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## Recruit and Retain

*Wine, cheese, good press and top pay are all part of attracting the elusive technical worker*

By Don Davis

Christian Bradley was attracted by the intelligent, creative people who interviewed him for a job at GSI Commerce Inc. And he likes that the company is flexible, but not so loosely managed that it has the frat-house feel of start-ups he's worked at.

Chris Upham joined Onlineshoes.com because it gave him the chance to start a department from the ground up while working with bright co-workers in an attractive downtown Seattle setting. Oh, yeah, the 40% pay raise didn't hurt.

What makes jobs appealing to Bradley and Upham is important to online retailers because it's increasingly difficult to find technical professionals like them with online experience who can help design web sites and keep them running.

Not quite 1999 ...

It's not quite as bad as the heady days of the Internet investment boom, but many e-commerce recruiters would salivate over someone like Bradley, a 26-year-old web developer who started programming in Basic at age 8, or Upham, 30, who had six years of direct-to-consumer experience at retailer Sur La Table Inc. before joining Onlineshoes.com this year as head of its project management office.

"I would characterize it as very close to 1999 in terms of salary escalation, recruits demanding to do things like bring their dog to work, large signing bonuses," says Jeff Housenbold, CEO of online photo-sharing service Shutterfly Inc., which has doubled its employee headcount to 400 this year.

The competition is especially intense in Silicon Valley, Shutterfly's home turf, but it's tough all over. A midyear survey of IT employers for online job site CareerBuilder.com found 46% of companies had positions open for which they could not find qualified talent.

That means Internet merchants have to get creative in how they recruit, which means everything from raising the company's profile in the media to discreetly headhunting at trade shows. And they must work hard to keep the people they recruit: rigid office hours are out; perks, flexibility and

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Good times for techies

Signs abound that technical personnel are in demand—despite some softening of late as the economy wobbled. The Yoh Index of Technology Wages was up 4.12% in June over the previous year—it had been up 4.29% in April before economic uncertainty began to impact hiring.

Tech salaries in retail, including e-commerce, rose by 14.2% from 2005 to 2006, the fastest rate among nine industries surveyed by Dice Holdings Inc., which operates the Dice.com technical job site. But the average tech salary in retail and e-commerce was only \$63,830, well below the national tech average of \$73,308.

Salaries are substantially higher for certain jobs vital for e-commerce. The average total compensation for Java developers in the Philadelphia area was about \$105,000 this fall, up 13% from a year ago, and web architects were commanding \$120,000 to \$150,000, up 10%, according to GSI Commerce. GSI hosts e-commerce sites for more than 80 companies and has some 350 technology workers among its 3,300 employees.

One reason for the demand for web-savvy workers is that many companies of all types implemented the complex software systems known as Enterprise Resource Planning in the late 1990s and now are enhancing those ERP systems with Internet components, says Peter Koutroubis, director of operations at Yoh Services LLC, a temporary personnel agency. Online retailers now “are competing with everybody,” Koutroubis says. “There are a lot more people looking for the types of folks that would be involved in web design, development and maintenance.”

To compete for technical workers in this environment, e-commerce recruiters have to use old tools more intelligently and devise new ones.

Creative recruitment

“The best way to find people, by far and away, is through employee referrals,” says Housenbold of Shutterfly. Echoing that sentiment is Jim Flanagan, executive vice president of human resources at GSI, who says GSI employees recommend 40% of new hires.

While Housenbold and Flanagan like to think employees refer friends in large part because they’re excited by their work, Shutterfly and GSI also offer sizable cash incentives.

Shutterfly, which competes for employees with the giants of Silicon Valley, offers a \$5,000 bonus for a successful employee referral and recently handed out an additional \$20,000 apiece to two employees who had referred three people within the last quarter.

GSI, in the less heated market of Philadelphia, offers an incentive of \$1,000 to \$3,000 depending on the level of the hire. Online retailer AbeBooks Inc., based in Victoria, British Columbia, gives employees \$1,000 and an iPod for a referral, and Boston-based e-commerce platform provider Art Technology Group Inc. pays out \$3,000 to \$5,000.

Another common practice is to post job openings on the company’s web site, as well as on career sites like Monster.com, CareerBuilder.com and Craigslist.com, and on such specialized technology job sites as ITJobs.com and Dice.com.

One way to use those jobs board to find candidates with prior e-

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commerce experience in a given locality is to search for resumes that include the names of large online retailers in the area, says Bill Zujewski, vice president of product marketing at ATG. That can uncover workers who left e-commerce a few years back and may be ready to return.

“The good news is that e-commerce seems to be hot again, and people view it as a good long-term investment in their resume and skill sets,” Zujewski says.

Network, network, network

Everybody knows somebody, and recruiters are working harder at getting to know the kinds of people likely to know technical specialists.

Trade shows are good places to meet potential recruits, or people who might know them. GSI has started sending human resources managers to trade shows with that in mind.

“We don’t do in-the-face recruiting,” says Flanagan. “We encourage people to build relationships with people, whether that person is a potential hire or knows somebody.”

Debbie Faulkner, vice president of human resources at Onlineshoes.com, says she makes sure company executives attending trade shows knows what positions the company has open so they can keep an eye out for good candidates. The e-retailer also views user group meetings sponsored by software vendors as opportunities to look for technical personnel. “When you’re there, you’re pretty qualified,” Faulkner says.

It’s important to look for technical workers at such gatherings, she believes, because the good ones aren’t looking for jobs—“they are sitting at their desks working.” Yoh’s Koutroubis agrees, saying 30% to 50% of the technical personnel Yoh hires have never put their resumes on job boards.

Another tactic is to bring people to you, as GSI does by hosting meetings for local technology-related organizations at its headquarters. “50 to 70 people show up for wine and cheese and to listen to a speaker,” Flanagan says. “Quite honestly, it’s thinly veiled. We hope to build relationships and recruit.”

GSI also has recently begun leveraging employees’ connections to their college alma maters, encouraging them to network with other alumni in hopes of identifying good candidates. “Instead of going to a campus and being just another face, we work through the alumni network to get people to refer people,” Flanagan says.

Hiring people you know increases the chances of success, and GSI follows that principle by hiring about 30 contractors each year sent by an outsourcing firm that has agreed to let GSI hire from its talent pool. AbeBooks participates in the work/study programs of local universities, bringing in computer science students to work for four months to a year, and then offering jobs to standout performers.

A p.r. offensive

AbeBooks also tries to keep resumes flowing in by raising the profile of the company in the news media, including filling out sometimes lengthy applications to be considered for best-employer awards handed out by publications. The company has appeared five years in a row on the annual list of 100 top Canadian employers published by Maclean’s Magazine. “People will check out our job boards because of the press generated around our awards,” says Judy Hamza, human resources

director.

Faulkner of Onlineshoes.com agrees that a little publicity goes a long way toward piquing the interest of “the passive job seeker, someone who doesn’t have their resume posted. If our CEO is interviewed or quoted in the press that will help a lot,” she says.

For all the ways online retailers have learned to recruit, they have yet to take advantage of the social networking sites so popular among the young. Charlene Li, an analyst who specializes in online social networking at research and consulting firm Forrester Research, recently told attendees at Forrester’s Consumer Forum 2007 that she found only one company recruiting on Facebook: accounting firm Ernst & Young.

She recalled one Facebooker expressing surprise at seeing Ernst & Young’s job openings, and wondered why the firm was recruiting French majors. “They responded, ‘Because we’re opening an office in France and you’ll be able to use your language skills. And, by the way, we’re going to be on your campus in November,’” Li recalled. Social networking sites like Facebook and MySpace may be an untapped opportunity for retailers looking to fill technical jobs.

One more tip: when you find a good candidate, act quickly, says Rebecca Bamman, a retail specialist at answerQuest, part of recruiting firm Management Recruiters International Inc.

“The companies that are the most successful in filling open positions with top talent have expedited the hiring process,” Bamman says. “They make quick decisions and notify candidates within 24 hours to ensure they get their first choice.”

Hanging on to good hires

Recruiting is just the beginning: retaining good technical workers is just as vital. And that’s not easy when techies know they’re in demand. Nearly one in 10 tech workers plans to seek a new job within six months and 21% in the coming year, according to a recent CareerBuilder survey.

AbeBooks has cut its turnover rate to about half the British Columbia average of 18% in the past couple of years through a concerted campaign that includes subsidized gym memberships, social events like a tenth anniversary party at a local castle and flexible hours. The last may be the most important.

“For the employees we’re interested in, work/home life balance is a big issue,” Hamza says. “They tend to be younger professionals, just out of school or working for a few years, just starting their families. Being able to take the kids to the dentist in the middle of the day is an important thing,”

The retailer conducts a satisfaction survey each year, and Hamza has been struck by employees’ thirst to understand the company’s strategy and their role in it. “I was surprised at the importance that current employees place on being able to participate in the process and be heard,” she says. “That’s a very big issue.”

To keep employees informed, Shutterfly conducts quarterly “all hands” meetings at which management reports on the company’s progress and prospects. At a recent gathering, Housenbold acted as a talk show host, questioning other top executives and taking questions from employees. In addition, each department has its own “all hands” meeting each month.

And employees who want to speak directly to the CEO can do so over breakfast meetings Housenbold hosts from time to time. “The first 20

people to sign up can come and ask any questions they want," he says.

Shutterfly also offers on-site dry cleaning, massages and car washes, increasingly typical perks in Silicon Valley where robust growth has led to an annual turnover rate among high-tech firms that Housenbold puts at 21%.

In addition, department heads each have a "morale budget" to subsidize taking employees out to lunch or a movie, or, as recently occurred, for the engineering team to go co-carting after completing a big project. "I want to encourage people to have fun," Housenbold says.

#### Gathering places

GSI encourages employees to gather by offering free bagels on Wednesdays and beer and soda every Friday at 4:10 p.m.—the exact time GSI's first web site went live several years ago. Bradley, the web developer who joined GSI early this year, gravitates at lunch to the company ping-pong table, both to play a game and to meet people from other departments.

"It's one of the little things necessary to promote creativity and community among people who normally wouldn't be communicating," he says. "I don't know if it was planned that way, but it's very positive."

Improvement Direct Inc., which manages several retail sites aimed at do-it-yourselfers, encourages another kind of communication among technical personnel: individuals give seminars about technologies they specialize in or may have learned on their own, says Sam Roach, chief technology officer.

Adequate compensation, of course, is crucial for retaining skilled workers, and some online retailers are gearing pay raises and bonuses to individual or company performance.

"We have the programmers on a quarterly profit-sharing plan which takes into account seniority, skill set, individual contribution," says Roach of Improvement Direct. "The IT team is a key player in the success of the company and is therefore rewarded for how well the company performs."

At online-only retailer Tool King LLC, employees get pay increases based on performance, for instance by bringing a project in ahead of schedule and on budget. "We've seen people get three or four compensation increases in their first year," says Don Cohen, managing partner.

Pay and benefits invariably top the list of what job seekers are looking for. But, at a time when skilled technical workers can have their pick of jobs, retailers should keep in mind that at least some are looking for more than money.

"Salary's important," says GSI's Bradley. "But finding a place that fits my lifestyle, my learning style and provides a place for me to grow, that's my biggest compensation."

[don@verticalwebmedia.com](mailto:don@verticalwebmedia.com)