

WHITE PAPER

How to Extract Useful Candidate Information Through Reference Checks

Written by Chris Drake, Head of Data at Crosschq



Contents

- ▶ The state of candidate referencing
- ▶ Why do employees churn?
- ▶ Combating common churn reasons with better reference checking
- ▶ Planning for reference checking success
- ▶ Tips & best practices for conducting a meaningful reference check
- ▶ Post-hire use cases for reference check data
- ▶ Automating the reference checking process

The state of candidate referencing

Many companies don't do reference checks at all, and others treat the referencing process as a valueless box to check in their hiring process. And why should those companies value reference checks when the information they get back isn't helpful in making a hiring decision.

Unfortunately, employee retention and turnover are major issues. 50% of new hires fail either by not reaching 18 months of tenure or not meeting performance expectations if they stay. More broadly speaking, 27% of all employees voluntarily left their jobs while 1.6% of the workforce was involuntarily laid off or discharged in the year before the pandemic hit. And the hiring world knows that the organizational cost to replace and retrain an employee can cost between 100% and 300% of that employee's salary.



*Losing two employees with annual salaries of \$100,000 per year **can cost a company as much as \$500,000 in hiring costs and lost productivity per SHRM.***

The inverse then is also true. If you can begin to improve regrettable churn, the savings you provide your company by improving the quality and tenure of your hires could be incalculable. To ensure hiring teams make the right decision, they should look to those who know their candidates best to better understand their strengths and weaknesses, habits and behaviors, and ultimately whether the candidate be a good match for the role, the company and culture, not just whether they have the technical skills to do the job.

So how do you gather that knowledge when a candidate is going to provide their biggest cheerleaders as their references? A well-planned, thorough reference survey designed to cull honest answers from people motivated to say only good things is the way go. But first, it is important to understand why employees leave, which provides valuable insight into how you can get your valued talent to stay.

Why do employees churn?

Work Institute conducted a study with over 250,000 employee interviews centered on retention and churn. There were many reasons that employees left their companies; some within a company's control and some not. Retirement, relocation, or a life event are hardly preventable for a company. It's the preventable reasons for churn that we want to focus on, and make sure that we have a plan in place for each of them or we risk losing our talented and valued employees.



Career Development (22% of all churned employees):

Employees believe they lack an opportunity for advancement or promotion, or do not believe their company is investing in their growth.

Work Environment & Well-Being (14%): Employees believe they don't match their company's values, the work environment is toxic, or they are not a fit for the company's culture.

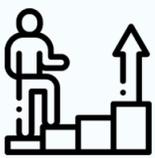
Work-Life Balance (12%): Employees believe they are required to spend too much time on work to be successful or that they are missing out on personal or social activities.

Manager Behavior (11%): Employees do not agree with their manager's style, do not feel their manager respects them as contributors, or believe they have rivaling personalities.

Compensation & Benefits (10%): Employees believe they are undercompensated for the role they are performing, be it salary, bonuses, health care, incentives, or perks.

Combating common churn reasons with reference data

There is no magic bullet, there is no simple solution to fixing churn. However, quality of hire, defined by retention or tenure and performance, can be improved by ensuring your new hires are better matched not only to the job function they are being hired for, but also matched to their managers style and company culture and values, all while ensuring they feel set up for success today and in the future. Looking back to the top reasons for employee turnover, reference checks can identify areas of opportunity to combat these churn issues from day one by answering a few distinct questions.



Career Development (22% of all churned employees):

- What soft skills or personality traits are lacking but can be developed?
- Will a new hire be successful if promoted?
- How can we better onboard new hires based on pre-hire assessments?



Work Environment & Well-Being (14%):

- Will a new hire fit, or even better, add to our company culture?
- Does a new hire care about our mission or vision?
- What type of personality does a new hire have?



Manager Behavior (11%):

- What management style does a new hire prefer?
- Does a new hire have the ability to manage-up?
- Is a new hire coachable and do they take feedback well?

Planning is the key to reference check success

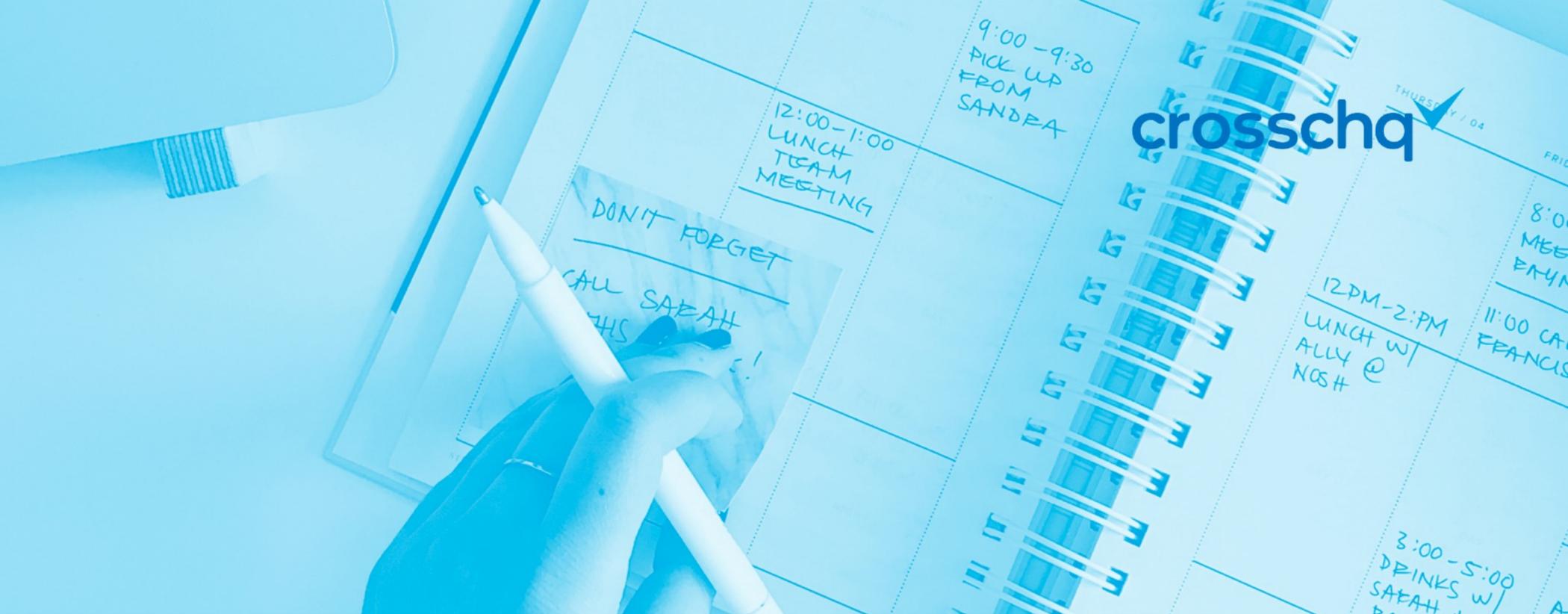
Like most desired business outcomes, teams don't achieve success without proper preparation and strategy. A company's hiring process is a means to the business outcome of improving quality of hire (Quality of hire is longer than average retention and better than average performance). Reference checking is an invaluable part of the hiring process when done right, and as such requires careful planning. Before a reference check is conducted, the entire hiring team needs to know what they hope to get out of it.

Getting honest, actionable feedback from references is tricky since most references are hand-picked by the candidate because they know their reference will give them a glowing review. To get to know a candidate in a meaningful way, a hiring team needs to know the culture and team dynamic first, so they can focus on mining for those attributes and behaviors with references.

HERE ARE JUST A FEW QUESTIONS THAT HIRING TEAMS NEED TO ASK THEMSELVES:

- ▶ *What is our company culture? Do we do more family picnics as an organization or happy hours?*
- ▶ *What are the top reasons for voluntary churn for previous employees on this team?*
- ▶ *What type of manager will our new hire report to? Autocratic? Democratic? Consultative?*
- ▶ *How many projects or responsibilities might our new hire be required to manage at once?*
- ▶ *What soft skills are required for this role? Will they be presenting to executives? Will they be writing process documents?*

Of course a reference is going to say that their candidate is a great marketer or a whiz at coding. But they often are more willing to be transparent about a candidate's social habits, their writing skills, or leadership ability. Frame the reference call as a chance to help set up the candidate for success in their potential new role. It's paramount a recruiter and hiring manager know the environment and culture they are bringing a new hire into so they can ensure that have the personality and skills to thrive in the organization, not just that the candidate has the technical skills to do the job.



Tips for conducting meaningful reference checks

Understanding what questions need to be answered about a candidate through reference checking to ensure a higher quality of hire is only part of the solution. How to get actionable insights and meaningful candidate intelligence from a hand-picked reference is the hard part. To get there, follow these tips and use Crosschq's reference survey template.

- ✓ **Conduct a reference survey versus having a conversation about the candidate.** Surveys keep the reference call concise and efficient, while keeping the focus on the specific questions that need to be answered.
- ✓ **For each role, give all references the same survey, without fail.** This will make it easier to consolidate feedback and compare results.
- ✓ **Don't try to interpret qualitative feedback.** Transcribe responses to open questions, if any, verbatim if possible. Don't guess what a reference's tone implies, or what a pause before an answer infers. This will not only keep unneeded opinion out of the results, but it will go a long way in reducing unconscious bias that can be injected into the hiring process.
- ✓ **Recruiters and hiring managers must work together to build the survey.** Recruiters will know what technical skills are required and have a good handle on company culture, the hiring manager will understand the team's dynamic, what type of manager they are, and the types of personalities they work well with.

Post-hire use cases for reference data

With the provided template provided, and customizations made to suit your unique organization and the specific role, a rich candidate intelligence data set will be returned. The more specific the attributes and skills that are surveyed, the more actionable the insights will be. With this data, you can turn the arbitrary, perfunctory reference checking process into a pre-hire 360 review which will inform:

- ✓ *A more personalized onboarding program.*
- ✓ *A robust employee development plan.*
- ✓ *Guidance on which projects a new hire will be successful working on.*

Of course, this reference checking template, while thorough, will require additional sections to be added for managers, directors, and executives. Due to the pandemic and the new world of remote work, a section on productivity while working from home could be valuable as well. And there may be additional needs for customization depending on the complexity of your organization, or the simplicity of the role being hired for.

But we hope you are well on your way to saving valuable time in conducting reference checks, learning more about your candidates, and ultimately improving your quality of hire.



Crosschq can automate your reference checking process

Crosschq's cloud-based, automated reference checking solution has saved hundreds of organizations thousands of hours by creating efficiencies in their hiring processes. Here are just some of the features:

- Libraries of role and title specific surveys
- Organic talent sourcing through a reference referral network
- Easy integrations with ATS and HRIS partners to fit into existing workflows

Diversity & Inclusion	32%	Increase in diversity by removing unconscious bias.	upwork	Dan Collins Director, Talent Acquisition
Save Time	92%	Reduction in time spent conducting references.	Eventbrite	Meredith Herberg-Waldron Global Talent Operations
Source New Talent	46%	Opt-in rate of references to talent pool.	KEEP TRUCKIN	Kirk Okenquist Director, Talent Acquisition

Are you ready to re-imagine reference checking and utilize robust talent analytics to build better teams?

Get a customized walk through from a team expert today.

[Book a Demo](#) →

