Recruiting and Retaining Staff for Your Small Business

As a small business owner, you know better than anyone else how essential it is to have the right people for the job. For you, the hiring process is crucial -- and tough! Whether you've already started to build your staff or are starting from scratch, this course will show you how to reach out to potential employees, make sure they're right for your company, and deliver an employment package that will bring them into your company and keep them there. You'll also find out where today's job hunters are looking, where to find "hidden" talent, how to write a successful job listing, and what a "competitive employee compensation package" really means.

Prerequisites

● None.

Lessons

1. Beginning Your Talent Search

   Finding good talent is essential to running a successful business. Understanding your specific needs and knowing where to look for people who fit those needs are the cornerstones to successful staffing.

2. The Online Gold Mine: Recruiting on the Web

   Online recruiting has become one of the best ways to find the right people for your company. A well-crafted ad, posted in the right places, will attract top talent from all over the country.

3. Handling Responses and Filling the Position

   When the resumes pour in, it's time to sift through them and identify the top candidates for the job. Remember that the interview process is not just about finding the right employee, but also about showing your company at its best. When you've chosen the right person, you want to make sure you make them an offer they can't refuse.

4. Keeping Your Best Employees

   The most important part of the staffing process is employee retention. Top talent is always in demand, and if you don't have a plan to keep employees satisfied, you may find yourself back at the beginning of the recruiting process. Understanding your employees' needs and finding ways to meet them will help you retain your best employees.
Beginning Your Talent Search

Lesson Description

Finding good talent is essential to running a successful business. Understanding your specific needs and knowing where to look for people who fit those needs are the cornerstones to successful staffing.

Staffing as a Business Strategy

Welcome to the course! If you're serious about finding the best employees for your company -- and keeping them once you've found them -- you're in the right place.

In this course you'll learn:

- Why good staffing practices are essential to your business
- Where to find skilled employees
- How to use the Web as a valuable recruiting resource
- How to attract prime candidates
- What to look for in resumes and interviews
- How to create an attractive compensation package
- How to retain your best employees and keep them happy in your company

When you're done with each lesson, be sure to complete the quiz and assignment. And when those are complete, it's time to visit the Message Board to ask questions, share progress, and interact with your instructor and fellow students.

Where Does Staffing Fit in Your Business Strategy?

Is your staffing strategy reactive or proactive?

Reactive Staffing

You lose an employee, and you fill the position with a new one. To fill the position, you post a job ad and let potential employees find you.

Proactive Staffing

You lose an employee, and you analyze the needs of your company -- in both present and future context -- and bring in the skills required to meet those needs. Rather than letting talent find you, you actively search for the right talent both inside and outside your company.

No matter what industry you're in, you need the right people to put your company in a competitive position. And in a fast-paced business world, if you can't keep up, you'll miss out on top talent.

Proactive staffing puts you one step ahead of the game. Not only does it keep your current operations flowing smoothly, but by bringing in new talent and skills, it makes your company more flexible, responsive, and always ready for growth. The proactive approach to staffing goes beyond better hiring decisions; it leads to better policies and training practices, which add to the value of your company's human resources and make the entire staffing process more efficient.

Next Up

Putting proactive staffing strategies into place.
What You Need Before You Begin

You don't get ahead without thinking ahead, so the first step in proactive staffing is planning. Using the following four-step model, you can develop a solid staffing strategy for your company:

- **Step 1: Current Workforce**: What does your current workforce look like? What skills do your people possess? Be sure to include an analysis of your attrition statistics -- resignations, terminations, retirement, and internal promotions -- to get a clearer picture of how and why your workforce changes. This step will give you an idea of what your workforce would be without all of your recruitment and training processes.

- **Step 2: Future Workforce**: What will your workforce need to look like in one year? Five years? This is a key step in proactive staffing: identifying what your needs will be, so you can take steps to meet them now. This is also one of the trickiest steps, as it involves a fair amount of speculation on your part. You must take into account internal influences, such as your business mission and goals, as well as external influences, such as technology and industry trends. For this step, take into account several different likely scenarios for your industry.

- **Step 3: Gap Analysis**: Where are the holes between Step 1 and Step 2? What skills will your company need in five years that you don't have now (or don't have enough of)? Don't forget to take into account the areas in which you have an excess of skills, or skills you currently need but may not need in the future. This will help guide your training processes; you can work with those employees to adapt their current skills and perhaps add new ones that will better fit your future needs.

- **Step 4: Solutions**: The gap analysis shows you what needs to change for the future; how are you going to make that change happen? Do you need new employees who have specialized training? Do you need to train current employees in new skills? Map out your plans for hiring and training, with appropriate timelines, to help you stay on track.

After all of this planning, you should have a very good idea of the tasks ahead for your HR department. The rest of this course will focus primarily on the hiring aspect of your staffing strategy.

**TIP**
Let technology help! Human Resources Information Systems (HRIS) are becoming more and more sophisticated, allowing you to track the qualifications and company-related history of employees on an individual and company-wide basis.

Creating a Job Description

After the planning process, you should have a clearly defined set of skills that you need to introduce to your business. The next step is to write a job description based on those required skills. This job description will later become a major part of your recruiting process, but for now you should focus on creating a description that tells both you and the employee exactly what the roles and responsibilities are.

What Goes into a Job Description?

- **Job Title**: What is the formal title for the position? If your company uses a different title than the “industry standard,” use the company’s version in the formal description, but note the industry version for use in recruiting.

- **Job Objectives**: What is the broad scope of the position? Write a sentence or two about the general nature and purpose of the job.

- **Duties and Responsibilities**: Which functions are needed to meet the job objectives? Which are most important, and which are secondary? Be as specific as possible here. In general, you will use action statements that begin with words like “performs,” “monitors,” “recommends,” “drives,” etc.

- **Qualifications and Requirements**: What will an employee need in order to
perform the responsibilities of the job? Specific education, training, and experience requirements should be noted in detail. Be careful not to "over-qualify" the employee for the job; if the job can be performed with only a high school education, don't require a four-year degree.

- **Lines of Communication:** Where does the job fit within your organization? Who will the employee report to? Who will report to the employee?
- **Training:** What kind of on-the-job training will the employee need to prosper in your organization? What does the employee need to know about the way the company or department operates on a day-to-day basis?
- **Job Location:** Which office or branch will the employee be located? Where in the office will the employee's desk be? Do you have the right space and equipment available?
- **Terms and Hours:** Is the job full-time, part-time, permanent, temporary, or contract? How many hours per week will the employee be expected to work? Which days and hours will the employee be expected in the office? Will the employee need to be available on weekends or holidays?
- **Salary:** What is the salary range and benefits you are able to offer for this position? This will be used as a guideline; when you prepare an employment offer, you may adjust these factors depending on the candidate's qualifications.
- **Contacts:** Who in your organization will be responsible for hiring this position? Who will be responsible for managing this position?

Next Up

Using your current employees as a recruiting resource.

**Internal Recruiting Resources**

Sometimes you'll find the talent you need within your current workforce.

**Promotions and Transfers**

During the four-step analysis you did at the beginning of the process, you should have gained a better understanding of the skills and talent you already have within your company. Look at this information again, along with the detailed job description you just created, and determine whether or not the new position may best be filled by a current employee.

The advantages to hiring within your company are: 1) the employee is already familiar with the company and its internal operations; and 2) offering growth opportunities for current employees is one of the best ways to increase employee retention.

**Before You Promote or Transfer an Employee**

Once you've identified an employee -- or several employees -- who might make a good fit for the position, consider the following questions:

- How is the employee's performance in his or her current position? Is he or she doing well enough to justify a promotion?
- Has the employee demonstrated the ability to adapt to new roles or responsibilities?
- Will the employee fit in with the new department and co-workers?
- How will the company handle the employee if he or she does not work out in the new position? Will he or she be allowed to return to the old position?
- Who will fill the employee's old position?

The employee's current manager should serve as the employee's "reference," and provide answers to many of these questions, as well as an overall "yea" or "nay" recommendation. This will also give the manager a head's up on the employee's potential departure, and allow you to work with the manager on a replacement strategy.

**Referrals**
Even if your current employees aren't right for the new position, they may still be able to help in the recruiting effort. Each of your employees has his or her own network of people both inside and outside your industry. They may be able to tap this network to find candidates who not only fit the job description, but the company culture as well.

TIP
A referral bonus is often used to encourage employees to help recruit candidates. Depending on the position to be filled, the bonus may range from $50 to $5,000.

To request referrals, send a “Recruiting Announcement” to all employees. The announcement should include a partial job description that lists the job title, duties, qualifications, location, terms/hours, salary, and hiring contact.

Next Up
Searching for top talent outside the company.

External Recruiting Resources

In most cases, you won't have the resources within the company to fill the position. Instead, you'll need to look to external sources to find the talent you need. There are several "tried and true" external resources for finding good employees.

Staffing Firms

Staffing firms can be a tremendous help to businesses with a small or overworked HR department. You can hire a staffing firm to take care of part or all of the hiring process -- from recruiting to pre-screening resumes to conducting interviews. Staffing firms can also provide temp-to-hire employees, giving you an opportunity to test a new employee's fit with the company before offering a permanent position.

Before you engage the services of a staffing firm, be sure to ask plenty of questions, such as:

- Where does the staffing firm find candidates? Do they have an existing database of potential employees? What is their recruiting process?
- What is the process for matching a potential employee with your position? Do they assess personal factors as well as skills and experience?
- Does the staffing firm specialize in a particular field, such as IT or Marketing? Is their specialization related to the position you need to fill?
- Does the firm have experience placing employees in the level for which you are hiring? For example, if you are filling an executive-level position, has the staffing firm successfully placed executives in other companies?
- How will the staffing firm bill you? By the hour or as a flat rate? Do they have a "return" policy? (Some firms will refund part or all of their fees if the new employee does not work out during the first 60 or 90 days.)

Newspaper Classifieds

Traditional newspaper classified ads used to be a primary way to attract potential candidates. However, with the explosion of online resume and recruiting sites, newspaper ads are becoming less effective for many positions, particularly specialized or high-level positions. The lower cost and localized reach of newspaper ads make them useful primarily for hourly, part-time, entry-
level, manual labor, or sales positions.

**Online Recruiting**

The Web has become one of the best tools for hiring managers. Online recruiting is an easier, faster, and less expensive way to find top talent for your company. Plus, the wide reach of the Web allows you to find potential candidates anywhere in the country -- or the world.

For many companies, especially small businesses, online recruiting has become the primary -- and sometimes the only -- method of recruiting. Because online recruiting plays such a big role, we’ve devoted the entire next lesson to the topic.

**Moving Forward**

In this lesson, you got a great start on the recruiting and hiring process. The next lesson gives you a detailed look at online recruiting, as well as step-by-step instructions on how to effectively use the Web to attract top talent.

For now, be sure to complete the assignment and do the quiz for this lesson, then stop by the Message Board to meet your instructor and your fellow students. Feel free to share questions, answers, goals, and experiences -- the Message Board is here for you!
The Online Gold Mine: Recruiting on the Web

Lesson Description

Online recruiting has become one of the best ways to find the right people for your company. A well-crafted ad, posted in the right places, will attract top talent from all over the country.

What Kind of Talent Will You Attract Online?

The proportion of Americans online on a typical day grew from 36% of the entire adult population in January 2002 to 44% in December 2005. The number of adults who said they logged on at least once a day from home rose from 27% of American adults in January 2002 to 35% in late 2005. And for many of those users, the internet has become a crucial source of information -- surveys by the Pew Internet & American Life Project show that fully 45% of internet users, or about 60 million Americans, say that the internet helped them make big decisions or negotiate their way through major episodes in their lives in the previous two years. -- [The Pew Internet & American Life Project](#)

Searching the Talent Pool

Remember when we talked about making your recruitment process proactive instead of reactive? Instead of just posting a job ad online (reactive), many online recruiting sites also allow you to actively search their database of resumes to find a potential fit.

How big is the online talent pool? Huge. Many of the top recruiting sites include the resumes of millions of professionals in their databases. Yahoo! HotJobs alone boasts more than 20 million registered job seekers. But don't worry -- that doesn't mean you have to wade through 20 million resumes. Advanced search technology allows you to quickly and easily whittle the field down to the most likely candidates.

Even if you find several good resumes in a recruiting database, you should still post an online ad -- the majority of online job seekers search job listings without posting their resumes.

Next Up

Creating an ad that will attract top candidates.

How to Write a Successful Online "Help Wanted" Ad

Later in the recruitment process, you'll have several candidates competing with each other over your position. But at this stage, it's important to note that you are competing with other companies for those candidates. You want to make sure that you -- not your competitors -- get first shot at the top talent. In order to do that, your job ad must make those top candidates interested in your company and your position.

How do you do that?

First, you'll need a good job description, which we discussed in Lesson 1. The job description will provide most of the material for your ad.
Create a list of additional job titles or keywords that may be associated with your position -- anything that a potential candidate might search for if they're looking for a position like the one you're trying to fill. For example, if you need a Marketing Director for your cleaning company, you might list keywords like "marketing director," "marketing manager," "advertising," "cleaning," and "janitorial." These are all words you want to make sure you include in your ad.

Take another look at the duties and responsibilities in your current job description. Which ones are most important? Which ones are likely to occur most frequently? These are the ones you should list first.

In most cases, a bulleted list is the best way to present the job responsibilities. This is another advantage of online ads versus traditional newspaper ads -- you have more room to describe the job, and the ability to better format your ad.

You will also want to include many of the qualifications listed in your job description, also in a bulleted list in order of importance. Education requirements should be at the top of the list, followed by years of experience, specific skills, and personal attributes. When listing personal attributes, remember that everyone wants an employee with "excellent work ethic" or "good communication skills" -- and every candidate will assure you that they have these skills. Focus on items that are most important to the position: Do you need someone who can work on a team or work independently? Someone who can work in a fast-paced or high-pressure environment?

Be sure to list the benefits your company offers, particularly if you offer extras, such as additional vacation time, flex time, vision or dental benefits, etc. It is up to you whether to list your salary range.

Finally, tell the candidate a little about your company. Many recruiting sites will ask you to post a more detailed company profile, which they will link to your ad. However, you still want to include a paragraph or two to "sell" your company to potential candidates. Write a brief "About the Company" paragraph that tells the candidate what your company does ("We make widgets."), as well as what your company's values are ("We promote work/life balance and environmental responsibility.").

**A Few Extra Tips**

- **Use headlines and sub-headers.** Headers make your ad "scannable." Candidates should be able to quickly find the job title, responsibilities, qualifications, contact information, etc. Use bold font, colored font, or italics to emphasize important points -- but don't use them on every point! Overuse of emphasis kills the purpose.
- **Give several contact options.** Even though you are recruiting online, some people prefer to mail or fax a resume rather than e-mail it. Many recruiting sites use a "Click here to apply" button or a link that allows candidates to upload a resume and cover letter, without giving the candidate your contact e-mail.
- **Note your contact preferences.** If you don't want people to call or come to your office, clearly state this in your ad.
- **Tell them where to find more information.** If a candidate is serious about your position, he or she will want to know more about your company and what it does. In addition to the "About the Company" paragraph, include your company's Web site address and where to find examples of your work (if applicable).

**Next Up**

Putting your ad online.
Where to Post Your Ads Online

There are many places to post employment ads such as your own site, industry sites, and recruiting sites. You'll find out about each of these in this section.

Your Own Site

The first place you should put your ad is on your own Web site. If you don't already have one, add a "Careers" or "Job Openings" page. Link to this page in your navigation menu (most companies put this link in a small navigation menu at the bottom of their Web site), your "About Us" page and your "Contact Us" page.

Be sure to include the date the job was posted, and keep this page updated -- you don't want to receive resumes for a position you filled six months ago! If you don't have any positions available, don't delete the entire page -- simply indicate "No current openings." You might also include a contact e-mail address for your HR department, in case someone is eager to work for your company and would like to be considered for future positions.

If you don't have a company Web site, make one. It's very easy and very inexpensive, and no matter what your company does, you should at least have a simple site telling people who you are and what you do. Many candidates -- and customers/clients -- will look for you online, to find out more information or to validate you as a viable company.

Industry Sites

Many industry-specific publications and organizations have "Classifieds" or "Career Opportunities" sections on their Web sites. Check the Web sites you go to most often for industry information, and see if they have a place where you can post your ad. You might also want to check sites that cater to specific professional fields, such as IT or Accounting associations and organizations.

Recruiting Sites

The biggest national online recruiting sites are:

- Yahoo! HotJobs (www.hotjobs.yahoo.com)
- Monster.com
- CareerBuilder.com

There are many others, but these are the big three.

In addition to these big national sites, you should also look for local and industry-specific sites. For example, in the Kansas City area, you might post an ad on KansasCityHelpWanted.com. Or if you are in the healthcare industry, you might post an ad on HealthCareerWeb.com.

To find local and industry-specific recruiting sites, go to a search engine like Yahoo! and type the keywords for your area and industry (for example, "Kansas City job ads," "Kansas City help wanted" or "healthcare job ads"). Consider each site carefully before posting an ad. Does it have a lot of traffic? (You can find traffic estimates at MetricsMarket.) Does it have a resume database? How much does it cost to place an ad? What other ads are already posted?

How to Post an Ad Online

While each site has its own specific ad posting process, the general idea remains the same. For this lesson, we'll use Yahoo! HotJobs as an example:

- **Step 1: Get to the right place.** First, you need to get to the "Post Jobs" part of the Web site. Since most recruiting sites focus on job seekers, you may need to
hunt around to find the "Employers" or "Post a Job" link. On Yahoo! HotJobs, the "Employer Solutions" link is in the upper-right corner of the site.

Many recruiting sites offer several different options and "packages" for posting jobs. Review the options or contact the site to find out which one makes the most sense for your company’s needs and budget.

- **Step 2: Enter your information.** Once you’ve selected a package, you will need to enter your company information. In the "Job Description" or "Ad" section, type (or copy and paste) the "Help Wanted" ad you created earlier in this lesson. Use the toolbar at the top of the section to change font style or size, add font color, bold or italics, or create a bulleted list.

- **Step 3: Review and approve the ad.** Don't skip this step! Read the ad again carefully, and make sure there are no typos or grammatical errors. Mistakes in your job ad can reflect poorly on your company.

Once you have approved your ad, it will immediately be displayed on Yahoo! HotJobs (for other recruiting sites, check the site's policies).

- **Step 4: Get ready for resumes!** In many cases, resumes will begin to arrive the same day you post the ad. Yahoo! HotJobs will store submitted resumes in your account, and will send you an e-mail each time you receive a new resume. You may also set your account to forward the resume directly to a specified e-mail address.

**Next Up**

Avoiding common online job ad mistakes.

**Top 10 Online Job Ad Mistakes**

Earlier in this lesson, we went through the process of writing a successful online job ad and you learned what you need to do when you create your ad. But it can be just as important to learn what not to do, too. Here are 10 of the most common -- and most damaging -- mistakes companies make when posting online ads:

1. **Looking like a scam:** Many work-at-home and multi-level-marketing schemes post job ads online, often on reputable job search Web sites, as sales and marketing positions. Savvy job hunters are well aware of this. If they see certain buzzwords or phrases, they may lump you in with those scam ads. Examples include: "unlimited earning potential," "work at home," or "part-time hours with full-time pay." Even if your position does offer these benefits, be wary of how you phrase your ad, and make sure to let candidates know where to find out more about your company -- so they can easily see that you're legit.

   **TIP**
   The advice above also applies to your headline or job title. The best approach is to simply list the job title: "Marketing Manager" or "Account Executive." Headlines such as "Make Great Money Having Fun as a Sales Representative" are typical of scam ads.

2. **Not including the company name or information:** Most candidates want to know as much as possible about their potential new employer. Unless you have a very good reason for keeping your company confidential, be sure to include your company name, the "About Us" paragraph, and the link to your Web site.

3. **USING ALL CAPITAL LETTERS:** It's very annoying. It's the equivalent of shouting, and although it can be effective in

**The More the Merrier . . .**

Having trouble thinking of the right words to use? Not sure if your job ad would catch attention? Get a second -- and third, and fourth -- opinion from your fellow students on the Message Board!
HEADERS, IT IS RIDICULOUS FOR THE REST OF THE AD. The same is true for excessive use of font formatting or Specialized Fonts.

4. **Thinking inside the box**: If you're used to writing newspaper classified ads, you may have trouble adjusting to the newfound freedom of online ad space. In most cases, there is no word limit to your ad, so use it to your advantage. Give yourself plenty of room to describe the job in detail.

5. **Getting too detailed**: Too much detail can a) make your ad too long or too intimidating to read; b) make potential candidates feel overwhelmed by the number of responsibilities or requirements; or c) make candidates think they will be micromanaged if they accept the position. Just give enough detail to make your expectations clear.

6. **Getting behind in your resume review process**: The online world is fast-paced, and if a candidate doesn't hear from you in a week -- or sometimes within a few days -- they may move on. You may receive hundreds of resumes, and it can be hard to keep up with the onslaught. But you don't want to let a good employee get away because you were too slow. At the very least, contact the candidate with a brief e-mail or phone call to let him or her know you received the resume and will be reviewing it soon.

7. **Not using keywords**: Earlier in this lesson, you made a list of keywords associated with your position. Did you remember to use them throughout your ad? Without those keywords, potential candidates may not find your ad.

8. **Allowing misspellings or grammar errors**: Just like any other communication that comes out of your company, the professionalism of your job ad will say a lot about your company. Avoid silly errors. Besides, you will get tired of having candidates point out every error to you, to demonstrate their “attention to detail.”

9. **Using the wrong contact information**: Seems obvious, but it happens. A typo in your e-mail address, mailing address, or fax number can waste your recruiting dollars. Double- and triple-check this information.

10. **Beginning with company information instead of job information**: This is last on the list because it's a very minor offense. A lot of companies put the “About the Company” paragraph at the beginning of the ad, followed by the job details. Ninety-nine percent of candidates will skip over the paragraph and read the job description first, then maybe head back up to read more about the company. Putting it at the end increases the chances it will be read.

### Moving Forward

In this lesson, you found out where and how to attract potential candidates for your position. The next lesson tells you what to do with them!

For now, be sure to complete the assignment and do the quiz for this lesson, then stop by the Message Board to chat with your instructor and your fellow students. Feel free to share questions, answers, goals, and experiences -- the Message Board is here for you!
Handling Responses and Filling the Position

Lesson Description

When the resumes pour in, it's time to sift through them and identify the top candidates for the job. Remember that the interview process is not just about finding the right employee, but also about showing your company at its best. When you've chosen the right person, you want to make sure you make them an offer they can't refuse.

Screening Resumes

Your first introduction to each candidate will be through their resume. Since you may receive hundreds of resumes, you'll want to develop a process that will help get you through the stack quickly -- without missing potential star employees.

At any stage in the process, if the resume does not meet your standards, put it in the "no" pile and stop reviewing it. If there's something about the resume that makes you hesitate to say "no," put it in a "maybe" pile and focus your efforts on finding resumes with a more definite "yes" response. You can go back to your "maybe" pile later, if needed.

First Impressions

Gone are the days of fancy stationery or eye-catching designs. In this electronic world, it's difficult to ensure good formatting via e-mail messages or online application systems. However, candidates can still make sure their resumes look their best.

Even in the age of electronic resumes, candidates should still include a cover letter or, at the very least, a brief introduction before their resume. If there isn't one, that may tell you something about the candidate . . . Keep an eye out for spelling or grammar mistakes, or other indications that the candidate did not do a careful job of writing and reviewing.

Get a general sense of whether the candidate uses specific examples ("I sold 100 widgets a month and increased revenue by 50 percent") or generalities ("I sold a lot of widgets") throughout the resume.

After your first quick skim, what is your impression of the candidate?

Qualifications

Scan the resume again to find your requirements, such as education or years of experience. Read through the qualifications to determine first if the candidate meets the requirements you have set for the position. If not, do they possess other skills that may make them a valuable employee? Can they be trained in the skills they are currently lacking?

You should also note whether or not the resume addresses the specific requirements listed in your ad. That can tell you whether the candidate sent you a resume that is customized to your position, or if they sent you the same resume they've sent to several other companies.

Take a close look at the candidate's employment history, too. Have they worked for other companies that are similar to yours, or are they coming from an entirely different field? Are there career path changes or unexplained gaps in their employment history?

Overall Impression

After you've read through the resume once or twice, how do you feel about the candidate? Are you anxious to get them on the phone for an interview? Or are they only so-so? Does the resume tone suggest a personality that will fit with your company? (This
can sometimes be hard to determine on paper, unless the tone is clearly humorous or clearly negative).

When you find a "yes" resume, contact the candidate for further information. The best way to do this is by phone; a candidate's phone manner can give you additional insight and information about the candidate. Ask a few basic questions, such as "Tell me why you're interested in this position" or "Tell me more about your responsibilities at XYZ Company." If the phone interview goes well, invite the candidate for a face-to-face interview.

Next Up

Getting the most out of a candidate interview.

Interviewing Candidates

This Is Not a Test . . .

Almost everyone gets nervous about going to a job interview. As the interviewer, it's your job to help put the person at ease and get a sense for their true personality and skills. Unless the candidate needs to demonstrate an ability to work under high pressure, avoid firing questions as if it were a test. Instead, think of the interview as a conversation. Keep it professional, though -- don't forget that this is a discussion between an employer and employee, not a chat between friends.

Don't forget that you're not just interviewing the candidate; he or she is also interviewing your company.

Getting Ready

Some basic preparation beforehand will keep the interview running smoothly and will make sure you learn all you need to know about the candidate. Before the interview, be sure to:

- Organize the meeting with other interviewers. If there will be several people included in the interview, be sure to discuss beforehand who will handle specific questions, or what time each person will need to arrive at the interview.
- Select the interview location. If you need to reserve a conference room, do so in advance. If you will be conducting the interview in your office, make sure you can avoid interruptions such as phone calls or co-workers dropping by.
- Give yourself enough time. You don't want to rush through the interview or miss important questions. Schedule around other appointments and avoid hectic times such as early morning or late afternoon.
- Ask for any additional materials. If you want the candidate to bring items such as a portfolio or references, remind him or her before the interview.
- Refresh your memory before the candidate arrives. Read through the candidate's resume again before you meet them. Forgetting important facts -- like the candidate's name! -- or referring to the resume every two seconds shows a lack of preparation as well as a lack of interest in the candidate.

During the Interview

- Avoid accidentally "hiring" during the interview. In your effort to connect with the candidate, it's easy to say things like, "you'll be working with John" or "we'll need you to start soon" during the interview. But you don't want to mislead candidates into thinking they already have the job. Unless you're absolutely sure that you'll be offering the candidate the position, try to stick with general terms.
- Ask for references. And check them. You might think that people would only give you references that they know will be glowing; but you'd be surprised! When you do contact a candidate's references, have a ready list of a few questions and note
the responses each reference gives. Take each reference with a grain of salt; you
never really know what motivation someone has to give a positive -- or negative --
reference.

- **Explain the next step.** Tell applicants what the next step is, and the timeline. If
  you're going to conduct second interviews, tell the applicants when they will be
  notified. And follow through with this. Candidates are also interviewing your
  company. Who wants to work for a place that doesn't do what they say they will,
  or leaves them hanging?

**What Questions to Ask**

Interview questions can run the gamut from straightforward questions about the
candidate's skills to abstract questions, such as "If you were a tree, what tree would you
be?" Although the abstract questions can give you an interesting look at a candidate's
personality, it's generally more productive to stick with questions related directly to the
position or the candidate's skills.

The following questions will get you started; you'll want to tailor additional questions to
your company and the specific position.

- Tell me about your current/last position.
- Why are you interested in this position?
- What do you hope to accomplish at our company?
- Why do you think you're a good fit for this company, or this position?
- Tell me about a project you're most proud of. What was your role in the project?
- Have you been a member of a team that struggled or failed to accomplish its
goal? Tell me more about why the team struggled, and what you would do
differently if you could do it again.
- How do you think your last manager would describe you?

During the interview, be sure to reiterate the job duties and responsibilities. Make sure the
candidate understands what is expected, is comfortable with the responsibilities, and will
be able to perform the required tasks.

Be prepared to answer the candidate's questions about the company and
the position. The candidate's questions will show you not only how
interested he or she is in your company and the position, but also whether
or not he or she was paying attention!

**What Questions Not to Ask**

There are certain questions that are **illegal** to ask a candidate, and could result in legal
action against your company, such as a U.S. Equal Employment Opportunity Commission
(EEOC) lawsuit. Illegal interview questions include questions about a candidate's:

- Age
- Race or ethnicity
- Gender or sexual orientation
- Religion
- Disability
- Marital or family status or pregnancy (including questions about child care)

**Salary Issues**

Money is always an issue. You want to get a good employee without busting your budget.
The candidate wants a good job with a great salary. Making both of you happy can
sometimes be tricky.

Although some people prefer to avoid it, it's important to at least touch on the topic of
salary expectations before the end of the initial interview. If you can't afford your
candidate, it's better to know now.
Entire books are devoted to the fine art of salary negotiation, and it's in your best interest to be prepared for this part of the interview. You can start by letting the candidate know your salary range, based on the qualifications and skills they've shown you. The candidate may then let you know whether that number is acceptable or too low (they will hardly ever say it's too high!). Or, you can ask the candidate what his or her salary requirements are -- and then be prepared for them to fire back questions of their own, such as “Did you have a figure in mind?”

If you and the candidate have both done your homework, you should both know what fair compensation is for the position.

**After the Interview**

After the interview, you should have a pretty solid idea of whether or not you want to hire the candidate. If necessary, you can invite the candidate back for a follow-up interview, but don't extend the process longer than necessary; you don't want to string the candidate along, nor do you want to lose them if another company makes an offer.

It is up to you whether or not you want to develop an offer for a good candidate, or wait and compare all candidates. That will depend on the position, the candidate, and the current market competition.

**Next Up**

Making an offer they can't refuse . . .

**Making the Offer**

When you have selected the candidate you feel is best for the position and for your company, you need to figure out what kind of offer you're going to make. There are a lot of factors that go into the offer, including the market conditions and the candidate's skills.

As you develop the offer, be sure to note which items can be negotiated -- and what kind of negotiations you can make -- and which items cannot. This will be important to have in mind when you make the actual offer to the employee.

When you have settled the terms of the offer internally, it's time to present the offer to the candidate. This is usually done in a phone interview.

**Salary Negotiation**

You should have already discussed a general salary idea during the interview process. Now it's time to give the employee a specific salary figure. Be prepared for them to ask for a little bit more -- no matter what you offer!

A few tips:

- If one side is out to "win," everyone loses. The goal is to find a good middle ground that both you and the candidate can be happy with. If you force the candidate into a bad agreement, you're more likely to lose them as an employee after only a few months with the company. If you let the employee force you into paying too much, you're likely to scrutinize the employee more harshly and create a lot of tension in the workplace.
- Don't forget that you can negotiate items other than salary. Maybe you can offer an extra week of vacation, tuition assistance, bonus pay, a signing bonus, or other benefits.

After the salary negotiation is finished and the offer has been accepted, let the candidate know how excited you are to have them join your company, how impressed you were with their qualifications, and how well you think they will fit with your company. Be sure to
make them feel welcome so they will be excited about accepting the position.

The Offer Letter

The offer letter sets the terms of the verbal offer in writing, with each party's signature. Usually this is just a formality, but keep in mind that the offer is still tentative until the letter has been signed. The candidate may decide to reject the offer letter or try to re-negotiate before signing.

A sample offer letter is provided below for your reference. You should consult your legal counsel when creating the final offer letter.

Dear John:

It is my pleasure to present to you this offer of employment on behalf of The Widget Company.

**Title:** Regional Manager -- Widget Division

The position will report to the National Manager -- Widget Division.

**Job Description** is attached.

**Base Salary:** $52,000 annually. To be paid in weekly installments of $1,000, subject to deductions for taxes and other withholdings as required by law

**Non-Compete Agreement:** The company's standard non-compete agreement must be signed upon acceptance of this offer.

**Benefits:** The current, standard company health, life, disability, and dental insurance coverage are generally supplied per company policy. Eligibility for other benefits, including the 401(k) and tuition reimbursement, will generally take place per company policy. Employee contribution to payment for benefit plans is determined annually.

**Vacation and Personal Emergency Time Off:** Paid vacation time is equal to 14 days annually. Personal emergency days are allotted per company policy.

**Start Date:** 1/1/2007

**Car/Phone/Travel Expenses:** Expenses will be reimbursed per company policy.

Your employment with The Widget Company is at-will and either party can terminate the relationship at any time with or without cause and with or without notice.

You acknowledge that this offer letter and attached documents represents the entire agreement between you and The Widget Company and that there are no additional verbal or written agreements, promises, or representations that are not specifically stated in this offer.

If you are in agreement with the above outline, please sign below. This offer is in effect until 12/15/2006.

**Signed:**

(Company Representative's Signature and Date)
Moving Forward

In this lesson, you found out how to select the right candidate and bring them into your company. Now that you've got them on your staff, the next lesson will show you how to keep them there!

For now, be sure to complete the assignment and do the quiz for this lesson, then stop by the Message Board to chat with your instructor and your fellow students. Feel free to share questions, answers, goals, and experiences -- the Message Board is here for you!
Keeping Your Best Employees

Lesson Description

The most important part of the staffing process is employee retention. Top talent is always in demand, and if you don't have a plan to keep employees satisfied, you may find yourself back at the beginning of the recruiting process. Understanding your employees' needs and finding ways to meet them will help you retain your best employees.

Why Good Employees Leave Good Companies

Ever wonder what makes an employee head out the door? You should already be doing your homework and conducting exit surveys with every outgoing employee. Keep in mind, though, that the results of those surveys aren't always accurate; employees may not be totally honest about their reasons for leaving. "Money" is most often cited as a reason for leaving, but this is usually because it is the "safe" or "expected" answer; not because it's the real reason.

Employees can have any number of reasons for leaving, but there are several common themes:

- **Lack of respect or recognition**: Everyone deserves respect and recognition for a job well done. Forget the old adage that you shouldn't have to thank people for doing their job. Don't overlook anyone's accomplishments, no matter where they are in the company, or if it's "all part of the job."
- **Lack of challenge**: Most people don't want to do the "same old, same old" daily grind; they want to learn something new, tackle new projects, and challenge themselves.
- **Location changes**: If the company moves office locations -- especially over a long distance -- some employees may not move with you.
- **Money**: Money is almost last on this list because, despite most managers' perceptions, salary and benefits aren't the primary reason most employees leave their jobs. We'll talk about this surprising fact in greater detail later in this lesson.
- **Reasons beyond your control**: Serious illness, staying at home with the kids, changing career fields, or relocating with a spouse's job are also relatively frequent reasons why employees leave their jobs. While you may be in a position to offer alternatives, such as reduced hours or telecommuting, chances are you will just have to say goodbye and wish the employee good luck.

As the times change, so do employees' reasons for leaving. For example, many employees now want more flexible hours or the opportunity to telecommute -- options that may never have been considered 20 years ago. You can help stay on top of current retention issues by reading one of the hundreds of articles online with titles like, "Are you ready to quit your job?" or "How to know if it's time to go." Chances are good that your newly departed employee -- and perhaps employees who are thinking of leaving -- have read them, too, while considering their decision.

What It Costs to Lose an Employee

Watching a good employee walk out the door is like watching money fly out the window.

The old rule of thumb says that losing someone in a mid-management position can cost your company up to 100 percent of his or her salary. (Losing an executive costs even more. Losing lower-level employees may cost less -- but not much!) On top of that, there's a significant hassle factor:

- **Lost training time**
- **Lost knowledge and productivity**
Unhappy clients, if the lost employee is their account representative or contact person
- Unhappy employees who have to take on the old employee’s responsibilities
- Costs of finding and training a replacement
- Unhappy employees who think maybe they should be the next one to go

With all of these repercussions, it’s easy to see why retention should be a top priority and a major part of your proactive staffing strategy.

**Next Up**

Watching for the tell-tale signs of an employee who’s ready to quit.

**Warning Signs Your Employee Is Ready to Leave**

An employee who is thinking of quitting will have a different “vibe” than an employee who’s happy on the job. Keeping an eye out will help you anticipate -- and perhaps deflect -- a resignation. A few things to watch for:

- Drops in productivity
- Lackluster performances in meetings or presentations
- Out-of-ordinary behavior, such as seeming “down” or “zoning out”
- Dressing better (if they are sneaking off for interviews) or dressing worse (if they just don’t care anymore)
- Increased sick days
- Last-minute requests for vacation days
- Longer lunches or lunches taken at different times
- Coming in late more often, usually with half-hearted or no excuses

**The "I'm Not Happy" Interview**

Sometimes employees will give you a chance to change their mind by approaching their manager or an HR manager for an "I'm not happy" conversation. Sometimes it's the manager who pulls the employee in for the "Are you happy?" conversation (after noticing a few of the behaviors on the list above). No matter who begins the interview, the goal is the same: to save a valuable employee.

During this interview, the manager should listen very carefully to what the employee has to say. Is the employee unhappy with the work load (too heavy or too light)? Are there external issues that are making work more difficult? What is the employee looking for to help make the situation better?

**WARNING**

When discussing "external issues" with an employee, be very careful about the questions you ask. Just as there are laws against asking certain questions in the job interview, there are also laws against asking certain questions of an employee. Consult your legal counsel to find out more.

You may have an opportunity here to work things out with the employee, perhaps by re-examining the job description, or offering a special arrangement like part-time hours or telecommuting.

**Next Up**

Keeping your employees motivated and happy.
The Complete Package: More than Salary and Benefits

In a March 2006 About.com Human Resources poll, readers noted that the number one reason they stick with their employer is "Good coaching from and interaction with my boss." While "Good compensation and benefits package" was a close second, most of the other items on the list had nothing to do with money and everything to do with growth and personal satisfaction, such as learning new skills or gaining recognition and respect.

In an interview with the Human Capital Institute, Leigh Branham, author of Keeping the People Who Keep You in Business, found that "Eighty-nine percent of the managers think it's mostly about the money, while 88 percent of employees say it's something other than money."

Don't get the wrong idea: money is an important factor. After all, everyone has bills to pay. But money is a "satisfier" not a "motivator." More money doesn't guarantee employees will be happier or more productive; less money won't necessarily drive them away.

More than the paycheck itself is the feeling of value that the amount on that check represents. If two employees in your company do a similar job, but one gets paid significantly more, which one do you think will feel undervalued? (And if you think your employees don't know what everyone else gets paid, think again.) Likewise, if you're paying an employee less than what other companies are paying for a similar employee (or less than "market value"), do you think that employee will feel like your company appreciates his or her work?

In addition to the money, though, are several other, very important factors.

What Employees Want (Besides Money)

While each employee will have his or her own personal wants -- and you should try to find out what those are -- there are several things that seem to be universal for all employees:

- **The power to make decisions** or at least impact major decisions involving their work. No one wants to feel "micromanaged," no one wants to feel like their manager never listens to them, and no one wants to feel "out of the loop" on important decisions -- especially when they're the ones performing the work.
- **Clear, measurable goals** and clear job responsibilities. This makes it easier to gain a sense of whether or not the job is being done well, and gives the employee -- and manager -- concrete items to focus on when discussing job performance. When the goals are met, appropriate recognition is due.
- **The chance to grow**, to learn new things, and to move up in the company. Offer on-the-job training and off-the-job education opportunities, as well as the chance to earn raises and promotions.
- **Recognition for a job well done**, as well as for a job not well done. Sounds a little odd, but if no one notices when the job is done poorly, the employee may wonder if anyone notices when the job is done well -- and may wonder why they should bother, if no one notices! In a similar respect, employees want to see that other poor-performing employees are disciplined in some way, whether it's lower pay or termination. It goes against people's sense of "fair play" to keep non-performing employees, or pay them the same as well-performing employees.

Next Up

The top five ways to keep your best employees.
Top Five Ways To Keep Your Employees

So, the bottom line: how can you hold on to your best employees?

1. Offer a fair salary and benefits package, including appropriate raises.
2. Train your managers to support and encourage their staff -- and be sure to support and encourage your managers!
3. Provide opportunities for promotion and growth within the company.
4. Recognize your employees' accomplishments -- both the extraordinary and the everyday ones.
5. Talk to your employees often to get a feel for what they want and need to stay motivated in their positions.

Why Do Employees Stick with an Employer?

A March 2006 poll from About.com's Human Resources guide tallied readers' opinions on why they stay with their current employer. The two biggest reasons: 1) good interaction with the boss; and 2) good compensation and benefits.

Poll Results

<table>
<thead>
<tr>
<th>Why Do You Stick With Your Employer?</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good coaching from and interaction with my boss.</td>
<td>32%</td>
</tr>
<tr>
<td>Opportunity to learn new skills.</td>
<td>8%</td>
</tr>
<tr>
<td>Good compensation and benefits package.</td>
<td>23%</td>
</tr>
<tr>
<td>Challenging, rewarding, interesting work.</td>
<td>4%</td>
</tr>
<tr>
<td>Like my coworkers.</td>
<td>7%</td>
</tr>
<tr>
<td>Talent and vision of company management team.</td>
<td>3%</td>
</tr>
<tr>
<td>Mission of the company.</td>
<td>3%</td>
</tr>
<tr>
<td>Respectful treatment.</td>
<td>5%</td>
</tr>
<tr>
<td>Recognition for a job well done.</td>
<td>6%</td>
</tr>
<tr>
<td>Just can't seem to get motivated enough to leave</td>
<td>5%</td>
</tr>
<tr>
<td>Total Votes: 1625</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4-1: About.com Human Resources Poll Results

Resources to Learn More

One of the most comprehensive HR sites is About.com's Human Resources Guide. Specifically, you can look for information on:

- Recruiting
- Salary and benefits
- Retention

Also, be sure to check out these informative sites:
Yahoo's Online Recruiting Guidebook
Weddle’s Tips for Success

Don't forget to also visit the Message Board to learn from your instructor and classmates.

**Goodbye and Happy Hiring**

We've reached the end of the course. Good luck with your recruiting and retention efforts! After you take the quiz and complete the assignment, come discuss any issues or questions you may have on the course Message Board. Your instructor will be happy to help.