

Recruiting Strategies That Work

Business leaders have more options for finding new employees than ever before. Choices include internal company recruiting efforts and open houses, company websites, print advertising, college internship programs, industry and related trade shows, third party job fairs, temporary and career placement employment services, and third party internet job boards.

For a time it was believed the internet would revolutionize recruiting; however it has succeeded only in taking over the spot once held by newspaper classified employment advertising, at the lowest end of the spectrum. The ease of posting and responding to job openings electronically has increased volume exponentially, but has not generally translated into higher quality candidate matches or improved company recruiting efficiencies. The internet is infamous for excessive and mismatched job seeker responses, which can overwhelm even seasoned hiring authorities. According to many employment industry experts, less than 1% of all available job openings are filled through the internet, while the vast majority continues to be satisfied by word of mouth.

Prior to investing in commercial solutions of dubious quality, companies are exploiting cost effective best practices that can be implemented internally. A common technique used successfully by employment/staffing services is to include a reference section in the employment application that captures the first and last names, current employer, title, and contact information of people that can vouch for the applicant. Such references can add up over time to become an excellent recruiting source when entered into a searchable database application.

A formal referral program is an effective method for inducing employees to provide names and contact information of prospective employees. Referral fees starting as low as \$20, or the equivalent in product and service offerings such as meal vouchers, movie tickets or comp time, can be appropriate for unskilled positions. Fees for higher level positions range from hundreds to thousands of dollars and have the potential to serve double duty as a form of employee retention program. It is appropriate to experiment by structuring graduated fees, i.e. 1st referral hired is valued at \$100, 2nd at \$200, and so forth. Fees can increase without limitation, reset back to the starting point after a defined period, or be capped at some maximum dollar amount. In any event, fees should not be so great as to encourage employees to choose between sourcing referrals and performance of their job duties. One solution is to limit cumulative referral fees to a percentage of the referring employee's base compensation. With countless variations to choose from, caution should be exercised to help assure that pay-outs do not promote unintended consequences such as fraud, or promise more than the company can deliver.

A referral program agreement is an absolute necessity to align expectations, while avoiding misunderstandings and disputes. Such agreements establish terms, conditions, fee amounts and payouts in unambiguous language, including, but not limited to, prohibiting the referral of current or prior employees and applicants, and the requirements that referrals must be hired within a pre-established period of time after referral and must work for a minimum number of consecutive days without termination of employment prior to payment of referral fees. Referral programs should never add to or modify employee job descriptions. If it is desired that employees actively recruit applicants while "on the clock", such function must be formally included in the job description and compensated at regular and overtime rates, with commissions optional. Referral program agreements should be signed and dated by participating employees and the employer, with an executed copy provided to the employee and the original placed in their personnel file.

Business leaders are strongly advised to engage attorneys experienced in compensation and employment matters to assist in the development of any employee referral programs and agreements. In consideration of the potential liability related to improper hiring practices, especially regarding discrimination, and given the cumulative value of recruiting and staffing over the life of a business, investment in a competent attorney is money well spent.

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About the Author:

Bob Snelling is president and founder of Honor Capital Group, LLC a small business consultancy and finance intermediary, and the author of Tip Top Docs brand of professional business documents.



Bob's diverse business experience spans multiple industries dealing with products, services and people. Serving as an employee in various positions from warehouse to boardroom Bob has directly reported to no less than five extraordinarily different company presidents. As a business owner making decisions, setting budgets, and meeting payrolls for up to thousands of employees, Bob has known first hand what it is to maintain legal, operational and P & L responsibility. Performing in the roles of senior level executive, CEO, board director and major shareholder of Snelling and Snelling, Inc., a national, and for many years international company with hundreds of franchised and corporate units, Bob has by necessity perfected leadership skills that are tolerant and respectful of widely divergent perspectives.

A unique background with progressive levels of operational, managerial and financial responsibility has proved invaluable preparation for Bob's current role as business advisor and finance intermediary. Guided by ethical behavior, attention to detail, and a regimen of planning, collaboration and teamwork, Bob's innovative yet practical solutions consistently deliver return on investment and stand the test of time. Decades invested in the identification and implementation of sustainable best practices uniquely qualifies Bob to author relevant topics that today's franchised and independent business leaders can immediately benefit from and put into action.

Bob currently resides in Plano, Texas a suburb of Dallas with his wife and business partner Carol, their two children and a Border terrier. e-mail: bob@HonorCapitalGroup.com phone: (972) 735-0005