

The RESOURCE

RECRUITING A WINNING TEAM

Professional sports teams put tremendous effort into recruiting the cream of the crop. Attracting top talent is the only long-term competitive advantage in sports. They don't say "Let's take whomever we can get – we can train them," or "Our current people are good, so we can afford to take on a loser," or "Other teams have a tough time recruiting, too, so we'll just have to settle for second best." They know that to win, you get the best people possible.

It is not much different in business. Good recruiting is the most effective human resource tool. It also is the fastest, least expensive way to upgrade your workforce. The problem is that top talent is hard to find.

A nationwide recruiting firm reports that 45 percent of employers have trouble filling professional positions. With regard to basic skills jobs, the American Management Association reports that 38 percent of applicants tested for reading, writing, and arithmetic failed the test – and the percentage is rising! In 2006, 81 percent of hiring managers reported difficulty in finding qualified candidates. McKinsey says that "66 percent of companies report insufficient talent to meet their future objectives."

There is no easy way to solve the recruitment problem, but there are some guidelines worth following. First, generate a constant flow of applicants. In order to do so, use your company website, relations with local trade schools, and contacts at military bases. Sponsor community events and give regular plant tours. Offer visiting speakers to high schools, area colleges and civic groups. For specific job openings, seek referrals from your own employees, especially your current top talent. After all, birds of a feather . . .

Second, consider using "farm teams" as a recruiting tool. This refers to internships or summer employment at your company or cooperative study programs with colleges and universities. Farm teams give you a chance to get a close look at a potential employee without the long-term risk of permanent employment. It also gives the student a chance to test the "fit" of your company before a job offer is made.



Third, be the place where people want to work. Money alone will not do the trick. In fact, as long as a company is paying the market rate, it is not usually about the money. Studies show that the most desired benefits are 1) health care, 2) flex time, and 3) 401(k) plan. After these basics, focus on the factors that motivate workers: responsibility, advancement, recognition, meaningful work, and accomplishment. The company that offers these motivators will both attract and keep top talent.

Fourth, know what it takes to be successful at your company. Every company has its own list of success factors – the abilities/skills and work behaviors/habits needed to achieve your business plan and your long-term goals. Most companies want people who are energetic and hardworking, get along with others, and have a positive attitude. These factors may be necessary for success at your company, but they are probably not sufficient. Take the time to compile your own list of success factors. Doing so will take your recruitment and selection process to a whole new level.

Finally, use up-to-date selection tools. In addition to interviewing, professional sports teams use tests to evaluate people. Some tests are skills demonstrations. Others are psychometric, with mental ability and behavioral components. Why is it important to use such tools? The answer is to upgrade your team with each new hire. Employment tests, properly designed and validated, enable a company to establish its own "average." Once this is determined, smart companies hire only those equal to or higher than their average. In this way, they reduce the proportion of below average workers and thus raise their company average with each new hire. The more people a company hires with this approach, the faster it upgrades its workforce.

PSP Metrics has developed tools to measure precisely a wide variety of skills, aptitudes, work behaviors, and motivators for business and industry. These tools help to remove subjectivity in the recruitment and selection process, and they make it easy for companies to compare applicants. PSP's tools enable companies to hire the best – and to avoid the rest – just like professional sports teams.

INTERVIEWING — TRUTH OR CONSEQUENCE

Obtaining the truth from candidates in the interview is becoming increasingly difficult. A recent study found 57 percent of candidates who recently had been interviewed believed that telling lies during the job interview is acceptable. What do candidates lie about? Thirty-three percent exaggerate their skills, 28 percent omit negative information, and 27 percent lie about their salary level. Some even lie about having a college degree.

What can we do to interview more successfully in light of the false information often presented in the interview?

First, recognize that there is ample room for error in the whole interview process. It provides only a small sample of an applicant's behavior and, more often than not, the candidate's verbal facility (or lack of it) determines how favorably he is perceived. Since interviewers have their own biases and often interpret the same information in different ways, it is no surprise that interviewing is a highly flawed process for making decisions about the success of a candidate for any given job.



Often interviewers are poorly trained and do not focus on the most important job factors. They get distracted by the applicant's background and previous job experiences, who the applicant knows, or where he went to school. Or they ask hypothetical questions, such as "What would you do if. . . ."

There are four major questions that must be answered in the interview:

- Can the person do the job?
- Will the person do the job?
- Can the person work with others?
- Will the person grow?

The first "can-do" factor requires some measurement of the candidate's skills, experience, training, etc., to determine the level at which she will be functioning in the job. *Job experience does not equate to job effectiveness.*

Just because somebody can do the job, however, does not mean he will do the job. Determining motivation, job interests, reliability, and overall job fit is the second most important question to answer.

The ability to work with others is very often the critical factor in job success. The interview provides an opportunity to uncover an applicant's people attitudes and ability to work cooperatively with others. Often these attitudes, however, are masked by good social skills. We can all be charming for the brief period of a job interview.

The final question is whether the person will grow in the job, continue to learn, and be ready for changes that inevitably will occur. The ability to grow ultimately provides more return on the company's investment in the individual when he can assume more responsibility and produce increasingly valuable results.

Behavioral Interviewing Increases Accuracy

Accuracy in evaluating candidates is greatly enhanced when selection decisions are based on specific job-related examples of the candidate's past behaviors. Statements about specific behaviors exhibited in the past have much greater validity than statements about attitudes or feelings. We all say that we are going to do the right things, but do we actually do them?

It is important not to telegraph what you are looking for but to ask candidates to give you specific examples of how they handled a situation. For instance, ask how they approached an unhappy customer or ask about a disagreement at work and how they dealt with it. Or ask them to give you an example of a time when they had multiple demands occurring at once with similar due dates. Again, how did they handle it?

In evaluating the applicant's response, it is important to understand the context in which the behavior occurred. Is the behavior appropriate to the situation? Was there something the individual should have done that wasn't done? Is it believable? What did the candidate actually do to handle the situation and what were the results? Ask follow-up questions so that you fully understand the response.

Behavioral interviewing greatly reduces the candidate's ability to fake, although it does not entirely eliminate it. It has the advantage of using specific past behavior to predict future behavior and does not simply rely on what the applicant says he will do or has reported on the resume. Obtaining several examples for a given behavioral skill greatly enhances your ability to evaluate a candidate's competency. This style of interviewing helps you to identify more clearly a candidate's strengths and limitations, looking for patterns in the behaviors.

When using behavioral interviewing questions based on key job competencies, you increase your chances of receiving answers to the important questions about whether the candidate can and will do the job and will work well with others. Training hiring managers will help them to integrate behavioral interviewing skills into their selection procedures.

Interviewing provides for only a limited sample of behavior. You can increase your chances of accuracy by combining interviewing with psychometric testing, references, and background checks. All of these tools together increase the odds of hiring right the first time and avoiding the consequences of hiring individuals who do not tell the truth.

MERGERS AND ACQUISITIONS: MEASURING THE PEOPLE SIDE OF THE LEDGER

Mergers and acquisitions are highly focused on balance sheets, income, and cash flow statements. Yet it is the people side of the new business that will make the difference between success and failure.

Retention of key talent is a critical factor in any integration plan, but the people side of the ledger receives limited consideration. This may be the reason why most research studies show that mergers and acquisitions (M&As) have very high failure rates. Despite these disappointing findings, M&As continue to occur as companies struggle to compete in the challenging global environment.

Existing infrastructures are not always capable of expanding at the rate needed when merged or acquired. If the new company does not have executives with the right skills, many decisions about expansion needs may not bear fruit. Not all executives handle the pressure of growth equally well. Some – on both sides of a merger – are unable to anticipate the challenges of integrating two different cultures or repositioning the business in response to marketplace changes.

Investors have their own business goals for the acquired or merged company that often focus on the financial side – how the new company will grow and be able to pay off the cost involved. Most investors are less prepared for the people side, in part because they lack measurement systems for determining that part of the transaction. They are investors, not psychologists.

Identifying the Leaders

When it comes to the people side of M&As, the first step is to determine whether the existing leaders have the skills and competencies needed to carry out the new business strategy. The best way to properly evaluate this is to use professionally developed measurement systems. This requires an accurate understanding of key leadership skills and behaviors needed by the new enterprise. Once these are identified, the existing executives are assessed to determine who has the requisite skills and where new talent is needed.

Using a third party whose core competency is measuring human capital is the soundest approach to doing this. Using psychometric testing that includes benchmarks developed from other successful leaders provides added confidence in the outcomes. Psychometric assessments allow quick identification of the existing players with the talent required for the new enterprise and show where investments need to be made in new management. To learn more about psychometric testing, please visit www.pspmetrics.com.

For example, investors who could see a merger begin to fail found that psychometric testing identified a new leader within the enterprise who was able to successfully develop the business. When the business was subsequently sold, it returned a significant profit to investors. In another example, with the help of psychometric testing, an investor felt confident in bringing in a

female leader to run the new business. Upon selling the business later, the investor stated that the female leader added significant value that was recouped in the sale.

Rightsizing the Organization

Most M&As involve a reduction in the total number of employees in the newly formed company. This serves to eliminate redundancy, increase efficiency, and achieve economy of scale. Unfortunately, most approaches to downsizing and rightsizing an organization after a merger or acquisition cut muscle as well as fat from the workforce. Capable people are displaced, while marginal employees remain – especially when downsizing is conducted by seniority.

An alternative method for downsizing is available: the Wyvern OJQ. Wyvern is a rating tool that enables a company to compare employees to each other on a variety of factors related to job performance. The approach yields rankings that clearly tell which employees fit best with the new business strategy. Wyvern also shows the training and development needs of each employee. Moreover, Wyvern's unique rating system enables companies to rate large numbers of employees and managers rapidly and objectively.

Organizations have chosen the Wyvern OJQ for downsizing because they think it is the most accurate and objective system available. Wyvern uses multiple raters for each employee so that no one person can tilt the scale. In fact, employees rate themselves and their peers, and thus have a voice in their own fate. In addition to multiple raters, Wyvern uses a paired comparison rating process that prevents employees from "gaming the system."

After a recent merger, a global chemical company needed to downsize the enlarged IT staff. After creating a competency model that reflected the new business plan, the company was able to utilize the Wyvern process to identify those who fit best for new job expectations. The Wyvern online rating process worked quickly and smoothly, resulting in a leaner, stronger and more focused workforce.

Downsizing decisions made using the Wyvern process are highly job-related and therefore legally defensible. They yield not simply a leaner company, but one that has retained the employees with the necessary competencies for carrying out the new business plan. To learn more about the Wyvern OJQ, please visit www.wyvern-ojq.com.

These tools – PSP psychometric assessment and Wyvern OJQ – offer measurement systems for making objective and targeted decisions for handling the people side of M&As. Getting the people side of the ledger right goes a long way toward improving the odds of a successful merger/acquisition that can adapt quickly to marketplace changes.



WHAT'S NEW @ PSp

RESOURCES FOR LEADERS

In ***Know-How: The 8 Skills That Separate People Who Perform from Those Who Don't***, Ram Charan provides practical insights into the fundamental skills needed for successful leadership in the twenty-first century. Charan, an influential adviser to leading companies around the world for more than 35 years, is also the co-author with Larry Bossidy of two recent provocative best-sellers, *Execution: The Discipline of Getting Things Done* and *Confronting Reality*.

Management consultant Michael J. Marquardt shows leaders the effective technique of asking the right questions in ***Leading with Questions: How Leaders Find the Right Solutions by Knowing What to Ask***. By using this approach, leaders help employees to think through the issues and find their own solutions, thus developing their own abilities to solve problems and think creatively.

Addressing the human capital issues and risks involved in a merger can be a key factor in its success. Dennis Carey and Dayton Ogden, who have worked with many companies in the process of merging, examine these topics in ***The Human Side of M & A: How CEOs Leverage the Most Important Asset in Deal Making***. They analyze the most successful mergers of the past ten years to support their conclusions.

Marshall Goldsmith, a highly regarded executive coach and teacher of leadership development, addresses common problems of successful leaders and offers ways to attack these problems in ***What Got You Here Won't Get You There: How Successful People Become Even More Successful***. He outlines 20 habits commonly found in the corporate environment and provides an approach to help executives change for the better.

- ❖ Conducted employee opinion surveys for all employee levels at three separate plant locations in Texas, Iowa, and Alberta, Canada. Achieved participation rates in the high 90s, including 100% in the largest facility.
- ❖ Introduced the Motivator 360 website to add ease of utilization for customers who use this unique 360 format. Learn about this superior 360 survey directly by going to www.motivator360.com.
- ❖ Customized an Interviewer Training Program for a large pharmaceutical plant in the Southeast using PSP's Pattern Behavioral Interviewing Program.
- ❖ Provided online assessment for a large retail company selecting its first Internet sales manager.
- ❖ Began career development assessment and planning programs for key leaders in chemical plants in Texas and Kentucky. This is an opportunity to help plant leaders develop their effectiveness for change management.
- ❖ Provided career development assessments for the next generation of leaders in a small family manufacturing business.
- ❖ Conducted a CEO successor development program for a Fortune 500 electrical products distribution company.



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