The Recruiting Funnel, Deconstructed

Key Benchmarks for the Recruiting Industry
Introduction

New technologies, big data, and access to candidate information are revolutionizing the recruiting world.

This explosion in the amount of information is similar to the boom the marketing world saw in the early 2000’s with the introduction of customer data. Now that recruiters finally have access to the same types of information as marketers, it’s becoming more clear that recruiting is marketing. Whereas the marketing world immediately saw the value in this data and latched onto technologies that could leverage the information, the recruiting world is just catching up. The proliferation of CRMs has revolutionized marketing and business development. Creating and maintaining relationships has always been part of a sound business strategy, but that nebulous process has now been operationalized through software like Salesforce. There is a reason the CRM software market has boomed to over $20 billion...it works. Personalizing the process to maintain constant contact and build relationships has been shown to be extremely effective in converting leads to sales.¹
How can recruiters adapt the wisdom and the tools of marketing to simplify and improve hiring?

This is where the recruiting funnel comes in. If a marketing professional’s goal is sales, yours is hires. What is the most effective way to reach out to candidates and successfully convert them to applicants and eventually hires? This question is more relevant than ever when we consider the increasingly transient and tight labor market: 20-24 year-olds have an average job tenure of 16 months and there are three online job postings for every out of work computer professional. The value in good recruiting goes far beyond just rapid hiring: making the right decisions when bringing on employees is essential to future stability, revenue and growth. By using the recruiting funnel as a framework, this difficult question becomes much easier to answer. Breaking down the often long and tortuous process from sourcing to hiring into a series of more defined steps can help to create a series of smaller goals and tasks. These smaller steps create opportunities for you to use metrics to assess what works and what does not, so you can constantly tweak and improve your recruiting process.

So what is the recruiting funnel and why should you use it?

It is a framework for the entire recruiting process to create a never-ending pipeline of candidates so you can find the right people for the right jobs in your company. The five steps of the recruiting funnel are: Employment Brand, Sourcing, Candidate Experience, Candidate Selection, and Insight. In each of these steps, you are engaging with talent to build relationships and networks that will help you to better source, identify, and hire the best candidates. Recruiting in an increasingly tight talent market, with unemployment hovering around 5%, it is more important than ever to have an effective plan to engage with candidates.

We will take you through the recruiting funnel framework to see how each step is an essential component of the whole process and give you strategies to establish and improve your own funnel. Drawing on Jobvite’s massive database of more than 50 million jobseekers and 10 million applications, this guide will not just give guidance, but will provide funnel conversion rate benchmarks, so you can compare and track the performance of your recruiting funnel.
Employment Branding

With unemployment at its lowest rate in years, it is more challenging than ever to reach top talent.

You will need to engage these potential candidates from every angle, through both active and passive sourcing strategies. But before you get ahead of yourself, with how you will be reaching out, you should first define what message you will be using. This begins with employment branding. Having a consistent, engaging employment brand is the first step to establishing a successful recruitment funnel. In LinkedIn’s 2014 Talent Trends Report, 56% of respondents listed employment brand as THE most important factor in considering a new job. So now that you know the importance of a great employment brand, let’s see how to develop one.
Richard Mosley, the man who literally wrote the book on the employer brand, lays out useful steps to assess and improve your brand:

1. Take stock of your present reputation and exposure as an employer. Larger firms may use research firms to present a comprehensive picture, but you can just as easily access social media or job review sites to get a quick survey of prevailing opinions. Do not let the size of your company or available resources discourage you; a recent survey of small companies (less than 1,000 employees) found that “36% held focus groups, 25% used employee surveys, and 13% conducted social media audits.”

2. Once you’ve surveyed the talentscape to measure your brand, lay out a comprehensive and attainable “Employee Value Proposition.” Why should a candidate want to work for you?

3. Now that you have established the key criteria for your brand messaging, share it! Use your own social media channels to give a view into the employee experience and seek both social and conventional media coverage to highlight particular perks. Workplace innovators Nextjump offer an excellent example of how to not just build a great employment brand, but how to publicize it too. In a recent study, Employment Branding International found that the proportion of companies using social media to promote their employment brand has grown 4x, to 76%.

4. Lastly, it is not just your job as HR or recruiting manager to be the sole evangelist for your brand. Make sure your colleagues and employees have an understanding of what makes you special. There is no better way to get your employment brand message out than via word of mouth.

As you can see from these four steps, the main sources of material for your employment brand are the employee experience and the candidate experience (and of course, how they are perceived).

All of these elements of employment brand come together on your career site. As a virtual storefront for jobseekers your site should present a welcoming face to talent, not only through an easy application process, but through specific employee value propositions and a window into the employee experience.
Let’s look at some specific data points that highlight how important your career site is as a gateway to your employment brand:

- The workforce is getting younger and more integrated with technology, so your career site should keep up. Jobvite’s Annual Job Seeker Nation Study revealed that among Millennials, 33% want the ability to apply for jobs on mobile and 26% identified time it takes to complete an application as the most important factor in applying. Optimizing your career site for mobile and quick applications will help you stay ahead of our competitors to connect with top talent.

- Career sites are still one of the top sources for quality hires. Jobvite’s database of 50 million job seekers and more than 10 million applications shows that career sites account for 34% of applications and 22% of hires. Simple UI’s and informative content can make an outstanding first impression with your future colleagues.

- Jobvite’s Job Seeker Nation Study found that in addition compensation, candidates were choosing companies based on: work-life balance (38%), health benefits (36%), growth opportunities (35%), and culture (21%). By presenting an integrated message that introduces talent to company culture, benefits, workplace, and employee experience you are not only introducing future employees, but spurring excitement among applicants and their networks. Your employment brand feeds directly into candidate experience, so make sure to start off right.

In the next two stages of the recruiting funnel, we’ll take a more in-depth look at how improving both employee and candidate experience can provide benefits far beyond your employment brand. The relationship between all of these components makes it clear how important it is to align all the steps of your recruitment funnel to create a healthy candidate pipeline.
Sourcing

You may have drawn in some new applicants with your improved employment brand, but the next step in the recruiting funnel is crucial to developing a healthy pipeline of talent. Let's take a deeper look at sourcing.

Finding the right talent is no longer just a problem of deciding whether to cast a wide net or narrow your search. On top of the tighter labor market, individuals are also jumping between companies more often than ever before. On average, millennials will hold 15 to 20 jobs in their careers! With such high variability in the marketplace it is important to have a dynamic sourcing process that allows you to keep up with talent and engage with them whether they are active or passive candidates. The goal should be to create multiple candidate streams to give you an increased pool to hire the most qualified applicant.

For years the ATS has been the recruiters answer to the CRM. A conventional ATS can only store data, showing you the status of an applicant, but forcing you to go to other software to act on your information and actually connect with candidates. On the other hand, CRM software empowers you to engage with leads and customers through integrated communication and tracking tools. Yet, just as the lines between marketing and recruiting are blurring, so are the lines between these two pieces of technology. A combination of ATS and CRM is the ideal. A platform that is specially built for recruiters with all of the tools you need to track a candidate's application process, while also empowering you to reach out and develop relationships with talent. The advent of social recruiting has made hiring a process where engagement is key.

Whether you are reaching talent through your social media channels, email blasts, or direct correspondence, you need to cultivate relationships in order to build a steady pipeline. This is why some new recruiting software is being branded as CRM as well - only here, the “C” stands for candidate instead of customer. With multiplying means of contact, it is more important than ever to have a platform to help you keep track of your relationships with all candidates. You can really begin to see clear results when you look at your sourcing numbers, but we will see as we move through the funnel recruiting is more like marketing and a simple ATS just won't do any longer. At this step in the funnel we will move beyond ineffective sourcing techniques by showing the power of a platform that functions as both CRM and ATS.
ACTIVE RECRUITING is a multi-channel strategy in which a recruiter will intently pursue talent through posting jobs to websites, search their networks, attend events, etc. to build a steady pipeline of applicants. Some examples of active recruiting are:

Social Job Distribution

Jobvite’s 2014 Social Recruiting Survey showed that 73% of recruiters have hired candidates through social media. By actively engaging with your company’s social media followers through job postings or employer branding content, you are appealing to a pre-selected audience that has already shown interest in your brand. Using your ATS to post directly to your social media platforms, you can better track what social networks not only your best applicants, but your best hires are sourced from.

Job Boards & Career Sites

Job boards (43%) and career sites (34%) are still the largest sources of applications, but when you look at the number of hires, these sources do not necessarily produce the most quality hires. Developing an effective funnel is not just about the number of candidates, but the quality of candidates. However, these two outlets for sourcing active candidates can still be useful. Analyzing sufficient applicant data through your ATS can help you target better candidates in the future with more targeted ads or posting on more specific job boards.
PASSIVE RECRUITING is a strategy whereby recruiters will build their pipeline through talent-initiated actions in which applicants will seek out the company or recruiter. This can also include appealing to your own company to initiate internal hires. Some examples of passive recruiting are:

**Referrals**

A happy employee is doubly valuable to any recruiter. First, they are more loyal to the organization and will typically have a longer tenure, thus reducing the risk of employee turnover you have to spend time and money on. Secondly, they are great ambassadors for your company and can be a great source for referrals. This impact is amplified in the new age of social recruiting where employees can push jobs to their social networks. By empowering employees to refer friends, you are capitalizing on the employee multiplier effect and dramatically boosting your company’s social reach. Efforts to improve your employment brand by enhancing the employee experience can support your sourcing efforts by driving referral applications, while creating exciting, yet realistic workplace expectations to reduce turnover.

**Past Candidates**

If a candidate has applied and been rejected, they clearly have an interest in the company and are worth keeping on file to follow-up with. Your ATS should provide broad metrics to nurture campaigns to connect with past candidates and keep them interested in your organization. Engaging with past candidates can create a new talent stream of passive candidates. In the age of “job shoppers” it is more important than ever to monitor past candidates. A recent Jobvite survey found that 45% of job seekers who are satisfied in their current jobs are also open to new ones. Someone who may have not been the right fit 6 months ago could have acquired the skills for the position you are trying to fill.

**Social Media and Your Employment Brand**

Social media is not just for job distribution for active candidates, but it is also a great way to get your company in front of passive candidates. Updates on workplace improvements or posts that show company culture can entice a candidate who may have been on the fence about seeking employment outside of their current position. A recent Glassdoor survey showed that 94% of respondents “are likely to apply to a job if the employer actively manages their employer brand.”
Sourcing is becoming closer and closer to a quantified science, and with a dynamic (or even predictive) ATS to can track where candidates come from and identify successful engagement techniques, you can begin to pare down to only the most effective practices. Of course once you have attracted the candidates it is important to create a comfortable and easy to understand candidate experience. Let’s move onto the next step in the recruitment funnel to see how you to entice candidates and how to optimize your hiring process over time.

**ACTIVE RECRUITING**

- Social Job Distribution
- Job Board & Career Sites

**PASSIVE RECRUITING**

- Referrals
- Past Candidates
- Social Media and Your Employment Brand
Candidate Experience

So you have identified successful sourcing streams and are swimming in candidates. Now what?

To make sure this is a consistent “problem” and to sustain the never-ending pipeline, it is important to make sure the candidate has a pleasant experience, not just while they are applying and interviewing, but throughout the myriad of ways they are interacting with your brand. Content on social media channels, professional networks, your career site, and job boards are just some of the ways candidates are interacting. These are all avenues you control, but since we have already covered social recruiting through sourcing, let’s focus in on the application and interview process.
The Posting

In a recent TalentBoard survey, the top 5 most important components of a job posting were: job descriptions, salary ranges, benefit details, successful candidate profiles, and career path examples. (source:Jobvite infographic). The overwhelming theme here is clarity. By setting accurate expectations, you are preparing the candidate for what is expected in a successful application, and further down the road - a successful employee.

The Application

Filling in an application can be a tedious process, and time is of the essence for those coveted passive candidates. Put yourself in your ideal candidate’s shoes. Between work and extracurriculars they have very little free time. Maybe on their way home from work, the gym, or an event they browse job listings. It is in this fleeting moment that you can catch a candidate’s attention and convert their idle interest into an application. An analysis of Appcast data found that application rates drop by **365%** if an application takes more than 15 minutes to complete. Reducing the time it takes to apply is absolutely crucial. Of course, a quick application should still be well-rounded. While you can simplify applications for positions that simply require you to capture as many people as possible, be strategic when crafting applications for highly-specific positions. Skilled workers for distinct positions may need longer forms and processes to make sure you are getting the right candidate. To strike a balance between these two extremes, assess your process by measuring your conversion rate with different application types.

A recent LinkedIn study found that when it comes to mobile, **62%** of passive candidates have visited a company site to learn about careers and **53%** have browsed career opportunities on job boards. However, only **24%** of these passive candidates have applied to a job on mobile. That discrepancy in views and applications represents a huge missed opportunity. Optimizing your mobile site to allow for simple applications, or at the very least to contact a company recruiter can be the difference between finding the right employee and an expensive, time-consuming search. A flexible recruiting platform that plugs into your existing mobile site or provides the total mobile careers page experience can turn the application procedure into a one or two-click affair. A platform that lets a candidate apply with their LinkedIn account or a pre-loaded resume can save tons
of time - something that is especially necessary for passive candidates. At the very least you need to provide some way to apply via mobile, and surprisingly, most applicant tracking systems today still don’t offer a mobile optimized experience. It is a given that your career site should be responsive to scale to whatever screen size candidates are using, but equally important is a site that loads fast on every device. A slow-loading application leaves you susceptible to higher drop-off. Choose a recruiting platform with mobile optimized and responsive career pages to make sure your visitors become applicants.

The Rejection

We’ll cover how to select the right candidate in the next section, but an often overlooked piece of the recruiting process is the candidate rejection. If you have posts across several job boards, your career sites, and social media channels you can find yourself inundated with applications—many of which you would have rather not gotten in the first place. But remember, just because someone is not the right fit now, doesn’t mean they won’t be in the future. As we discussed in the sourcing section, in a tight talent market it’s more important than ever to create meaningful relationships with ALL of your applicants. Even those you are rejecting.

So before you ignore a candidate or send a curt email, a recent TalentBoard survey found that 51% of candidates share a good hiring experience on social media, and 34% share bad hiring experiences on social media (source: Jobvite infographic). Ambiguity is often a point of frustration, so be sure to close the loop with candidates, giving them a final decision either through a personal correspondence or your ATS. Providing a respectful, yet firm decision empowers both recruiters and hiring managers in this difficult part of the process. Each applicant should be thought of as a lead. Treat all candidates in a friendly, respectful manner and you’ll see your talent grow substantially.

We have covered the blurring boundary between an ATS and a CRM and nowhere is that trend more apparent in the recruiting funnel than candidate experience. Creating a positive experience by having a clear, simple application process and by acting as a guide to the best candidates will help add to your pipeline. Nurturing relationships with talent will go beyond each individual you connect with. By proactively contacting candidates, you are expanding your recruiting network and creating a comprehensive talent pool to draw from. The benefits of this marketing-based approach will be apparent when you reach the next stage of the funnel - candidate selection.

Remember – the candidates that you don’t hire can be even more damaging than the ones you do.
Candidate Selection

How well can you know a person after a resume, cover letter, and interview?

Some recruiters and hiring managers think these three information sources are enough to hire a new employee. However, with the advent of social recruiting and connected recruiting platforms, you can create candidate profiles that draw on social media profiles, past applications and correspondences, and innovative interview technology. Drawing on all of these pieces of data can help with the absolutely crucial task of selecting a candidate. Let’s look at how each comes into play:

- The days of jobs@yourcompany.com are over...or at least they should be! Downloading resumes from a company email, manually entering candidate information into a static excel sheet, and sharing with your HR team takes valuable time. By using a platform that allows recruiters and hiring managers to share information about a candidate, each person on your team can offer insights and create a more representative picture of an applicant. Jobvite’s platform helped ShoreTel through its early growth phase by streamlining the hiring team’s workflow process. In describing the new software, the company’s corporate recruiter said “candidates are easier to track ... when a task is signed off by one person, it automatically goes to the next, so the ball never gets dropped.” It is this type of seamless information exchange that will create an accurate picture of potential hires.
• Social media profiles can provide a trove of information on a candidate. LinkedIn and Facebook profiles can hold data on job history, recommendations, and interests. Using a recruiting platform that integrates these profiles into a candidate’s application will centralize data and allow you to look beyond the resume. These social channels can help you better identify a personality-fit in ways that were previously impossible. A recent Harvard Business Review study found that as much as 80% of employee turnover can be attributed to bad hiring decisions. Be sure to use all information at your disposal to make the right decision.

• An average phone interview takes about 30 minutes to conduct, but add to that the time it takes to schedule multiplied by several candidates and you have spent a significant amount of your day just to find the time to interview. Coordinating between hiring managers’ and executives’ individuals schedules is a tedious task that takes you away from recruiting. Jobvite’s smart scheduler incorporates all individual schedules to give you availability windows in a matter of seconds. By streamlining the process, you can spend more time to evaluate an interview instead of just setting it up.

• There is no better way to get a sense of a person than an in-person interview. However, coordinating with candidates’ schedules (especially valuable passive candidates), buying flights for non-local interviewees, and setting up complicated video calls can be significant drags on time and money. Culling from Jobvite’s own databases, we found that on average, a single job posting will get 59 applicants. With such a high number of applicants you may want to interview than the average 4 to 6 candidates. Video conferencing can drastically cut down on interviewing costs by saving time and money. Video screening can act as an all-in-one interview that will eliminate the need for separate phone screens and reduce travel costs. Such savings are even more apparent for entry level and commoditized roles like customer service, sales, and marketing. While Skype may work fine, using a platform with integrated video centralizes another piece of the process so you can have all of your existing data while you speak with a candidate and record any updates from your conversation. Recording conversations, tracking correspondences, and keeping a centralized database all call to mind marketing, but you can see they are just as valuable in hiring. Connecting with candidates will help to clarify employee/employer expectations, assess attitude fit, and ensure you’re hiring the right person for the job.
Insight

While we have alluded to it throughout every step, drawing measurable insights from your process is the absolute key to creating a successful recruiting funnel.

In order to create a never-ending supply of candidates, you will need to regularly tweak your model to adjust your content, communication, and approach. Your ATS can form the basis of an incredible knowledge base to draw insights on what is and is not working in your process. Regular reports on how you are sourcing and converting candidates into employees will reveal the parts of your recruiting funnel that need improvement. Let’s take a look at a few metrics that can provide each step of the way.
Employment Branding

- **Employee Referrals**
  By focusing on the quality of your workplace, you can drive employee referrals. Happy employees will recommend their network to join them, so track the number of employee referrals after you have implemented employment branding strategies to improve your workplace.

- **Social media engagement by post type**
  Use services like Klout that track social media engagement to see how different types of posts connect with your audience. Highlighting workplace perks, covering corporate sustainability efforts, or featuring a star employee can boost your employer brand and drive applicants. Social recruiting tools in your recruitment platform can provide metrics for you to derive the relative success of campaigns.

Sourcing

- **Candidates by Channel**
  To keep a healthy talent pipeline you should always assess where your applicants are coming from. Tracking if candidates reached you through job boards, your career site, or referrals is just the beginning. Digging deeper into the data to see where your hires come from and what devices candidates are accessing your application from will lead to more effective recruiting. When you learn from these insights, you can direct your time and resources to the most impactful channels. Use a recruiting platform that will aggregate these sources to give you correct data and present findings in simple reports.

- **Sourcing mix by job**
  Different positions get different types of applicants. Important upper-level management jobs will often benefit from the types of experienced applicants that are often passive candidates. Go beyond candidates by channel and look specifically at each job you are posting. Perhaps a certain recruiting technique is working for one posting that you can apply to a more pressing position.
Candidate Experience

- Applications Started vs. Applications Submitted
  There is no better indicator that your candidate experience efforts are broken than the number of incomplete applications. When a candidate starts then stops an application it is a sign you should simplify the process. Candidate dropoff is especially important when tracking your mobile application experience. You want to appeal to ALL talent, not just active candidates with a tolerance for lengthy applications. The best potential candidates often have the lowest threshold for long and complicated application processes.

- Applications to Interviews Conversion Rate
  The benchmark for applications to interviews is 12%. With this in mind you can assess the quality of candidates your posts are bringing in. Specifying qualifications and expectations can help to weed out under-qualified applicants and draw in serious candidates.

24% passive – active
12% apply – interview
15% interview – offer
89% offer – hired
1.6% top – bottom
Candidate Selection

• **Interview to Hire Conversion Rate**
  The benchmark for interview to hire is **15%**. This can be an indicator of either the quality of candidates or the interview process. Bringing in too many applicants for interviews could signal a lack of position clarity or miscommunication among your team.

• **Total offers vs. Total Offers accepted**
  Currently, **90%** of offers are accepted, however we may expect to see this number fall with the tighter labor market. By having a centralized database of offer contents, you can compare what compensation levels and benefits have been successful in converting candidates to employees.

The next step in recruiting technology is in the field of predictive analytics. We have provided you with benchmarks for comparing yourself with peers, but the next frontier in recruiting is using this big data that have provided baselines to actually predict outcomes. As more data is gathered, your platform should be able to predict things like candidate quality, job description quality, time-to-hire, source-of-hire, etc. without you having to spend valuable time and resources waiting for results.

All of these metrics will provide you with context and feedback on the success of your recruitment funnel. After all, to create a never-ending pipeline of talent, you must have an accompanying never-ending process of refinement and improvement.
Conclusion

As we have shown, each step in the recruiting funnel process is connected.

It all begins with your employment brand where you will introduce talent to your company, and most importantly, let them visualize their place within the organization. By creating a compelling story for applicants to participate in, you are laying the groundwork for the next important step in the funnel--sourcing. Whether you are actively recruiting talent, or have created an attractive employment brand that has applicants flocking to your career site, you will need to reach both active and passive candidates to form the basis for a healthy pipeline. Each jobseeker in your pipeline is a valuable connection--nurturing each relationship through your CRM (remember, the “C” is for candidate now!) will make for a far more fruitful talent pool.

A multitude of sourcing channels with a poor conversion rate means much less than a concentrated stream of applicants that are more likely to become employees. This of course should be your guiding principle in candidate experience, the third step in the recruiting funnel. To reach the best candidates and move them along in hiring, it is more important than ever to optimize the application process. Building a simple application process is key to bringing in the highest number and quality of candidates.
Simplifying the candidate experience from application to interview (and even rejection) will act as a good introduction for future employees and hopefully create connections with those you choose not to hire.

Technology is the name of the game for the two final steps in the recruitment funnel. Social media, video screening, and an accessible platform will make for a much more candidate selection process. Creating and sharing an accurate candidate profile will get your recruiting and HR team synced to make the right hiring decision. Now that you’ve sourced and selected the best candidates it is time to evaluate. While it may technically be the last step in the recruiting funnel, insight it is where your whole process becomes integrated into a positive feedback loop that will consistently nurture your pipeline. Using a platform that provides benchmark metrics on hiring in your industry as a whole as well as your individual practices will allow you to learn from and improve your process. Measuring and assessing your funnel’s performance from employment branding to candidate selection will create a sustainable pipeline that brings in the best talent and reduces the variability in your recruiting efforts.

The slack has come out of the labor market, so it is more important than ever to use recruiting resources to find and hire the right candidates. The funnel is a way to apply the wisdom of marketing to integrate your recruiting and hiring strategy. Taking these lessons and integrating with great recruiting technology will create a sustainable, accountable system that creates a steady candidate pool AND a stable company workforce.
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About Jobvite

Jobvite is the only recruiting platform that delivers real-time recruiting intelligence with innovative technology for the evolving social web. Leading, fast-growing companies today use Jobvite’s social recruiting, sourcing and talent acquisition solutions to target the right talent and build the best teams. Jobvite is a complete, Software-as-a-Service (SaaS) platform, which can optimize the speed, cost-effectiveness and ease of recruiting for any company. To find out more take a tour of our product.

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