



Recruiting in Tough Economic Times

A discussion document reviewing factors effecting recruitment, which is even more critical in challenging economic times

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There aren't many guarantees in life however it is reasonable to say that if you are in business for long enough you will see the full range of economic conditions in the markets you serve from 'boom' to 'bust' and back again and it is so often the case that the bigger the 'boom' the bigger the 'bust'!

Let's consider where we are today. With a 'bad news' obsessed media fuelling what are clearly more challenging and uncertain economic times the implications of making a bad hire are far more damaging than when the market is buoyant.

Irrespective of the prevailing economic conditions some organisations and businesses will perform better than others. When times are good there are still business failures, companies who fail to raise finance, companies laying people off and stronger businesses acquiring weaker ones. During the good times the weaknesses of a business are not as exposed hence marginal performers are still able to survive. Of course when more challenging times come along one or more of those weaknesses can become fatal with the obvious consequences.

So what points may we want to consider when hiring in uncertain economic times?

1. Is it easier or harder to hire in difficult economic times?

It is all too easy to rush to quick conclusion that it must be easier to hire. After all jobs are scarce, people are being laid off, people on commission/bonus plans are probably not making their full earning potential and hence should be open to a more financially rewarding move. After all if you have a job vacancy surely you are in a strong position in what is a sellers market. You are offering what is in short supply!

Whilst it is true that in more difficult market conditions more CVs circulate as people are made redundant or fear being made redundant due to poor performance, quantity does not necessarily relate to quality. Do companies really let their best people go in difficult times? Certainly if an entire company fails or an entire division is closed good people as well as weaker ones will come on to the job market. Even then you have to question the judgement of some people, who if they have only been on board a short time, it could be argued showed a lack of judgment joining such an organisation, should they have seen the issues that finally brought the business down and not joined?

With the quantity up but not the quality there is an issue that compounds this to make hiring in difficult times more challenging, namely your requirements. For argument's sake let's say in a buoyant market 25% of the people in any industry add real value, being above the norm in terms of performance. However when markets are tight is this level of performance still good enough? Certainly in many commercial roles it is no longer good enough to hire someone in the top 25% as in such challenging times it often takes someone in the top 5% of ability to do well. The bottom line is the tougher the market the higher the calibre of people needed to be hired in order for the company to survive and prosper.

If you accept this to be the case let's consider hiring these top performers. There is no question that a buoyant market creates a promiscuous approach to moving jobs. The general view being "I am prepared to take a risk and move because if it does not work out there will always be another job to go for". In tough economic times the majority of the high achievers swap career progression for security. The view we hear time and time again when first speaking to potential candidates about a vacancy is "now is not a good time to move. I am secure where I am, being recognised as a good performer and if business drops I will not be the first to be let go. Joining another company now is too much of a risk". Below is a typical response from someone approached about a vacancy with one of our customers.

"It was good to speak to you yesterday and thanks for forwarding this to me. It certainly looks interesting and in some ways just the sort of thing I would go for. However, despite the fact that I think it would be a great opportunity in the current economic climate moving jobs is a risk even I would not take and I am not unhappy where I am. I will try to think of other potential candidates and let you know"

Summarising the above, in challenging economic times you need to hire a higher calibre of person to survive and prosper as a business yet these higher performers are less interested in moving. The initial answer to the question “is it easier or harder to hire in difficult economic times?” is often “easier as I and selling in a sellers market” However “Whist it is far **easier to hire the wrong person** and pay the price later it is generally much **harder to hire the right person** in such a business climate”

2. Should I give up now or how can I hire the right person?

You have choice giving up and hiring the wrong person, this takes less effort, time and often has a lower initial cost. However all hiring managers will eventually be judged by the quality of their hiring, subsequent team development and retention as this is what determines the team’s and hence the hiring manager’s results. Occasionally a few breakthrough technologies appear from a company which then hires average employees yet prospers on the back of a truly unique offering. However this will not remain a unique offering for ever and when competitors with better people enter the market there is only one eventual winner. It is almost impossible to be a technology company that always has clearly differentiated products that are unique or significantly superior to anything else on the market. Hence when hiring for such a company, with a current clear market lead, always hire for the time when your products are second best and it takes skilful people to remain the number one supplier. I am sure many people reading this will be able to identify such companies in their own market space!

So giving up is easy and quick but will eventually have far more serious consequences taking time, effort and significant cost to correct. On the basis we do not want to give up what are some of the ways to succeed in hiring the best people in a difficult market?

Preparation

Just as in selling if you “fail to prepare” you “prepare to fail”.

- **What do I want?**

Firstly make sure you clearly identify the skills, experience and knowledge that are required in order to be successful in the role you are looking to fill. This sounds trivial and for some it is. However because it can be easy complacency can set in “I’ve been in the industry for 20 years so of course I know what I want”. However are the skills, knowledge and experience required today that same as they have always been? Are the market conditions, competitors etc all the same? If hiring for a sales role is the selling process the same? The internet and massive increase in communications has dramatically changed the sales process for many.

- **Where are the people I need and how do I make them aware of my vacancy?**

Once you have decided what you want consider “How many people in the market have the profile I need and where are these people now?” In order to hire them you need to make them aware of your vacancy. Depending upon your answer to this question your choice of recruitment methodology will vary. Where there is potentially a large pool of candidates across a broad range of companies a contingency or for some roles even an advertised approach is often best. When a smaller potential candidate pool exists or where the best people who can add the maximum value to your business in the shortest time exist in a relatively limited number of companies a more proactive approach to target these people is often more successful. A proactive approach in such circumstances increases both coverage of the target market, ensuring the right people are made aware of the opportunity, and by making a personal approach the conversion from being aware of a vacancy to making an application. As with selling a company’s products you first need to identify your target customers before you start on any sales or marketing activities.

- **Why will they apply?**

Would you send a salesperson to see a customer about a product they did not know why the customer would buy it? If not why take this approach when selling a job to candidates? What are the feature/benefits, the USP’s of the vacancy, company and/or market. Why is someone with the talents you require going to give up the success and security they enjoy

with their current employer to risk making the move to you in more challenging economic times? Going to market without this information is highly unlikely to ever get you the best person. Would you ever expect any company to sell its products for the best price to the best customers without knowing what they are selling?

- **Once you have applicants how do you maximise the prospect of a positive outcome?**

Decide in advance how you are going to qualify them. How many interviews will be involved, who will interview, will a presentation help qualify people, what tests will you run? It is amazing how many interviews do not test the candidates for the required skills. Many interviews of sales people for example do not include giving them a false objection to their candidacy to see how or even if they can identify it as such and how they handle it.

Once you have decided how you are going to evaluate and test each candidate it is a common mistake to forget that the selection process is also a selling process. Good people have choices, they can join you, your competitors, stay where they are or change markets. At every stage in your dealing with them you will be influencing their opinion of you and your company. Remember everything we say or do influences people positively or negatively, virtually nothing is neutral. Hence it is essential to be responsive in all communications, consider the candidates perspective when for example setting interview dates etc. not demanding "these are the only ones we can do". Of course you have the power to be as demanding and inflexible as you like, but if you wouldn't treat your best customer that way "you can only have a demo on these dates or forget it!" why behave like that to a future employee who arguably should be more valuable than any single customer! At the end of the day candidates have a choice, yes you have every right to qualify then in a tough and demanding process but if you fail to sell at the same time the best people may exercise their right not to join or apply to your vacancies.

- **How to close a project**

Be prepared to negotiate. This is not the same as simply being prepared to pay more than you planned. Good negotiation is about reaching consensus and a win win outcome. What high value but low cost items can you put on the table to secure the person you really want? As an example we helped secure a placement with a company offering a lower base salary than their ideal candidate already had. During discussions it was clear that one of the key reasons the person was looking to move was they felt they were no longer developing their skill set. As part of the offer, including a lower base, was a development programme to train the person in key areas, which also benefited the employer; this helped secure the deal. Rarely is it just the money that is the issue if negotiation fails.

Once the right candidate is secured provide as much feedback as you can to other applicants as to why they were not successful. This includes responding to all people who apply. Just as nobody chooses by a car from a manufacturer with poor image/reputation people do not apply for jobs with a company having a poor recruitment brand. How all applicants are treated when you seek to fill a vacancy, including by any recruitment service provider who is representing your brand when you work with them, affects your recruitment brand. This is an area often not given enough attention by many organisations. Many people reading this will know of companies they would never work for "Do people feel this about your organisation and why?" How do you set and measure the impact of the service providers you choose to work with on your recruitment brand?

To summarise

- Recruiting the calibre of people to survive and prosper in tough economic times is generally harder
- The ultimate success of nearly all managers is hugely influenced by their ability to recruit, develop and retain talent
- As with most things the more we put in the better the outcome. Failure is always easy, success takes commitment to investment the time and/or money required to succeed.
- Few people ever say they hired to well for a role, many though have been burnt by not hiring well enough. Recruitment can never be 100% successful, however you can take steps to greatly influence the odds in your favour
- A good recruitment process is also a good selling process



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About You

If in order to meet your personal and business objectives you need to recruit the best people, train and develop your existing team, develop the knowledge and skills of a key manager, raise additional funding or make an acquisition or divestiture we would like to speak with you.

If you are interested in developing your own knowledge and skill set to achieve further success and make the most of your talents with proven coaches we would like to talk.

If you are looking for your next career move or wish to have some impartial and experienced career advice we would like to hear from you

Our Customers

US companies looking to establish themselves in Europe needing to recruit and/or wanting assistance with the associated logistics.

European start up companies looking for additional funding, the recruitment of key staff or assistance with their HR processes.

Established small businesses to the largest international corporations looking to recruit train and develop their existing staff, review their HR processes or make an acquisition or divestiture.

European Distributors looking to recruit and/or train and develop their existing staff.

Venture Capitalists looking to recruit early stage commercial people into companies they have invested in.

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