

Employer's Advantage

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From Jim Sirbasku's Desk

How to Make Every Hire Count

The leader of a large U.S. organization was asked if he planned to fire an employee who made an expensive mistake. "No," said the CEO, because he viewed the "mistake" as valuable training. "You can't put a price on what she learned," he said, "and the lesson should benefit this company, not our competitors."

The employee not only survived the mistake, but she also corrected it. Her innovations positioned the company as an industry leader.

Not all leaders would view the employee's mistake the same way, but this particular executive was thinking smart by thinking ahead. He knew the expense of termination, recruitment, hiring, and training. He was confident in his hiring decisions because his company uses a best-practices hiring process. His managers ensure that each new employee is the best person for the job. Mistake aside, the CEO knew that the employee who erred was a good fit for her role.

Can we all say the same things about our hiring methods? Making every hire the best hire possible is a goal we should strive for all the time, but it is even more important when the economy is ailing. Leaders cannot afford hiring mistakes because turnover is too costly. Add up the costs of recruiting, interviewing, hiring, and training while a job remains open for weeks, perhaps months. Why spend this money if you can hire the right person and avoid the turnover?

Below are crucial questions that result in hiring the best candidates. Leaders can examine their own practices by asking themselves these questions when thinking about job candidates, as well as current employees:

- **Do I know how each job supports our company's key objectives?** Your organization may be behind the curve if job descriptions have not changed with your revamped plan of action. If employees are performing their jobs the same old way, they are holding the company back. Make sure top leaders buy into the strategy and share it with employees down the line so that every worker knows how to put the plan into action.
- **Do we have a policy of considering highly qualified internal candidates first when organizational opportunities arise?** Internal "hiring" demonstrates that you believe in the training practices of your company and in your employees' accomplishments. Such a policy encourages top performers to take initiative and exercise creative thinking. You don't have to train them in crucial aspects of the job, such as the job's scope and how it relates to other employees and departments, because they already know how the company works.
- **Do managers use objective evaluation criteria based on known outstanding performers in the position?** If you want to ensure that each worker fits her job, measure how top performers in the same position do their jobs.

(continued)

"Nothing matters more in winning than getting the right people on the field."

– Jack Welch, former chairman and CEO of GE, author of *Winning*

“While technical competence is easy to assess, it's a lousy predictor of whether a newly hired employee will succeed or fail.”

– Mark Murphy, CEO of Leadership IQ, a leadership training and research company

Then apply the same assessment to candidates for the position and see how well they match the top performers. This approach works because it applies objective standards to the position instead of requiring you to rate a person via subjective standards or to “hire with your gut.”

- **Is our compensation competitive based on current market rates for the job?** Paying a salary commensurate to what employees can earn in similar positions is critical to keeping your workforce motivated and attracting top talent. Organizations can compete in many areas—work environment, benefits, growth opportunities—but expecting top performers to stay with you because you offer these things is not realistic if they can earn significantly more money doing a similar job elsewhere.
- **Do we apply a consistent selection process to all candidates?** If the answer is yes, it means that your selection processes are objective and fair. These are important, not only because you want to do the right thing, but also because legal challenges to employee selection standards are expensive. The best employee selection process ensures that selection standards are job-related, validated, and standardized.
- **Do we include key stakeholders in our employee selection process?** Key stakeholders are those affected, for better or worse, by our operations, those who have an interest in what we do, and those who influence what we do. That includes almost everyone, but a big-tent approach is profitable: Inc. Magazine reports that “organizations with more effective hiring systems rank higher in financial performance, productivity, quality, customer satisfaction, employee satisfaction and retention.”
- **Are we training our interviewers in our employee selection process?** Once we determine that we want structured interviews—those in which questions and tasks are chosen beforehand, and that are designed to ensure consistency—it is imperative that we coach our interviewers. The process is likely to go more smoothly if interviewers understand it, buy into the reasoning behind it, and know what to do. The unstructured interview is weak for purposes of identifying the best candidates.

- **Are we giving interviewers guidance to help them probe deeper into a candidate's suitability?** According to Leadership IQ, a firm that provides research and executive education to top companies, a study of 20,000 newly hired employees showed that “46 percent of all new hires fail within 18 months.” This happens not because the new employees lack technical skills, but because they are not coachable, have the wrong temperament, are not motivated, or demonstrate other problems “that never get assessed in the interview.” To catch these mismatches, screening interviewers need expert coaching to help them look beyond technical skills and ask the right follow-up questions.
- **Are we conducting comprehensive reference and background checks on job candidates?** Leaders might view reference and/or background checks as a bother when they “know” someone is right for a position. But employment experts estimate that almost one-third of all resumes contain false or exaggerated information. According to a Purdue University newsletter, falsified information consists mostly of expanded dates to cover employment gaps.
- **Does our orientation process for newly hired people help them become productive faster?** A Bersin & Associates/Randstad case study shows that productivity measures increased by 25 percent among employees who participated in an onboarding training program. Employee job descriptions can help by communicating the company's direction and telling the employee where he fits in the big picture.

Is your company set to handle employee mistakes and economic battering? It will be if you are hiring only the best.



*Jim Sirbasku, CEO
Profiles International*

CASE STUDY: PXT Helps Find Top Fire/Rescue Performers

A fire and rescue department in a large city made an important and potentially life-changing discovery when it determined that using ProfileXT® in its initial selection of employees would have helped it identify more potential top performers.

The story began when the department examined its own processes for selecting and placing firefighters. A sophisticated and effective model was already in place prior to PXT. This model consisted of a written exam, a physical abilities test and a psychological test conducted by an industrial psychologist. The department selected about 10 percent of overall applicants using this process.

But managers wanted to explore using PXT's Job Match system to further refine the department's hiring processes, and to identify candidates and employees with the potential to become top performers.

Participants

The department chose 24 firefighters to participate in the study. Using its previously established performance evaluation process, managers identified 14 of the 24 as top performers. They considered the remaining ten good employees, but did not place them in the top-performing group.

Job Match

The Job Match Pattern was developed using the Concurrent Study method. The study determined the assessment results for the top group of 14, and then matched the entire group of 24 to the resulting pattern. From this, managers determined an overall percent match of 80 percent for each firefighter. This meant that a score of 80 percent or higher would identify a top performer.

By the Numbers

Eleven of the original 14 top performers, or 79 percent, matched the 80 percent or higher job match rate.

Two of the ten not identified as top performers scored 80 percent or higher. Thus eight of ten, or 80 percent, of the lower performers were NOT selected by the Job Match Pattern process as top performers.

Summary

If the fire and rescue department had used the ProfileXT™ in its initial selection of these employees, managers would have selected 79 percent of the original top performers and 20 percent of those not deemed top performers. This means the department would not have overlooked as many potential top performers if it had properly used the PXT matching process in a balanced selection method.

POP QUIZ: Terminology Tester

The ProfileXT®, which is designed to achieve the best possible job fit for any position in the working world, utilizes specific terminology that we often use in Profiles Advantage. Test your knowledge of these terms here.

1. What is a Benchmark?

- a. A standard by which we measure something.
- b. A financial goal to reach in the first quarter.
- c. The label we apply to the candidate we want for a certain position.

2. What is a Job Pattern?

- a. The way in which employees do their jobs each day.
- b. A scale to help determine employee-job compatibility.
- c. Another new name for "job description."

3. What are Top and Bottom performers?

- a. The highest- and lowest-performing employees in a certain position.
- b. Those who work the first and second shifts.
- c. Employees who are paid at the highest and lowest rates.

4. What three measures are important for accurately matching people to the work they do?

- a. Energy, intelligence and affability.
- b. Educational level, technical skill and pay requirements.
- c. Behavioral traits, occupational interests and thinking style.

5. How is a Candidate Matching Report helpful to employers?

- a. It narrows the search for a manager seeking to fill a position.
- b. It tells you whether a job seeker's style of dress meshes with the position.
- c. It places a candidate for a job with those most like him in the company.

Answers:

1. a 2. b 3. a 4. c 5. a

Source: Various customer service experts

PRODUCT FOCUS: PXT Tells Managers What They Need to Know

Managers who rely on their instincts when hiring should pay more attention to that inner voice when it warns them not to hire someone. Studies show that leaders often know in advance when a candidate is not going to work out—and yet they hire the person anyway because he meets the technical requirements for the job.

Some time later, the manager discovers problems: the candidate does not respond well to feedback, cannot get along with co-workers, or is not motivated to do much more than go through the motions to keep his job. Then the manager remembers...he had doubts about the employee before he was even hired. But he believed that there was not enough time to conduct a more thorough search for candidates, and he wasn't certain that any of the other candidates would have been better.

All it takes is one bad hire to prove that hiring in haste is more time-consuming than hiring deliberately. If you are ready to fix your failed interview process, consider ProfileXT®. It shows a candidate's behavioral traits, occupational interests and thinking style as part of an overall process to evaluate how the person would fit into a specific job.

ProfileXT uses several scales to determine job fit. Job fit is directly correlated to how well someone will perform and how long he will stay on the job. The assessment uses a Job Match Pattern, which is

developed by examining workers who are most and least successful in a specific position. Their scores on the ProfileXT provide benchmarks for new job candidates in the same position. In addition to scoring top and bottom performers and providing benchmarks, PXT's Job Match Pattern does the following:

- Allows you to match the test-taker's score on each scale item to a Job Match Pattern of scores for a specific position. The further the score falls outside of the pattern (high or low), the greater the negative impact on the Job Match Percent.
- Lets you find more top-performing candidates for a job.
- Helps you find more appropriate positions for those who are a poor fit for the job.

People who use the ProfileXT as directed report less turnover and more productivity. And there are many ways to use it. For example, those who rely on PXT companywide have found they can determine the best internal candidates for promotion to new jobs.

If you are paying close attention when your inner voice says that you need more information, consider PXT. It's a proven time-saver in the long run. Call Steve Bookout at (972) 529-6740 or email steve.bookout@sbcglobal.net.

“Put your personnel work first because it is the most important.”

– Gen. Robert E. Wood, former president of Sears, Roebuck and Co.

SUCCESS STORY: PXT Helps Idaho Agency Replace Boomers

Editor's Note: Idaho Fish and Game is responsible for the year-round protection and management of the state's wildlife. The retirement of Baby Boomers prompted the commission to seek help. Here, Jon Heggen, chief of the Enforcement Bureau, discusses the commission's results after using ProfileXT®.

Q. Why did Idaho Fish and Game turn to ProfileXT?

A. Baby Boomers within our conservation officer ranks are rapidly retiring. We have had to step up our recruitment efforts to fill our increased vacancies.

Q. How did the ProfileXT Job Match Pattern help you?

A. Recently, we began to notice a pattern of behaviors and skills among successful conservation officers, and we wanted to identify those behaviors in job candidates as well. We found what we were looking for when we were introduced to ProfileXT. It helped us build our Idaho Fish and Game Officer Analysis and create a benchmark so that we could meet our needs by identifying the traits we wanted in our conservation officers.

Q. How did you quantify the results?

A. Three years ago, we hired seven officers who have become known as the "Magnificent Seven." Each officer brings a unique personality that adds to our diverse culture, and each one of them exhibits the behavioral traits we identified in our Idaho Fish and Game Officer Analysis.

Q. Did the successful results prove to be lasting?

A. After three years, six of the seven officers continue to excel in their work and have set the bar higher for future recruits.

Q. What do you tell others about ProfileXT?

A. We are pleased to add ProfileXT to our assessment tools. It helps us meet our needs as we hire Idaho's future conservation officers.

Good People Grow Business

It's the best of times, and the worst of times, too, if people problems are coming between you and the commercial success that your peers are enjoying. If you're experiencing excessive staff turnover, or finding that your new hires simply don't fit in, use the following six steps to ensure that you get more of the people you need. This is The New Art of Hiring Smart.

1. Determine the Cost of Turnover

Take the annual salary of any job for which you have excessive turnover, add the typical 30 percent for benefits, and calculate 25 percent of the total. That's the absolute minimum it costs you every time that position turns over. If you provide any other benefits or incur any other costs, it's actually much more. Multiply this figure by the number of times the position turns over. Do this for every job where you have turnover.

Scary, huh? Then add other costs (agency fees, advertising, travel, etc.), training costs, lost production/opportunity costs while the position is empty, and morale costs. Now that we have your attention, let's do something about the problem.

2. Identify Hiring Problems and Mistakes

Identify any part of your organization that's having people problems and find out what's causing them by:

- **Asking your department and human resources managers why, in their opinion, these departments have turnover.** Why are people quitting? Why are they being fired? Why have they become problematic?
- **Conducting exit interviews.** Ask each person who leaves what you could have done to help them succeed and to prevent their departure. Don't be fooled by the answer "pay me more money."
- **Asking your top people what they like about their jobs and how you can make their jobs better.** Try replicating whatever they like throughout the organization.
- **Evaluating those responsible** for hiring and asking them (or yourself) the following: Do they need training? Do they have a system that works? Do they take hiring new people seriously?

3. Recruit People Who Fit Your Jobs

- **First, You Must Understand the Job and Develop a Competency-Based Job Description.** It is critical that you document the competencies required by all of your jobs on the basis of technical, educational, experiential, and industrial know-how—otherwise, how can you know what you're looking for?

- **Match People to Jobs** *Harvard Business Review* conducted a huge study—360,000 people in 14 industries over a 20-year period—in an attempt to identify what made for job success. The study discovered that people are successful only when they are matched well to their jobs. They must have the right level of learning ability and they must be motivated to do the work, and their behavioral makeup or personality must equip them to do the job well.

You cannot get the information necessary to match people to jobs from candidates' resumes or from conventional interviews. The only way you can uncover this information is by formal assessment of candidates using assessments designed specifically for this task—you can find more information about this at profilesinternational.com.

4. Prospect Innovatively for Candidates

Consider additional sources you may not be using, such as:

- **Employee Bonus** for Referrals of Candidates You Hire
- **Physically or Mentally Disadvantaged** Candidates
- **Senior Citizens** Retirees often make up a large pool of motivated candidates for many empty positions.
- **Companies that Have Announced Cutbacks** Contact personnel and department managers in organizations announcing cutbacks and describe the candidate you are seeking.
- **Set Up Educational Relationships** Find the universities, colleges or schools that support your industry through their curricula, and develop relationships with them.

5. Prepare for and Conduct a Winning Interview

Preparing for an interview is just as important as the interview itself.

- **Review the Job Description** In advance of the interview, clarify in your mind the job requirements and the kind of competencies you expect to find in the person who will fill the job.
- **Develop Lead Questions** Lead questions are based on the job description and are designed to bring out answers that will lead to follow-up questions

The interview itself has three parts:

- **The Open**
- No candidate likes being interviewed. In fact, most candidates see interviews as a necessary evil.

The better the rapport, the better the information you receive. The second objective is to set the agenda and timetable. Explain the order of the interview and approximately how long you will be together.

Your overall objectives for the Open are to create excitement about the job and to put your candidate at ease.

- **The Body**

Ask your lead questions here. When doing so, think:

Can this person do the job?

Does he or she have the necessary qualifications, experience, and competencies that you know are necessary for success in the position? Do his learning abilities match those required by the job?

Will this person do the job?

If you are satisfied that the candidate has the qualities to do the job successfully, your next task is to ensure that he or she is motivated to be successful in the position. Is the nature of the work sufficiently motivating for him/her to ensure success? This can usually be determined only through assessment of the candidate's motivational interests, using assessments like The Profile (mentioned above). The purpose of the interview is then to probe any areas of concern uncovered by the assessment process.

Will this person fit our corporate culture?

A candidate's capability and motivation are sufficient only if you are confident that the candidate will also be a good fit for your company. Again, the extent of this match is best determined using a pre-interview assessment, with the interview providing an opportunity to probe any areas where the candidate seems to be a poor match for the position. Listen carefully and take notes. Later, review your notes and form your opinions.

- **The Close**

The Close is no less important than the two previous stages of the interview, allowing for both sides to summarize and agree on next steps.

In a book we highly recommend—*Hire with Your Head* by Lou Adler—there's a suggested closing statement that can be used with all candidates, especially those who will make the next cut:

"Although we're seeing other fine candidates, I personally think that you have a very fine background. We'll get back to you in a few days, but what are your thoughts about this new position?"

This close helps you create a sense of competition and job attractiveness, express sincere interest in the candidate, and gauge the candidate's interest in the position.

6. Continually Refine Your Practices

Books like Lou Adler's *Hire with Your Head*, as well as seminars and workshops on best-practice hiring run by organizations like Profiles, will help you continually refine your skills in the art of hiring. Contact Steve Bookout, Profiles Regional Director, at steve.bookout@sbcglobal.net for more information. www.sbprofiles.com

People are your most important asset. Shouldn't you invest at least as much effort in attracting, recruiting and retaining them as you invest in winning and retaining customers?

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"Tough economic conditions can influence employees to relate differently to their Boss and their job in the short term. But both employees and employers should take this opportunity to maximize their relationship. It can pay big dividends in the long run."

– Eric Bunton, Randstad USA,
recruitment agency