

Strategic Hiring – What should your Organization be Considering?

By Aaron Phillips

It may sound like a cliché but effective strategic hiring must start with a strategy. Over the last 34 years Decision Associates has worked with hundreds of clients to develop strategic plans and human capital strategies. One of the key tools organizations need to ensure is that strategic hiring is a plan.

The evolution of an organization is not unique to your company. For example, in an organization that has \$3 million or less in total revenue, the owner is handling the vast majority of hiring and personnel related functions, marketing, sales and finance. As the less-than-\$3 million organization approaches \$5-10 million and beyond, that same owner can't continue handling all of these functions or the growth of the organization will be stunted. The organization has evolved and the owner's responsibilities need to evolve as well. This evolution is typical and all organizations face similar challenges as they transition through the various stages of revenue growth. Strategic hiring must take place for the organization to achieve its potential.

You may be asking yourself – *How will I know when to make these strategic hires? What does my plan need to look like? Do I hire the employee before we secure the anticipated growth?* The key component to the plan is the organization's estimated revenue and profitability trajectory over the next 3-5 years.

The reason for this is twofold: first and foremost, the revenue and profitability figures serve as benchmarks. If certain benchmarks are identified, the organization needs to ensure they are staffed appropriately to meet the benchmarks. For example, if they are targeted to grow \$5 million in revenue over the next 5 years and currently have an accounts receivable clerk as the primary accountant for the organization, they should be thinking that a controller will be needed to serve the organization as they approach this level of growth.

The second reason and, possibly the more important reason, is that the revenue and profitability figures will assist in sourcing the appropriate level of candidate for the role. In essence, ensure you are hiring a candidate with the capability to serve the size of organization you are targeted to become.

I'd like to share a great example of how one of our clients put this into practice. This particular client has always taken a very strategic approach to managing their organization. The president believed when the organization achieved total revenue of \$15 million, it would be the appropriate time to hire an operations manager. This organization developed revenue and profitability projections and believed they would achieve an established sales goal of \$15 million for 2017. The president also evaluated the duties he was performing and knew that to ensure continued growth and profitability, there needed to be another layer of management. In late 2016, we initiated an executive search for an operations manager for this client and at the beginning of the second quarter of 2017 they filled the role.

Have you performed revenue projections for the next 3 -5 years for your company? Have you evaluated duties you and other key members of your staff are performing? Are some of these duties hindering your continued growth? Are you ready to make some strategic hires to position your organization for the future?

If you have any questions or if you would like to learn more about Step Change Growth, please feel free to give contact Aaron Phillips at 814-528-9405 or AaronPhillips@DecisionAssociates.net