

StageTwo Strategies



John Gongos
President and CEO
Gongos Research

Gongos Research Inc.

Location: Auburn Hills

Description: Gongos is a custom market-research company. Clients include General Motors Co., Dominos Pizza Inc. and Best Buy.

Top executive: John Gongos

Founded: 1991

Employees: 77

Revenue: \$13.2 million in 2009
projected \$16.9 million in 2010

Problem to be solved: From 2005 to 2008, revenue at Gongos grew 50 percent. But like most companies, that growth fizzled by late 2008. One year later, the company experienced an unexpected upswing, when it received a 35 percent, or \$7.6 million, increase in business.

"Many companies were holding back on spending due to the uncertainty in the economy," said Gongos. "We had no idea the dams were going to break open like they did."

To manage the growth, Gongos needed to hire more than a dozen senior-level researchers — a somewhat specialized field — without compromising quality. To maintain standards, the company turned down some work until the right people were on board.

"We could have hired a lot more people," he said. "But, we're really selective."

Solution: In addition to using traditional recruitment tactics, Gongos enlisted its employees to help identify qualified applicants.

"We got our entire company involved," Gongos said. "We really challenged everyone to network and actively seek candidates." Employees used LinkedIn and other social media tools to find candidates. If the candidate was hired, the employee was given a referral bonus.

The tactic, he found, is a more effective way to recruit passive candidates — those who are already employed. The result was 14 new hires.

StageTwoStrategies is a weekly feature that analyzes a recent business decision by a second-stage company. These companies are led by growth-focused entrepreneurs with market-ready products or services. They generally have a revenue of \$1 million-\$50 million and about 10-100 employees. Such firms provided 35.7 percent of Michigan jobs in 2007, more than any other company category. Crain's is focusing on these poised-for-growth companies because of their enormous impact.

Risks and considerations: While putting companywide emphasis on new hires, it's important to remember the good employees you already have, Gongos said.

"We didn't want the people working here, the people in the trenches, to think we're all about the new hires," he said.

Gongos also received many more applicants than the company could hire. "We were worried that the employees would be disappointed if we didn't hire their referral," he said. "We made sure they got a fair shot," interviewing some candidates who may not normally have had a chance.

Expert opinion: Joan Moore, president of Northville-based The Arbor Consulting Group L.L.C., said companies should recruit in a variety of ways. "If you want to get the best people, you have to try a lot of things," she said.

Although enlisting employees is becoming more popular, Moore recommends not limiting yourself to the method.

"You have to be careful, because you might be just perpetuating the status quo," she said. "You typically don't get a diverse workforce through this method."

Employers should also vet referrals as they would any other candidate, she said. Don't assume their qualified because a qualified employee recommended them. "We have a saying in this industry: 'Hire in haste, repent in leisure,'" she said. **-Second Stage**