Hire for Aptitude, Fire for Attitude

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The top three problems for most business owners and CEOs: Hiring, developing and retaining the right people. Hiring is critical given that hiring errors cost 7-9 weeks of pay for an entry-level person, about a year's salary for a professional person and several years' salary for senior executives and senior sales people (Harris Plotkin, Building a Winning Team, 1997). When you think of your business over the past 20 years you probably have seen great changes due to the computer, the internet and other technological innovations. When you think of your hiring process over the past 20 years my bet is that it is largely unchanged. Our goals for this article: Significantly improve your hiring success rate, improve retention, reduce turnover and reduce management headaches.

TURNOVER

If you think the costs of turnover outlined above are too high—stop here and jot some figures on the back of an envelop. When you place a want ad what does that cost? Factor in the time you and your staff process resumes, screen out poor candidates and interview the favorable ones. Did you factor in the time it takes the new employee to get up to speed? How about the time others spend away from their duties training the new person or answering his or her questions? If the last employee did not work out for some reason—did you allow for lost productivity for you or your staff attempting to manage that person to success? How about the negative impact on morale and customer service? Did you lose any customers due to that person's performance (or lack thereof)? How about lost business opportunities?

One client, desperate to fill a position, hired a candidate whom we had evaluated as a poor choice. They breathed a sigh of relief when he quit 6 months later because they had just received a letter from their largest and steadiest client that said if they did not remove him from their account they would look for a new vendor. They put two and two together and began to suspect that some other client defections were likely due to this poor hire. All said and done this one poor hire cost them an estimated $2,000,000 in business.

Thinking Question: Do you know your turnover rate and what it is costing you?

MEDIOCRITY

You may be thinking my staff is pretty good I do not have any "bad" employees. When I speak to different groups of business owners and CEOs I routinely ask this question: What percentage of your employees would you rate as mediocre performers? How would you answer that question? Are you surprised that our rather unscientific survey typically elicits responses of 60%? I suggest to you that mediocrity is worse than outwardly poor performance. Poor performers self identify and spur us to act—typically we attempt reform and if that does not work we fire them. Mediocre performers are nice people, they "try" hard and we keep giving them another chance. For a short time they do a little better, then they slip, they plead and we give them another chance. How many dollars could you add to the bottom line this year if all the mediocre performers were replaced with top performers?

Thinking Question: Using an objective standard—how many of your staff are top performers? How many on your staff fall short of that standard? How much does this performance gap cost the bottom line?

THE INTERVIEW

Another question we like to ask when speaking to groups: According to a Michigan State University study only 14% of corporate interviews are effective. Does this sound correct to you? We are typically assured that this is an accurate figure. At a recent presentation, one gentleman called out that 14% was too high!

So what does this tell us? If you wish to build a staff of top-notch performers with minimal turnover, you have to change the way you hire people. If the interview is your primary hiring tool, there are ways to make it more useful.

Hiring is like dating and marriage. During the interview everyone is on his or her best dating behavior. Twenty-four hours after the probationary period is over you discover you married Frankenstein. This may also happen when they go from temp status to permanent status. The interview questions are often misdirected anyway. Many organizations hire for aptitude—resumes, friendly references, appearance and behavior—and fire for attitude. They did not fit in. They had no energy. They were not motivated.

Conclusion: Sharpen your interview questions. Know what you are looking for in terms of attitude: energy, capability, focus, integrity and motivation. Ask questions that get them to talk about themselves for 90% of the interview; you should only be talking 10% of the interview. Ask questions about the future. If they can talk clearly and succinctly about the future, this is one indicator of high energy. Vagueness and generalities suggest mediocre

energy levels and performance. Pose a series of related questions that build the stress factors around a hypothetical situation. Pay attention to their emotional state, anxiety and stability. More stable means they are probably what you are looking for; less stable suggests they have inner conflicts that sap their energy and productivity.

Most of our clients are nice people. They got to where they are because they work hard, treat other people well and are generous with their time, resources and knowledge. In the interview you must adopt a more skeptical attitude. For the duration of the interview you must adopt a no more Mr. Nice Guy attitude. The interview is no time to give the benefit of the doubt; it is the right time to chase down your hunches and challenge every statement the candidate offers. Do not leave an interview wishing you had asked why the candidate left her last position, why all the job hopping on the resume, or what was she doing for 6 months between jobs last year. Many of your candidates have been self employed. Ask why on earth would you want to work for someone else? Won't you miss the freedom, the money and the lack of supervision? If the candidate has an answer for every challenge and does not lose their cool, then you can expect the same under a high pressure situation at work.

HIRING SELECTION

One of the things we have learned working with our clients to successfully hire thousands of employees: You need to add technology to the hiring process. The interview is best suited to validate objective information that dependable tools give you—it is poorly suited to predict future performance. I say this because many of our clients only interview a handful of people per year, and have had no interview training. To some extent interviewing is like any skill—the more you do it the better you become.

For most people, the key is to add reliable, validated and field proven assessment tools to the hiring process. Assessments provide objective data about the candidate and allow you to focus your final round of interviews on key remaining issues. Do not replace your entire hiring process with an assessment—no matter how accurate and dependable it is. Interviews, reference checks, resumes and transcripts all provide unique and useful information to make the right decision. A carefully selected and well-applied assessment adds a new dimension to the hiring decision.

Conclusion: Assess all Candidates. Know what you are looking for before you get started. Choose instruments that get to the attitude issues that differentiate between mediocre and high performing employees. Do not be satisfied with assessments that address only skills or behaviors. Consider multiple levels of assessments:

- **Skills**   How we go about our work and what we know.
- **Behavior**   How we act and how we are with other people. Together with Skills is about 40% predictive of success on the job.

- ✔ **Motivation** Why we do what we do; what gets us out of bed in the morning. Alone is about 70% predictive of success on the job. If you are doing something you enjoy you will tend to work it, master it and look forward to doing it again.
- ✔ **Capacity** Will we perform; what gives us energy. Tends to close the remaining gap and gives us a very accurate picture of how successful the candidate will be once hired. No assessment is 100% accurate. Apply available technology to the hiring process and you will improve the accuracy of your hiring decisions.

POST HIRE

What about after you have hired someone? You may have experienced high turnover with your newest employees. There are three common reasons for this. Corning Glass identified that 70% of the employees rating employee orientation highly were likely to stay at least three years. Another firm was able to reduce annual turnover rates by 40%, and much of that decline was attributed to more effective orientation of new employees. (Rebecca Ganzel, "Putting Out the Welcome Mat" Training, March 1998, 54-61). So bring them in and put them on the right track!

The second key to retaining good employees is to make expectations crystal clear. Most of the people you select for hire understand and appreciate structure—and it stands to reason they will be more productive with more structure than less structure. If you bring aboard someone who understands and needs structure, and give them only vague requirements, you will lose a key opportunity to gain their trust and respect.

The final key to retention is planning and goal setting. As soon as possible have the new employee work on written goals and targets. Their manager should work with them to track goal achievement and provide feedback along the way. You have heard this before, but do you know why it works? It is all about energy. People who have high energy for performance tend to have clear picture of the future and "see" the steps to make it real. They also tend to have strong integrity and operate at a higher level than other people.

The most difficult and costly of all business problems are people problems. If you want to reduce people related costs, start with the Hiring Process. Look to every step of that process for improvements and pay particular attention to the Interview. Apply technology to the people Selection challenge. Technology has improved the productivity in all areas of the business—isn't it time to apply technology to the most costly area of the business? Once you hire this top performer find ways to maintain and develop their Energy and understanding of your structure. Happy employees do not look for "greener pastures."