



Hire for
APTITUDE,
Fire for
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UPDATED 7/2021



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Hire for Aptitude, Fire for Attitude

The top three problems for most business owners and CEOs are hiring, developing, and retaining the right people. Hiring is critical given that hiring errors are extremely expensive in terms of the time, money, and other resources invested – an average of \$15,000 according to Career Builder. The cost can be much higher for more specialized and senior positions – as much as 250% of the annual salary by industry estimates. When you think of your business over the past 30 years, you have probably seen significant changes due to computers, the internet, and other technological innovations. When you think of your hiring process over the past 30 years, our bet is that it is largely unchanged. Our goals for this article are to significantly improve your hiring success rate, improve retention, reduce turnover, and reduce management headaches.

TURNOVER

If you think the costs of turnover outlined above are too high, stop here and jot some figures on the back of an envelope. When you place an ad in any online or print publication, what does that cost? Factor in the time you and your staff process résumés, screen out poor candidates, and interview the favorable ones. Did you factor in the time it takes the new employee to get up to speed? How about the time others spend away from their duties training the new person or answering his or her questions? If the last employee did not work out for some reason, did you allow for lost productivity for you or your staff attempting to manage that person to success? How about the negative impact on morale and customer service? Did you lose any customers due to that person's performance (or lack thereof)? How about lost business opportunities?

One client, desperate to fill a position, hired a candidate whom we had evaluated as a poor choice. They breathed a sigh of relief when he quit six months later because they had just received a letter from their largest and steadiest client that said if they did not remove him from their account, they would look for a new vendor. They put two and two together and began to suspect that some other client defections were likely due to this poor hire. When all was said and done, this one poor hire had cost them an estimated \$2,000,000 in business.

Thinking Question: Do you know your turnover rate and what it is costing you?

MEDIOCRITY

You may be thinking your staff is pretty good; you do not have any “bad” employees. When we speak to different groups of business owners and CEOs, we routinely ask this question: What percentage of your employees would you rate as mediocre performers? How would you answer that question? Are you surprised that our rather unscientific survey typically elicits responses of 60%? We suggest to you that mediocrity is worse than outwardly poor performance. Poor performers self-identify and spur us to act. With some coaching, they may make an attempt reform but if that doesn't work pretty quickly, we fire them. On the other hand, mediocre performers are nice people, they try hard and we keep giving them another chance. For a short time, they may do a little better, then they slip, they plead, and we give them another chance. How many dollars could be added to the bottom line this year if all the mediocre performers were replaced with top performers?

Thinking Question: Using an objective standard, how many of your staff are top performers? How many on your staff fall short of that standard? How much does this performance gap cost the bottom line?

THE INTERVIEW

Another question we like to ask when speaking to groups: According to a Michigan State University study, only 14% of corporate interviews are effective. Does this sound correct to you? We are typically assured that this is an accurate figure. At a recent presentation, one gentleman called out that 14% was too high!

So, what does this tell us? If you wish to build a staff of top-notch performers with minimal turnover, you have to change the way you hire people. If the interview is your primary hiring tool, there are ways to make it more useful.

Hiring is like dating and marriage. During the interview and the early days on board everyone is on their best behavior, but 24 hours after the probationary period is over you may discover you married Frankenstein. This may also happen when they go from temp status to permanent status.

Interview questions are often misdirected and hiring decisions weighted too heavily toward aptitude which is the technical side of the equation - résumés, friendly references, appearance, and behavior. What hiring decisions are most often based on is attitude – fit, engagement, energy and drive, values, and motivation. Why aren't we screening for attitude in the first place?

Conclusion: Sharpen your interview questions (see STM's Interview Guide). Know what you are looking for in terms of attitude: energy, capability, focus, integrity, and motivation. The candidate should talk about themselves

for 90% of the interview; you should only be talking 10% of the interview. Ask questions about what they see for their future and the path they see to reach those goals. If they can talk clearly and succinctly about the future, this is one indicator of high energy. Vagueness and generalities suggest mediocre energy levels and performance. Pose a series of related questions that build the stress factors around a hypothetical situation. Pay attention to their emotional state - anxiety vs. stability. A more stable demeanor indicates they are comfortable and confident with the situation and their ability to handle it well; less stable suggests they have inner conflicts that can sap their energy and productivity.

POST HIRE

What about after you have hired someone? Excellent onboarding processes increase employee productivity by an amazing 70% (Dynamic Signal). Employee retention statistics provide compelling data on how a solid onboarding process can positively impact both employee retention and employee productivity. So, bring them in and put them on the right track!

The second key to retaining good employees is to make expectations crystal clear – yours and theirs. Onboarding lays out the promises your organization is making to its employees so keep your promises! Most of the people you select for hire understand and appreciate structure, and it stands to reason they will be more productive when they are given specific expectations. If you bring aboard someone who understands and needs structure and then turn around and give them only vague requirements, you will lose a key opportunity to gain their trust and respect.

The final key to retention is planning and goal setting. As soon as possible, have the new employee work on written goals and targets. Their manager should work with them to track goal achievement and provide feedback along the way. You have heard this before, but do you know why it works? It is all about energy. People who have high energy for performance tend to have clear picture of the future and can envision the steps to make it real. They also tend to have strong integrity and operate at a higher level than other people.

The most difficult and costly of all business problems are people problems. If you want to reduce people related costs, start with your hiring process. Look to every step of that process for improvements and pay particular attention to the interview and the opportunity to apply technology to the people selection challenge in the form of targeted assessments. Technology has improved productivity in almost all areas of the business. Isn't it time to apply technology to the most costly area of the business? Once you hire your top performer, find ways to maintain and develop their energy and engagement. Happy employees do not look for greener pastures.



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