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Companies' good health depends upon recruiting, employee retaining practices

By Barbie Mully

Every company should strive to recruit top talent and keep those employees happy for the long haul. Pursuing these objectives helps businesses stay strong and reach top performance goals.

"At the end of the day, the most important thing to remember is that there is no other factor that will have more impact on the overall success or failure of a business than the caliber of individuals on the team," said Dan Hemphill, president of Hemphill Search Group.

Studies show a bad or neglected hire can cost companies thousands of dollars.

Ann Kelleher, president and owner of Integrity Staffing, said the average dollar loss when an employee turns over is at least one-and-a-half to two times the employee's annual salary, depending on the responsibility level of the employee.



"Because jobs vary, there isn't an exact formula for determining the cost of a bad hire, but several direct and indirect costs go into the calculation," said Mark Hirschfeld, principal at SilverStone Group.

Direct costs include expenses related to hiring a replacement, like recruiting, orientation and training, and pre-employment personality and drug testing expenses, he said.

Indirect costs can have an equally harsh effect. During the transition period, to compensate for the vacancy in one position, other employees may take time away from their regular

duties to compensate. Then, once the position is filled, there is typically a learning curve phase where clients may potentially be neglected. Though not intentionally, these things are very common.

"Customers may see a change in service level causing them to go elsewhere to get their needs met," Kelleher said. "In addition, once a new employee is on board there is time required to build relationships before the employee achieves greater efficiency."

Chris Carlson, regional manager at Aureus Group, believes one of the most effective recruiting tools is a well-placed employee referral program.

"Engaged top talent referring former coworkers, employees, bosses and friends is a true indicator of a productive and happy workforce," she said.

"Studies continue to show new recruits, who have been referred by an employee, generally tend to stay longer," Hirschfeld said.

There are steps firms can take that every successful leader does to retain top talent," Carlson said.

They communicate vision, objectives and career path clearly and honestly, while empowering top performers to take ownership of their function in the organization, and they compensate fairly, she said.

Hemphill said it is vital that talent is hired into just the right role in the first place.

"It is important to position individuals where they will continue to enjoy career growth and opportunities that match up with that person's long term career goals," he said.

"One of the biggest mistakes employers make is to only recruit when they have an opening," Hirschfeld said. "Recruiting should be an ongoing process of meeting and connecting with individuals who you may want to employ in the future."

Social networking sites, like LinkedIn, are one way employers can tap into this currently employed "passive market," Hirschfeld said.

"Most individuals on LinkedIn are not actively looking for new opportunities, but are receptive to receiving a phone call with better opportunities," Hemphill said.

Kelleher said social media, like Facebook, Twitter, and LinkedIn, will play a more integral part in recruiting as time goes on.

"Right now individuals and companies are still experimenting and figuring out how to harness social media," she said. "Today a growing number of employers are going to the web as a key component of screening applicants as they make hiring decisions. Companies are also checking up on their own employees this way."

Carlson pointed out that the emerging workforce is using LinkedIn, Facebook, Twitter and similar sites, so employers that are proactive in learning how to use these tools to recruit and screen candidates, or even market services, will gain an edge on competitors. "Constant and never ending improvement is an old fashioned work ethic that is back in style," she said. "We all need to open ourselves to new ways to conduct business."