



Competing for Talent



QUICK SUMMARY

Your business is only as good as the people running it—namely, your employees. So naturally you want the most talented people on your team. While there are plenty of job seekers out there, you may have to compete for the best, because the excellent candidates are in demand. That means taking a multi-faceted approach to hiring employees and maintaining a strategic, long-term view of the job recruitment process. You'll need to balance passive recruiting, such as posting jobs on your website and job boards, with active recruiting, including using headhunters, leveraging social media, working professional groups, incentivizing referrals, raiding the competition, and sweetening the pot with sign-on bonuses and competitive compensation packages.

Casting a Nationwide Job Net

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There are a myriad of job posting tools available to help you search nationwide for the perfect candidate, including job boards, job search engines, social networks like LinkedIn, Facebook, and Twitter, professional associations, job fairs and good old help wanted signs in the window. Referrals from your own employees may be among your best options.

Using Recruiters and Agencies

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Recruiters and employment agencies can save you time by pre-screening prospects. Plus, they are experts at locating the highly talented people who are already working and not necessarily tuned in to your job postings.

Raiding the Competition

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While it may be tempting to lure talent from your competitors because of their experience and success in your field, you must tread lightly due to the threat of trade secret violations if they bring with them proprietary information. A contracts attorney may need to be consulted to help build in some legal protections.

Sweetening the Pot with a Signing Bonus

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Signing bonuses of anywhere from five to 20 percent of the starting salary can be a powerful tool to entice a sought after candidate or for hard-to-fill positions. Bonuses are a good way to offset the expenses of moving to a new job without adding to your long-term expenses.

Author: Scott Ferguson



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Casting a Nationwide Job Net

The broader your recruiting reach, the greater your chance of finding ideal candidates. Fortunately, there are many tools to help you search nationwide.

Job boards

Job boards are websites where you can post your open positions. Typically, you would pay a fee to have your jobs listed. Monster.com and CareerBuilder.com are two of the biggest general job boards. Niche-oriented boards focus on a particular industry, such as technology, healthcare, or legal services, or specific job categories, such as entry level, temp jobs, or executive positions.

Job search engines

Job search engines aggregate job listings from many different boards and employer websites. Because they compile from multiple sources, search engines may have millions of listings. Like job boards, there are niche job search engines that limit searches to specific industries or careers.

Social networks

A recent study by recruiting technology provider Jobvite found that 94 percent of recruiters use or plan to use social media to hire new employees. LinkedIn, which has become a personalized job board, is the most widely used network, followed closely by Facebook and Twitter. Hiring managers use social networks to get a sense of a candidate's personality and cultural appropriateness, and to confirm facts stated on resumes and in interviews.

Professional groups

You may already belong to several professional associations related to your field. These groups can be a good way to meet people with the specific skills you're after. Attend meetings, read the publications and newsletters, make note of people who are accomplishing things and who look like good candidates. If you stay involved with the group's activities and establish visibility, you will have more credibility when you reach out to people with job offers.

Referrals

Large firms are finding that it saves money and time when their own employees refer people for jobs. An analysis done by Ernst & Young found that referred hires perform better, stay longer, and are quicker to integrate into company teams. Consider rewarding employees for making good referrals. According to the Society of Human Resource Management (SHRM), 50 percent of employers offer a formal employee referral program. To help maintain engagement and interest, create a program that recognizes and rewards referrals at several levels, such as a quality referral (even if it does not result in a hire), or a referral that results in a hire within a specified time frame. Incentives can be cash (\$1,000–\$2,500 is a common range according to WorldatWork.org), gift certificates, trips, or meals.

Job fairs

Like job boards, job fairs can be large generic events with many different industries and businesses on the floor, or more focused niche gatherings. A job fair requires a lot of your time to man a booth and may not be the most efficient way to meet candidates. But if the fair is local, it could be a good way to meet prospects in your immediate geographical area.



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Casting a Nationwide Job Net (cont'd)

Newspapers

Newspaper circulation is dwindling across the country, but many businesses still place help wanted ads in their local paper for a targeted approach to finding candidates. Many large newspapers have significant online resources with robust site search functionality.

Walk-in applications

If you run a storefront-type retail business, you might go the old-fashioned route and put a help wanted sign in the window. You never know, the ideal candidate may be one of your customers walking through the door.



GAME PLAN

It's easy to become overwhelmed with the sheer number of ways to tell the world about your job listings. Take a good look at the type of employee you are after and determine if a focused approach would work best. First, try the internal referral method as that takes the least amount of effort. Beyond that, use several different methods to reach the broadest potential audience. Once you craft your job description and posting, it's easy to submit it to multiple boards, search engines, and social media sites. Keep in mind your capacity for reviewing and screening queries. The more you broadcast your needs, the more buried you may become with responses.

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Using Recruiters and Agencies

The most talented people likely aren't searching for your job posting because they already have a good job. To find these folks, you may need to use a trained recruiter or employment agency. A recruiter, sometimes called a headhunter, can save you some time by offering objective analysis and by screening candidates. Plus, they can preserve your anonymity if you're going after higher-level employees at competing firms.

There are several different types of job agencies:

- **Traditional employment agency.** These are the large, catchall firms that help job seekers find jobs at all levels in a wide range of industries. Typically, fees are paid by the employer.
- **Contingency employment agency.** These firms, which tend to focus on low to mid-level administrative positions, are paid only after a candidate is hired. Some charge a flat fee while others take a percentage of the first paycheck. They may send a large number of resumes to an employer to increase the hiring opportunities.
- **Retained search firm.** This type of firm operates with an exclusive relationship to an employer for a specified period of time, typically for filling senior-level executive positions. They are paid expenses plus a percentage of the offered salary, even if a candidate is not hired.
- **Temp agency.** These firms specialize in filling temporary jobs, such as seasonal work or to cover for vacations or illnesses.
- **Niche recruiting agency.** Niche agencies specialize in finding skilled candidates in specific disciplines, such as electronics, healthcare, or computer coding, to name a few.



GAME PLAN

Before engaging a job recruiter, determine your specific hiring needs. If you are looking for someone with special skills, consider a niche agency. If you need an executive, look at firms with that specialty. Fees can vary a lot, so compare costs. Mark-ups can range from 30 percent to as much as 150 percent, so negotiate a reasonable fee. Ask how the firm finds and screens candidates and if they participate in the Best of Staffing Program (link to: <https://www.bestofstaffing.com/>), which benchmarks company performance in the U.S. staffing market.

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Raiding the Competition

Luring talent from your competitors offers two advantages. First, they know what they're doing and are already successfully operating in your field. Second, your competition may have to regroup if they lose one or more of their best people.

To entice someone to move into your suite, you'll probably have to offer more money, more control, added benefits, or some combination of incentives. Make sure the person is worth it.

There are all kinds of legal issues that can come up when you hire from a competitor. People often possess proprietary information, or trade secrets, and the law tends to be rather vague about what constitutes trade secret violation. For example, courts have found that revenue projections, future project plans, pricing strategies, databases, customer lists, and contact information may all qualify for trade secret protection. So tread carefully in this area.



GAME PLAN

If you have your eye on a competitor's employee, have an attorney draft a non-compete agreement that expressly states you are hiring the person for their general industry knowledge and not for any proprietary information they may have. Make sure the person does not bring any documents from their former employer with them.

Author: Scott Ferguson



Start-Up Financing



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Sweetening the Pot with a Signing Bonus

You read about signing bonuses all the time in the sports world. But businesses large and small also rely on signing, or sign-on bonuses, to close hiring deals. They are most often used for hard-to-fill positions or to entice a particularly talented candidate to come aboard.

A sign-on bonus is generally calculated as a percentage of the base salary, and can range from five to 20 percent of the starting salary offer. It can be paid all at once or in installments and is fully taxable as regular income. Bonuses can be used to offset relocation expenses or to make up for lost incentives or other forfeited employee benefits triggered by leaving a job. Because it's a one-time event, it does not add to your company's long-term expenses.

You can tie a signing bonus to an employment time frame for retention purposes. For example, the new employee may agree not to leave the company for a specified period of time. Another way to do this is to offer a signing bonus that is payable at some future date. This is sometimes referred to as "stay pay."



GAME PLAN

A signing bonus can be a powerful recruiting tool. To protect your company, consider crafting your bonus with a clawback provision, which lays out rules for how the employee will pay back the bonus if certain stipulations aren't met. For example, if the employee leaves or is terminated within a certain time period, a prorated portion of the bonus must be repaid. For more on clawbacks, visit this site. (link to: <http://www.contractstandards.com/document-checklists/executive-employment-agreement/signing-bonus>)

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