

Elkjøp – helping to recruit the right people, quickly and efficiently

Overview: Elkjøp is the largest consumer electronics retailer in the Nordic countries, with 400 stores across six countries and 9,500 employees. The company is owned by the British giant Dixons Carphone and trades under several brands, including the Carphone Warehouse. Despite its leading position in the market, however, Elkjøp’s recruitment was in need of significant overhaul. This case study shows how Elkjøp reduced recruitment costs and increased sales revenue, driving 10 million euros of benefit to the bottom line.

Situation & complications:

Elkjøp was suffering from 20% annual staff turnover, including some recruits who ‘bounced’ (left early). Recruitment processes were taking too long, making them expensive and inefficient. The company was paying significant amounts to headhunters for external candidates for management positions. Finally, choosing to hire people who turned out to be unsuitable for sales roles was costing the company potential revenue.

What we liked about this case study:

It is very rare to find HR interventions which have a disciplined approach to setting out their objectives at the start and then checking afterwards whether the objectives have been achieved or not. Elkjøp used sophisticated recruitment methods, but just as importantly they applied a rigorous approach to documenting their aims and a disciplined cycle to build on progress. Their results were outstanding.

Giles Slinger, OrgVue

The Approach

To improve recruitment, Elkjøp decided to work with **cut-e**, a recruitment analytics firm. Together they addressed four opportunity areas with the potential cut down costs and increase sales:

- Failed recruits:**
 These are defined as new recruits who leave the company in their first 6 months. Elkjøp calculated that 200 failed recruitments annually cost it €4.6 million per year. Reducing failed recruits by 80% would save them €3.68m euros per year.
- Process optimisation:**
 Elkjøp identified recruitment process improvements that could cut 3 hours off each hiring process, thereby saving the company 6000 hours per year, at a value of €241,800.
- Internal recruitment:**
 By recruiting managers internally as opposed to via an external supplier, Elkjøp would save €864,150.
- Integrating psychological test:**
 Cut-e has a proven track record of helping clients in selecting their right candidates and improving their sales by 14%. If similar results could be achieved by Elkjøp, this would translate into €29m in extra revenue. Elkjøp and cut-e designed a psychological assessment including ability tests, personality tests and interviews to find the best sales candidates (see below). They documented feedback from applicants and managers, helping track outcomes and continuously fine-tune the recruitment process.



Please drag the objects according to the correct order into the corresponding fields.

1

2

3

4

5

6



Measurement of competencies (basic)

How accurately do these statements describe your behaviour?
 Please allocate points by using the + and - buttons.

The company should take note of my significant achievements

I would like others to see me as a kind person

It is important to me that the working atmosphere is relaxed and jolly

Max. 6 points to distribute:

CLIENT OBJECTIVES

- To hire the right people for the right roles
- Reduce high level of turnover
- Reduce recruitment costs and time
- Find new managers internally instead of using external suppliers
- Increase effectiveness of sales people and increase revenue

THE SOLUTION

- Tailor-made process with tests, structured competency-based interviews and screening
- All recruitment handled via Easyrecruit platform
- Training for recruiters
- Feedback from both recruiters and candidates
- Continuous fine-tuning and development
- Validation study to evaluate the results

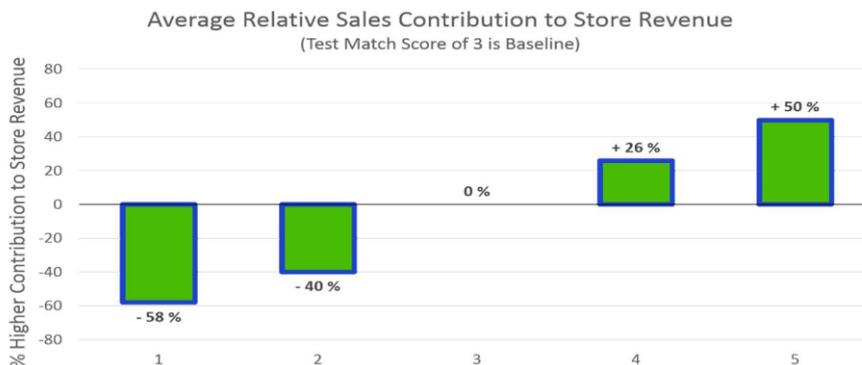
The recruitment team cut costs, saved time and increased sales revenue.

BENEFITS: Comparison of ‘Targeted’ vs ‘Actual’ benefits realised

	Targeted benefits	Actual benefits realised
1	€3,680,000 to be saved by reducing failed hires by 80%	Managers say this is ‘much higher’; analysis due June 2015
2	€241,800 of time to be saved by saving 3 hours in administration per hire	Managers assess saving at 10 hours per hire
3	€864,150 in external costs was saved by recruiting 30 management positions per year internally	Finance confirmed this as “a realistic number”
4	€5,800,000 added margin from 14% extra sales due to having the right personality types in sales roles	Sales increased by 18% - giving an estimated €7.5m added margin
	Impact targeted: €10.5m	Impact achieved: €12.3m

Elkjop proved a clear business case for recruiting the right people. The impact achieved exceeded the estimated target and was validated through a formal assessment process from April 2013 to November 2015.

Insight into the largest source of gain – the extra revenues from right personality types for sales



Quotes from colleagues about the intervention

- Store manager Elgiganten Täby: *“The person who came up with using [this] is a genius and deserves a medal!!!”*
- MD for 4 franchise stores in Bergen: *“I can strongly recommend cut-e as a recruiting tool. We will not hire anyone without using this in the future.”*
- Store manager, Sarpsborg Norway: *“I have used cut-e on more than 400 applications now. It’s fantastic!”*