



EPISODE 17

Recruiting and Retention: How to Overcome Today's Recruiting Challenges

Introduction: Welcome to Strategic Insights brought to you by PrideStaff. On each episode, we bring you interviews with leading management and employment experts from across the country. Your host for strategic insights is Brad Smith. And now here's Brad.

Brad Smith: Hello, and thank you so much for listening in to Strategic Insights from PrideStaff. I'm your host, Brad Smith. We have a great and very timely episode right now. We're going to talk about recruiting and retention and what employers need to do to overcome today's difficult recruiting challenges between pandemic concerns, the great resignation. Employers all across the country are with a talent shortage we've never seen before. In this episode, we're going to share research and tips on how to overcome these talent acquisition and retention challenges and set you up for success for the rest of this year and next. Joining me today is Brian Hedlund, Owner and Strategic Partner of the Northern Virginia Fairfax office. Brian, thank you so much for joining us.

Brian Hedlund: Brad, thanks for having me. It's a pleasure to be with you and address this amazing topic.

Brad Smith: It is an amazing topic and we certainly have a lot to cover. So we'll jump right in, but I'd love to start by talking about what hiring executives have maybe learned and seen and experienced over the last year. So Brian, you're in a really unique seat in that you work with a lot of different business owners, key hiring executives in a variety of different industries. I know you shared with me that you just recently had a chance to speak on this topic at George Mason University at the Mason Enterprise Center. So I'd love to hear directly from you what those people shared. What have they seen? What have you seen and what are some of the big takeaways here?

Brian Hedlund: Brad, great question, and it depends on the vertical, the industry and candidly, corporate culture, but we're seeing a several key themes that continue to resonate. And number one is remote work is real. What do I mean by that? It's not going anywhere, it may be in a hybrid mode, it may be in a flex mode, but both companies and employees have gotten a taste of remote work. And some fashion of remote will be in most industries going forward, but it's going to

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have to be customized for each individual company. Number two is probably safety and health. And it's interesting, Brad, we used to think of safety and health as safety and health on the work side, but over the past 18 months, it's begun to accompany all circles of life. Safety and health at work impacts safety and health at home.

Brian Hedlund: It impacts safety and health with your transit, your commute, how you get to work. So there's a variety of different implications there that employers are now having to reckon with. What is the safety and health circumstance for every one of my employees? Just a couple more that are really top of mind are digital. Digital is imperative to create a seamless, not only customer experience, but employee experience. So having your team with the digital tool so they can be successful is more imperative than ever before. Brad, there's a long list of other things but one other that I would say is empathy. It must be a priority for all employers. It's hard to gauge what the real situation is for every employee without listening, caring, most importantly, just finding time to connect with every one of your employees. There's a lot going on in all of our worlds and empathy to create an employee experience, to know what the employee is thinking is incredibly vital as we go forward.

Brad Smith: Yeah, I could see that as hugely impactful and just sitting down and having those one-to-one conversations, being a human, maybe even pulling work or business out of it and talking to them on a more personal level to build that connection I think not only is going to help with retention, but it's going to help with productivity too, isn't it?

Brian Hedlund: It's absolutely going to help with productivity. As an employee feels that their employer is engaged in them, is invested in them personally, that will by default increase productivity, but the days are not necessarily there like we used to have where you could go over to someone's desk and sit down and chat over a cup of coffee. Yes, you can do that sometimes, but we have to find new ways to care, listen, and create an empathy environment in the workplace.

Brad Smith: Yeah, and we need to do that with our new employees too, because as we move remote, as we move more digital, we're missing those coffee breaks, we're missing that water cooler talk. And we need to, I don't want to say force those connections, but make a concerted effort to make sure that everyone certainly feels connected to the workplace, connected to their coworkers and connected to the company as a whole. Now Brian, amazing lessons that you just shared there and as we move forward, I don't see any of those things that you mentioned really changing, in fact, they might get more intense. So you'd actually shared a quote with me from Dante DeAntonio of Moody's Analytics, and the quote says that the labor shortages will start to abate this fall, but it's not going to be an immediate fix. This could well play out over two or three years. What's your take on that timeline? Do you agree with that sentiment?

And do you think it's going to be another two or three years of challenges ahead for employers?

Brian Hedlund: Brad, I do. I do think that this is not a short term issue, but it is a strategic shift in how we look at the labor landscape. As a point of reference from a data perspective, in July, 49% of small business owners said they had job openings that they couldn't fill. That's the second most recorded in the history of the National Federation of Independent Businesses that conducts a survey. Almost 50% of all small business owners say they have job openings they can't fill. Even as they close that gap, we know we're going to face some other challenges going forward. So this is going to ripple for quite a while. My advice for companies is to really step back and take a look at what is their talent acquisition strategy and are they well positioned to compete going forward? Because, Brad, unfortunately, we've heard too many times in the past 18 months, we want to get back to normal, but we're not going back to normal. We may face a new normal and I think we really need to take time to stop, assess our talent acquisition strategy and figure out how do we compete in this ever changing landscape.

Brad Smith: Yeah, and I'd like to just add to that, Brian, having a lack of strategy is not a strategy either. As you mentioned, we're not going back to the quote, unquote, normal. Things are changing, moving forward and we need to adjust and adapt and you just can't sit there and hope that things are going to change, you need a pro-active workforce plan and strategy in place. Now, not to throw more fuel on the fire, but we've heard of talent shortages, we've heard recruiting is a difficult challenge right now, getting in front of new employees is challenging, but we also have some issues with our existing workforce. And we keep hearing in news about the great resignation. Now in April of this year alone, the Department of Labor reported more than 4 million people quit their jobs. What are you seeing and hearing from hiring executives and the companies that you work with about retention and employee turnover?

Brian Hedlund: Brad, it's a difficult question to answer because we've got this wide variety of small business and large business. So just a second ago, we talked about the impact of small businesses. Let's flip the coin a little bit and talk about large businesses. Earlier this year in 2021, Microsoft surveyed their employees globally and the responses showed that 41% of their workers were considering quitting or changing professions this year. So what we're facing right now is not just a shortage, but also people contemplating where they want to go, what they want to do because the last 18 months have left a lot of people rethinking and reevaluating what they're looking for in their profession.

Brian Hedlund: A recent study by Personio of workers showed 38% of those surveyed planned to quit in the next six months to a year. That's a big, big change. And very often both of those companies tend to be very white collar oriented, but the

numbers are even more staggering as we look at more traditional, lower wage or more essential worker type functions. So it's real that people are re-contemplating where do I want to work? What do I want to that culture to be? And am I really happy where I am? And people are voting with their feet and the 4 million people that have quit their jobs earlier this year in April, that is a huge number. And I don't know that it's going to lighten up in the foreseeable future.

Brad Smith: That is a little bit scary if you think of 40% of your workforce just picking up and leaving this year, that's a lot of acquired knowledge walking out the door. If those reports and those predictions and those stats are correct and we continue to see these huge amounts of employee turnover, what are some of the financial and business ramifications that we need to prepare for?

Brian Hedlund: Brad, thanks for the question. I'm going to start with some data with specifically from Ross Seychell, the Chief People Officer at Personio. He's been quoted as saying it takes six to nine months to onboard someone to be fully affected. Companies that don't invest in their people to make sure that they don't have to onboard because of people leaving on the backend, it's really going to be a big investment challenge. It takes six to nine months to onboard someone to be fully effective. So if you think about just that timeframe, every time you have a new hire, if it takes six to nine months to fully onboard and be fully effective at 100%, that's a huge cost to the business. The financial numbers there are pretty staggering.

Brian Hedlund: SHRM, the Society for Human Resource Management recently estimated and published that the average company spends 42 days to fill a position. So that's 42 days to fill a position and most of those positions are not being filled the day before someone leaves, truly a productivity gap of 42 plus days. And on average, every company spends somewhere around 85 man hours in the recruitment and hiring process for a middle manager. That's going to equate, depending on your area of geography, that's going to equate to well over \$5,000 a hire. So it really makes you step back and say, "How do I retain people? How do I hire new people so that I can lower those costs in my business?" And last, Harvard Business School does some amazing work, and they recently published a survey from 210 CEOs that indicated that for middle-level managers, it takes six months on the job to reach a breakeven point. So the value our people and keeping them is incredibly important. There's a lot of financial risk that we face right now.

Brad Smith: So Brian, this is certainly scary stuff and something that all companies need to be aware of and plan for. So for those that are listening and might feel like this is a huge undertaking, where the heck do they start?

Brian Hedlund: Well, Brad, my grandmother used to discipline me by saying, "Brian, you have two ears in one mouth." So what I would encourage all of us to do is remind

what grandma said and listen, get a pulse of your current workforce. What is their happiness level? What are they talking about? Where are the risk? What are they seeking that they may not be finding right now? But really listening is the most important thing that we can do right now. More specifically within that, we need to make sure we've got a proactive plan to augment hiring. Things are always changing in business and life, and most leaders always have a plan B. And you think about in the IT world, IT always has a redundancy plan. What do I do if my core piece doesn't work? I've got a plan B. Well, recruiting and staffing firms can be a plan B for almost all companies when it comes to securing and retaining a great workforce. In many cases, we can be thought of... Our industry can be thought of as a recruiter or as a service, we can be a strategic partner for many companies.

Brad Smith: Brian, we're seeing a lot more companies reach out and embrace the thought of using a staffing or recruiting firm, a lot of companies that hadn't in the past, but simply can't fulfill the hiring on their own right now because of the challenges that we've mentioned so far. So if you don't mind for those that are listening that may not know what it's like to work with a staffing or recruiting firm, walk us are some of the basics at a very high level.

Brian Hedlund: Sure Brad, at the highest level, a staffing and recruiting firm is a business that's primary focus is on matching qualified candidates with great employers. We're paid by the employers and we assist in filling positions across a wide variety of roles. We fill those positions in one of several ways. We do it on a temporary basis. If a client knows they have a specific assignment need, a certain end-date, whether it's a special project, it's for coverage, that can be done in a temporary basis. We also can do temporary-to-hire solutions or temporary-to-permanent solutions. And these are assignments where the intent is to hire the employee full time after a certain period of time on the job. And it really is a great asset for the client because they, they get to experience and get to know the employee before they make that financial commitment for them to be a full-time employee on payroll. And lastly, the third, most common type of use of a recruiting and staffing firm is direct hire. And that's where the client engages us to provide a full-time employee that on day one goes on employer or the client payroll.

Brad Smith: Terrific, thank you so much for that overview. With any type of industry, any type of company, obviously there are differences in service delivery and quality, and staffing and recruiting's no different. In staffing and recruiting, there's generalists, companies that focus on every position under the sun, there's specialists, companies that have really figured out a specific niche market that they can serve and recruit in extremely well. There's high-end players, there's low cost volume players. How does a company that's looking for support in their hiring and recruiting efforts go about choosing the right staffing and recruiting partner for their needs?

Brian Hedlund: Brad, I think like most challenges that you face across any phase of business, you want to start with due diligence, don't just pick up the phone and call and presume that everyone is the same. You need to do some due diligence. You want to find a reputable company with strong reviews and strong references. Those are two critical pieces, references and reviews. It gives you a little bit of insight into a firm before you ever talk to them. And you might be surprised to hear me say this, Brad, but I would always suggest to a client who's never used a staffing or recruiting firm to bring us in and make a spite for your business. To your earlier point, no two firms are alike, everyone has a specialty, that's number one.

Brian Hedlund: Number two, you want to work with multiple staffing firms to broaden your reach and put us in a competitive situation so you can see who delivers best for your needs as the client. And never, ever sign an exclusive. Any firm that wants you to sign an exclusive, you have to step back as a client and say, "Why? What am I leaving on the table? I want to be in a competitive environment. So I'm going to do business with more than one candidate." Brad, hopefully over time, you'll be selecting PrideStaff and we'll be your exclusive, but make us compete for it in the beginning. Next, I always encourage clients to ask about process before you ask about rates. When you're asking for any other type of quote, for any type of service, people always want to know what makes you different, how are you different before you ask about rates. It should be the same way in human resources. When it comes to staffing and recruiting, find out how your perspective recruiter does their business, how do they manage it? And most importantly, I would encourage every client to ask their perspective partners and staffing what their clearly rated performance is. What's their net promoter score?

Brad Smith: I love that idea of the net promoter score and I know they do that in several industries to look at that in more detail and give you a benchmark, but talk to us a little bit more, if you don't mind, about ClearlyRated in the net promoter score for those that might not be familiar with it.

Brian Hedlund: Sure, ClearlyRated is an independent third party research firm that looks at client and talent satisfaction. They produce loyalty index reports by asking a simple question. And the question is rooted in what is your current experience and how likely would you be to recommend PrideStaff or someone else in our industry to a colleague? And that's a really important category there, that single question of how likely would you be to recommend my firm or a competitive firm to a colleague? ClearlyRated takes those survey responses, they tabulate that data and they help determine which staffing and recruiting firms across North America have the highest level of satisfaction, both for clients and for the candidates they work with.

Brad Smith: Excellent, so Brian, I hope you don't mind me asking this, but I have to, how does PrideStaff score?

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Brian Hedlund: Well, I'm thrilled that you did, PrideStaff has a long history of focus on net promoter score and throughout the entire staffing industry, the loyalty index average is a score of 28. In loyalty index, PrideStaff's score is a 78. It's helped us reach diamond award status. Almost 82% of our surveyance were promoters of PrideStaff, meaning they had such a great experience that they would recommend PrideStaff to their colleagues. To put that into perspective, the average across the staffing industry is 38%. Relative to other industries, companies like Apple and Amazon who tend to be great scores in this category, it puts us at the top as well. In fact, it puts us in the top 1% across North America.

Brad Smith: That's amazing. So the industry is at 38 and you're at almost 82, I think that says a lot for your service, your dedication and your overall delivery. That's that's amazing, congratulations.

Brian Hedlund: Thank you, Brad.

Brad Smith: So Brian, you've sold me on, I think the need to augment hiring plans and the value that PrideStaff can offer, any closing words of wisdom for those that are listening that are dealing with these talent shortages, with turnover, with the great resignation?

Brian Hedlund: I think, Brad, you used a couple keywords that I'm going to swing back around to, and I would say staffing firms like PrideStaff, we can be your partner. We don't want to be your vendor, we want to be your partner. You used the word augment, and I think that's incredibly important for leaders across all industry segments. There is a labor challenge going on and it will not fade away soon. Having not only your own internal plan, but a strategy that includes a plan B and ways to augment your internal processes will be key to a successful execution of securing and retaining top talent for the foreseeable future. PrideStaff can be your partner that flexes as each client needs to flex. That's going to be an unpredictable roadmap of what that flex looks like, which is why having a plan B, someone to help augment your internal process, having a staffing firm like PrideStaff to be your partner is a great option. We would encourage people to consider.

Brad Smith: Brian, thank you so much. I'd love to just encourage all those listening to reach out to a local PrideStaff office, visit pridestaff.com, go to the locations page, find an office that's close to you and ask for some help, even if it's something as simple as getting salary data to make sure that you are on par and competitive in the market, looking at supply and demand reports to see how challenging hiring is right now. Open your hiring pool up, PrideStaff does this day in and day out, they recruit 24/7. They have deep resources, technology to help make hiring and recruiting easier and more effective. So again, visit pridestaff.com for more information. Brian, thank you again for your time today, absolutely amazing tips. We appreciate it so much.

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Brian Hedlund: Thank you, Brad. Have a great day.

Brad Smith: Thanks everyone for listening.

Closing: Thank you for listening to Strategic Insights brought to you by PrideStaff. Whether you're looking for high level workforce consulting or staffing help to meet demands, PrideStaff is here to help.