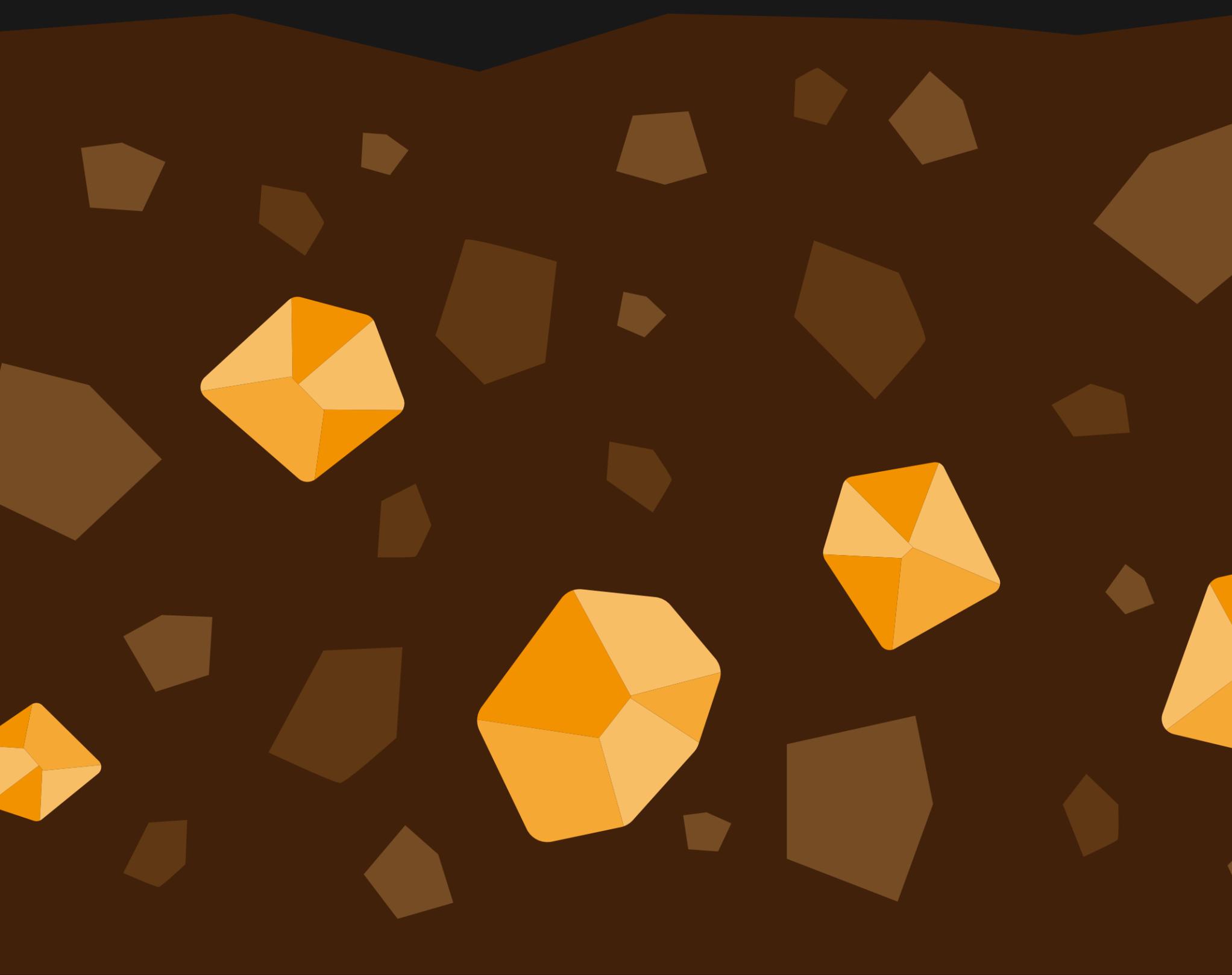


EMPLOYEE REFERRALS:

Your Recruiting Goldmine



Employee referrals deliver more than 30% of all hires. Improve quality of hire and retention. And lower hiring costs. So, what are you waiting for? Here's how to create a killer referral program that's a recruiting goldmine for your organization.

In this guide you will learn:

- Just how effective referral programs can be.
- How to avoid common referral program mistakes that lead to failure.
- How to create a program that employees want to participate in.
- How a recruiter can help you in your quest for better hires.

Employee Referrals by the Numbers

Not quite sold on a referral program?

Consider these stats:

- **50%:** The reduction in time-to hire referred candidates.
- **46%:** The retention rate of companies with referral programs vs. 33% rate of those that do not.
- **29:** The number of days it takes to onboard a referred employee vs. 55 days for those found on career sites.
- **25%:** The percentage of additional profit generated by referred employees.
- **\$3,000:** The amount of money typically saved per hire with referred candidates.

Three Reasons Your Referral Program is Likely to Fail

An employee referral program can provide you with the highest ROI of any HR program. That is, if it's done correctly.

You can derail your referral program quickly by falling into these bad habits:

- **Dead air.** If you are slow to respond to a referred applicant, they will lose interest, and fast. Typically, referred candidates will move on if they don't hear from you within 72 hours.
- **Automation.** You can automate a lot of things in the hiring process, but your referral program shouldn't be one of them. You must continually nurture and freshen your program for it to remain effective.
- **Ignoring management.** It's not just employees who know great people. Ask senior staff and the HR team to participate in your referral program.

...And Three More Reasons You Could Be Ruining Your Program

There are a few less obvious pitfalls that can cause your referral program to suffer over time. They include:

- **Delaying reward/bonus payments.** The longer you withhold referral bonuses from employees, the less interested they will be in the program because the payout is tied to something they cannot control.
- **No feedback.** If an employee makes a successful referral, they know it. But if they referred someone who was not right, they may not understand why the person wasn't a good match. Feedback keeps employees interested and helps them improve future recommendations.
- **Lack of limits.** If you don't set limits on referrals per employee, per month, some people will spam HR with every name they can think of, in hopes one will stick.
- **Demanding participation.** Some companies force their employees to turn over the names in their networks. This is bad for business – and morale. Participation should be voluntary and should never feel like an invasion of privacy.

Building a Killer Referral Program With Employees

A referral program is only valuable if your team actually wants to participate. Use these tips for designing a program that entices employees to act:

- **Pay rewards promptly.** Don't make the reward contingent on things the referring employee can't control. Consider paying half up front and half if the hire is made or pay on the hire date – not six months later.
- **Create an alternative rewards system.** Senior staff may hesitate to participate for fear of creating a conflict of interest. Allow options for donating the referral bonus to charity to encourage participation.
- **Promote your employer brand.** A strong employer brand will attract strong referrals. Work closely with your marketers to develop a branding strategy that includes employee videos and testimonials.

Building a Killer Program From the Outside

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 to 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.

Get Social

Social media is no longer something that's "nice to do" – it's an absolute must for connecting with top talent, and it can be a great source of employee referrals.

You can tap into your employees' networks and expand your exposure through:

- **Revamping your profiles:** Work with marketing to revamp your company bios on your social media pages to make them engaging, including information on your mission, vision and values.
- **Boosting your brand:** Leverage the employer brand strategy you build with your marketing team to promote your culture on your social media profiles.
- **Generating shareable job posts:** Create easy-to-share job listings on your LinkedIn, Twitter and Facebook pages, and ask your employees if they would like and share those posts with their networks.
- **Invest in paid ads:** Advertising on social media is relatively cost-effective in comparison to other mediums and can be a great way to gain exposure and connect with quality candidates.

The Finer Points of Social Referrals



Always make employee participation in referral programs voluntary. This includes your social strategy. Never force employees to give you access to their networks or require them to recruit for you. Not only can it damage employee morale, it could be illegal in your state or locale.

Keep these things in mind when asking employees to participate in social referring:

- **State Laws:** At least 22 states have laws and regulations on the books that restrict employer access to their employees' social media accounts.
- **NDA's:** Some of your employees may have nondisclosures or other restrictive covenants with past employers and forced referring could put them in jeopardy.
- **Diversity:** People tend to associate with people like themselves. If your company lacks diversity, forcing referrals could lead to further underrepresentation of protected groups.
- **Morale:** Employees may feel resentful if asked to solicit their network, and if they truly don't have qualified names to submit, they may fear harsh judgment.

Need More Help?

These ideas can help you create an effective program or bring a dying program back to life. If you are looking for more guidance and want to instantly boost the effectiveness of your referral program, talk to your staffing partner.

Your staffing agency can:

- Help you 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; and
- Connect you with top direct hire and temp-to-perm job candidates.

To start improving the quality of your candidates and new hires, talk to your staffing partner today!