







How to Start



PEOPLE. THEY ARE AT THE CORE OF everything a business does. How we work and communicate has been an area of study in North American corporate circles for decades. An avalanche of research describes an evolving global business landscape that will soon be populated by workers in jobs for which they are “mismatched,” workers who live with an entitled view and disconnected workers whose skills aren’t properly taken advantage of. These workers then must labor under the direction of so-called leaders whose own managerial talents are lacking a fistful of essentials—including the small matter of understanding how to get the most out of their workforce. Oh, and this is against the backdrop of weakening international economies, widespread unemployment, and spiritually bankrupt political players. Yoga breath now.

This is good news. This is what opportunity looks like. This is a chance for the tough to get going and the wheat to start drawing up separation papers for the chaff.



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If everyone is thriving, after all, how can any single organization stand out from its competitors? It is from an environment of uncertainty and despair that the truly phenomenal emerge.

And better still, the trick to surfacing as the victor from such a challenging scene is a relatively straightforward one. Scientific in its proven application and even mathematical in its precision, employ it, and reverse your fortunes. Master it and never look back.

THE BLAME GAME

Job one on this pursuit is to gain an appreciation for exactly *what's wrong* with the status quo. Sometimes, business leaders are broadly aware that things aren't working so well at the shop, that resources aren't being utilized to their full potential, or that the lofty ideals they harbor for their company's existence are not being met. However, they're unable to identify the particular source of their shortcomings so that they might effectively address them. As per the adage, if you don't know what's broken you cannot find the solution.

If you're among those still wondering where the problem lies, here's a hint. It's North America's greatest asset, complete with an ill-applied skillset and an underused productivity well. It's the average worker, and you might think he's "just your mailroom supervisor" or "only your IT guy," but you'd be wrong. He's your entire company.

THE OFFICE PARADIGM, REVISED

Mercifully, long gone are the days when fat-cat corporate types would oversee a workforce whose participants inherently understood their role in what was. Looking back,



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it was a truly remarkable hierarchy. These were disquieting times. A pack of workers would toil their lives away, lining their boss's pockets—and nothing more. There was no sense that the individuals whose labors were earning money for the organization were anything but automata, existing purely for the benefit of their employer. Their own personal objectives and quest for individual fulfillment were simply not factors. And the concept of work-life balance? Forget about it.

Still, it was a mutual arrangement, with both sides of the equation feeling kind of okay about the way things played out. I work for you. You pay me. You enjoy the spoils. I get the weekends off (unless the office needs me). Such noiseless tolerance for the status quo made exploitation easy. Managers could place extraordinary demands on their staffers who, in turn, would acquiesce without question. It was understood that bosses stood on the shoulders of their workers, but not with the same spirit of indebted gratitude as they might profess to today. In the old school, they perched without regard for the pain they were causing the guy struggling to stay upright beneath their weight.

Thankfully, a culture shift has since swept the workforce, and today's crop of managers is dramatically more enlightened than their predecessors. More than that, today's crop of the working class is more engaged with the value they bring to the communal endeavor, and more likely to make professional choices according to where their contribution is most appreciated and effectively utilized. Taken together, the latest generation of the North American working population possesses a much more sensitive appreciation for the human toll of sustained corporate success. I like to call this crew "the Facebook crowd." They demand to be treated uniquely. After all, they've been the subject of special attention all of their lives. Whenever I come into contact with these folks,

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I'm wowed by their need for individualism. They want to be understood and to be seen as sources of light. They want the "big data" on their strengths. They want to know *who they are*.

There has never before been such a fierce need for human analytics in the workplace, and in work-life balance. The battle cry that human capital is the most important capital of all is ringing loudly throughout the land.

THE AWAKENING

It was a transformation whose time had resoundingly come. The world couldn't continue to function inside of an arrangement that rewarded one so unjustly at the expense of another—and still expect growth and success. The human piece. The future will be one where the number of jobs available will exceed the talent available. It will be a fight for "free agents," a path to find the best employees and also to keep them. The generation coming into the emerging companies grew up differently and has much less loyalty as part of its DNA. It will be "caveat employer."

Employment-granting executives must experience a dawning realization that they must find the right employee for their culture and either be hyperaware of employee discomfort with workaday lives or be ready for days, weeks, or perhaps even years in lost productivity — big time.

Sourcing, attracting, and training employees is an expensive enterprise, and if the inducted staff member proves a bad fit for the company once he's an established member of its ranks, well, the money's already been spent. In larger companies, you "hide" him by moving him to another role. After all, you can't admit an error because that would reflect badly on you. Sometimes you need to hire the "best warm body" to get that tick mark for yourself



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in the quarterly report. Who cares about hiring someone appropriate, just so long as you get that bonus, right? The employee will work it out. Never mind that he was wrong for the job. Never mind, either, the indirect costs associated with finding, interviewing, reference-checking, and onboarding the newbie. And never mind that the cash will now need to be spent again—to source and attract the next guy and bring him similarly up to speed.

On average, research from business information firm Dun & Bradstreet reports, it costs some \$90,000 to attract, identify, hire, and train an employee whose managerial position pays \$60,000. For a staff of 10 employees, that's \$900,000. Still, it took an alarming amount of the world's time to come around to this reality and to finally pay this most critical ingredient of the recipe—considering its potential to impact an organization's fortunes—the attention it warrants. When a CEO sees the *real* ROI on preventing bad hires, it catches her attention.

THE COST OF A BAD HIRE

And so the first step to ensuring future success for an organization is to get a grip on the human resources that power it. Managers misunderstand the value of the individuals that populate their company break room at great risk and expense. Research demonstrating the cost of a mismanaged workforce—and the value of a well-managed one—abounds.

Certainly, there are direct costs that can be immediately measured—the most significant of which is an employee's salary and benefits. But it's in the muddy hallways of “indirect” costs that we run into trouble. Think loss of productivity; the expense associated with other staffers' recruitment, hiring, and recovery time; and the often

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considerable expenses of training a new employee for his assigned post.

The specific figures tracking the outlay of a bad hire for a company run the gamut, but all are sufficiently distressing. Estimates range from \$7,000 for replacing a salaried employee, up to more than \$53,000 for a staffer earning an annual salary of \$40,000. The Society for Human Resource Management has suggested that replacing supervisory, technical, and management personnel can cost a company between 50 percent and several hundred percent of the individual in question's salary. The U.S. Department of Labor estimates that the average costs of a bad hire may "equal 30 percent of the first year's potential earnings." According to a report by the Institute for Research on Labor and Employment at UC Berkeley, turnover in management positions often costs 150 percent of the salary of the staffer in question. And another estimate—this one taking into consideration hiring costs, total compensation, the expense of maintaining the employee, disruption costs, severance pay, mistakes, failures, and missed business opportunities—submits that the termination of a second-level manager earning \$62,000 a year in a position he's held for two-and-a-half years will deliver a bill to his company worth a whopping \$840,000.

And outside of all these calculations is the intangible burden of discomfort with which a bad hire taxes a manager's psyche. Hire a guy who doesn't succeed on the job and endure a unique kind of failure. Sure, the flagging staffer pays the ultimate price in the loss of his employment, but the manager who brought him on board does not escape the experience unscathed. Thanks to such a misstep, the hiring process—and all the hoop jumping it entails—have to be endured all over again. The ad has to be reposted, the candidates have to be rescreened, the interviews have to be reconducted, the forms have to be



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rewritten, the introductions have to be remade, and the training has to be redone. And so on. Such an uncomfortable ordeal leaves a scar on every last soul who participates in it. An argument can be made that those managers with the better “golden-gut” intuition can do better in the selection process. But how much better? An interview is really only about as good as a coin toss in this game.

Who knew that getting the right fit the first time matters as much as it does? Um. You should have. For most other “asset” purchases, you would have done your research and you most certainly would have “insurance” on them. A data-driven, people-founded asset plan makes business sense and reduces risk for any organization. Most managers do more research on the type of vacation they want to go on than in selecting the team whose labors will enable the time to have that vacation.

WHY THINGS FAIL

From the anxious marketing manager with a taste for attacking challenges aggressively to the retiring executive assistant who would sooner ask questions than provide answers, every workplace is awash in unique personalities. Assuming a personnel assemblage is made up of only like-minded characters, each with essentially the same needs, predispositions, and outlooks, is not only a lazy approach to human resource management, it's an erroneous one. Every last one of us travels with baggage; it's the clever business leader who can sort through the collection and make the smartest choices for how to best manage it.

And if you're still skeptical about the importance of marrying individual behaviors with both the task at hand and those that characterize the other players in an office environment, just ask a kindergarten teacher. She'll tell

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you it's a constant trick, finding the balance between one person's preferred ways and means and another's. My wife, Patty, has taught younger learners for years. She is a great teacher, in part because she realizes that her approach to each learner needs to be unique, and that there's less "drama" when the preferred ways are understood. Patty knows that in any of her classes she will have three camps: a group of "learners" who are sponges for knowledge, a group of "vacationers" who are in class because it consumes time between meals and parents, and a group of "prisoners" who hate school, hate process, and will always lead troubled lives. Patty has been able to pretty well predict, from among the tiny members of her kindergarten class, who will go on to post-secondary education with this "rule-of-three" process.

At the end of the day, by not persistently measuring every tool a prospective new hire brings to the table, and by not matching his skills, qualifications, interests, and personality traits with the work in question, an employer does himself a costly disservice. Every soul walks the planet in the company of his own particular set of gifts, after all. If his very specific properties are not aligned with the very specific efforts required of him in a job, then nobody wins.

GROUP THERAPY

But take heart, gentle executive. All is far from lost on this front. Indeed, managers just now coming around to this school of thought can take serious comfort from the fact that they're doing so in the company of legions. It's an apparent no-brainer, evidence notwithstanding, that the attention required of this subject at the corporate level is still emerging for the great majority of the business-based



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public. That managers are now acknowledging the need for staffers to be mindfully employed within a company, such that their talents and preoccupations—line for line—are put to the most effective use, constitutes a widespread awakening that promises to rewrite the corporate landscape.

Books are starting to be drafted on this subject and awareness is beginning to spread. Human resources departments are increasingly under enormous pressure to change. We're seeing emerging sectors in which talent acquisition is singled out from the reactive personnel roles in HR departments. We're witnessing HR leaders' push to get ROI education for their staff. And we're seeing smarter job descriptions being employed by better companies.

In turn, the world has responded with a slew of resources designed to smooth the transformation, making this a challenge that's—happily—very much in business leaders' control. A profusion of concrete behavioral science techniques exists to reduce the risk of a company suffering a talent shortage, and to maximize the payoff of an engaged and well-employed workforce. With a large percentage of employees “disengaged” (a Gallup 2011 study says 52 percent), any process that focuses on taking the employee from being a time consumer at work to a contributor at work is happily received.

