

THE ROBERT HALF SMALL AND MIDSIZE BUSINESS SERIES



Leadership Strategies

**A Small and Midsize
Business Guide**

to Hiring, Managing and Retaining Staff

rh Robert Half®




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Introduction

As a small or midsize business leader, you juggle several roles. Unlike large corporations, where the executive function is supported by various administrative and operational units, at your company multiple responsibilities may rest on your shoulders. You might be your business's human resources department, staff training and development division, marketing and public relations unit, and technical support center.

The pressures and demands of day-to-day duties can easily eclipse your most strategic role as leader and coach of your team. While you're busy putting out fires and attending to the details, recruitment and retention may slide to the bottom of your priority list.



38 percent of executives said retaining valuable employees is their biggest staffing concern.

Source: Survey of 2,100 chief financial officers by Robert Half

But you can't postpone staff motivation and retention efforts. Especially in times of change, you need an experienced, loyal team in place. Your staff is often your most precious resource. Finding and keeping them is essential to remaining competitive.

To help you, we have created this guide filled with tips and best practices for recruiting and retaining employees for your small or midsize business. We hope it's useful and invite you to contact us for help with any of your staffing needs.

Rebuilding, Re-recruiting, Re-engaging

Who Are Your MVPs?

In every small or midsize business, there are certain employees who stand out. They're your Most Valuable Players, the people you would most hate to lose.

MVPs are typically:

- Passionate about your business
- Knowledgeable about your industry
- Creative problem solvers
- Dedicated and reliable
- Natural leaders
- Committed to your company's success
- Able to inspire others

Now is the time to re-recruit your MVPs and emphasize the advantages of working for your firm. Competitors – particularly large organizations with flashy perks and benefits packages – may be looking to lure these professionals away. If your company was forced to implement layoffs, pay cuts or reductions in benefits, your employees' trust and confidence may have been shaken. Now you can rebuild that bond and let your best workers know that, despite all the ups and downs, your company is still the right place for them.

Re-recruiting Tips:

- **Conduct 'job interviews.'** During the original hiring process, you asked prospects about their work with previous employers. To re-recruit them, ask your current employees to talk about what it's like working for your firm. Encourage them to respond candidly to questions such as:
 - *If you could change something about your job (and/or this company), what would it be?*
 - *What's your best day on the job like?*
 - *Are you interested in assuming new responsibilities?*
 - *Which new skills would you like to acquire?*
 - *What can I do to make your job better?*
 - *What are your career goals, and how can our firm support them?*

After the interviews, evaluate your employees' answers and determine how you'll act on their feedback. For example, your staff's responses may prompt you to make major changes, such as launching a formal professional development program, or minor adjustments, such as implementing a more casual dress code. Or if, in the course of the interviews, you discover that one of your top people wants to move into a managerial role, you might give him or her opportunities to direct project teams.

- **Give them room to grow.** At a smaller company, employees typically perform a variety of duties beyond their official job descriptions. To help them develop their skill sets and groom them to take on new responsibilities, start a “cross-training” program for your best people. During cross-training, they can spend a few hours a week shadowing coworkers whose roles relate to or complement theirs. “We make a concerted effort to ensure people are able to cross-pollinate their skill sets into the other brands our agency supports,” says Mark Kurtz, chief growth officer/vice president, new media, at Gage Marketing Group, Inc., a customer engagement agency based in Minneapolis. “When we hire someone, we don’t see them as a copywriter or interactive designer for just one brand. They’ll work on projects for two or three different clients. It helps keep our employees fresh and interested.”
- **Keep the lines of communication open.** One advantage of small and midsize businesses is that communication between you and your staff can take place quickly, directly and informally. Make the most of this by getting out of your office and talking with your employees on a regular basis. Let them know what you’re doing to keep the company strong, stable and on track. Solicit their input about best practices they’ve developed to work more efficiently. It’s a good idea to treat your employees like stakeholders and share information as freely and frequently as possible.

“We’re open and honest about the business and share a lot of financial information with our staff, so they know where we stand and what we’re doing to improve the future of the company.”

– Tim Deis, principal, Go East

- **Build trust by being transparent.** Be as open as possible with your employees. Share your thought processes whenever practical, so they understand the logic behind a decision and how it will affect them. “We could’ve made the choice of letting a few people go, but we asked everyone to step down a notch in pay,” says Tim Deis, principal of Go East, a brand, design and interactive agency outside St. Paul, Minn., of his firm’s decision to implement across-the-board pay cuts during the most recent recession. “We told them we can ride this out together, and when things get better, we can all reap the rewards. Our staff appreciated that we were treating them as people, not numbers.”

- **Be flexible with rewards.** At a smaller company, you don't have to implement a one-size-fits-all recognition system. Instead, tailor programs to suit your employees' personalities and preferences. At Go East, top performers are recognized at staff meetings and receive cash awards from \$50 to \$200, says Deis. The company has also revised its bonus program. "We told employees that if we met or exceeded revenue goals, we'd pay bonuses during the year, rather than waiting until the end of the year," he says. "We wanted to provide some incentive and show them that when we could give, we would."
- **Recognize their efforts.** To motivate employees and create incentives for them to do their best, it's essential to consistently recognize their efforts and achievements. At Gage Marketing Group, any employee can, at any time, recognize a peer, superior or subordinate for doing exceptional work, says Kurtz. Recognized employees are awarded "Bravo Points," which they can redeem for prizes such as movie tickets, iPods or even trips.
- **Make your office employee-friendly.** Small and midsize companies often have an advantage over big firms because they can be more creative with policies that address work/life balance issues. If practical, offer your staff options such as flexible or part-time schedules, telecommuting, or job sharing.

"In managing a small business, the most important aspect of leadership is to give your employees a vision of where you want the company to go and help them see how they fit into that vision."

— Larry Brandon, senior partner, Brandon, Rackley and Dukes, P.C.

- **Sell them on your strong points.** Is your company a fun place to work? Do your employees feel like they're part of a family? Does your firm have a reputation for outstanding customer service? Play up your company's best traits – it will remind employees why they chose to work for you in the first place. Some small or midsize businesses allow employees to bring their pets to work, or provide pastries and coffee every Friday morning, for example. Jesse Fink, owner of Toy Boat, a dessert café in San Francisco, gives his nine employees discounts on food and accommodates vacation requests through a very flexible approach to scheduling. "I tell employees my job is to make sure they're happy, because I want them to keep working here," he says.

- **Share your vision and ask for input.** At a smaller company, your success depends on getting your staff's buy-in. Let your employees know what your company's future looks like and involve them in the plans to make that vision a reality. This gives them a sense of ownership and empowers them to implement their ideas. Rather than presenting ready-made solutions, for example, give employees a chance to provide input. One useful motivator is to present your team with a business challenge and ask how they would solve it.
- **Let them know they can grow with you.** Because there may not be as many advancement opportunities at your firm as at a larger one, you have to show employees that they don't need to leave to find new challenges. Help staff members map out a career path so they feel a sense of steady professional growth and progress. Often, this means investing in ongoing professional training. Brandon, Rackley and Dukes, P.C., an accounting firm in Valdosta, Ga., pays for its staff to attend seminars in order to learn new skills. "Employees want to know the latest technology – they want to advance and improve," notes Larry Brandon, a senior partner at the firm. "If they feel like they're someplace that's not staying up-to-date from a technology standpoint, they'll leave."

Retention Red Flags

Is one of your top employees planning to leave? Watch for these telltale signs:

- Increased absenteeism
- Tardiness
- Missed deadlines
- More errors
- Decreased enthusiasm
- Frequent updates to LinkedIn profile



Building Your Team With Minimal Risk

Now is the time to re-evaluate your staffing situation and plan for the future. Operating with a team that's too lean could cause you to miss out on growth opportunities and lead to employee burnout. And if your staff members lack necessary knowledge or industry experience, you might lose market share to competitors.

Is It Time to Hire?

The answer may be yes if ...

- Your staff regularly works overtime to finish projects.
- Everyone is working at capacity 100 percent of the time.
- You seem to be chronically short-staffed.
- A single absence throws the entire team off schedule.
- Important but non-urgent projects are repeatedly deferred.
- Your team is exhibiting signs of stress and burnout.

Should You Hire Full-Time or Project Professionals?

To staff more cost-effectively, begin by analyzing your current and projected staffing needs. Carefully assess your requirements – a hiring mistake has a greater negative impact at a small firm than at a large corporation, because it can drag down the entire team's productivity and morale.

Hiring a new worker isn't always the answer. Consider whether you could redistribute responsibilities among the current members of your staff. If you decide your employees are already stretched too thin, and you need to bring a new worker on board, don't assume it has to be a full-time hire. Instead, consider whether a temporary or project professional could perform the work. Hiring professionals on a temporary basis allows you to staff up and down quickly and easily, avoiding the cycle of overhiring and layoffs. Using temporary professionals also protects your core team from excessive stress and its side effects, which include lack of motivation, increased errors and low morale. Staffing with temporary professionals can save your firm money, turning fixed costs into variable ones, because you are able to access the talent you need for as long as you need it.

At Go East, the principals brought freelancers on board to help full-time staff handle the workload. "As an organization, when we bring someone on, we do everything possible to retain that position," says Deis, who oversees operations and human resources. "We don't hire and fire with economic cycles."

If you decide to make temporary professionals part of your plan, it could make sense to work with a staffing firm that specializes in the functional area for which you're hiring. A specialized firm has access to top candidates and will evaluate them for you. Such firms also handle all the administrative aspects of hiring the temporary professional.

“For us, crucial leadership positions need to be full time. However, some of our billable positions are part time, and I hire temporary professionals for short-term projects, when I’m looking for someone who can hit the ground running and work for a few weeks.”

– DeeDee Towery, president and CEO,
ProActive Business Solutions

Types of ‘Temps’

Temporary workers are available at every skill level and in a variety of disciplines. Here are several types of project workers:

Pinch Hitters – Individuals who fill in during employee vacations and medical leaves, and provide support during seasonal spikes in workload. They also can help you bridge the gap during job vacancies.

Technical Experts – Hired for expertise that doesn’t exist already in the organization or when those qualified to do the work are too busy. For example, you might bring in temporary IT professionals to help with a systems conversion.

‘A-Team’ Professionals – Individuals who work with full-time employees on one-time, labor-intensive assignments, such as discovery at a law firm or a new product rollout.

Buffers – Temporary professionals who handle routine tasks and help protect core staff from overload and burnout. They also can be brought on board when your company is growing fast, but you’re not sure whether you’ll need full-time staff long term.

Temporary-to-full-time – When you want to determine if a potential full-time candidate is a good fit with the position and the company.

Working With Project Professionals

Follow these steps to smoothly integrate temporary or project professionals into your business:

- **Get your team's input first.** Prior to bringing someone on board – either on a full-time or temporary basis – check with your staff to make sure that you're all on the same page about where the company needs to hire. Your employees also can give you valuable input about the type of employee who would be the best fit.
- **Make them feel welcome.** Just as you would with a new full-time employee, provide an orientation once a temporary employee has been hired. Introduce the professional to the rest of your staff, and make sure he or she has all the tools and information necessary to get right to work.
- **Designate a 'buddy.'** Ask one of your staff members to be the newcomer's point person if questions or problems arise and you're unavailable. The point person also can explain company policies and procedures.
- **Promote collaboration.** Include the project professional in team meetings, staff lunches, workplace celebrations and other activities. This will help the individual feel more connected to your company and encourage your staff to view him or her as an integral part of the team.
- **Monitor and evaluate.** Check in periodically with temporary employees to make sure they have the resources they need to perform their jobs. In addition, get input from your staff about whether the arrangement is working out as planned.

76 percent of executives said it's beneficial to use temporary professionals during employees' absences.

Source: Survey of 450 chief financial officers by Robert Half

Recruiting the Best Employees for Your Small or Midsize Business

Although project professionals can play a vital role within your firm, especially during periods of transition, you may be looking to make strategic full-time hires. Small and midsize companies need power players – individuals who can fill multiple roles, juggle a variety of duties and be comfortable with fluid job descriptions.

“The best way to keep turnover low is to be very specific when you hire. Before I interview, I’m very clear about what I need – whether that’s someone to work days, nights and weekends, or five shifts a week. In this industry [food service], employees typically stay at a place six months. My employees stay an average of three years.”

– Jesse Fink, owner, Toy Boat

Many smaller businesses start recruiting when they have an open position to fill, but the savviest managers keep a constant eye out for talent, meeting with candidates for informational interviews and staying in touch with them over time.

Who’s the Right Employee for Your Business?

Beyond specific job-related skills, abilities and professional experience, promising candidates for small or midsize business roles often exhibit these traits:

Entrepreneurial mind-set – Demonstrates the ability to think creatively, come up with innovative solutions and help the company move toward its strategic goals. “At a small firm, you can’t just put on blinders and go,” says Brandon of Brandon, Rackley and Dukes, P.C. “You need someone who can prioritize across different areas.”

Team spirit – Can work collaboratively and get along with the rest of the group. “We like people who can push the envelope a little but not down someone’s throat,” says Deis of Go East. “We want them to share their expertise and provide options but be able to listen to other viewpoints, too.”

Complementary personality – Can mesh with the company’s particular chemistry and build support. “We look for a positive attitude,” says Brandon. “At a small company, a negative attitude or personality can affect the whole business.”

Focus on customer service – Provides superior service to clients and customers, and ensures satisfaction. “Customer service is key in my business,” says Fink of Toy Boat. “When I’m hiring, I look for someone who’s honest, hard-working and personable.”

Engagement – Doesn’t merely punch the clock and do the work but shows an interest in and commitment to the bigger picture and understands the correlation between individual effort and the company’s success.

Strategies to Keep the Recruiting Pipeline Full

Build your brand. Your website is an excellent branding tool where you can post detailed information about your company's mission, culture, history, successes, community involvement, awards and so forth. On the home page or other prominent area, be sure to highlight what makes your company unique.

Call on a recruiter. Try working with a recruiting firm that specializes in your industry or the position you are trying to fill for access to "hidden" talent, including those who aren't actively looking for work.

Advertise widely. List available positions on your company's website and job boards like CareerBuilder, Dice and Craigslist.

Tap into social networks. Use social media sites like LinkedIn to post job ads, network with potential hires, search for prospective recruits and start conversations with talented professionals. Through social networks, you can interact with people directly and sell them on your firm.

Seek referrals. Ask your professional connections for recommendations and your own employees for referrals. Give an incentive for successful referrals so your employees are always thinking about potential candidates.

Work your network. You can find outstanding candidates through word of mouth. At meetings, business lunches and social events, mention that you're looking for talented professionals.

Connect in your community. Get to know the staff at the career centers and alumni offices of local universities, community colleges and technical schools if you're looking for entry-level candidates. Your local chamber of commerce and similar organizations can be good sources, too.

Catch a 'boomerang.' Stay in touch with your own "alumni" employees who leave on good terms and whom you would rehire if the right position were available. These "boomerangs" are proven professionals who have gained even more experience since leaving your firm.



Selling Your Company to Candidates

The strongest job candidates are always in demand. When recruiting top talent, you must be prepared to highlight your firm's unique selling points. The following tips can help:

- **Treat them right.** When speaking to candidates, stress your company's commitment to employee satisfaction. "We pay our employees well, we make sure they're covered insurance-wise and we treat them well," says DeeDee Towery, president and CEO of ProActive Business Solutions, an Oakland, Calif.-based technology firm. "We know it's important to take care of our people so they can take care of our clients."
- **Emphasize the advantages of 'small.'** Often, smaller businesses have more leeway than large corporations when it comes to helping employees handle life's ups and downs. For example, you might be able to provide added flexibility for an employee who needs it. Also, play up the fact that, at a smaller firm, workers often can make a bigger impact than they would at a larger company. You might discuss your own experience as an example. How did you start and advance with the company? What do you enjoy most about your job?
- **Highlight your culture.** When speaking with a candidate, go beyond buzzwords like "progressive" and "friendly," and try to convey more concretely what it's like to work for your company. Describe the day-to-day mood or atmosphere, and talk about your firm's employee-oriented programs and events. Introduce candidates to other people, give them a tour of the office or maybe even ask them to join you for a staff lunch so they can experience your firm's unique qualities for themselves.
- **Show you invest in your workers.** Job seekers look for advancement opportunities and career development options when choosing a potential employer. During interviews, highlight all the ways your company supports employee career growth. These might include company-sponsored training or tuition reimbursement for continuing professional education, mentoring programs or employer-paid membership in professional associations. Gage Marketing Group, for example, provides 100 hours of formal training each year for all new employees. "That's resonating with people who are interviewing with us," says Kurtz. "In the digital space, it's hard to keep up to speed when things are changing every hour, so we're trying to stay ahead of the curve. We know we're going to be able to get good talent because of what we offer."
- **Be honest.** You want to sell candidates on your company, but don't try to fit a square peg into a round hole. You'll reduce turnover if you and the potential hire are on the same page about the position and its requirements and challenges. For example, is the prospective hire comfortable with less administrative support than might be offered at a larger firm? Does the person like being a jack-of-all-trades? "I've interviewed people who I knew could only work at a big firm," says Brandon of Brandon, Rackley & Dukes, P.C. "You know when someone is a small-firm kind of person."

Finding the Right 'Fit'

Hiring someone full-time represents a significant commitment on your part, and naturally you want to do everything you can to make sure the prospective employee will integrate smoothly with your existing team. Interpersonal problems tend to be magnified in a smaller setting and can have an extensive negative impact. Here are some ways to test the fit:

Do lunch. Take the candidate out for a meal with other team members. Observe the interactions and ask your employees afterward for their reactions. Was there rapport, or was the chemistry wrong?

Stick to your criteria. Don't let certain aspects of a candidate's background or personality cloud your judgment. You'll minimize hiring mistakes if you have some bottom-line requirements. "For my business, I need someone who's flexible," says Fink of Toy Boat. "I've interviewed people I liked 101 percent, but I didn't hire them because they couldn't fit in with our schedule."

Try a trial period. You can use a temporary-to-full-time strategy or simply set up a limited time period for testing the new arrangement. "I have a 90-day probationary period within which either party can terminate the arrangement if it's not working out," says Towery of ProActive Business Solutions.

Conclusion

"I give a lot of the credit for our success to our employees – they're the ones on the front lines, making it happen."

– Tim Deis, principal, Go East

Your employees – their industry knowledge, talents and familiarity with your customers – are your most valuable asset. To successfully lead your business through a lengthy period of economic uncertainty and into a new phase, you must be ready to add staff as needed while assuring full-time workers that there is a viable career path for them with your firm. Now is the time to lay the groundwork for growth.

This guide is the first in The Robert Half Small and Midsize Business Series. The series is designed to provide you with ideas and insights for staying ahead of the curve and creating a cohesive team of engaged performers who can help take your business to the next level. We hope you find it useful and invite you to visit our Small and Midsize Business Resource Center for more advice and research at roberthalf.com/smallbusinesscenter. You also can find us on Twitter: [@smallbizhiring](https://twitter.com/smallbizhiring). For help with any of your staffing needs, please visit our website at roberthalf.com or call **1.800.803.8367** for the office nearest you.

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