**Employee Referral Program (ERP) Checklist**

A person using a computer

Description automatically generated with medium confidence

The absolute best way to hire a new employee is through an ERP! An employee referral can reduce the cost of hire by thousands of dollars. They are higher-quality hires. They are a better cultural fit. They are quicker to hire and more likely to be hired. They last longer. And it motivates existing employees too! Having collaborated with clients over the years and studied trends and software apps, here’s my ERP checklist.

* Determine what roles will be eligible for the program. Will executive and managerial hires earn a payout? (I see no reason why not). Will executives, managers, HR, or recruiters be entitled to a payout (maybe, depending on the circumstances).
* Will third parties such as customers, clients, vendors, and others also have a referral program available? (I see no reason why not, so long as no conflicts of interest are created.)
* How will you incentivize and reward referrals? Will you pay for a quality referral regardless of whether they get hired? That may be helpful in building an applicant “pipeline”.
* What happens if they are hired? If the reward is cash, what is the payout process? That usually fluctuates based on scarcity, pay, and turnover frequency of the position. Is payment all at once or staggered over a period of time? Makes no sense to offer a bonus after a year of employment at a retail establishment. Few people would ever get paid!
* What can you offer other than cash? The ideas are endless. Let employees come up with a new one every month. An electric bike, a weekend getaway, a day off with pay, donation, recognition, gift cards, and quarterly drawings. Lead with your creativity!
* Make it simple to use. Let employees and referral partners know specifically who you are looking for. Make sure that person does not apply directly but only through the referral source.
* Have the referrer answer these questions: 1) name and how you know them, 2) what role they are applying for, 3) how would you describe their work strengths? 4) how would you describe them as a person? 5) what makes them a good fit for our culture?
* Let them know shortly after receipt if they will be interviewed, and if not, why not. With practice, employees get better at referring!
* Be considerate of the fact an employee made a referral and follow up with that candidate asap. Share your Hiring FAQ (You have one, yes?) Consider paying them for coming to the interview with a gas card, gift card, Uber code, etc.
* Let the referrer know if the employee is hired and if not, why not, as a learning opportunity to help make a better referral the next time.
* Brand and market the program. Get posters up. Make T-shirts and create great social media posts for employees to share. Celebrate referral awards. Blow up the checks and post them to social media. Keep an ongoing scorecard and gamify the program.
* Analyze your data. What positions work best for referrals? What incentives and rewards work best? What do you have to do to beef up the other opportunities? Watch for concerns related to diversity and other company initiatives.
* Depending on the volume of hires, you may want to consider a software application to help coordinate the entire process. I have looked at several ERP programs and my conclusion is similar to most any program… *the best one is the one you use!*

To conclude, I like to things in terms of *WHO? HOW? and WOW!* when designing your ERP program. Put that on your recruiting T-shirts!

Software Applications:

<https://www.employeereferrals.com/> (An affiliate of mine. They play in the 1,000 employees and above space)

<https://www.workable.com/features/employee-referral>

<https://erinapp.com/>

Also see <https://www.capterra.com/sem-compare/referral-software/>? and <https://www.recruiter.com/recruiting/the-top-10-employee-referral-software-solutions/>