

Lean, JIT Hiring & *Eliminating the '7 Deadly Sins of Waste' in Recruiting!*

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Who Are You?



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About – David Szary




- “Fell” into recruiting in 1989!
- First half of career, recruited (and managed teams) in “high tech” industry for small, publicly-held “high-growth” staffing/outsourced service provider.
- In 1997, founded The Recruiter Academy (www.recruiteracademy.com).
- 2009 - founding partner of **LEAN** (www.leanhumancapital.com), combining Recruiter Academy education solution with analytic and process optimization experts.
- Worked with thousands of recruiters from over 2000 companies spanning 8 countries, 40 states and 110 different markets throughout the US *including many of the largest, most respected organizations in the country.*
- Unique opportunity to work with recruiters/recruitment organizations performing in all types of market conditions (don't forget the last down turn and the .com bust) within all major industries.


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The Perfect Storm – is it coming?!

- On the surface - “bright, sunny day in recruiting/staffing”
- What is looming on the horizon?
 - Req. loads return to normal
 - Less resources to get the job done
 - Increased TO as the demand for talent heats up again






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Topics for Discussion

- LEAN, Just-in-Time Hiring
- Management by Data/Fact
- ‘Seven Deadly Sins of Waste’ in Recruiting

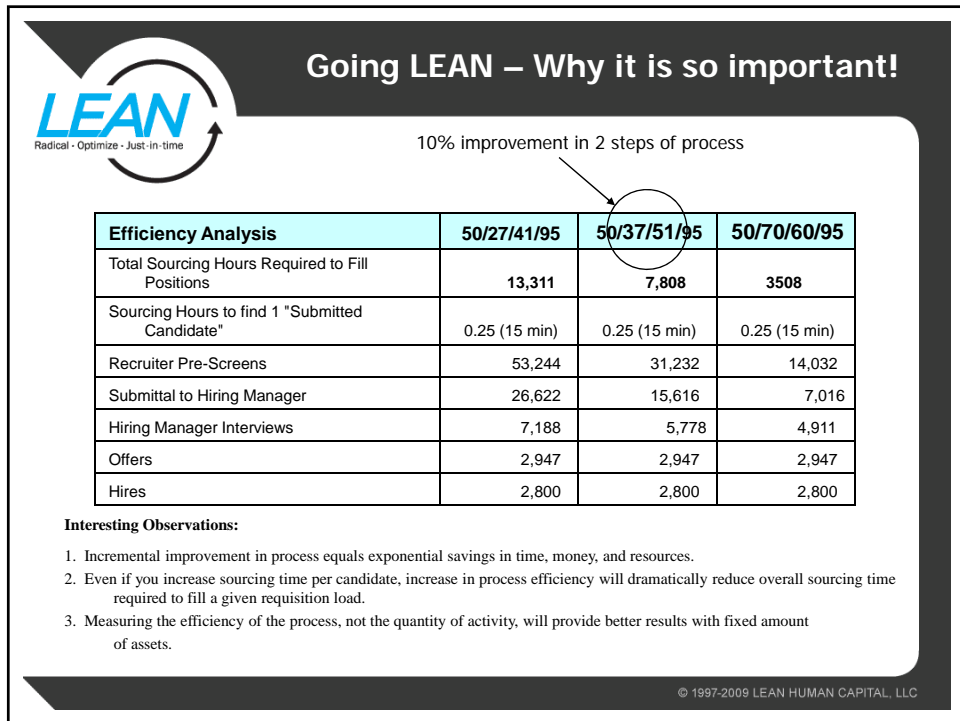
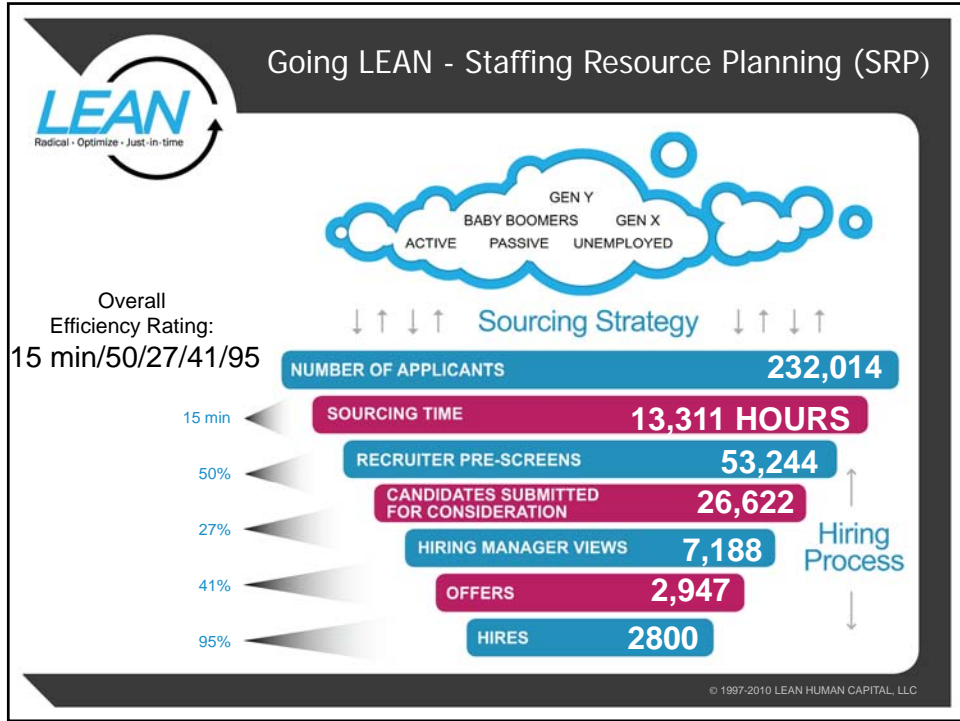
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Why is a LEAN, JIT staffing function so important?

- Thousands of hours are wasted on non-value added, non-revenue producing staffing activities.
- Allows organizations to implement a JIT hiring solution and reduce Cost of Vacancy with less resources and no impact to quality/ delivery of service.

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Going LEAN – Why it is so important!

Impact of Being LEAN / Efficient - Cost Savings

Increase pre-screen – 60%


Efficiency Metrics	50/27/41/95	50/37/51/95	Assumptions	Hours Saved
Total Sourcing Hours Required to Fill Positions	13,311	7808		5503
Sourcing Hours to find 1 "Submitted Candidate"	.25 hour (15 min)	.25 hour (15 min)		
Recruiter Pre-Screens	53,244	31,232	(15 Min to 25 Min/Candidate)	297
Submittal to Hiring Manager	26,622	15,616	(5 to 10 Min/Candidate)	(384)
Hiring Manager Interviews	7,188	5,778	(20 Min/Candidate)	470
Offers	2,947	2,947	(1 Hour/Candidate)	-
Starts	2,800	2,800		
			Total Hours Saved	5886

Increase presentation to Mgr – 100%

Interesting Observations:

- 5886 Hours = FTE Headcount of 3 people
- Opportunity cost: Re-allocate head count to source candidates to reduce TTF/Cost of Vacancy?

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Business Case for JIT Hiring

Why is Just in Time (JIT) hiring so important?

- Increase customer satisfaction and employee morale.
- Decrease in cost associated with turnover, OT, etc.
- Impact on Hiring Managers achieving business objectives:
 - ✓ TTF less than 10 days – Meet 100% of goals/objectives
 - ✓ TTF 30 days – Meet 75% of goals/objectives
 - ✓ TTF 60 days – Meet 50% of goals/objectives
- Most importantly – Cost of Vacancy (especially with critical-to-fill positions).

Example – Healthcare Registered Nurse

- # of hires/year: 540.
- Cost of Vacancy (provided by finance): \$430/day.
- Ave time to hire currently: 50 days.
- Total Cost of Vacancy: \$11.6mm
- Reduce time to hire by 20 days (30 days TTF).


\$4.6mm cost of Vacancy Reduction

Example – Radiology

- Cost of Vacancy (provided by finance): \$1378/day.
- Ave time to hire currently: 90 days
- # of hires/year: 50
- Reduce time-to-fill by 25% to 67.5 days.

\$1.5M Cost of Vacancy Reduction


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JIT - Staffing Resource Planning (SRP)

- Holding customers accountable - starts with a production schedule/workforce plan
- *“Tell me what you need and when you need them by . . . I can quantify the resources required to get the job done”*
- AKA – Materials Release Planning (MRP)

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Aligning Workforce Planning with Business Strategy 'Annual Hiring Initiative' Initiative


Management by Data – Case Study

- Hiring Need: 2800 hires/Annually
- Production Schedule: Roughly 233/month - 2010 calendar

Staffing Supply Chain - Process Efficiency:

- Recruiters route roughly 50% of candidates they pre-screen to hiring Managers.
- Hiring managers interview 27% of the candidates submitted for consideration
- 41% of the people interviewed would be extended an offer
- 95% of the candidates receiving offers would actually start
- Sourcing time required to find an interested/qualified candidate: 15 minutes.

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Staffing Resource Planning (SRP)

Process Efficiency Metrics

Recruitment Process Efficiency Metrics	Current State	
	Efficiency Metrics	# of Candidates Needed
# of hours to source, pre-screen, presentation	0.25	
Pre-Screen Interview to Candidate Submitted Ratio	50%	19.02
Candidate Submittal to Hiring Mgr. Interview Ratio	27%	9.51
Hiring Manager Interview to Offer Ratio	41%	2.57
Offers to Hire Ratio	95%	1.05
	2800	1

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Staffing Resource Planning (SRP)

Pure Time Study – Recruitment Process

Recruitment Process Time Study	# of Hours	Total # of Hours Spent per Hire
Hours spent Prescreening	0.25	4.8
Hours spent Submitting	0.1	0.8
Hours for Hiring Manager Interview & Feedback	1.0	2.6
Hours for Offer Creation, Delivery and Acceptance	1.0	1.1
Hours Spent Onboarding	0.5	0.5

Based on Efficiency Rating: 15 min/50/27/41/95

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7 Sourcing Specialists
17 Talent Specialists

Recruitment Process Efficiency Metrics	Current State	
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	2800	1

Recruitment Process Time Study	# of Hours	Total # of Hours Spent per Hire
Hours spent Prescreening	0.25	4.8
Hours spent Submitting	0.1	0.8
Hours for Hiring Manager Interview & Feedback	0.8	1.9
Hours for Offer Creation, Delivery and Acceptance	0.8	0.8
Hours Spent Onboarding	0.5	0.5

Recruitment Resource Planning/Allocation	SLA Days	
	Internal	365
# of Hires		2,800
# of Sourcing Hours Required		13,312
# of Recruitment Process Hours Required		24,532
Total Recruitment & Resource Process Hours		37,845
# of FTE's Required to Meet Hiring Objectives		24.3

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SRP - Aligning Resource Planning with Annual Planning/Business Objectives


Management by Data – Case Study

Determining the FTE headcount required to meet annual hiring objectives.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
# of Sourcing Specialist	7	7	7	7	7	7	7	7	7	7	7	7
# of Selection Specialists	17	17	17	17	17	17	17	17	17	17	17	17
Number of Recruiters/FTE	24	24	24	24	24	24	24	24	24	24	24	24
Sourcing Hours/Day	54	54	54	54	54	54	54	54	54	54	54	54
Sourcing Hours/Month	1301	1301	1301	1301	1301	1301	1301	1301	1301	1301	1301	1301
Hires/Month	233	233	233	233	233	233	233	233	233	233	233	233


of people dedicated to Sourcing: 7
of people dedicate to 'Recruitment Processing': 17

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Staffing Resource Planning – Sourcing Specialists - Staff Allocation per job category

# of hires	Business Units	Headcount
387	Admin Support non-clinical	0.9
474	Allied	0.8
56	Behavioral	0.2
90	Business non clinical	0.3
175	Clinical support	0.5
244	Facility-Security-Support Svc	0.7
22	Optimeyes	0.0
72	Leadership-Mgt	0.2
1246	Nursing	3.7
60	Research	0.1
2826	Total	7.4

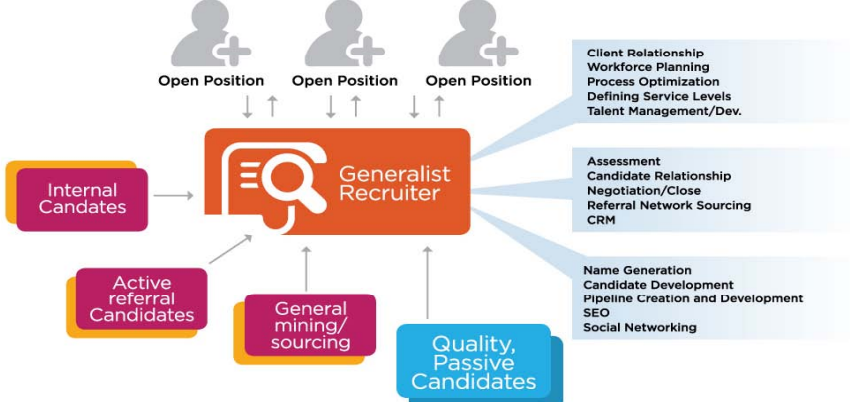
They were only given 7 

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Staffing Resource Planning (SRP)

Challenges of “Generalist” Organizational Structure

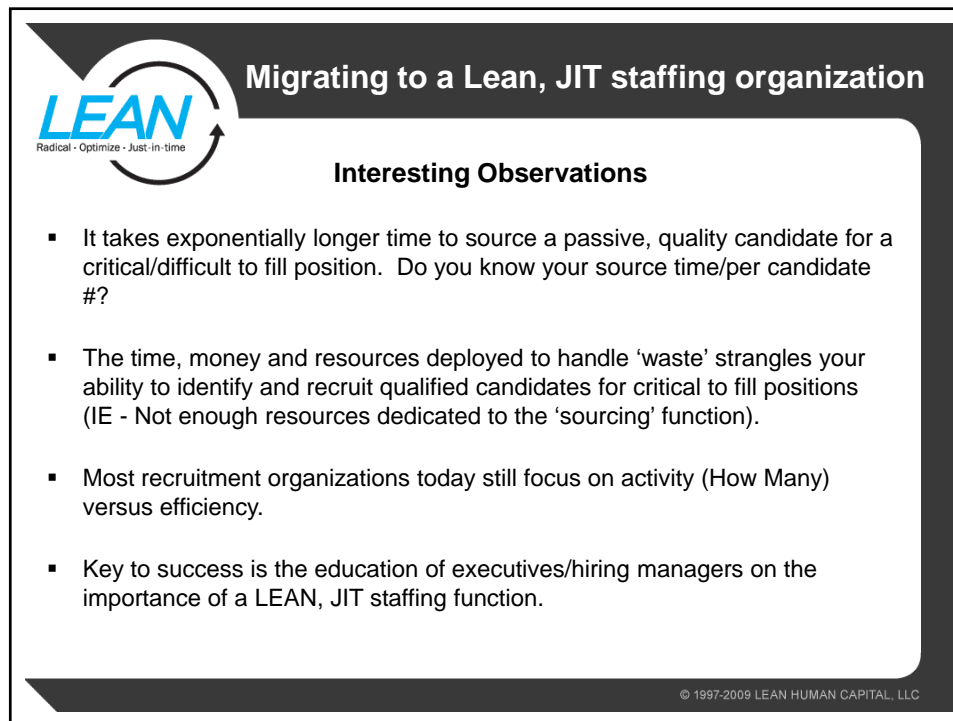
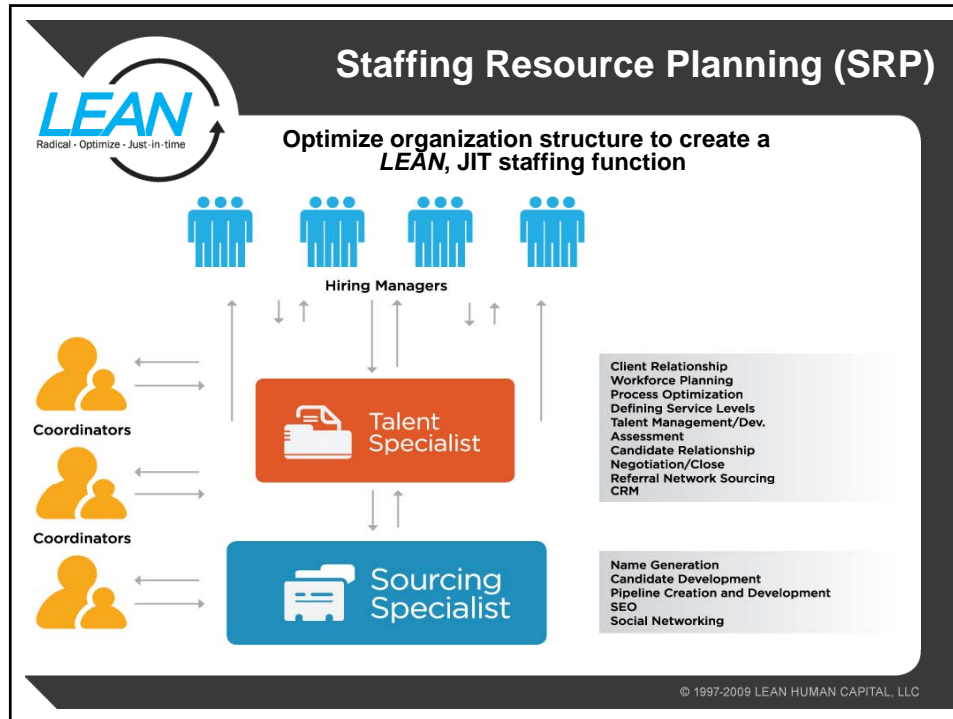



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graph TD
    IC[Internal Candates] --> GR[Generalist Recruiter]
    ARC[Active referral Candidates] --> GR
    GMS[General mining/sourcing] --> GR
    QPC[Quality, Passive Candidates] --> GR
    GR --> OP1[Open Position]
    GR --> OP2[Open Position]
    GR --> OP3[Open Position]
    GR --- C1[Client Relationship, Workforce Planning, Process Optimization, Defining Service Levels, Talent Management/Dev.]
    GR --- C2[Assessment, Candidate Relationship, Negotiation/Close, Referral Network Sourcing, CRM]
    GR --- C3[Name Generation, Candidate Development, Pipeline Creation and Development, SEO, Social Networking]
    
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▶ Applicant flow from Internal/Active/Referral candidates does not allow most corporate recruiters the time required to identify, recruit and maintain relationships with passive/not looking candidates.

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**Lean, Efficient Staffing –
Eliminating Waste!**

***How many of you have
used a structured
methodology for
process improvement?***


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7 Deadly Sins of Waste

- Eliminating waste/errors is the foundation of continuous improvement (CI) methodologies such as the Lean/Six Sigma, Theory of Constraints, etc.
- These are proven methodologies to *ELIMINATE WASTE* and *CONTINUALLY IMPROVE* every operation in your organization.
- They are built on the foundation of *CUSTOMER SATISFACTION*, *EMPLOYEE EMPOWERMENT* and *MUTUAL RESPECT*.

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7 Deadly Sins of Waste - Definitions

‘Silent assassins’ of quality, responsiveness and cost effectiveness

1. **Defects:** The effort involved in inspecting for and fixing defects
2. **Overproduction:** Production ahead of demand
3. **Over Processing:** Due to poor tool or product design creating activity
4. **Motion:** People or equipment moving more than is required
5. **Waiting:** Waiting for the next production step
6. **Inventory:** All components, work in process, and finished product not being processed
7. **Transportation:** Moving products that are not actually required to perform the task

DOOMWIT!

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Defects

Defects: The effort involved in inspecting for and fixing defects.

<p>Examples:</p> <ul style="list-style-type: none"> ▪ Poor quality candidates <ul style="list-style-type: none"> ▪ That don't pass initial pre-screen/test/assessment ▪ Routed to hiring managers that don't get interviewed ▪ Don't pass hiring manager assessment ▪ Don't accept offer ▪ Poor candidate experience leading to poor brand perception <ul style="list-style-type: none"> ▪ Applied but never communicated with ▪ Interview with Recruiter, Manager, etc. ▪ Data input errors (ATS to HRIS) ▪ Candidate interview, travel logistics 	<p>Solutions:</p> <ul style="list-style-type: none"> ▪ Structured HM Intake Session ▪ Detailed, thorough candidate pre-screen/assessment process ▪ Candidate 'preparation' routine ▪ Candidate 'de-brief' and 'offer' process ▪ Structured process for travel, data entry, etc.? ▪ If you think you have a problem with defects in a certain part of your process, do you have a key metric to measuring performance?
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Motion/ Transportation

Motion: People or equipment moving more than is required.

Transportation: Moving products that are not actually required to perform the task


Examples:

- In-person interviews (versus phone/video)
- Candidate 'handling' – coordinator – recruiter – coordinator – hiring manager – recruiter – coordinator – HR
- Onsite versus remote recruiting

Solutions:

- Video interviews especially for out of market candidates
- Staffing Process Flow Analysis?
- Remote recruiting. Does the recruiter need to meet with candidate as well as hiring manager/HR (Overproduction?). Are you more efficient? Does this improve quality of hire?

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Over Processing

Over Processing: Due to poor tool or product design creating activity


Examples:

- Multiple pre-screens, assessments, interviews
- Multiple people involved in behavior interview process
- Drafting emails, finding data, entering data

Solutions:

- Staffing Process review. Are you really less efficient and/or does quality suffer with less assessment process?
- Do a pilot case study for proof of concept.
- Challenge mindset that a better decision results from more people in behavior interview process
- Accessible file structure for finding data on positions, selling points, etc.
- Save "email templates" for repeat use

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Waiting

Waiting: Waiting for the next production step.


Examples:

- Applicants that apply
- Hiring Managers sitting on candidates
- Background/reference checks

Solutions:

- Automated response that is “high touch & “high tech” - *Candidate Summary Process*
- Education of; and adherence to a defined SLA policy
- Candidate Presentation
- Automated, candidate-driven reference check process?

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Overproduction/ Inventory

Overproduction: Production ahead of demand.

Inventory: All components, work in process and finished product not being processed.


Examples:

- Posting all positions on large job boards. How much does it really cost?
- Routing multiple candidates to interview
- Developing a slate of candidates for positions that go on hold

Solutions:


- Understand source of hire for each position (90% filled internally?) before posting
- Post only to your website (simplyhired & indeed pick up posting already)
- For “high volume/employee” positions, don’t fall into the 3 to 1 trap
- Charge back for positions that go on hold?

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Candidate Summary Sheet Process

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Candidate Summary Sheet Process

Most often, online job descriptions either do not specify the requisite skills/competencies required and/or candidates do not provide the information in a format that makes it easy to identify a “match” (on paper).

Utilize our Summary Sheet Process to:

- Provide candidates with an opportunity to “opt” into the process and quantify how they fit the position.
- Provide recruiters with an ‘executive summary’ of the candidates skills and how they align to the essential requirements.
- Provide recruiters with an effective ‘candidate presentation’ to increase interview rates(reduce waste/inventory) and decrease time to fill (waiting).
- ***Eliminate Defects, Waiting, Inventory, etc.!!***

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Candidate Summary Sheet Process


The key success factors of this pre-screening method are:

- Personal touch.
- Detailed level of information requested (no “yes/no” assessment questions).
- The executive brief – ‘side-by-side’ analysis – summary format.
- They answer the questions – not you!

Process:

- For all candidates that apply, you immediately send a pleasant warm response.
- Leverage ATS, outlook (if possible) to auto send email response.
- When the candidate sends back the sheet, you can then take appropriate action.

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Candidate Summary Sheet Process

Initial Response

Thank you for your interest in _____.


Outlined in the attached Candidate Summary Sheet you will find the minimum requirements for this position. To expedite the hiring process, please complete the Summary Sheet and return it along with the most recent copy of your resume.

We will provide feedback within 3 business days after receipt of this information.

Thank you for your time and interest in _____!

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Candidate: Mike Evans		Date: 1/05/09
Position: Retail Branch Manager		
Essential/Required Skills		Candidate's Related Skills
1. 4+ years experience managing a retail/consumer banking operation. Preferred experience with directly/indirectly managing small business relationships.		1. 13 Years + management experience with inside/outside selling to consumers and businesses. Currently, I work with small and large businesses, recruiting them for one or all of our products and continuing existing relationships by being visible.
2. Demonstrated ability to show sustained portfolio growth (savings & investments, checking, lending, etc.) year after year (please provide statistics if relevant).		2. Last year, we achieved 125% growth in our core deposit category. We achieved 114% of our Investment Revenue growth with me being licensed as the Investment Rep. We exceeded our Mortgage Origination goal by 118%.
3. Proven track record in increasing customer base and products per customer (please provide statistics if relevant).		3. In the first quarter of 2003, our branch led the region of 28 branches in Core Deposit growth percentage after concluding 2002 at 125% of our goal. We have gone through 3 mergers in 4 years & retained just about our entire customer base through great customer service.
4. Proven ability to be creative/resourceful in developing new business by leveraging centers of influence (accountants, attorneys, etc.), community relations, etc.		4. I am an active member of the Rotary Club, Chamber of Commerce & Builders Association. Through these groups, I have acquired mortgage applications by word of mouth & gotten to know a few local attorneys who gave us business.
5. Demonstrated "player/coach" leadership skills including talent management, mentoring, coaching, performance improvement, etc.		5. I have been a "hand on" manager from day 1. I get involved in the selling of my customers as well as managing the people around me, teaching & coaching.
6. Bachelor's Degree, preferably in accounting, finance or Business Management.		6. Bachelors Degree in Business Management License in Series 6, 63 & Insurance
General Comments:		
I am a team-oriented person who strives to achieve and surpass any goal given. I am on the phone & out of the office a lot during the course of a week, recruiting new businesses and servicing existing ones. I manage the bank and do the Investments in the branch since I am licensed in my Series 6, 63 & Insurance. I get involved with the customers in my branch, making small talk and getting to know them. I do not like to sit in my office and look at reports.		
Recruiter's comments:		
Jim seems to be a true "salesperson". As noted above, he seems to be a "hands-on" guy that loves to be out of the office selling. He is very active in his community. Ideally - would stay in his area (South Hills) to leverage his existing network. Current Compensation: ▪ Base Salary: \$57,600		




Implementing a CI Culture – Compelling Thoughts

- *“A continuous improvement process never stops. It wasn't implemented just once. Its constant improvement, constant innovation and constant elimination of extra steps. The most important principle is that this is not a four-month project. You will see benefits, but you must do it continually.”*
- *“Lean initiatives begin with identifying and standardizing a process. “Try to think of your business as repetitive. Once you have that identified – think of how long someone stays in that process, the waste being created, the dissatisfaction occurring, the impact of that person staying in that process.”*
- *In manufacturing no one sees how things get made. They probably don't care. But in staffing/hiring – customers see the process and it is extremely personal. So if your service doesn't track customer dissatisfaction you might never know what people think about your organization.*

Source: <http://knowledge.wharton.upenn.edu>


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Management by Data/Fact - Observations

- *"Can't manage what you don't measure"*
- Do you measure - - process efficiency? time to source a quality candidate? time to process candidate? Cost of Vacancy? time saved/lost by eliminating "waste", customer dissatisfaction?
- Convert metrics from time, %, #'s into - - \$\$\$ to great compelling business case and/or to quantify ROI.
- Culture/team not ready to "jump in"? - - start with pilot program - Baseline current performance to future performance.


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Definition of Insanity

***Doing the same thing over and over
and expecting different results!***


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Next Steps - Recommendations

- Educate your organization/executive stakeholders on the importance of eliminating DOOMWIT (we can help if you like!).
- Do a Lean Staffing Process Audit to eliminate – DOOMWIT!
- Make sure you are tracking the right metrics to measure & drive process improvement initiatives.
- Remember this is a journey not an 'event'. This is about developing a culture passionate about process excellence and life-long learning!


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LHC : Take-Aways!

- Examples –SLA document, Intake Session Form, CSS Process.
- Access to our free resources – info@leanhumancapital.com
- Sign up for our weekly educational blogcast – info@leanhumancapital.com
- If you cannot track process efficiency metrics, please contact us for a low cost solution.


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Benchmark Study – History & Purpose

- Presented principles of Lean, JIT recruiting at 2009 Annual NAHCR Conference in Seattle.
- Overwhelming interest in principles and access to relevant, benchmark data specific too:
 - Staffing process excellence
 - Supply Chain Process Efficiency
 - Organizational structure/staffing optimization
 - Impact of Cost of Vacancy
 - Performance Scorecard/ROI metrics

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Early Adopter – *Benefits of participation*

- What you will receive as an Early Adopter participant:
 - Free benchmark analysis of your current staffing process and organization structure.
 - Identification/recommendations to remove 10+% waste from your current process.
 - Proposed solution (if relevant) to help migrate to “best in class” industry performance.
 - Free access to our 2010 benchmarking study.
- For more information, please contact us:
info@leanhumancapital.com.

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