

Bob Kustka

Factoring Human Capital Into Your Business Plan

Lowe's For Pros
August 2006
by Robert McGarvey

Promote from Within

When a new position opens up, remember to look to the talented resources you already may have, instead of placing an ad.

Think bigger—and bigger still. Now answer this question: How many online help wanted ads run in a typical month? Remember, think big. The answer is a whopping 2.16 million unduplicated online ads; at least that is the count reached in January by the Conference Board, a New York-based firm that tracks economic indicators. Traditional print advertisements boosted the total higher still. That's a lot of trolling for job candidates—and a lot of companies fighting over a shrinking pool of job hunters—but those businesses may be looking in the wrong place.

A growing number of experts are advising property managers to look within the company.

"Doing this sends a very positive message," says Scott Perkins, managing director of NAI James E. Hanson, a property management firm in Hackensack, N.J. He adds that filling vacancies by promoting from within can be smart business practice.

"This isn't an industry that is easy to recruit people into and, frankly, it's getting harder in this economy to find and hire top performers," Perkins says. When that person already is on board, promoting from within makes sense on multiple levels. "You lose no time," he adds. "The employee already is familiar with the properties and his co-workers."

A promotion also says that hard work pays off. "Employees want to know what their career track inside a company looks like," Perkins says. "Promotions from within send a message that employees will understand immediately."

Not a Cure-All

Don't assume that every job should be filled from within. For starters, if there's no obviously qualified internal candidate, don't force a promotion. Promoting candidates who aren't truly qualified is a fast way to snuff out excellence in any organization. "You don't want to create a culture where employees feel entitled to promotions and pay raises, regardless of performance," says **Bob Kustka**, a Boston-based human resources consultant.

An upside of hiring from outside the company is that it brings in fresh ideas, new perspectives, and different ways of thinking. Likewise, promoting from within is that "you run the risk of becoming inbred," Kustka says. That can kill off a company because nobody knows how to think in non-traditional ways. "The varied experiences that come with hiring employees from outside can be very helpful in growing a business," Perkins adds.

Know Your People

In the minds of most business consultants, promoting from within puts a business on a fast track to success. Most of the time, they say, promotions ought to go to insiders in today's job market, where good jobs out-number job candidates. Business consultants also agree that managers should help each employee chart his or her next step and identify the required skills and how to acquire them. Having strong internal candidates says a manager has taken care of job one, business consultant Wally Adamchik says. "To go outside is to admit you don't do a good job of growing people to be ready to move to the next level," he adds.

That's not an admission a manager wants to make. But, none of this says there won't be times when going outside is the right move. Those cases will occur. However, a good measure of any business is how successful it is at developing bench strength.

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It Only Gets Easier

Word spreads fast when a property manager promotes from within. "This, fundamentally, is a small industry where everybody knows each other," says Cynthia S. Unger, CPM, an executive recruiter specializing in real estate with Richard, Wayne and Roberts in Houston. Get a reputation for promoting from within and "you'll find it gets much easier to retain good employees," Unger says, because they'll know there are rewards for hard work.

"Turnover is an issue in property management," Unger admits, but "firms that promote from within usually don't see as much of it. Give employees room to grow and they'll probably stay with the company."