Hiring in the early stages - the why, the when and the how

An HR pro’s guide to scaling for rapidly growing business
Why is hiring in the early stages pivotal and challenging?

Your company is very much the people you hire. Whether you will take off or fizzle out depends on the people you hire - their skills, attitude, experience, involvement, loyalty etc.

Top hiring challenges that growing companies face today

- Competing with larger brands
- Establishing a reliable employer brand
- Recruiting relevant talent
- Absence of a full-fledged hiring team
- Identifying the right technology
- Cracking compensation
- Nurturing and Retaining talent

A survey by LinkedIn reveals that 84% of SMBs agree that finding enough candidates is their top most challenge.

At Freshteam, we build software that helps businesses attract, screen, interview and hire superstars. In this ebook, we’ve comprehensively covered the basics of early stage hiring.

- Rethinking your brand as an employer
- Leveraging employee referrals for growth
- Picking the right mix of tools for your recruiting kit
- Cracking compensation and benefits
- Tying your hiring back to revenue
Rethinking your brand as an employer

Your employer brand is what you want your prospective candidates to hear, think and feel about you.

What does an employer brand mean for growing companies?

73% of young organizations face the challenge of competing with larger and better-known brands for talent. As they don’t have the time it takes to build a historic brand, entrepreneurs don’t focus on employer branding. Yet, at a time where self-driven talent is hard to find and hard to keep, one cannot try to win them over without a message or business story that resonates with their minds and hearts. An employer brand helps you do just that.
Building an authentic employer brand

For a growing company with little or no history as an employer, the employer brand is the story at the core of your business, your mission and your means to achieve it.

Make it your leadership’s top priority

Only when you define who you are and who you want to be as a company, can you define who you would like to hire and why. It’s the responsibility of the leadership or the vision-bearers to articulate what they look for in their workforce to keep their promises to their customers and their community. This, in turn, will form the foundation of your employer brand.

Keep it real

An employer brand is not a mere ad to attract employees. The story you are telling should be from the heart of your business. It should be what you practise day in and out. For example, if you profess to be a customer-first company, it should show in everything you do, consistently.

- Do your job descriptions include key qualities such as empathy, team work, and craftsmanship?
- Do your key performance indicators for different roles assess empathy?
- Does your culture code promote the use of positive language?
- Are the key qualities deeply weaved into your relationships with the customers?
- Do you reward patience?

Communicate

Your employer branding is a story meant to be TOLD. You have to decide what’s the best way to tell it.

- If you are, honestly, a great company to work with from inside-out, your employees will definitely have fascinating things to say about you. You just have to give them the means to do it. Consider brand ambassador programs, reviews and rewards, and getting your leadership to drive interactions on review sites.

- No matter how beaten social media is, it’s still a great platform to share inside stories which can highlight your strengths and value propositions.

- Greatest branding advice ever: Treat people well. Pay attention to everyday interactions with candidates, customers, vendors, consultants, etc. These are the people that will propagate first-hand stories about you after observing you up close.
Employee referrals - Mining your network for gold

Why should growing companies consider referrals?

- In the early stages when your company doesn’t have a 50-year-old historic brand, referrals enable you to convince and attract the cream of the crop as your employees will vouch for you personally.

- A study by LinkedIn suggests that employee referrals still remain the top source of quality candidates.

- If your employee clearly understands what you are looking for in your candidates, then their referrals are almost prescreened for your expectations or requirements. In fact, referrals have 55% faster time-to-hire when compared to other sources.

- Employees who come in through friends tend to integrate better in the work environment and create a more dynamic workplace.

- They also perform better and grow a stronger sense of loyalty towards the organization and its people.

Source: LinkedIn
**Benefits of implementing a referral program with the Freshteam ATS**

The Freshteam ATS enables you to efficiently run referral programs and make the most out of it. It eliminates errors and delays and gives everyone involved a smooth experience. With Freshteam,

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<thead>
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<th>Employees can view all open jobs in one place, anytime.</th>
<th>Recruiters can automate screening based on candidate information.</th>
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<tr>
<td>Employees can refer candidates to jobs through the ATS itself.</td>
<td>HR can save and nurture candidates for later in a thriving database.</td>
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<td>Employees can check the status of the referral on the ATS.</td>
<td>HR can view all candidate conversations under one tab to gain context.</td>
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<td>Recruiters can screen faster with pre-assessment tests.</td>
<td>HR teams can use reports and analytics to optimize the process.</td>
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11 ways to pump up your employee referral program

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<th>Referral hours</th>
<th>Reward Intent</th>
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<td>Schedule time for employees to mine for bright people in their network.</td>
<td>Encourage active referrers by rewarding intent.</td>
<td>Don't wait for your employees to come to you. Start sifting through their network.</td>
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<td>Something like “Who’s the best marketer you have worked with?”</td>
<td>Keep your employees and the candidates super motivated.</td>
<td>Communicate your referral program clearly. Repeatedly. Creatively.</td>
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<td>Introduce them to the referring tools, methods and open roles during onboarding.</td>
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Fighting the downsides of referrals

The dangers of employee referrals include:

1. **Attracting a homogenous workforce**
   Solution: Referrals can work against your diversity - they can lead to lack of innovation, and enable rigid or closed groups within the organization. During referral drives, ask specific questions to your employees. For example, instead of asking who they would like to refer to for the current engineering opening, ask ‘Who’s the smartest software engineer you know?’ This helps to attract really good engineers and not just good friends.

   *Pinterest appreciates and rewards employees who refer candidates from underrepresented backgrounds and communities.*

2. **Hiring teams hiring with the blinders on**
   Solution: Referrals can gradually grow into a reliable source for hiring, tempting hiring managers or recruiters to rely solely on the recommendations of other employees. Irrespective of who refers a candidate, be prudent in allowing them to go through your screening process. Just because someone was great at another company doesn’t always mean they’ll do great at yours.

3. **Making referrals your sole source of hiring**
   Solution: While you make the most of your referral programs, it’s important that you stay invested in other sourcing channels that are time-worthy, right for you and scalable.
Picking the right mix of tools

Startup owners spend around 40% of their working hours on tasks that do not generate income such as hiring, HR tasks, and payroll. - The entrepreneur

What if they could deploy the right tools to take care of such recurring tasks and focus on needle-moving matters. Here is a quick list of must-have tools in the recruiter tool kit:

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<th>Job aggregators, career site, social media, email listeners, Zao for employee referrals</th>
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<td>Candidate management tools</td>
<td>Freshteam</td>
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<td>Calendars</td>
<td>Google calendar, Outlook calendar</td>
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<td>Video interview tools</td>
<td>Google rooms, Zoom, WebEx, Lync, SpakHire</td>
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<tr>
<td>Pre-assessment tools</td>
<td>HackerRank, HackerEarth, HireVue, Codility</td>
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<td>ATS/Recruitment CRM</td>
<td>Freshteam</td>
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<td>Onboarding tools</td>
<td>Freshteam, SignEasy for e-signatures</td>
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A byte for the pros: Freshteam Autopilot

The autopilot on the Freshteam applicant tracking software allows recruiters to automate recurring tasks such as screening, emailing, following up, sending out tests when a candidate reaches a specific stage etc.

*The automations release upto 50% of a recruiter’s time for more strategic areas.*

Here are some examples of what the Autopilot can achieve:
- Reject candidates if their test scores are less than 50%.
- Send out communication to all stakeholders when a candidate reaches the interview stage.
- Send an online test when the candidate reaches the technical interview stage.
- Schedule rejection or feedback emails for rejected candidates.
- Archive overqualified candidates to the talent pool.
- Advance, reject or send an email based on the candidate source.
- Advance candidates who are from the same city as you.

More cool tools

**Textio**

Textio is an augmented writing platform which equips you with the right words and wise counsel to attract the perfect candidates. It also points you to key language patterns in your hiring content that shape your candidate’s perception about you.
GapJumpers helps fight every kind of hiring bias in workplaces through blind hiring. This is what they do: Instead of recruiters advancing or rejecting candidates based on resumes, they ask for proof of the candidate's abilities and key skills. Based on this, GapJumpers creates objective challenges that applicants can take and be ranked on, anonymously. Following this, recruiters decide if they want to advance a candidate or not based purely on their performance without letting anything else interfere in the process.

- NVIDIA uses Textio and fills jobs twice as fast as before.
- Johnson & Johnson attracts 9% more women, that’s 90,000 each year.
- Atlassian increased their women composition from 10% to 57% in two years.

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Cracking compensation

The most expensive startup cost is payroll, averaging around $300,500 for five employees across the U.S. That is why it becomes the most important factor influencing a startup’s success or failure.

 Crafting the compensation and benefits policies is critical for any company. But it’s all the more challenging and involves higher stakes when the company is still taking off.

You have a great product idea, a solid strategy and the funds to take off. The next thing in line is to assemble an impeccable team that your leadership or investors are convinced in. The catch is, most of these people are going to be already employed in a great job, making a whole lot of money, feeling settled and secure. How does a company lure in or attract such people to work with them? What does an irresistible offer look like to them? How do you create the perfect compensation package for them?

Start by understanding your limitations

It is impossible to match the compensations offered by the giants in the market when your company is still taking shape. You can anyway leverage the advantage of being small by exploring personal, flexible and creative options.

Thoroughly evaluate the options you have

- What stage of growth are you at?
- What are your immediate competitors offering?
- What are the industry standards?
- Are there any costs you have to consider pertaining to your geography?
- How will each compensation option affect your cash flow?
- What is the return on investment you foresee?

The answers to these questions will help you find your compensation sweet spot.

Stock supplements

Let’s face it. Sometimes even the best salaries you can offer may not be good enough for the right candidate. Equities bridge the gap between your prospects market value and your cash constraints. However they are not meant to be given away little by little at every turn. You should be able to justify your stock decisions in the long-term interest of the company.

* Source: Embroker
There are a variety of stock options available: restricted shares, incentive stock options, nonqualified options, stock appreciation rights, phantom stocks and so on. Would your stock decisions dilute the ownership in the long run? Are you really compensating risk or giving into a temptation to splurge? Do you need to combine one or more stock options? For example: If you are not willing to give away ownership, you could use the stock appreciation rights - a plan like this could ensure that employees benefit from the growing value of the company without diluting ownership.

Do your homework before you jump into distributing equities. You’ll thank yourself later.

Benefits

Of course you cannot offer the cradle-to-grave benefits like the giants do and that should not be your goal. But you have to think of creative ways to cover the basics, especially health insurance. Research by The National Small Business Association (NSBA) shows that the biggest challenge for the survival of small businesses is the cost of health insurance. While considering health insurances it’s important you understand what you can cover and what you can’t and not cross the line between the two.

Other benefits ideas for startups include: lifestyle perks like food and vacation, goodwill perks like paid time off for volunteer work, flexible work schedules, etc. Creating a benefits plan is not a one-time event and should not be treated so. It will require everyday administration and attention, and periodic revisits to check if it’s still relevant for your employees.

You have to make some tough choices. You’ll have to say some NOs, hear some NOs and be okay with it. When the company is growing and gaining stability, it can be tempting to stretch salaries towards the market levels to bring in the best, or retain the best. This is, however, a temptation you shouldn’t yield to. Growth and maturity are two different things for a business. As a business matures, so will its compensation schemes. Take it slow, increase incrementally, and always stay aware of how salaries are affecting your financial strength as a company.
Tying your hiring back to revenue

At the end of the process you should be able to tie your hiring back to revenue and other organizational goals. Ask yourself the simple question: What is the impact of hiring on our business revenue?

Not always will you be able to measure the returns immediately but can you see yourself growing closer to those returns? Is hiring translating into performance? Is performance translating into growth and revenue?

Go after the right metrics

Hiring metrics: Time-to-hire, Time-to-productivity, quality of the source, candidate experience metrics, time-in-pipeline, minority representation percentage, retention rate, employee participation in referrals and repeat referrals.

Performance indicating metrics: Work quality and quantity metrics, work efficiency metrics, absenteeism rate and overtime rate

Revenue indicating metrics: Revenue per employee, Profit per employee, Human capital ROI

Invite stakeholders to give feedback

Metrics matter and so does the feedback from the stakeholders - recruiters, candidates, employees, hiring managers, leaders. Invite feedback from all directions more intentionally. There are vitals, such as manager satisfaction that metrics can’t measure. So ask the stakeholders about their experience, opinions, and ideas for optimization. No process or strategy ever got better on its own. It needs continuous improvement to optimize revenues.

Your hiring is a strategic step towards or away from your success as a business. We hope we’ve added great ideas and wisdom to the process. To strike a conversation, drop an email at support@freshteam.com
About Freshteam
Freshteam is the perfect HR software for growing business. Here’s a quick peek into Freshteam and all its powerful features.

**Applicant tracking system**
- Job board integrations
- Career site
- Smart interview scheduling
- Interview scorecards
- Candidate management
- Recruitment automations
- Offer management

**Employee Onboarding**
- Self onboarding kit
- Custom onboarding forms
- Custom onboarding workflows

**Employee Offboarding**
- Custom offboarding forms
- Custom offboarding workflows

**Time off management**
- Powerful time off dashboard
- Custom time off policies
- Time off approvals
- Holiday calendars
- Workweek definition
- Team availability calendar

**Employee Database**
- Employee Directory
- Organizational charts
- Employee documents management
- Advanced filters and search

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