

by Allen Anderson

Placement Ratios

Many job developers and managers that I consult with have been unaware of the use of prospecting/placement ratios to guide their activities.

Although these types of equations are standard in sales, they tend to be under-used in job development. Prospecting/placement ratios are used to predict sales requirements and the outcomes that will guide sales planning for both the job developer and the placement manager. These ratios make planning simpler because they give a clearer sense of what is going on in the prospecting/sales activity and the inter-relationship of these activities.

There are three steps to selling to an employer. The first is making the initial contact (generally a cold call); the second is following up on the employer's initial interest (following a lead); and the third is getting the hiring decision (closing the sale). These three steps have a sequential ratio. Activity in the first step directs the potential activity in the other two. Understanding the direct ratio of these steps relative to one another will tell you where to apply your efforts and how well those efforts are working.

Determining this prospecting/placement ratio should be one of the first evaluation activities undertaken by the job placement. The question is: what is the direct ratio of contacts to leads to jobs. Let me give you an example.

Let's say you send out 200 direct mail letters to employers. You have therefore made 200 contacts with employers.

Your response rate is 25 employers, who tell you they want additional information. You now have 25 leads to employers who will potentially hire.

After meeting with these 25 interested employers, 5 decide to hire your candidates. You now have 5 jobs.

Your prospecting/placement ratio is 200 contacts to 25 leads to 5 jobs.

Given your ratio, you can determine the amount of contacts you must make to generate the number of leads which will result in your targeted number of jobs.

By working the ratio in reverse from your targeted number of jobs. You can predict the scope of your prospecting and sales efforts. If you need 10 jobs a month and your ratio is 200 : 25 : 5, then you can project that for every 10 jobs you will need to make 400 contacts and generate 50 leads. Given this quantity of contacts and leads, you must decide what prospecting method will generate these numbers within the required timeframe.



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Tip: Your ratio should be higher than 100 : 10 : 1. If it is not, you have some serious issues in your prospecting or selling (areas of very high unemployment excepted). Should the ratio between contact and leads be high but the ratio between leads and jobs low (i.e. 100 : 25 : 1), you are hitting the general market needs in the contact but failing to sell the individual employers. If the contacts to leads numbers are low but the leads to job ratio is high (i.e. 100 : 6 : 4), you are missing the main market needs but are doing well in the individual selling once the interested employer is identified. The ratios give you a quick check and prognosis for your prospecting and selling efforts.

When you are dealing with repeat business (selling to an employer who has hired before), the ratios get much higher. This is because you are much better informed about the market and can specifically target your approach to the exact needs of the employer increasing the likelihood that a contact becomes a lead, then a job.

Understanding your prospecting/placement ratio is crucial to understanding the pragmatics of your success and failures in your strategies of persuading employers to hire your candidates.

