

*Making the most of new technology***The 'New Art of Hiring Smart'**

By Steve Wilson

Hiring employees that are the right fit for your company takes more than just a skills list

Have you ever hired someone who did not reach your expectations? If so, you're certainly not alone.

"Chances are good that up to 66 percent of your company's hiring decisions will prove to be mistakes in the first twelve months," says management guru Peter Drucker. Several studies support that, showing that the traditional hiring process produces a good hiring decision only about one-third of the time.

In recent years, nearly every business system has seen revolutionary technological change, yet some companies still hire employees the way they did 30 years ago.

As a quick example of the importance of hiring the right people, take a look at shoplifting. Retail stores spend quite a bit of money on security systems to reduce shoplifting. Yet, a study published a few years ago in USA Today confirmed that employees steal more from their employers than shoplifters!

That's why you may want to look beyond the hiring process of yesterday. The "New Art of Hiring Smart" is an up-to-date method to hire the best people for your business. It embraces the latest technology, approved by the United States Department of Labor, and is a systematic hiring process.

A chain of 10 sandwich shops installed this system a little more than a year ago. Since then, they've reduced the number of employees who were fired or quit by 75 percent, and their profits have doubled.

Employee turnover = Lost profits

So, why haven't more companies changed their hiring process?

The first question we ask is, "Do you have people problems?" Companies with no people problems do exist but they're few and far between in number.

The second question we ask is much tougher: "How much money are your people problems costing you?"

One of the reasons companies don't change their hiring process is that they often don't realize how much their people problems are costing them. Very few companies put a price tag on their people problems, yet it isn't difficult to calculate.

First, calculate your employee turnover. Turnover is the rate at which you replace your employees.

A simple method is to count the number of IRS Form W2s you sent in last year. That's a pretty accurate count of how many people you issued paychecks to last year.

Next, how many people are working for you right now?

Let's say you currently have 30 employees. But you issued 40 Form W2s

last year. That means you had 10 people on your payroll last year who aren't working there today.

Take the number of extra W2s (40-30=10) and divide by the current employees to calculate your turnover (10/30=33% turnover).

There can be lots of reasons for turnover but each employee turnover costs you money. An analysis of 15 independent turnover cost studies (www.sashacorp.com/turnframe.html) conservatively calculates that the cost to replace an \$8/hour employee is \$5,505! And that doesn't include intangibles like lost customers, low morale or reduced productivity.

In our example, that means the 10 "excess" employees cost the company more than \$50,000 in lost profit. Despite this staggering amount, many companies spend more time on selecting a new computer than they do on selecting a good employee!

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Because the "New Art of Hiring Smart" is a systematic hiring process, it takes the guesswork out of hiring good employees. It's easy to implement and doesn't cost a lot of money. Much of it is free.

Step one is to thoroughly understand what you are recruiting for. Do your job descriptions address attitudes, or just skills and duties? (And if you don't have job descriptions, you can download any of more than 1,000 free job descriptions from www.onetcenter.org.)

There's an old, but true, expression in human resources: "We hired for skill, but fired for attitude." To incorporate attitude, a vital component of hiring smart, into your job analysis, download a 57-question survey from the Willow Creek Consultants Web site, www.willowcc.com, which takes about 10 minutes to complete. Send them the completed survey and Willow Creek will send you a job analysis report that shows you the characteristics of a successful employee for your company — how they think, their behaviors and interests.

Skills + Attitude = Complete job description

Now, you have a complete description (skills and attitude) of the employee who is suited to your job and you are ready to start the search.

A frequent complaint we hear is that there is a lack of qualified candidates applying for jobs. In a few cases, this is a valid issue, but not often. Even when there are plenty of applicants, their selection system doesn't

identify the best candidates.

Also, at Willow Creek, we often find that companies place too much emphasis on skills and experience, at the expense of attitude.

Limit your emphasis to the basic essential skills, combined with the right attitude, and your applicant pool will be much larger.

With the right mind-set, the people you hire will quickly develop specific skill in their assigned tasks. We also find that experienced applicants frequently have difficulty adapting their skills to their new employer's policies, procedures and culture. For example, an experienced postal worker may not adapt to a similar job at UPS. The skills may be the same but the culture is different.

The next step in improving your hiring system is to prescreen your job applicants to identify candidates who will show up for work on time, be substance-free, work hard, not steal from you and the like. Using the latest technology in behavioral analysis, your job candidate can take The Step One Survey II, a 20-minute online assessment that is instantly scored. It is highly accurate in predicting critical work behaviors. The cost is less than \$25, and you will receive a wealth of information about a candidate before you interview them.

The candidate report also provides questions you can ask legally in the interview to explore any areas of concern. The assessment calculates "distortion," an indicator of how frank and consistent the candidate was in answering the questions. A low score indicates the candidate was trying to look good by polishing the answers. It's a great advantage to know how straightforward a candidate is going to be with you before you interview him or her. You can download a complete sample report at www.willowcc.com, or contact Willow Creek for a free trial assessment.

Once you've prescreened your applicant pool and identified several good candidates, it's time to conduct a great interview. Preparation is key. Assemble a folder containing the job application or resume, job description, assessment reports, release documents and interview questions. Review your materials just before the interview.

Look to the past

When the candidate arrives, spend a few minutes building rapport, and then get right into the questions. Use simple, leading questions that frequently will begin with: "Can you give me an example of...?"

The best indicator of future performance is past performance. For example, you're looking for an employee who will follow policies and procedures. The question might be: "Can you give me an example of a situation at your last employer where you disagreed with an established policy, and how you dealt with it?" Follow that question with: "Can you give me another example...?"

These leading questions keep the interview focused on specific examples of behaviors relevant to the job. Close the interview by explaining the next steps in the process and allowing the candidate to ask any questions. Sometimes, these interviews may be done by phone, and take less than 30 minutes.

Companies have an obligation to protect their employees and customers from bizarre and criminal behavior.

After the interview, reduce your candidate pool to several top candidates. At this point, you may want to conduct a background screening. For \$30 to \$60, with a one-day response, you can have social security number verification, education and reference verification, criminal record check and driving history. If the job involves handling company money, run a credit history, as well.

Protect your customers

Avert, a major provider of background screening, maintains an index of results. Five percent of job applicants had undisclosed criminal records,

52 percent misrepresented employment or educational history, and 44 percent had credit judgments, bankruptcy or collection liens.

Companies have an obligation to protect their employees and customers from bizarre and criminal behavior. A relatively inexpensive background screening is sound insurance against a negligent hiring lawsuit.

The last step in this hiring program is called Job Matching. Your top two or three candidates complete a comprehensive, one-hour online assessment, the Profile XT. Each candidate's results are matched against the success characteristics for the job, developed with the 57-question survey discussed earlier.

Based upon years of data, candidates with a 70 percent or better match will most likely succeed in the job, while those with less than a 70 percent match are likely to fail within a year.

The better the match, the better the performance is likely to be. Another interview is usually conducted before making the final selection, using legal questions provided in the Profile XT report.

Use of this systematic hiring process will increase your probability of making a good hiring decision from 1 in 3 to better than 8 in 10. For the typical cost of a few hundred dollars per hire, you'll avoid costly hiring mistakes, reduce your turnover and increase your profits. ■

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Why it's important to "hire smart"

If you knew an employee was reliable and trustworthy, had a good work ethic, "fit" the job, had the basic skills and traits vital to job success and enjoyed the job, would that make it easier to grow your business?

- Turnover is a major expense
- Traditional hiring methods are not effective.
- Government regulations are demanding change.
- Competition is forcing a closer examination of who we employ.
- We must see the TOTAL person.
- People must match their jobs.
- People are our number one resource.