

Small Business Employee Recruitment and Retention

1.1 Introduction

Welcome to the SBA’s online training course: Small Business Employee Recruitment and Retention.

The SBA’s Office of Entrepreneurship Education provides this self-paced training exercise as an introduction to recruiting and retaining employees. You will find this course easy to follow and the subject matter indexed for quick reference and easy access. It will take about 30 minutes to complete the course. Additional time will be needed to review included resource materials and to complete the suggested next steps at the end of the course.

As audio is used throughout the training, please adjust your speakers accordingly. A transcript and keyboard shortcuts are available to further assist with user accessibility.

When you complete the course, you will have the option of receiving a completion confirmation from the SBA.

1.2 Course Objectives

The course has four key objectives:

One, discuss the importance of recruiting employees

Two, identify strategies for recruiting employees

Three, discuss the importance of retaining employees

Four, identify strategies for retaining employees

1.3 Background

The talent and expertise of your employees is one your businesses most important assets. Recruiting and retaining great employees will improve the value of your business. Knowing how and where to find great talent can really make a difference for your business. There are some drawbacks to losing employees.

Organizational memory is developed when employees constantly repeat activities within an organization. Losing employees leads to “brain drain” and can lead to the loss of very important process-oriented information. Staff members build up a great manual of knowledge during their time in a job. Unfortunately, few, if any, write this knowledge down, so when they leave, it leaves with them.

Let’s get started!

1.4 Recruiting

Recruiting is the process of generating a sufficiently large group of applicants from which to select qualified individuals for available jobs. There are several ways you can go about the recruiting process. But first you must decide on the type of employees you would like to recruit. If you are looking to bring a tremendous amount of experience and time tested ideas to your business, you would tailor your recruiting process to target seasoned professionals. If you are looking to bring more energy or an alternative perspective to your company, you would tailor

your recruiting process to target recent graduates. First, let's talk about recruiting the seasoned professional.

1.5 Recruiting Seasoned Professionals

When recruiting seasoned professionals you should increase visibility in relevant professional associations, seminars and other activities to draw competent and involved employees to research your company. Another option would be to establish an employee referral program. This is a very effective source, especially if those making the referrals are good performers. Your current employees have a vast network of professional acquaintances and people usually make friends with people similar to themselves. This process also ensures that the job candidate understands the culture of the firm through his or her relationship with the referring employee.

1.6 Recruiting Recent Graduates

When tailoring your recruiting efforts to target recent graduates, you should organize and attend job fairs to meet with potential applicants to encourage qualified individuals to apply for jobs. It would also be a good idea to consider the values of the millennial workforce and decide if your business aligns with those values. And if they do, make the values evident to recent graduates.

1.7 Recruiting All Potential Employees

A good way to attract potential employees to your business is to establish company values that are attractive to your target workforce. People are increasingly concerned with the social behaviors of companies and want to work for companies of which they can be proud. Very often, the best applicants are those who have conducted a thorough and systematic job search. You should make the work culture of your business available to them through the Internet and remember that you want employees who want to work for you, not employees who just want a job.

1.8 Recruiting All Potential Employees

Another good way to attract employees is to incentivize potential applicants. One incentive you could offer is a sign-on bonus along with a time commitment to the company, of course. You could also create a good benefits package that can include:

- Health plans
- Flexible and dependent care spending accounts
- Retirement plans
- Paid vacation
- And, a flexible work environment

1.9 Retaining

After you have recruited an outstanding employee, you want to try to keep him or her with your business. The costs associated with employee turnover can include lost customers and business as well as damaged morale.

In addition, there are costs incurred in screening, verifying credentials and references, interviewing, hiring and training a new employee. Retaining employees can be a challenge.

Companies that focus on the well-being of their employees tend to have higher retention rates. In other words, companies that take an interest in the needs of their employees seem to keep them longer. That need consists of money, job satisfaction, engagement and security.

1.10 Retention Strategies

Retention strategies strengthen the ability of businesses to attract and retain good employees. Once the right person has been recruited, retention practices provide the tools necessary to support the staff. A strategic approach to employee retention may include:

- Small perks
- Open communication
- Monetary rewards

Professional development and career paths

1.11 Retention Strategies: Small perks

Creative strategies that go beyond money and benefits can be employed to attract and retain employees. Small perks such as breakfast and company bonding opportunities can go a long way. You can also use contests and incentives like work-life balance, health and safety and wellness programs to help keep workers motivated and feeling rewarded.

1.12 Retention Strategies: Open Communication

Poor workplace communication leads to confusion, conflict, and low employee morale. But when an organization clearly communicates up and down the chain, that all changes. Open communication helps eliminate negativity and shifts people's attitudes to one of cooperation and mutual respect.

Open and clear communication in the workplace can build a more productive environment. A few methods used to promote open communication is to hold regular meetings for employee questions, have open-door policies and ensure that you communicate your business' mission and values.

One way to communicate your business' mission and values is to conduct stay interviews. During the stay interview you should ask the following questions: As a tenured employee, why did you stay? Why did you come to work here? What are your non-negotiable issues? How do you feel about your managers? And what would you change or improve?

1.13 Retention Strategies (Small perks)

Monetary rewards motivate employees to perform at their best and strive to achieve both company and individual goals. Company owners and managers should make sure that rewards are achievable and that product quality is not sacrificed. These monetary awards come in the form of bonuses, stock options, anniversary awards and salary increases. Salary increases are not always the best method, so make sure raises are meaningful by giving those who deserve them substantial raises.

1.14 Retention Strategies (Professional development and career paths)

In addition to salaries, retirement accounts, and health insurance, professional development is one of the many benefits companies can offer their employees. It's also a resource many professionals and trade associations offer their members. With growing levels of employee turnover, employers and HR professionals are expected to use training and development to help build closer relationships and improve engagement among workers. Providing ongoing professional development to your employees demonstrates your willingness to invest in your greatest asset--your work force. A few ways employers can support professional development and encourage retention of valued employees is to: foster employee development through training, provide tuition reimbursement, get managers involved with coaching employees, use succession planning and career growth as incentives, promote from within when possible, and consider the cost of hiring new employees verses the cost of retaining existing employees. Select the blue buttons in front of each bullet for more information.

Foster employee development through training

A company invests in its staff members by promoting their continued professional development. On-the-job training remains a primary means of professional development, but many additional possibilities exist. Professional development should become a routine and natural aspect of a firm's management philosophy. Providing opportunities to gain new skills and increase knowledge is a very effective staff retention technique, second only to staff recognition.

Provide tuition reimbursement

Tuition reimbursement is an excellent way to encourage continuing education. However, guidelines should be set for the kinds of courses and the percentage of cost or annual dollar amount that will be covered. This benefit can commence at the end of the initial (probationary) period or upon attaining a certain level within the company.

Get managers involved with coaching employees

Employees can gain job knowledge, management skills, career development guidance, and general company knowledge, or simply establish a trusting relationship with their manager, through a mentoring relationship. Mentoring can provide a forum in which to pass along the accumulated management wisdom of years of practice, and recognition of the special potential of the mentee may encourage an employee to stay with the company.

Use succession planning and career growth as incentives

Succession management planning refers to the identification and development of potential successors in a company. The key in succession management is to create a match between the company's future needs and the aspirations of individual employees.

A well-developed succession planning process increases the retention of superior employees because they recognize that time, attention and skill development is being invested in them for the purpose of career development. When you continue to challenge and reward talented employees, you eliminate their need to seek opportunities elsewhere.

Promote from within when possible

Promoting from within can be a win-win situation for a small business. Not only does the company save time and money, but overall employee morale is strengthened as well. Many

organizations use promotion from within as a motivation tool and a reward for good work or longevity with the organization. When employees see their co-workers being promoted, they become more aware of their own career opportunities.

Consider the cost of hiring new employees vs. the cost of retaining existing employees

Hiring a good employee from outside the company can be expensive and time-consuming. Advertising is expensive and executive-search firms often charge a significant percentage of a new employee's first-year salary. One of the main advantages of promoting from within is that your promoted employee is already comfortable with the corporate culture, knows organization policies and will likely get up to speed much faster than a person new to the organization.

1.15 Challenges Specific to Small Businesses

There are many standard challenges that face every business whether they are large or small. However, there are some challenges that are unique to small businesses. The following is a list of those challenges: small businesses often can't pay as well as large organizations, occasionally, there is a lack of clarity concerning expectations in small businesses because the business size does not require explicit process management, small businesses sometimes provide little clarity about earning potential because there does not appear to be a need to establish career paths, when communities within businesses are tight-knit, feedback can be difficult to give and receive, small businesses often provide limited career growth options and fail to provide a framework within which the employee perceives opportunities for success, and small businesses may lack brand recognition.

1.16 Small Business Benefits

We just discussed challenges that are specific to small businesses. Now we will discuss three advantages or benefits specific to small businesses. Number one, small businesses have the opportunity to create a "family" atmosphere. Number two, small businesses have the flexibility to hire people who share company values and will make a good fit for the team. And number three, you can hire a human resources professional to streamline employees structure and process, manage benefits, perks, and reviews and stay up to date on employment laws and trends.

1.17 Summary

We have covered a lot of material in this course. You have learned to:

- Explain the importance of recruiting employees
- Explain some strategies for recruiting employees
- Explain the importance of retaining employees
- Explain some strategies for retaining employees

1.18 Next Steps

Now what should you do? Follow these steps to begin recruiting and retaining employees for your small business.

Step 1) Define the kind of employees you need in your organization

Step 2) Create a recruitment strategy

Step 3) Examine your options for retaining employees

Step 4) Create an employee retention strategy

1.19 Resources

SBA has a broad network of skilled counselors and business development specialists. Below is a short description of our resource partners:

SBDC

Small Business Development Centers (SBDCs) are associated with institutions of higher education—universities, colleges, and community colleges. More than 900 SBDCs offer no-cost, extensive, one-on-one, long-term professional business advising, low-cost training and other specialized services such as procurement, manufacturing, and technology assistance, which are critical to small business growth.

SCORE

SCORE offers free, confidential small business advice from successful entrepreneurs. SCORE is a nationwide program and boasts more than 12,000 volunteers to give you guidance to grow your business.

Women’s Business Centers

Women’s Business Centers (WBCs) provide free management and technical assistance to help women and men start and grow small businesses. There are over 100 WBCs located throughout the U.S. and Puerto Rico.

SBA District Offices

SBA’s 84 district and branch offices connect entrepreneurs to resources, products, and services that can help them start, manage, and grow their business. These offices are located in all 50 states, Puerto Rico, the U.S. Virgin Islands, and Guam.

SBA Learning Center

The SBA Learning Center is an online portal that hosts a variety of self-paced online training courses, quick videos, web chats, and more to help small business owners explore and learn about the many aspects of business ownership. Content is filtered by topic, so no matter what the stage of your business, or the kind of insight you need, you can quickly get answers.

Find your local resource using our handy ZIP-code tool: www.sba.gov/local-assistance

1.20 Have a Question?

Have a question?

- Call SBA at 1-800 U ASK SBA (1-800 827-5722)
- E-mail SBA at answerdesk@sba.gov
- Locate a SCORE counselor, SBA district office near you, or an SBDC office near you at www.sba.gov/local-assistance
- To provide feedback, comments or suggestions for other SBA online content, please email learning@sba.gov

1.21 Certificate

Congratulations on completing this course. We hope it was helpful and provided a good working knowledge of recruiting and retaining employees for your business. Click the certificate to receive a course completion confirmation from the U.S. Small Business Administration.

2. Recommendations

A.C.T. NOW!

The Article, Course and the Tools below are related to the course you just completed. They are provided to help you take action on your path to entrepreneurial success. You can also get in-person assistance for all of your business needs through a local resource center. And if you liked the course, please help spread the word by sharing it with your friends!

[Click here to share on Twitter](#)

[Click here to share on LinkedIn](#)

[Click here to share on Google Plus](#)

[Click here to share on Facebook](#)

Read an SBA Article.

The *Hire Your First Employee* article might help you start the hiring process and ensure you are compliant with key federal and state regulations.

LINK: <http://1.usa.gov/liiOdGN>

Take Another Course.

The *Financing Options for Small Businesses* Online course helps you to determine your financial needs such as loans, grants, venture capital, angel investors, crowd funding and other options available to small businesses.

LINK: <http://1.usa.gov/linDVW8>

Try a Tool.

The Department of *Labor's* FirstStep Employment Law Advisor is a website created to help employers determine which major federal employment laws administered by DOL apply to them.

LINK: <http://1.usa.gov/1oeW6Re>

Find local assistance!

SBA has a broad network of skilled counselors and business development specialists.

LINK: <http://1.usa.gov/1kihdhJ>