

Improve Your Hiring Decisions with a Process

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Using a process to guide your hiring decisions has two advantages. A hiring process can significantly decrease the chance of a mis-hire, or a person you end up firing or re-assigning because of poor performance. Estimates of the cost of a single mis-hire run between 6 and 27 times a position's annual salary, depending on the level of responsibility.¹

The second advantage is that using a process can significantly improve the chance of hiring a top performer. Hiring a top performer can make a huge difference in company performance, especially in a small or medium-sized company.

According to one study of management and professional workers, "top" producers generate 48 percent more than "average" producers and 96 percent more than "non-producers."² One well-known organization, The Container Store (one of Fortune's "100 Best Places to Work" for eleven years straight and twice as number one), has taken this finding to heart and has a simple 1=3 rule: One great employee can replace three good employees.³

If you still doubt the advantages of using a process to guide your hiring decisions, consider the wisdom of *The Checklist Manifesto* by Atul Gawande. The author's message is relatively simple: Using a checklist (a simple process), no matter how much of an expert you are, improves outcomes. This is true whether you're a pilot of a commercial plane or a surgeon at the local hospital. Gawande's study found that using a checklist for 4,000 surgical procedures spared 150 people from harm and 27 of those from death.

An effective hiring process includes some expected and some unexpected components. The expected components are a clear definition of the accountabilities of the positions, how performance on these accountabilities will be measured and the specific experiences and training necessary to qualify for consideration.

¹Brad Smart, Paper 360°, January 2008

²The validity and utility of selection methods in personnel psychology: Practical and theoretical implications of 85 years of research findings. *Psychological Bulletin*, September 1998, Vol. 124, No. 2, pp 262-274.

³Verne Harnish communication, September 2, 2010.

The sometimes unexpected components are: a clear definition of the company's values and a list of competencies required to be a top performer in the position.

Imagine for a minute that you are looking to hire the players who will take the field for your favorite baseball team. You are likely to have expectations or accountabilities for each position, a measure of how you will judge performance and an idea of what kind of track record you are looking for.

For a catcher, you would most likely value a prospect who is hitting over .300, has a strong track record for managing pitchers and throws out five of ten base runners who attempt to steal.

You probably would want to know whether or not the player shared your team's values of hard work and keeping a low profile off the field. You might also want to know whether or not the player had natural talent (particular competencies) to develop into a superstar.

Once you have a clear definition of how you expect a top performer in a given position to perform and how you are going to measure his or her performance, you need strategies for finding and selecting the right person.

To implement a hiring process, you'll need a strategy for advertising the position, a strategy for screening out the bottom 80 percent of candidates, a strategy for assessing candidates to determine potential fit and potential for growth, a strategy for interviewing candidates, a strategy for checking candidate references, a strategy for deciding among finalists, a strategy for making the finalist an offer and the strategy for on-boarding the finalist should the offer be accepted.

There are many different ways to execute each of these strategies. For example, you might advertise on craigslist or through your LinkedIn connections. You might decide that you'll screen out candidates with fewer than five years' experience and that you will use group interviews for all candidates who make it past the initial screening.

However you decide to execute the strategies, you should adhere to three simple rules. Number one: do not "fall in love" with the candidate and overlook his or her ability to meet the critical accountabilities of the position. The "blindness" of love will wear off and you very well could be left with an average or worse performer. Number two: use reference checks to probe for excellence in the candidate's abilities. True top performers leave a trail of good will and people happy to offer

praise. And, number three: if possible, have multiple stakeholders interview the candidate and then compare notes. Two minds are much better than one, even if it only means you are able to listen to an answer while the other person formulates a question.

Hiring in small and medium-sized companies is a critical decision to get right. Often the last person hired dramatically influences the direction of the company, for better or worse. Using a hiring process helps improve your chance of getting each next hire right.