

The New Way to Build ROI on Employee Referrals

Think for a minute: How's the ROI on your employee referral program (ERP)?

If you can't name one great ERP-related hire in the past five months, that's not a good sign. As a result, it may be time to jump on a more modern method of sparking internal recruiting—turning certain employees into “talent scouts” for your organization.

Basically, it would be a largely volunteer effort in which qualified employees are selected to become designated scouts who recruit in their spare time. They're chosen as scouts based on their performance, their passion for the organization, their jobs and their access to a network of potential candidates.

This more targeted recruiting tactic differs from traditional ERPs in several key areas:

Limited participation. Employees are screened and selected to ensure that the right people are spreading your recruiting message. It's not open to everyone.

Formal training. A designated talent scout shares company recruiting goals and tactics with selected employees so they're intimately familiar with the process, tools and instructions.

Volume targets. Well-versed scouts typically bring in fewer, but higher-quality referrals. Candidates are more thoroughly pre-screened and pre-sold. In contrast, ERPs produce a higher quantity—but not always quality—of referrals for HR to wade through.

Primary motivation. Designated talent scouts are selected because they're motivated to build a great team for their company. They come to understand that working alongside the best people ultimately makes their jobs easier and more productive. Financial rewards for successful talent scouts can be a part of the effort, but the primary motivation isn't the money.

The downside: Employees who aren't invited to become talent scouts may be disappointed. And it may take time to convince the busiest employees to give it a try.

Creating talent scouts: 4 tips

John Sullivan, a management professor and CEO of his own HR consultancy firm in California, has worked to help employers transform their ERPs into talent-scout programs. He advises HR pros to follow these four tips to launch the new strategy:

- 1. Enlist top performers in critical jobs. It's supposed to be a selective effort; market it as a chance to join an elite group. Target jobs that are hard to fill, require special skill sets or are in key business units.**
- 2. Encourage the CEO to participate and lend support as the organization's "Chief Talent Scout." Getting the company's movers and shakers to support the effort will speak volumes.**
- 3. Consider opening up the program to a friendly and trusted audience beyond current employees, such as recent retirees and employees' spouses.**
- 4. Offer awards and recognition. Cash awards—based on the number of referrals—aren't the motivation here, as with many ERPs. But offering a bonus, a contribution to the charity of choice, or a customized gift certificate are options that recognize the talent scout's special efforts.**

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