

[Post your job](#) on Indeed or find more templates and samples in the [Employer Resource Library](#).

Break down recruiting expenses

Recruiting expenses look different for every business, but they can typically be broken down into the following categories.

Salary costs of hiring teams

Your hiring team is usually made up of HR employees, including hiring managers, recruitment officers and interviewers, and it sometimes includes managers from other departments. These employees manage job postings, host recruiting events, review resumes and hold interviews for job candidates.

The cost of hiring teams comes from employee salaries, but it can be challenging to calculate if some employees also perform many other tasks outside of hiring team responsibilities. Generally, you can track time spent on the hiring process and multiply employee hours by their hourly wage to determine costs.

Job boards and advertisement

This category refers to [job boards](#) and advertisements you use to source job applicants and candidates. Every free and paid job advertisement should be included, as both contribute to the overall efficiency of your hiring efforts.

To determine how much you spend in this category, add the number of posts and the cost per post. Costs can vary depending on what paid advertising scheme you use.

External recruiting

If you don't have an internal hiring team or need to outsource hiring, you might use [recruitment agencies](#), recruiting software or headhunters to source job candidates. Costs can vary, but external recruiters typically impose a one-time fee based on a flat rate or a percentage of the new hire's salary.

Assessment

Assessments refer to tests that job candidates take to demonstrate certain skills and knowledge relevant to the job. You can either buy tests from another firm or task your recruiting and HR teams with creating personalized assessments. Although the initial cost may be high, it evens out the more you use the assessments. For example, if you pay \$100 for an assessment and use it for 200 people, the assessment only costs \$0.50 per candidate.

Employer branding and events

Separate from marketing efforts, employer branding targets the talent pool through recruitment events, career fairs and social media. The cost of these efforts includes the amount spent to host or attend events, any branding materials you distribute and the amount spent on sponsored social media posts.

Hiring technologies

Modern technologies help streamline the hiring process. Although these technologies carry initial and ongoing costs, they offload tasks from your hiring teams and save money on labor. They include:

- Career pages
- Application portals
- CRMs
- Recruiting analytics tools
- [Applicant tracking systems](#)
- Background check services

Partnerships

Affiliations with universities or other educational institutions can help you source candidates, but costs can vary from free to expensive. Include any fee-based affiliations in your recruitment expenses.

Manage recruiting expenses

Knowing your costs is part of the challenge, but managing your recruiting expenses can help maximize the cost-efficiency of your hiring process.

Recruitment cost analysis

One of the most important parts of managing your expenses is calculating your cost per hire. The formula for cost per hire is:

- $\text{Internal cost} + \text{external cost} / \text{total number of hires} = \text{cost per hire}$

The cost per hire describes the efficiency of hiring in your business. Keep in mind that smaller businesses with lower recruitment needs may have a higher average cost per hire.

Perform a recruitment analysis regularly to identify waste points and opportunities, and include KPIs associated with each expense category as part of your recruitment cost analysis. They can vary depending on your budget goals, but some examples include:

- Projected expenses
- Actual expenses

- Projected KPI
- Actual KPI

Estimate annual hiring needs

Speak with hiring managers and HR to determine an estimate of upcoming hiring needs and associated recruitment costs. Hiring needs may relate to creating new jobs or accounting for average job turnover, but you should also account for unexpected vacancies, extended absences, upcoming objectives and skills gaps in departmental teams.

Based on average turnover and projected needs, you can calculate the estimated number of new hires. For example, if you employ 100 people and plan to hire 20 more, you aim to have 120 employees by the end of the year. If your business has a 10% turnover rate, that means you'll need to hire an additional 12 people for a total of 32 new hires.

Build a recruiting budget template

A recruiting budget template can keep your recruiting data and expenses organized and help you compare metrics and results year-over-year. A spreadsheet is a low cost and customizable option, but paid budget programs or services can keep you organized with additional convenience. Some also include or integrate with record-keeping programs or services.

Create a buffer

You'll inevitably encounter unexpected costs in your recruiting activities. These can include strategy changes, new hiring services or technologies or higher-than-average turnover. Building a buffer in your budget can help you cover unplanned expenses or take advantage of hiring opportunities.

*Indeed provides this information as a courtesy to users of this site. Please note that we are not your recruiting or legal advisor, we are not responsible for the content of your job descriptions, and none of the information provided herein guarantees performance. This is a legal disclosure and is **not** part of the following template.*