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Avoid mis-hiring to boost performance, cut costs

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Organisations are as good as the people they have, but hiring the most appropriate candidates is difficult and more often than not, it is not well done. Jack Welch said that nothing that an organisation does is more important than hiring the right individual. Research conducted by Bradford Smart states that mis-hiring is 50% in the top 100 organisations of the world — using the best of search firms and having the best of internal processes. This indicates that there is an aberration on how we hire, as otherwise the track record would have been much better.

According to a recent research, mis-hiring has moved up to 65%, in spite of more advanced psychometric tests available today. Using advanced psychometric testing is not improving outcomes, and so it is not the panacea to improve hiring results.

Whichever way we look at it, one glaring fact that emerges is that all is not well the way we hire. Surely, we need to improve as every mis-hire costs an organisation a minimum of 26 times the candidate's annual compensation package and can extend up to 100 times. Hence, we do need to analyse what goes wrong and how outcomes can be improved. We have all noticed how organisations are turned around when they have hired the most appropriate candidate and how they have been destroyed when they had a wrong person for the job.

There are multiple reasons for huge mis-hiring that happens in organisations and to generalise is not easy, as each job is unique as is every organisation. In addition, the ecosystem and stakeholders in every organisation are different. Do remember the rarest ability is the ability to assess ability.

My inferences are drawn from over 500 placements and evaluations of the search conducted especially after we in Executive Access introduced the concept of accountability and linking our fees to outcomes. Looking closely at the following will improve outcomes:

Compatibility: Organisations are smart enough to hire smart candidates with good track record, intelligence, educational credentials and appropriate experience with good professional organisations. However, it still results in mis-hiring not because candidates are bad but because there is a lack of compatibility of candidates with the culture, ecosystem and mindsets of key stakeholders in an organisation. There is complete mismatch because we unfortunately give inadequate attention to the all-important compatibility of candidates with key stakeholders and whether the candidate's DNA will be compatible to the organisation and the boss. We presuppose this will happen even though candidates can generally change 20% to 30% and adapt, rarely can they change 80% of themselves. This is the reason some individuals are a great success in some organisations but fail miserably elsewhere. We must understand what sort of a person works best with the key stakeholders, especially the candidate's boss, to determine not only the relationship but also outcomes. Incompatibility can be disastrous.

Understand the candidate's DNA, strengths and weaknesses: Assessing all the three aspects is very important — the first and the last being most crucial. Do not discuss the career of a candidate till you have understood his/her DNA, which is permanent and difficult to change. Rushing to understand the career of a candidate is possibly not the best way to start an interview as you can pick his contradictions and aberrations only after you have understood him as a human being and what drives him in life. Most candidates will exaggerate their strengths and be comfortable discussing the same, so comprehending strengths is not difficult. However, a number of the candidates become uncomfortable discussing areas of improvement and tend to be evasive. They start to display their strengths as weaknesses — for instance, I work too hard and do not have work-life balance, I am impatient for results, etc. As every human being has weaknesses and idiosyncrasies, it is most important to know about them as they can be derailers. Even if they are not, derailers forewarned is forearmed and knowing about the weaknesses can only help you create a support mechanism to help the individual.

However, it is very important also for organisations to know that all candidates, without exception, will have weaknesses as it is

impossible to hire God, so they should not expect a candidate to be devoid of weaknesses.

Prioritise what you want achieved and what are critical success factors: Job specifications more often than not are not worth the piece of paper they are written on as they are a laundry list detailing the job. There will usually be three important areas that the individual should achieve. So it is good to focus on them rather than the entire list. Often, the job specifications will be outdated and picked from what the last incumbent did instead of the key deliverables now. Focusing on more important stuff will yield better results than the less important. Therefore, organisations should invest time to get clarity on the key deliverables and even prioritise them.

CV: It is an important document to understand what the candidate brings to the table. Insist on a four-page CV instead of a short one. It helps if the CV is in reverse chronological order that details each assignment separately with time spent in each tenure as this will inter alia help you understand a candidate's career graph and evolution better and also highlight time spent in each tenure. A two-pager CV or a consolidated one with adjectives and career objectives will not help you. Also, meet the candidate at least twice with the last interaction focusing on role play.

Finally, evaluate the mis-hires and the why's of it seriously as the endeavour should be to not repeat a mistake. A mis-hire is someone who does not deliver to your satisfaction so you should look at disguised mis-hires as well. No organisation will be devoid of it. As all jobs have become complex and are fast-changing, anything that improves outcomes is useful to the organisation.

The writer is MD, Executive Access India. All views are personal