

Quality Cost



THE TALENT ACQUISITION BUDGET PLAYBOOK:

STRATEGIES FOR MAXIMIZING
IMPACT IN 2024 & BEYOND

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INTRODUCTION

Budgeting is a critical component of any talent acquisition (TA) strategy. When done effectively, it gives TA teams the tools to organize priorities, align talent objectives with business goals, and plan for future needs. Strategic budgeting ensures that resources and solutions are allocated appropriately, driving value and supporting KPIs.

However, many TA leaders lack the time or expertise to handle budgeting properly. Often, TA budgets are reactionary—companies quickly spend money when hiring accelerates and cut costs when it slows. This approach results in two common scenarios: either TA teams are under-resourced and overwhelmed, or they rely on solutions that fail to drive any real value.

Our latest research highlights these challenges:



of TA leaders feel confident when building a business case for technology



1-in-2

TA leaders face difficulties getting budgets approved this year



of TA leaders can demonstrate the return on investment (ROI) of their technology investments

The pandemic exacerbated these issues. While TA teams saw increased budgets, they often lacked the right investments and did not always create urgency around building a business case for technology. Today, TA leaders need to be more creative, reassessing existing budgets to move initiatives forward more quickly and create urgency around their needs. TA leaders need to consider what they are planning for in the next year and determine what goes into their budget. For this study, Aptitude Research looked at different scenarios for budgeting that includes companies with high-volume hiring needs, companies that have relatively stable hiring needs, and companies that are reducing hiring and have less resources and budget this year.

This report aims to examine how TA budgets are currently managed and to empower TA teams to make better decisions. It will cover the following key areas:

- 1 Strategic Budgeting:** How to start budgeting to drive outcomes
- 2 Business Case Building:** How to think like a CFO
- 3 Demonstrating ROI:** How to create urgency around budget needs
- 4 Future-Proofing:** How to plan for the future

Quantitative Research:

358 responses for Talent Acquisition and HR Director Level and above

Company Sizes:

18% (250-999), 22% (1,000-4,999)

28% (5,000-9,999), 32% (10,000+)

Qualitative Research:

Interviews with over 25 Learning and HR leaders in 2023 and 2024

Research Methodology



Bottom Line:

Budgeting is more challenging than ever, yet TA investment continues to change. To capture your CFO's attention and make a compelling business case, it's crucial to create a sense of urgency by rethinking ROI and outcomes. This requires focusing not only on immediate gains but also on long-term impact.



A CLOSER LOOK AT BUDGETING

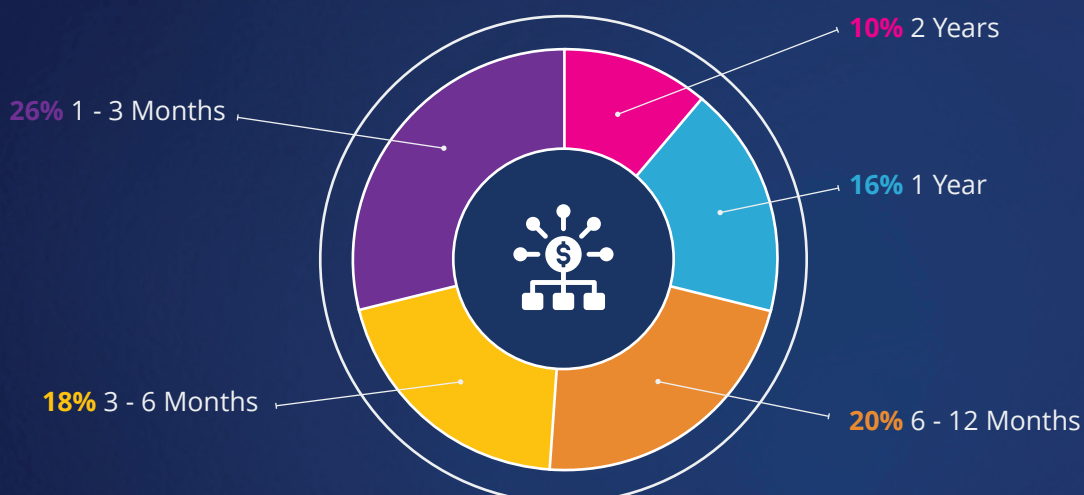
The Benefits of **Budgeting**

According to Aptitude Research, only 72% of recruiters believe that senior executives truly understand the role of the recruiter. Despite the expanding scope and initiatives of the talent acquisition function, its importance to organizational success is often overlooked. During the pandemic, talent acquisition was pivotal in driving organizational transformation. TA and HR leaders played key roles in implementing remote work policies, advancing DEI initiatives, and meeting increased hiring demands. At the time, TA had the direct attention of the CEO.

Fast forward four years, and TA's involvement in these strategic discussions has diminished as hiring has shifted. Budgets and investments that once seemed limitless have now been scaled back or neglected entirely.

Budgeting is an essential skill for any TA professional, offering significant value to those active in transformative discussions. But most budgeting happens in a silo or too infrequently to be strategic. ***This study found that only 44% of TA leaders have visibility into budgeting for the next six months while only 10% have visibility for the next two years (see Figure 1).***

Figure 1: Visibility Into TA Budgets



Budgeting is a foundational element of any effective TA strategy. It serves as the blueprint for how resources are allocated, ensuring that the recruitment process is both efficient and aligned with the organization's broader goals. But, in order for it to work, TA leaders need to think more like a CFO and less like an HR professional. Currently, 64% of TA leaders fear they will face budget cuts this year, and one in three believe their existing budget is being wasted.

A well-structured budget is not just about managing costs; it's about making strategic decisions that enable TA teams to attract, engage, and retain the best talent in a competitive marketplace.



Aligning Talent and Business Objectives

A comprehensive TA budget ensures that talent acquisition efforts are closely aligned with the company's business objectives. Whether it's investing in new technology, expanding recruitment advertising, or building a robust employer brand, a thoughtful budget ensures that every dollar spent contributes to achieving key business outcomes.

A comprehensive TA budget:

- Aligns talent and business objectives
- Optimizes resources
- Adequately plans for the future
- Builds stakeholder confidence
- Mitigates risk



Resource Optimization

Budgeting allows TA teams to optimize their resources, ensuring that they are used in the most effective way possible. This involves not only allocating funds, but also identifying areas where efficiencies can be gained. For example, investing in automation tools might reduce the time and cost associated with manual processes, freeing up resources for more strategic initiatives. A well-planned budget helps avoid waste and ensures that the TA team can operate at its full potential.



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Planning for the Future

A strong budget is forward-looking, enabling TA teams to plan for future needs and challenges. By anticipating trends in the labor market, shifts in hiring demand, and potential technological advancements, TA leaders can allocate resources proactively rather than reactively. This strategic foresight helps companies remain competitive and agile in a constantly changing environment.



Building Stakeholder Confidence

A well-constructed budget is essential for gaining the trust and support of key stakeholders, including the C-suite and finance department. This study found that certain stakeholders are more involved in TA decisions:



One in three state that IT is more involved



One in four state that the CFO is more involved

Budgeting creates transparency that builds confidence among stakeholders, making it easier to secure the necessary funding and approval for TA initiatives.



Mitigating Risk

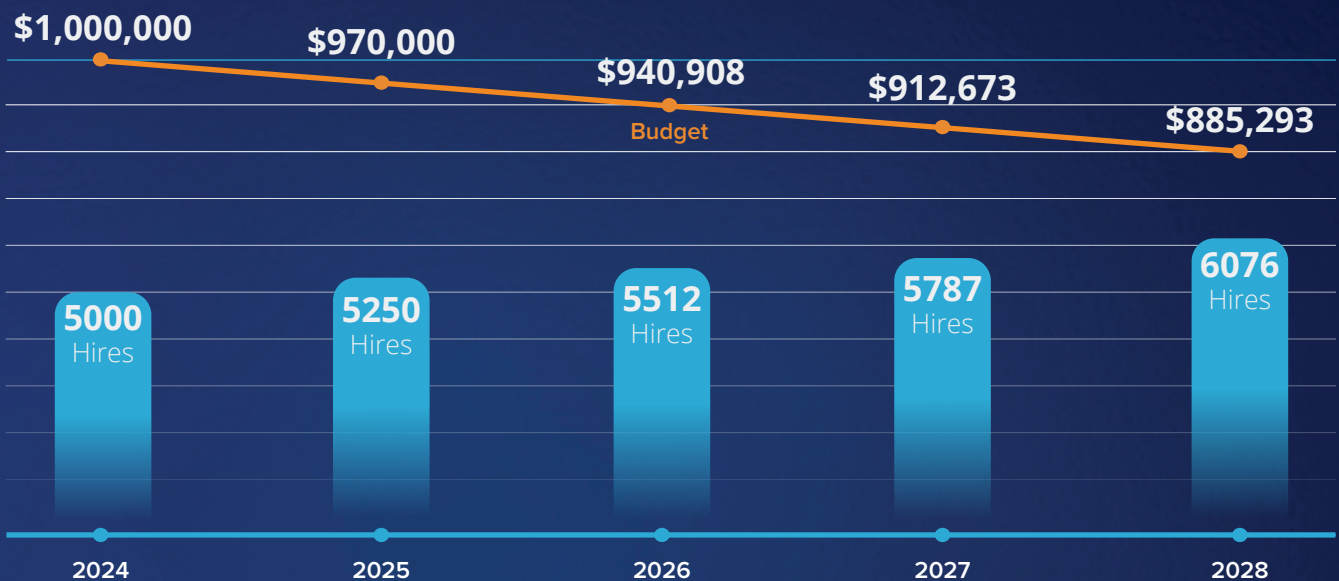
A detailed budget mitigates risks by ensuring that TA teams are prepared for various scenarios, from economic downturns to sudden increases in hiring demand. By planning for contingencies and setting aside reserve funds, TA leaders can navigate uncertainties with greater confidence and stability.

Budgeting is more than a financial exercise; it is a strategic imperative that supports the entire talent acquisition function. A well-crafted budget empowers TA teams to make informed decisions and optimize resources and technology investments.

Modeling a Five-Year Hiring Curve

Modeling a five-year hiring curve, where the budget is reduced by three percent (3%) annually while hiring demand increases by five percent (5%), reveals the critical need for strategic planning in talent acquisition.

Starting with a \$1,000,000 budget to hire 5,000 people, the challenge escalates as the budget shrinks to \$970,000 in the first year while the hiring target grows to 5,250. This trend continues in the second year, with a budget of \$941,000 and a goal of 5,513 hires, and by the third year, the budget decreases to \$913,000 while the hiring target increases to 5,788. By the fifth year, the hiring curve is 6,076 hires and a budget of \$885,293.

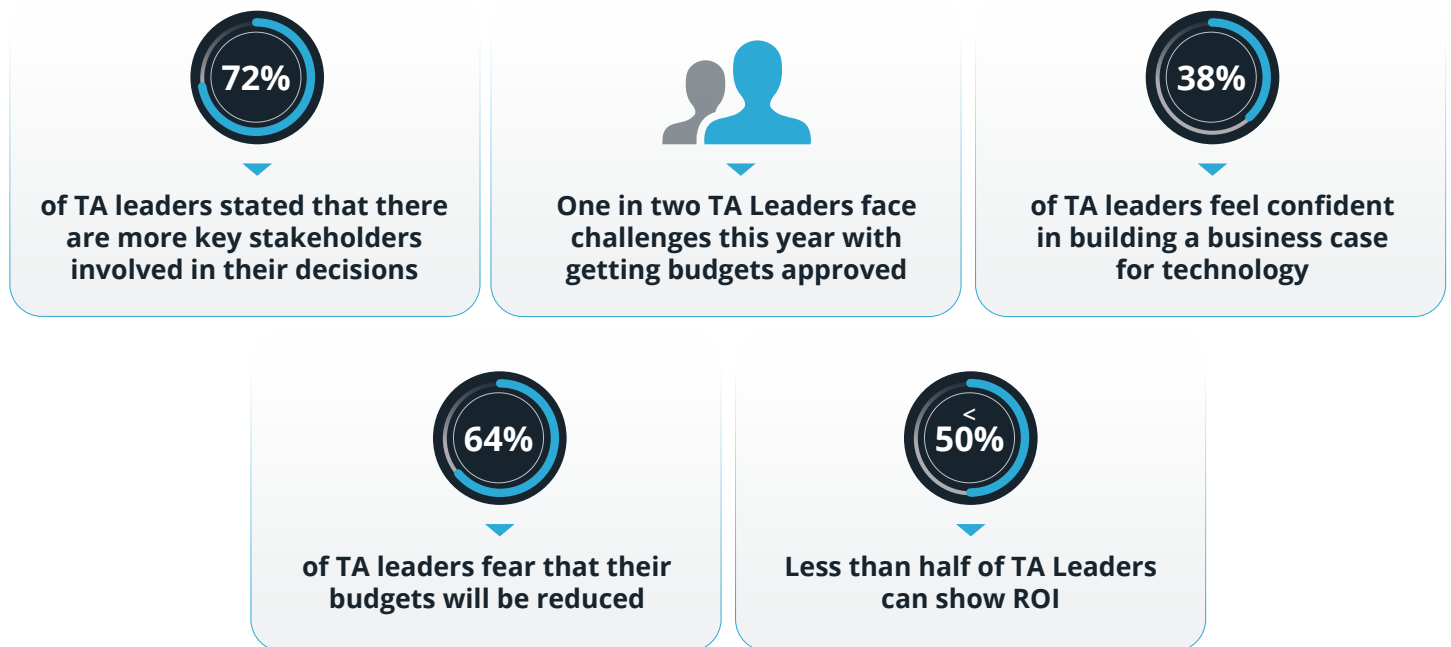


This scenario illustrates a nearly \$100,000 reduction in budget over five years, coupled with an almost 1,000-person increase in hiring needs. The pressure on TA teams to do more with less becomes evident including the importance of proactive planning and investment in more efficient talent acquisition strategies. Companies must explore automation, optimize tech stacks, and streamline hiring workflows to maintain quality and speed while managing these financial constraints. Strategic planning allows companies to adapt to these pressures rather than reactively scrambling to meet hiring demands with a shrinking budget.

Challenges with TA Budgets

Budgeting for TA is a complex and often challenging task that requires balancing the needs of the recruitment process with the broader financial constraints of the organization. TA leaders must navigate various obstacles to ensure that their budget not only supports immediate hiring needs, but also aligns with long-term business goals.

According to this study, TA leaders face more challenges with budgeting than they did a few years ago:



Here are some of the key challenges faced in TA budgeting:

Unpredictable Hiring Demand

One of the most significant challenges in TA budgeting is the unpredictable nature of hiring demand. Factors such as market fluctuations, business growth, or economic downturns can drastically alter hiring needs in a short period of time. For example, a sudden expansion into a new market might require a rapid increase in headcount, while an economic recession could lead to hiring freezes or layoffs. This unpredictability makes it difficult to forecast and allocate resources accurately, often leading to either underfunding or overspending.

Justifying Investments to Stakeholders

TA leaders often face the challenge of justifying their budget requests to stakeholders who may not fully understand the value of talent acquisition. Securing buy-in from the C-suite and finance department can be particularly difficult when budgets are tight or when the ROI is not immediately visible. Building a compelling business case that links TA activities directly to business outcomes is essential, but it requires time, effort, and the ability to communicate the strategic importance of recruitment.

Balancing Short-Term Needs with Long-Term Strategy

Balancing immediate hiring needs with long-term strategic goals is another common challenge. TA leaders must allocate resources to fill urgent positions, while also investing in initiatives that will support future growth, such as employer branding, pipeline development, and technology upgrades. Striking the right balance between short-term and long-term priorities can be difficult, particularly when the pressure to meet immediate hiring targets is high.

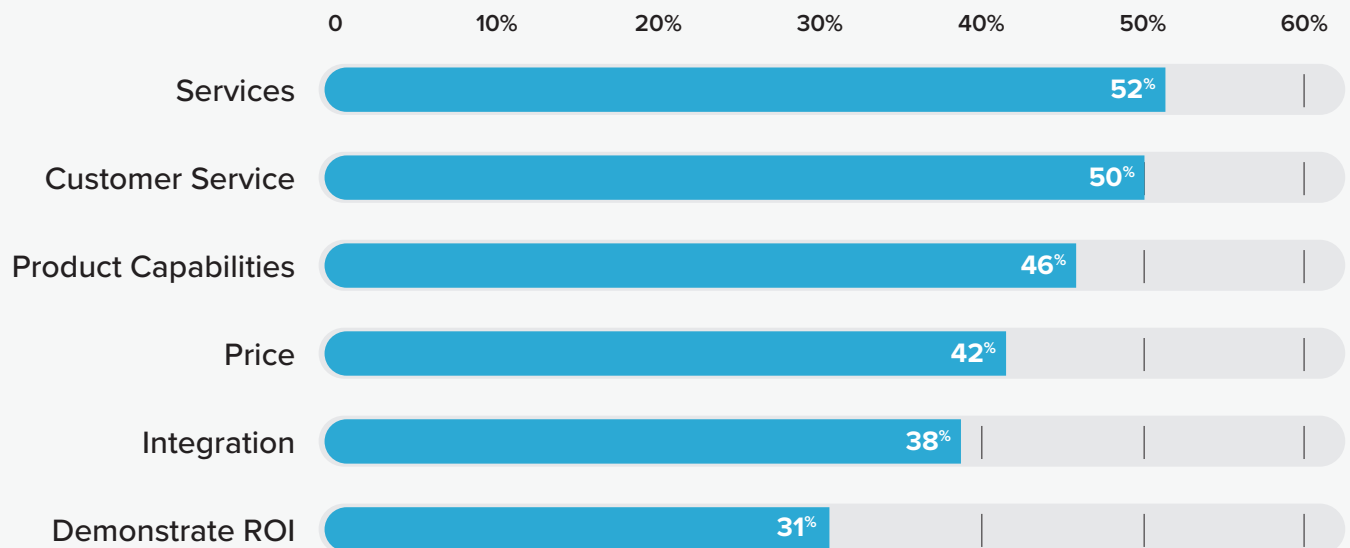
Managing Budgetary Constraints

Many TA teams operate under tight budgetary constraints, which can limit the ability to invest in the tools, technologies, and initiatives necessary for effective recruitment. This challenge is exacerbated by the fact that TA budgets are often the first to be cut during economic downturns or periods of financial uncertainty. Managing these constraints requires creative problem-solving, such as finding cost-effective solutions, leveraging internal resources, or renegotiating contracts with vendors.

Demonstrating ROI

Demonstrating the ROI of TA activities is a persistent challenge. Unlike other business functions where ROI can be easily quantified, the impact of recruitment efforts is often less tangible and takes time to materialize. TA leaders must develop metrics and KPIs that effectively measure the value of their initiatives, such as the quality of hire, time-to-fill, and employee retention. However, linking these metrics directly to financial outcomes can be difficult, especially when the benefits of a strong TA strategy are realized over the long term. Figure 2 shows the key criteria for evaluating partners; demonstrated ROI is not enough of a priority. **Companies were asked what is the key criteria for evaluation and asked to select their top three criteria. Services, customer service, and product capabilities were more critical than price.**

Figure 2: Key Criteria for Evaluating Partners



Navigating External Factors

External factors, such as changes in labor laws, economic conditions, and shifts in the talent market, can significantly impact TA budgeting. For instance, new regulations might require additional spending on compliance or candidate assessments, while a competitive job market could necessitate higher spending on recruitment advertising and employer branding. TA leaders must be proactive in monitoring these external factors and adjusting their budgets accordingly, but predicting their impact can be challenging.

Overcoming these challenges requires strategic foresight, effective communication, and the ability to make data-driven decisions that balance immediate needs with long-term goals. By addressing these challenges head-on, TA leaders can build a budget that supports their organization's growth and positions them for success in an ever-evolving talent market.

High-Volume vs. Corporate TA Budgeting

When comparing TA budgets for high-volume hiring versus corporate hiring, there are significant differences in how funds are allocated and spent. High-volume hiring, often seen in industries like retail, hospitality, and manufacturing, requires a larger budget dedicated to scalable solutions that can handle a high influx of candidates efficiently. These budgets typically focus on investments in automation. Additionally, there's a significant allocation for job advertising across multiple platforms to reach a vast pool of potential candidates, and often, a higher spend on onboarding tools to streamline the process of bringing large groups of new hires up to speed quickly.

Corporate hiring, which typically involves filling specialized or executive roles, demands a more targeted and personalized approach. Budgets here are often allocated toward sourcing tools that allow recruiters to find passive candidates with niche skills or experience. Additionally, corporate hiring budgets often include a larger allocation for external recruitment agencies, especially for executive-level positions where the stakes are higher and the talent pool is more limited. Corporate budgets tend to dedicate a higher percentage to personnel, including recruiters, operations, branding, and sourcing efforts. High-volume hiring historically invested heavily in field teams and specialized high-volume hiring teams. However, this model has rapidly evolved with the introduction of automation. Companies are increasingly using technology to replace many administrative roles, reducing the need for large on-the-ground teams and redirecting resources toward more strategic functions.



Evolution of TA Budgets

In the past, TA budgets were typically part of broader HR budgets. TA was often seen as just one component of the overall HR strategy, with little distinction between the tools, resources, and investments needed specifically for recruiting talent versus those needed for other HR functions. This lack of distinction often led to underinvestment in TA, as it competed for resources with other HR priorities.

Today, TA is no longer just a line item under HR—it is a critical area of focus, with its own set of budgetary requirements. This shift has led to a more segmented approach to budgeting within HR, with TA emerging as a distinct and vital function.

Over time, TA budgets have evolved significantly, expanding and becoming increasingly complex. New responsibilities, new tools, and new categories have all made budgeting more difficult than ever before. Aptitude Research found that the biggest areas of increased investment in 2024 in TA included salaries, advertising, and technology (see Figure 3).

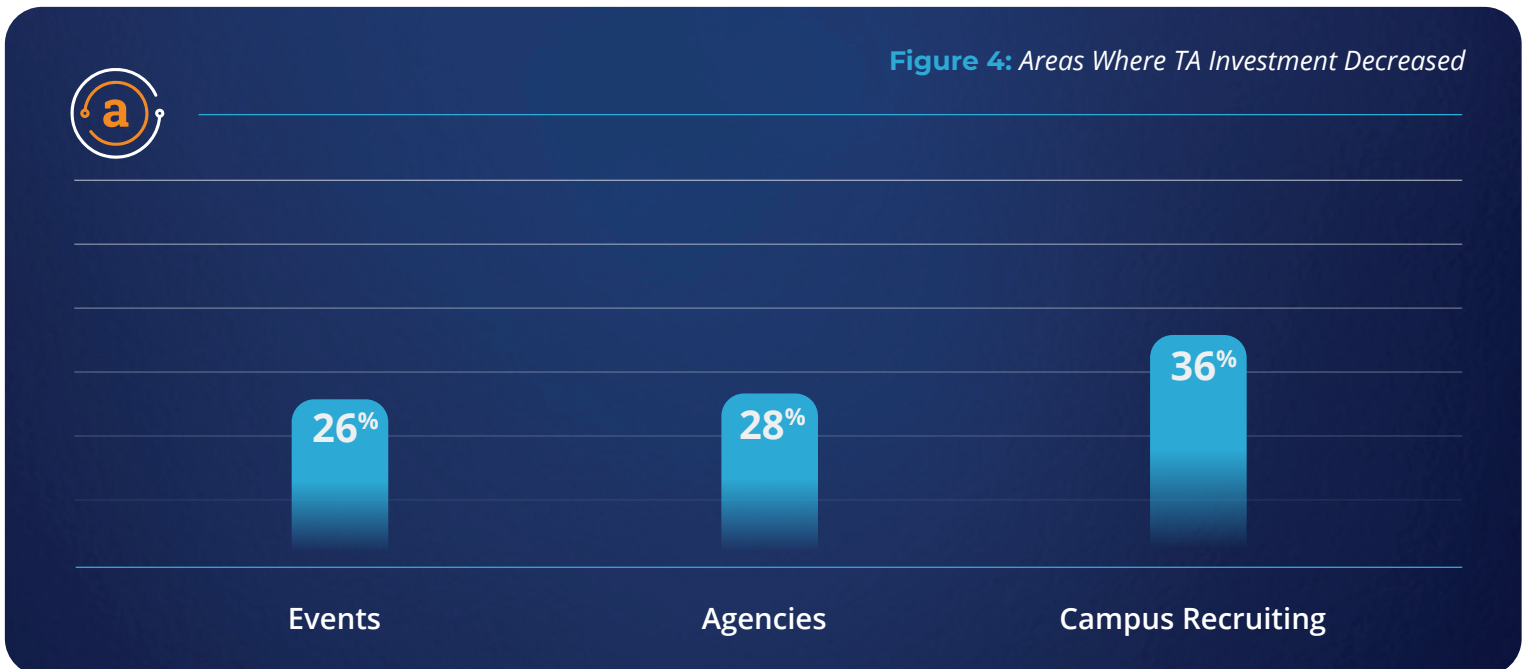
This chart shows the top three areas of increased investment and the percentage of companies increasing their investment in these three areas.

Figure 3: Areas Where TA Investment Increased



▶ When creating a Talent Acquisition (TA) budget, it's essential to distinguish between fixed and flexible costs. Fixed costs, like technology investments (ATS, CRM, and other HR tech platforms), remain constant and are critical for operational stability. These are long-term commitments, often locked into multi-year contracts. In contrast, discretionary or flexible costs, such as advertising, recruitment marketing, or job board spend, can be adjusted based on hiring needs and market conditions. This flexibility allows TA teams to scale up or down depending on hiring demands or budget constraints.

The areas for the biggest decrease investment in 2024 campus recruiting, events, and recruitment agencies (see Figure 4). This chart shows the top three areas of decreased investment and the percentage of companies that are decreasing their investment in these areas.



Below is a list of various investments included in many TA budgets:



Recruitment Advertising: Funds allocated for job postings on various platforms, search engine marketing, employer branding campaigns, and social media marketing to attract top talent. This also includes costs for participation in job fairs, industry events, and sponsorship of recruitment-related activities.



Technology: Investments in ATS, recruitment marketing platforms, AI-driven tools for sourcing and screening candidates, video interviewing software, candidate relationship management (CRM) systems, and analytics platforms. These technologies help streamline the recruitment process and provide data-driven insights.



Teams and Talent: Budgeting for the salaries, benefits, and professional development of in-house recruiters, talent acquisition specialists, and contract recruiters. This also includes the costs associated with training and upskilling the TA team to ensure they are equipped with the latest industry knowledge and tools.



DEI Initiatives: Resources allocated to ensure that recruitment strategies are inclusive and aligned with broader organizational goals for diversity, equity, and inclusion (DEI). This may involve partnerships with diversity-focused job boards, specialized training, and targeted outreach programs.



Third-Party Services: Fees for recruitment agencies, executive search firms, and consulting services that provide additional expertise or handle specialized hiring needs. This also covers the cost of background checks, pre-employment assessments, and other outsourced recruitment services.



Onboarding and Training: Budgeting for onboarding programs, orientation sessions, training materials, and tools to ensure new hires are integrated smoothly and quickly into the organization. This includes costs for mentorship programs, employee handbooks, and any software or platforms used in the onboarding process.



Employee Referral Programs: Allocating funds for employee referral bonuses and incentives to encourage current employees to refer qualified candidates. This can be an effective way to attract high-quality talent while engaging the existing workforce in the recruitment process.



Candidate Experience Enhancements: Investments in improving the candidate experience, such as personalized communication tools, feedback platforms, and branding materials that showcase the company culture. This also includes costs related to interview scheduling tools, candidate travel expenses, and hospitality for on-site interviews.



Data and Analytics: Funds for tools and platforms that provide insights into recruitment metrics, candidate experience, and overall hiring effectiveness. These investments enable data-driven decision-making and continuous improvement of the recruitment process.



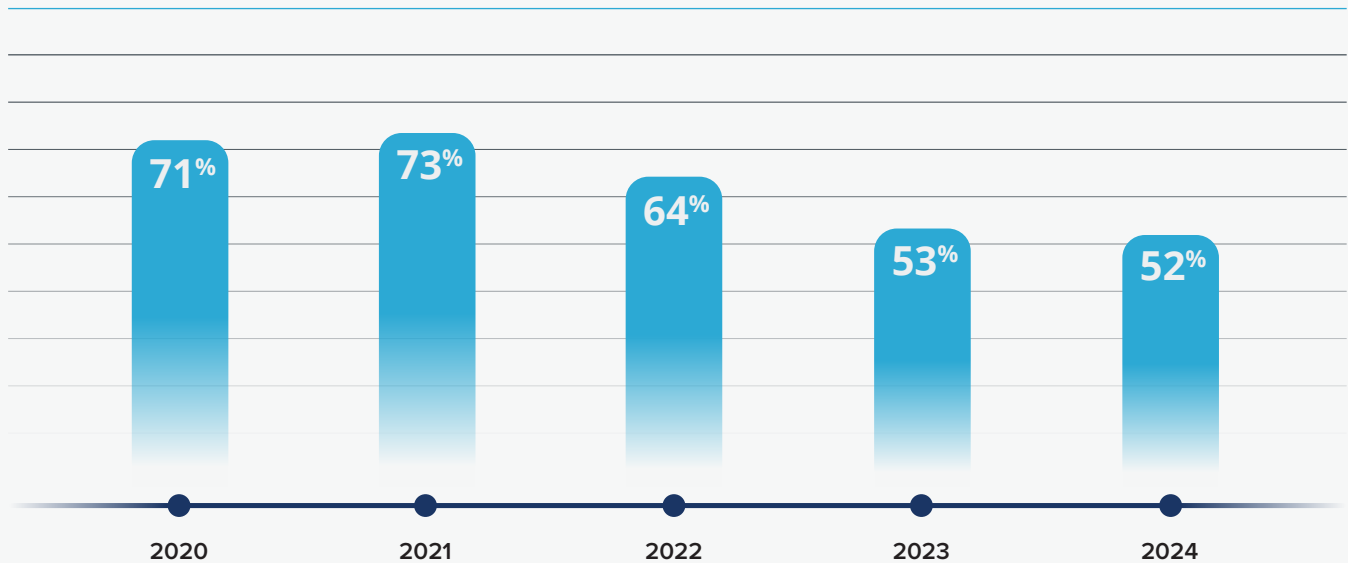
Employer Branding: Allocating resources for creating and maintaining a strong employer brand, including website content, social media presence, video production, and other marketing materials that highlight the company's culture, values, and employee testimonials.



Contingency Planning: Budgeting for unforeseen expenses, such as the need for rapid scaling of recruitment efforts, unplanned vacancies, or shifts in hiring strategy due to market changes. This ensures that the TA function remains agile and can respond quickly to changing circumstances.

The pandemic significantly accelerated the evolution of TA budgets. The sudden shift to remote work and virtual hiring practices required rapid investment in new technologies and strategies. Many organizations increased their TA budgets to address these challenges, but the rush to adapt often led to misaligned investments. Some companies found themselves with expanded budgets, but without the right tools or strategies to optimize their efforts. Aptitude Research found that companies are now back to pre-pandemic investment, however, this decrease from what budgets were in 2020 feels significant for many TA leaders (see Figure 5). **Figure 5 shows the percentage of companies that increased their investment in TA Tech from 2020 to 2024.**

Figure 5: Increased Investment in TA Tech



The pandemic also highlighted the need for more agile and responsive budgeting practices within TA. As hiring needs fluctuated, companies had to quickly adjust their budgets to reflect changes in the market. This period highlighted the importance of having a flexible budget that could adapt to evolving circumstances, rather than a rigid, one-size-fits-all approach.

TA leaders must understand how to allocate resources effectively and demonstrate the ROI of their budgeting decisions. The evolution of TA budgets reflects the growing recognition of talent acquisition as a critical driver of business success, requiring careful planning and thoughtful investment across a wide array of areas.

The next section of this report will look at three critical steps to successful budgeting:

- 1 | How to Start Budgeting Successfully**
- 2 | How to Build a Business Case Like a CFO**
- 3 | How to Demonstrate ROI**



STEP 1: HOW TO BUDGET STRATEGICALLY

Budgeting for TA investments is a critical exercise that can significantly impact the efficiency and effectiveness of your recruitment processes, especially when it comes to technology. As technology continues to evolve, understanding where and how to invest in TA tech is essential for staying competitive in the talent market. This section provides a step-by-step guide to budgeting for TA technology, focusing on three major components:

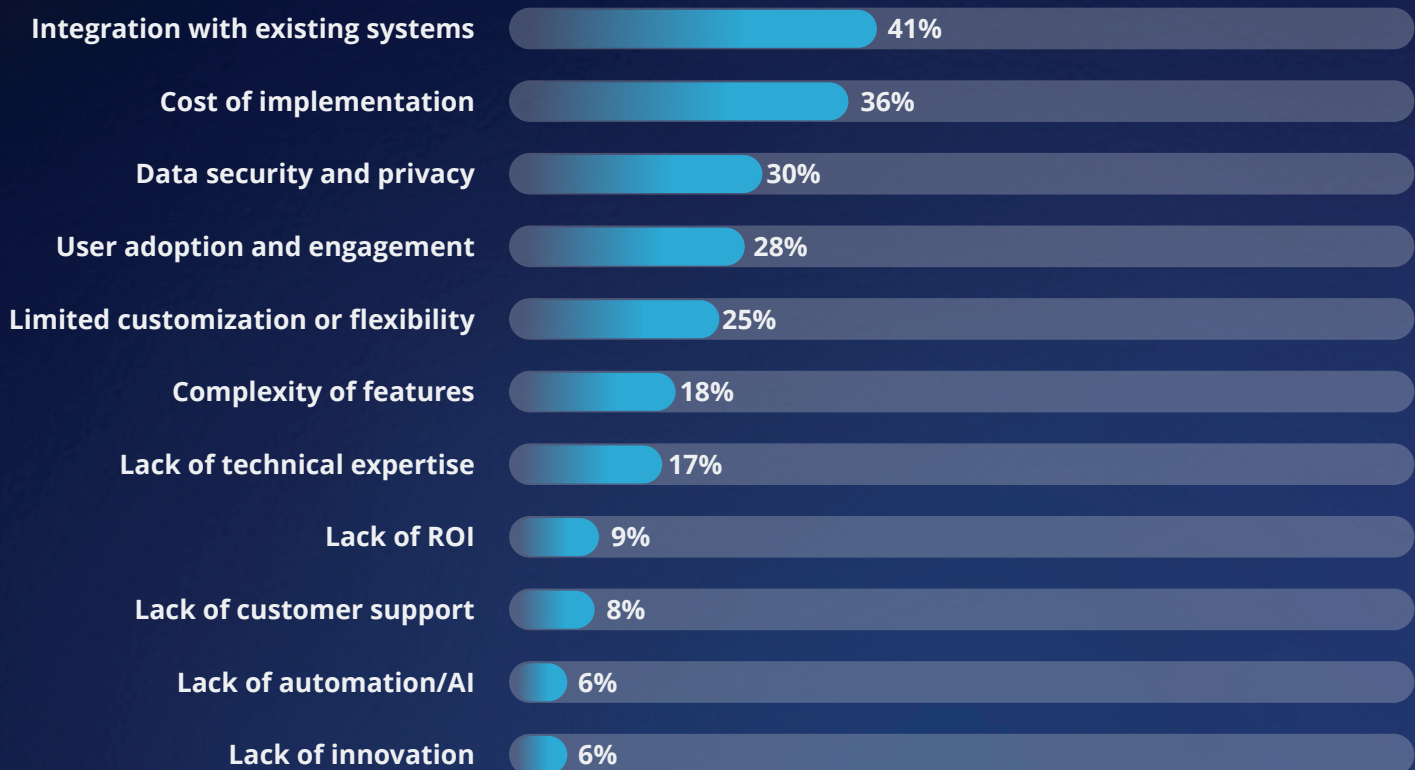
- ✓ **Understanding current investments**
- ✓ **Shifting buying behavior**
- ✓ **Partnering with key stakeholders**
- ✓ **Understanding where money is going**

Before making any decisions about new technology investments, it's crucial to have a clear understanding of your current TA tech landscape. This involves taking a comprehensive look at where your organization is currently spending money on technology and assessing the value each tool brings to your recruitment process.

- **Evaluate Current Technology Stack:** Begin by cataloging all the TA tech currently in use, such as ATS, CRM, sourcing, interviewing platforms, and automation solutions. It is important to understand the functionality of each tool and how it contributes to your overall recruitment strategy.
- **Identify What's Driving Value:** Analyze which technologies are delivering the most value. Are certain solutions saving time, improving candidate quality, or enhancing the candidate experience? Understanding the ROI of each technology is key to making informed budgeting decisions.
- **Assess Alignment with Goals:** Ensure that your current tech stack aligns with your organization's strategic goals. For example, if integration is a priority, evaluate whether your current tools are effectively working together. Aptitude Research found that the biggest frustration with TA tech today is lack of integration with existing systems and the cost of implementation (see Figure 6).
- **Focus on Metrics:** Companies should define metrics for success. This may include adoption of technology, time saved by recruiting teams, improved experiences, and reduced costs.

Figure 6 shows the top challenges with existing technology and asks survey respondents to select their top three challenges with TA technology today.

Figure 6: Challenges with Existing Technology



Evaluation Criteria:

What are the current technologies in our TA stack, and what functions do they serve?

Which technologies are delivering the most value to our recruitment process?

Are there any tools that are underutilized or not meeting our expectations?

How well do our current technologies align with our strategic goals, such as improving efficiency or enhancing the candidate experience?

Are there opportunities to consolidate vendors by choosing platforms that offer multiple functionalities?

How do our current technologies support automation, and where can we introduce more automation to reduce manual tasks?

What is the total cost of ownership (TCO) for each tool, including hidden costs like training, implementation, and ongoing support?

How scalable are our current technologies, and will they be able to support future growth or changes in our recruitment needs?

What metrics and KPIs are we using to measure the success of our TA technologies, and how do they contribute to our overall recruitment goals?

How do our TA technology investments compare with industry benchmarks or competitors, and are we staying competitive in the talent market?

Are there any upcoming renewals or contract expirations that provide an opportunity to renegotiate terms or explore alternative solutions?

How satisfied is our recruitment team with the current tools, and do they have any feedback on what's working well or what could be improved?

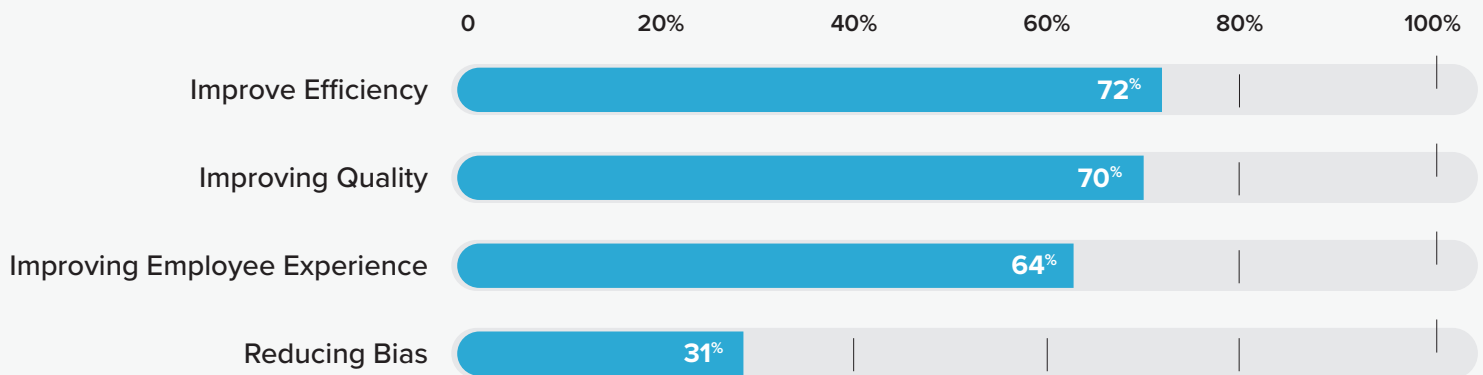
Shifting **Buying Behavior**

As the TA landscape evolves, the approach to buying technology needs to adjust as well. To maximize efficiency and make the most of a TA budget, companies must consider shifting buying behavior to prioritize cost-effectiveness, doing more with less, and focusing on technologies that drive efficiency.

Prioritize Efficiency:

Shift investment focus towards technology that enhances efficiency across your recruitment processes. This might involve investing in technologies that integrate seamlessly with your existing systems, reducing the time and effort required to manage multiple platforms. Companies should look at automation and options that offer comprehensive solutions rather than piecemeal tools. Aptitude Research found that the key driver for TA tech today is improving efficiencies. **Companies were asked to identify the the top three key drivers for evaluating TA Tech. Efficiency, quality, and experience were the top responses selected.**

Figure 7: Key Drivers for Evaluating Providers



Do More with Less:

HR used more applications and solutions than any other area of the business with the exception of marketing. It's important to get the most out of every dollar spent. This might involve consolidating vendors and choosing platforms that offer multiple functionalities. By reducing the number of vendors, companies can often negotiate better pricing and simplify your technology stack. HR used more applications and solutions than any other area of the business with the exception of marketing according to research from Jitterbit (see Figure 8).

Figure 8: Number of Solutions Used Across an Organization

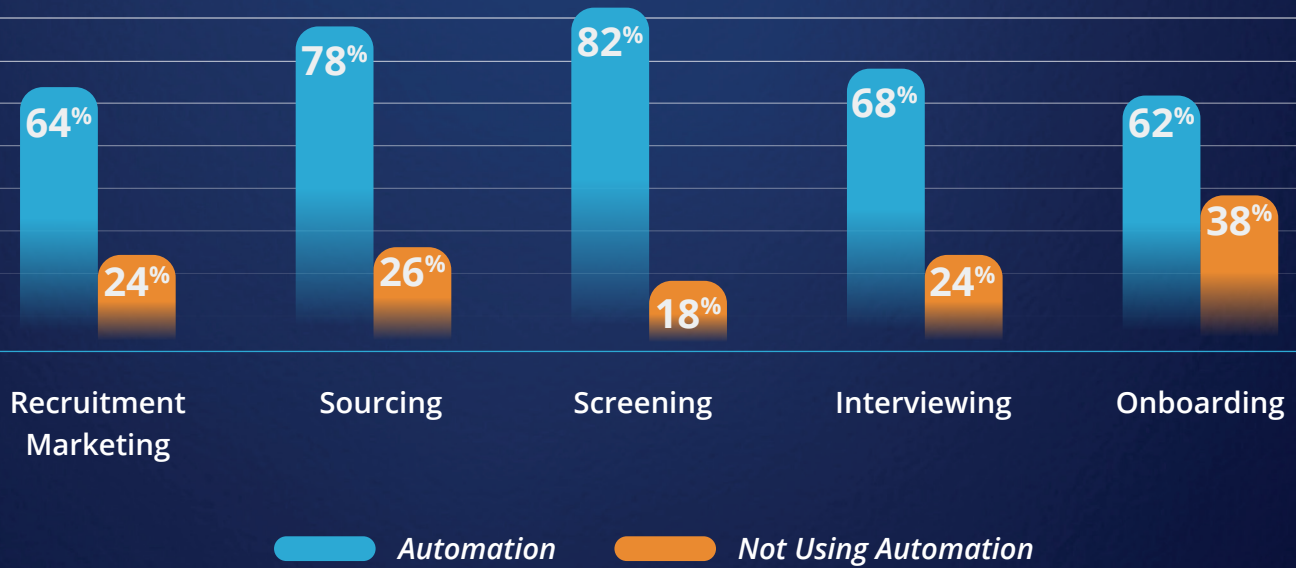
	Average # Per Enterprise
Marketing	120
HR	100
Collaboration	87
Customer Relationship Manager	69
Finance/Accounting	51
Business Intelligence & Data Analytics	50
Development Tools	38
Cloud Storage	30

Source: Jitterbit

Embrace Automation:

Automation is key for doing more with less. By automating routine tasks, TA can reduce the need for manual labor, lower operational costs, and increase productivity. Evaluate where automation can be introduced or expanded within your TA processes, and allocate budget accordingly. Aptitude Research found that companies that invest in automation were more likely to reduce time recruiters spent on many key tasks (see Figure 9). **Figure 9 compares the percentage of companies using automation against companies that are not using automation. Companies using automation were more likely to reduce time spent across key areas of TA.**

Figure 9: Time Savings with Automation

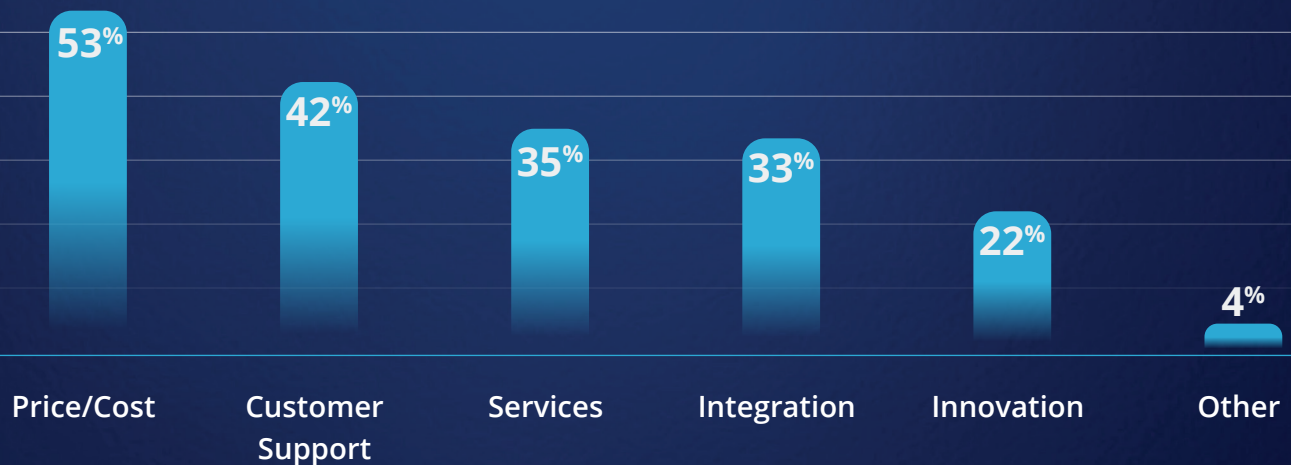


Replace and Reallocate:

Regularly review your technology spending and reallocate resources towards solutions that demonstrate high value. This might mean phasing out underperforming technologies and redirecting funds towards more impactful solutions.

When asked why companies replace solutions, the primary reason cited was cost (see Figure 10).

Figure 10: Reasons Companies Replace Solutions



Talent Acquisition (TA) Budgeting:





Three Scenarios for Enterprise Companies

These scenarios are meant to showcase a few different examples of how spending is decided and budgets are allocated. They are not recommendations for budgeting or real-life examples.

Scenario 1

Enterprise Company Experiencing Growth with High-Volume Hiring

Overview:

-  **Company Size:** Large enterprise with 50,000 employees
-  **Growth Rate:** 10% year-over-year
-  **Hiring Volume:** 75% of hires are high-volume (e.g., customer service, sales, and operations roles)
-  **Annual Hiring Needs:** 10,000 new hires




Budget Allocation:

-  **Recruitment Tools and Platforms:** \$2,000,000
-  **Staffing and Recruiting Team:** \$10,000,000
-  **Employer Branding and Marketing:** \$5,000,000
-  **Assessment Tools and Technology:** \$3,000,000

Total TA Budget:

\$20,000,000

Key Recommendations:

-  **Invest in Advanced AI and Automation:** Utilize AI and automation tools to handle the scale of enterprise-level hiring. This includes AI-driven sourcing, resume screening, and chatbots for initial candidate engagement.
-  **Align with CFO:** Present a business case showing how these investments will reduce time-to-hire and improve the quality of hires, leading to lower turnover and better operational efficiency, with projected savings over time.
-  **Leverage Data Analytics for Strategic Decisions:** Implement advanced analytics to optimize recruitment metrics and forecast hiring needs accurately. Data-driven insights can help in resource allocation and improving hiring outcomes.

Scenario 2**Enterprise Company with Stable Hiring****Overview:**

Company Size: Large enterprise with 100,000 employees



Growth Rate: 3% year-over-year



Hiring Volume: Steady, with 50% of hires being strategic and specialized roles (e.g., leadership, technical positions)



Annual Hiring Needs: 5,000 new hires

Budget Allocation:

Recruitment Tools and Platforms: \$1,500,000



Staffing and Recruiting Team: \$7,500,000



Employer Branding and Marketing: \$3,500,000



Assessment Tools and Technology: \$1,500,000

Total TA Budget:**\$14,000,000****Key Recommendations:**

Focus on Strategic Talent Acquisition: Prioritize hiring for roles that are critical to the company's long-term success, such as leadership and highly specialized technical positions. Ensure recruiters are trained to identify top-tier candidates for these roles.



Optimize and Streamline Recruitment Processes: Refine existing processes to improve efficiency and candidate experience. This could involve integrating new technologies or enhancing current systems to reduce time-to-hire and improve candidate quality.







Align with CFO: Demonstrate how focusing on strategic roles will drive business growth and innovation, directly impacting the company's financial performance and competitive positioning. Present data on how process optimizations will lead to cost savings, faster time-to-productivity for new hires, and better alignment with the company's overall financial goals.

Scenario 3

Enterprise Company with Reduced Hiring and Shrinking TA Budget

Overview:

-  **Company Size:** Large enterprise with 200,000 employees
-  **Growth Rate:** Flat or slight decline
-  **Hiring Volume:** Reduced, with a focus on filling only the most critical roles
-  **Annual Hiring Needs:** 1,500 new hires





Budget Allocation:

-  **Recruitment Tools and Platforms:** \$750,000
-  **Staffing and Recruiting Team:** \$3,000,000
-  **Employer Branding and Marketing:** \$1,500,000
-  **Assessment Tools and Technology:** \$750,000

Total TA Budget:

\$6,000,000

Key Recommendations:

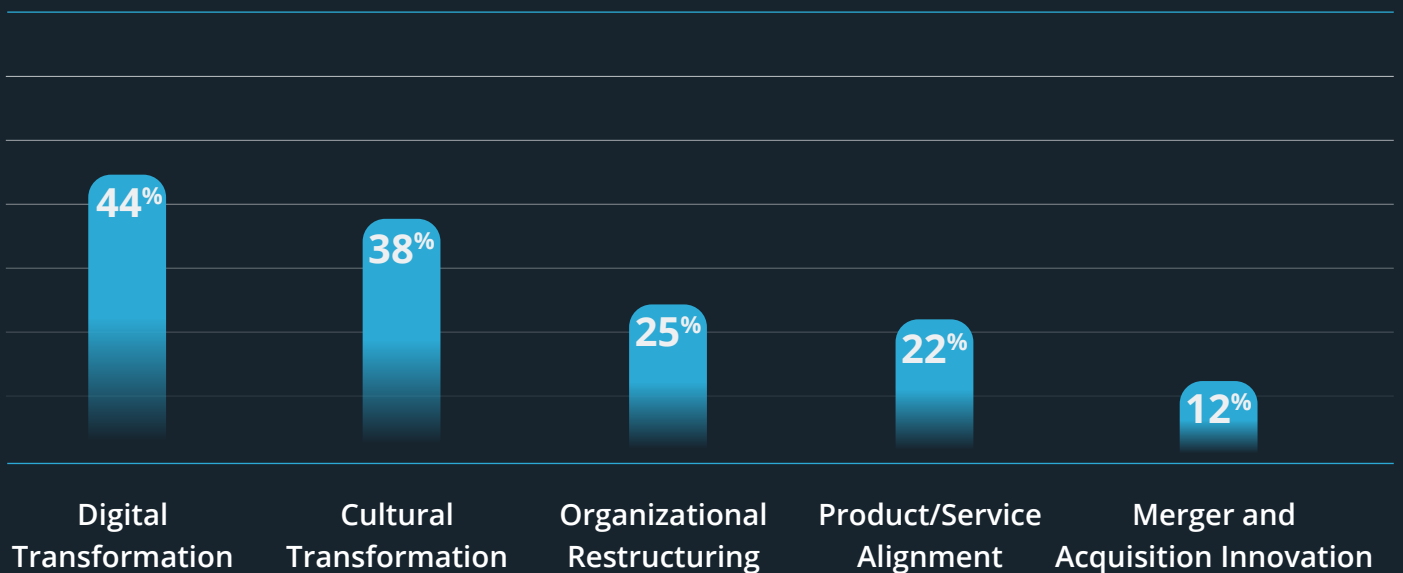
-  **Prioritize and Focus on Critical Hires:** Concentrate efforts on filling only the most essential roles that are critical to the company's operations and strategic objectives. Use targeted sourcing to ensure these roles are filled by top talent.
-  **Align with CFO:** Highlight how this focused approach will minimize unnecessary spending while still supporting the company's key business functions, thereby preserving financial stability during challenging times.
-  **Maximize Internal Talent Mobility:** With a reduced budget, emphasize internal talent mobility and cross-training programs. This can help fill critical roles without external hiring and also boost employee engagement and retention.
-  **Leverage Automation and Streamlined Processes:** Invest in automation to manage recruitment processes more efficiently with a leaner team. This could include automating candidate communications, resume screening, and interview scheduling.

STEP 2: BUILDING A BUSINESS CASE FOR THE CFO

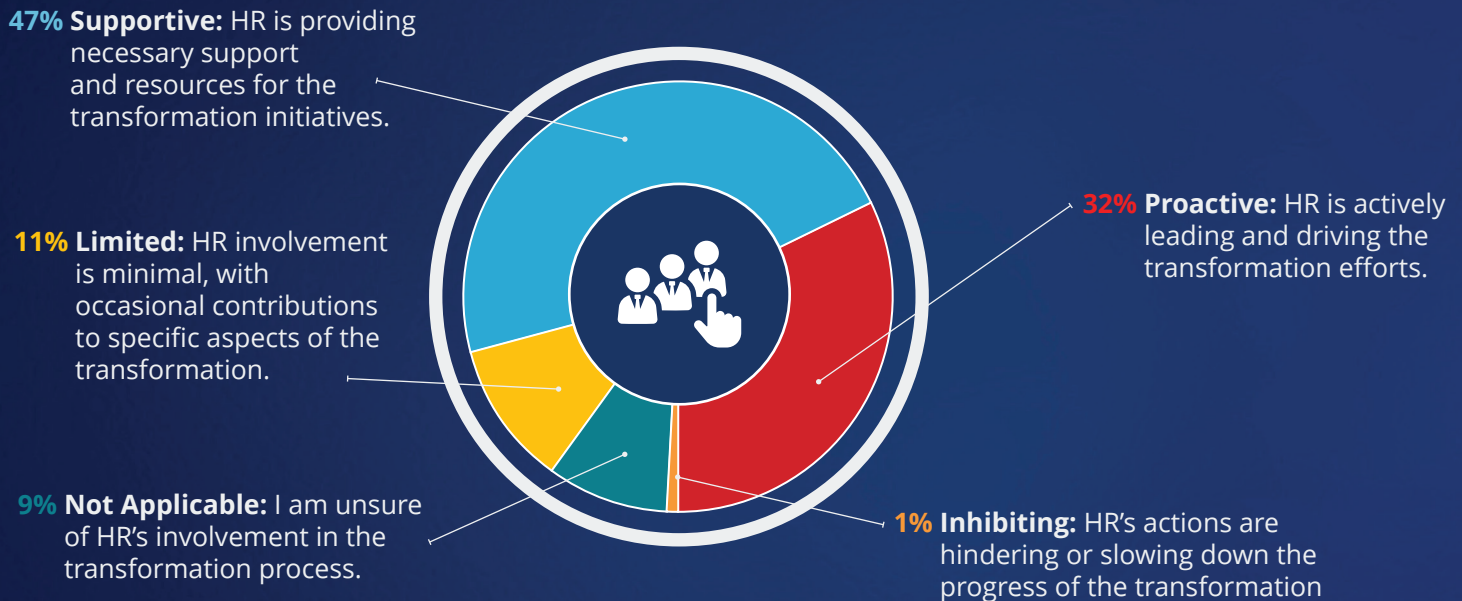


According to Aptitude Research, one in three CFOs are more involved in TA Tech decisions this year. Yet, TA and HR teams still find it challenging to get the attention of the CFO. One reason is lack of alignment and participation in company-wide transformation. Companies are going through various transformations—including everything from digital transformation to cultural transformation to product and service innovation. Transformation requires a huge investment and careful consideration around ROI. **Figure 11 shows the percentage of companies that are going through different types of transformation. We asked companies to identify what type of transformation they are experiencing this year.**

Figure 11: Types of Organizational Transformation



HR and TA teams must be part of this transformation and ensure that their investments are further supporting these company-wide priorities. Currently, only 32% of HR professionals state that they are active participants in these transformation conversations.

Figure 12: HR's Role in Organizational Transformation

In order for TA to be more proactive in transformation, they must align with a CFO mindset. CFOs use budgeting as a tool for steering the company toward its long-term objectives, such as growth, profitability, and market expansion. This involves close collaboration with other departments to ensure that their budget requests are in line with the company's financial strategy.

How CFOs Approach Budgeting:

- **Data-Driven Decisions:** CFOs rely heavily on financial data and historical performance to inform budgeting decisions. They analyze past spending, revenue trends, and economic forecasts to predict future financial needs and allocate resources efficiently. This data-driven approach identifies areas where costs can be reduced and where investments are likely to yield the highest returns.
- **Risk Management:** Managing financial risk is a key concern for CFOs. They build contingencies into the budget to account for potential economic downturns, unexpected expenses, or shifts in the market. By preparing for various scenarios, CFOs aim to protect the company's financial stability.
- **Cost Control and Efficiency:** CFOs are focused on cost control and ensuring that every dollar spent contributes to the company's bottom line. They scrutinize budget requests for efficiency, looking for ways to streamline operations, reduce waste, and optimize resource allocation.
- **Continuous Evaluation:** CFOs continuously monitor the budget throughout the fiscal year, making adjustments as necessary to respond to changing business conditions. They use financial reporting and analytics to track performance against the budget and to ensure that the company remains on track to meet its financial targets.

How TA Approaches Budgeting:

- **Employee-Centric Focus:** HR budgets are typically centered around the needs of employees and the workforce. This includes allocating funds for recruitment, training and development, employee benefits, compensation, and workplace culture initiatives. HR aims to ensure that the organization attracts, retains, and develops top talent.
- **Compliance and Legal Considerations:** HR budgets often include allocations for compliance with labor laws, regulations, and employee safety standards. This includes funding for legal resources, employee relations, and ensuring that the company adheres to employment standards and best practices.
- **Talent Initiatives:** HR budgeting places a strong emphasis on talent management, including leadership development, succession planning, and performance management systems. These investments are aimed at building a strong, capable workforce that can drive the company's success.
- **Adapting to Organizational Needs:** HR budgets often need to adapt to the changing needs of the organization, such as changes in workforce size, shifts in company strategy, or the introduction of new policies (e.g., remote work arrangements). HR must be flexible in reallocating resources to support these changes.

	CFO	TA Leader
Priorities	Broad Financial and Strategic Goals: Cost Control, Efficiency, Risk Management	Talent-focused Goals: Efficiency, Quality, Experience
Decision Making	Quantitative: Financial Data, Historical Performance, Economic Indicators	Qualitative: Experience, Needs of Workforce, Intuition
Budget	Clear financial metrics	Long-term goals for engaged workforce
Transformation	Company transformation aimed at growth and revenue	Talent transformation aimed at the workforce

TA Leaders looking to align with their CFOs priorities and think more strategically about building a business case should consider the following:

Focus on ROI and Cost-Benefit Analysis

CFOs prioritize investments that demonstrate a clear ROI. When building your business case, start by calculating the potential ROI of the TA technology you're proposing. This involves quantifying both the direct and indirect benefits, such as:

- **Cost Savings:** Highlight how the technology can reduce costs in areas like resources, time-to-fill positions, or reliance on external recruitment agencies.
- **Efficiency Gains:** Demonstrate how the tool will improve efficiency, allowing your team to handle a higher volume of work with the same or fewer resources.
- **Impact on Key Metrics:** Link the investment to improvements in key metrics like quality of hire, employee retention, and time-to-hire. Use data from current operations to show how the technology will positively influence these metrics.

Align with Strategic Goals

CFOs are deeply invested in the company's long-term strategic goals. Ensure your business case aligns the TA technology investment with these objectives:

- **Support for Growth Initiatives:** If the company is focused on growth, illustrate how the technology will enable faster scaling by streamlining recruitment processes.
- **Enhancing Competitive Advantage:** Show how the technology will give the company an edge in attracting and retaining top talent, which is crucial for maintaining competitive advantage in the market.
- **Risk Management:** Discuss how the technology will mitigate risks, such as compliance issues, data security, or the impact of high turnover rates.

Evaluation Criteria:

What is the expected ROI of the proposed technology, and how will it be measured?

Can the investment be funded within the existing TA budget, or will additional funds be required?

Which current expenses or tools can be eliminated or reduced to offset the cost of the new investment?

How does this technology align with the company's strategic goals and financial priorities?

What are the potential hard savings (e.g., cost reductions, efficiency gains) that this investment will deliver?

What are the operational benefits (e.g., improved workflows, better candidate experience), and how can they be quantified?

How will this investment impact key TA metrics, such as time-to-hire, cost-per-hire, and quality of hire?

Are there any risks associated with this investment, and how will they be mitigated?

What is the total cost of ownership (TCO) for the technology, including implementation, training, and ongoing maintenance?

How quickly can the benefits of the investment be realized, and what is the payback period?

What is the plan for vendor management, and how will the relationship be monitored to ensure continued value?

How does this investment compare with other potential projects or tools competing for budget allocation?

What are the long-term benefits of this investment, and how will it support future growth or changes in the organization?

What is the contingency plan if the expected ROI is not achieved within the projected timeline?

How will the investment accelerate or improve current TA initiatives, and what impact will it have on overall organizational performance?

STEP 3: ROI ANALYSIS



As talent acquisition is held more accountable to the business, showing the value and the timeframe is critical. Measuring and demonstrating ROI is a crucial part of any technology decision and does not need to happen after a company makes its investment—it should actually be considered before. Currently, less than half of TA leaders are looking at ROI when making investments.

The ROI analysis looks at the financial value of an investment in technology and weighs the costs and benefits. This section of the guide examines the timeframe for seeing ROI and the expected costs and benefits. It also includes several examples for calculating ROI.

The ROI is calculated simply as the Net Benefit compared to the Total Cost of the project. The time period is also an important consideration.

ROI Case Studies

The following companies were able to demonstrate The ROI of automating talent acquisition using conversational AI through Paradox. The ROI reflects business metrics including time savings and cost savings.

7-ELEVEN

saved its stores **40,000 hours** a week in recruiting activities.

GREAT WOLF LODGE

reduced ATS costs by **\$700,000**

neighborly

reduced cost per hire by **54%**

ROI creates urgency. It shows that a solution is warranted and displays the impact it will bring on your organization.

Examples of benefits include:

- ✓ Reduced costs spent on ineffective solutions
- ✓ Reduced costs spent on recruiter productivity
- ✓ Increased conversion rates
- ✓ Improved candidate experience
- ✓ Improved accuracy of hire
- ✓ Improved productivity for recruiting teams
- ✓ Improved quality of applicants
- ✓ Improved hiring manager experience
- ✓ Improved DEI hiring
- ✓ Reduced bias in the hiring process
- ✓ Improved quality of hire

Some examples of operational benefits for frontline hiring:

- ✓ Decrease understaffing days, reduce manager hours spent on hiring, and improve candidate quality.
- ✓ Minimize productivity losses due to understaffing, leading to increased overall productivity.
- ✓ Enhance customer experience by ensuring a higher percentage of fully staffed interactions across all days and locations.
- ✓ Free up manager time to focus on high-impact initiatives, such as improving customer service, operations, and team development.
- ✓ Boost recruiter productivity by allowing them to handle more requisitions through reduced time spent on administrative tasks like scheduling and screening.
- ✓ Lower short-term turnover among frontline employees by reducing the strain of understaffing and selecting candidates who are better fits for the roles.

Examples of some of the costs include:

- ✓ Solution provider costs (products, licensing, services)
- ✓ Other external costs
- ✓ Third-party costs (consulting firms, implementation specialists)
- ✓ Total costs of ownership (IT's role in technology integration and data management)
- ✓ Internal costs (implementation labor, management, support, training, facilities, etc.)

Examples of timeframes include:

- ✓ First month
- ✓ Three months
- ✓ Six months
- ✓ Nine months
- ✓ One year
- ✓ Two years
- ✓ Three years

Building A CFO-Proof Business Case

1

Outline Cost: Vendor annual fee | Implementation fee | Integration fees
Training & Change Management | Internal Resources Used | Outside consultant costs

2

Hard \$ Savings

Typically line items in TA budget



**Reduce job
advertising spend**



**Reduce / Replace
technology costs**



**Reduce FT TA
headcount**



**Reduce
TA coordinator /
Admin headcount**



**Reduce contract,
RPO, agency
resources**



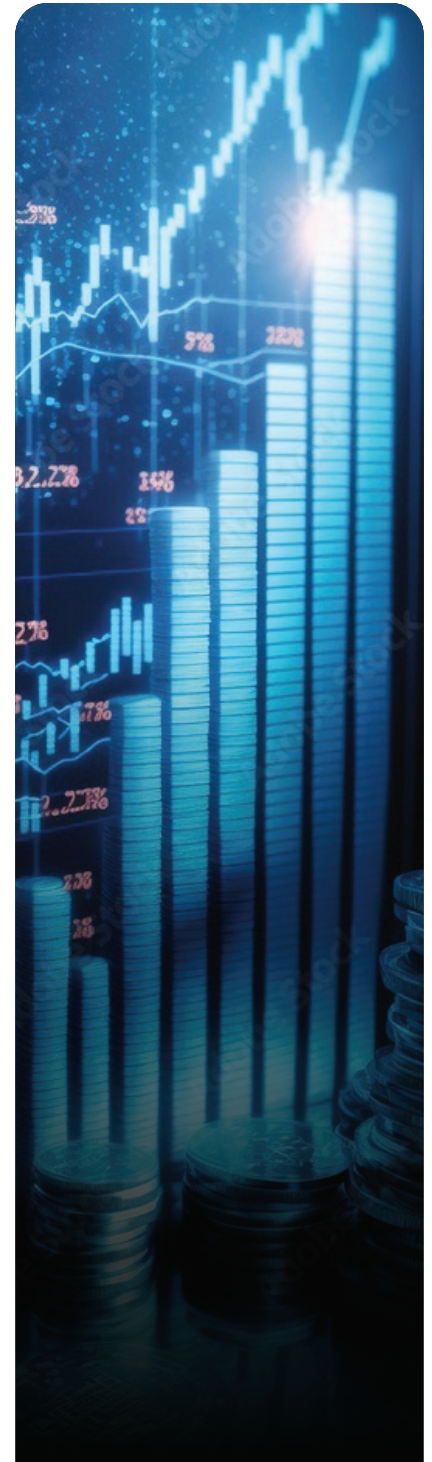
**Reduce manager
overtime hours**

3

Operational Benefits

Business results or impact (causation > correlation; measurable > conceptual)

- ✓ **Hire faster:** In frontline, to reduce days of understaffing / under productivity, spend less manager hours and hire better candidates.
- ✓ **Drive revenue gains:** In frontline, by reducing days of productivity loss caused by understaffing or increase volume of productivity.
- ✓ **Improve customer experience** with higher % interactions (days and locations) with fully staffed locations
- ✓ **Return manager time** that can be repurposed on higher impact initiatives like customers, operations & team
- ✓ **Increase recruiter productivity (More reqs):** by reducing hours spent on recruiting administrative tasks (scheduling, screening, etc.)
- ✓ **Reduce short term turnover** of frontline employees by minimizing strain of understaffing and selecting better fits.



Demonstrate Cost Control and Efficiency

CFOs are always looking for ways to control costs and improve efficiency. Address these concerns directly in your business case:

- **Vendor Consolidation:** Propose consolidating vendors to reduce costs and simplify management. Highlight the financial benefits of using fewer, more integrated systems.
- **Doing More with Less:** Emphasize how the technology will enable your team to achieve more with fewer resources. For example, automation tools can reduce the need for manual processes, freeing up your team to focus on more strategic tasks.
- **Long-Term Savings:** Discuss the long-term savings the technology will bring, such as reducing turnover, improving retention, and lowering the costs associated with inefficient recruitment practices.

Use Data to Support Your Case

CFOs rely on data to make decisions. Ensure your business case is backed by solid data:

- **Benchmarking:** Include industry benchmarks to show how your current technology compares to competitors and where the proposed technology will place your organization.
- **Cost Projections:** Provide detailed cost projections, including initial costs, ongoing maintenance, and potential savings over time. Break down these costs into understandable segments to make the financial benefits clear.

Present a Clear and Structured Case

CFOs appreciate clarity and structure in presentations. Organize your business case into clear sections, including:

- **Executive Summary:** Briefly outline the proposed investment, its benefits, and the expected ROI.
- **Problem Statement:** Clearly define the problem or inefficiency that the technology will address.
- **Proposed Solution:** Describe the technology and how it will solve the identified problem.
- **Financial Analysis:** Present your ROI calculations, cost-benefit analysis, and any other relevant financial data.
- **Risk Assessment:** Address potential risks and how they will be mitigated.
- **Conclusion:** Summarize the key points and restate the value of the investment.

Planning for the Future: Key Recommendations

- **Ensure Comprehensive Integration:**

Before investing, assess how well the new technology will integrate with your existing systems. Prioritize solutions that offer seamless integration, or plan for the necessary resources to manage the integration process effectively.

- **Prioritize User Adoption:**

Invest in thorough training and change management initiatives to ensure that your team fully understands and utilizes the new technology. Consider involving end-users in the selection process to increase buy-in and ensure the tool meets their needs.

- **Set Realistic Expectations:**

Approach vendor promises with a critical eye, and seek third-party reviews or case studies to validate their claims. Set realistic expectations internally about what the technology can achieve and build a phased implementation plan to gradually realize its benefits.

- **Align Technology with Business Strategy:**

Make sure that any technology investment is closely aligned with your organization's strategic objectives. Conduct a needs assessment to identify specific challenges that the technology will address and ensure that its features match your requirements.

- **Implement Strong Change Management:**

Develop a robust change management plan that includes clear communication, training programs, and ongoing support. Engage leadership to champion the change and ensure that the organization is prepared for the transition.

ABOUT US



Aptitude Research is a leading human capital management (HCM) research and advisory firm. Our in-depth research and vendor assessments help HR leaders develop a deep understanding of the HCM technology landscape, including talent acquisition and engagement, to ultimately make better purchase decisions.

Our flagship research delivers a comprehensive look at talent acquisition trends and technology. This knowledge, combined with our consulting and advisory services, enables companies to save time, money and improve the recruiting, hiring and workforce management experience.

Founded by leading analyst Madeline Laurano and based in the Boston area, Aptitude Research provides a wealth of HCM expertise to companies, vendors and investors. View our recent and upcoming research at www.AptitudeResearch.com or connect with us on [Twitter](#) or [LinkedIn](#).



Launched in late 2016, Paradox was founded with the belief that recruiters, hiring managers, and talent leaders should spend their time with people, not software. Olivia, the company's conversational AI assistant, automates administrative work — like screening, scheduling, onboarding, employee communications, and more — to drive efficiency that gives teams hours back in their week, and enables everyone to do better work, faster. Since its founding, Paradox has earned the trust of more than 200 clients globally, including some of the biggest brands in the world — CVS Health, McDonald's, Unilever, Intel, Aramark, and many more in the Fortune 500. The company has won numerous awards, including being named one of Human Resource Executive's Best HR Products of 2019, and was recently named one of Forbes' Top 500 Startup Employers.

To learn more, visit paradox.ai.