



Lecture 9

Recruitment

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How to build the company?

- Plan
- Recruitment
- Administration



Leadership

- Process of influencing and inspiring others to work to achieve a common goal and then giving them the power and the freedom to achieve it.
- Entrepreneurs must take on many roles in their companies, but none is more important than that of leader.



Effective Leaders

- Create a set of values and beliefs for employees and passionately pursue them.
- Define and then constantly reinforce the vision they have for the company.
- Respect and support their employees.
- Set the example for their employees.
- Create a climate of trust in the organization.
- Focus employees' efforts on challenging goals and keep them driving toward those goals.



Effective Leaders

- Provide the resources employees need to achieve their goals.
- Communicate with their employees.
- Value the diversity of their workers.
- Celebrate their workers' successes.
- Encourage creativity among their workers.
- Maintain a sense of humor.



Effective Leaders

- Create an environment in which people have the motivation, the training, and the freedom to achieve the goals they have set.
- Become a catalyst for change when change is needed.
- Keep their eyes on the horizon.



Four Vital Tasks of a Leader

1. Hire the right employees and constantly improve their skills.
2. Build an organizational culture and structure that enable the company to reach its potential.
3. Motivate workers to higher levels of performance.
4. Plan for “passing the torch” to the next generation of leadership.



Early Stages: Plan

Decide on employee status

Find good employees

Outsource human resources

Understand employment law

Understand employee-related tax issues

Decide on employee benefits

Consider employee training

Set up payroll services

Plan for retirement



Organization Structures

Mechanist

| Characteristics | Appropriate For: |
|--|---|
| <ul style="list-style-type: none"><input type="checkbox"/> High specialization<input type="checkbox"/> Rigid departmentalization<input type="checkbox"/> Clear chain of command<input type="checkbox"/> Narrow span of control<input type="checkbox"/> Centralized<input type="checkbox"/> High formalization | <ul style="list-style-type: none"><input type="checkbox"/> Cost efficiencies are critical<input type="checkbox"/> Large organizations (<2000)<input type="checkbox"/> Standardized products produced in routine manner<input type="checkbox"/> Relatively stable external environment |



Organization Structures

Organic

| Characteristics | Appropriate For: |
|---|--|
| <ul style="list-style-type: none"><input type="checkbox"/> Cross-functional teams<input type="checkbox"/> Free flow of information<input type="checkbox"/> Wide span of control<input type="checkbox"/> Decentralized<input type="checkbox"/> Low formalization | <ul style="list-style-type: none"><input type="checkbox"/> Innovation is critical<input type="checkbox"/> Smaller organizations<input type="checkbox"/> Customized products produced in a flexible setting<input type="checkbox"/> Dynamic, complex, and uncertain external environment |

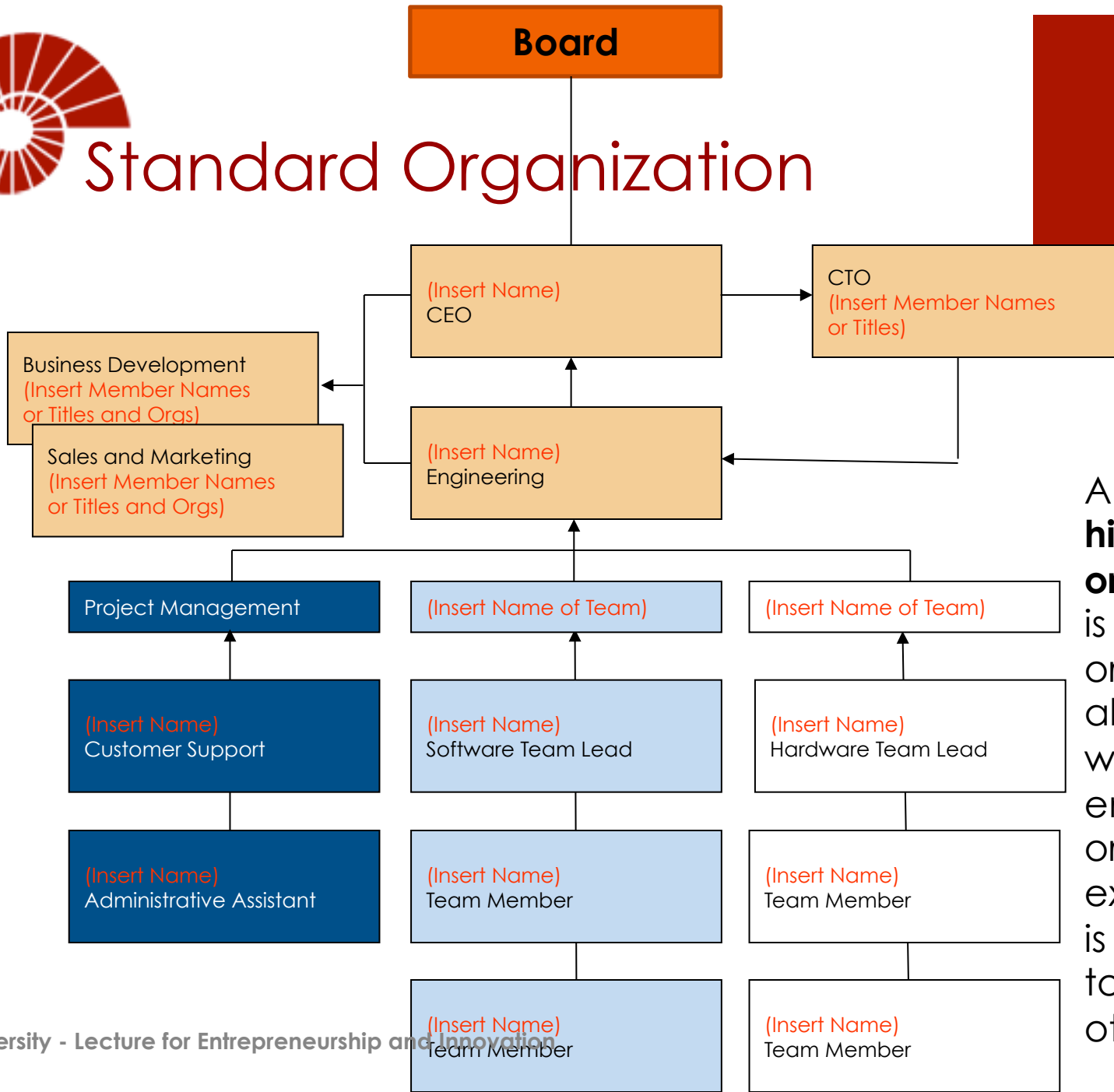


Standard Org Chart

- The generic organization chart can be your starting point – just customize the organization chart to reflect the size and structure of your project
 - Like the organization chart, the role descriptions provided here can be customized to develop role descriptions for project team members
 - **Note in early stage startups- none of these has to apply but in the long term this is where you need to converge to**



Standard Organization



A **hierarchical organization** is an organizational structure where every entity in the organization, except one, is subordinate to a single other entity.



Flat Organization

- A flat organization structure is also known as a horizontal organization.
- It's called "flat" because it has no (or few) levels of hierarchy between managers and staff.
- The purpose of this is that the staff will be motivated as they have more participation in the decision making process and are more involved in the business.
- This structure generally leads to motivation but it also has disadvantages. The staff must be well-trained in order to have participation and responsibilities.



Board Members

- A group of investors, CEO and founders responsible for business issues affecting the company
- They may:
 - Have budget approval authority
 - Make decisions about changes in goals and scope
 - Be the highest authority to resolve issues or disputes
- **Role Description:**
 - Ensures project is aligned with organizational strategy and compliant with policy
 - Ensures project makes good use of assets
 - Assist with resolving strategic level issues and risks
 - Approve or reject changes to the project with a high impact on timelines and budget
 - Assess project progress and report on project to senior management and higher authorities
 - Provide advice and guidance on business issues facing the project
 - Use influence and authority to assist the project in achieving its outcomes
 - Review and approve final project deliverables



Advisory Committee

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- An Advisory Committee is a group of people who provide advice to the company.
- **Advisory Committee Role**
 - Provide insights to the team regarding
 - Market interests
 - Technical advice
 - Other relevant initiatives
 - Assist with resolving issues and risks
 - Use influence and authority to assist the company in achieving its outcomes
 - Communicate about the project in their network



Role of a CEO & President

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■ CEO Background

- CEO have overall responsibility for meeting project requirements within the agreed to time, cost, scope and quality constraints outlined in the plan.
- CEOs report to board.

■ Role Description

- Supervise and provide direction to team
- Chair board meetings
- Ensure Project Plan, Schedule, and Budget are up-to-date; detect and manage variances
- **Execute to make the company successful**



Outsourcing human resources

- These days, many small companies are outsourcing human resources to handle payroll, tax filing, unemployment insurance claims, benefits administration, health and productivity, accounting, and more to save time, cut costs, and increase efficiency.
- As a small business owner, you need to weigh the costs of your time or the costs of having HR outsourcing companies do the same tasks.

Here are a few to get you started:

- Ceridian
- [Alcott Group](#)
- [Trinet](#)

Being able to give undivided attention to many details, HR outsourcing companies are able to guarantee all papers are filed properly, while your company complies with all tax and employment requirements.

A third party accounting agency ensures trustworthy financial figures and avoids opportunity for fraud. Therefore, many small businesses that outsource human resources may experience an increase in workplace efficiency and high quality of work by being able to devote more time to doing what they do best, rather than necessary paper work.



How To Avoid Hiring Mistakes

- Look inside the company first
- Encourage employee referrals
- Make employment ads stand out
- Use the Internet as a recruiting tool
- Recruit on campus
- Head hunters



How To Avoid Hiring Mistakes

- Forge relationships with schools and other sources of workers
- Consider using offbeat recruiting techniques
- Offer what workers want



Hiring the Right Employees

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- Conduct a job analysis and create practical job descriptions and job specifications
- Plan an effective interview
- Conduct the interview
- Check references



Conducting a Job Analysis

- Create a *job description* - a written statement of the duties, responsibilities, reporting relationships, working conditions, and materials and equipment used in a job.
- Create a *job specification* - written statement of the qualifications and characteristics needed for a job, stated in such terms as education, skills, and experience.



How to write a job description?

- **Basic Sections of a Job Description**
- Job title
- Department
- Location of the position (if there are multiple locations)
- Title of supervisor
- Pay grade or level (if your company has this)
- Type of employment, such as full-time versus part-time
- FLSA status (exempt versus non-exempt)



Skills, Knowledge, Ability

GUIDELINES FOR WRITING SKAs

1. A skill, knowledge or ability is something a worker knows or can do that enables the worker to successfully perform the duties of the job. Basic SKA categories include but are not limited to the following:

- Vocational (work content skills)
- Mathematical Skills
- Reasoning
- Language Skills (reading, writing and speaking)
- Human Relations
- Self Management

2. Each SKA statement should indicate:

- what **ability**
- at what **level**, in what amount
- in what **context**, for what **purpose**. (Optional)

EXAMPLE

Skill in **reading** English words, simple sentences and numbers on documents so that they can be properly filed.

3. Use examples from the job to help define the SKA concisely.

4. Avoid using subjective modifiers, e.g., high level, which have a different meaning for each individual.



Sample Job Description

This senior software engineer sales representative sample job description can assist in your creating a job application that will attract job candidates who are qualified for the job. Feel free to revise this job description to meet your specific job duties and job requirements.

Description: Sr. Software Engineer

Senior Software Engineer Job Purpose: Develops information systems by studying operations; designing, developing, and installing software solutions; supports and develops software team.

Senior Software Engineer Job Duties:

- Develops software solutions by studying information needs; conferring with users; studying systems flow, data usage, and work processes; investigating problem areas; following the software development lifecycle.
- Determines operational feasibility by evaluating analysis, problem definition, requirements, solution development, and proposed solutions.
- Documents and demonstrates solutions by developing documentation, flowcharts, layouts, diagrams, charts, code comments and clear code.
- Prepares and installs solutions by determining and designing system specifications, standards, and programming.
- Improves operations by conducting systems analysis; recommending changes in policies and procedures.
- Updates job knowledge by studying state-of-the-art development tools, programming techniques, and computing equipment; participating in educational opportunities; reading professional publications; maintaining personal networks; participating in professional organizations.
- Protects operations by keeping information confidential.
- Provides information by collecting, analyzing, and summarizing development and service issues.
- Accomplishes engineering and organization mission by completing related results as needed.
- Supports and develops software engineers by providing advice, coaching and educational opportunities.

Skills/Qualifications: Analyzing Information, Software Design, Software Documentation, Software Testing, General Programming Skills, Software Development Fundamentals, Software Development Process, Software Requirements, Software Architecture, Coaching

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Some sites to post

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- AOL.CareerBuilder.com
- Jobster.com
- Monster.com
- Yahoo Hot Jobs
- Kariyer.net
- Linkedin

GoBigNetwork.com – A one-stop-shop for startups to form business plans, find funding and locate employees that can fulfill their needs.

HotStartupJobs.com – Aggregates startup listings from a multitude of sites.

Jobs.Mashable.com – Our very own marketplace features categories for listing jobs and looking for them also.

NeoHire.com – Lets you look up jobs by category, add them to your basket as you find ones that interest you and then apply to all of the ones you've saved.



Startup Posting Sites

- nPost.com – Besides offering numerous job listings at startups, they have 225+ interviews with people from some of the companies explaining what they are about and what they are looking for in an employee.
- StartupAgents.com – Both startups and potential employees can set up profiles to try to find the perfect match for each other. The service is completely free to potential employees, but will cost employers to contact potential hires.
- StartupJobs.biz – A small jobs board with unique listings that you can search by type of job or occupation.
- Startuply.com – Covers various industries related to Web 2.0 and startups, lets you also browse by job type.
- StartupZone.com – Allows you to search jobs by occupation, location or even what stage of funding they are in.
- VentureLoop.com – Provides internship listings for students at certain schools and has job listings you can search by country or occupation.

CoNotes.com – Focusing on nothing but jobs at startups, CoNotes has been around since 2007.

Dice.com – Browse jobs by city or pull up the category that applies to your skill set.

ejob.com – ejob focuses on staffing needs in and around Silicon Valley.



Planning an Effective Interview

- Develop a series of core questions and ask them of every job candidate.
- Ask open-ended questions rather than those calling for “yes” or “no” answers.
- Create hypothetical situations candidates would encounter on the job and ask how they would handle them.



Planning an Effective Interview

- Probe for specific examples in the candidate's work history that demonstrate the necessary traits and characteristics.
- Ask candidates to describe a recent success and a recent failure and how they dealt with them.



Conducting an Effective Interview

- *Break the ice.* Goal: to diffuse nervous tension.
- *Ask questions.*
 - Remember the 25/75 Rule.
 - Keep it legal!
- *Sell the candidate on the company.* Best candidates will have other job offers. Your job: to convince the best candidates that your company is a great place to work.



Checking References

Checking an applicant's references is an important part of protecting a company against making a "bad hire."

Is it *really* necessary?

Yes !! According to the Society of Human Resource Management, more than half of all candidates either exaggerated or falsified information on their résumés.



Company Culture

- Distinctive, unwritten, informal code of conduct that governs the behavior, attitudes, relationships, and style of an organization.
- “The way we do things around here.”
- In small companies, culture plays as important a part in gaining a competitive edge as strategy does.
- See *Amy’s Ice Creams* example.



Characteristics of “Cool” Companies

- Respect for work and life balance
- Sense of purpose
- Sense of fun
- Diversity
- Integrity
- Participative management
- Learning environment



Six Styles

- Craftsman
- Classic
- Coordinator
- Entrepreneur-plus-employee team
- Small partnership
- Big-team venture



Advantages of Work Specialization

Economic Advantages:

- ❑ Efficient use of employee skills
- ❑ Employee skills can improve because of repetition
- ❑ Easier and less costly to train employees
- ❑ Minimizes resource waste
- ❑ Encourages development of specialized equipment and machinery



Disadvantages of Work Specialization

Human Disadvantages:

- ❑ Boredom
- ❑ Stress
- ❑ Fatigue
- ❑ Poor work quality
- ❑ Lower productivity
- ❑ May lead to absenteeism and turnover



Common Errors with Teams

- Assigning teams inappropriate tasks
- Creating “make-nice teams”
- Failing to provide adequate training for team members and team leaders
- Sabotaging teams with underperformers
- Switching to team responsibilities but keeping pay individually oriented



What Makes Teams Succeed?

- Make sure that teams are appropriate for the company and the nature of its work.
- Make sure that teams are appropriate for the task to be accomplished.
- Form teams around the natural work flow and give them specific tasks to accomplish.



What Makes Teams Succeed?

- Provide adequate support and training for team members and leaders.
- Involve team members in how their performances will be measured, what will be measured, and when it will be measured.
- Make at least part of team members' pay dependent on team performance.



The Challenge of Motivating Workers

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- Empowerment
- Job design
- Rewards and compensation
- Feedback



Empowerment

- Involves giving workers at every level of the organization the power, the freedom, and the responsibility to control their own work, to make decisions, and to take action to meet the company's objectives.
- Requires a different style of management from that of the traditional manager.
- Is built on sharing information, authority, and power.



Empowerment Works Best When a Business Owner

- Is confident enough to give workers all of the authority and responsibility they can handle.
- Plays the role of coach and facilitator, not the role of meddlesome boss.
- Recognizes that empowered employees will make mistakes.
- Hires people who can blossom in an empowered environment.



Empowerment Works Best When a Business Owner

- Trains workers to continuously upgrade their skills.
- Trusts workers to do their jobs.
- Listens to workers when they have ideas, solutions, or suggestions.
- Shares information with workers, perhaps using open-book management.
- Recognizes workers' contributions.



Job Design Strategies

- *Job simplification* - breaks work down into its simplest form and standardizes each task.
- *Job enlargement (horizontal job loading)* - adds more tasks to a job to broaden its scope.
- *Job rotation* - cross-trains workers so they can move from one job in a company to others, giving them a greater number and variety of tasks to perform. Often used with a skill-based pay system.



Job Design Strategies

- *Job enrichment (vertical job loading)* - builds motivators into a job by increasing the planning, decision making, organizing and controlling functions (which traditionally were managerial tasks).
- Five core characteristics:
 - Skill variety
 - Task identity
 - Task significance
 - Autonomy
 - Feedback



Job Design Strategies

- *Flextime* - an arrangement under which employees build their work schedules around a set of “core hours” – such as 11 a.m. to 2 p.m. – but have flexibility about when they start and stop work.
- *Job sharing* - a work arrangement in which two or more people share a single full-time job.



Job Design Strategies

- *Flexplace* - a work arrangement in which employees work at a place other than the traditional office, such as a satellite branch closer to their homes or, in some cases, at home.
- *Telecommuting* - an arrangement in which employers have employees working from their homes use modern communications equipment to hook up to their workplaces.



Rewards and Compensation

- The key to using rewards to motivate workers is tailoring them to the needs and characteristics of individual workers.
- Money is an effective motivator – up to a point.
 - Pay-for-performance systems
 - Stock options

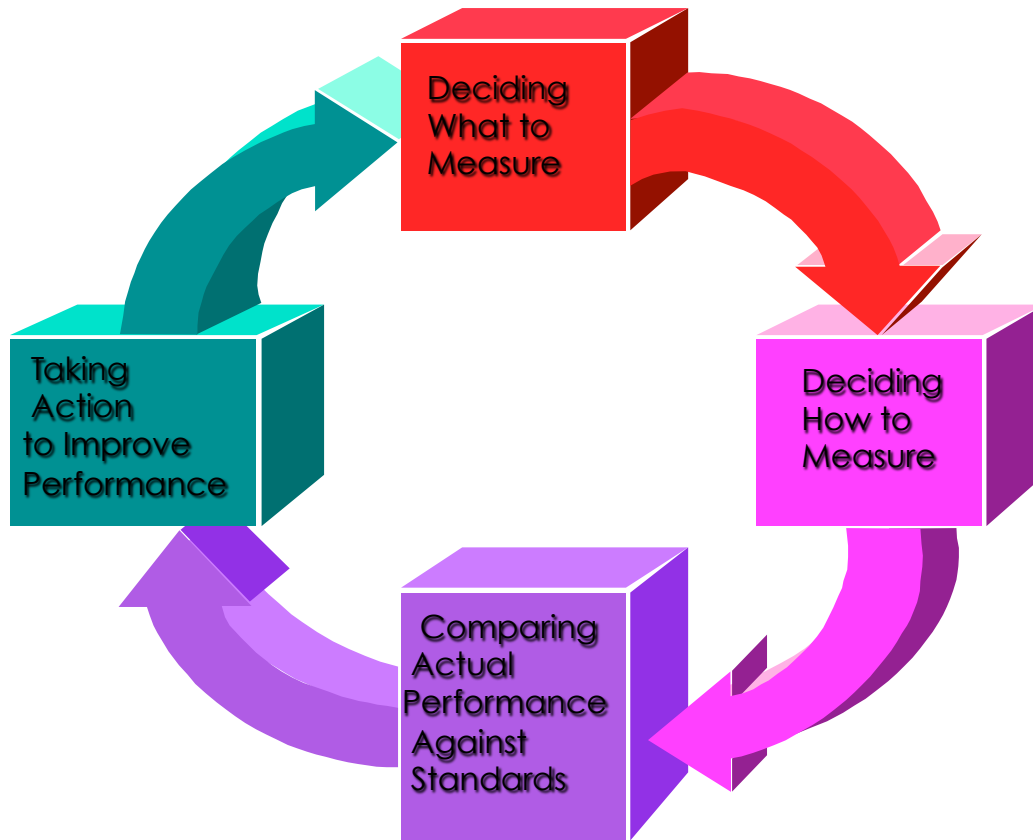


Rewards and Compensation

- Intangible rewards such as praise, recognition, celebrations, and others can be very powerful, yet inexpensive, motivators.
- What kinds of motivators would you rely on if your company's workforce consisted primarily of "Generation Xers?"



The Feedback Loop





Guidelines for Successful Performance Appraisals

- Link the employee's performance to the job description.
- Establish meaningful, job-related, observable, measurable, and fair performance criteria.
- Prepare for the appraisal by outlining the key points you want to cover with the employee.
- Invite the employee to provide an evaluation of his own job performance based on the criteria.



Guidelines for Successful Performance Appraisals

- Be specific.
- Keep a record of employees' critical incidents – both positive and negative.
- Discuss the employees' strengths and weaknesses.
- Incorporate employees' goals into the appraisal.
- Keep the evaluation constructive.



Guidelines for Successful Performance Appraisals

- Focus on behaviors, actions, and results.
- No surprises (for either the employee or the business owner).
- Plan for the future. Smart business owners spend about 20% of a performance appraisal discussing past performance and 80% developing goals, objectives, and a plan for improving performance in the future.



Family Businesses

- Make up 90% of all U.S. businesses.
- Comprise one-third of the *Fortune 500* companies.
- Unfortunately, only 30% of first-generation businesses survive into the second generation.
- Of those that do survive to the second generation, only 12% make it to the third generation.



Why is Management Succession So Difficult?

No management succession plan!

- 81% of all business founders intend to pass their companies on to their children.
- But... 25% of family business owners have no formal management succession plan!



The Succession Plan

Step 1: Select the successor.

Step 2: Create a survival kit for the successor.

Step 3: Groom the successor.

Step 4: Build an environment of trust and respect.

Step 5: Cope with the financial realities of estate and gift taxes.



Coping With Estate Taxes

- Buy/Sell agreement
- Lifetime gifting
- Trusts
 - Bypass trust
 - Irrevocable life insurance trust
 - Irrevocable asset trust
 - Grantor-Retained Annuity Trust (GRAT)
- Estate freeze
- Family Limited Partnership (FLP)

Tax
Bill



Serial founder

A week's schedule of a serial founder



WIKI & WIKI