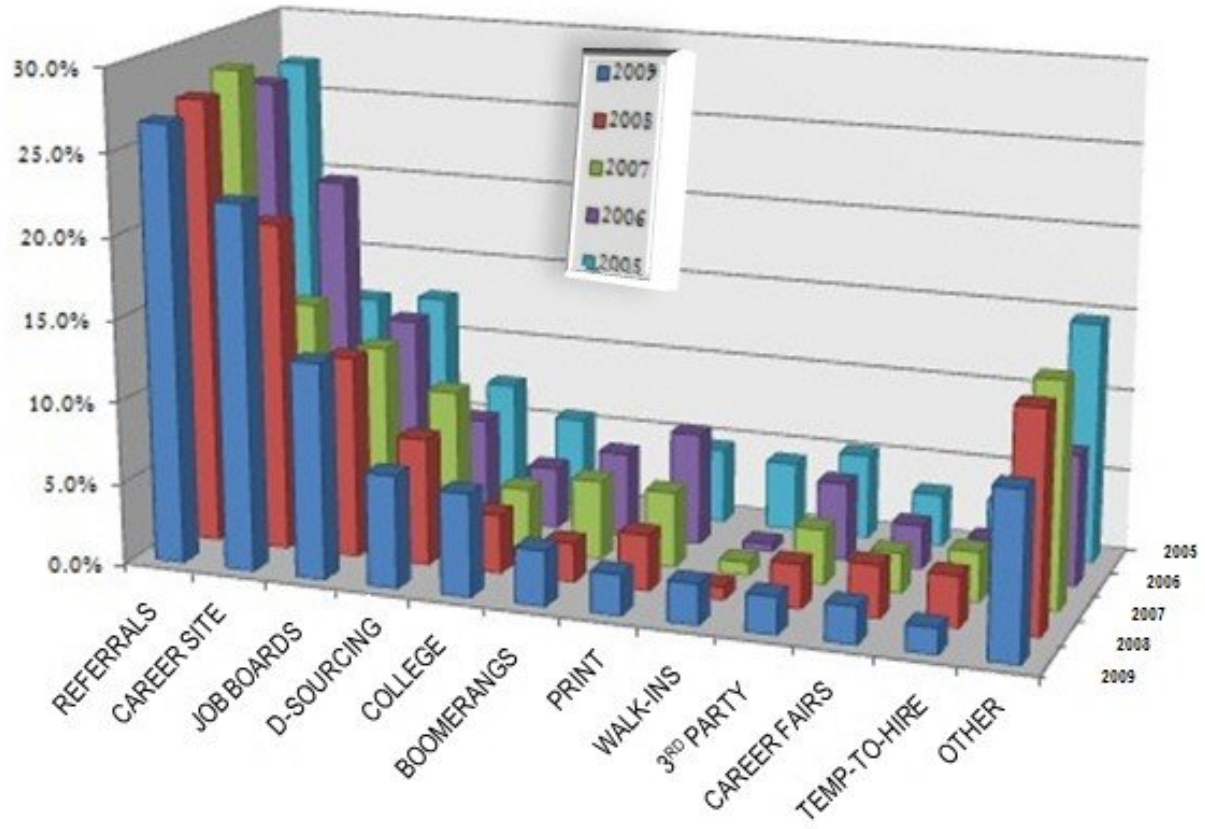
Board or a Social Network? Is “refer a friend” ever tracked let alone attributed as a referral? Should Search Engine Marketing campaigns fall under social media strategies or branding?

Figure 8 is a Table comparing the last five years of CareerXroads’ External Sources of Hire. This data is then graphically depicted in Figure 9 to give a visual feel for how these Sources are changing over time.

Figure 8. 5-Year Table Comparing External Sources of Hire

	REFERRALS	CAREER-SITE	JOB BOARDS	D-SOURCING	COLLEGE	BOOMERANGS	PRINT	WALK-INS	3RD PARTY	CAREER FAIRS	TEMP-TO-HIRE	OTHER
2009	26.7%	22.3%	13.2%	6.9%	6.3%	3.4%	2.5%	2.5%	2.3%	2.3%	1.6%	10.1%
2008	27.3%	20.1%	12.3%	7.8%	3.6%	2.4%	3.4%	0.8%	2.7%	3.2%	3.1%	13.4%
2007	28.2%	14.0%	11.7%	9.4%	3.8%	4.8%	4.6%	0.8%	3.3%	2.4%	3.0%	13.7%
2006	26.6%	20.7%	12.3%	6.4%	3.8%	5.2%	6.9%	0.5%	4.8%	2.7%	2.3%	8.0%
2005	27.1%	12.2%	12.6%	7.4%	5.6%		4.6%	4.2%	5.2%	3.2%	3.2%	14.7%

Figure 9 – 5 Yr. Graphic Comparison of External Sources of Hire



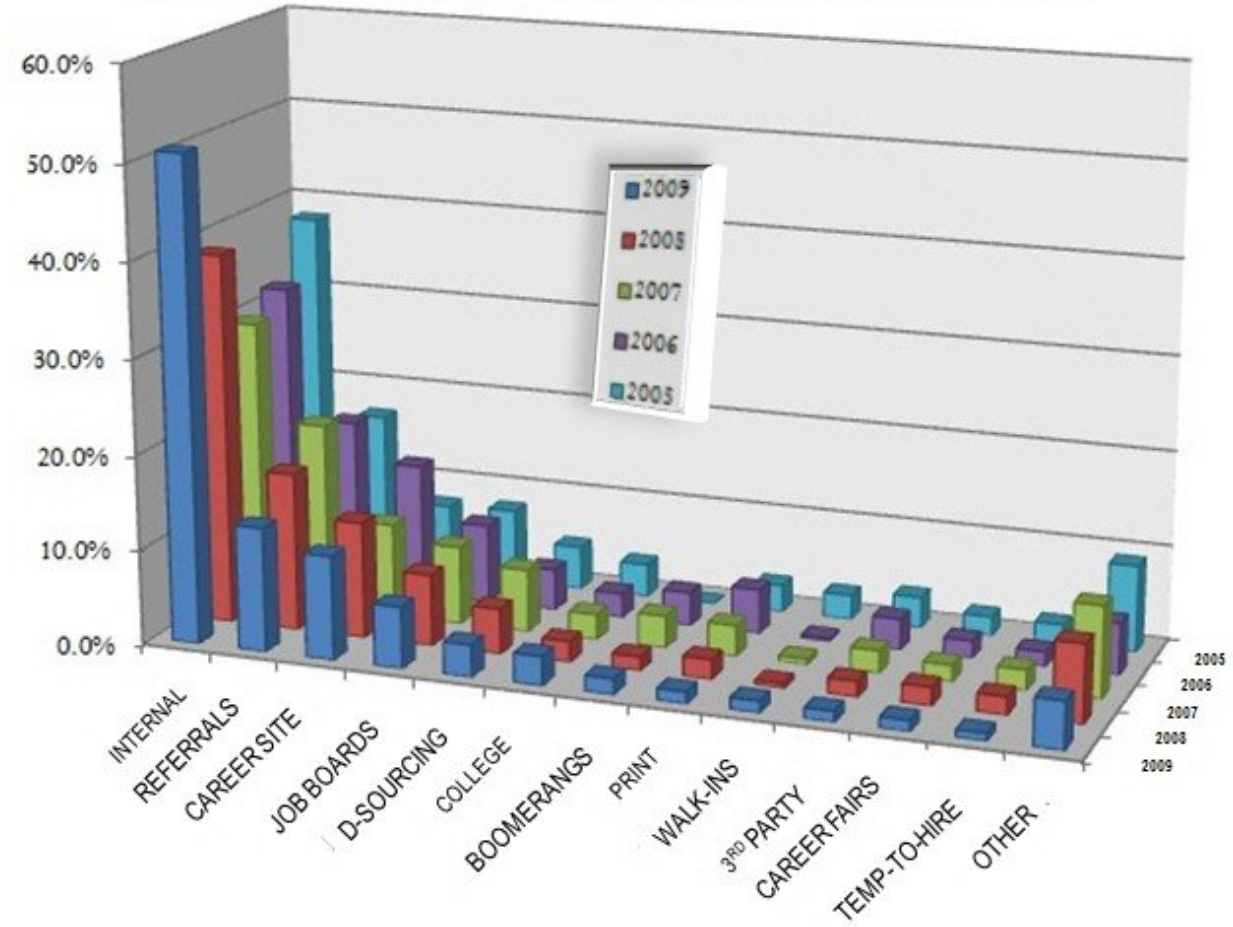
Some of the year-to-year variations can be explained by the differences in employee populations of the companies that choose to respond to the survey each year. However. some of the steady decline attributed to Print and Agency hires simply represents the extraordinary and continuing impact of the Internet over the last decade

Figure 10 is a table comparing the last five years of ALL Sources of Hire including internal movement along with an accompanying graph. Here the real impact of the recession can be seen in how external sources have been suppressed as internal movement spiked.

Figure 10 5-Year Table Comparison of ALL Sources of Hire

	Internal	REFERRALS	CAREER-SITE	JOB BOARDS	D-SOURCING	COLLEGE	BOOMERANGS	PRINT	WALK-INS	3RD PARTY	CAREER FAIRS	TEMP-TO-HIRE	OTHER
2009	51.0%	13.1%	10.9%	6.5%	3.4%	3.1%	1.7%	1.2%	1.2%	1.1%	1.1%	0.8%	4.9%
2008	39.0%	16.6%	12.2%	7.5%	4.7%	2.2%	1.5%	2.1%	0.5%	1.6%	2.0%	1.9%	8.2%
2007	30.0%	19.8%	9.8%	8.2%	6.6%	2.7%	3.4%	3.2%	0.6%	2.3%	1.7%	2.1%	9.6%
2006	32.0%	18.1%	14.1%	8.4%	4.3%	2.6%	3.5%	4.7%	0.3%	3.3%	1.8%	1.6%	5.4%
2005	38.0%	16.8%	7.6%	7.8%	4.6%	3.5%	0.0%	2.9%	2.6%	3.2%	2.0%	2.0%	9.1%

Figure 11 – 5 Yr. Graphic Comparison of ALL Sources of Hire



Source by Source Observations

Referrals (26.7% of External hires; 13.1% of All hires)
Despite their importance, referrals, especially *employee* referrals are too often taken for granted. Corporations rarely examine the quality of a referral made by one of its employees. Did the job seeker accost the employee on LinkedIn or was the job seeker recommended by an employee who was also a former colleague? Is there a difference in quality of hire that can be attributed to the quality of the referring employee? Do employees really refer people just like themselves or will an employee seek out performers of a different age, race or gender? How much does reward really change the game?

Many countries have employee referral practices (UK, Australia, India and China to name just a few) but we believe few will ever match US results. Cultural norms surrounding referrals in many countries sometimes reward referrals of non-productive candidates or create disincentives by connecting the face of the referring employee to the hiring outcome.

Most firms (62%) have filled at least one or more openings from the referrals of Alumni, Friends, Vendors and Customers. Respondents reported they get about 10% of their referral hires from alumni and another 10% from other referrals. Successful referrals from alumni, vendors, customers, etc. underscores a growing use of Direct Sourcing tactics.

Referrals yield an average of one hire for every 15 received! Last year's referral numbers were even more dramatic where one of every 11 referrals resulted in a hire. Not every referral will be hired (nor should they be) but the likelihood that an application submitted by someone who was referred will at least be "considered" is too high for any candidate to ignore. Job seekers will never get better odds!

Corporate plans for 2010 indicate a strong interest in leveraging referrals as well as tapping referrals of non-employees

Corporate Career Website (22.3% of External hires; 13.1% of ALL hires)
Ok, we're over it. A few years ago we succeeded in getting a few firms to eliminate their corporate website as a source. Today, while we still believe it is a destination and not a source, we realize it just won't go away.

We've accepted the notion from our colleague at Elaine Orler [http://www.linkedin.com/in/elaineorler] Talent Function Group, that a source should be viewed as a channel. We like the nautical feel of this imagery and that it evokes a desire to map the entire course - the waters, shore, shoals and narrows - as an aid to navigation. So, when more than one in every five external hires is attributed to the firm's career website you can only imagine how many other sources were also involved. The current common practice to allow a single source to be tracked dilutes our understanding of just how long, broad and deep this channel is.

Recognizing the central importance of the corporate website in today's staffing process should remind us to evolve our source of hire analysis and map the interactions of multiple sources if we expect to better navigate these murky waters.

Job Boards (13.2% of External hires; 6.5% of ALL hires)
Job Boards are NOT the same as social media despite the many claims that they incorporate social networking elements. At least we don't think so. We treat hires from Social Media as part of direct sourcing.

Every respondent reported success in hiring employees from Job Boards. We wanted more information and designed one question to tease out the number of hires attributed to each Job Board. Unfortunately only 61% of the respondents can track back to specific sites.

We present the results each year as they are given but we caution drawing too many conclusions with this data set. Major Job boards (Career Builder and Monster/Hotjobs) accounted for 57.3% of the hires attributed to this category.

Of the firms that attributed hires to specific job boards, one firm had a disproportionate number of non-exempt [retail] hires from CareerBuilder (congratulations CareerBuilder) which skewed the results – probably over-representing CareerBuilder by a third.

Regardless of the flaws in this year's numbers, Monster's recent (January 2010) acquisition of Hot Jobs may be too little too late. The market share of hires attributed to job boards has been flat for years and will probably never rise to the dominant position print once had in the pre-digital era (i.e. 29% in 1997).

We offer a special note of congratulations to Craigs List. To us, Craigs List is the real deal – an online classifieds with no pretensions, no frills and an absolute commitment to deliver. We met Craig at one of the first Kennedy Staffing Conferences more than a decade ago and every so often have had the occasion to send an email asking a question. No matter what time we send the query, we've never had to wait more than 10 minutes before receiving a reply.

We asked respondents: “Last year most firms told us that they were going to reduce their dependence on Major Job Boards. Which of these statements represents what you actually did?” 100% responded to three of the choices:

- 35% “We reduced our contracts in 2009 but had the same proportion of hires (everything was down) from these major boards.”

- 32.5% “We reduced our contracts and reduced the percentage of hires from traditional job boards.”

- 32.5% “We made major efforts to switch sources away from major job boards to other sources and that effort is continuing.”

Despite the challenges faced with large customers, counting out job boards is premature. There is much life in this category. Arguably, both large and small firms have difficulty in measuring the true impact of job boards and may not be giving them their due for their efforts in driving prospects to company sites.

This study also offers little insight into the behavior of smaller firms that have fewer resources than larger ones to invest in their recruiting functions. Smaller firms disproportionately choose convenience - an automated job posting, a phone call to the local newspaper’s online career site or a partnership with a 3rd party agency - over more sophisticated strategies around social media campaigns, direct sourcing, etc.

Firms may also be counting some hires as direct sourcing that were acquired by mining a job board’s resume database but, as we’ll soon show, not as much as in the past. Other sources of hire, including referrals, could simply be the next stage in a staffing “channel” entered through leads provided by job boards but only partially mapped.

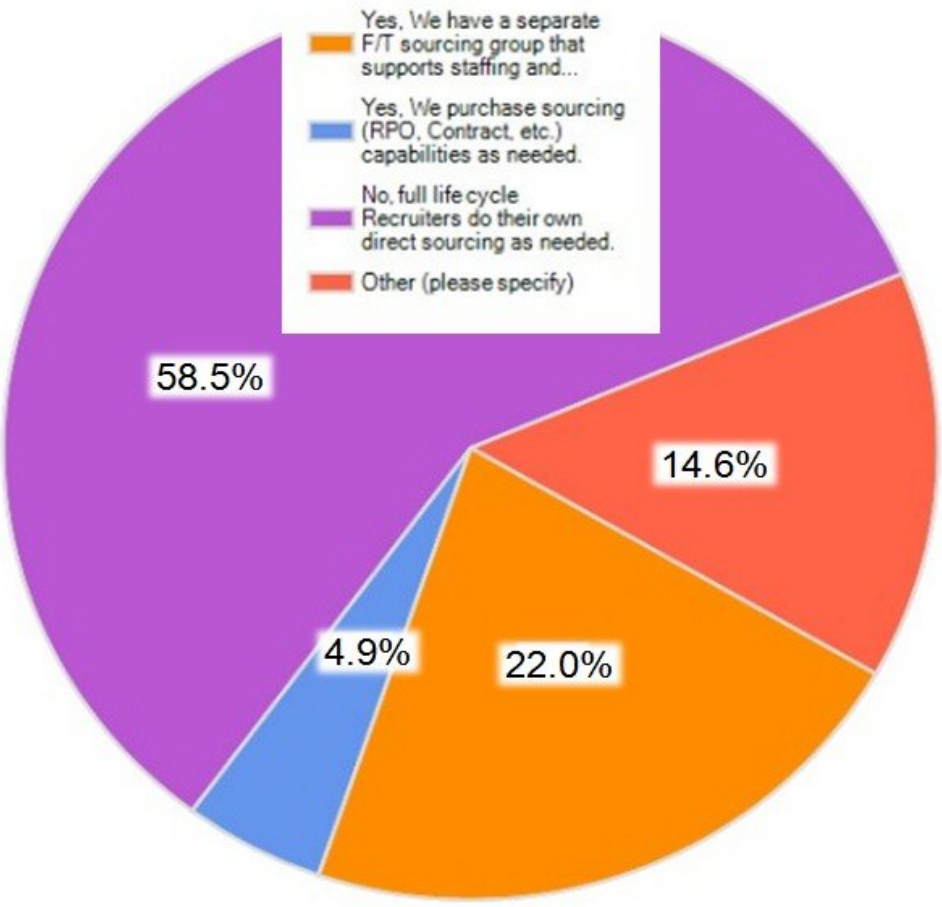
Direct Sourcing (6.9% of External hires; 3.4% of ALL hires)
Direct Sourcing strategies and tactics are growing and evolving rapidly to incorporate social media. Figure 13 is one of the more interesting in our whitepaper this year. On one hand it is a partial definition of what Direct Sourcing is…at least for the moment. A few years ago, companies were more likely to point to activities like mining resumes from their own as well as paid databases and call that Direct Sourcing. Clearly we can see the migration towards social network activities, SEM and SEO campaigns.

Figure 13 – Definition of Direct Sourcing

	We don't consider This D-Sourcing	We don't do this at all	This is a small part of our D-Sourcing hires	This is a significant part of our D-Sourcing hires	This is the Primary way we Direct Source
Mining our internal ATS database for candidates that haven't yet applied.	31.0%	0.0%	33.3%	38.6%	7.1%
Mining external databases for leads we can convert to prospects and candidates.	4.8%	4.8%	61.9%	21.4%	7.1%
Researching profiles on Social Networks such as Facebook, Linkedin, etc.	0.0%	2.4%	35.7%	45.2%	16.7%
Developing Search Engine Marketing campaigns to create prospects from leads	2.4%	39.0%	31.7%	19.5%	7.3%
Cold calling/contacting individuals from internal or external research	0.0%	7.3%	58.5%	24.4%	9.8%

Direct Sourcing activities are still primarily done by full life-cycle recruiters

Figure 14 – Are Sourcers Sourcing?

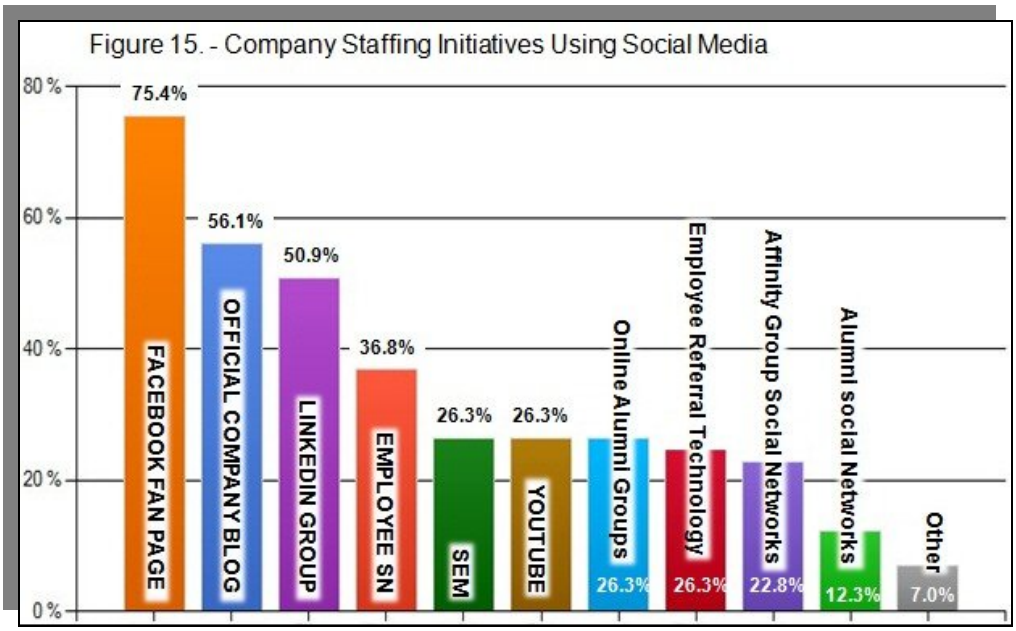


We think the results in Figure 14 show another side of Direct Sourcing. 58.6% of Direct Sourcing activity is reported under full life-cycle recruiters. We think this reflects the layoffs and disappearance of many sourcers and sourcing teams in 2009. It also explains the discussion around 2010 plans to build or rebuild sourcing.

We don't believe Direct Sourcing strategies and tactics were leveraged as heavily as staffing leaders might have intended in 2009. Firms are certainly poised for growth in this category as the recession ends.

Despite the hype, hires are not easily attributed to social media and their numbers are barely reflected in this report. We asked respondents to enter the number of hires they could attribute to social networks and related SEM strategies such as LinkedIn, Facebook, Twitter, Entice Labs, Jobs-2-Web and other. The total reported, fewer than 500 hires, represents less than 1% of external sources. Hires attributed to LinkedIn represent 60% of all the hires that could be attributed to social media

On the other hand, in November of 2009 we surveyed 74 CareerXroads' Colloquium members about their social media initiatives including policy, corporate committees, internal champions, community managers, leadership involvement, resistance, etc. Figure 15 is taken from this earlier survey and shown below. This figure shows the range of initiatives that firms are experimenting with and further confirms our conclusion that Social Media will rise dramatically as a source this year.



College (6.3% of External hires; 3.1% of ALL hires)
It is heartening to see that respondents, compared to prior years, did not cut back as much on college hiring in 2009 as had been originally feared. Articles written by the National Association of Colleges and Employers (NACE) seem to bear this out.

Boomerangs (3.4% of External hires; 1.7% of ALL hires)
Given the tenor of the times we wouldn't expect rehires to represent a growing source of candidates but 2010 should be different for firms that did right by the employees they were forced to release.

Print (2.4% of External hires; 1.2% of ALL hires)
Last year we wrote that print had fallen to its lowest possible level. We were wrong. It's worth remembering that as late as 2000, classified help-wanted ads in newspapers alone generated a record [http://www.naa.org/TrendsandNumbers/Advertising-Expenditures.aspx] $8.9 billion in revenue for their owners. And even as the Internet was about to change everything, many newspapers purposely constructed their classifieds to make them as user-unfriendly as possible. They raised rates out of context to their decreasing value, were scarce or anonymous when customers called, moved their online champions to the back rooms and armed them with minimal resources.

Print classified help-wanted advertising lost 80% of its peak value by 2008 and 2009 was worse. No bottom in sight. The good news is that US employers shifted about 50 billion dollars during this decade from print to "other" and this has essentially funded hundreds of emerging staffing technologies and new staffing models.

Walk-ins (2.4% of External hires; 1.2% of ALL hires)
The percentage of non-exempt external hires spiked and logically walk-ins were up significantly. Not surprising.

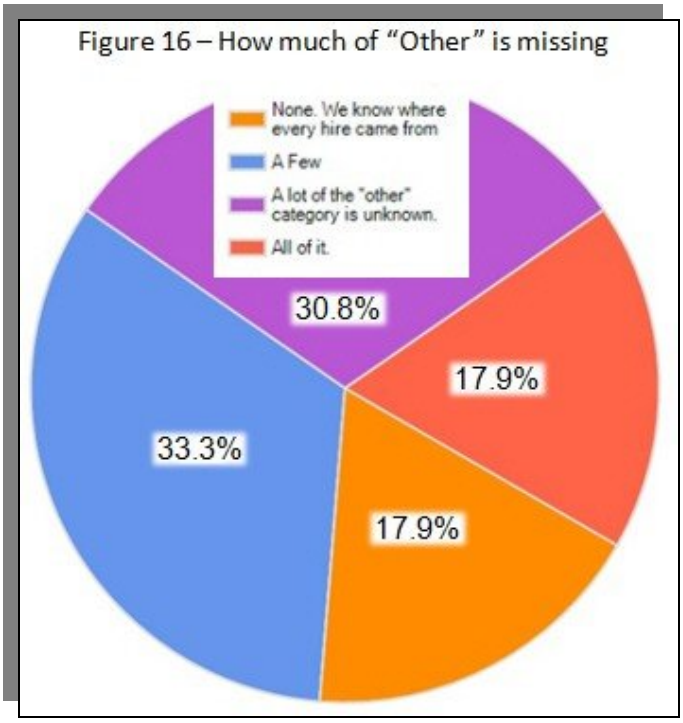
Third Party/Placement Agency (2.3% of External hires; 1.1%of ALL hires)
Hard to argue the steady decline reported over the last five years. Third-party placement gets squeezed heavily during a recession. For many firms it is a luxury and the larger the staff, the more difficult it is to justify the liberal use of agencies…at any negotiated fee. We expect those that have survived will bounce back this year especially if they have developed a reputation for delivering tough-to-find candidates.

Career Fairs (2.3% of External hires; 1.1%of ALL hires)
About 5% of this category can be attributed to corporate open houses. While we've not asked for a specific breakout of what portion of the hires from this category are from virtual job fairs, it is no doubt a predictable area of growth. Once collaborative tools and video bandwidth improve and take hold, we think the prospects for engaging large numbers in online events will explode. Current campaigns using social media to drive prospects to webinars and other similar activities are not being captured.

Some face-to-face events won't go away anytime soon however. We recently attended a college Career Fair in New Jersey and were struck by how useful and cost-effective it was for smaller firms and non-profits.

Temp-to-hire (1.8% of External hires; 0.8% of ALL hires)
It should be no surprise that Temp-to-Hire is suppressed during a downturn. We think this is an area that has not only been underutilized but that has been hindered by internal politics and misapplied legal policies about the treatment of non-F/T workers. A contingent workforce is a valuable pool of both potential candidates and referral sources. Look for the "contingent-to-hire" category to break 5% long-term.

Other (10.1% of External hires; 4.9%of ALL hires)
In the past we tried to get at the details of “other” and found it was of little help. It’s just missing as the Figure 16 below shows. Without a little training and application of six sigma or lean strategies to our process, the quality of a company’s sourcing data will always be suspect.



What can we do to improve and leverage Sources of Hire inside our firms?

There are dozens of reasons why source of hire data is replete with errors. Dr. John Sullivan [http://www.drjohnsullivan.com/] pointed out as much in his excellent September 2009 ERE article [http://www.ere.net/2009/09/21/determining-the-correct-source-of-hire-the-first-step-in-recruiting-excellence/]. In it he argued that Source of Hire was the first step in developing functional excellence. In his usual understated style he noted, "It's [SOH] almost always wrong." We agree.

He also seriously opined why making the case for SOH is so important:

> "…knowing what channels brought the prospect to the organization and what messages led to conversion (talented individual > applicant > candidate > hire) are by far the most critical bits of data the [staffing] function can collect. Without this information, it's extremely difficult to scientifically budget for sourcing or build strategic sourcing systems capable of impacting organizational performance."

We believe three strategies take precedence if recruiting leaders are committed to improving SOH data.

Data integrity. Collect the right information, reliably.

Self-Report can be useful but it is insufficient.
Do not eliminate self-report. Fix it. Too many consultants, vendors and experts recommend you replace self-report because their "research" suggests it's flawed. Of course it is. Their research should also point out how we might design a pull-down menu to maximize self-report reliability – but it doesn't. There is no way to improve a tactic's validity if it is unreliable. This is not rocket science but science is required here – and few are using it! Replacing one methodology for another, no matter how user-friendly, technologically cutting-edge, etc. seriously misses the point and trades one set of problems for another.

Remember, it isn't just that job seekers report their sources incorrectly, it's also that the choices presented to them are poorly thought out. Many are incomplete or not configured for the job that the job seeker is applying to. Self report details are positioned in a confusing order, forced to fit a vendor's taxonomy, written with acronyms only an employee could understand, etc. etc. We could go on but you get the point.

Decide whether the source starts at the beginning of the "channel" or somewhere closer to the final destination.
Is it helpful to know that the person you hired started by making a search on Google and clicked a link presented by the search results? Or, were they instead attracted by the ads on the side placed there by keywords, linked to a job board or job board aggregator before reaching your career site? Is it even more important to learn they realized that a neighbor worked at your firm, quit the search and went to get them as their employee referral?

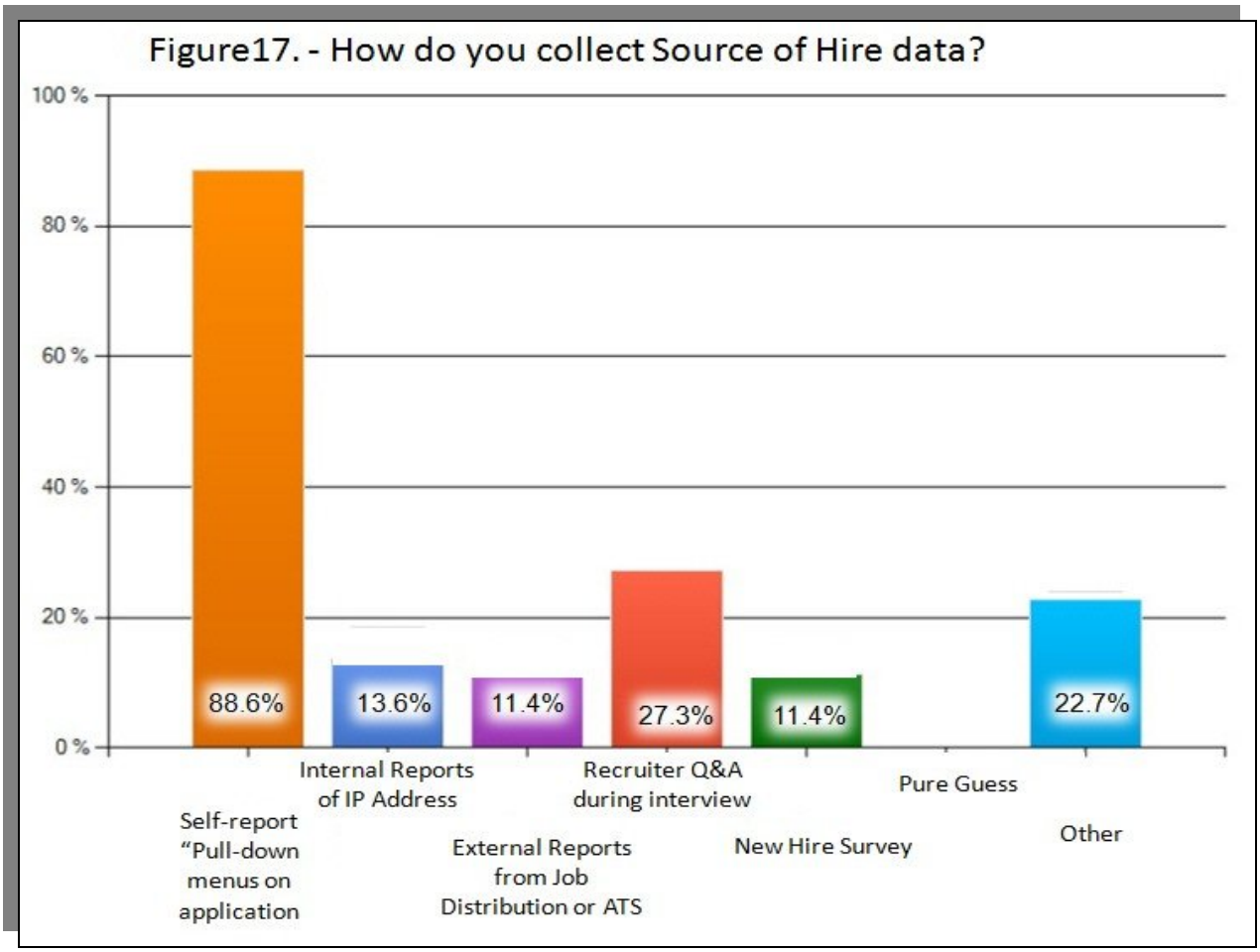
The answer you give suggests how you will limit or expand your staffing strategy.

Add a second, independent method.
Add at least one more and use one to confirm the other. If you do eliminate self-report and incorporate something else, you still need independent confirmation. A few of the many ways you can obtain source information other than self-report in the application include:

- Integrate reports from your job distribution service.
- Obtain last IP address
- Add questions to initial screening
- Add questions to interviews on final slate
- Add questions to on-boarding survey
- Add questions to new-hire focus group

Each collection method has challenges and solutions. Stop and think for a moment about using a method like “last IP address” for source if your candidate first met a company rep at a job fair or read an article about best companies and went directly to your career site or had a great experience buying your product and just wanted to target you.

And, yes, we did ask respondents how they collected Source of Hire data. See Figure 17 where respondents checked ALL that applied. Again, self-report is insufficient. The good news is that more and more firms are considering alternatives as well as self-report.



It's about the patterns.
Multiple sources are as important as multiple methodologies. Just as one methodology to collect data is insufficient, so is the myth that a single source can be identified. It is the pattern of variables that direct the prospect to become a candidate. Capturing this interactivity is the holy grail for Source of Hire. No, we didn't say it was easy, just that eventually it will differentiate between winners and losers.

Figure 18. Patterns of Sources

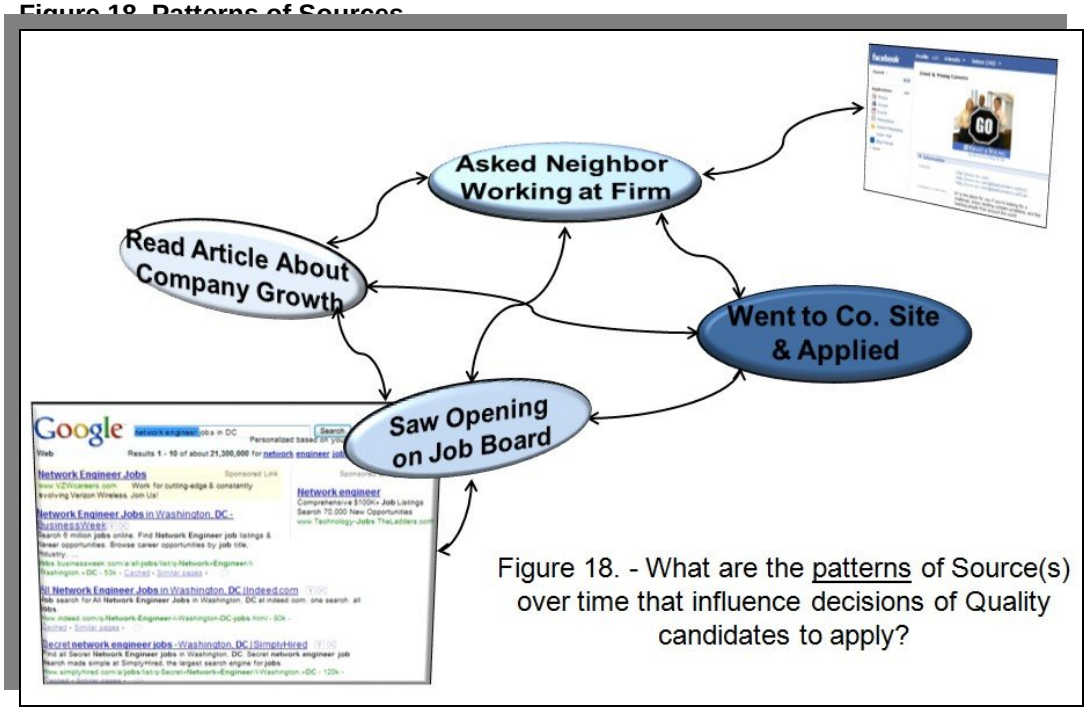


Figure 18. - What are the patterns of Source(s) over time that influence decisions of Quality candidates to apply?

Discipline

This is easy to say. Hard to do. The staffing function needs a protocol to document and confirm Source of Hire or Sources of Hire. And it needs to happen the same way every time – with the same tools or script – for every hire. "Don't know" just doesn't cut it. "Other" without specifying what "Other" is also doesn't cut it. No exceptions. Requisitions cannot be closed without it. Someone whose plate doesn't include 25 open reqs needs to be the internal SOH champion of this measure.

We would personally enjoy meeting corporate champions and will always make ourselves available to encourage them.

Vendors

Vendors respond to your priorities. If you don't care how ugly your application's "How did you find us" field looks, then don't expect your ATS vendor to offer suggestions. Tell them the self-report field is not sufficient. Tell them you want a frequency distribution of sources chosen for specific job families captured across all of the vendor's clients. Tell them you want to be able to configure the field in the same way you configure the specialized questions. Tell them you want multiple layers so that if a job seeker selects job board then and only then do specific job boards (where you know the position exists and no others) appear to reduce the clutter. A choice of "other" must require an explanation. Tell them you want to offer an option to choose a second source.

If you don't mind hand-checking reports from multiple vendors to confirm your new multiple confirmation strategy, your vendor doesn't mind. Tell them to work it out [integrate] or you'll put out a new RFI. Make your contracts reflect the need to integrate multiple vendor technologies within a reasonable specified period or your contract is null and void. Yes, pay for it if you must but do it.

Once you get serious so will they. It will be amazing how robust and user-friendly this area could get.

Final Thoughts

Obviously we are passionate about Source of Hire and have enjoyed reading and learning from the pioneering contributions of Saratoga Institute and EMA as well as the surveys conducted in the past by SHRM, ERE/AIMGroup, Direct Employers and others in making sense of this topic.

Last year we were treated to a great effort from Australia, Source of Talent 2009 study [http://talentsource.com.au/] , by Michael Specht and Paul Tusing. They examined how nearly 100,000 openings were filled. 17 categories! We really encourage you to check it out. They don't look at it the same way in Australia and much of what we think familiar begins to look stranger and stranger the deeper we dive. To illustrate the difference without comment (if you read the report you'll see our comments), their Top Six Sources of Hire are:

Job Boards	- 29.6%
Internal Recruiters	- 16.8%
Corporate Website	- 10.6%
Referrals	- 07.6%
Recruiting Firms	- 06.8%
Internal Promotion	- 06.3%

We love their work and hope they continue developing it. We hope to encourage our friends in the UK, China, India, and elsewhere to consider similar studies.

Just as the 1998 EMA/SHRM Source of Hire study shows us how rapidly we evolved in the last decade, Michael and Paul offer a new challenge for the next decade – improving how we think about our increasingly shared global playing field.

Now, that will require a longer conversation.

About CareerXroads: The Staffing Strategy Connection

Gerry Crispin and Mark Mehler work hard to make a difference by helping highly-competitive staffing leaders engage in meaningful dialogue about their practices, strategies and tactics. They do so primarily through small-group, invitation-only meetings of the CareerXroads Colloquium. [http://www.careerxroads.com/colloquium/colloquium.asp]

Since Gerry & Mark began writing the first of their eight books in 1996, they've been passionate about how firms design and build staffing processes, the technology to enhance them and the systems to manage them. They remain committed to writing, researching and sharing their adventures, opinions and data about evolving staffing models with members of the HR profession, Colloquium members, and friends:

> "We want to know more about the 'playing fields' where candidates and employers meet and we are more than a little curious about how they treat one another: specifically how Job Seekers 'game' their next career move while Employers tout their latest opportunities.
>
> We are always on the lookout for stories about staffing challenges, benchmarks, and results as well as the people who live the stories they tell."

Gerry and Mark do not sit on "for-profit" boards, advisory or otherwise, and have no stock in any of the firms in the industry. Nor do they represent any firms in the industry but their own. Gerry does lead a standards task force as part of his volunteer activities with SHRM.

You can reach Gerry and Mark at 732-821-6652 or mmc@careerXroads.com

You can also find them participating at conferences, or catch their comments on Linkedin, Twitter, ERE, RecruitingBlogs and Facebook…for starters.

More about the CareerXroads Colloquium

The CareerXroads® Colloquium was created in 2002 to bring together corporate staffing professionals who share a passion for critical analysis and sharing what really works (and what really doesn't) in their firms. The group has evolved into a forum for some of America's top staffing leaders and meets six times a year across the country, hosted by members. Regularly scheduled webinars on hot topics, monthly commentary on breaking trends and a variety of research and networking activities ensure that members are armed with information and connections.

For more on CareerXroads and CareerXroads Colloquium go to
http://www.careerxroads.com or
http://www.careerxroads.com/colloquium/colloquium.asp