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A Recruiter's Guide to
**Building a Successful
Referral Program**

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Employee referrals are often the best hires. Building an employee referral program can convert what is often a fragmented and under-utilized referral process, into a valuable streamlined program. A successful referral program empowers your workforce to easily and compliantly refer top talent from their networks, helping to develop the foundation for your company's next generation of future leaders.

This guide will tell you why you need an employee referral strategy and how to build a lasting program. Specific topics include:

- Why an employee referral program is important
- Employee referral program framework
- Employee engagement
- Candidate follow-up



An effective employee referral program can help your talent acquisition team:

- Reduce the overall cost-per-hire
- Speed up your company's sourcing process
- Increase employee engagement
- Strengthen the culture and capabilities of the overall organization

Why an employee referral program is important

A formalized employee referral program creates the opportunity for employees to proactively spread the word about your company. It empowers employees to expand the reach of your recruitment marketing messaging, while allowing you to tap into a massive pool of future leaders.

94%*

of employees would refer their current company to a friend.

*According to the [2016 Yello Recruiting Study](#), **94 percent** of employees would refer their current company to a friend. However, most companies currently have antiquated and fragmented referral processes in place, lack employee incentives and offer limited transparency. A company-wide referral program can help your organization overcome these challenges.

Why an employee referral program is important



Reduces Overall Cost-Per-Hire

Bypass the time and hard costs of sourcing every job requisition from scratch, paying to post on dozens of job boards, or engaging with outside recruiters. Use the in-house, no-cost, best resource you have—your employees and their spheres of influence.



Speeds-Up Sourcing

Referrals are a pre-vetted candidate pool that provide your talent acquisition team with candidates who are more likely to be a top cultural and skill fit for your organization. Interviewing individuals with similar backgrounds means being able to devote your limited and valuable time focusing on competency, capabilities and work history, rather than questioning if they will get along with the team.



Strengthens Company Culture

A referral process further facilitates employee engagement. Employees who are recommending jobs at your company are also serving as the company's brand advocates. This can lead to higher retention and less employee churn, by empowering employees to refer those they have previously worked with and trust, creating a stronger, more unified culture.



Employee referral program framework

To build a long-term employee referral program, begin by laying a solid foundation that starts with an easy-to-understand program, and can grow more complex over time. The below steps outline how to position your department for success, before unveiling the program to your workforce.

STEP

1

Establish goals around the program. Set specific goals around your referral program objectives, to be able to quantify and report on the program's success (i.e. hire X% of referrals per team; increase employee referral candidates by X%). Goal metrics provide your leadership team with greater visibility into the program and its successes, helping the referral program become a company priority—not only a talent acquisition team focus.

STEP

2

Continually communicate goal progress to key stakeholders in the company to keep them invested in the process, and to hold your team accountable. Demonstrate the goals and metrics early and often to create a transparent process that invites collaboration.

Employee referral program framework

STEP
3

Invest in referral technology that integrates with your existing ATS to source and hire top talent within employees' networks. Referral technology enables companies to hire top talent and lower the cost-per-hire, while:



Ensuring global compliance

Referral technology mitigates legal risks associated with many multinational companies' stringent employee referral policies. The rules around candidate referrals differ drastically between nations, and referral technology ensures global compliance.



Increasing transparency

Referral software provides a transparent view into where referred candidates reside within the application process. Allowing employees to access this information saves talent acquisition departments time from responding to referral status inquiries.



Automating employee incentives

Using technology to track the incentivization process allows employees to view referral bonus amounts accumulated over time, helping facilitate engagement and retention.



Expanding reach of talent pool

[Referral technology](#) generates unique social media tracking links, specific to each employee. This allows employees to share the position with their networks, or to directly send jobs to a specific potential candidate with a trackable link that indicates they are the source of the referral.



Streamlining interdepartmental communication

Automating employee incentives can reduce time-intensive, back and forth communication between the workforce, talent acquisition, human resources and payroll departments.

Employee engagement

One of the most important components to build a successful referral program is current employee engagement. To facilitate this buy-in, dedicate resources to keep employees informed and reward them for their involvement. This transparency and recognition will pay dividends, in the form of the high-caliber talent filling your pipeline.



Educate employees

Tell employees why referrals are important. Teach them how referrals positively impact the organization. Do this from day one by including your employee referral process—including the incentive structure—in the new hire orientation.



Create brand ambassadors

Provide employees with the materials they need to promote your company's open positions. Hold an employee referral training session, and provide content to help them best position your brand. This may include your company's mission, what makes a stand-out candidate, the steps required to refer a candidate and even a stipend (such as a coffee shop gift card) to encourage constant networking. Give every referral the courtesy of a phone screen, whether or not they are a good fit.



Incentivize employees

Encourage employees through every stage of the process with tiered incentives. This might include gift cards for in-office interviews and cash rewards for accepted offers. If getting management to buy into cash incentives is a challenge, consider offering alternatives such as extra vacation days or work-from-home opportunities.



Stay top of mind

Once you have shared the details of your company's referral program internally, continue to build momentum. Work with your internal communication team to secure a spot in the employee newsletter, include the referral program details in new hire training and send around monthly "hot jobs" with a higher referral reward associated. Hold quarterly recruitment marketing lunch-and-learns that provide company-focused (videos, employee spotlights, photos) content they can share with their networks, networking best practices, and the top ways to position your company on social media.



Be transparent with employees

Show employees where their referrals stand in the application process. This can help keep employees engaged in the hiring process, provide information on the total number of candidates referred and the reward associated with each referral.

Candidate follow-up

If there is a relevant position open:


Reach out to every referral who applied to that position, or who was directly referred by an employee, regardless if the candidate is a strong fit.

- If possible, give every referral candidate the courtesy of a phone screen
- Whether or not the referral moves forward in the interview process, update both the employee and candidate on the outcome in a timely manner
- Thank the employee for their referral even if the candidate did not successfully make it through the process. An email or possibly a small branded company items goes a long way toward demonstrating that the talent acquisition team and company appreciates the effort.

If there is **NOT** a relevant position open:

Make sure every referral is entered into your talent community. Once they are in the talent community, keep them engaged until a relevant position opens.

- Produce great content to keep your company top-of-mind with referrals. Create communications like employee testimonials, messages from the CEO, industry trends and recent media coverage of your company.
- Since you already have their information, create personalized content that relates to their particular job search. Send them information relevant to their specialization or industry, location, and how to grow within their career. These candidates are already interested in your company, so take this opportunity to impress them with tailored messaging.
- Shine the spotlight on your company's unique characteristics, culture and mission. Share additional benefits your company offers, such as remote working opportunities, sabbaticals, health benefits or mentorship opportunities. These perks better attract long-term cultural fits.



Learn more about how
Yello Referrals can help
you create a successful
employee referral
program.

<http://go.yello.co/request-demo>

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