How to Build a Hiring Plan
Introduction

Without a doubt, your company’s most important asset is its workforce. After all, these are the people responsible for designing, building, marketing, selling, and supporting whatever your company’s products or services might be. Any objective you have as an organization hinges on the effort of your employees—so when you set your sights on increasing sales and revenue, you also need to consider whether you’re adequately staffed to drive and sustain the growth you want.

Workforce planning can be a daunting task, but it’s vital to ensuring that you can achieve company goals as efficiently as possible. Through the use of key metrics and worksheets, this book will help you calculate your hiring needs for the next 12 months. We will demystify the primary questions surrounding the creation of a functional hiring plan, including:

- **How does hiring relate to our goals?** We’ll look at your corporate and departmental goals and see how they affect your workforce numbers.
- **How many people do we need?** Next, we’ll look at Revenue per Employee in conjunction with your goals to determine an optimal headcount for reaching goals.
- **How do we break that down by department?** We’ll then shift attention to your departmental priorities, so you can be sure to hire in the most efficient order.
- **How fast do we need to hire?** Finally, we’ll see how quickly you need to bring new hires on board in order to reach critical milestones on time.

Let’s begin.
START WITH GOALS

First things first: We need to investigate your company’s objectives and the timeframes in which you expect to meet those objectives. This is a fundamental step in ensuring that your hiring plan closely aligns with the company’s most strategic goals.

In particular, think about which objectives will have the biggest impact from recruiting efforts (or the lack thereof). These will tend to be goals related to “increasing results like revenue, profit, product innovation, market share and the stock price.” It stands to reason that a projected growth in revenue or adding new international offices, for example, would necessitate an expanded workforce.

On the first worksheet, we’ll identify these goals.

HOW DO I KNOW IF I NEED TO HIRE AT ALL?

In addition to obvious plans for growth, there are other signals that may indicate the need for additional headcount, including:

Decreasing in Revenue per employee (See page 5 for more details)

- Increase in turnover rates
- Decline in productivity in a specific area
- Complaints from staff about being overworked
- Increase in the customer base
- New product or service launches
- Competitive pressure
- Need for new skills

Worksheet 1: GOALS

Write any relevant corporate goals below, being as specific as possible with respect to growth.

Examples:
Grow international sales by 10% in Q315.
Increase total revenue by 26% in the next 12 months.
Hit revenue target of $350M by 2018.

Annual goals:
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Quarterly goals:
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3-5 year goals:
________________________________________________________________________________________________
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In looking at these objectives, what is your expected revenue growth (dollars or percentage) for the next 12 months? What is the ultimate revenue goal?

Current annual revenue: $5,000,000
Goal revenue for FY16: $15,000,000
Expected 12-month revenue growth: $10,000,000 or 150%

Current annual revenue: ________________
Goal revenue for FY _____: ______________
Expected 12-month revenue growth: _______________ Revenue goal: $ ___________________
HOW MANY PEOPLE WILL YOU NEED?

The question of how many people you will need to hire in an upcoming timeframe is perhaps the most crucial one to answer when drafting your hiring plan. After all, it costs a significant amount of money to source, recruit, and hire new employees. You want to be conservative when estimating a new headcount prediction—but, at the same time, you need to be certain that you account for every key position.

Many factors will ultimately influence the number of people you can hire. Budget, of course, is a major concern. You can’t hire more people than you can afford, even if you desperately need them. Likewise, you might be limited by geography, the need for highly specialized skills, or even seasonal swells and dips in the need for your products or services.

In general, however, you can get a good indication of the number of employees you need to hire by analyzing metrics related to Revenue per Employee (RpE). We’ll do this on the following worksheet.

TEMPTATIONS ABOUND

Faced with certain situations, it can be tempting to hire too many—or too few—people.

Don’t accidentally overhire when...
- Unemployment rates get high
- Profits are unexpectedly high
- Competitors are close on your heels
- New technology hits the market

But don’t automatically underhire just because...
- Budget is tight
- Some departments fly under the radar
- You think productivity should be higher
- You’re not looking far enough ahead
Worksheet 2: PREDICTING HEADCOUNT

On this sheet, we’ll use your expected revenue goal from Worksheet 1 in conjunction with your average Revenue per Employee to estimate how many new employees you’ll need to meet future revenue objectives.

Current annual revenue/# of employees = Revenue per Employee (RpE)

Example:
$5,000,000/500 = $10,000 RpE
____________________ / ________________ = ________________

Revenue goal/ RpE = Total # of employees needed

Example:
$15,000,000/$10,000 = 1500 employees needed
____________________ / ________________ = ________________

(Total # of employees needed) – (current # of employees) = # of new hires needed

Example:
1500 – 500 = 1000 new hires needed

____________________ / (__________) = _________

For simplicity’s sake, we’ve started here with a 1:1 ratio between revenue growth and headcount increase (i.e., if you’re tripling revenue, you will triple headcount). This won’t always be the case, however. Look at your company’s RpE and workforce growth over a period of several years. You might find that, historically, when revenue grows by 100%, headcount has only grown by 70% with no obvious gaps or loss of productivity. This would then become a ratio of 1:.7 (i.e., if revenue doubles, headcount increases by only 1.4 times). Overall, you are looking for a pretty clear picture of the scale at which you will need to hire in order to accommodate your planned growth.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>REVENUE</th>
<th>HEADCOUNT</th>
<th>% REVENUE CHANGE</th>
<th>% HEADCOUNT CHANGE</th>
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BREAKING IT DOWN BY DEPARTMENT

Another pressing issue, of course, is the prioritization of each department’s hiring needs. Every department head or hiring manager will likely make a case for his or her team, but you can’t always accommodate everyone. Here are a few guidelines:

- Start by looking at which departments have the most strategic impact on achieving company goals. If your organization needs to boost sales in order to hit a specific revenue target, for example, you’re going to place a higher priority on filling sales positions than you will on other departments with less influence in this area. Sales will need the additional headcount to increase its workload.

- You’ll also want to look at how your current workforce is divided by department, and then assess whether or not it’s aligned with your strategic impact ranking. Have your most strategic departments felt under- or overstaffed? Have they historically met their objectives, or have there been gaps? Will the strategic impact of specific departments be changing significantly in the coming months? In addition, look for any relevant benchmarks to help you determine where your staffing falls in terms of industry standards.

- Finally, look at the revenue goals for each department where applicable. How does this compare with current headcount and your RpE? Note that if a department’s goals are more strategic than they are revenue-based, you’ll want determine how these strategy directives tie into your current and predicted headcount. Have you been able to meet strategic goals historically, or have there been gaps?

We’ll work through some of these questions on the following worksheet.

BUT WON’T SOME DEPARTMENTS OR EMPLOYEES FEEL DEVALUED IF I PRIORITIZE HIRING?

“The short and simple answer is that prioritizing mission-critical or key jobs positively impacts everyone and hurts no one. By focusing on these jobs, the organization optimizes its chances at success which in turn helps drive job security, enhanced rewards (bonuses), career advancement opportunities, and reputation for all. Being on a winning team raises every participant’s value in the marketplace for labor.”

Dr. John Sullivan

http://www.ere.net/2012/03/26/how-prioritization-can-maximize-hr%E2%80%99s-business-impact-part-1-of-2/
Worksheet 3: DEPARTMENT NEEDS

Using your RpE as calculated on Worksheet 2, complete the following table to assess the approximate revenue of each department with your current headcount. Add more rows if needed.

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>RPE X</th>
<th>CURRENT HEADCOUNT (AVG)</th>
<th>CURRENT REVENUE (AVG)</th>
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Now complete the following table to rank your departments by strategic priority, with 1 being the most strategic to company goals in the next 12 months.

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY</th>
<th>DEPARTMENT</th>
<th>CURRENT HEADCOUNT (AVG)</th>
<th>REVENUE GOAL FOR NEXT 12 MONTHS</th>
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<td>5</td>
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How do your revenue goals for each department compare to the approximate current revenue of each department based on your RpE? Are there any significant gaps to fill? If your objectives are more strategic in nature, how has your ability to meet these objectives mapped to your headcount? List any areas of concern below.

_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
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Now let's calculate the approximate number of employees you will need to hire in each department to close those gaps.

Revenue gap (revenue goal – current revenue) / RpE = # of projected new hires

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>REVENUE GAP (REVENUE GOAL - CURRENT REVENUE)</th>
<th>/RPE</th>
<th>= # OF PROJECTED NEW HIRES</th>
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<tr>
<td>EXAMPLE: SALES</td>
<td>$300,000</td>
<td>/$10,000</td>
<td>= 30</td>
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Do these new hire numbers sound feasible to you? If you add them up, how do they compare to your headcount prediction from Worksheet 2?

Notes:
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
HOW QUICKLY DO YOU NEED TO HIRE?

Answering this question will help you determine the order in which you should hire new employees and the length of time that will help you minimize the cost-per-hire. You’ll want to take into consideration your quarterly, annual and long-term goals, as well as any other relevant performance metrics or KPIs.

For example, say you need to increase sales by 200% next year. Your average sales cycle is 40 days, while your average time-to-hire for sales representatives is 20 days.

Having these metrics on hand will help you make some assumptions about how quickly you will need to bring new reps on board in order to meet your goals. As an added bonus, this assessment might also help you uncover some important inefficiencies in your hiring process that you can work to correct.

Other factors—including turnover and competition—will likewise play a role in how quickly you need to hire. On the next worksheet, we’ll explore these issues.
Worksheet 4: TIMING IS EVERYTHING

Let’s start by gathering some critical metrics. Fill in the following blanks.

Average time-to-hire = _____________  Average cost-per-hire = _____________

*Bear in mind that these numbers may vary depending on the position. If you need to account for multiple positions, that’s fine.*

Which goals (company or department) are the most time-critical?

Q1: ____________________________________________________________________________________________________
Q2: ____________________________________________________________________________________________________
Q3: ____________________________________________________________________________________________________
Q4: ____________________________________________________________________________________________________

Which departments are most impacted by these goals, and what were the projected number of new hires for each department (from Worksheet 3)?

<table>
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<tr>
<th>QUARTER/TIMEFRAME</th>
<th>DEPARTMENTS IMPACTED</th>
<th># OF COMBINED NEW HIRES</th>
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Based on average time-to-hire, when you will need to begin & complete hiring for each quarter’s needs?

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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Based on average cost-per-hire, what will it cost each department to complete all projected hiring?

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<th>DEPARTMENT</th>
<th>Q1</th>
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Extra priority

Are there any key positions currently vacant that must be filled ASAP?

_________________________________________________________________________________________________________

Do you have urgent competitive needs?

_________________________________________________________________________________________________________

Are you anticipating seasonal or short-term spikes in demand?

_________________________________________________________________________________________________________
PUTTING IT ALL TOGETHER

Using information from the previous worksheets, let’s paint a picture of your upcoming hiring plan.

Based on goal revenue of _______________ in FY __________, we will need to hire a total of ______________ employees.

Let’s break that down by department.

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th># OF NEW HIRES</th>
<th>PROJECTED COST</th>
<th>HIRE DEADLINES BY QUARTER</th>
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Jobvite: Your One-Stop Solution

Obviously, every company will have its own specific situations, metrics, and objectives. Calculating your exact hiring needs will require additional planning—and, in many cases, additional expertise. This set of worksheets is meant to provide you with some perspective on the factors that influence your hiring plan, as well as how you budget for hiring and the timeframe in which you expect to hire.

If your hiring plan raises some red flags, don’t be alarmed. Jobvite technology can help you recruit smarter, decrease time-to-hire and related costs, and meet your hiring expectations more efficiently—without sacrificing the quality of talent you need to meet company goals. Jobvite’s complete recruiting platform powers today’s fastest-growing companies with SaaS-based software solutions for applicant tracking, candidate relationship management, and social recruiting.

For more information, or to access a free trial, contact [email] today.