



Employee Referral Programs

Got Friends?

By Kim Silvers

After being referred to Vision Service Plan by another employee, Kelly Behrens (left) cashed in by referring Debi Ramirez.

As the employment market tightens, outsourcing employee recruitment is becoming a frequent occurrence for hard-to-fill positions. The unemployment rate in California is now less than 5 percent, and the volume and caliber of candidates coming from onsite human resources staff and professional recruiters can be disappointing.

However, employers are finding that "insourcing" their recruitment efforts via employee referral programs (also known as "bounty" programs) can increase the caliber of key hires and have a positive impact on their bottom lines.

Typically, an ERP is structured to encourage current employees to assist in recruiting efforts by

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looking for friends and family who may have the needed skills but are unaware of job openings or aren't looking to leave their current employer. Cash and gift rewards are offered to employees when their referrals are hired — although sometimes the reward isn't made until three to six months after the referred employee has been on board.

DST Output in El Dorado Hills has offered an ERP since the mid-'90s, when high-tech recruiting was ablaze and competition for key skills was fierce. Kimberly Bright, the firm's former human resource manager, explains "the program is very scalable" and varies each year based on the employment market and company needs. DST's current "Got Friends?" program offers cash rewards: up to \$1,000 for some engineers and exempt positions, up to \$500 for some nonexempt positions.

Cash Prizes ... and More

In addition to the cash reward, employees whose referrals are hired are also eligible for an annual drawing for prizes, such as electronic equipment

and gift certificates. In the past, DST has also offered trips to Alaska, London and national parks.

Employee referral programs lend a measurable hand to the time and costs it takes to fill an open position. Many employers with significant ERPs report that nearly one-third of their openings are filled from employee referrals. The average cost to fill a position is estimated at 25 percent of the annual salary, which includes advertising, interviewing, downtime and training. The sooner the job is filled, the faster the money drain is plugged.

Positions filled through ERPs are typically occupied sooner than those

filled from the open market, thereby reducing the productivity loss and lessening the overall cost to fill the position. Some employers report that as a result of their immediate bond with others in the organization, employees hired through an ERP tend to ramp up faster and stay with the company longer.

Vision Service Plan in Rancho Cordova pays \$100 to \$500 to employees whose referrals are hired and on board for six months. Shauna Harrington, the firm's human resources manager, estimates that one-third of their vacancies are filled through the ERP. In addition to the



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How to Make a Great ERP

Keep it simple and fun: Create a theme that's easy to remember and create excitement around it.

Keep it visible: Plant frequent reminders through email and posters. Offer appreciative tokens (mugs, key chains and notepads) for anyone who refers a candidate.

Make it worthwhile for employees: Quality referrals save a lot of time and money. Not using professional recruiters can save nearly one-third of the new hire's first-year salary. Be sure employees view the reward as significant and desirable.

"I have a lot of job satisfaction, and I want others to experience what I have."

— Janelle Darling, supervisor, VSP

cash rewards, VSP also raffles weekend getaways to such spots as Napa, San Francisco and Disneyland twice a year.

VSP keeps the news about its ERP in front of employees through its company intranet and frequent emails when hard-to-fill positions are open. Rather than a subdued marketing campaign, it's a front-and-center part of company culture, including its new-employee orientation program.

Referrals Beget Referrals

The VSP Strike Gold program boasts of at least four generations of refer-

rals. Janelle Darling, call center service delivery supervisor, was referred by a VSP employee 13 years ago. Since that time, she has referred at least seven people who have been hired. Darling takes pride in the caliber and success of her referrals, noting several of them have been promoted.

Last year, one of Darling's referrals, Kelli Behrens, now a business analyst in VSP's e-business department, referred Debi Ramirez to be a project manager in the same department. Ramirez had been Behrens' manager at her previous job at Sprint. Behrens

thought her former boss would be an ideal project manager candidate and so referred her to a VSP job fair last fall. Behrens recently received her ERP bonus as Ramirez successfully completed her six months at VSP.

"I would definitely refer another person if I knew of someone who was a great fit for an opening," points out Behrens. "The bonus is nice but isn't the first priority. I would always make sure my referral was going to work well. My reputation is on the line with each referral."

It's not all about the money, but the bonus and prizes are a tickler for employees who have many other priorities and distractions. Darling's philosophy about her referral criteria mirrors that of others who are in this family tree: "I will only refer people who would be a good fit, whom I trust and respect. I have a lot of job satisfaction, and I want others to experience what I have."

The bonds and camaraderie developed through the success of this program are difficult to calculate, but the reduction in employee turnover and the number of days it takes to fill key positions can quickly show up on the bottom line of an organization.

An ERP is a cost-effective way to get everyone casting their net for good candidates. Good people tend to know and refer good people. Why start from scratch when there's a network in place? 🙌

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