RECRUITING IN A DOWN ECONOMY

BY TIM R. JOHNSON

A slow economy can be the best time to hire top talent away from competitors.

THERE IS A COMMON MISCONCEPTION that recruiting in a down economy is easy.

It's true, job boards do tend to see an increase in posted resumes from job-seekers during an economic slowdown. But the best candidates for key hires, which are crucial during such times, are often already gainfully employed.

Less often do we see companies facing too much work with too few employees. Rather, the issue becomes a matter of staffing the top talent essential to maintain growth momentum as the economy decelerates—especially with a recession looming. A number of challenges stand in the way of obtaining that top talent. Firms that manage this appropriately through tough times position themselves for greater success when things speed up again.

Pulling up Stakes

In a down economy, chances are that employers need to look outside their immediate geographical region for top-talent candidates. With gas prices on the rise, people are not likely to favor a lengthy or extended commute. Relocation is often required. And a plummeting residential real estate market can make relocation undesirable. No one wants to endure financial loss on the sale of a home.

More and more firms are offering to cover more than simply the closing cost on the sale of a home, and this seems to be developing into standard practice. Now employers are also beginning to cover the loss suffered from declining market values versus mortgage balance. Some employers even propose to cover mortgage payments until a house is sold. Investments of this sort not only convey commitment and show that the candidate is valued, they also indicate growth and stability that promotes a company's "employment brand."

High Anxiety

Second to real estate on the list of concerns hindering recruiting in a down economy, is anxiety over the LIFO (last in, first out) rule of accounting in human resources. For example, let's say that an employee of company A is concerned about his job. The firm has seen a significant slowdown in work, bonuses are being slashed, managers are getting edgy, and lower-level coworkers are being laid off. Doesn't sound like the ideal situation, does it? And yet, while opportunity for betterment may exist with company B, the individual may be hesitant to make a job change because of LIFO anxiety. With continued talk of economic recession, the employee may fear that he or she would be the first to be put on the chopping block at a new firm if layoffs became necessary within the first year. Company B needs to communicate to the recruited candidate, who is still gainfully employed (for a reason), what is going well at the firm—and that the LIFO approach is not practiced there.

Show Them the Money

In a down economy, when work dries up, money can be tight—no surprise there. And money is the lifeblood of any business. It is also a signal of how much employees are valued. Even more so when industries decelerate than during times of stability should businesses review pay structures and compare with the industry standard. Being able to offer a pay increase to a recruited candidate is a virtual necessity during periods of economic downturn, if not at all times. The inability to do so can create a stigma that a company is unstable and perhaps in financial trouble. Stability equals growth, and a recruited candidate will be evaluating for stability and growth. Seldom will recruited candidates make a job change for the same salary, and the nature of the position itself is no different. Lateral moves are not likely to win recruited candidates and are even less likely to do so in a down economy. Framing a position as a promotional opportunity with an increase in salary is one of the only surefire ways to get a hold of the top talent that's so crucial during an economic slowdown.

Aim High

Grabbing blindly from the pool of eager job-

Tim Johnson is project operations manager of the Engineering Division at SullivanKriess, Inc. He can be reached directly at tjohnson@sullivankreiss.com.

seekers that flood job boards in a down economy presents risks. And when a slow economy pulls the tide of work further out to sea, financial matters have even greater gravity. As there are a number of costs associated with hiring new employees—time spent interviewing and putting together an offer, sign-on bonuses, relocation expenses, training—employers must be careful with new hires. Turnaround can be dangerous when work is slow. To ride out a recession (yes, it's time to use that word), companies have to be extremely careful when making new hires. Remember: odds are, the best of the best will still be employed. Those gainfully employed candidates make the best hires for staff upgrades. Firms need to find ways to attract these individuals.

Companies able to revamp their personnel policies during a down economy need to get the word out. One of the fastest and easiest ways to do so is through press releases. Not only can they announce the implementation of a new policy—such as flex-time or telecommuting options—they can also get the firm name out there in front of both potential hires and potential clients. Another method of communicating is to host an open house, inviting clients, business partners, networks, potential clients, and potential candidates.

A strong employment brand attracts top talent. What generates that reputation? Competitive salaries, clear opportunities for promotion, and indications of stability and growth can place a company a cut above seemingly struggling competitors. Proper assistance with real estate concerns and relocation expenses prevents an injured real estate market from hindering great hires. Allowing employees to work from home a certain number of hours (or days) per week helps to ease the burden of rising gas prices. Assurance that the LIFO approach to human resources is not the rule of thumb relieves concerns with recruited candidates and current employees alike. By addressing the challenges of a down economy with lasting solutions, companies build and promote strong employment brands. A firm that is able to effectively develop and tout a reputation as a good place to work will always have an edge in attracting top talent. MSC