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Hiring Without Firing

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Hiring has never been easy. About two thousand years ago, officials in the Han dynasty tried to make a science of the process by creating a long and detailed job description for civil servants. Archaeological records show that those same officials were frustrated by the results of their efforts; few new hires worked out as well as expected. Today business executives trying to fill senior-level positions carry on the unhappy tradition. Using interviews, reference checks, and sometimes even personality tests, they try to infuse logic and predictability into hiring. Still, success remains elusive. Several recent surveys conducted by both business academics and independent consulting firms have found that between 30% and 50% of all executive-level appointments end in firing or resignation.

If hiring has always been a daunting task, today's economy makes it more so. The global scope of business has increased the demand for talented senior executives in the corporate ranks. Meanwhile, supply is shrinking as more and more people—in particular, promising M.B.A.'s—choose to work for startup ventures or go into business for themselves. At the same time, the nature of work itself is in flux. Until the 1990s, jobs were pretty uniform. In the classic, functional organization, everybody knew the responsibilities of the CEO and other senior executives. Most organizational cultures were relatively comparable, too—formal, hierarchical, and based on individual achievement. But with the advent of new organizational forms such as joint ventures and strategic alliances, and with the growing prevalence of teams, free agents, and networking, finding the right person to fill a job has become more complex. What competencies, after all, do these new kinds of companies and cultures require? Indeed, nowadays the CEOs of two companies in the exact same industry may need entirely different skills and personal styles to succeed.

For the past 13 years, I have conducted the searches of about 200 senior executives—most auspicious, some not—and have participated in the hiring of about one thousand more. As leader of professional development at Egon Zehnder International, I have learned about and discussed the prescient details of several thousand executive searches conducted by my colleagues around the world.

Our collective experience confirms what the Han officials discovered in 207 B.C.: it is impossible to turn hiring into a science. The process is often undermined by ten common mistakes, or "hiring traps." But we have also found that a systematic approach greatly improves the chances of hiring the right person. The approach, it should be said, requires time and discipline. But then, most matters of consequence do.

The Art of Hitting a Moving Target

Two recent cases illustrate the varied challenges of hiring in the new economy. The first case is well known—in fact, it was front-page news around the world. Last December, Franco Bernabè was hired to run Telecom Italia, a large, recently privatized conglomerate with a poorly performing stock price and a history of management turmoil. At the time, Bernabè appeared to be the perfect choice for the job: between 1992 and 1998, he had led the transformation of one of the world's largest energy companies, ENI, into a highly respected and profitable publicly traded business—and it, too, had a legacy of extreme senior-level upheaval. Bernabè's skills were considered so appropriate for his new position that Telecom Italia's stock rose 5% the day his appointment was announced—a multibillion dollar increase in market value.

Only two months later, Bernabè's job changed drastically when Telecom Italia became the target of a hostile takeover attempt by Olivetti Corporation. It became irrelevant, for instance, that Bernabè excelled at leading cultural change. To fend off Olivetti, he quickly needed to improve short-term financial results; rapidly assess the value and synergy of core and noncore business combinations; and almost instantly construct intricate investment and business obstacles that might thwart a takeover. In the end, it wasn't enough. Olivetti succeeded in its efforts, and Bernabè stepped down only six months after he started.

The second case also concerns a telecommunications company, this one based in the United States. It was seeking a CEO for its new division in Latin America. The division was not a start-up, per se, but a joint venture between two established local companies that had both been purchased by the U.S. business. As often happens, the former CEOs of the two acquired companies were appointed to the board of the joint venture and remained large shareholders. The board agreed that the new CEO would certainly need expertise in strategy formulation. The marketplace was getting crowded; it was now or never for entrants to establish their positions. And because the new venture had no marketing plan to speak of, the new CEO would also need expertise in high-tech sales and distribution. An international search was launched.

Three months later, the board hired an industry veteran who appeared to be tailor-made to run the new division. He had been extremely successful at the helm of a telecommunications company in the same sector, although in a different part of the world. He was an effective strategist—some said brilliant—and a proven marketing expert. He understood the company's technology, products, and customers far better than any of the other nine candidates.

But his run lasted less than a year and was nothing short of a disaster. The simple reason was that he lacked the two skills that the job really required: negotiation and cross-cultural sensitivity. This new CEO had to answer to three bosses with different agendas. The U.S. parent company wanted to use the new entity to push its own products and services in a new region. One former CEO-shareholder was more focused on the bottom line; he wanted to maximize profits by increasing prices. And the other former CEO-shareholder wanted to cut prices; volume was the key to success, he said. The new CEO was eager to make everyone happy—which turned him into everyone's enemy.

The bickering was exacerbated by cultural differences in communication styles. The Americans were confrontational. The Latin Americans were deferential, but only in public. Behind the scenes, their anger and frustration brought the company to a standstill. Senior executives, caught in the cross fire of warring bosses, started leaving the company in droves. Key distributors quickly picked up on the friction and abandoned the joint venture, seeking its products from other sources. By the time the CEO was fired, the company was close to bankruptcy.

But the next CEO had the company back on track—even thriving—within six months. While he had no experience in the telecommunications industry, the new CEO was a native of the Latin American country where the joint venture was based, and he was known and respected by its principals. He had also worked for ten years in the United States, which gave him special insight in understanding and dealing with the parent company's executives. His bridge-building skills quickly unified the new venture under one strategy.

Like the story of Franco Bernabè, this case illustrates the hazards of hiring in today's business environment. More and more, success depends on competencies that are intangible and rarely found on a person's résumé, such as flexibility and cross-cultural literacy. Previous experience, once the "sacred cow" of successful hiring, can be meaningless in an era when organizational forms are continually being invented and reinvented and job responsibilities sometimes change overnight. It's no wonder that a recent survey conducted by the International Association of Corporate and Professional Recruitment found that the main reason some external searches weren't completed, according to clients and consultants, was that the positions were either eliminated or redefined in the course of the searches.

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Consider, too, the increased stakes of hiring today. When the economy moved at a less breakneck pace, mistakes could be more easily absorbed. Businesspeople—even high-level executives—could learn on the job. Indeed, with a few months to spare, the CEO of the new Latin American division might have learned to negotiate the cross-cultural minefield of conflicting agendas. But today, global competition, the capital markets, and the news media make a senior executive's performance a high-profile affair. It's hard to make an error, let alone try to recover from one, on stage.

The Ten Deadly Traps

Successful hiring is difficult—but not impossible. The right executives do sometimes end up in the right jobs. Otherwise organizations such as Sun Microsystems, Crédit Suisse First Boston, and international insurer AXA wouldn't be growing so effectively. It has been clear to outside observers that a systematic approach to key appointments has had a quantifiable effect on the successful expansion of those companies.

But we have found that hiring goes wrong as often as it goes right: Like other executive search firms, we are often called in because a high-level executive hiring has failed. Consider that in the last decade, the executive search business has experienced a 20% annual growth rate—much faster than the economy's growth rate.

So why does hiring go wrong so often? In most cases, the company has fallen into one—and often more—of the ten common hiring traps. None of the traps are the result of ill intentions; instead, they reflect many aspects of human nature and the pressing need for expedient solutions. Consider the following potential pitfalls:

The reactive approach.

Unless a company is entering a new market or is a start-up, most job openings are the result of a firing or resignation. You might think that companies would start looking, then, for someone dramatically different from the departing executive—the rebound effect so common in second marriages. Instead, companies typically seek someone with the same good qualities of the previous jobholder but without the obvious defects. At an international shoe company, for instance, the director of distribution was fired because he constantly disagreed with peers, particularly the chief financial officer and the operations director. The company immediately began to look for someone who had the industry experience of the departed executive but who was "a good team player." And in fact, such a person was actually hired—then fired two years later because he never disagreed with anyone! What the company actually needed was an executive who was experienced in managing different channels and able to effectively convince his colleagues that the company's outdated distribution strategy needed to change.

The problem with the reactive approach is that it focuses the search on the familiar personality and effective competencies of the predecessor rather than on the job's requirements going forward. It also sets up the new hire for a lukewarm reception; no one can replicate his or her predecessor, and no one should be asked to.

Unrealistic specifications.

Time and time again, perfectly sensible search teams put together long and detailed job descriptions that could be filled only by Superman, Batman, and Spiderman—combined. In their bold exhaustiveness, these job descriptions are usually filled with contradictions: the candidate should be a forceful leader and a team player, a high-energy “doer” and a thoughtful analyst.

Such job descriptions are usually drawn up by a search team that interviews everyone in the company who will work with the new hire. The search team records each person’s vision of the job’s requirements and personal concept of what qualities lead to excellent performance. The specifications are usually compiled without considering the few critical priorities that the new manager should accomplish. Nor do they take into account which skills *already* exist in the organization.

The result of unrealistic specifications is that the universe of candidates becomes very small. And it may still leave out the best candidates who might have the essential mix of competencies needed for success even if they don’t meet some of the specifications, such as an M.B.A. or a certain number of years of very specific experience.

Evaluating people in absolute terms.

In business, praise and criticism are commonly doled out in absolute terms. It’s said that Joe is a good manager or that Sally works hard. But such language can wreak havoc in the hiring process. After all, how can a search team intelligently assess a candidate’s performance without a full understanding of the circumstances in which it was rendered? Joe might be a good manager of process but not of people. And Sally may work hard, but only when a promotion is in the offing.

During the interview process, executives often have a favorite set of questions that they ask regardless of the particulars of the situation. Two of the most common are: “What are your strengths and weaknesses?” and “Where do you want to be five years from now?”

To the people asking them, these questions have good or bad answers—again in the absolute. The answers to absolute questions are opinions rendered in a vacuum and should be understood as such. The problem is, they are taken as fact.

Accepting people at face value.

It is said that people are increasingly cynical and skeptical in these postmodern times, but you wouldn't know it from the typical hiring process. Candidates are almost always taken at face value. Executives readily believe their answers to interview questions and the information on their résumés. But many candidates don't tell the full truth, or at least they often finesse it.

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The fact is many job candidates aren't thinking about long-term fit with a company; they're thinking about escaping a bad situation, or making more money, or hitching up with what appears to be a better organization. Résumés are edited to highlight successful experiences or to remove others entirely. And during interviews, people often "adjust" the truth to fit the question. For instance, an M.B.A. with three years of experience as a credit officer at a bank was extremely eager to be hired by a fast-growing technology company in Silicon Valley. When asked about his comfort with risk, the candidate spoke enthusiastically about how much he enjoyed loaning money to "gutsy little start-ups." In reality, he had loaned money to only two such ventures, and while the experience had been thrilling, the man's aversion to risk had also led him to reject about 150 other start-ups. Was his answer inaccurate? Technically, no. Was it the truth? Again, no.

The fact is, the hiring process isn't very conducive to complete candor. People want to put their best selves forward, and to do so often involves showing the camera your best angle. The problem is that most companies never try to see any other.

Believing references.

Just as people tend to accept candidates at their word, so do they with references. But we have found that references, especially those provided by the candidate, are of extremely limited value. The reason: former (or current) bosses and colleagues are usually generous with their praise. They report the good, rarely the bad. After all, they care far more about their relationship with the candidate than about helping a person they have never met make a good hiring decision. Some people may even be concerned about lawsuits. In fact, a recent survey of 854 executives conducted by the Society of Human Resource Management found that only 19% would reveal to reference-seekers why a candidate had left their company, and only 13% would describe a candidate's work habits. The reason: the executives said they feared being taken to court.

Interestingly, executives usually believe what they hear from a reference even when they don't know if that person is credible. There are few other circumstances in life in which we accept someone's judgment with such trust. Who would allow a surgeon to operate on them without hearing from several dependable sources that he was capable? We even turn to trusted friends and acquaintances when we pick a car dealer or a veterinarian. But when it comes to selecting a potential employee, executives very often think nothing of taking the word of a perfect stranger. Often, they feel as if they have no choice. Time is short. They also have no way of getting to know references well enough to judge their assessments. Executives trust strangers, they claim, because there is no alternative.

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The "Just Like Me" bias.

The full gamut of judgment errors comes into play in the hiring process. For instance, there's stereotyping—assuming that certain traits are associated with race, gender, or nationality. And there's the halo effect—letting one positive characteristic outshine all others. But the most pervasive bias of all is the tendency to highly rate people who are just like you. (When we praise people similar to ourselves, after all, we reinforce our own self-worth.) Thus, a Harvard M.B.A. who worked at a top consulting firm before he started his line-management experience will almost always prefer the candidate in the pack who has the same credentials. Unfortunately, sometimes the job would be better filled by someone with a different perspective or different skills.

Delegation gaffes.

Most executives want to make hiring decisions personally, and rightly so. They take it upon themselves to interview finalists and pick "the winner." However, many executives delegate the critical steps leading up to that point. Most often, they ask their direct reports or members of the human resources department to create the job description. Such delegation would not be bad if the people creating the description were properly briefed on the nature of the job opening and if top managers remained involved in the hiring process along the way. But that rarely happens; the executive is too busy. That's why he or she delegated the task in the first place.

Another delegation gaffe is that executives allow first-round interviews to be conducted by staffers who are either ill prepared for the evaluation or who don't have the right motivation. A large consumer goods company, for instance, was looking for a new country manager in Europe. It handed the job of reviewing résumés to a team composed of the six managers of the functional divisions. These individuals had mixed levels of experience in separating the wheat from the chaff. They also had their own opinions about what their new boss should be like—not all of which jibed with the job's demands or the CEO's standards. The company also asked the team to conduct the first round of interviews. That decision ended up losing the company one very promising candidate, who found the idea of being screened by her future subordinates downright insulting.

Unstructured interviews.

Since World War I, extensive research has been conducted on the efficacy of various evaluation methods, including different forms of interviews, reference checks, personality tests, and even graphology and astrology. Without a doubt, the research has shown that *structured interviews* are the most reliable of all popular techniques for predicting performance.

The key word here is *structured*—meaning that the interviewer has a list of well-prepared questions designed to reveal the candidate's competencies—relevant knowledge, skills, and general abilities. Such interviews, which often include difficult or uncomfortable questions, must be carefully planned and executed. In reality, most interviews are anything but. They are loose conversations that cover subjects from the candidate's and the interviewer's mutual acquaintances to recent sports contests. When it comes to business, the interviewer lobs a few predictable questions to the candidate, who lobs them back. The session becomes a friendly chat. The participants may walk away from it happy, but little about the candidate's ability to perform has really been learned.

The costs of unstructured interviews are many, but perhaps the most damaging one is invisible: rejecting a highly qualified candidate who simply didn't excel at chitchat.

Ignoring emotional intelligence.

So far, all the traps have reflected problems in how companies evaluate candidates. But there is another trap: what companies look for—or rather, what they don't look for. Most companies look primarily, and even exclusively, at a candidate's hard data: education, IQ, job history, and the like. They rarely look at the soft data: the candidate's emotional intelligence. And yet, emotional intelligence is a critical predictor of professional success. According to research conducted by Daniel Goleman, author of the book *Working with Emotional Intelligence,* the components of emotional intelligence are twice as important for excellent performance as pure intellect and expertise. Goleman's research also found that for very senior leaders, close to 90% of success could be attributed to emotional intelligence competencies.

Egon Zehnder International conducted a study with more than 500 managers on three continents and found that unsuccessful managers had by far their largest deficiencies in emotional intelligence competencies. Their failure came despite significant strength in IQ and relevant experiences. That finding goes a long way toward explaining the old saw in the executive search profession, "Hired on experience, and fired on personality."

By now most people are familiar with the five components of emotional intelligence: self-awareness, self-regulation, motivation, empathy, and social skills. But familiarity with those traits doesn't make them easy to identify in others. Making matters harder still, every job requires different emotional competencies. One job—for instance, the CEO of a strategic alliance unit—might call for a surplus of the social skill commonly called conflict management. Another job—say a middle manager at a recently privatized company—might require a great deal of empathy and the specific competency of change catalyst. But most companies respond to the complexity of assessing emotional competencies by leaving them out of the hiring process entirely.

There is a final reason why companies don't measure emotional and social competencies, even when they know both are important. During the interview process, most people look like they have social competencies in spades. Indeed, people are trained throughout life to act cool, calm, and collected (not to mention friendly, collaborative, and kindhearted) when meeting people who will decide their fate.

Political pressures.

The last hiring trap is the most pervasive and daunting of them all. Indeed, well into my second decade in the executive search profession, the most spectacular hiring mistakes I have seen have been the result of well-meaning people who just happen to have agendas.

People, for instance, like to hire friends. Take the case of a forceful, dominating chairman who proposed that his college roommate succeed the company's fired CEO. Intimidated, the rest of the board agreed and waived the standard search and evaluation process. Within less than a year, the new CEO had to be fired; he lacked flexibility and strategic vision.

Some agendas are more Machiavellian. When joint ventures appoint senior executives, partners engage in all sorts of backstage scheming to get their candidates elected, hoping to have an ally in charge, regardless of skill. And in companies of all types, people routinely advocate for weak candidates so as not to diminish their own chances of getting ahead in the organization. In still other cases, candidates get jobs in return for favors rendered. For instance, a candidate might be hired with the anticipation that he will hire friends of his "supporters" or use the services of their companies. Such appointments, while common, can have a devastating effect not only on the company's performance but also on its morale.

Politics is so common (and pernicious) in hiring, perhaps it's not accurate to call it a trap. It's more like a pool of quicksand.

Getting Hiring Right

To avoid the ten hiring traps, executives must know what the pitfalls are—and how to sidestep them. But at the same time, it is essential to follow a systematic process with two major parts: *investing in the problem definition* and *doing the homework.* (On some occasions, professional help with hiring is advised. For a discussion of when such help is useful, see the insert "Does Your Company Need Outside Hiring Help?")

Does Your Company Need Outside Hiring Help?

In many organizations, whether to use outside hiring help is a perennial, and often controversial, question when a ...

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Investing in the problem definition describes the work that a company should do before it even starts looking for candidates. Doing the homework describes the practices that make the evaluation process itself more insightful and, ultimately, more reliable and successful.

Let's start when an important job opens up. The company has a problem, but what is it? The easy answer could point the company toward one or more hiring traps—for example, the company determines that it needs to find a new executive who can do his predecessor's job, only better. But that reactive approach is bound to bring only incremental improvements to the job. The right answer requires a significant investment of both time and energy, with dividends to match. It suggests that the company define the current and future requirements of the position.

Without exception, those requirements will be driven by the company's strategy, and that's where the search team should begin. Is the organization trying to increase its market share? Does it plan to diversify? Is it seeking competitive advantage through cost or service?

A generic assessment of the company's situation can also be useful when defining the problem. After all, turnarounds are well known to require certain types of managerial skills and personal aptitudes, such as rapid, accurate problem diagnosis, and comfort with uncertainty. Similarly, new business ventures often call for executives with high levels of initiative and innovation, and the ability to assemble and lead a winning team.

While overall company strategy and generic frameworks provide some initial orientation, every situation is unique. What really matters is a comprehensive understanding of the job opening itself. The executive who fills it will have priorities that can be determined—or at least opened up for discussion—by the following questions:

- Two years from now, how are we going to tell whether the new executive has been successful?
- What is it that we expect him to do, and how should he go about doing it in our organization?
- What initial objectives would we agree on?
- If we were to implement a short- and medium-term incentive system for this position, what key variables would matter most?

After generating a list of priorities, the search team needs to identify the position's "critical incidents," or commonly occurring situations that the new executive will confront and must be able to master to be considered a strong performer. Critical incidents can be culled by observing and interviewing effective managers in similar positions within the company, and by polling colleagues and employees of the incoming executive. They may also be gathered from the previous jobholder.

Critical incidents are often left out of the hiring process, perhaps because it takes time to develop a list of them. But they are enormously useful. For example, a consumer goods company that was hiring a new marketing manager asked five people in the organization to come up with three critical incidents. The new manager was certain to face sudden and unexpected price cuts by competitors and would have to know how to react swiftly. He would have to create new positioning for one product, overcoming the fact that its past positioning was well loved internally. And the new manager would have to recruit, develop, and retain high-potential product managers despite increased competition for those resources. By explicitly identifying these critical the company the focus of its search.

> **Judgment gaffes, office politics, and the breakneck pace of business often lead hiring executives astray. But a series of carefully planned steps can put the key to "hiring right" within reach.**

As a company into the problem-definition phase, a list of competencies for the job should be emerging. The new executive needs sound knowledge of certain technologies, for instance, or skill at motivating frontline workers. He needs strong analytical skills or a certain zest for risk taking. But don't fall into trap of thinking that single candidate will every quality on list. That's why it's useful to conduct an informal competency survey of the people who will be working closely with the new executive. They may have some of the desired competencies themselves, making those traits less than imperative in the new person. Key competencies that are entirely missing from the new executive's colleagues, or in short supply, should be explicitly identified—and moved to the top of the list.

One of the most successful hiring stories I have heard illustrates the importance and power of the above process. In 1990, a French executive was appointed to turn around a European conglomerate that had a bleeding bottom line and nine large business units that lacked competitive strategies. The CEO decided to replace every business unit head—and very quickly. In each case, he pinpointed the requirements of the open job and then looked for those competencies within the organization. When they were present in one person, he promoted that person to the top job. In other cases, he moved people with some of the necessary competencies to a lieutenant's position and hired an outsider with the "rest of the pieces" to the chief's job. With each hire, the CEO appointed unexpected individuals. None were champions in their industries, yet they brought the precise skills that were needed. The strategy has paid off; the conglomerate has created enormous shareholder value, uninterruptedly, for the last decade.

The problem-definition stage should also include a process to identify the job's requirements from a lateral point of view, or from the point of view of the new executive's would-be colleagues. Most job searches focus upward, on the boss's requirements, and downward, the interests of the new person's direct reports. But in this day of teamwork, it is essential to bring to the surface the competencies, and even the personal traits, valued most by coworkers.

Of course, it is dangerous, if not impossible, to try to satisfy every constituency in an organization. But consider what happens when the concerns of colleagues are ignored, as so commonly happens. Several years ago, a leading European bank decided to launch a private banking business. A competent manager from one of the top U.S. private banks was hired as CEO and given full autonomy to build his team and open several branches. He did all this quickly and successfully, but the new manager had a propensity to deal cursorily with several of his peers and failed to develop effective and fair transfer pricing policies. He also failed to promote cross selling throughout the bank. Despite the executive's other successes, his trouble integrating with his colleagues caused such jealousy and resentment that the whole initiative had to be aborted after two years. That resulted in enormous financial and emotional costs.

By now in the problem-definition stage, a search team has generated a great deal of information about the open position and the person likely to make the most of it. It's time to create the final list of key competencies that will guide the search and evaluation effort.

For starters, every job description should state the minimum level of education and specific experience required. So many jobs are moving targets, but even if a job's requirements change overnight, a new hire with the minimum requirements would likely be able to manage in the short term. Long-term success, however, is determined by the heart of the job description: its list of key competencies. In general, there should be no more than six of these, or else you're in danger of creating unrealistic specifications. And in most cases, any competencies after number six can be supplied by the rest of the organization.

But what of the competencies themselves? How should they be worded? The simple answer is that competencies are useless unless they are described in behavioral terms. To illustrate this point, take the term "team player," which is often listed as a competency on job descriptions. But ask three people what team player means and you will get three different answers. For some, it means the ability to build group identity and commitment. To others, it means sharing the credit for work well done. Still others define a team player as someone who can draw all members into active and enthusiastic participation. Or consider "strategic vision," another popular competency. To one executive, the term means the ability to conduct in-depth analyses of the forces at work in an industry. To another, it means the ability to inspire and guide people in a new direction.

Defining competencies in behavioral terms essentially imposes clarity. Take the case of a large industrial manufacturer that was looking for a general manager. The search team agreed that the new executive had to have the competency to be a "marketer." In most companies, that would do, but the search team went further, using the job description to translate "marketer" in the following way: "The candidate must be able to recognize an international business opportunity and create an environment that gets all the needed business units committed to the effort. He or she must be able to close the deal if needed, but to step away and recognize when to turn it over to a more qualified person closer to the deal."

No list of competencies would be complete without an acknowledgment of the personal and interpersonal factors required for success. Every job description should include those few emotional intelligence competencies critical to getting the work done.

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Two years ago, a regional bank was looking for a new CEO who would have to oversee the forced merger of 11 smaller cooperatives. The search team immediately realized that the new CEO would need the competency of "conflict management." The job description wisely translated the term into behaviors as follows: "The ability to handle difficult people and tense situations with diplomacy and tact; spot potential conflict, bring disagreements into the open and help de-escalate them; encourage debate and open discussion; orchestrate win-win solutions." Today the bank is one of the most remarkable success stories in the country. The CEO who was hired, a master at conflict management, wasn't at that point a top expert in retail banking. But he put together an excellent team, with complementary skills, to achieve success.

A final and often quite tedious step closes the problem-definition phase: achieving consensus with all those involved in the hiring decision that the short list of competencies—and no other—will guide the search and evaluation process. At the very least, the new hire's boss should sign off on the list. Better yet, the boss, his boss, and any other key players in the process should, too. That might include members of the board, the head of human resources, and even some of the new hire's direct reports. That step can be tedious because it can involve a great deal of persuasion, which is both time consuming and energy draining. But like the rest of this phase, consensus is an investment that pays long-term dividends.

Doing the Homework

With a clear, agreed-upon list of competencies in hand, the next phase of successful hiring is generating and evaluating candidates and finally recruiting the right person.

What's the best strategy for generating a group of worthy people to consider? The first answer is something I call "high-leverage sourcing." In our experience, executives spend far too much time drumming up job candidates. They place advertisements, scan their Rolodexes or PalmPilots, and call friends and colleagues. It makes far more sense, however, to drum up people who are likely to know of several high-quality candidates at once. As you set out, don't look for the candidates themselves; look for people who know strong candidates.

Take the case of the CEO of a growing high-tech company in New York who was trying to hire a new head of sales. He placed an advertisement in the *Wall Street Journal* and scanned hundreds of résumés for almost three months, conducting about 20 interviews along the way. Still, no one filled the bill. Frustrated, the CEO finally ended up where he should have started: contacting knowledgeable people in his industry who could rattle off five or six candidates at a time. He spoke, for instance, to a former CEO at one of his suppliers who was now working at an industry consulting firm; that source supplied four viable candidates. He had lunch with a business school professor who advised several large companies like his own on distribution matters; that source yielded another five candidates. Not only did these sources understand the CEO's company and the job he was trying to fill but they had years of contacts. The CEO ended up hiring the one person who appeared on both sources' lists.

A second strategy for generating candidates involves adopting a "boundaryless mind-set." An open, creative attitude is, frankly, exceedingly rare among executives in the midst of the hiring process. The whole thing feels so difficult and risky to begin with, their gut tells them it is better to stick close to the rules. That's why most end up searching for people in similar industries or functions—or falling into the reactive approach and "Just Like Me" bias traps. Sometimes, executives focus only externally and don't give enough consideration to promising internal candidates. Conversely, some executives yield to convention or organizational pressures and look only inside when more promising prospects lay outside the company.

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But successful searches throw off convention at the candidate-generating stage. For instance, when a European was appointed president of one of the largest foreign companies in Japan, he needed to orchestrate a quick turnaround of a deeply troubled organization. To fill a key spot, he immediately hired a director who had been fired by his predecessor. Many observers were shocked by such an unorthodox move, but the new president had chosen not to limit his options. Why not consider former employees?

Consider also the creativity of a hiring that has turned out, over the past few years, to be as successful as it was unconventional. The Central Bank of Argentina needed to hire a group of senior managers who would report directly to the bank's president and general manager. The situation was dire. The country was in the midst of a major reform to fight hyperinflation and restructure the economy. To avoid a potential crisis in the financial markets, the central bank needed to drastically strengthen its ability to properly control and advise the nation's major banks. The open jobs, then, would involve an enormous amount of responsibility and visibility—and they should have appealed to a large number of able professionals. But the public sector at that time had a very poor reputation as an employer. No one wanted to work for the government, especially not seasoned bankers.

Turning to industries outside banking, the search team decided that managers at top auditing firms working for the financial sector would also have the right qualifications. But how to lure them to the bank? The team knew that most of those firms had an "up or out" policy and that each year a portion of their qualified professionals weren't promoted. Why not approach those firms directly, the team asked itself, and explore the possibility of hiring—as a group—colleagues who could be on the way out anyway?

The plan worked. The auditing firms were eager to help the bank because they cared about the stability of the country's financial system. Many of the firms welcomed the search from the bank, and soon a group of managers was hired from one of the best firms in the country. Recruiting the group of managers for the central bank was made easier because the professionals knew they would be working with colleagues they trusted. And finally, the bank benefited enormously from the relationships the auditors already had with one another. The group was up and running literally within days—and it led the bank through its reform with flying colors.

Once a list of candidates has been generated, the evaluation phase begins. Sounds obvious enough, but companies usually combine evaluation with recruiting. In other words, they try to assess candidates at the same time as they try to sell them the job. That's a mistake. It diffuses the energy needed to fully and dispassionately evaluate candidates. Naturally, it's important to keep candidates interested in a possible job, but recruitment happens later in the process and shouldn't be allowed to muddy up the evaluation.

Instead, search teams should be focusing on conducting structured interviews. Conventional wisdom has it that the best interviewers are highly intuitive. That helps, but it is much more important to do the hard work of preparation. The best interviewers prepare a detailed plan for each meeting with a candidate—a plan that includes each competency to be investigated as well as the questions to measure each one. (For an example of such a plan, see the insert, “Beyond Conversation: The Hard Work of a Structured Interview.”) Again, it is critical that questions focus on behaviors—and that they not be phrased in the absolute. It is meaningless to ask, “How do you feel about risk?” Better to ask, “What was a situation in which you faced risk, and how did you handle it?”

Beyond Conversation: The Hard Work of a Structured Interview

COMPETENCY	QUESTIONS ASKED
Results oriented	? Have you been involved in a business or product launch? What were the specific steps you took to contribute to the success of the launch? ? Describe the most successful marketing communications project you've led. How did you measure results?
Team-centered leadership	? Describe a time you led a team to be more effective. What did you do? How did the team and the organization benefit from your actions? ? Describe a time you were asked to lead a particularly challenging team project. How did you overcome the obstacles you faced?
Strategic thinker	? What are the top three strategic issues that your current company faces? ? Describe a situation in which you personally have been involved in addressing one of these issues. What actions did you take?
Change agent	? Describe a time when you received organizational resistance to an idea or project that you were responsible for implementing. How did you handle it? What resulted from it? Would you handle it any differently now? ? Given our organizational culture and the changes we need, can you think of specific examples from your experience that would demonstrate that you would perform effectively and enjoy this position?
Ability to respond to deadline pressure	? Describe a time you made an extraordinary effort to meet a deadline? What were the results?

Structured interviews are the result of careful planning and disciplined implementation. In fact, we have found that for a ...

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In the best-case scenario, structured interviews should be conducted by more than one person in the organization. In fact, the strategy of having several people evaluate candidates provides powerful checks and balances within the system—with one important caveat: multiple interviews are meaningful only if they are truly independent. The process doesn't work if one person interviews a candidate and then passes her along to the next interviewer with the message, "I think Nancy is great. Hope you like her, too." Interviews should be conducted in a vacuum of sorts. Each person should conduct his screening session without prior influence and should write up his impressions. Only later should those impressions be compared.

How many people should interview each candidate? Our experience suggests that a second evaluation reduces the possibility of hiring error from 50% to 10%, while a third evaluation practically guarantees a good decision.

The candidate should typically be interviewed by his boss, his boss's boss, and a senior human resources manager. It also makes sense to have the candidate interviewed by people in the company who are known to be experienced and insightful interviewers, regardless of their future relationship with the new executive.

Companies that rely on long-term employment as a competitive advantage should increase the number of interviews accordingly. At Egon Zehnder International, for instance, candidates are interviewed by up to 35 consultants in five countries; our annual turnover rate is 2%. But such extreme measures are hardly necessary in cases where the turnover rate isn't central to strategy.

Checking references is the next part of the systematic process of hiring without firing, and perhaps the most tricky. How, after all, do you overcome the superficiality built into the game? One answer is to speak with someone you know and trust who actually knows the candidate, if that is possible. The person may not be the candidate's boss or one of his colleagues, but perhaps they served together on a nonprofit board. Of course, you must also speak with the candidate's formal references, but make every effort to do so in person. Without a doubt, more information will flow at lunch than during a brief telephone call. It also gives you the chance to judge for yourself whether you trust its source.

The reference conversation should be characterized by the same rigorous preparation as the candidate's structured interview. Again, it means little to solicit general opinions about the candidate. Rather, describe the open job and its challenges. Has the candidate faced similar challenges in his current or past positions? How has he performed during them? The reference interview is also your main opportunity to probe for an accurate assessment of a candidate's emotional and social competencies. Remember that the candidates themselves are on their best behavior during interviews, making such competencies hard to judge firsthand.

Every job search, of course, finally ends—but not always as the search team would have hoped. Indeed, like a fish that wriggles off the hook as he is reeled in close to the boat, many of the best candidates get away when the focus of the hiring process shifts from evaluation to recruitment. The reason: the job is sold to them poorly, or not at all.

The most important part of selling a job is understanding the main motives—and the primary fears—of the candidate. Some people are motivated by money, others want challenge, and still others are eager to work with a great group of colleagues. A job offer needs to take such differences into account. It should even be tailored to do so. At the same time, it is critical never to promise something the company can't deliver. If a candidate seeks a great team but will be handed a mediocre one, say so. Nothing short-circuits a "successful" hiring faster than the new candidate walking into a lie.

As for fears, every person has a different attitude toward risk. In general, new hires that weren't looking for a new job—if they were recruited from the outset, for example—want their risk reduced. For instance, they don't want to be held responsible for first-quarter results if they are coming into the organization too late to affect them. Others may be concerned about a potential spin-off of the business, or if the company is family owned, about the role of family members in day-to-day operations. Some of those risks can easily be "insured" through contractual conditions. Clarity always facilitates a smooth integration.

Finally, nothing convinces more than conviction. If you want a candidate, go out of your way. Some of the best hires I have witnessed have been the result of an outstanding level of persistence. The CEO of a major oil company, for example, pursued the ideal chief operating officer candidate for six months. He had countless meetings with him and even with his family—including a celebration with both families on New Year's Eve. Even after the candidate accepted the job, and then rejected it the next week, the CEO persisted with meetings, notes, and phone calls. Finally, the man took the job and has performed even better than was hoped.

The Courage to Hire Wisely

Hiring well requires a systematic approach. But just as important, it requires discipline—and perhaps even that is not a strong enough word. It takes courage. Given the pressures of time and convention—not to mention organizational politics—it is easy to fall into any number of traps.

To keep hiring on the high road, executives must never veer from the agreed-upon list of competencies, otherwise the process is almost instantly corrupted. They must invest the time and effort to define the problem and do the homework; there are no shortcuts to the information these steps generate. And finally, executives must instill the discipline of the process in others. After all, no executive can implement a strategy alone. And hiring well is just that—a strategy. It may, in fact, be the organization's most important one.

Countless times, I have seen a systematic approach fall apart when expediency gets in the way. In one case, an influential board member suddenly demanded the job description be rewritten to better reflect the skills of his top choice. In another, the finalist received a terrible reference in the eleventh hour. Both times, momentum took over. The job description was changed and the board member's candidate was hired. The terrible reference was ignored and the finalist got the job.

Courage would have meant difficult conversations and even confrontation, but perhaps both stories would have had happier endings. Of course, both new hires were eventually fired.

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