

7 Steps for an

Effective Hiring Process



THE ALTERNATIVE BOARD

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Finding the perfect candidate for an open position can be tricky.

You want a person who will be a good cultural fit, possess the right job skills and who will be able to get up to speed quickly.

Most likely, you also need this person quickly. Maybe one of your key people left unexpectedly, leaving you with a critical position unfilled. Maybe your business is growing rapidly, and, in order to keep up, you need to expand your sales team. Maybe you're starting to burn out and desperately need to hire an executive assistant.

Whatever the reason, you're searching for the best person for the job — and you needed them in their position last week. But in order to be effective, the hiring process can't be rushed.

Hiring the wrong person can be costly, both in the amount of time spent on the job search and in lost productivity for the company. [The Center for American Progress](#) estimates those costs (both in money spent and productivity lost) can add up to around 16% of the person's salary for hourly workers. That number can go as high as 213% for a highly trained position. And the [Harvard Business Review](#) reported that up to 80% of employee turnover can be attributed to poor hiring decisions.

Any number of things can affect why new employees churn. But one of the biggest things that you can control is having an effective hiring process that makes sure open positions are filled efficiently with excellent candidates.

Build a Hiring Pipeline

Many companies wait to search out new talent at the moment they need it. When it's time to expand, for example, or when a long-time employee quits. But this can actually put you in a bind, says Dave Younge, owner of Flex-Ability Concepts.

“Every business should consider building a hiring pipeline,” says Younge. “Just as a sales pipeline is critical to the success of a business, so is a hiring pipeline critical to the health, growth and culture of a company.”

Create a strong hiring pipeline through activities like partnering with recruiters, attending networking events and going to job fairs at local colleges. You can also create a hiring pipeline within your organization by consistently training lower-level workers so they can begin to move up the ranks.

This will allow you to have potential new recruits on hand when you suddenly need them — rather than being caught short-handed. “Hiring should not be an event spurred by employee turnover,” says Younge. “Rather, it should be an ongoing practice that protects a business and allows it to grow.”

Dave Younge
Owner, Flex-Ability Concepts
TAB Member since 2011

Three Principles of Effective Hiring

To make a good hire the first time, you need to start with strong foundations. These three core principles will help guide you through every step of the hiring process — from crafting job descriptions and asking smart interview questions to making the final hiring decision and onboarding your new employee.

1. Develop company-wide qualifications

When looking for a new employee, most business owners start with the hard skills required to do the job. Instead, you should be starting with the qualifications required to do excellent work company-wide.

This is something that top companies are well known for. For example, [Google has five qualifications](#) they look for in a potential hire, including the ability to learn, the humility to accept that another person’s idea is better and — at the end of the list — the actual expertise needed to do the job.

Of course, your company-wide qualifications will likely be different from Google’s. Start by examining your current best employees. What makes them successful? What qualities contribute not only to their success within the role but to the growth of your company as a whole?

The good news is that after you’ve done this exercise once, you can use what you’ve learned for every new hire.

New employee needed



2. Consider cultural fit

There's a lot of buzz about cultural fit these days, which has been defined as everything from a person's work ethic to their hobbies. While it's very important to make sure a potential new employee is a good fit for your company's cultural work values, be careful not to confuse your business's culture with implicit cultural biases.

[Writing for the New York Times](#), author and associate professor of management and organizations at Northwestern University's Kellogg School of Management, Lauren A. Rivera cautions that organizations shouldn't conflate personal fit with cultural fit. She gives some of the more egregious examples she has seen, including a Red Sox fan arguing against hiring a Yankee supporter on the grounds of cultural fit.

Remember, you're not looking for someone who enjoys the same sports or hobbies, you're looking for someone who has the right temperament.



If your company prides itself on transparency, look for someone who values openness and can handle criticism.



If your company always puts customers first, look for someone who is empathetic to the customer's experience.



If your company values innovation and forward thinking, look for someone with the skills to think beyond traditional answers to problems.



If your company values positivity, look for someone who believes the glass is always half full.

This sort of cultural fit will create a stronger company, rather than a homogeneous one without growth potential.

Make Culture a Hiring Criteria Priority

Charles McGroarty, the owner of Comfort Home and Hearth, recently learned the hard way about how important cultural fit is when evaluating new hires. "I made a key hiring decision based primarily on prior industry experience and apparent skillset," he says. But, "the employee bombed."

The problem wasn't with his skills or industry knowledge — rather, his value set and character turned out to be counter to the culture McGroarty had been building in his business. "I now place values and character at the top of my hiring criteria list," McGroarty says.

Charles McGroarty
Owner, Comfort Home and Hearth
TAB Member since 2014

3. Understand the job qualifications

These are the hard and soft skills required for the particular role. Some may be obvious, like good problem-solving skills and phone communication skills for a call center employee. But others may be more intangible.

Especially if you don't work closely with the person whose role you're trying to fill, you may want to interview other members of the team to learn which hard and soft skills are the most important for that position. Or, if the role is new to your company, try talking to fellow business owners who may have some insight into what the role requires. For example, this would be a great question to put in front of your local TAB Board.

REFERRALS

Referrals from current employees are a fantastic shortcut to finding someone who is a good fit for the position. If one of your top-performing salespeople recommends a colleague, you can be sure they know that colleague is a good fit for the demands and skillsets of the open position.

If you have constant hiring needs, one way to encourage referrals is to create a referral program where you offer employees a bonus if their referral is hired and lasts at the company for a certain period of time.

Consider Contracting out Your Needs

The TAB Winnipeg Board 401 recommends business owners consider the volume of their needs before hiring on a full-time person. Especially when it comes to roles like marketing, web design or customer service, where reputable agencies may be able to fill your needs more flexibly than hiring on a full-time person.

Keep this rule of thumb in mind:

If you require a low volume of work (hours per month) but a high skill level, consider contracting out.

If you require a high volume of time commitment and/or low level of skill, you may want to internalize.



You may also want to contract out one-time projects, such as strategizing a marketing program, designing an advertising campaign or overhauling your website. The overall strategy devised by an outside agency can then be implemented with an internal project manager.

How to Hire Effectively



Step 1: Craft a great job description

In order to attract the right kinds of candidates, you need to craft a great job description. It should convey both the job requirements and skills needed, as well as giving the prospective candidate an idea of whether or not your company is a good fit for them.

If your job description is too detailed and particular, you may deter perfectly qualified candidates from applying. At this point, your main goal should be to cast as wide a net as possible; it's easier to screen out unqualified applicants than it is to go back to the drawing board if you don't have enough possible candidates.

You can begin to screen for cultural fit in your job ad with a few sentences about your company's values and those you are looking for in the job applicant. Inject your company's tone into the listing. Is your company's brand serious and hard-working? Friendly and approachable? Use language that's true to the company's voice to help attract like-minded candidates.

When listing qualifications, pay attention to the difference between what is required (such as an accounting degree or proficiency with Salesforce), and what is preferred (such as three years' experience within your industry). Keep in mind that skills like effective communication and problem-solving are more difficult to learn, whereas familiarity with industry conventions can be taught on the job.

Lastly, make sure your application instructions are easy to follow.

Before You Hire...

It's not enough to just pull together a job description and hire someone who matches it, say Steve Gilbertson and Jeff Mattson of Electramatic Inc. Rather, you want to create a job plan that spells out accountabilities and metrics, so that both you and the new hire know exactly what they are supposed to accomplish in their first days, weeks and months on the job.

"Once you make a hire, sit down with the new person and work together to flesh out the plan so they'll own it," Gilbertson and Mattson write. This is the critical step to making sure you are both on the same page regarding expectations and accountability.

Steve Gilbertson and Jeff Mattson
Electramatic Inc.
TAB Members since 2008

Step 2: Advertise for the job

You can post your job listing on a variety of sites — both free and paid.

Popular general job boards include:



You should also look for specialty job boards, either within your industry or for a certain skill. For example, JobsInTrucks.com is a great place to post if you're looking for truck drivers, while CollegeRecruiter will help you find recent grads looking for entry-level positions and internships.

The company's website, LinkedIn page and social media are also good places to advertise open positions.

You may also consider hiring a recruiting agency to help hunt suitable applicants, particularly for higher-level positions.

Why Org Charts and Job Descriptions Are Essential

Do you fully understand what every person in your organization does? Robert White, president and CEO of WhiteStar Corporation, recently found himself needing to overhaul his organizational charts and job descriptions in order to have a better understanding of who does what within his company.

"I have multiple people performing multiple jobs, and it hit me that I can't accurately do performance reviews let alone understand how my organization is doing and where it is going without having a separate job description for each role vs. each individual," says White.

To begin this big project, White had his staff do the first pass on their job descriptions, which gave him a description of all the various tasks that each individual was doing. That gave him the basis to create a description for the job function.

Now that every job function has an up-to-date job description and key accountabilities, White has created a "future" organization chart mapping out how he sees his company growing in the future. "As we grow and I bring additional resources onboard it will be much easier to determine what I need and when," says White. "Plus, I already have the basic job description done which will enable me to start my hiring process faster!"

Robert White
President and CEO, WhiteStar Corporation
TAB Member since 2013

Step 3: Screen applicants

Once you have a pool of applications, you need to screen through them as efficiently as possible. You will probably develop your own set of red flags or immediate disqualifications while going through resumes, such as a number of misspelled words and typos in the cover letter for someone applying for a writing position or lack of familiarity with QuickBooks for an accounting position.

Another way to efficiently screen candidates is through a skills assessment which ensures they have the basic skills required for the position. Many companies offer online tests ranging from specific skills to personality traits.

One note: Be aware that some pre-employment tests have been challenged in court. If you decide to use pre-employment testing, be sure that your tests do not violate federal, state or local Equal Employment Opportunity (EEO) laws.

Step 4: Interview candidates

Once you have a short list of qualified candidates, it's time to get them on the phone. The preliminary phone interview is an opportunity to get a quick feel for a candidate's personality and a better understanding of their experience.

Candidates who pass the phone interview merit an in-person interview. At this stage, it's important to involve the candidate's possible manager and possibly their peers or direct reports. During the in-person interview, your goal should be to get a sense of how this person works and whether or not they will be a good addition to your company.

If by this stage no candidates meet the criteria, avoid the temptation to just hire the "least unqualified" person. It's far better to hold off and find the perfect person for the position, rather than hiring someone only to regret it later. If it's critical to fill the position immediately, consider hiring a temp worker to tide you over during the hiring process.



Hiring for Success

When hiring a new employee, you want to choose someone who's as invested in your company's success as in their own. But how do you make that call?

Kim Christie, owner of TAB Winnipeg, has a simple rule of thumb when evaluating new employees. "If you are interviewing a prospective employee and the interview revolves more around what the company can do for the prospect than what he or she can do for the company," Christie says, "perhaps you should bring the interview to a close and move on to the next prospect on your short list."

Kim Christie
Owner, TAB Winnipeg
TAB Facilitator and Coach

Reto Hug, president of Maloya Laser, has a similar strategy. "When assessing new hires, we categorize them in three ways," he says. "Those who make things happen, those who watch things happen and those who wonder what happened." Hug's goal is to only hire employees who are going to make things happen.

Reto Hug
President, Maloya Laser
TAB Member since 2002

Step 5: Check references

Once you are in the final consideration stage for a candidate, it's time to call their references. Do this both to confirm that the experience on the resumé is accurate and also to get an outside perspective on what it will be like to work with this person. Some questions to ask:

- ☒ How do you know the candidate, and how long did you work together?
- ☒ Describe the candidate's work performance and daily responsibilities.
- ☒ What are the candidate's strengths and weaknesses?
- ☒ How does the candidate react to stressful situations, responsibility, change — or whatever specific thing about your job you might need to know.
- ☒ What was it like to work with the candidate?
- ☒ Why did the candidate leave that position?
- ☒ Would you rehire the candidate?
- ☒ Anything else I should know?

Always Check References When Hiring

Tom McNamara, president of Foam Fabricators Inc., recently learned the value of checking references after a series of calls led to some red flags.

"I always assumed that job applicants would only list references who would provide glowing testimonials and, therefore, calling them was actually a waste of time," McNamara says. But after he called a reference who was extremely negative about the applicant, he realized that this applicant either didn't know how he was perceived by others, or he counted on employers not calling his references.

"I also had an applicant use an incorrect name for his university on his resume. When I called the university, they had no record of the applicant as a student," McNamara says. "It pays to thoroughly check out applicants."



Tom McNamara
President, Foam Fabricators Inc.
TAB Member since 2007

Step 6: Make the offer

Once you have selected a final candidate, make them an offer. Work together with your HR personnel or with the candidate's immediate supervisor to craft a package which should include information on: the salary, benefits package, the position job title and any other terms and conditions of employment.

When making the offer and going through any subsequent negotiations, make sure to use a single point person for communication. Otherwise there's the possibility of misunderstandings and frustration, which could increase the likelihood that your ideal candidate walks away.

Step 7: Onboarding

An effective hiring process doesn't stop once the offer is made. An onboarding system is critical — one that trains employees, orients them to their new roles and integrates them into their new teams.

[According to the Society for Human Resource Management \(SHRM\)](#), new employees who went through a well-structured onboarding orientation program were 69% more likely to still be at the company three years later. Churn due to poor onboarding can be especially problematic in the service industry. The Canadian tourism and hospitality association [Go2HR found that](#) around 40% of employees who received inadequate job training left their post within a year.

That's why it's so important to have a well-defined onboarding process for new employees. Be in communication before their first day with everything they need to know about the company: the employee handbook, instructions for parking and who to ask for on their first day, logins for company systems, introductions to coworkers, informational materials, etc.

As part of the onboarding process, develop a support system for new employees to help them engage with your company and connect to their work. This could include setting up mentorship with more senior employees, arranging coffee dates and one-on-one meetings with department heads and other key staff and scheduling regular check-ins to assess how their first weeks and months are going.

When in Doubt, Think Nike: Just Do It!

The TAB Board 501 in Winnipeg recently realized that many Board Members were holding back on taking the action steps required to move their companies ahead. Particularly when it came to hiring decisions that represent a costly investment.

“Many of us are at the point where we have to hire staff to better service the business we have today or get ready to handle the plus business we anticipate,” writes TAB Board 501. “We all had different reasons for hesitation, but if the action fits our plan and our TAB Board has ‘checked our thinking,’ then now is the time for action.”

The Board recommends business owners don't sit on the fence when it comes to hiring — they should make the leap if the timing seems right. “Yes, you may lose out on some salary dollars if it doesn't produce,” the Board writes, “but what will you gain if it does produce?”

Kim Christie and TAB Board 501
Owner, TAB Winnipeg
TAB Facilitator and Coach

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