

GETTING IT RIGHT

Employee Hiring & Retention

Help your company reduce its turnover rate by learning how to fall out of love with candidates and fall in love with how well those candidates meet identified, prioritized and agreed-to-objectives.



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Employee retention begins with hiring right, and hiring right starts with the decision-making process. You may find it surprising—or maybe you won't—that there are companies in a variety of different industries today with turnover rates exceeding 100 percent annually in all or parts of their work force. Maybe you're one of them.

Many, if not most, try to fix their turnover rate problem by pushing recruiters to come up with new methods of finding candidates in lieu of looking more closely at their decision-making process. But they need to learn the cause of their turnover problem instead of simply pumping people through the system.

This report focuses on a method you, individually or collectively within your company, can use to make a decision to hire a new employee.† The method is a means whereby different types of decision makers and recruiters may identify and then successfully hire new people. Best of all, it will work for decision makers and recruiters whether they are rational, intuitive or technically-oriented.

In this report, we will present a real-life example of a company with very experienced—and intelligent—people who have, nevertheless, struggled over several years to identify, interview, select and successfully hire new business development salespeople.

Our real-life, but anonymous, service company has sought to recruit and retain people for its business development sales positions while putting a stop to the unacceptably high annual turnover rate in its sales department. The turnover rate during the past three years has been nearly 100 percent!

With this kind of performance, this company's efforts are no longer subject to around-the-coffee-pot laughter about why and how the last one didn't work out. It's not even beneficial any longer to talk about why so and so didn't make it. This company needs something to help it survive in a very com-

petitive industry. If it cannot successfully recruit and then retain new salespeople, then all its efforts at growing the company may collapse inward. The company cannot possibly grow if it must devote so many resources to fill in old spots with new talent. It can grow, however, if it can learn to control its turnover and grow from the efforts of satisfied and successful retained employees as the company adds new ones for new territories.

As you read this report, ask yourself if you and your company could be experiencing the same or similar problems

THE HISTORY

Let's look at the hiring process this company—we'll call it Needs Help, Inc.—has used over the past decade.

First, each member of the management team developed and provided to the team input to help establish the criteria for new recruits to meet.

Second, each member of the management team provided feedback to the team about the criteria.

Third, the criteria were given to recruiters to use as guidelines to locate individuals who would meet the defined criteria.

Fourth, once the recruiters found qualified candidates, pre-screening interviews were performed and those candidates who made it through the pre-screening process were brought back for follow-up interviews with members of the management team. In some cases outside sales consultants were used.

Finally, after the interview process was completed, a formal sales aptitude test was administered to the best candidates. Offers were made to a select few.

But—and here's an important key—after all the work was completed, reviewed and discussed, the decision makers usually selected the candidate(s) with whom they fell in love during the interview process, not necessarily the candidate who was the best for the job.

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When it didn't work out, blame was passed around. Excuses were made. And, of course, more candidates were sought.

After a while, Needs Help, Inc. knew it had to make some changes. So it changed and revamped its hiring methods. Behavioral interviews were conducted instead of other types of interviews.

Unfortunately, success continued to be elusive.

Finally, and in lieu of placing more blame and making more excuses, Needs Help, Inc. decided it needed help. Management realized it had to look at

1. The management team agreed to write out a formal statement of what decision they were trying to make. They decided to: "Hire a new business development salesperson."

2. They spent significant time identifying the "competencies" (i.e., Objectives) needed for someone to be successful in their company.

3. They discussed and established a priority order for the Objectives that would form the basis for the hiring decision. Efforts were made to include

HOW IT'S DONE

Statement—Hire a new business development salesperson

STEP 5

MANDATORY OBJECTIVES

3–5 years sales experience

stability on previous job(s)

base salary not to exceed \$75,000

fit company culture

possess multi-tasking ability

be a problem solver

have a positive approach

be an initiator

have transportation access to sales territory

high school diploma

#1

Yes

Yes

\$60K

Yes

Yes

Yes

Yes

Yes

Yes

Yes

Candidates

#2

Yes

Yes

\$70K

Yes

Yes

Yes

Yes

Yes

Yes

Yes

#3

Yes

Yes

\$80K—NO

#4

2 yrs—NO

NOTE: Only Candidates 1 and 2 made it through the **MANDATORY OBJECTIVES** screening process. Candidate 4 did not have the required experience. Candidate 3's base salary exceeded the stated base salary maximum.

the problem in a fresh, new way. Needs Help, Inc. started to question its decision-making process for its hiring decisions.

A Closer Look Step by Step

The method we will introduce in this report may help your company reduce its turnover rate by helping you fall *out of love* with candidates and fall *in love* with how well candidates meet identified, prioritized and agreed-to objectives.

Let's look at the process on paper. Please review the steps highlighted in "How It's Done." We'll walk you through how to make a selection from among four qualified candidates using this decision-making process†.

Objectives from different perspectives.

4. The objectives were divided into Mandatory and Desirable Objectives.

Mandatory means that any candidate must meet these criteria *without exception* in order to be considered for a position.

Desirable means that once the candidate has met the Mandatory Objectives then he/she can be viewed and rated as to how well he/she meets the Desirable Objectives, which have been prioritized on a 1–10 (Low – High) scale.

† SOURCE: *The Rational Manager*, by Charles H. Kepner and Benjamin B. Tregoe. *The New Rational Manager*, by Charles H. Kepner and Benjamin B. Tregoe.

The team agreed to what constituted Mandatory versus Desirable Objectives before ever considering the first candidate.

- 5. The candidates were first screened against the established **Mandatory Objectives** (opposite page). Candidates who did not meet Mandatory Objectives were eliminated from consideration.
- 6. Next, the remaining candidates were scored against the **Desirable Objectives** (below).
- 7. Because there was a relatively close “race” between two candidates, Needs Help, Inc. decided to assess the **Downside Risk** for both of the high-scoring candidates (see next page). In this

example, you will see that the highest scorer from **Step 6**, Candidate #2, was eliminated from consideration because of the inherent Downside Risk.

- 8. The selection was made and the offer extended.

An Important Note

With this decision-making method, any disagreements among the management team can be discussed based on the facts. There’s even room for emotion in the discussion. But it is the *process* that eliminates candidates, not the people.

Try this model the next time you get tired of talking about turnover and employee retention. You, too, can fall in love with your objectives and the candidates who meet them. ■

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STEP 6 DESIRABLE OBJECTIVES	Weight	Candidates	
		#1 Score	#2 Score
be a team player	10	10 from ref. check	9 from ref. check
be flexible	10	8 balks at admin. work	10 moves well between tasks
pass sales assessment test	10	10 scored 95	10 scored 95
entrepreneurial	9	7 lrg corporate approach	10 treated sales terr. as own business
relationship builder	9	10 bonded w/interviewers	6 comes off as task oriented
be computer literate	8	10 excellent on Windows	10 excellent on Windows
self-directed	8	8 needs some direction	10 experienced as self starter
good verbal communication skills	8	10 speaks very well	10 speaks very well
business knowledge	8	8 must be more current	10 well versed and read in business
sold at director/manager level	7	1 only at recruiter level	10 sold to director level
industry experience	7	10 sold in our business	6 sold other intangible services
able to cold call	7	10 not afraid of phone	10 not afraid of phone
education beyond high school	7	10 BA–Business	6 AA degree
be organized	7	10 uses daily planner	10 uses Palm Pilot
sold intangibles	7	10 staffing	8 insurance
possesses good questioning skills	7	7 uses open-ended Qs	10 uses both open-ended & binary Qs
possesses good listening skills	7	6 needs to develop skill	10 picks up on key points
sold a mid-size ticket service	6	10 \$10,000 avg. sale	10 \$10,500 avg. sale
good written communication skills	6	6 résumé errors	10 error-free correspondence
has had previous sales training	6	10 solution selling	8 pain-free selling
be creative	5	10 bus presntn at interview	10 did Internet research on company
can work in small company	4	2 Fortune 50 exp.	10 dot.com start-up experience
reads business press	3	10 subscribes to WSJ	10 subscribes to <i>Business Week</i>
possesses attention to detail	1	10 focused on dotting ls	10 crossed all Ts in hiring process
Weighted Score (Weight x Score)	TOTAL	1,423	1,542

STEP 7

DOWNSIDE RISK ASSESSMENT

Because the candidates' weighted scores were so close, Needs Help, Inc. assessed risk for both Candidates #1 and #2 rather than just selecting the candidate with the highest weighted score.

Here's how you can do the same: List the risk that relates to each candidate.

1. Identify the **Probability** of the risk occurring.
2. Identify the **Seriousness** of the risk to the success of the decision if it did occur.

Use a 1–10 scale, where 1 is Low and 10 is High.

Any risk assessment that comes out as a 10 Probability AND a 10 Seriousness removes a candidate from selection, regardless of weighted score. Why? Because the candidate risk is probably too high to manage in the Needs Help, Inc. culture.

NOTE: Always try to use new criteria, not just rehashed criteria from the Objectives Section.

RISK	Candidates			
	C #1	P/S	C #2	P/S
Work for a female manager	No problem	1/10	No problem	1/10
Offered \$50,000 signing bonus from another co. Cannot match.	Not an issue	1/10	Deal breaker	10/10— NO GO

FINAL HIRING DECISION

Candidate #2 was eliminated because of the Risk Assessment—even though he/she outscored Candidate #1 in the weighted score. The decision was made to hire Candidate #1.

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