

# Quality of Impact: The Golden Metric?



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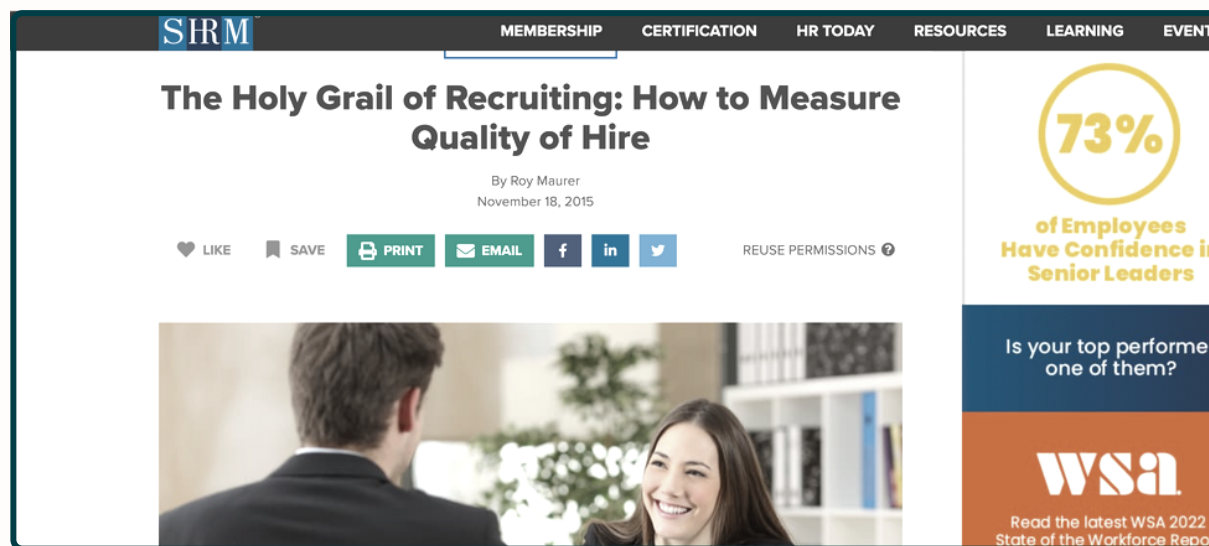
# The buzziest metric of 2023 is Quality of Hire



The buzziest metric of 2023 is Quality of Hire (QoH), and for good reason. After a pandemic boom where companies seemingly couldn't hire fast enough, many companies are now scrutinizing the number of hires they made and the quality of those hires. The outcomes of the reviews, in many cases, have been layoffs, and in other cases, caused organizations to review their hiring practices and the "Quality" of individual hires they've made.

# Quality of Hire

This isn't, however, the first appearance of QoH. In 2015, SHRM labeled Quality of Hire (QoH) as "The Holy Grail of Recruiting," and in the process, assigned it to become a recruiting metric.



In practice, QoH does not reflect the recruiting process's efficiency but provides insight into the individual hire and their output over time, making it a business metric.

QoH is found by calculating feedback surveys, performance reports, tenure, promotion rates, and even KPIs / goals [see link to '[how to calculate QoH](#)'], which can also vary from company to company.

# The Golden Metric?

However, QoH has several shortcomings.

From the list above, only tenure can be measured objectively because that is a mutual decision by the employer and the employee.

Feedback, performance ratings & reports, and even promotion rates are all subjective for the following reasons:

- Performance reviews may not accurately reflect an employee's work due to the method in which the review is conducted (i.e., 360 vs. top-down), frequent organizational restructures, or even new manager relationships.
- The business units often establish promotion rates. If only one promotion is available to a manager with two employees of approximately equal output and standing, then the employee isn't at fault for a business decision.
- Feedback surveys are often prone to recency biases.

# Quality of Impact: Measuring Where It Counts

Companies interested in employee output should consider exploring Quality of Impact (QoI) in addition to QoH. QoI focuses more objectively on the individual's impact on the organization in a given period relative to the company goals and could be measured in real-time. Additionally, QoI offers clean deliverables and significantly reduces subjectivity that could plague QoH data.

*Because QoI is measured from a year-over-year perspective, it also removes some of the ambiguity of the QoH calculation.*

For example, Employee A in Year 1 has a high impact, and Year 2 has a medium impact. While QoH would give you an overall metric on Employee A, QoI would allow you to look at what happened in Year 2 and how that impacted Employee A's performance and enable you to get them back to being high impact or if they are still on the right team. This could also tell you if the employee may need to change teams.

# Quality of Impact: Measuring Where It Counts

By measuring QoI, you also gain access to metrics like Time to Impact, which measures the time from when the person started to when they are fully ramped and driving value (i.e., for Sales when they have closed a deal or in Engineering when the team feels comfortable for them to push code into production).

Especially when companies need to do more with less, these insights inform a company on the power of their onboarding/training and the effectiveness of their managers.

Over time, QoI also gives better predictors of where to find high-performing candidates for your Recruiting Teams. Additionally, this data proves valuable if an employee leaves because it would tell a company how long it would take to get the next person to that same level and much more.

# Quality of Impact: Measuring Where It Counts

One of the limitations of QoH is that it is inherently unshareable with the employee, especially if subjective metrics are used in the calculation. QoI, on the other hand, offers shareability and is even used in retention conversations.

This transparency drastically changes conversations between managers and their reports and managers and HR. For example, with this number in hand, a manager could justify why they couldn't lose a specific individual to a competitor, or the manager could show an employee who feels stagnant their impact.



# How to create a Quality of Impact (QoI) measurement

- Total Project or OKR (i.e., New Feature, Revenue Target)
- Expected Team Contribution to Total Project (i.e., Front-End or Back-End code, Team Driven Revenue)
- Expected Individual Contribution per Member (i.e., lines of code written/reviewed, # of deals closed per quarter, # of calls made)
- Produced Amount by Individual
- QoI Score

## Example of Quality of Impact

- OKR – \$1m in ARR
- Expected Team Contribution – \$500k from AE, \$500k from Channel Partners
- Expected Individual Contribution – AE Team of 5 = \$100k each, Channel Team of 2 = \$250k each
- Final QoI



# Example of Quality of Impact

Team Member	Amt of Rev Expected	Amt of Rev Generated	Qol
AE A	\$100k	\$200k	2.0
AE B	\$100k	\$150k	1.5
AE C	\$100k	\$75k	0.75
AE D	\$100k	\$50k	0.50
AE E	\$100k	\$25k	0.25

# Quality of Impact: What are the considerations?

Like most complex metrics with multiple inputs, some considerations must be factored in. For example:

1. What happens if a company's priorities change?
2. What happens if you have someone delivering a significant impact in a short time and they leave?
3. How do you begin measuring QoI in addition to QoH? How do you get the buy-in?
4. Does your legacy data support QoI?
5. Who drives this measurement?
6. Does the measure of impact vary by department? For example, a sales team will have a very different measure of impact than a customer service team.

# Quality of Impact: What are the considerations?

These considerations are all completely valid though not impossible to solve. The short-term goal should be to get the buy-in and data points to have the starting point.

From there, various methods can be used to address the questions above. Keeping that in mind, Quality of Impact could be the evolution of measuring the success of an hire, and businesses large and small should consider implementing it in their respective organizations.

# About the Author – Jeremy Lyons

Jeremy is an experienced Talent Acquisition (TA) professional, with 6+ years of experience in the Recruiting Operations (RecOps) space, primarily focused in the tech and finance sectors.

His expertise lies in implementing various applicant tracking systems and recruiting tools, streamlining recruitment processes, and developing innovative recruiting strategies using data to highlight TA's impact on any company.

He recently helped co-founded 2r0ps, a RecOps professional services company, with several of his former colleagues to help democratize RecOps for all companies. Through their RecOps Collective initiative, they also provide a library of free resources, thought pieces, and other useful materials for the RecOps community.

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