

Internal recruiting versus outsourcing; by the numbers

An analysis...

By Pam McKean

To handle recruitment yourself – and navigate the inherent complications that come with it – or outsource to a specialist? Traditionally there are arguments on both sides of the fence but in this article recruitment expert PAM MCKEAN examines statistical data to bring a little more substance to the debate.



Pam McKean

In this article I will examine the real costs of recruiting for yourself compared to the costs of utilising a specialist recruitment agency to do it for you.

At times, recruiting can be a lucky dip. AB Dental Employment Agency employs hundreds of candidates each year from all areas of the dental sector, as well as seconding staff for a large database of clients across Australia. We know the pitfalls, expense incurred, and time taken to find quality candidates.

Our clients usually fall into two categories. Those who have advertised themselves and have been unsuccessful, or those who call us first to see who we have on our database, and subsequently use our services either to place permanent staff, or use a temporary or locum candidate until they, or we, find a suitable permanent candidate. Depending on how long you've been in business, you would have experienced situations where you've been inundated with applications that are mostly unsuitable, or had little or no response to a job advert, or a number of adverts.

Ultimately, recruiting staff should be seen as an investment, not a cost. You may be surprised at the

Table Two

Considerations	Practice Manager/ Clinical Coordinator 55K-80K
Cost for Temporary Replacement	9130-13280
Recruitment Costs	13750-20000
Training and inducting staff	13475-19600
Additional supervision/management Loss of Productivity	23815-34640
Termination & Exit Costs	36630-53280
Loss of Patients/ Intellectual Property	27500-40000
Total Cost for WORST Case	124300-180800
TOTAL	226%

real cost of recruitment. After losing a longstanding employee, it can be very difficult to measure, especially with an associate Dentist, Hygienist, or Practice

Table One

Considerations	Junior DA/ Admin 25K-40K	Senior DA/Admin 40K-60K	Practice Manager/Clinical Coordinator 55K-80K
Cost for Temporary Replacement	\$2500-\$4000	\$3320-\$4980	\$4565-\$6640
Recruitment Costs	\$2650-\$4240	\$4240-\$6360	\$5830-\$8480
Training and inducting staff	\$4375-\$6920	\$9800-\$14700	\$16005-\$23280
Additional supervision/management Loss of Productivity	\$3825-\$6120	\$3960-\$5940	\$4565-\$6640
Termination & Exit Costs	\$1250-\$2000	\$3200-\$4800	\$4400-\$6400
Loss of Patients/ Intellectual Property	\$4150-\$6640	\$10640-\$15960	\$18150-\$26400
Total Cost for BEST Case	\$18750-\$28260	\$35160-\$52740	\$53515-\$74080
TOTAL	74.8% of salary	87.9%	97.3%

Manager, of what the actual cost to your business is. Armed with that information, you may look at the recruitment and retention process entirely differently.

Recruitment Costs

Even entry level recruitment costs a minimum of \$3000. Consider the cost of advertising, screening, short-listing, interviewing, reference checks and second interviews. The time and resources taken to train and induct a new employee and the cost incurred with additional supervision. If a temporary candidate is required, this will certainly add to your bottom line, and don't underestimate the cost of taking an existing employee away from day to duties.

Here is a best and worst case scenario for hiring and training a new staff member;

Best Case Scenario

In table one, the employee gives appropriate notice and leaves on good terms. This is general estimate only and costs vary from role to role.

Worst case scenario

In table two, a senior employee leaves under less than amicable circumstances. Irrespective of whether they were

terminated, or left of their own accord, bank on at least six to eight (6-8) weeks to find a replacement. If the position is vacant for longer, extra costs kick in for projects left uncompleted and performance drops before the employee left. Loss of intellectual property and contacts triple the cost in table one. Consider the cost of patient following an ex-associate and/or the costs of retaining patients. The loss of intellectual property accompanying management or senior resignations should never be undervalued.

On the way out

Don't forget exit interviews and administration costs.

Research has shown that a person who resigns from your practice is leaving for one of three possible reasons; a new career opportunity, an unsolicited job offer or for a grievance that has not been handled correctly. Exit interviews with departing employees are often conducted in a perfunctory, haphazard manner, and in small business, are quite often not performed at all. These employees departing words can provide valuable insights into practice culture, and provide opportunities to do better at retaining

employees in the future. In situations where an exit interview may be uncomfortable for the Dentist or Practice Manager, they can be outsourced to an agency which can give a non bias 3rd party opinion.

Feedback is not useful from just one exit interview though. Only speaking with all departing employees will allow you to identify trends that point to chronic or systemic weaknesses in the practice's retention management. For this reason, it is important to design effective exit-interview protocols and administer them consistently, or outsource to an expert. ♦

Pam McKean is one of the Directors of AB Dental Employment Agency, which has been in operation for over 15 years. Over the last 10 years AB Dental has grown into one of the country's leading recruitment agencies for the dental industry, servicing all sectors from government, corporate and private practice. Currently, AB Dental services over 1,200 business with recruiting services including supply of temporary, contract and permanent employees. As professional recruiters, AB Dental can manage as much as little of the recruitment process as required, even if only providing advice



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