



Recruitment

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Recruitment and Retention

Building a Great Team and Achieving a Staff Turnover Ratio Of 0%

Presentation as of Thursday 4th August 2011

How many people here are from HR? How many people from other divisions within their business?

How many of you feel that within your organization HR is considered solely responsible for Recruitment and Retention?

Most of you. Ridiculous right?

HR is the support, the guide and implementer of cultural change but culture needs to be driven from the top. You need the rest of your leadership team behind you in this.

Now we've all read the papers and watched the news. The GFC may be over but who knows what will happen next. One thing's for sure in today's climate of global instability, share market volatility and economic concern businesses need to be proactive and flexible to survive. But what your leaders need to know is that HR, recruitment and retention are just as vital to success as cash flow, profits and share prices. I know that if it wasn't for Terrie Ghosn, our HR Manager, we would not be anywhere near as successful today.

Your C.E.O.'s, General Managers and Senior Leaders need to act now and give you the support you need. Recruitment and Retention is a cultural issue which has bottom line consequences if you don't have the support.

So how do you get that across to them? How can you make them understand the importance and necessity of what you do?

- Dollars
- Money
- Profit

Talk in the language they understand. If you want to spend money, if you want to make changes and you want get them to take action then you need to talk bottom line.

As a finance manager I could always get whatever I wanted to run approved because I had the numbers to back up my arguments. And as a C.E.O. I can't say no to a plan that will improve my bottom line. I'd be insane to.

So I'm going to give you the numbers you need to scare your leadership teams into action.

1. A 2007 study conducted by Vedior Asia Pacific found that the bottom line cost of replacing an employee is 1.5 times their annual salary.
2. The average annual salary of a full time adult in the Private sector equates to \$69,368 according to the ABS Average Weekly Earnings for May 2011
3. The average staff turnover ratio for large companies in Australia is 15.5% according to AIM National Salary Survey 2010 (Large company is defined as having a turnover in excess of \$10 million)
4. The Harvard Business School has found that the cost of a poor hiring decision can cost a company 3 times the salary of the employee

If these findings are all correct what does that really mean for business?

Let's take a reasonable sized Australian business with 100 employees earning the National Average Salary of \$69,368 and a staff turnover ratio equivalent to the 15.5%. Let's assume the turnover is not due to poor hiring decisions but internal culture. The bottom line cost to this business is \$1,612,806 per year.

Now, what if half of that turnover related to poor hiring decisions? The bottom line cost to the business is \$2,419,209. An astronomical 35% of wages.

Pretty much everyone here to today is representing some very large businesses with many employees. Just stop for a second and think about how many employees you have and how much that could mean for you. For those of you that don't like maths first thing in the morning:

100 Employees - \$2,419,209

1,000 Employees - \$24,192,090

10,000 Employees - \$241,920,900

That will get any C.E.O., C.F.O. or other manager that's any good at their job to sit up and listen. Guaranteed.

So, now that we have the shock and awe out of the way and your leaders are sitting up and listening let's get down to business.

Building that great culture. Getting great people in and keeping them working for you.

Introduction

Firstly I'm going to share with you our story and how we achieved a 0% staff turnover ratio at SCO Recruitment.

I'm also going to share with you some of my favourite tools and tips for building a great culture that I have learnt from some really successful business people. You don't have to be a genius to run a great business, you just need to find out what the genius's are doing in their businesses and apply it to yours. Skip the trial and error.

I know that throughout this conference we have been flooded with a wealth of information and there is still so much more wonderful stuff to come. One key bit of advice that I was given for such events is to break down all the information and select 5 top things to do straight away and 5 top things to do in the next 6 months. To help with this I have given you all a brochure which lists the check list items we suggest and gives you the space to write down your top 10 action items from the entire conference. I want you to take a couple minutes and write down at least one action item to do straight away and one to do within 6 months from what you have already learnt.

(For those of you reading this online, it is available as a link on the [National Recruitment and Retention Conference Page](#))

SCO Recruitment

So to SCO Recruitment and our 0% staff turnover

Why is this an important achievement and why is it relevant to you?

For those that don't already know, the recruitment industry is notorious for "burn and churn". In 2007 our industry body, the Recruitment and Consulting Services Association (RSCA) announced an industry staff turnover ratio of 43%. Going back to those figures from earlier on, even using the lesser cost rate of 1.5 times the average employee salary the bottom line impact on an average recruitment firm of 50 employees is \$2,237,118.

So achieving 0% turnover is pretty big in our eyes.

And the relevance to you? Well firstly if you are using a recruitment agency check out their staff turnover. If they have a high turnover then you're paying for. Get in someone that treats their staff well and watch your costs come down. And then watch your C.E.O. smile.

And secondly, because the principals we apply in our business can be adapted to any business. If it saves us money then it can save you money. And that will help you get the support you need in HR. In a truly successful company, sales and operations cannot constantly dominate finance and HR.

Key Issue – Spectrum and How SCO & SCF Came Into Existence

Moving on to our story.

To really explain the significance of where we are at you need to understand how we came into existence. It's not the usual start up story.

It starts in 1995 with the establishment of Spectrum Employment Services Cooperative Limited. Spectrum was a not for profit with the mission of changing the world by alleviating poverty through employment. Their core business was labour-hire and recruitment. They also operated 4 other divisions in Property Maintenance, Landscaping, Training and Community Services.

I started working for Spectrum in 2005 and was very dedicated to the organization and their mission. Unfortunately Spectrum was not as dedicated to me, or any of its other 250 employees. Spectrum's mission did not transcend into its culture.

Spectrum had a great reputation for customer service. We had many satisfied clients that we had been servicing for over 10 years. We had some really great people in the business. We had long term contracts and our sales were growing every year. By 2009 our turnover was around \$20 million dollars.

So how important could culture be?

Very!

In May 2009 Spectrum entered into liquidation. In fact it was the first cooperative in Australia to go into liquidation. Why? Well it boils down to bad culture and having the wrong people in the wrong jobs. Being a not-for-profit the Board was voluntary and removed from the business. There were no shareholders to be held accountable to. The culture was one of fear, inaction and suppression.

So, what do I do? The business I am working for is entering into liquidation and hundreds of jobs are on the line. In April 09 I approached the Board with a plan to resurrect the business and save as many jobs as possible. Their reaction was not what I had hoped for. They had no interest, no guts. So I took the same plan to two friends of mine and asked if they would help. They said yes. We have \$70,000 we can give you. Great! I needed about \$300,000. But you make do with what you've got.

On top of that - all employment contracts and client contracts were terminated on liquidation. I had to approach each client and employee and ask them to come across to my business. To cut a long story short, on the 28th of May 2009 SCO Recruitment and Trim and Proper started trading. I had 180 staff and \$60,000 in the bank. It was a very hectic time to say the least. But having the right staff in the right jobs made it possible. Then 3 weeks after we started trading, at my 3rd wedding anniversary I found out I was pregnant. Great news! Terrible timing! I really had to be able to delegate which meant I had to have complete faith in the people I had hired to do their jobs. I also had to have faith in my own ability to recruit them into those jobs.

Going through a liquidation is tough on everybody. If our new businesses were to succeed then I had to work just as hard on building a great culture that motivated and empowered my employees as I did on getting the businesses up and running.

So How Did It Go?

Firstly I have a beautiful baby boy and Trim and Proper is a not for profit that directly employs over 35 long term unemployed, socially disadvantaged and Indigenous Australians in our property maintenance business. And SCO Recruitment employs over 400 people.

Oh and we won last night in the Smart Company's Fastest 50 Companies.

So it has gone very well. What is the main difference between us and Spectrum? I know that my people come first. Culture is just as important to our success as sales, profits and cash flow. Even though our core business is recruitment, we have had to work hard to build a strong culture and develop the policies and procedures so we can attract and retain the best of the best.

How Did We Do It? – Not For Profit Stuff

It started with our business plan and mission: to close the gap between commercial sustainability and social development.

My belief is that commercial success and community involvement are not mutually exclusive. Instead they are the two sides of the same coin. Community involvement is with the communities in which we operate and the community within that is our team, our clients and our suppliers.

And this is belief that is growing throughout Australian society. Businesses need to give back to the community. I'm sure everyone here has watched an episode of the Simpsons in the last 20 years. People don't want to work for Mr Burns, they don't want to buy from Mr Burns. Everything you do as a company is watched by someone. And if you do the wrong thing it will probably be tweeted around the world in minutes.

Most people generally want to do good. Providing that opportunity for your employees is a great way to increase their commitment to company.

We started Trim and Proper Property Services at the same time as SCO Recruitment. Our belief is that the way out of poverty is through real solid employment, not just endless training courses. Although Trim and Proper is a not-for-profit it is not Government funded. It is self funded through contracts we hold with Department of Housing and Sydney Catchment Authority to supply mowing, gardening, cleaning and handyperson services. We directly hire, on a permanent full time basis, disadvantage Australians as gardeners, cleaners and handypersons. As its not a "sexy charity" we don't get donation so SCO Recruitment provides additional administration, management and financial resources to Trim and Proper. We are also in process of implementing community events such as Christmas parties in some of the most economically disadvantaged suburbs which our people can get involved in. I remember one I attended a few years ago and I had stick on tattoos for the kids. They were so excited that I had kids lined up and was sticking these tattoos on for hours.

Go back and ask everyone you see at work if they would like to be doing something that helps the community. If your not doing volunteer days or another program, do it.

It would have been cheaper and easier to just open up SCO Recruitment and I still would have saved 140 jobs at the time. But if we weren't going to be doing something that benefited the community then there was no point doing anything at all. So from Day 1 we practised what we preached. The social benefit of Trim and Proper out ways the financial costs.

How Did We Do It? – Our Culture – Staff Survey

The next step was the community within. Most importantly our team and our culture. In preparation for today I surveyed my team to find out what we do right for them and why they don't want to leave.

This is what we do and it works. Your company can instil this in your culture, it won't cost them anything but it will save money.

Listening: It sounds simple enough but it is amazing how much of a difference it makes to each person if they know they have a voice and that they are respected. As the CEO I make a personal point to spend some time with every staff member and listen to their thoughts and ideas. I will ask the junior receptionist their opinion on the new layout for the reception area and what they think will and won't work because I know I will get some useful information. All my senior managers are the same and I expect them to show as much respect for the junior staff members as each other.

Flexibility: Family comes first. We work to live, not live to work. Flexibility is the key to having a healthy and sustainable work life balance. We do not watch the clock. Start and end times are irrelevant as long as the work that needs to be done is done. We have just employed an Early Childhood Teacher and opened a crèche two days a week at no cost to our staff. The only rule is you have to take your lunch break with your children. Get outside and play with them for a while.

We are a Family: Everyone cares about and respects each other. Like a family we don't all see eye to eye at times but we respect each other enough to work through the issues. How do you keep a workplace friendly? Hire friendly people.

Mistakes are inevitable: No matter how many processes and procedures, rules and regulations you have in place something will go wrong. Mistakes will be made. Our philosophy is that the true measure of someone's skills and ability is not that they don't make mistakes but how well they handle and rectify those mistakes.

Supportive Management: Our management team is supportive, encouraging, understanding and willing to help employees on both a personal and work level. We are very clear that the key focus of every manager is to ensure they have a happy and productive team. We will not compromise happiness for productivity. Both are equally important.

Women in Leadership

Between SCO Recruitment and Trim and Proper the ratio of females to males in senior leadership positions is 4 to 1. According to Helen Conway, the Director of the Equal Opportunity for Women in the Workplace Agency, only 3% of our top companies in Australia have a female C.E.O., only 8% have women in senior executive roles and only 13% have women on their Board.

We did not purposely recruit women; it just happened that the best candidates for the roles were women. We haven't done a study but maybe our management style and culture is strongly influenced by having female leaders and that's one of the reasons that we achieved 0% turnover. It is an interesting thought. Could it be true the more female leaders you have the stronger your business culture, the better your ability to recruit and retain the top talent and therefore the more profitable your company is?

Stopping The Silo Effect

Who is faced with the challenge of trying to get different divisions to work together? The dreaded silo effect. How can you stop it? Communication is the key. But easier said than done. Not everyone is good at communication and having an open and understanding dialogue.

Not all communication has to involve meetings and discussions and conversation. Here are some tools you can use to get that communication open.

Can You Imagine? Wall

We have a “Can You Imagine?” wall. It’s a bright red wall in our reception area with “Can You Imagine?” in big silver lettering. Then around it are the ideas and hopes for the company of our staff. Every idea is signed off by myself and then put up on the wall. It can be anything from developing an I-phone Ap. to going global. What it means is that everyone has a sense ownership, a chance to lead and direct the company regardless of position or divisions. The more barriers between divisions and people you break down from the senior level, the more barriers they break down themselves.

Painted Picture

It doesn’t matter how hard everyone works if they are working against each other. You need alignment to get communication happening and then that communication leads to productivity. To get alignment the next tool we use is called a Painted Picture.

I want every single person in my company to be able to read my mind. I need them to know what decisions to make and why. To do that they need to know what it is I am trying to achieve. There is not much use of me knowing exactly where I want our company to go if no one else knows. So I use the Painted Picture. Our painted picture is a 5 page story about what SCO Recruitment looks like in 3 years at 30 June 2014 all the way through from our culture to annual sales. It’s a snap shot in time of the future. Now we all know where we are heading. Sales, Marketing, HR, Finance, Operations, clients, candidates, suppliers and anyone else that reads it. They are all working together as one.

I know of a large global company with thousands of employees over the world. The first time they introduced the Painted Picture they prepared a short video presentation of their C.E.O. who explained what it was and emailed it out. Just imagine the power of that action, when thousands of people throughout the world clicked on that email at the same time and watched their C.E.O. on their screens and then all sat there and read the Painted Picture together. Instant global alignment from a just a few hours work.

If you or your Leadership team want to test whether you have alignment go and ask some of the newest and youngest staff what the goals are for the company. Then ask some of your long term mid level employees. If you don’t get the same answers then somewhere someone is working in opposition to your goals without realising it.

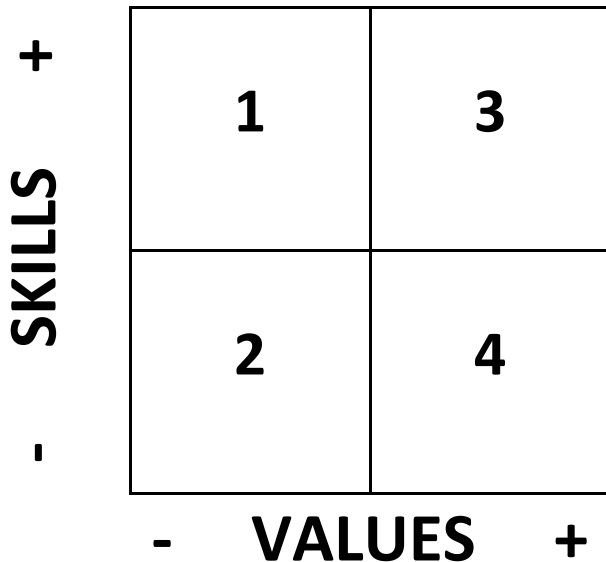
Key Issue – Recruitment – Painted Picture

Our painted picture is a very important tool in our recruitment process. Anyone that applies for a role with us is emailed a copy of the painted picture with the message, “This is our painted picture. It is our vision of our future. If you are interested in helping us build this vision please reply with the words – “I want to be part of your team” – in the subject line. This will generally weed out the 60% of candidates that aren’t interested, don’t match your culture, send out bulk applications or can’t follow a simple command. This is a really simple tool you can use and adapt instantly to cut costs and improve your recruitment process.

Culture Vs Skill – Jack Welch

Does culture trump skills? According to Jack Welch, who is regarded as one of the greatest business leaders of our time, the answer is yes.

Jack Welch is the former chairman and C.E.O. of General Electric (GE). His belief was that cultural fit and alignment with the values that GE stood for was more important than great skills. Every 6 months he would rate every employee in the company against on this chart.



The most highly skilled employees rate in either quadrant 1 or quadrant 3. The people with the highest values and cultural alignment rate in quadrant 3 or 4. Anyone in quadrant 2 was instantly terminated.

Now what's shocking is that anyone that rated in quadrant 1, even the top performers in the company, were terminated.

So what did he do with quadrant 4 employees? Train them or move them into a role which better suited their skills.

And what do you do with quadrant 3 employees? You handcuff to your organization. You make it so they never want to leave.

Now I am not suggesting to take such a hard and fast approach and terminate people that aren't in the right box. But I do suggest using this chart to rate all new employees before you hire them. And also rate current employees on it to see where the holes are. If you have someone with great values, what do you do? Train them up. If you know someone is highly skilled but has low values, what do you do? Find out why and work to align their values with yours.

I challenge you to get your C.E.O. to rate their senior management team on this chart. Then go through with them what each quadrant means. They might uncover some shocking surprises.

People On Hold – Red Tape

Red tape exists in any and every business. We have all been frustrated by the increases in paperwork and seemingly pointless delays in getting our work done.

But when it comes to the recruitment process red tape has a much more sinister impact.

Not only does it cause internal frustrations but it is limiting your potential pool of employees.

A recent study by Robert Walters of 800 professionals revealed that 79% of respondents are turned off by lengthy recruitment processes with 47% withdrawing their applications when it takes too long. On top of that, 77% of candidates expect the recruitment process to take less than a month in total.

Now, even for a small business, a turnaround time of less than a month can be difficult. From everyone I've spoken to in the public sector it's impossible to recruit for a permanent position that quickly. You will be struggling to get it under the 2 month mark.

This is where you have to be creative so you don't lose half of your candidates off the bat. And I bet the half that withdraw their applications are the higher quality candidates. You need to keep candidates engaged throughout the recruitment process. People are more willing to wait if they know why they are waiting and for how long. You need to, at a minimum, have some sort of contact on a weekly basis. This can be face to face, on the phone, posting a letter, via emails, or even using social media.

Has anyone been put on hold and had just dead air on the other end? The first thought that crosses your mind is that they've hung up on you. How long do you wait before you hang up? What about when there is music, but it's awful, crackling and hard to hear? A bit longer than if silent? What about when you hear some great music or a really funny radio presenter? I love singing along or having a giggle and don't even notice the wait.

You need to have your candidates so engaged that they don't notice the wait. Don't leave them hanging wondering if you've hung up on them. Get in there and market yourself to them. Really sell the advantages and benefits of the public sector as a whole and of your specific department or agency. You want to get them excited about the job, waiting with baited breathe to find out if they have the role. Not only will the candidate that gets the job be excited and ready to go, the people that have applied will want to apply again for another position and will work harder to find one that they are perfect for. Word of mouth is one of the quickest and cheapest ways to market yourself and to increase the number of quality applicants applying for your job.

Market Yourself

The most successful companies work hard to build a world class culture and then they market it to everyone. Who is ranked the number 1 employer? The most popular answer is Google. Now compare Google to Microsoft. Both are big businesses in the IT industry and do basically the same type of work. Both hire high level IT professionals. They are competing for the same candidates. Yet Microsoft doesn't rank anywhere on the list.

First impressions count. And the first impression job seekers get from you is from your job ads and initial application process.

What jobs are out there and how do people market themselves? I'm a qualified accountant with great leadership skills and management experience. For the purposes of today I have spent some time looking around the web to see what jobs are out there and how they are marketed. I've taken two examples, one from the public sector on APS jobs and one from Google. Both roles are for a financial accountant in Sydney.

First Up is Google:

“Let’s work together.

Chances are you have a good idea of where you want to go in life. At Google, we’ve designed a culture that helps you get there. From our flexible, project-based approach to corporate structure to our innovative perks and benefits, we do everything we can to make sure our employees not only have great jobs, but great lives. Into being challenged? Into having fun? Want to change the world? If the answer is yes, then you’ve come to the right place.

The area: Finance, Accounting

Consisting of experienced, motivated, creative, self-sufficient and savvy high performers in the finance and accounting fields, our team handles the core accounting roles at Google. We have a preference for those who like to work and play hard and who are enthused about working on collaborative global teams while performing M&A, external reporting and internal audit functions.”

Okay, now the Government Role:

“Job Description Duties

The Senior Financial Accountant will assist the Director in the management of daily operations of the Finance Section, ensuring Section objectives are met efficiently and effectively. The incumbent is responsible for preparing monthly and annual financial statements, management of general ledger reconciliations and ensuring compliance with Commonwealth finance directives and relevant legislation. The incumbent also plays a significant role in the development and review of operational policy and procedures.”

The Government job is for \$100,000 a year. Interestingly Google doesn’t even advertise how much they are willing to pay. Because it’s not just about the money. I know which job I want to apply for. Do you?

Group Interview

When you attract people with great culture, you also attract those that don’t have it. So you need some quick and easy tools to weed out the people that don’t fit culturally before you get into the full on recruitment process.

One technique used by a company called Mad Science in Montreal and detailed in Cameron Herold’s book, Double Double is the group interview. 8 candidates that have been prescreened and forewarned are brought into the Board room and asked a series of questions about them. What’s their favourite movie, what books do they like, what do they do for fun, what’s the most stressful time in their life? How much can they afford to live on for the next year?

The whole point of this interview is to screen for cultural fit and leadership. Candidates that pass this round are then given an in depth one on one interview about their skills etc. This process cuts a lot of time and effort out of sorting through huge numbers of applicants.