

Transcript for Lesson 2

How Employers Hire and What You Can Do About It

In the last lesson I explained that as many as 80% of all open jobs never get advertised.

But if employers don't post most jobs online, how do companies find new employees?

In this lesson, we pull back the curtain on the hiring process. We show you how most organizations recruit and hire new workers.

And here's why this matters.

The better you understand how companies hire people, the easier it is to position yourself as the right candidate. No matter how rigid the hiring system.

In this lesson you'll learn:

- What three ways most companies use to find and recruit new employees.
- Why managers use these practices.
- Why even perfect candidates may not get picked for the job.

So let's get started.

Hiring a new employee is one of the most important and expensive decisions any manager makes. Companies need talented, passionate people. Without the right workers, organizations can't succeed.

At the same time, hiring is a huge risk. For most employers, payroll is the biggest item in the budget. Companies take on a huge liability every time a new employee joins the staff.

A bad hire creates big costs--and not just with payroll. It also means lost productivity, a blow to morale, and damaged client relations.

In one survey, nearly 70% of companies reported that a single bad hire can cost between \$25,000 and \$50,000 dollars.

With so much on the line, employers take hiring very, very seriously. And they are always trying to minimize risk. For the most important, mission-critical job positions many companies don't want to post a job online and hope they find the right person.

Let's look at the three most common ways employers find new people. Managing risk drives each of these approaches.

First, most employers turn to personal networks when recruiting candidates.

This is the most important fact you need to know about hiring: No matter how big or small the organization, relationships matter the most when jobs get filled.

This happens even in the biggest corporations that may have the most rigid recruitment practices

In fact, there are almost always two hiring processes happening.

The first one is for external applicants who respond to an online ad and don't know anyone inside the company. These people may only join the candidate pool as needed. In some cases, employers may already have an internal finalist and they were required to post the job.

There's a second, and better, inside track. It's for internal candidates. And for those on the outside recommended by people trusted by the hiring manager. No matter what a job posting may say, it's this second process driven by personal connections that matters the most.

Why is this?

Because the applicants known to managers offer less risk. That's why people referred by trusted contacts get fast-tracked in this hidden hiring process.

Our challenge as job seekers is this: How do we become one of the lucky candidates with an internal advocate or someone known and trusted by the hiring manager?

Here's the second way employers find new people. They turn to recruitment firms.

In 2015 alone, American companies spent \$135 billion dollars on recruitment and staffing agencies.

How do you think recruiters find candidates for clients? Through their personal networks.

Good recruiters maintain big databases that they mine for job candidates. These relationships may result from face-to-face meetings, or online interactions on tools like LinkedIn and Twitter.

Now because their reputation and income are on the line with each hire, recruiters steer only trusted candidates to clients. And that helps employers reduce hiring risk.

Jobseekers with established relationships with a recruiter will always have a leg-up on the competition.

How many recruiters do you know? If you don't know any, you need to change this. We'll show you how in the homework at the end of this lesson.

There's a third way employers find job candidates: Through human resource departments.

Okay, I know what you're thinking. You may see a human resources department as black hole where job applications go to die.

In fact, this is EXACTLY what HR is supposed to do. The department's job is to reduce a stack of resumes to a short list of five or 10 candidates for hiring managers to interview.

Here's one way you may get eliminated by a human resources department. If you've submitted an online job application, you may have heard about applicant tracking systems. It's a tool that uses keywords to manage and score resumes.

This means that human eyes may never see your material. Instead, a computer algorithm decides whether you make the first cut based on how much your resume matches the job description.

Do you review your resume before applying for a job to make sure it contains the keywords in a job posting? You need to do this. And in a homework assignment at the end of this lesson we'll show you how.

But human resource departments also rely on networking to reduce hiring risk. A candidate with a personal connection to an HR representative always has a leg-up on the competition.

Most departments do a backdoor reference check without telling you.

The most common way this happens? Using shared LinkedIn connections to reach out to your colleagues, former clients, and past employers.

Have you Google'd yourself recently? What will a human resources director see when checking you out online?

It's a good idea to make sure what pops up about you in a simple Google search represents the "real" you that you want employers to see. We have advice for how you can do this at the end of lesson.

So those are the three ways that most organizations find new employees: through personal networks, with recruiters and via a human resources department.

Have you noticed a theme across these three processes? I can't see whether you're nodding your head or shrugging, so I'll make it easy.

The underlying theme is this: Networking matters.

No matter what the hiring process, building positive professional relationships gives you an inside edge. This is because these connections make you a known quantity and a less risky choice.

As a job seeker, you need to position yourself within your field as a known and trusted professional. That makes you the safest bet for any employer.

And being well connected makes you a go-to candidate for jobs that never get posted.

It also gives you an advantage over applicants responding to a public ad who know no one inside the company.

Networking helps you meet and build trust with recruiters, who will advocate for you to employers. And along with careful attention to your online presence, networking also helps you pass through the back door vetting systems human resource departments use to weed out candidates.

I can't say this enough: Networking makes all the difference when you're trying to land a job.

In fact, the good networker is better positioned to get the job than the candidate who perfectly fits the job description.

No matter how good you are it's hard to make a company risk hiring you unless you've established yourself as a known and trusted professional.

Networking helps you cross that chasm.

Over the last 15 years, I've met with thousands of job seekers. Here's what many of them say about the way companies hire: it's mysterious, it's opaque, and it's unfair.

I agree.

But if you understand how the system works, then you can make it work for you.

And I hope that I've made it clear why this system exists. Organizations can't afford to make bad hires. So managers, recruiters, and human resource departments reduce risk by turning to candidates they know.

And now, I have a confession. As a business owner, this is what I do – even though I own and operate a job board at Mac's List!

Yes, we do post our own open jobs on Mac's List. But I also reach out to my own networks.

I let people know what I'm looking for. Applicants referred by people I know and trust enter the hiring process with a big advantage.

Now you know why networking matters in hiring.

Before you start networking, however, you need to get crystal clear about your goals. We'll talk about that in our next module.

Before you move on to Lesson #3, here's homework for you:

1. If you haven't already done so, check out my free short course, *How to Wow and Woo Employers Online*. Social media is now the first stop for managers who want know more about you. So it's essential that you get your online house in order.
2. Polish up your LinkedIn profile. More than 90% of recruiters use LinkedIn as their primary research tool for finding candidates. What will they see when visiting your LinkedIn account?
3. If you haven't already done so, introduce yourself in our private Facebook group, "Mac's List Job Hackers." Share the URL to your LinkedIn profile so that other course participants can connect with you on that platform.
4. Before you send your next application, find a job posting that interests you. Practice identifying the keywords in that job posting. Then, when you apply for your next job, review your resume and other applications materials. Make sure your materials include the keywords you identify in that listing before you apply.
5. Find and introduce yourself to three recruiters in your field. Leaders of your local professional association can help you identify recruiters. Another good source to consult: *The Business Journal* publishes a book of lists for 60 U.S. markets that includes a page for local recruiters and staffing agencies.

That's your homework for this lesson, we'll see you in the next lesson.