Harvard
Business
Review

Hiring

The High Stakes of Hiring Today

by Harvard Management Update

February 27, 2008

Arte Nathan, senior vice president and chief human resources officer of Wynn Resorts, is looking to hire 9,500 new employees by this April to staff the new casino resort his company is building in Las Vegas. Charles Macleod, director of resourcing for Pricewaterhouse-Coopers' U.K. unit, expects to hire 1,200 recent university graduates this year in addition to another 1,500-2,000 people for higher-level positions.

And strategic human capital consulting firm Triangle Performance's clients are making a significant number of new middle- and senior-management hires. "That's typically an indication that hiring in the lower levels of the workforce is also about to pick up," says Kevin Berchelmann, president of the Bellaire, Texas, firm.

But with this renewed energy around hiring, companies face new challenges that are quite distinct from those they faced in the "war for talent" days of the late 1990s. "Back during the dot-com boom, companies were so hard-pressed to fill positions that they lowered their standards," says Berchelmann. In today's leaner environment,

however, budgets are tighter, and there's more responsibility on everyone's plate. There's less room for error: when a new position is created, there's more pressure to fill it with the right person.

But even with all that's riding on these decisions, say the practitioners and experts *Update* consulted, companies still don't invest enough time, thought, or resources in their hiring processes. The most glaring errors, and ways to avoid them, are described below.

1. Not creating a success profile for the job

Too many managers focus on the tasks required to perform a job rather than on the skills and behaviors necessary for success in that position. As a result, they don't have a clear sense of the qualities they need in a candidate. Before you even post a job opening, draw up a list of the five or six competencies necessary for success. It helps to think of someone in that position who did an average job as well as someone who did an excellent job, says Joseph Weintraub, an organizational psychologist and professor of management at Babson College (Wellesley, Mass.). What were each person's specific behaviors, skills, and characteristics? Your answers will help you isolate the competencies that make for outstanding performance in that position.

"Subordinates are often better at spotting a good manager than the person supervising the position," says BJ Gallagher, a Los Angeles-based consultant who used to be a training and organizational development manager for the *Los Angeles Times*. So if you're the hiring manager, make sure your list of key competencies comprises a 360- degree view of the position. Include peers and direct reports in the hiring interviews. At the end of the process, hold a calibration session, in which you bring all the interviewers together to share their observations and evaluations of the candidate, says Weintraub.

2. Giving interviews the wrong focus

Too much interview time is spent on topics that won't help determine whether a candidate has the requisite skills. "The best predictor of future success is past behavior," says Gallagher. "Spend your precious interview time asking very specific, very behavioral questions." Don't ask a candidate what his greatest strengths and weaknesses are; rather, ask him to tell you about a time when he had too much on his plate or had to deal with an angry customer.

As for any tests you give to candidates, make sure they relate to the specific position. Take behavioral and personality assessments; Berchelmann says his clients are using them more frequently now. Although such instruments can yield fascinating insights, they often "require us first to identify a personality trait that corresponds to the behavior we're interested in and then to figure out how to measure that trait," writes Malcolm Gladwell in a recent *New Yorker* article. The more contextualized the assessment– the more directly it tests for the specific job-related behavior you're interested in–the better.

Some companies prefer a different kind of test: the so-called stress interview, in which a group of interviewers tries to rattle the candidate. How a candidate responds to this kind of pressure is "rarely an accurate predictor of how a candidate will perform under the actual pressures associated with the job," says Bob Losyk, a Ft. Lauderdale-based consultant who is the author of *Managing a Changing Workforce: Achieving Outstanding Service with Today's Employees* (Workplace Trends, 2001). A more useful alternative: solicit the candidate's thoughts about how to deal with a dilemma your unit is currently facing.

In the interview, don't get too hung up on whether a candidate has had the specific experiences you'd like. Instead, look for the general competencies–resourcefulness, interpersonal savvy, a knack for problem solving, time-management ability–that are revealed through the experiences the candidate describes.

In this regard, managers who haven't done much hiring in recent years should be especially mindful of how the need to work across units has increased; during the interview process, they should seek evidence of the ability to do this. In today's flatter, more decentralized organizations, initiatives succeed not so much because someone has declared that certain groups must work together but because an enterprising manager has skillfully worked the system, assembling the necessary resources and buy-in.

"Working across functional lines requires the ability to collaborate, communicate, and engage others," says Michelle Reina, president of the Stowe, Vt.-based research- consulting firm Chagnon & Reina Associates. At the core, it's about relationship building, because you can't just be self-serving in your attempts to get others onboard; to be successful, you have to be sensitive to others' needs as well. If job candidates don't volunteer experiential data that supports their ability to work collaboratively, ask them to describe situations in which cross-functional teamwork was required and how they managed through it.

3. Succumbing to the "affinity effect"

"All the research indicates that we tend to hire and promote people like us," says Gallagher, coauthor of *Who Are "They" Anyway? A Tale of Achieving Success at Work Through Personal Accountability* (Dearborn, 2004). "When we go with our gut in making a hiring decision, we're subconsciously evaluating ourselves. We have this gut feeling that there is good chemistry between us and the candidate, and then use logic to rationalize that feeling."

Sure, intuition can play a meaningful role in hiring decisions, but only after you've done a lot of hard work to find people who think differently from you. This is especially important for senior management teams, where the desire for compatibility and "fit" typically is very strong. "Top teams often agree in principle with the idea of finding divergent thinkers, but when they see a likeminded thinker, that candidate becomes the bar that no different-thinking

candidate can surpass," says Triangle Performance's Berchelmann. It's difficult to find people who fit the senior team's culture and who also think differently, he acknowledges–which is why it won't happen unless you're very intentional about including both criteria in your search.

4. Penny pinching

Don't lose a highly qualified candidate because she wants $6,000 to $10,000 more than what you're offering. Even though money is rarely the most important factor in a candidate's decision to take the job, it's still significant. "I don't want to bring anyone in, especially to a senior position, who's uncomfortable with his compensation," says Roy DiPasquale, COO of the Corpus Christi general contracting firm Moorhouse Construction.

But should you agree to pay a new hire that much more than his peers? "Questions of parity come up all the time," says Berchelmann. "If all the qualified candidates for a position are expecting to get paid $10,000 more than all their peers in your organization, then you've got an internal issue you need to address."

5. Trying to find the perfect candidate

The desire to find the perfect candidate often leads a hiring manager to "look for more qualifications than the job actually requires," says Brad Turkin, executive vice president of Woodbury, N.Y.-based Comforce, a staffing and consulting firm. And "when you hire overqualified people," says Turkin, "they may soon become unhappy when they learn that the position isn't sufficiently challenging."

The number of qualified candidates is forecasted to shrink over the next five years. As a result, no manager will have the luxury of believing that the ideal person is out there. This doesn't mean you'll have to lower your standards, but it does mean you'll have to accept the fact that "everyone has deficiencies," says Lisa Jacobson, founder and CEO of Inspirica, a one-to-one tutoring firm based in Manhattan. "A person gets really good at his job by doing it over and over. I've

learned to trust that process, so hiring becomes a matter of finding someone who's a 7 on your rating scale and then building him up until he's a 10."

This article appeared in the February 2005 issue of Harvard Management Update.

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