

# THE SOURCE



## Turn lazy, hazy, crazy days of summer into hot staffing

**T**hose lazy, hazy days of summer can turn into your competitive edge. While others succumb to the hot weather doldrums—putting off consideration of new hires until everyone's back from vacation—you can explore hot retention and recruitment opportunities now. Here's how:

**1. Assess key currently staffed positions for signs of unrest.** Identify employees who may be unhappy and planning to make a move. Look at ways to quell the unrest. Dr. John Sullivan, an advisor to Fortune 500 and Silicon Valley firms, noted that it's important to tie recruiting and retention together.

He points out, "As the economy improves and employee engagement continues to drop, expect turnover among top performers to skyrocket (one recent study showed 75% of employees are now willing to look for new jobs). Unless

ing managers to use metrics to identify the best recruiting sources for top performers." Make sure your candidate identification program is doing all that is reasonable to find the best talent.

**3. Start planning for expansion and/or dismissals.** Start planning to hire anew, where you see expansion occurring as well as trouble spots—employees who likely will need to be terminated or

whose dissatisfaction is beyond repair. Attempt to estimate the expected hiring/departure timeframes, preview the universe of prospective talent, and begin the review process.



## InnovativeHRxHR

**Problem:** "The Costs of Mishiring...Hiring the wrong entry-level person costs between \$5,000 and \$7,000 after three months. Mishiring a \$40,000 per year supervisor costs about \$80,000. Mishiring a \$100,000 per year manager costs the employer about \$300,000. These losses are based on wasted salary, benefits, severance pay, recruiting costs, training costs and hiring time." —US Department of Labor

Source: selection.com

**Solution:** Hire better. But how? Here is a key recommendation—

Lead with your heart. Hire with your head. Going with a good or bad gut feeling about a candidate needs to be counterbalanced with objective, factual data. Too many hires are made based primarily on gut feel, without analytical information that may prove the candidate to be a good manipulator, but not a good fit for your company.

Among the best sources of objective data: a) behavioral interviewing that cross checks answers and encourages full disclosure; and b) reference and background checks,

which will document historical performance and behavior (zebras really don't change their stripes).

Let's explore each a bit more.

### Behavioral Interviewing

The secret to success? Emulating Vince D'Onofrio in the TV show, "Law and Order: Criminal Intent." "He's a master of making people feel at ease so that they will open up to him about their deepest, darkest fears and secrets. He's able to draw more truth out of people using his 'artistic' interviewing approach," says InnovativeHR's Mary Autenrieth. "We apply a similar type of interviewing process that allows people to open up and show their real selves. There's a question to cover every behavior."

### Reference and Background Checks

Do a thorough job. Never ignore questionable or negative behavioral references that come up in a background check. Like it or not, these need to be probed—exhaustively if need be—to get at the truth.

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"Unfortunately, recruiting is a field where managers and recruiters tend to react to events as opposed to forecasting and planning ahead for them...the key lesson to be learned is that you need to be constantly looking ahead rather than just reacting to events."

Source: Dr. John Sullivan, HR leader, advisor to Fortune 500 and Silicon Valley firms, Electronic Recruiting Exchange, January 3, 2005

I smile and think "Bert Rutan."

Mary Autenrieth Don't miss Mary's column, From the President, on the other side!

HR departments begin focusing on identifying individuals at risk of quitting and eliminating the causes of their frustration, recruiting will be stretched beyond its limits."

**2. Fine-tune recruitment processes.** Dr. Sullivan emphasizes, "The slowdown in recruiting during the last few years has allowed recruiting managers to get sloppy about identifying the best sources for candidates. The new hiring boom will force corporate recruit-



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## What's News ...

For Immediate Release  
June 9, 2005

### CIOs Project Growth in Third-Quarter Technology Hiring

*Survey Shows Largest Net Increase in Three Years, but Mood Still Cautious*

**M**ENLO PARK, CA -- Fourteen percent of chief information officers (CIOs) interviewed for the Robert Half Technology Information Technology Hiring Index and Skills Report plan to add full-time information technology (IT) staff in the third quarter, while 3 percent anticipate personnel reductions. Eighty-one percent of survey respondents expect to maintain current staff levels. The net 11 percent hiring increase compares with a net 5 percent forecast one year ago and is the largest net increase in hiring activity in 12 quarters.

The national poll includes responses from more than 1,400 CIOs from a stratified random sample of

U.S. companies with 100 or more employees. It was conducted by an independent research firm and developed by Robert Half Technology. Robert Half Technology has been tracking IT hiring activity in the United States since 1995.

#### Key Findings

- Business expansion was cited by 38 percent of respondents as the leading factor driving IT hiring, followed by demand for increased customer and end-user support at 21 percent.

- Executives at the largest firms (1,000 or more employees) forecast the highest levels of IT hiring activity.

- CIOs in the New England states are most optimistic about future hiring activity, followed by those in the West South Central region of the United States.

- Help desk/end-user support is the specialization experiencing the strongest growth among U.S. companies.

## FROM THE PRESIDENT

**W**hen people look at me cross-eyed, wondering how we can possibly do high-quality, results-oriented recruiting for a fraction of typical search firms, I smile and think "Bert Rutan." He's the visionary behind Space Ship I, a private space venture that proves someone other than NASA can fly into space—for a fraction of the cost.

In a recent "60 Minutes" interview, Rutan spoke of commercial space travel within the next couple of decades. With his technology and the backing of high-profile investors, his is likely not a pipedream, but a reality awaiting fulfillment.

In a less dramatic, but no less passionate, way, we at InnovativeHR set out to change the recruiting model in this country. Sitting on the other side of the HR desk for two decades, I saw the inefficiencies, abuses and larceny perpetrated on my company by "get rich quick" search firms.

I vowed that I would find a way to prove that their model was over-priced, and under-performing.

After six years in the business, only two of our hires have resigned their positions within our one-year guarantee period. We're developing a growing list of happy clients who have been able to outsource their recruiting function for less than the price they've paid for an in-house recruiting function in the past.

Our ship has taken flight. Thanks for being aboard.

*Mary  
Autenrieth*

## InOvation

InnovativeHR welcomes three new clients:  
Vacation Connections, Montclair NJ  
Wallstreet On Demand, Boulder CO  
Deluxe Corporation, Shoreview MN

## HIRE EDUCATION

### See...Your mother always told you to get 'A's

**S**tories of cost to hire, rehire and retrain are legend.

Quantifying the "productivity quotient" of those hires is the stuff of educated—and not so educated—guesses.

How much is hiring top-notch talent worth in hard dollars and cents? Earlier this year, McKinsey & Co. attempted to answer this question. According to CareerJournal.com, The Wall Street Journal Executive Career Site, "The McKinsey & Co. report...actually quantified and monetized the impact of hiring better talent. It found that an 'A'-level performer is 50% to 100% more productive than a 'C'-level one. With even the most rudimentary

math, that means 50% to 100% more revenue generated per salesperson, 50% to 100% lower costs per product produced or service delivered, and 50% to 100% higher customer-satisfaction scores. You pick the metric, but the business case shows that winning the War for the Best Talent is definitely worth the effort."

If this study proves correct, it certainly justifies spending the extra time, effort and money needed to get the best person in the door. Not only will it save money in the long run, it can make you money in the short run.



**"I can honestly say that I was never affected by the question of the success of an undertaking. If I felt it was the right thing to do, I was for it regardless of the possible outcome."**

**Golda Meir,  
Former Prime  
Minister of Israel**



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# The InnovativeHR Story



## Why outsource recruiting?

**M**ary Autenrieth started Innovative Human Resources, Inc. (InnovativeHR) to prove that top-notch hiring can be done using a reasonably-priced outsourced model very different from typical search firms. She also wanted to show that her outsourced model could supplant an internal hiring empire.

A 20-year corporate HR veteran, Autenrieth grew weary—and increasingly wary—of paying expensive search/recruiting fees. Even worse, job candidates from the search firm’s “stable” often didn’t measure up to her high expectations.

And, of course, she had

She eschews the crutch of the “candidate stable”—where the convenience of having prequalified candidates often pre-empts competence—and conducts every search from “scratch.”

experience with the in-house staff recruiter who usually had 27 more items on the to-do list than reasonably could be accomplished in a day.

Accustomed to paying 25-

35% of a mid-level to executive employee’s first-year salary to a search firm, Autenrieth felt trapped. She struggled to make in-house resources do effective hiring, and every day a position remained vacant added to the “lost productivity” tab.

She decided to create an outsourced model combining the intensive, high-level service of a retained search firm and the lower cost associated with hiring in-house recruiting staff. Autenrieth charges \$3500-\$7000 per employee placed, and typically requests only \$1500 upfront. The remainder is not due until a suitable candidate is hired. As the relationship expands, most clients switch to a retainer program that lowers prices even more.

“Our per-hire price is based on salary and benefits for one mid-to-high-level in-house recruiter, divided by the average number of hires in a year,” emphasized Autenrieth. “Higher volume of positions can drive down cost-per-hire even further.”

Unlike staffing agencies that maintain a repository of potential candidates, Autenrieth views every job search as a unique opportunity looking for just the right fit. She eschews the crutch of the

“candidate stable”—where the convenience of having prequalified candidates often pre-empts competence—and conducts every search from “scratch.”

Instead of working both sides of the street—seeking candidates and corporate clients simultaneously—she works only for the corporate client. It’s much like the model of the residential real estate agent. Transactional agents must balance both buyer and seller needs. Conversely, buyer’s agents represent only the buyer’s best interests.

Autenrieth chose to become the “buyer’s agent” of corporate staffing.

Autenrieth aims for long-term loyalty in stark contrast to agencies often likened to “hit men” because they get paid for a score, then move on. She reasoned that once corporate clients became aware that they could find high-quality hires without being bent over financially, they would stay with her firm for future needs.

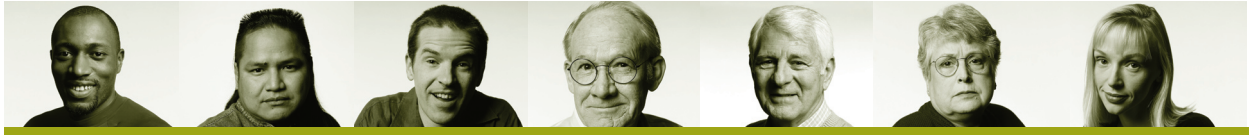


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"I'm most proud of our low turnover track record. Since 1998, only two of our hires have resigned," Autenrieth notes.

The secret to success? Emulating Vince D'Onofrio in the TV show, "Law and Order: Criminal Intent."

"He's a master of making people feel at ease so that they will open up to him about their deepest, darkest fears and secrets. He's able to draw more truth out of people using his 'artistic' interviewing approach," Autenrieth said. "We apply a similar type of interviewing process that allows people to open up and show their real selves. There's a question to cover every behavior."

InnovativeHR employs state-of-the-art high tech tools to access

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the "widest possible gene pool."

Clients also get to see what they're getting well ahead of time. "Too much business in the contingency search industry is done in secret. A search firm

typically won't reveal a candidate's name until the candidate is on-site for an interview. In addition to happily sharing that information, we handle the initial screening and winnowing of applicants to generate three to five serious candidates," Autenrieth noted.

"Plus, our clients can access a password-protected, secure area of our database that shows every candidate we've ever screened or brought to the table. If they find someone they like, they're welcome to contact the individual — no charge."

If this model works so well, why isn't everyone in corporate America clamoring for more InnovativeHR's? Said Autenrieth, "As with everything else, acceptance takes time. In-house recruiters and search firms are 'safe' in that they are known commodities. We're still a relatively new concept, and it takes progressive companies to take the leap of faith. Because of this dynamic, we market aggressively to growth firms chiefly in high-tech and engineering.

"Of course, the best person to answer this question is our client. They can validate the concept and results better than our

self-promotion ever will."

How does she know when she's succeeded with a client? "Besides the obvious, a good employee fit, we know all is well when we start getting invited to company picnics and parties like a member of the 'family' — and the majority of people think we work at the company," Autenrieth pointed out.



***"It's tough to say which has made a greater positive impact on our HR department: the amount of money or time that you have saved us. Everyone needs to shout the news of InnovativeHR from the GE rooftops."***

*Dennis Stoltenberg, formerly of GE Access, now VP of Human Resources for the Maui Land and Pineapple Co.*



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# QuickRead: InnovativeHR at a Glance



## Job 1:

Staff our client companies with the right employees in the right positions. We handle the transactional recruiting pieces and coordinate closely with the in-house hiring manager. Our aim is to make our client companies look heroic to employees, client-customers, investor/funders and associates.

## Job 2:

Develop lasting teamwork relationships with in-house HR. This reduces their workloads long-term, enabling concentration on such strategic issues as retention and performance management.

Autenrieth decided to start a company that would generate stellar results, while charging less on an outsourced basis than the cost of an internal recruiting staff.

## Client Profile:

Focus on progressive, growth-oriented high-tech and engineering firms that place high value on getting and keeping good people. Most clients have 50-500 employees, ranging from non-exempt up to director-level candidates. Companies with staffing needs are InnovativeHR's only clients; the firm does not sell or market candidates.

## Biggest Success:

Since 1998, only two InnovativeHR placements have resigned their positions, substantially lowering our clients' cost-of-hire and turnover rates.

## Secret of that Success:

Building long-term client relationships with an effective combination of common sense, uncommonly strong recruiting skills, state-of-the-art high-tech support tools, and scalability. All four are needed to reduce cost-per-hire and increase retention.

## Experience:

Our team has four decades of combined experience in employment, human resources and technology fields.

## Tech Connections:

We have access and paid memberships to more than 180 career and candidate tracking system websites.

## Biggest Challenges:

- Convincing companies entrenched with traditional in-house recruiting or outside agencies to try our innovative, outsourced approach to job search. We provide references and case studies documenting our model's success.

- Convincing companies that turnover is an area they can control by getting strategically proactive—putting into place a recruiting solution that will help secure and keep good people.

## Price:

Flat fee pricing structure that typically runs \$3500-\$7000 per placement, depending on the level and skills of the position. In most cases, \$1500 of that fee is paid upfront; the balance isn't due until we place a candidate. This eliminates the unknowns and variables inherent with staffing agencies, and establishes certainty about cost-of-hire fees.

## Why Price Isn't Higher:

Founder Mary Autenrieth spent 20 years on the



other side of the corporate HR desk. She disliked in-house recruiting that was inefficient because it was done amid myriad other tasks, and search firms that delivered an expensive process with mediocre results. Autenrieth decided to start a company that would generate stellar results, while charging less on an outsourced basis than the cost of an internal recruiting staff.



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# Our Process



## Who wants to sort through 3,000 resumes?

- S**ervices - The InnovativeHR Recruiting Process. We:
1. Get to know and understand your company's process and culture;
  2. Thoroughly explain our recruiting process;
  3. Build relationships with all of your hiring managers;
  4. Ensure that we have a complete understanding of your open requisitions;
  5. Actively call on companies (active sourcing);
  6. Research and post the position on relevant sites and with user groups (passive sourcing);
  7. Capture resumes and relevant data into our database;
  8. Conduct in-depth telephone interviews;

11. Continue to screen and source the right candidates until the position is filled—maintaining patience with the process;
12. Conduct reference and background checks;
13. Provide ongoing status reports to hiring managers;
14. Provide ongoing and monthly reports to the HR Department.

• “A renewed focus on the most effective sources. The slowdown in recruiting during the least few years has allowed recruiting managers to get sloppy about identifying the best sources for candidates. The new hiring boom will force corporate recruiting managers to use metrics to identify the best recruiting sources for top performers.”

We do all the grunt work. As with all outsourced models, this allows time for your HR department and hiring managers to concentrate on business strategy.

Sullivan identifies trends in recruiting and talent management. Among them:

• “Tying recruiting and retention together. As the economy improves and employee engagement continues to drop, expect turnover among top performers to skyrocket (one recent study showed 75% of employees are now willing to look for new jobs). Unless HR departments begin focusing on identifying individuals at risk of quitting and eliminating the causes of their frustration, recruiting will be stretched beyond its limits.”



**“Unfortunately, recruiting is a field where managers and recruiters tend to react to events as opposed to forecasting and planning ahead for them...the key lesson to be learned is that you need to be constantly looking ahead rather than just reacting to events.”**

*Source: Dr. John Sullivan, HR leader, advisor to Fortune 500 and Silicon Valley firms, Electronic Recruiting Exchange, January 3, 2005*

She eschews the crutch of the “candidate stable”—where the convenience of having prequalified candidates often pre-empts competence—and conducts every search from “scratch.”

9. Electronically forward fully screened candidates with reports to hiring managers;
10. Manage feedback from hiring managers;



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# FAQs



## **1. As an outsourced firm, how can you afford to charge in-house recruiting rates?**

We base our fees on the annual compensation of a mid-to-high-level in-house recruiter divided by the average number of hires annually. This is how we arrived at our range of \$3,500 to \$7,000 per hire for non-exempt on up to mid-level management/executive employees.

## **2. Yes, but an in-house recruiter gets paid an annual salary for whatever number of hires needed, which could be many more than “average.” This brings down their cost-per-hire. How do you address that situation?**

Generally, when the number of hires goes up, our cost per-hire goes down even further, keeping us competitive ...

Generally, when the number of hires goes up, our cost per-hire goes down even further, keeping us competitive with those in-house rates. Further, we’re not distracted by other duties as often happens

with in-house recruiters, or influenced by political pressures. We typically take only a \$1500 upfront fee, so the majority of our compensation is tied to performance—unlike the situation with an in-house recruiter.

## **3. How do you identify candidates?**

Expertly. Based on an in-depth study of your company, your culture and your history, we begin the process of finding the best job candidates for your company. We use top-notch recruiting skills, extensive high-tech connections and common sense to identify “best in breed” candidates.

Counter to the typical search firm procedure of faxing large numbers of resumes to the client to decipher, we narrow the search to 3-5 qualified applicants based on criteria supplied by our client.

Since exceptional candidates generally receive job offers within five days of posting their resumes, we move quickly to interview a good candidate. If he/she meets the “Candidate Profile,” we immediately forward contact information to the Hiring Manager.

## **4. How quickly will I get qualified candidates?**

Within 5-10 days. You will receive a complete candidate profile for the Hiring Manager to review. Based on that feedback, we either refine our qualification criteria or the interview process can begin.

## **5. How long will you stay on the case?**

Until the right person is in the right job. Unlike contingency search firms that work an opening for three weeks then move on, we’re incentivized to achieve success. Otherwise, we don’t get the remainder of our fee, our client isn’t happy, and the word spreads that we’ve haven’t done the job. We’re interested in building long-term relationships and staying involved over the long haul.



## **6. What’s the catch?**

None. We provide a level of service that lowers turnover and cost-to-hire, at a price that makes it exceedingly difficult for a client to shop elsewhere.



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## 7. How fast can you ramp up?

Fast, like a SWAT team. Often, companies will hire an in-house recruiter when they have a group of new hires. Scalability suffers once the hiring frenzy is over. In contrast, you pay as you go with us. We can scale up for large numbers of hires and scale down to handle the occasional placement. Either way, we're ready to move on a moment's notice.

## 8. What about the "secret squirrel" process employed by search firms, where the company doesn't learn a candidate's name until they're on-site to be interviewed?

We share candidates' names and contact information as we screen

Companies that hemorrhage red ink because they unknowingly hire the wrong people, end up losing them, then pay time and again to find the right ones.

them. And, we offer existing clients free online access to our password-protected database area of past candidates. If they see someone they like, they can contact him/her, no charge.

## 9. What is your policy about sharing company information with a candidate?

We provide appropriate company information to the candidate, enabling better interview preparation.

## 10. What level of hires do you focus on?

Typically, VP/Director level to lowest non-exempt positions.

## 11. What type of companies do you work with best?

Growth-oriented firms with 45-500 employees that are progressive and decisive. We specialize in high-tech and engineering, but have a diverse industry portfolio.

## 12. What's most frustrating to people about this business?

Companies that hemorrhage red ink because they unknowingly hire the wrong people, end up losing them, then pay time and again to find the right ones. And companies that refuse to change their hiring practices and procedures even when it threatens their very survival.

*"It's tough to say which has made a greater positive impact on our HR department: the amount of money or time that you have saved us. Everyone needs to shout the news of InnovativeHR from the GE rooftops."*

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