



2017

Inside the Recruiting Funnel: Essential Metrics for Startups and SMBs

Introduction

Ever feel like you're being too picky when you interview candidates? Like your phone screen process is too lax? Or like you evaluate far too many people for each role?

We examined a year's worth of data across 600+ companies with under 200 employees and approximately 1.5 million candidate considerations, to find out how efficient small to midsize companies really are when it comes to hiring.

Curious about how the recruiting process changes when you're considering referrals versus applicants? Engineers versus salespeople? We looked into that, too.

Whether you are a freshly minted startup or an established business that's been around for many years, read on to see how your recruiting funnel stacks up against your peers. Gain insight into how a candidate's likelihood of advancing from stage to stage varies by their origin (how they entered your hiring funnel) and role (what function they're a candidate for).

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Glossary

Before we dive in, let's define a few of the terms we'll be using repeatedly throughout this book.

Candidates

Applicants are candidates who actively apply to an opportunity (either through a job board or careers page).

Referred candidates (or referrals) are introduced to the company through current employees and supporters (board members, partners, etc.).

Sourced candidates (also known as passive candidates) are those who are proactively approached by someone at the company (whether a recruiter or someone else) for a role.

No prizes for guessing that **agency candidates** are candidates found via third-party recruiting agencies.

A candidate's **origin** is how they entered a company's pipeline: applied, referred, sourced, or via an agency.

Stages

When we refer to **new candidates**, we mean candidates from every origin who are at the very top (stage zero, you could say) of the recruiting funnel, i.e. they are in Lever but haven't been screened, interviewed, or advanced forward in the recruiting process.

When a new candidate makes it to the first step in a company's recruiting process, they enter the **screen stage**, which includes all activities before a candidate interviews onsite. Common screens companies use include resume screens, phone screens, and "homework" assignments.

The **onsite interview** stage encompasses all activity from when a candidate comes onsite for the first time, to before they receive an offer. If a company gives out a homework assignment, schedules a coffee chat, or conducts reference checks after an onsite interview, for example, those activities are included in the onsite interview stage.

No surprises here: candidates in the **offer** stage have offers in hand, but haven't accepted them yet.



Conversion rates

by origin — all candidates

The most selective stage – in terms of percentages – is the very top of the funnel. Only 17% of new candidates ever make it to a screen, whereas about 30% of candidates who are screened and who come onsite advance to the offer stage.

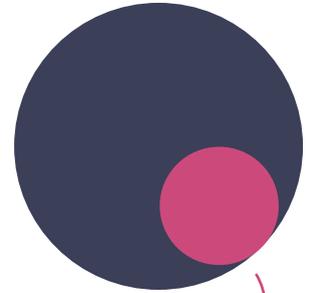
Keep in mind that extending an offer doesn't make it a done deal. Candidates turn down offers almost one-third of the time, so be sure to keep your candidate experience strong (and continue the process with other candidates) until the offer letter is signed and beyond.

1.2% of all candidates are hired

1. All candidates

17%

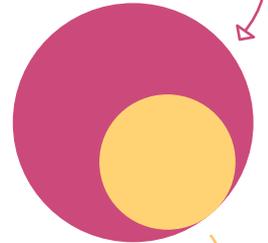
of all candidates make it to the screen stage



2. Screen

32%

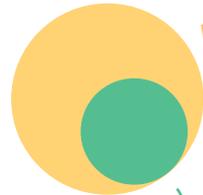
of all candidates who are screened come onsite



3. Onsite interview

31%

of all candidates who come onsite receive an offer



4. Offer

69%

of all candidates accept their offer



1. Applicants

13%

of applicants make it to the screen stage

2. Screen

28%

of applicants who are screened come onsite

3. Onsite interview

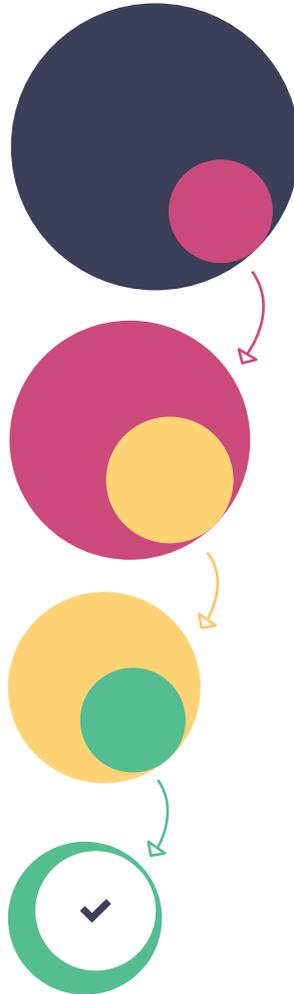
30%

of applicants who come onsite receive an offer

4. Offer

69%

of applicants accept their offer



Conversion rates by origin — applicants

Applicants are the least likely candidates to advance past submitting a resume, with only 13% selected for an initial screen.

Once an applicant makes it to a screen, however, their screen to onsite and onsite to offer rates are roughly consistent with the average. This indicates that recruiters are screening their applicants consistently with other candidates. And the myth that applicants are somehow ‘desperate’ is debunked in that their offer acceptance rate is in line with the average – making them equally discerning as candidates who originate elsewhere.

0.8% of applicants are hired



Conversion rates

by origin — referred

A whopping 57% of referrals are screened, which is well over three times the average conversion rate. Perhaps employees do a little mental pre-screening themselves before making a referral, upping the quality. Also, recruiters may be motivated to give referrals a good experience – or simply the benefit of the doubt. From there, half of all screened referrals are invited to an onsite interview (roughly one-and-a-half times the average), and 42% of them receive an offer (about one-third higher than average).

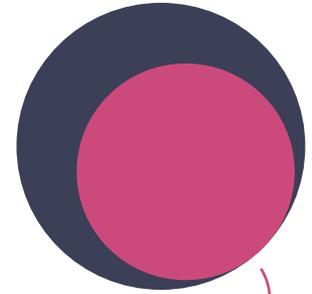
In all, 12% of referred candidates receive an offer, and 8% are ultimately hired. Somewhat surprisingly, the offer acceptance rate among referrals is in line with candidates who get to that stage from other origins, so the relationship a referral may have to someone at your company doesn't necessarily translate to higher offer conversion.

8% of referred candidates are hired

1. Referred candidates

57%

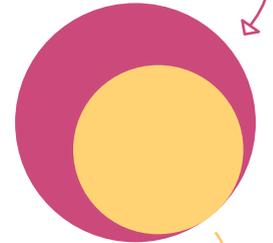
of referred candidates make it to the screen stage



2. Screen

50%

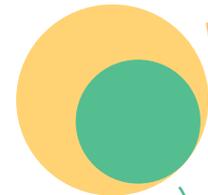
of referred candidates who are screened come onsite



3. Onsite interview

42%

of referred candidates who come onsite receive an offer



4. Offer

67%

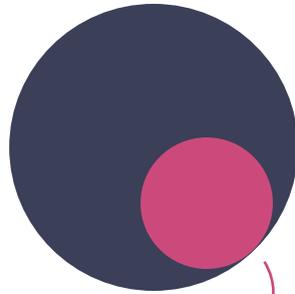
of referred candidates accept their offer



1. Sourced candidates

21%

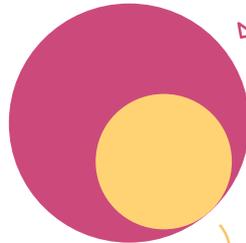
of sourced candidates make it to the screen stage



2. Screen

33%

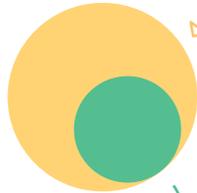
of sourced candidates who are screened come onsite



3. Onsite

31%

of sourced candidates who come onsite receive an offer



4. Offer

69%

of sourced candidates accept their offer



Conversion rates by origin — sourced

Sourced candidates have about a 60% better yield to the screen stage than applicants, with 21%, compared to 13%, progressing to a screen. That's impressive, considering sourced candidates are passive. From there, sourced candidates' conversion rates are the same or better than applicants.

By the time passive candidates make it to the offer stage, they are just as likely to accept as any other type of candidate, even proactive applicants. So if you're worried about your chances of wooing sourced candidates, don't — you can clearly win them over during the process.

1.6% of sourced candidates are hired



Conversion rates

by origin — agency

Companies move forward with screening candidates submitted by agencies well over half of the time, implying they are just as attractive as referrals in the early stages.

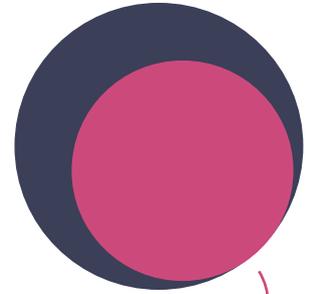
Interestingly, a relatively high number of agency candidates (39%) are invited to come onsite, but only 23% receive an offer, which is far below the average. Companies may want to consider tightening their screening process for agency candidates in order to save their team time down the line.

3.9% of agency candidates are hired

1. Agency candidates

59%

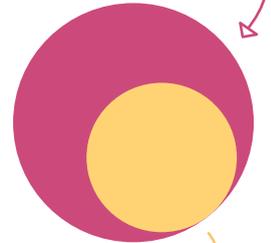
of agency candidates make it to the screen stage



2. Screen

39%

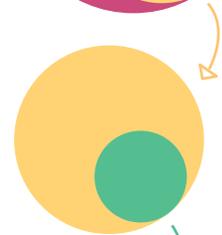
of agency candidates who are screened come onsite



3. Onsite interview

23%

of agency candidates who come onsite receive an offer



4. Offer

67%

of agency candidates accept their offer



A few insights by role...

1. New candidate → screen

Sales candidates (25%) are the most likely to receive a screen, with average or above-average conversion rates across every origin.

Among the least likely to make it to a screen are design (13%) and recruiting candidates (14%).

Origin matters. Conversion rates among applicants for these roles are below average; only 8% of design applicants and 10% of recruiting applicants make it to the screen stage.

2. Screen → onsite interview

Again, sales candidates have the highest conversion rate, with 44% of screened candidates progressing to an onsite.

Engineering candidates face the toughest screening process. Nineteen percent of all engineering candidates are screened, but only 26% move to the onsite stage.

This indicates that recruiters may be more willing to give underqualified engineering candidates a shot than they are for candidates of other roles, but that they aren't willing to pass engineering candidates who don't meet the bar through to the onsite stage.

It may be helpful to flip back to page 4 to reference averages across all roles.

3. Onsite interview → offer

Conversion rates across roles even out by the time candidates reach the offer stage, but there are still slight differences.

Account management, business development, and operations candidates receive offers at the highest rate (32%), while product management (26%) and design (27%) candidates receive offers at the lowest rate.

4. Offer → to offer acceptance (hired!)

There are more noticeable differences by role in offer acceptance rates.

Customer success candidates accept their offers at the highest rate (78%), followed by design (76%), then sales (74%).

Engineering (59%), product management (63%), and business development candidates (63%) accept their offers at the lowest rate.

In other words, be prepared for almost half of your engineer offerees to turn down their offers.

Conversion rates

— by company size

Employees	1-20	21-50	51-100	101-200
Applicant to screen	19%	17%	18%	15%
Screen to onsite	32%	33%	29%	33%
Onsite to offer	29%	32%	31%	32%
Offer to hire	66%	69%	71%	69%

Surprisingly, conversion rates appear to remain fairly constant as companies scale.

There are a few mild variations. Companies with 101-200 employees have the lowest conversion from applicant to screen, which makes sense considering bigger companies are usually more well-known and thus more likely to attract a larger number of applicants, who in turn need to be vetted on the path to finding 'the one'.

Also, the smallest companies in our sample have the lowest conversion rate from offer to hire, making it especially important for companies with 20 or fewer employees to make sure they don't let up until their offeree accepts.

But the long and short of how conversion rates vary by company size within this segment is: They don't much.

Hire ratio

— by stage

Need to go to bat for more resources, like additional tools or headcount? An incredible amount of work goes into every hire. One way to build your case is to add up how much time it takes you to do all of the things to the right, then assign a dollar value to your and your team's time. Also, consider efforts that aren't captured here – like writing a job description, candidate sourcing and scheduling, employer branding efforts, and job board and agency fees.

Predict how much time (and therefore money) new resources could help you save, or how much more efficient you could be.

Note: Applicant and screen numbers to the right are rounded to the nearest whole number.



It takes an average of...



To make **one** hire



It takes an average of...



To make **one** hire

Hire ratio

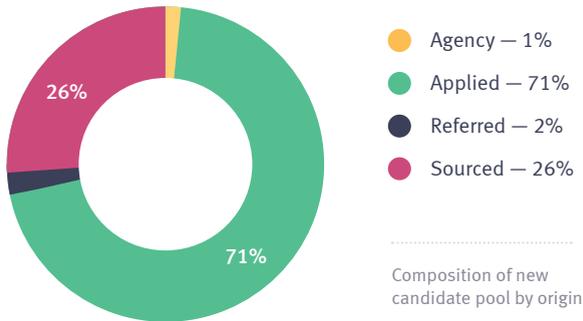
— new candidate to hire

Hire ratio signals efficiency. The fewer candidates you have to consider per successful hire, the better.

But it's also important to bear in mind the factors we can't see here, like cost and time. For example, depending on your budget and priorities, sorting through 128 "free" applicants who applied via your careers page may be a more viable option than paying an agency fee, or vice versa.

One thing's for sure: referrals consistently stand out as an absolutely stellar origin of hire. But be careful to avoid the classic referrals trap: building a monoculture comprised solely of people from similar backgrounds and prior jobs who know one another. Instead, push your employees to think broadly about referrals and go beyond their most immediate relationships, so that you end up with a more diverse and higher-performing team.

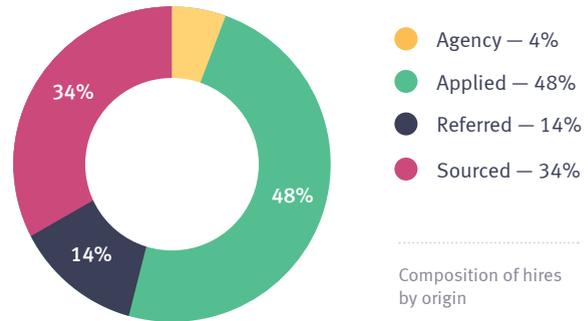
Candidates — by origin



In analyzing the hire ratios from new candidate to hire, it's also important to consider candidate volume.

Applicants have the lowest hire ratio, for example (1 in every 128 applicants is hired), but represent 71% of the average company's candidate pool. Instead of investing fewer resources in applicants, consider investing in the right strategies, like targeted employer branding or stronger job descriptions that clearly convey what you're looking for, to increase the overall quality of candidates who apply.

Hires — by origin



Companies can still leverage insights from hire ratio data to optimize their processes and focus their resources.

Referrals, for example, represent 2% of the candidate pool but 14% of hires. At world-class organizations like Lyft, referrals can represent as many as 40% of hires. If that goal feels out of reach, remember that you don't have to get there overnight. If a company stepped up its employee referral program and filled its pipeline with 4% referrals, you can imagine that their hiring efforts would see a healthy boost in efficiency.



Companies screen an average of...



To make **one** hire

Hire ratio

— screen to hire

As an applicant, being screened is a big deal. Once a candidate makes it to the screen stage, their odds of progressing to subsequent stages are much closer to the average across all origins. Our usual suspects – referrals – continue to show greater efficiency.

Hire ratio

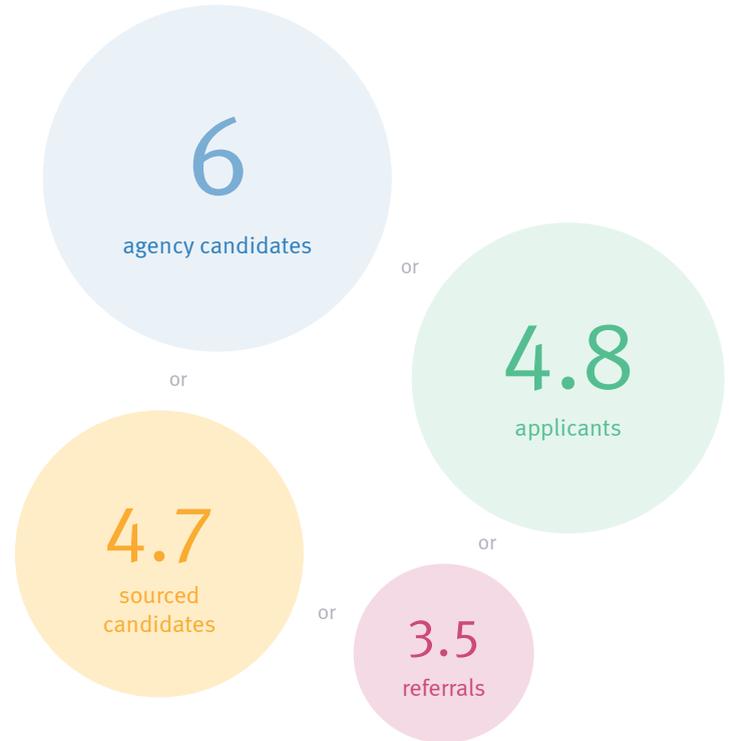
— onsite interview to hire

Given the time and number of team members involved in the typical onsite interview, interviewing even one less candidate makes a meaningful difference.

Here, we see that it takes fewer onsite interviews with referred candidates to make a hire than with candidates of other origins, while applicants and sourced candidates are neck and neck, with agency candidates slightly above.



For every onsite interview, it takes an average of



To make **one** hire



For every offer, it takes an average of



To make **one** hire

Hire ratio

— offer to hire

A candidate's origin has little effect on their likelihood of accepting an offer.

The important takeaway, as mentioned earlier, is that nothing is guaranteed until an offer letter is signed. Regardless of whether you've extended an offer or how confident you are in a candidate, continue the hiring process with other candidates until your 'yes' is confirmed, and – to be on the safe side – find a way to keep in touch between the 'yes' and the start date, to lessen the risk of anyone renegeing on their offer.

A few insights by role...

1. New candidate → hired

The number of candidates it takes to make a hire varies significantly by role.

Recruiters should concentrate most heavily on filling the top of the funnel for engineering, design, and product management roles – which take an average of 120, 114, and 111 candidates, respectively, to make one hire.

On the other end of the spectrum, recruiters have a higher chance of filling the following roles, with fewer candidates: Sales (1 in 44 hired), customer service (1 in 65), and account management (1 in 68).

2. Screen → hired

With the same patterns carrying over to screens, engineering, design, and product management roles take the most screens per hire – 23, 19, and 16, respectively.

Sales roles require the fewest screens per hire (11), followed by customer service (12), and account management and marketing (13).

.....
It may be helpful to flip back to page 12 to reference averages across all roles.

3. Onsite interview → hired

The roles that require bringing the most candidates onsite to make one hire are product management and engineering, at 6.2 and 5.8 onsites per hire, respectively. The roles that take bringing the fewest candidates onsite are customer service (4.3) and account management and operations (4.4).

4. Offer → hired

See page 9.

A note on reference checks...

Seventy-three percent of companies in our data set perform reference checks. Of the candidates who get reference checked, 95% receive an offer and 65% accept.

So while reference checks aren't changing outcomes in most cases (assuming that companies only reference check candidates whom they want to hire), they do influence the decision 5% of the time. That's consequential, considering the steep cost of a mis-hire.

Hire ratio

— by company size

Employees	1-20	21-50	51-100	101-200
Applicants per hire	86	84	90	85
Screens per hire	16	14	16	13
Onsites per hire	5.2	4.6	4.6	4.4
Offers per hire	1.5	1.4	1.4	1.5

Note:

Applicant and screen numbers are rounded to the nearest whole number.

Average hire ratios are roughly consistent by company size, but there are a few differences worthy of note.

Once candidates reach the screen stage, the process is slightly tougher for candidates at companies with 1-20 employees – taking 16 screens and 5.2 onsite, on average, to make a hire.

Conversely, the process eases up at companies with 101-200 employees – taking 13 screens and 4.4 onsite interviews, on average, per hire.

Apply these insights

Determine if your recruiting goals are realistic and whether you have the appropriate resources

Headcount planning is an essential part of business strategy; you can't hit your ambitious goals without the employees who will help you get there. If you don't have your own data at your fingertips, use our benchmarks to consider the work that goes into every hire (86 new candidates, 15 screens, 4.7 onsite interviews, and 1.5 offers, on average). Can you realistically hit your headcount goals given your current team and resources? If you're a founder or executive at a young team, what's the value of your time; could it be spent better elsewhere?

It might be time to adjust your goals or invest in additional resources (like tools or headcount) that will help you hit them.

Maintain a healthy pipeline

It's costly to run a full recruiting cycle, come up dry, and start back at square one. Equipped with benchmarks on how many candidates you need, on average, at every stage of the process, you can focus your efforts to stay on track. If you've received 100 new candidates and have still only passed 10 on to a screen, for example, it's worth continuing to invest in the top of your funnel.

Always be selling

Evaluation is a two-way street, and candidates reject offers at the not insignificant clip of about 1 in 3. Every interaction counts, so give things like timely communication, engaged teammates, transparent negotiations, and overall candidate experience the attention they deserve. After all, 80–90% of talent say a positive or negative interview experience can [change their mind](#) about a role or company.¹

If you're not already doing reference checks, it's time to start

Reference checks uniquely position you to unearth information that you didn't discover throughout the rest of the interview process, and lead to a "no hire" decision 5% of the time. Considering how costly mis-hires can be (41% of employers in one study estimated a single bad hire costs \$25K, and 25% estimated as high as \$50K or more) the additional investment in doing references to avoid a poor hire seems well worth it.²

¹ [LinkedIn, 2015 Talent Trends](#)

² [HBR, Seven "Non-Negotiables" to Prevent a Bad Hire](#)



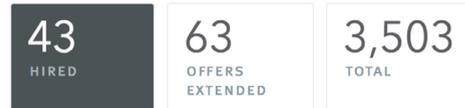
Warning

Attempting to track your recruiting data manually will result in productivity losses, probable error, spreadsheets that haunt your dreams, and an uncontrollable urge to repeatedly bang your head against a wall. An applicant tracking system that works behind the scenes to capture every bit of your data – 24/7 – can help you stay away from that dark place.

In evaluating ATSS, look for a tool with free, built-in reports that are easy to interpret and customizable to specific time periods and data cuts (like role and origin), along with the ability to export for full customization.

In Lever, see how you stack up to every metric that's in this book, and more. Each customer has access to rich, interactive reports on pipeline speed, candidate source tracking, and of course, conversion rates. Every report can be analyzed on a more granular level by origin, role, and even specific owners to see how performance across team members compares. And every open role has its own dashboard to help you and your hiring manager stay on the same page about your progress.

On the next page is a look at our built-in conversion rates report. See conversion rates from stage to stage at a glance, as well as the percentage of candidates who make it to hired from each stage.



Of the 638 candidates who entered Screen, 7% made it to Hired.

Here's a closer look at the conversion rate between stages.

STAGE	CONVERSION	ARCHIVED
New applicant	17% 417	83% 2,035
New lead	21% 221	79% 830
Screen	32% 204	68% 434
Onsite interview	31% 63	69% 141
Offer	69% 43	31% 20
Hired	43	

Note: Lever distinguishes new leads (sourced candidates) from new applicants (people who apply directly, agency candidates, or referrals who have explicitly expressed an interest in your company). 'New lead' and 'New applicant' were merged into 'New candidates' for the purposes of this report.

About Lever

Founded in 2012 and headquartered in San Francisco, Lever helps companies scale and share hiring through effortless collaboration. We've designed our software to be modern, clean, data-driven and hiring manager-friendly.

Lever supports over 1,200 companies around the world from startup to enterprise in proactively sourcing, nurturing and hiring the right talent. Among the factors that make Lever's Talent Acquisition Suite different from traditional ATS products:

ATS and CRM in one

As well as including all the functionality you'd expect in an applicant tracking system, Lever offers comprehensive tools to help you source and nurture passive talent until they're ready to become candidates.

Built for collaboration

Half the recruiting battle is keeping everybody on the same page. Lever helps hiring managers and recruiters stay in touch through multiple features like @-mentions, job following and two-way email sync.

Intuitive reporting

Lever provides powerful analytics to help you assess and improve the way you recruit. Use our interactive dashboards to strategize with your hiring managers and drill down quickly to the insights that matter.

We'd love to show you why hiring teams are raving about Lever. For a free demo, email info@lever.co, call +1.415.458.2731, or visit <https://lever.co>.

Methodology

This report aggregates data from approximately 1.5 million candidate considerations, 15,000 hires, and 600 Lever customers, from November 1, 2015 - November 1, 2016. Customers range in size from 1 to 200 employees when they began using Lever, and some began using Lever midway through the period studied.

All data is used in aggregate and anonymously; no specific company or candidate data was exposed during the analysis.

