

Eureka!



*Employee
Referrals
Are a
Recruiting
Goldmine*

Since humans started trading with one another, they've relied on referrals. Today, most HR managers know that employee referrals can generate great hires. So why do so few HR managers take the time to build an outstanding employee referral program?

Some worry about the costs of a formal referral program. Others insist they just don't have the time. And most simply don't know where to start.

If you're in this boat, start here! This eBook will help you:

- Gain a "by the numbers" understanding of what employee referrals can do for you
- Learn why referral programs fail – and how to avoid those mistakes
- Create a killer employee referral program
- Work with your recruiter to find the best direct hire and temp-to-perm talent

Employee Referrals *by the Numbers*

What can a referral program do for you? Check out these numbers, based on a Glassdoor study of 440,000 job interview responses:

- **57 percent.** The average percentage of job candidates who accept a job offer. (35 percent receive no offer, and 8 percent receive one but turn it down.)
- **64 percent.** The likelihood that a candidate will accept an offer if the candidate resulted from an employee a referral. (Staffing agencies clocked in second, at 62 percent, and in-person referrals at 61 percent.)
- **10 percent.** The percentage of jobs that are currently filled by employee referral. In other words, build a great referral program and you'll hire better than 90 percent of your current competition.



How Much *Help*?

According to Glassdoor, finding candidates through employee referrals makes it 6.6 percent more likely that you'll hire them – the highest increase of any candidate search method. But what does this translate to for an individual business?

- **70 percent.** The average number of hires that come from employee referrals in companies with strong referral programs. (Or more - AmTrust currently hires 78 percent of its promising new candidates from employee referrals.)
- **30 percent.** The “red zone” for your referral program, according to ERE. If your hires from referrals are this low, it's time to take a second look at your program.

Top Three Ways to Ruin a Good Referral Program

A good employee referral program can offer one of the highest ROI values of any HR program.

A poor program....not so much. Is your program sabotaging itself with one of these habits?

- **Radio Silence.** The longer you sit on any application, the less interested the candidate becomes – and the “expiration date” on referrals comes much faster, often within 72 hours. A slow response means fewer referrals in the future.
- **Ignoring senior staff (or HR).** Some referral programs skip over asking senior managers or HR staff to contribute recommendations – which simply makes them feel left out, and thus less likely to participate.
- **“Set it and forget it” programs.** Referral programs are a marketing tool: They promote your company’s employment brand, as well as garner potential new hires. Like any marketing campaign, they need to stay fresh and continuously reinvent themselves to remain effective.

...And Three More Reasons **Referral Programs Struggle**

While these problems may not kill your referral program outright, they are likely to make it tougher to keep the good referrals coming. Watch out for these “slow deaths” as well as the “quick” ones.

- **Delaying reward/bonus payments.** Some programs reward employees for successful referrals – but not for several months after the hire. Why? Withholding the reward kills employees’ interest, because it makes the payout contingent on something they can’t control.
- **Spam generators.** Make it easy for employees to “spam” the system with every name they know, and some will do it on the chance that one of those names will pay off. Create a system that limits the number of referrals from any one person each month.
- **No feedback on “weak” referrals.** Got a referral who just isn’t suited for the job? Programs that don’t let the referring employee know why the fit won’t work are setting themselves up for more mismatches in the future.

Building a Better Program: *The People You Have*

A killer employee referral program starts with your employees. Here are some practical tips for building a program your employees will want to participate in.

- **Pay rewards promptly.** Consider paying half up front and half if the hire is made, or pay on the hire date – not six months later. Don't make the reward contingent on things the referring employee can't control.
- **Create an alternative rewards system.** Do senior staff members hesitate to refer because they don't want to create a conflict of interest? Create a system by which they can donate their reward to charity instead of holding back.
- **Recruit your people to build a brand.** Work with your marketing team to create two or three employment brand campaigns throughout the year. Get your staff on board to create videos, write blog posts, and share their positive stories about working for your company. People like to see their friends front and center – and they're more likely to apply if referred by those friends.

Building a Better Program: ***The People You Want***

Step one in creating an outstanding employee referral program is to work with your own people. Step two is to reach out.

- **Reward for referrals from “outside.”** Do you have a client referral program? Use it as a template for an employee referral program that offers similar rewards for referrals from clients and others outside the organization.
- **Put your ATS to work.** Many automated applicant tracking systems can be programmed to automatically cross-reference your open jobs with your employees’ professional networks, helping them and you find the right connections.
- **Get new employees “on board” during onboarding.** Include your referral program in your onboarding practices. Make sure new team members know from day one that there are benefits to recommending the great people they know.

Need More Help?

While these ideas can help you start a new employee referral program or breathe life into an old one, for one-on-one guidance, no one is better than your staffing partner.

Your staffing agency can:

- Work with you to identify and sell the things that make your employment brand unique;
- Help you create an employee referral program that is custom-tailored to your business;
- Connect you with top direct-hire and temp-to-perm job candidates.

To learn more, talk to your staffing partner today!





Sources

Glassdoor Study: <https://www.glassdoor.com/research/studies/interview-sources/>

ERE Media numbers: <http://www.ere-media.com/ere/employee-referral-program-killers/>