



WHITE PAPER

DEVELOPING A HIRING PROCESS

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THE FOUR DISCIPLINES

For many business owners and managers, hiring is the single most difficult thing that they do. They know that they aren't good at it and tend to put with poor performance because they fear that they will spend time and effort hiring a new employee who turns out to be no better than the one they are replacing.

The problems that this produces are enormous and may represent the biggest threat to a business. Studies suggest that the cost of hiring the wrong employee can be as much as three times their annual salary.

The obvious costs are the cost of placing the recruitment advertisement/paying an agency fee and the management time spent screening and interviewing candidates.

There are a number of other factors that come into the equation:

- Time and resources invested training them for their new job.
- Loss of productivity during the training period
- Impact on customers through mistakes made by poor employees
- Impact on morale of workforce
- Cost of managers' tendency to hold on to employees longer than they should
- Cost of eventually firing the employee

Even if you don't agree that the cost is three times, come up with your own number of the probable cost for your organization. It is probably much higher than you thought.

What difference would it make to your business if you could recruit people who have the right style and talent for the position you are filling rather than just the "right" experience?

How would it affect your profitability if you could place prospective employees in positions suited to their particular style and your needs rather than just guessing?

Lastly, and most damaging of all is to let the fear of making a hiring mistake lead you to accepting mediocrity in your employees. Many owners and managers are effectively driven by fear of the "unknown incompetent" and because they do not trust their hiring ability they believe that the person that they hire will be no better than the mediocre employee they are replacing.

This can be overcome by putting in place an effective hiring process. In reality it boils down to four simple concepts and relatively easy underlying steps.

1. ESTABLISH THE PROFILE OF THE IDEAL CANDIDATE

This is a simple process that allows the people who know most about the job you are hiring to fill to identify the kind of person you want to hire. There is a tendency to hire for hard skills and fire for lack of soft skills and the approach described here focuses on finding the right soft skills up front.

Develop a job description

You need to be really sure exactly what you expect from this position. What are the duties and how do you expect the person to spend their day?

If this is a replacement for an existing employee you need to review whether you want to change the duties; if it is a new position, you need to be very clear about what you expect.

Agree a Key Accountabilities statement

The job description sets out the overview of what you want in the position. To select the best candidate you need to be clear about what is most important.

You may be hiring a person who has customer contact and also does research/compiles reports. Which is more important in the position? Experience suggests that people are good at one or the other.

Establishing clearly and definitively what is most important is essential up front before you even start the selection process.

Create a Benchmark for the position

Once you have the job description and you have gone over the Key Accountabilities with your team, and then you can create a benchmark that describes the Behaviors, Values and Core Competencies of your ideal candidate.

To complete this benchmark, each of your management team can go online to complete an instrument that asks a number of questions designed to identify exactly what you are looking for in the person best suited to do the job. This looks at talent and aptitude rather than experience, which is something that you will overlay later.

Once these individual reports have been reviewed to ensure there are no wide disparities, they are merged to create a report that identifies exactly the kind of person that you are looking to hire.

The report also has a number of interview questions that you can ask to upgrade your interview process.

2. DEVELOP AND PROCESS A POOL OF QUALIFIED CANDIDATES

One of the biggest problems in hiring is that companies do not generate sufficient candidate flow. What this means is that they are forced to choose from two small a pool and simply hire the best of what is available – in effect hiring the tallest pygmy.

Lack of candidate flow arises partly because managers are worried about being submerged beneath too many resumes to be able to sift through effectively or cost-effectively. If you can get enough resumes and handle them efficiently then you can be much more selective. You can if you have better advertisements and a process to handle strong candidate flow effectively

Write the Right Advertisement and “Sell” your Company Effectively

Your advertisement needs to be very clear about your requirements and the kind of person you are looking for. You can use the information contained in the job benchmark to create an effective advertisement that runs in whatever media (newspaper, bulletin board) seems most appropriate.

It is essential to “Sell” your company effectively in the advertisement. Mediocre two line advertisements will attract similarly mediocre people. There are ways to use Web Sites to tell applicants about your company....and tell them why it is a great place to work.

Be Aggressive in your Advertising Strategies

If you are going to generate candidate flow, then you need to advertise as widely as possible. If a hiring mistake costs you up to three times annual salary, then worrying about the cost of a relatively small up front investment is clearly short-sighted.

Advertise as widely as you can and be prepared to have a system in place to handle a volume of responses that could stretch your resources.

Set up a System to Handle Responses

What happens if your advert is wildly successful in attracting candidates? You need a system that can help you screen and identify the applicants most likely to fit your requirements.

Edge Initiatives has a software product that will allow you to direct people responding to the advert wherever it runs to a webpage that:

- “Sells” the job and the company
- Allows you to stand out from your competitors and attract more serious candidates.
- Requires that candidates fill in a questionnaire so you can screen out people whose experience does not fit.
- Creates a database so you can search for those matching your criteria.
- Winnows out the people who aren’t serious enough about your job to take the time to fill out a questionnaire.

3. GRADE THE CANDIDATES

One of the worst aspects of hiring is having to interview candidates. Managers find that this is the most intimidating and time-consuming area, and they waste hours of valuable management time seeing inappropriate candidates.

The saddest part of the whole exercise is that they often end up simply hiring the least inappropriate candidate – the Tallest Pygmy – just because they can't find what they want, but need somebody to make up the numbers.

To avoid this, you need to set up a process to have other people handle the tasks that you intuitively don't want to handle yourself.

Be Clear About Your Requirements

Create a screening tool that sets out your core requirements. Edge has a document that we use in our process. If you create your own, it should include such things as required work experience, specific experience, preferred industries and acceptable distance to travel.

It varies by industry, company and job, but it is something that can be relatively easily developed. The payoff is that you don't have to do it all yourself.

Screen Applicants

Only see applicants that meet your requirements. If you use a benchmark, you can be very disciplined about matching the applicant to the job.

While the hiring process described here does not require that you have somebody else screen the applicants for you it is something that you might want to consider.

Edge has professional telephone screeners who screen all applicants before you ever see anybody. This offers the following benefits:

- Eliminates administrative time to set up the interview
- Cuts down on executive time spent interviewing
- Minimizes disruption to the office
- Increased confidentiality

Match to the Benchmark

Having created the Benchmark, you clearly want to match candidates to your requirements. The way to do this is to run reports that match the behaviors, values and core competencies of the applicants to what you identified you wanted.

You can do this before you see applicants or after you interview them and only run them on people that you like. The problem is that if they don't match the benchmark and you decide to reject them, then you have wasted management time seeing them – time that could have been easily avoided....and spent more profitably elsewhere.

4. EVALUATE THE MATCH

This is where the manager should most effectively be spending their time – not qualifying candidates or seeing people who they should never hire. Having identified the three to five candidates that match your requirements, the evaluation process is essential and this is the most important step.

Assessments and hiring tools are an essential tool, but the face to face interview is paramount in making the right decision as chemistry is essential.

The problem is that for most people the interview process is minimally effective at best. The solution lies in building a better process and effectively checking information.

Develop Better Interview Questions

Rather than simply going through the basic questions around the candidate's resume and the job you are filling, ask open-ended questions that will enable you to identify whether they are indeed the right match.

If you use the Selection Edge process, the benchmark will give you many of those questions and we will also work with you to make your interview process more effective.

Create a System where you see Candidates Three Times

You may like a candidate on the first interview and then wonder what you saw in them when you next see them. The third interview can be even more telling and you have to put together a process that allows you to get to the third interview without feeling that you are simply rehashing information....and wasting your time.

The key accountabilities statement is valuable here as it will enable you to stratify your interview process along the following lines:

- First Interview – Resume based
- Second Interview – Open ended questions from the job benchmark
- Third Interview – Specific questions around key accountabilities

Check References

There are three main reasons why we don't check references:

- Nobody will give a bad reference...so why check?
- I trust my instincts and checking will reveal nothing further
- If I spend time checking, the candidate will take another job

The bigger problem is that if the person making the hiring decision checks the references they will do a lousy job. They already know that they want to make the hire and instead of looking for any potentially bad information, they are really looking to validate their hiring decision.

Imagine how powerful it would be if you could outsource that activity to a professional. Someone who is not emotionally involved in the decision and who knows the techniques to use to get from the reference given to other co-workers at previous jobs that the candidate has not, for whatever reason, chosen to give.

Background Checks

When you hire somebody you are making a significant investment. In most other areas of life, you would undertake significant due diligence before making that kind of investment, but when it comes to people many managers are prepared to roll the dice.

Background checks that cover criminal and financial are inexpensive, but what they can save you is enormous if they identify:

- People close to your money who have financial problems
- People perpetually involved in harassment lawsuits
- People with criminal records

The point here is not that those are, in themselves, reasons not to hire people, but that if people have not disclosed them and you uncover them, then that is an important piece of information.

The most usual reason why people in the hiring process fail to take this step is because they don't want to lose the new employee while they wait for the results and worry that they will have a problem if the person starts and they subsequently got troubling results.

This can be overcome by making clear that any undisclosed issues will be grounds for termination. You protect yourself, and people who know that there is information that will come up are less likely to accept knowing that it will come to light.

CONCLUSION

One of the problems with hiring in small business is that it is haphazard and basically unplanned. It doesn't happen the same way every time and what worked one time may not be repeated next time or in other parts of the organization.

As with so many areas in business, having a system is a critical component in success. If you are clear about how the system must work and if you are unwavering in your commitment to what you have put in place, your experience will improve.