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# HOW TO HIRE SMARTER IN 2015

You don't have to be a large company to get the best talent.

By Matt Alderton | Illustration by Mark Pernice



The biblical confrontation between David and Goliath is legendary. Although Goliath towers above him, David is convinced that guile will trump girth. Against all odds, it does. Faced with a bigger, stronger and better-equipped opponent, David stuns Goliath with a stone to the forehead, and then charges him, defeating the giant with his own sword.

Bigger isn't always better.

Small business owners who must often compete with larger companies for job candidates can relate. Perhaps that's why they consistently cite hiring as one of their top challenges in NFIB's *Small Business Economics Trends* report. In its July 2014 edition, the report states that 53 percent of small business owners hired or tried to hire in the last three months. Yet, 42 percent of small business owners report few or no qualified applicants.

That number is likely to grow in 2015, says NFIB member Ira Wolfe. "Most of the businesses out there that are thriving and growing are struggling to find good, qualified people," says Wolfe, president of Success Performance Solutions in Lancaster, Pennsylvania, and author of *The Perfect Labor Storm 2.0: Workforce Trends That Will Change the Way You Do Business*. "As the economy improves, it's only going to get harder."

## KEY TAKEAWAYS

- Small business owners consistently rank hiring as one of their top challenges
- Applicant-tracking systems can automate much of the process for you
- Small business owners should venture off the beaten path when looking for potential employees, and use a personal touch to win them over

Like David, small business owners can beat the odds with these five staffing strategies:

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## CAST A WIDE NET

Single-source recruiting doesn't work. "Companies must use job boards, job search engines, social media and even local print to reach the right audience," Wolfe says.

It's especially important to venture off the beaten path, where there's less competition from large employers. "Small businesses should swim in little ponds," says Edwin Jansen, managing director at Hirefly, a Toronto-based company that screens candidates for small and medium-size employers. "Rather than having a big booth at a career fair, for instance, small businesses can benefit by attending small networking events in their industry and asking for referrals, engaging professors at colleges that fill the local talent pipeline or joining LinkedIn groups in their niche and looking for social media stars who post a lot."

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## CONSTANTLY RECRUIT

One of the biggest mistakes small employers make is treating hiring like a project that has a beginning and an end, Jansen says. Although you might have only one open position, you should continue engaging potential hires long after it's filled. You could try LinkedIn or networking events, for example. Establishing connections will reduce the time it takes to fill vacancies.

Your website can help organically fill your talent pipeline by highlighting information about your company culture and employee benefits. "Because it isn't just for clients—it's also for potential employees—you have to include what I call 'employment branding' on your website," says Anthony Ysasaga, talent acquisition consultant at TriNet, a San Leandro, California-based provider of outsourced human resources solutions for small businesses.

## EMBRACE AUTOMATION

Automation is key, says Wolfe, who recommends using an applicant-tracking system to advertise vacancies on multiple channels, then screen, score and sort résumés based on job requirements and descriptions. "Just a few years ago, these systems cost thousands and thousands of dollars," he says. "The cost has come way, way down, however, so that now even micro-businesses can utilize these technologies."

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## SCREEN FOR APTITUDE; HIRE FOR ATTITUDE

Résumés aren't a reliable way to assess candidates, according to Jansen, who says degrees, designations and job titles say nothing of candidates' actual skills. Pre-employment testing is key. "It makes a big difference in helping you find the diamonds in the rough who may not have the right employment history but still have the skills to succeed," Jansen says.

Skills alone should not be the basis for hiring decisions, however. "The No. 1 reason new hires fail is attitude," says Mark Murphy, a management consultant and author of *Hiring for Attitude: A Revolutionary Approach to Recruiting Star Performers With Both Tremendous Skills and Superb Attitude*. He tracked 20,000 new hires for three years and found that 46 percent failed within 18 months; 89 percent of the time it was because of attitude, not skills.

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## GET PERSONAL

Assessments and interviews can help you find the right candidate. Getting him or her to accept your job offer, however, requires a personal touch. "You can write personalized job ads, get to know high-potential candidates as individuals, introduce them to your leaders and team, bring them on a tour of your workplace," Jansen says. "In short, you can be more intimate and less machine-like than the competition."

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## NEXT STEP: RETENTION

It's not enough to recruit the right employees. To succeed in the long term, employers also must retain them.

The secret to doing so isn't always money. More often, it's clear communication, which starts with accurate and detailed job descriptions, says Anthony Ysasaga, a talent acquisition consultant at HR consultancy TriNet. "I used to conduct exit interviews, and the reason employees gave me most often for leaving was, 'The job isn't what I expected,' or, 'The job wasn't what was explained to me during the hiring process,'" Ysasaga says.

Good communication is just as important after you hire an employee, according to management consultant Mark Murphy. Once every month, he recommends having a 15-minute conversation about "shoves and tugs" with each of your employees. "Shoves are things that demotivate you, tick you off and burn you out," Murphy says. "Tugs are what tug at you to stay."

Ask employees to reflect on the past month and share with you instances when they were stressed out (i.e., shoves) and instances when they were excited (i.e., tugs). "If you listen closely every month, you can then craft situations to minimize the shoves and maximize the tugs," Murphy says. "It's not usually about money; it's about giving employees a deeper connection to the business."

For more advice on hiring, training and retaining employees, go online to [www.NFIB.com/Staffing](http://www.NFIB.com/Staffing).

## A Hire Purpose

Four small business owners share best practices for staffing in their sectors.

### SOCIAL STAFFING

**Business:** Bubbly Paws Dog Wash

**Location:** Minneapolis

**Sector:** Pet services

**Strategy:** Focus on personality

For NFIB member Keith Miller, experience isn't an advantage. It's an Achilles' heel.

"If you've worked in the pet industry, we actually try not to hire you," says Miller, co-owner of Minneapolis-based Bubbly Paws Dog Wash, a self-service dog wash with two locations in the Twin Cities. "People who have worked previously in the pet industry typically have learned bad habits, so we generally look for people who haven't worked with animals before."

Miller employs 15 people, many of them college students, across his two locations. The most important thing they have in common, however, isn't age—it's personality.

"We are a service business. If we aren't providing great service, our customers aren't going to come back," says Miller, who says his employees must be outgoing, upbeat and social.

To find the right hires, Miller interviews candidates while walking around the dog wash so he can observe how they interact with customers.

Also, he uses social media. "One of the first things we do when we're considering a candidate is search their name or email address on Facebook or Instagram," he says. "If we can't find you online, why can't we find you online? If you're a social person, you're going to be online. I hate to generalize, but if you've got five friends on Facebook, there's probably a reason."

### BUILT TO LAST

**Business:** Perfect Painting and Remodeling

**Location:** Itasca, Illinois

**Sector:** Construction

**Strategy:** Trust, but verify

Jeff Sheets was just 15 years old when he started his own construction company, Perfect Painting and Remodeling, in his dad's garage. Nearly 20 years later, the quality he prizes most in employees is the thing he most lacked as an adolescent entrepreneur: experience.



“A lot of people in the building trades say they know how to do something that they don’t actually know how to do,” says Sheets, a general contractor whose company specializes in inspection and repair of real estate-owned properties. “When they can’t find work, they apply for a job in construction, thinking they can do it because they’ve painted their bedroom, or done tile work in their bathroom.”

Sheets “verifies” by extending all job offers with a contingency: New hires become permanent only after they successfully complete a two-week trial.

“It’s basically an extended interview,” says Sheets. “We typically meet in person before we put you on a project. Because we ask technical questions the average person couldn’t answer, we can tell right away whether you really are knowledgeable or not. If you are, we put you on a project to test you out.”

The only candidates who make it that far are those who are tidy, punctual and well-spoken. “What differentiates us from our competition is our professionalism,” says Sheets, whose company motto is “Trust, Not Dust.” “Someone who shows up looking sloppy is probably going to do sloppy work, whereas someone who takes pride in how they present themselves likely will take pride in how they do their work.”

## PASSION PAYS

**Businesses:** Divine Consign and Trends

**Location:** Oak Park, Illinois

**Sector:** Retail

**Strategy:** Offer careers, not jobs

For 16 years, Kellie Scott was an insurance defense litigation attorney. In 2009, however, she left her job as partner in a Chicago law firm to open a pair of consignment shops. Divine Consign sells furniture, and Trends sells designer clothing. What drove her to do it wasn’t profit; it was passion, the first thing on her hiring wish list.

“The No. 1 objective is finding people who share my passion for design,” says Scott, who employs approximately 25 people across her two stores. “If you’re interested in what you’re doing, the passion you have for it is contagious. Customers who come in will feel the vibe that creates, and they’ll become interested in fashion, too.”

Scott attracts passionate people by offering careers instead of jobs. At Divine Consign, she looks for interior designers,

not retail associates. Likewise, at Trends she looks for fashion merchandisers and designers.

“What’s worked best for us is working with colleges and universities to offer internships for students who have relevant majors,” says Scott, who typically offers students permanent positions upon completion of their internship. “You tend to get people who are in it for more than the almighty dollar; they’ve chosen this field because they like it and they want to learn about it.”

## TESTING TALENT

**Business:** ProPhase Labs

**Location:** Doylestown, Pennsylvania

**Sector:** Consumer products

**Strategy:** Hire objectively

ProPhase Labs is a small business that manufactures and sells a popular product: Cold-EEZE cold remedy. According to Chairman and CEO Ted Karkus, the company’s success is thanks in large part to its staff, which Karkus meticulously engineered upon becoming chief executive.

“My first task as CEO was to turn around the [struggling] Cold-EEZE brand,” says Karkus, a former shareholder who became head of the public company in 2009. “That required me to restructure the company, which meant assessing every employee to determine which ones were a good fit moving forward and which ones weren’t.”

Karkus downsized from 26 employees to 15 with the help of a personality assessment that he still uses when hiring new employees.

“Everybody has strengths, and everybody has weaknesses,” Karkus says. “The key is hiring people whose strengths match the job description.”

ProPhase Labs employs staff in sales, marketing, finance and product development, each of which demands its own set of competencies. Once those competencies are thoroughly outlined in a written job description, an online personality assessment identifies which candidates in the job pool possess them.

“The biggest mistake small business owners make is hiring candidates based on whether or not they like them without considering whether they’ll actually be a good fit,” Karkus says. “By using this process, we have virtually eliminated turnover.” ■