

# The True Cost of Recruitment



One of the biggest expenses in every industry is recruiting. The price of hiring or replacing employees is no minor line item, yet it's also often ignored. Why? Because in a record low unemployment market, finding and retaining the best workers is as competitive as ever, and it's difficult to quantify all of the different factors that add up to the true cost of recruitment.

It can cost employers more than \$6,700 to replace a worker who makes \$15 per hour.

What makes that number particularly scary? That annual turnover for hourly workers can be as high as 49%.<sup>1</sup>

## What Does That Mean?

At that rate, turnover alone for a **50-person workforce** could cost you more than **\$168,000** per year.

That seems like a massive number, but digging into all of the small factors that contribute, it makes sense. Let's take a look at what makes these numbers add up.

## Turnover Rate By Industry

32%

Hospitality<sup>2</sup>

33%

Warehouse<sup>3</sup>

20%

Manufacturing<sup>2</sup>

60%

Retail<sup>4</sup>

# Cost 1: What You Miss Out On

In the United States, it takes an average of 24 days to fill an open position.<sup>5</sup>

## Average Time-To-Fill



Every day your positions sit empty is a missed day of productivity. But the ripple effects spread much farther.

## Effects

- Lost Productivity
- Overwork
- Disengagement
- Errors
- Underutilization

## How much does this cost?

It varies widely based on your business and how much additional value (ROI) each of your team members create. And it's the missed return on your vacancies that can be the most expensive. Here are the basics:

Hourly Wage		\$15
Hours Per Day	x	8
Overhead (35%) <sup>7</sup>	x	1.35
ROI Per Employee	x	1.5
Average Days-To-Fill	x	24
		= \$5,832
Overwork	+	?
Disengagement	+	?
Errors	+	?
		= \$\$\$\$

## Takeaway

A vacancy for a worker earning **\$15 per hour costs you at least \$5,832** in missed revenue and underutilized resources alone.

## Cost 2: Replacement Costs

On top of lost revenue from having open roles, there are a variety of expenses associated with hiring a new employee.

### Time

- Posting The Job
- Reading Applications
- Screening Candidates
- Interviewing
- Onboarding Paperwork

And time can cost more than you expect.

For a Human Resources Manager to spend just **10 hours** on your hiring process, you will spend nearly **\$500 on their time alone.**<sup>8</sup>

### Tools

Expenses don't stop at time. The actual tools used to post and publicize a job, verify a candidate's background, and onboard them all come at a price.



Job Posts



Background Check



MVR Check



Drug Screen

### How much do these tools cost?

Human Resources Time		\$500
Craigslist <sup>9</sup>	+	\$40
ZipRecruiter <sup>10</sup>	+	\$249
Background Check	+	\$35
MVR Check <sup>11</sup>	+	\$20
Drug Screen <sup>12</sup>	+	\$45
		<hr/>
		= \$889

Overall, between HR's time and basic hiring tools, employers spend at least \$889 filling just one position. With added costs for missed productivity and workplace impact, it's no surprise how quickly the expenses climb when recruiting new employees.

### Adding Up The Numbers

To replace one \$15 per hour employee, it costs:

Lost Productivity & Underutilization	\$5,832
Time and Tools	+ \$889
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	= <b>\$6,721</b>

Then, there's an additional factor that we haven't considered yet...

## Cost 3: The Price of a Bad Hire

Not every new hire will be the right fit. This might not seem like a huge concern to start, but over time, bad-fits can have a massive impact on your workplace, draining your resources and increasing your turnover rates.

In all, the cost of a bad hiring decision can be as high as 30% of the worker's annual wage.<sup>13</sup>

**Using that estimate, the cost of a bad hire earning \$15 per hour is more than \$6,700.**

How does this end up so high? There are a few things to consider:

- Low Team Morale
- Strain On Other Workers
- Short Tenure
- Increased Errors
- Lower Productivity
- Time + Stress For Management

### What You Get With Bluecrew



Save Time



Save Money



Increase  
Quality



Reduce  
Frustration

### How Bluecrew can help

Our leading staffing technology platform simplifies the recruitment process to help you save time and money. With more than 300,000 qualified workers on our platform, we are able to fill 95% of open positions within hours.

Recruiting on your own	Recruiting with •• bluecrew
Recruiting Cost: \$6,721+	Recruiting Cost: \$0
Hourly Wage: \$15	Hourly Wage: \$15
Start Date: 24 Days (Average)	Bluecrew Rate: 40% Mark-up*
	Start Date: Tomorrow



In other words, every employee you hire who makes \$15 per hour has to work for approximately **6 months to break even on your recruiting cost alone.**

**Learn more about what Bluecrew can do by scheduling a demo today at [bluecrewjobs.com/employers](https://bluecrewjobs.com/employers).**

\*This is a typical rate across the nation, but your company may receive a different quote based on your location, workers' comp rates, and the types of jobs you are hiring for. Please get in contact with a Bluecrew sales representative for your customized rate.

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