Chapter

Performance-based Hiring: A Systematic Process for Hiring Top Talent

Hire smart, or manage tough.

-Red Scott

■ A RUDE AWAKENING—WHAT IT REALLY TAKES TO GET AHEAD

I still remember the following situation like it was yesterday. I got the call sometime in the morning on a mid-October day in 1972 at my first management job, financial planning manager at Rockwell International's Automotive Group in Troy, Michigan. At the time, I was working on my first presentation, due the next day, to the Group's president and vice president of finance. It was going to be a very long day and night. I didn't mind, since my new wife hadn't made the move to Michigan yet. My boss, Chuck Jacob, and the reason for my being in Michigan, was on the phone with a desperate plea. Chuck was a 29-year-old Harvard MBA whiz kid, just out of Ford Motor Company, trying to prove to everyone that he deserved his position as controller for this multibillion-dollar automotive

supplier. He was also my idol. I listened. He was over at the University of Michigan interviewing MBA students for planning analyst positions to fill out our department. We needed these people urgently. The good news—too many had signed up for the interview, and Chuck needed me there to interview the overflow. We were going head-to-head with Ford, Procter & Gamble, IBM, and every other top Fortune 500 company, who wanted the best candidates from this prestigious MBA program. He told me there were stars in this group that we needed on our team. The bad news—I didn't have a minute to spare. I protested, vehemently, pleading 14-hour days, a long night, and a critical presentation the next day. There was a momentary delay. Chuck's response still blasts in my ears today: "There is nothing more important to your success than hiring great people! Nothing. We'll somehow get the work done. Get your ______ over here now." He then hung up.

I was there within the hour. Together we interviewed about 20 people, took eight of them to dinner that night in Ann Arbor, and hired three of the top MBA students within two weeks. I've lost track of Russ, Joe, and Vivek, but I want to thank them and Chuck (who passed away at a too-early age) for an invaluable lesson: There is nothing more important—to your personal and company success—than hiring great people. Nothing. Chuck and I got back to the office at 10:00 p.m. that night and worked together until 3:00 a.m. to finish the report. The handwritten version was presented the next day to Bob Worsnop and Bill Panny. We apologized for the format and lack of preparation, but told them we were doing something more important. They agreed.

■ BENCHMARKING THE BEST

I learned 50 percent of what I needed to know about hiring that day. Since then, I've been trying to understand the rest. I'm not quite there yet, but close. For the past 30-plus years, I've been fortunate to be able to work with other people, like Chuck, who always seem to hire great people, year in and year out. Few have had any formal training. They learned through trial and error. Equally important, I've lived and worked with managers who've made every possible hiring mistake in the book. This is their book, too. It's the collective stories of the good and the bad, sharing what to do and what not to do. There are some great techniques in this book, but none are

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more important than your belief that hiring great people is the single most important thing you can do to ensure your own success.

Many years later, I heard Red Scott's adage, "Hire smart, or manage tough." As far as I was concerned, this summarized everything. I've never met anybody who could manage tough enough. No matter how hard you try, you can never atone for a weak hiring decision. A weak candidate rarely becomes a great employee, no matter how much you wish or how hard you work. Instead, hire smart. Use the same time and energy to do it right the first time. Brian Tracy of Nightingale-Conant fame said on one of his audio programs that effective hiring represents 95 percent of a manager's success. This seems a little high, but from what I've seen, 70 percent to 80 percent seems about right to me. This is still enough to keep hiring top talent in the number one position.

Every manager says hiring great people is their most important task; however, few walk the talk. Although important, it never seems urgent enough until it's too late. When it really comes down to the actual hiring process, our words don't match our actions. Here's how you can quickly test yourself to see how well you score as a hiring manager. Rank the performance of every member of your own team. Are most of them top-notch and exceeding expectations on all aspects of their work without being pushed? If they are, consider yourself a strong manager. Unless you're hiring people like this 80 percent to 90 percent of the time, you need to throw out everything you've learned about hiring, and start with a fresh new slate. If you're already in the elite 80 percent to 90 percent, don't relax. We're undergoing some major workforce shifts that will make it even more difficult to continue to hire great people every time.

Ongoing demographic changes, global expansion, the Internet, and the great dot-com boom and bust changed the hiring rules forever. This resulted in a cultural shift of major proportions. Changing jobs every few years no longer carries the stigma it did pre-2000. Company loyalty is no longer a hallmark of character. It is no wonder, considering that reductions in pension plans, the shifting of the cost of health care to the employee, and the outsourcing of whole departments have forced each employee to look out for him- or herself. Companies no longer set the hiring rules, the best people do. While this has always been true, evidence abounds that this shift is accelerating. Just consider the increase in turnover. Retention is now the new buzzword and focus, as companies attempt to stem

the tide of their best people leaving for greener pastures. Unfortunately, most companies are still using outdated hiring processes to find top people in a modern world. Posting boring jobs on a major board is out of date.

This book is about hiring top people. Finding them, interviewing them, and recruiting them to work for you. Many of the techniques presented in this book have been developed by observing people who consistently hire top people. This is a process called benchmarking and much of the material in the book has been developed this way. Some of the concepts were developed through trial and error as part of my search practice and then tested and validated in the field. Benchmarking and modeling the best practices are the cornerstone of the Performance-based Hiring process described in this book.

Modeling your hiring practice after the managers and recruiters who consistently find and hire good people is similar to modeling after the good performers for any type of job. This is pretty simple. Just find out what the most successful people do that makes them successful, and find other people who can do the same things. It turns out you don't need to be a trained psychologist to hire good people. Psychologists look for the underlying traits of high performers. Why bother? Just look for high performers. They'll possess the necessary underlying traits.

As a result of these benchmarking studies, an interesting pattern has been observed: The best hiring decision is not intuitive or based on gut feelings. Instead, it involves a three-step process:

- **1.** Remain objective throughout the interviewing process, fighting the impact of first impressions, biases, intuition, prejudices, and preconceived notions of success. This way, all information collected during the interview is both relevant and unbiased.
- **2.** Collect information across multiple job factors, rather than deciding quickly if the candidate is suitable for the job based on a narrow range of traits, like technical competency, intelligence, or affability. Collecting the right information before deciding yes or no is the key here.
- **3.** Use an evidence-based approach to determine whether the candidate is motivated and competent to meet all job needs. This involves some

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type of formal decision-making process based on evaluating the evidence rather than using an up/down voting system.

From my observations, it appears that weaker interviewers and those managers who make many mistakes violate one or more of these rules. A large percentage of these mistakes are made by smart people who make quick simplistic judgments largely based on first impressions and personality. Not unexpectedly, their hiring results are random. The overly intuitive interviewer short-circuits the process, superficially assessing only a narrow group of important traits. Every now and then, a star is hired, but more often it's a person who is strong in only a few areas and not broad enough to handle all aspects of the position. If you've ever hired someone who is partially competent, you've fallen into this common trap. The technical interviewers are at the other extreme. These people go overboard on validating technical competency, ignoring other critical core skills like working with others, planning, budgeting, and meeting deadlines. While the result is a solid team, many of them lack the motivation to do the real work required. The key to hiring both competent and highly motivated people is to collect enough of the right facts. Trouble occurs when this balance is broken.

■ HIRING IS TOO IMPORTANT TO LEAVE TO CHANCE

If you want to hire superior people, use a system designed to hire superior people, not one designed to fill jobs. Even with all of the new available technology, most companies do not take full advantage of it. The emphasis seems to be on reducing costs and filling jobs as rapidly as possible, not hiring stronger people or minimizing hiring mistakes. Hiring the best must drive every aspect of a company's hiring process, especially if you want to redesign the hiring process you now have.

If you want to hire superior people, use a system designed to hire superior people, not one designed to fill jobs.

Throughout, I cite some great books on management and hiring, specifically:

- ➤ Execution: The Discipline of Getting Things Done by Larry Bossidy and Ram Charan, with Charles Burck.
- ➤ Good to Great: Why Some Companies Make the Leap . . . and Others Don't by Jim Collins.
- ➤ First, Break All the Rules: What the World's Greatest Managers Do Differently by Marcus Buckingham and Curt Coffman.
- ➤ Winning by Jack Welch and Suzy Welch.
- ➤ Jack: Straight from the Gut by Jack Welch, with John A. Byrne.

Each of these books should be read by everyone who is a manager or wants to be one. They set the stage. The one common theme is that hiring top people must be the primary task of all managers, and companies must establish the tools and the resources to do it right. While these books emphasize the importance of hiring top talent, none describe how to actually do it. That's what this book is about.

Hiring the best requires a system designed around the needs of hiring the best people. This is what Performance-based Hiring offers—a simple and scalable business process that can be used by small companies with just a few people or large corporations that employ tens of thousands. Even better, it works whether you're hiring large numbers of entry-level people or one CEO.

Wells Fargo is now rolling out Performance-based Hiring in their retail stores to hire tellers and bankers. American International Group (AIG) is now using Performance-based Hiring to hire managers, insurance sales reps, and customer service reps for their call centers. Broadcom, Cognos, and Quest are using the process to find and hire software development engineers throughout the world. HealthEast Care System in Minneapolis uses it to hire nurses and nurses aides. The YMCA is using Performance-based Hiring to hire area CEOs and branch managers to manage their facilities, as well as thousands of camp counselors every summer. And the list goes on at companies large and small, in the United States and abroad. These companies recognize that hiring top talent is not the same as getting requisitions filled, and they have found that Performance-based Hiring is the solution.

At its core, hiring the best is about understanding how the best people look for new jobs and how they decide to accept one job over the other. It's about why they decide to take, or not take, a counteroffer. It's about why they take one job over another even if the pay is less. Hiring the best is not about setting up an applicant tracking system or posting a traditional job description on some job board. Hiring the best is not about managing data more efficiently, but about managing the *right* data more efficiently.

Not understanding what motivates recruiters, managers, and the best candidates, and how they make decisions is the reason hiring is more challenging now than it was pre-Internet. Top candidates now have more choices than ever before, and it's easy for these people to find new jobs. The openness of the job market has made it far easier for a top person who is a little frustrated with his or her job to find something better. Unless you take into account this major increase in workforce mobility in your hiring and retention process, you are doomed to forever play catch-up.

The following 11 reasons are some easily correctable problems that prevent companies from attracting enough top people. As you read through the list, consider how many are representative of your company's hiring processes:

- 1. Hard-to-find job openings: Do you push jobs to candidates or do they still have to hunt to find your openings? With so many choices, the best candidates won't waste their time looking for needles in haystacks. Few companies use standard search-engine techniques to allow top people to quickly find their open positions. We had one client whose ad for 20 call center reps was on page 37 of a 40-page Monster.com listing. More candidates now Google to find possible opportunities, bypassing career boards altogether. What would happen if a potential candidate put a few keywords and skills into Google, the name of your city, and a standard title? It's important that your openings are prominently featured on the first page of your corporate website.
- 2. Poorly designed career web sites: When candidates click on your company's web site, ensure that they can find all available jobs without using generic, time-consuming, pull-down menu choices. Most career sites make it too difficult for good people with little time to explore career opportunities

- and check out open jobs. There are many interactive web features available today to attract people and keep them involved. Unfortunately, few HR/recruiting departments have kept pace with technology in this important area.
- **3.** Boring ads: Most posted job descriptions are nothing more than lists of skills, qualifications, and required experiences. These commodity-like jobs certainly aren't written to compel a top person to apply or check them out. In many cases the prospect can't even check them out or explore them further unless he or she formally registers with the site. If it was a marketing site, those interested could send emails or call for more information. Something similar could be offered to the career section. For the call center position noted previously, the ad itself was boring, demeaning, and exclusionary. We rewrote it, made it fun and compelling, got it to the top five on the Monster.com listing, and had 280 people apply in one day.
- **4.** A *cumbersome application process*: Applying for most jobs is so cumbersome and time consuming it precludes the best people from even applying because they don't have time to waste. This makes no sense. The application process used by most companies is designed around the needs of people the company doesn't want to hire. Monster.com revealed a study that indicated that if the application form is automatically filled in using techniques to extract information from the candidate's resume, there is a 75 percent chance the person will actually apply. If the form is blank, there is only a 20 percent chance the person will apply. Incorporate these ideas into every step of the process.
- **5.** Lack of basic consumer marketing expertise: Most companies don't track the end-to-end yield of those initially viewing an ad to those actually applying. This is a common technique used by all marketing groups that use Internet advertising to maximize their advertising effectiveness. Somehow, HR/recruiting think all that's needed is to post a boring ad and the best people will knock down their doors.
- **6.** Lackadaisical managers: Every manager believes the answer to hiring stronger people is having their recruiters source

more passive candidates. These same managers forget that these passive candidates want better jobs, better careers, and more money. More important, they want more time to explore these opportunities with the hiring manager before committing. Then these same managers get aggravated when the passive candidates aren't all that enthused about the boring jobs being offered, and they then have to spend more time convincing and recruiting them.

- **7.** Lack of clear understanding of the real job needs: Recruiters and hiring managers are not looking for the same candidates. Most recruiters are screening candidates based on skills, while most managers are looking for something different. This covers the gamut from technical competency, drive, intelligence, potential, affability, or the always troublesome, "I'll know it when I see it." The best candidates then leave the interview sessions disappointed that no one they spoke with really understood what the job was.
- **8.** Lack of objectivity: Emotions, biases, prejudices, and first impressions dominate the hiring decision. Too many interviewers make quick judgments about candidates in the first few minutes of the interview, then use the balance of the time looking for facts to confirm their initial biased reaction.
- **9.** The wrong perspective: The best candidates, passive or active, are looking for careers, not jobs. Yet most companies offer identical jobs and wonder why they can't find enough good people. Under this basis, selecting one identical job over another is all about the money. And someone can always pay more. Suggestion: Don't differentiate on money, differentiate on opportunity.
- **10.** Weak interviewing and assessment process: Everybody interviews differently, and few managers and recruiters are trained to do it right. There is also little understanding of real job needs. Then everyone on the hiring team votes yes or no. Since a unanimous yes decision is required, the no vote carries more weight. If an interviewer is untrained or unprepared, it's safer to vote no. Why not require more

- justification for a no vote than a yes vote? This alone will improve interviewing accuracy.
- 11. Thinking recruiting is selling: Most hiring managers don't know how to recruit and close. Recruiting the best is not about selling or charming. It's about providing big challenges and career opportunities and a little money thrown in.

You don't need to look too hard at your hiring process to observe a few of these obvious problems. Surprisingly, they are not that hard to solve. The key is to examine all aspects of your hiring process from the perspective of a top person who has little time to spare and multiple opportunities. First, you need to consider whether the jobs you post online or on your career website are compelling and interesting. You also need to determine whether top people can easily find these opportunities when your listing is competing with every other job for visibility. Next, consider whether your application process is a deterrent. Making these simple changes will instantly increase your pool of top candidates. Inadvertently, most companies have set up their hiring process to prevent bad people from getting in. Maybe it would be a better idea to focus on how to attract the best.

Hiring is comprised of a few core steps—defining the job, sourcing, interviewing, assessing, and recruiting. Redesign each of these steps from the perspective of a top candidate, and then integrate them into a systematic business process. While each step is relatively easy to solve, fixing all of them and making sure they stay fixed for all candidates is the secret to making the hiring of top talent a systematic business process.

At the core of this whole process is the job itself. Most of the previously noted problems are a result of short-circuiting the requisition generating process and deciding to use the job description as the selection standard. If the job itself isn't compelling and interesting, you have very little to offer. In some ways, it's like using the sticker on a car window as the primary advertising piece. This is dumb. Not only must real job needs be understood, it's also essential that everyone on the hiring team, especially the recruiter and the hiring manager, clearly understand these real job needs. This way, everyone who has to make a decision about a candidate's suitability for a job is on the same page. I refer to these real job needs as a performance profile.

A performance profile is not the job description or the list of skills or qualifications. A performance profile is what the person taking the job needs to do to be considered successful. Some companies call these success profiles, performance-based job descriptions, or performance plans. Whatever you call it though, it needs to describe the real job, not the person taking the job. Ask yourself why a top person would want the job.

Once you know the real job needs, hiring top talent is both possible and much easier. You'll use this information to post ads, select candidates to interview, assess competency and motivation, and negotiate the offer based on opportunity rather than compensation. When people on the hiring team don't know what's really required for job success, they assess the wrong things and attract the wrong people. Worse, they can't interest the right ones. By default, they substitute their biases, perceptions, and stereotypes in assessing candidate competency, not the person's ability and interest to do the work. This is why different people can meet the same candidate for the same job and each come up with a different assessment. At the end of the process, if candidates view all jobs as the same, the only differentiator is the money, not the opportunity to grow.

For the past 15 years, my company has trained over 30,000 people to use Performance-based Hiring as their sourcing, interviewing, and recruiting process. During these workshops, we take a quick survey of the hiring challenges facing managers and recruiters. I find it disappointing that despite all of the promises of the Internet and technology, not much has changed since we started taking these surveys. The gap even seems to be increasing as companies fall further behind in attracting the best, while their turnover increases. Following is a summary of the results over the past 15 years:

Performance-based Hiring Survey of Hiring Challenges, Practices, and Attitudes

- ➤ Almost everybody agrees that their online job postings are not very compelling. They certainly wouldn't induce someone sitting on the fence to apply.
- ➤ Most people say they never see enough good candidates and the situation is worsening.

- ➤ There is a belief that the quality and quantity of candidates from the major job boards has significantly declined since 2004.
- Turnover is increasing, and it's taken an upward spike since 2004
- ➤ More candidates are rejecting offers or accepting counteroffers. This has increased dramatically since 2004.
- ➤ Most managers said they've made bad hiring decisions, especially hiring people who are competent, but not motivated to do the actual work required.
- Ninety-five percent of hiring managers indicated that hiring is number one or number two in their order of importance, but they only spend 10 percent to 15 percent of their time on the process. Of course, they complain about it. Few managers are measured on how well they perform on the hiring side and their ability to develop talent.
- ➤ Ninety-five percent of hiring managers don't like their company's hiring process.
- ➤ While over 50 percent of the companies indicated they had a formal hiring and recruiting process in place, most said their hiring managers disregarded most of the rules, especially on how to interview.
- ➤ Almost everybody felt that the interview process wasn't very accurate. Few were surprised to learn that a study conducted by John Hunter of Michigan State University and Frank Schmidt of the University of Iowa indicated that the typical employment interview is only 57 percent effective in predicting subsequent success, or 7 percent better than flipping a coin.*
- Most managers thought they were personally very good interviewers, yet they rarely agreed with their associates when assessing candidates. Not surprisingly, they all used a dif-

^{*} John Hunter and Frank Schmidt, "The Validity and Utility of Selection Methods in Personnel Psychology," Psychological Bulletin, 1998, vol. 124.

- ferent interviewing method and selection criteria, and each felt his or her approach was superior.
- ➤ For most jobs, it takes from three weeks to three months after a candidate starts to determine true competency, although most managers think they can make an assessment pretty quickly.

Despite all of the books, articles, and wealth of evidence supporting the importance of hiring the best, little has changed. Everyone is still looking for the magic fix. The Internet wasn't the answer. Neither were the job boards or applicant tracking systems. While hiring the best on a consistent companywide basis is not easy, it's no harder than setting up a worldwide distribution or accounting system, designing a new product, launching a new web site, or starting a business. It's only a process that needs to be implemented, just like any other process. Most important, it requires a commitment from the executive management of the company that hiring is important, and the resources and time will be devoted to making it happen.

■ THROW AWAY EVERYTHING YOU KNOW ABOUT HIRING

When thinking about hiring, let's start from scratch. For one thing, the typical interview, the one most managers use, is a flawed means to hire anyone. Emotions, biases, chemistry, and stereotypes play too big a role. The competency of the interviewer is questionable. True knowledge of the job is weak. Some candidates give misleading information because they're not asked appropriate questions. Others are nervous. Standards fall as desperation grows. Some of these problems can be eliminated just by knowing their causes.

One of the biggest problems is that too much emphasis is placed on the interaction between the candidate and the interviewer, and too little on the candidate's ability and motivation to do the job. This is the primary cause of hiring mistakes (see Figure 1.1). Over the past 30 years, I've been personally involved in over 4,500 different interviewing situations. Without question, most of the hiring decision is overly influenced by the interpersonal relationship

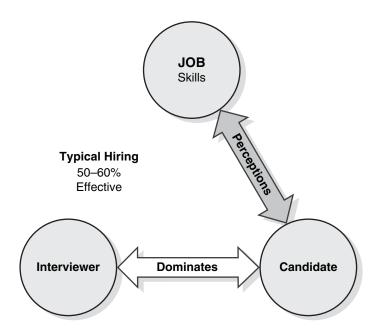


Figure 1.1 Hiring accuracy is random when relationships dominate the decision.

developed early in the interview between the applicant and the hiring manager. Sometimes this can be in just a few minutes. This has to do with chemistry, first impressions, emotions, biases, stereotypes, the halo effect (i.e., globalizing a few strengths), and the tendency to hire in your own image.

In most cases, real job needs are poorly understood, and even if they are well understood, they're filtered through these interpersonal relationships and biases. This is how randomness enters the hiring process. If you like a candidate, you tend to go into chat mode, ask easier questions, and look for information to confirm your initial impression. If you don't like someone, you put up a defense shield, ask tougher questions, and try to end the interview quickly. You go out of your way to find information to prove your initial belief that the candidate is incompetent.

In both cases, the hiring assessment is inaccurate because the wrong things are being assessed. The candidate's ability to get the job is what's really being measured, not the candidate's ability to do

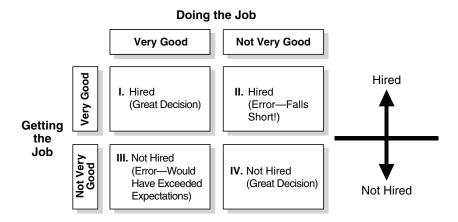


Figure 1.2 The impact of doing the job versus getting the job.

the job. Presentation is overvalued in comparison to the candidate's ability to handle the job successfully. Getting the job includes things like personality, first impression, handshake, affability, social confidence, assertiveness, appearance, extroversion, and verbal communications. Doing the job includes factors such as drive, team skills, achieving objectives, technical competence, management and organizational skills, intellect, and leadership, to name a few. There is a natural tendency to overemphasize the "getting the job" skills when assessing a candidate, rather than the person's ability to "do the job." The impact of this is shown in Figure 1.2.

When Getting the Job Is More Important Than Doing the Job

When the hiring decision is based more on a candidate's ability to get the job, rather than do the job, two bad things happen. One, we frequently hire people who fall short of expectations (Situation II in Figure 1.2). These are the people who are good interviewers but weak performers. We also don't hire people who are strong candidates but weaker interviewers (Situation III). Two good things can happen, but they're inadvertent. We hire people who are good at both the getting and the doing (Situation I), and we don't hire those

weak at both (Situation IV). You don't even need to read this book or take a single training course to get these two parts right. It's all luck. As my former partner once said, "Even a blind squirrel finds a nut every now and then." It's how you handle the other 50 percent that will improve your hiring effectiveness.

Everything changes when the hiring decision is based primarily on the candidate's ability to do the work. You still hire those good at both (Situation I), and don't hire those bad at both (Situation IV). More important, you eliminate the other two major hiring errors. You stop hiring those who always fall short of expectations (Situation II), and you start hiring those who are really great but might be a little weak on the interviewing side (Situation III). You need to hire people who are very good at doing the job, not those just very good at getting the job.

➤ Substitute the Job as the Dominant Selection Criteria

Moving the decision-making process from "getting" to "doing" is the key to increasing hiring accuracy. Part of this is remaining objective, overcoming the natural tendency to judge people based on first impressions, personality, and a few select traits. Overcoming this problem will eliminate 50 percent of all common hiring errors. Understanding real job needs will eliminate most of the rest of them. Figure 1.3 illustrates the shift in decision making based on the candidate's ability and motivation to successfully do the work required, not the person's relationship with the interviewer.

➤ Increase Objectivity during the Interview

Since we're mentally wired to make instantaneous judgments about people based on first impressions, it's not easy to make the performance requirements of the job the dominant selection criteria. This emotional reaction is part of the fight versus flight response. If you like someone, you relax. If you don't, you get uptight. Within 10 to 15 minutes, this normal emotional reaction is neutralized. Unfortunately, by this time, many of us have already

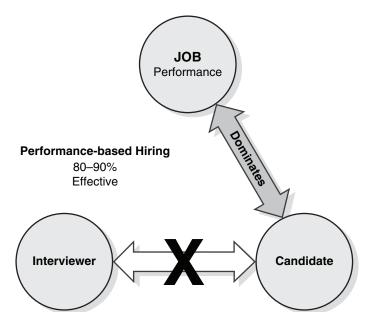


Figure 1.3 Hiring accuracy increases when performance is the selection criteria.

made the yes or no hiring decision, and we then spend the rest of the interview collecting enough facts to support our initial flawed impressions, good or bad.

Bring this emotional reaction to the conscious level to minimize its effect. If you buy in too soon, you tend to ignore negative data, globalize strengths, begin selling, and stop listening. You may dismiss a lack of skills as something easily learned and start selling, trying to convince the candidate why this is such a great job. You won't ask tough questions covering real job needs. You assume that the candidate can do them all because he possesses a few, apparently important, characteristics. You go out of your way to find easier questions to ask, and you even unknowingly give your favorite candidate the answers. This approach not only gives the person who makes a strong presentation the upper hand, but you waste time considering candidates who are more fluff than substance. From our experience, 30 percent to 50 percent of the candidates you meet who make strong first impressions are just average performers.

Conversely, if you don't like the candidate, you immediately feel uptight or disappointed. You grit your teeth and begin thinking of how you can end the interview as soon as possible. Sometimes boredom sets in. If you listen at all, you ignore all positive data as being a fluke or unrepresentative. Weaknesses will be magnified. Different approaches are instantly judged as worthless or ill-conceived. If the candidate is actually pretty strong, but you don't like the person, you undersell the job as something beneath her, hoping she'll exclude herself. We have also discovered that 30 percent to 50 percent of the candidates you meet who make a bad first impression turn out to be much stronger once you get to know them and their accomplishments.

There is a solution to this dilemma. As you start following the performance-based interviewing techniques presented in this book, you'll be able to quickly see through the candidates who initially seem strong, and you'll find a few stars you would have normally overlooked, when you give them half a chance.

A Short Course on Interviewing

A few years ago, the CEO of a fast-growing marketing company cornered me before I was to speak at his trade group breakfast seminar. He had an interview with a vice presidential candidate the next day and wanted a few quick tips on hiring. In response, I gave him the most important secret of hiring success. I told him not to make a hiring decision in the first 30 minutes of the interview. More hiring mistakes are made in the first half-hour of an interview than at any other time. I told him that if he could delay his decision, favorable or unfavorable, he would eliminate 50 percent of his hiring mistakes.

The shortest course in interviewing: Wait 30 minutes before making any decision about a candidate's ability to do the work.

To increase your objectivity during the interview, use the following six ideas:

- 1. Measure first impressions at the end of the interview. As part of our structured performance-based interview methodology described in Chapter 4, we include a step comparing first impressions before and after the interview. At the end of the interview, you can then determine whether the candidate's first impression helps or hurts in the person's performance of the job. By then, you'll discover it probably doesn't matter.
- 2. Disallow the yes/no decision unless the candidate is a complete dud. Make it a rule that you must suspend any decision for at least 30 minutes. During these 30 minutes, conduct a work-history review and get some details about the candidate's major accomplishments (e.g., breadth, scope, scale, size, complexity, impact). A "no" is okay if the person is a complete mismatch, but if you have any doubts, put the person into a "further evaluation required" pool.
- **3.** Delay the decision by redefining the purpose of the interview. Use the interview just to collect information, not to make a decision. This forces you to suspend your judgment. Go out of your way to ask the same questions to all candidates. Then collectively debrief with the complete hiring team. If the interviewer recognizes that he or she doesn't need to provide a yes or no opinion, the focus will be on obtaining stronger evidence.
- **4.** Give partial voting rights. Since most managers have a tendency to rush to judgment based on very narrow selection criteria, only let them vote on these factors. Don't give anyone full voting rights. Instead, set up a process where the collective judgment of the whole hiring team prevails. This way, everyone must share information before deciding.
- **5.** Demand evidence before you accept gut feelings. Facts, examples, and details must be provided to justify a ranking, good or bad. "I don't think the person would fit," is inappropriate. However, a comment like "the environment, pace, available resources, and the lack of a formal decision-making process at the person's last two companies is a clear indication that the person would not survive here," is certainly sufficient. After you've shared all available information, then it's okay for gut feelings to override the evidence. The subtitle of the

first edition to this book was A Rational Way to Make a Gut Decision. While you can never learn everything you would like to about a candidate, you should try to find out as much as possible before you resort to your gut.

6. Make a "no" harder to justify than a "yes." A "no" is safe and easy. It encourages laziness, and it rewards interviewers who are weak or those who were unprepared. To eliminate this potential problem, demand more detailed information and evidence from those invoking the "no." A "no" is okay as long as it's based on factual information. Too often, it's based on weak interviewing.

It's hard to overcome our initial reaction to a candidate. On top of this, add biases, preconceived ideas, prejudices, and the halo effect to the list of why managers make dumb hiring mistakes. Following the previous steps to increase objectivity eliminates many of these. Using the performance-based interviewing process described in the book on a consistent basis eliminates most of the rest of them.

➤ Get Candidates to Give Good Answers

There is one other big issue that needs to be addressed to improve interviewing accuracy. It took me about 10 years before I figured out that the best candidates aren't the best interviewers. After about 1,000 interviews, it became pretty clear there was no correlation between interviewing skills and job competency. The best candidates aren't generally the best interviewers, and the best interviewers aren't generally the best candidates. This is pretty amazing, and scary, because most interviewing methods measure interviewing skills, not job competency.

This is a huge problem. Part of the problem is minimized by controlling our biases and the impact of first impressions, but this is only a partial solution. Interviewers need to proactively take responsibility for obtaining complete information about job competency from each candidate. Interviewers need to train candidates to give complete information. If you leave it up to candidates to provide this information on their own, you're measuring interviewing and presentation skills, not job competency. If you Google "behav-

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ioral interviewing questions," you get 1.1 million hits. Most of these are geared to candidates who want to learn to ace the behavioral interview. The performance-based interviewing methodology presented in this book allows you to get past the well-prepared, articulate, and confident candidates who are getting offers based on presentation, not substance.

Interviewers need to proactively take responsibility for obtaining complete information about job competency from each candidate.

■ USING A SYSTEMATIC PROCESS FOR HIRING TOP TALENT

Every company wants to hire top talent, but few succeed. Those that do succeed rarely keep it up on a consistent basis. Sometimes success is due to a hot company that establishes a great, but short-lived, employer brand. The best then flock there. If a bit of negative news hits, they then fly away to the next hot prospect. A company needs to be able to hire top people during the ups and the downs. This takes a systematic approach to hiring based on solid principles and strong processes. Every other business process has improved profoundly over the past 20 years. Consider distribution, inventory management, call center management, order processing, product design, accounting, and manufacturing if you need some examples. However, hiring seems to be stuck in a time warp.

The primary reason for inconsistency on the hiring front is the lack of a simple and scalable hiring process that line managers will willingly use. In this book, the case is made that Performance-based Hiring can become the underlying business process for hiring top talent. This is attributed primarily to the fact that it represents a commonsense approach that meets the needs of all stakeholders—recruiters, executives, line managers, everyone on the interviewing team, and most important of all, top candidates who don't look for or accept new jobs in the same way average candidates do.

When a company is not an employer of choice, if it's not a well-known company, or when candidate supply is less than demand, it takes enormous resources to consistently hire top people. This situation is more difficult when technology doesn't integrate well with new and existing tools, when every manager does it his or her own way, when recruiter competency varies from strong to weak, and when best practices are ignored due to lack of time or leadership. This pretty much describes most companies in the world.

However, the tools available today make hiring more businesslike if they are effectively tied together. Consider this: The marketing knowledge to quickly find and source top people is available today, but it is very underused. The technology to process information efficiently and improve recruiter productivity is available today, but it is poorly implemented. The recruiting skills to recruit and close top people are available today, but most recruiters, especially those in corporations, are unwilling to learn new techniques. The interviewing and assessment tools to accurately assess candidate competency are available today, but managers don't want to use them. Learning what tools are available today and making them easier to use is what this book and Performance-based Hiring is all about.

Performance-based Hiring is based on two core concepts. First, everything involved in hiring must be designed around the needs of how top people look for jobs and accept offers. Second, each of the individual steps must be integrated in a systematic fashion that is easy to use. Putting these pieces together means that you must follow four steps:

- 1. Write compelling job descriptions that describe real job needs, not ads that emphasize skills and qualifications. A top person should be able to look at your job description and say, "Wow! That's a job I want to consider." It should be so clearly written that your top candidate could show it to his circle of personal advisors and easily convince them this is a true career move, with the compensation of secondary importance.
- 2. Design every aspect of sourcing to attract top people (whether active or passive), which includes where you place the exciting job descriptions, how you design the career web site, how you get referrals, and when you make phone calls.

- **3.** Organize the interview to assess competency and create opportunity at the same time. You do this by asking tougher questions, not by overselling or overtalking. Interviewers must use the information obtained to collect evidence that the candidate is both competent and motivated to meet all real jobs. Top candidates must leave the interview knowing they have been assessed completely and properly. More important, they must leave knowing the job offers a true career opportunity.
- 4. Make recruiting, negotiating offers, and closing a natural, integrated part of each step in the hiring process. Do not save these for the end. It starts by creating a compelling opportunity. It continues through the interviewing process, testing and closing at each successive step. It ends when the candidate agrees to your offer based on opportunity, not compensation. Professional recruiting is how you overwhelm the competition and minimize counteroffers.

The four steps that comprise Performance-based Hiring are graphically shown in Figure 1.4.



Figure 1.4 The Performance-based Hiring Process.

In these pages, you learn that Performance-based Hiring is a practical and easy-to-learn methodology that provides any manager the ability to consistently hire top people.

■ PUTTING THE PIECES TOGETHER: A ROAD MAP TO THE ORGANIZATION OF THIS BOOK

A little about the organization of this book is in order. Performance-based Hiring involves the four separate stages, as previously described—defining the job, finding top candidates, interviewing and assessment, and recruiting and closing. While there is a definite time sequence to the process, many of these tasks are conducted in parallel. Most important, each step is linked in a logical fashion. This is how you convert the separate steps involved in hiring into a business system. While the focus is on hiring top talent, it's also critical to incorporate the specific needs of recruiters, hiring managers, and everyone on the hiring team. In most companies, one group's desires dominate the process design, negatively impacting the overall system's effectiveness. This lack of integration can cause severe problems.

This past year I worked with a consulting firm that didn't want to be too specific about the type of projects their new consultants would handle. They were doing a pretty good job of hiring enough top people, although in my mind they were paying too much and offering more sizzle than substance. I made the point that top people want to know the specifics of the job they're being offered, even though this might require the company to prepare a performance profile ahead of time. Top people use this job information to compare one job to another and even whether to accept a counteroffer or not. From the top candidate's perspective, these specifics are essential, even though there is some extra work required on the company's part to put them together. However, the extra work required is not nearly as much as looking for another candidate when an offer is turned down, or dealing with an underperforming employee who accepted a job for the wrong reasons, or having to fill the job again after the person leaves within the year for something apparently better. This then puts the company in the position of putting together a counteroffer in an attempt to lure the person back in. I contended that all of this can be avoided when a performance profile is prepared at the outset. My client conceptually agreed, although I suspected they wouldn't be as rigorous as they should be when opening new requisitions.

However, now the story gets more interesting. Coincidentally, I happened to share a taxi ride that afternoon with one of the company's new hires on the way to the airport. She was a very talented young woman from a top MBA program. Since it was a long ride, I had the chance to ask her about her job. After a bit of hesitation, but not much, she told me she really didn't like the job, or her current boss. She said she was underutilized, quite dissatisfied, and planned to leave within the year if things didn't improve. She had been with the company about six months, and felt she was misled about the types of projects she would be involved in. She told me that if she could do it over she would have taken an offer with a less prestigious firm, handling bigger projects, as some of her classmates had. She also told me she was not alone in her feelings about the company. I caught up with her a few months later via email and she responded that the company had finally given her an exciting project. However, she indicated she would explore opportunities outside her firm if additional exciting projects weren't forthcoming.

I didn't reveal this confidential information to my client, but this type of stuff goes on every day. Not understanding real job needs and conducting an interview based on matching competencies and interests against real job needs is at the core of this problem. This is the root cause of the rise in turnover companies are experiencing. You can't be myopic when designing hiring systems. Everyone's perspective is important, but the most important of all is the one of the top person you're trying to hire. This doesn't mean you have to give away the farm or roll out the red carpet. Throughout these pages, you discover that these techniques are old-school and counterproductive. Making the job hard to earn but worthy of earning is how you hire top people.

➤ Chapter-by-Chapter Summary

Performance-based Hiring is a hiring system, not an interviewing method, recruiting technique, or sourcing process. It's all these woven together. To make it work, you need to understand all of the separate parts first. However, as long as you've prepared a performance profile, you can start trying out everything within hours. A performance profile is the foundation of the whole process. There

is a step-by-step guide included in Chapter 2 on how to do this. With a performance profile, you're now in a position to find more top talent. Some of the latest sourcing techniques are given in Chapter 3. Chapters 4, 5, and 6 collectively represent the interview and assessment piece. As you'll discover, how each interviewer collects information and shares it with the team is the key to increasing assessment accuracy. Do not use the interview to make a ves/no decision, use it only to collect information. Eliminating individual voting privileges is a great way to increase assessment accuracy and prevent dumb hiring mistakes. While recruiting and closing has its own chapter, these techniques are woven throughout the process. In Chapter 7, they're brought together, showing how to negotiate offers based on opportunities, not compensation. More important, the recruiting process we recommend is also how you increase retention and improve on-the-job performance. Chapter 8 ties everything together describing a simple rollout plan that can be used by a single manager or a whole company. The key here is to pilot the process, get the right metrics, calculate the return on investment (ROI) of hiring top people, and then begin the implementation process.

For quick reference, be sure to refer to the following chapter-by-chapter summary:

Chapter 1—Performance-based Hiring: A Systematic Process for Hiring Top Talent. Hiring top talent needs to be an integrated business process that meets the needs of all participants including top candidates, line managers, recruiters, and everyone on the hiring team.

Chapter 2—Performance Profiles: Defining Success, Not Skills. If you want to hire top people, define first what they need to do in terms of accomplishments, not what they need to have in terms of skills. Then ask, "Why would a top person want this job?"

Chapter 3—Talent-Centric Sourcing: Finding the Best Active and Passive Candidates. There is no longer a hidden pool of top candidates. Now everybody can find them. You need to use the latest technology, aggressive consumer marketing advertising techniques, and advanced recruiting techniques if you want top candidates to consider your open opportunities.

Chapter 4—The Two-Question Performance-Based Interview. It only takes two questions to determine the 10 best predictors of onthe-job success. Repeating them over and over again to develop trend lines of performance is how you assess consistency, growth, and potential.

Chapter 5—The Evidence-Based Assessment. Interviewing accuracy can soar when information is shared and consensus is reached. The 10-Factor Candidate Assessment template is used to assess a candidate's competency and motivation in comparison to real job needs.

Chapter 6—Everything Else after the First Interview: Completing the Assessment. There's much more to assessing competency than just interviewing. To get it right, you need to conduct reference checks, assessment tests, background checks, drug tests, and then throw in a take-home problem to boost your odds of getting it right.

Chapter 7—Recruiting, Negotiating, and Closing Offers. You'll need to offer at least a 30 percent increase if you want to hire the best. However, to do it right, most of this needs to be in job stretch and job growth, not compensation. Recruiting, negotiating, and closing focus more on career counseling and creating opportunities than selling.

Chapter 8—Implementing Performance-based Hiring. By the time you finish this book, you'll be able to hire a great person every time as long as you follow the steps as described. It takes a little more time and effort to make sure everyone else in your company follows them, too.

Performance-based Hiring is as much about good management as it is good hiring. As far as I can tell, the two are inseparable. You become a better manager in the process of hiring better people—which, in turn, makes you a better manager. And if you want to keep the top people you just hired, you need to be a great manager. Creating a performance profile is the first step in hiring great people and becoming a great manager.

To hire with your head, you need to combine emotional control with good fact-finding skills and intuitive decision making. This whole-brain thinking provides the critical balance to match job

needs, the interviewer's personality, and the candidate's abilities and interests. Combine this with state-of-the art sourcing. Without enough good candidates, everything else is futile. Once you start meeting strong candidates, good recruiting skills become essential. Recruiting starts at the beginning, not the end. It must be part of an integrated interviewing and assessment process to work effectively. This is the strength of Performance-based Hiring. It brings all of the critical hiring processes together. While each step is easy to use separately, its effectiveness lies in their integration. Overlook any aspect and the whole process collapses. Do all steps for consistently great hiring results.

HOT TIPS TO MAKE HIRING NUMBER ONE

- "There is nothing more important to a manager's personal success than hiring great people. Nothing."—Chuck Jacob
- Management is easy as long as you clearly know the performance needs of the job and hire great people to do it.
- Hiring is too important to leave to chance. Hiring is the only major process in a company that's random. Any other process that's this unreliable would have been redesigned long ago.
- The key to better hiring decisions is to "Break the emotional link between the candidate and interviewer and substitute the job as the dominant selection criteria."
- When you start the interview, wait 30 minutes before deciding yes or no. An even better approach is to measure first impressions at the end of the interview when you're not affected by them.
- Measure a candidate's ability to do the job, not get the job. Determine whether you like or dislike the candidate after you've determined his or her competence. Substance is more important than style, but it's sometimes hard to tell the difference.
- Great hiring requires more than just good interviewing skills. Performance-based Hiring brings everything together into an integrated, systematic core business process.
- "Hire smart, or manage tough."—Red Scott