



Searchlight

How Quality of Hire Drives Organizational Value

Why Quality of Hire is Juice Worth the Squeeze

Keith Rabois, CEO and Co-Founder of OpenStore and an early executive at Paypal, LinkedIn, and Square, wrote that “the most successful companies understand that their business performance is tied to hiring quality and retention.” So then, how do you improve hiring quality and retention? One of the best ways is by looking at Quality of Hire. Keith emphasizes, “Quality of Hire means focusing on outcomes, and it’s a critical metric that CEOs should insist on tracking to ensure the right people are in the right roles.”

This guide will explain how Quality of Hire drives business value and why measuring it can be transformative for recruiting, hiring, retention, company culture, employee performance and more.



What is Quality of Hire?

Quality of Hire (QoH) is the impact that each person has on their organization. It's not a new metric, but until recently it was challenging for HR or People Analytics teams to measure it for a variety of reasons. It can identify employees that are likely to be more successful at an organization, and allow that organization to measure and manage company culture through hiring. Because QoH quantifies the value that recruiting and hiring brings to the organization, it helps the talent acquisition group (whether that's a department or an external recruiter) become a strategic function of the business.

This value comes from money saved by avoiding attrition and backfills, as well as additional value produced by successful employees that the hiring team has brought in and set up for success. This extra value can be significant. One Searchlight customer found that fine-tuning their hiring process resulted in improved Time to Productivity, increased productivity and output, and increased retention that generated **1.5-4x ELTV for each employee overall**.

How Does Quality of Hire Drive Value?

QoH equips HR and talent leaders with information on the outcomes of their hires. This lets them shift from measuring success based on speed metrics to measuring success based on quality metrics and how well new hires are contributing to the business. This data creates value in several ways:

- **Focusing on the quality of hiring instead of speed drives better business outcomes.** Without Quality of Hire, talent teams default to measuring Time To Fill as the primary metric for success. But some of the most important roles are the hardest to fill and should take longer. For example, an organization may hire dozens of Support Associates each year but only one Director of Engineering. Focusing on Quality of Hire will orient the recruiting team on finding a Director of Engineering that has the most positive impact on the business, fastest time to productivity, and the best cultural addition to the company, instead of trying to fill the role quickly.
- Organizations can improve their recruiting and hiring process using this data to **attract and hire candidates more likely to thrive** at their specific organization. For example, if they learn that more collaborative employees have a higher QoH, they can rework their job descriptions and interview questions to focus on this characteristic.
- **Speeding up onboarding and decreasing turnover.** The data gathered to track QoH helps HR identify struggling new hires early during their onboarding process, so they can receive additional attention and coaching to get back on track. This can also be used to improve employee's relationships with their managers.
- Tracking QoH **identifies the great hiring managers, recruiters, and interviewers** at the organization helping them hire the right people. Hiring is a team sport and it's important that you know who is the best at hiring on your team. Measuring QoH can reveal which team members are doing well and may be able to teach the others. On the other side, it can identify hiring team members that might need more training or support.



All of these targeted improvements result in stronger new hires, faster onboarding, greater employee lifetime value, and ultimately better business performance. Some of the benefits Searchlight customers have seen by improving QoH include:

- Online education provider Udemy increased first year new hire retention by 20%.
- Digital mortgage closing platform provider Snapdocs saved \$3M+ in recruiting costs, and generated \$3M+ in increased revenue because of increased performance.
- B2B online auction platform B-Stock improved Time to Fill for Customer Success roles by 40%, ramped new hires faster, and reduced 90-day attrition and misalignment rates.

Measuring QoH allows hiring teams to create a virtuous cycle of talent



Avoiding Bias

Along with measuring Quality of Hire, organizations should also audit their talent processes to ensure they don't bias against any marginalized communities. Bias leads companies to wrongly screen out great candidates and build homogenous, lesser-performing teams.



What Can Organizations Learn by Measuring Quality of Hire?

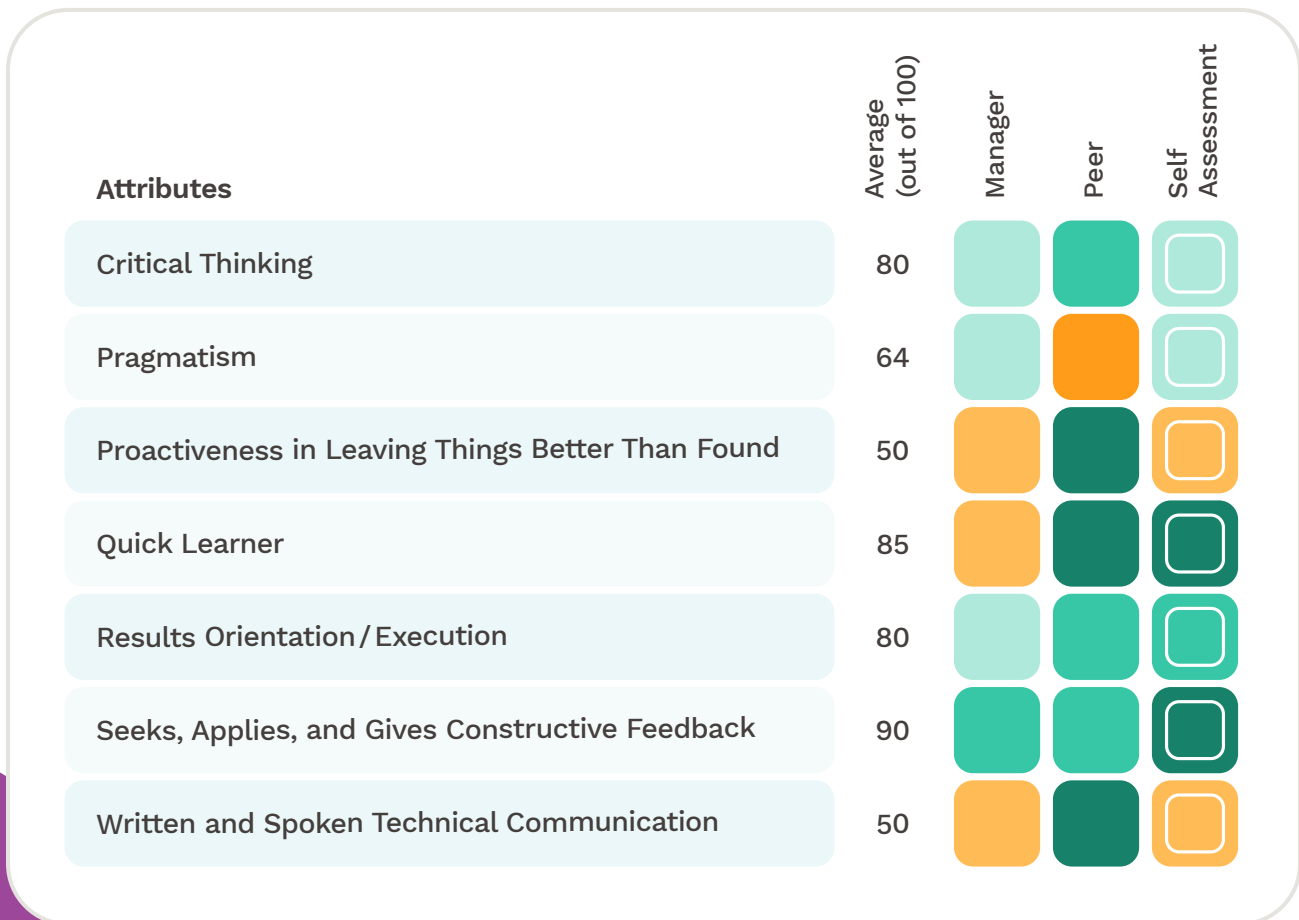
Quality of Hire sounds great, right? But where does the rubber meet the road? What specifically can organizations learn about themselves by measuring it? We're glad you

asked! Here are two concrete examples of invaluable insights Searchlight customers learned from measuring QoH.

Power Skills For Success

One customer found that new hires with **certain power skills were associated with higher QoH** (Dependability, Being Personable, Enthusiasm, Strategic Thinking, and Independence). They also found that their company culture was significantly less innovative than Searchlight's benchmark for tech companies, but that more innovative hires tended to have a higher QoH. By contrast, new hires that were more detail-oriented tended to be associated with a lower QoH.

This data **builds a picture of what types of employees tend to excel at their organization**, and gives them valuable information about their company culture. Many organizations don't measure predictive attributes and their culture in a data-backed way. Once our customer had this information, they started managing their culture proactively and adjusting their hiring processes to interview for a quantified, specific set of traits.





Differences Between Teams

Measuring QoH can also **reveal patterns and problems with specific teams or groups**. For example, a global organization with 1000 employees learned that QoH was lower on the engineering team and lower among non-US hires. This gave them the chance to reflect on why the talent and onboarding programs

for these groups might be less effective, and work to fix the problem if desired. There were also differences in QoH across geographies and certain start months. Without measuring QoH, these potential problems wouldn't have been uncovered.

Quality of Hire by Team





What Specific Actions Can Organizations Take Based on These Insights?

When measuring QoH reveals challenges and opportunities, the next step is taking action. Here's how some Searchlight customers have improved their processes based on QoH data.

The first step is to **reflect on the findings** — why might a particular team have a higher or lower QoH than average? Do the power skills associated with high QoH line up with how the company sees itself? Then, the organization can **adjust its recruiting, hiring and onboarding processes** to attract and retain candidates that are likely to be successful. Here are some ways Searchlight customers have done this:

- Revamp interview questions and scorecards to focus on the Power Skills that predict future success for each department or job function.

- Personalize onboarding for each new hire, with extra focus on certain employee groups with low QoH.
- Create dedicated moments during onboarding to discuss the organization's values with new hires to increase feelings of alignment and belonging.
- Use QoH dashboards to determine which recruiters, departments, etc are the best at identifying great talent and ensure that they are rewarded and incentivized to interview more.

Searchlight believes that measuring QoH is juice worth the squeeze — we hope this guide helps convince you of this as well.

To see how Searchlight can help customers improve hiring quality and efficiency, [click here](#) to schedule a demo.

