

HUMAN ELEMENT

STRATEGIC TALENT ACQUISITION

In an age when turnover costs are in the thousands of dollars per employee, here are four important steps to acquiring long-term people.

By Mark Brenner



The costs of imprecise talent selection are staggering. Dozens of studies consistently identify the cost of turnover to be somewhere between 25 and 200 percent of annual salary, and studies of even minimum wage-level workers show that turnover costs average more than \$9,000 per exiting employee (Employee Turnover – A Critical HR Benchmark, Employment Policy Foundation, 2002). Multiply these costs by 20, 40 or 400 exits each year of ill-hired employees, and it's not a pretty picture.

As dramatic as these numbers are, they are actually on the low side – when you consider that the value of retaining one front-line worker is an order of magnitude greater than the cost of losing one. Why?

Because creating a 25-year employee will eliminate at least five or six rounds of exits and creating savings. Regular readers know this column addresses how to build a talent portfolio. This month's focus is on how to achieve high-accuracy hiring.

Get What You Need

Typically, high turnover costs are a sign an organization is taking a tactical approach to hiring – simply replacing bodies with little attention to the strategic considerations of “best-fits.” Although a tactical approach may succeed in screening out the worst candidates, the damage is usually caused by the marginal hires who slip through and adversely impact your organization's productivity and morale.

Strategic talent acquisition, on the other hand, seeds an organization with top-flight talent. “Strategic talent acquisition means aligning talent with the strategic intent of the organization – in other words, the organization has determined what key competencies it needs to select and/or train to effectively fulfill its vision,” says David Watterson Jr., Ph.D., president of Watterson, Aldridge & Associates Inc. Watterson counsels North American and multinational companies on HR issues.

In a nutshell, it's knowing how to screen in and screen out precisely, knowing what tools to use to maximize the probabilities that you are accurately identifying a best-fit as a best-fit, and knowing how to standardize the selection process and replicate it throughout the organization. This involves four steps.

First, analyze your major job categories and identify their crucial competencies. What are the experience, knowledge, behavioral styles and motivations that will produce the level of fit and contribution required by the company to deliver on its mission? There is a universe of about 40 competencies, various subsets of which can pinpoint the requirements for efficacy in most work roles.

In addition, personality research has homed in on a small handful of personality traits predictive of high performance across a spectrum of different jobs, industries and demographics. Personality traits are even more critical than competencies because they are the most powerful moderating forces when it comes to both work performance and satisfaction.

In a 1993 study, Robert Kelley and Janet Caplan found the factors that differentiated Bell Labs' engineers and computer scientists who were A-players from those who were B-players were not cognitive measures such as IQ and achievement scores. Rather, the high-impact predictors were a knowledge worker's ability to channel expertise, creativity and insight into his or her work with other professionals. Surprisingly, the nine strategies that distinguished stars from average performers were: taking initiative, networking, self-management, teamwork effectiveness, leadership, followership, perspective, “show-and-tell” and organizational savvy. (“How Bell Labs Creates Star Performers,” Harvard Business Review)

Second, build a set of tools that can measure the desired traits and capabilities for a given candidate. These include a competency model, a behaviorally-based interview protocol and guide, a personality test that can measure “softer” indicators, and an evaluation matrix that can be used by all members of the hiring team to coordinate and synchronize the assessment process.

“We have many excellent tools today that identify people’s motives, abilities and personalities with precision,” Watterson says. “Bio-data and personality instruments can be reverse-engineered to identify the traits of high performers in an organization in order to predict effectiveness in those roles. Good talent managers know how to spot the common themes, threads, backgrounds and characteristics of best-fit people, so that when they need to hire, they know in what pond to fish.

“Say, for instance, that you need a team that is fast, flexible and analytical. Often, people who are highly analytical are not also fast and flexible, so you may need to select people from both groups who can also work well together. With good tools, you can quickly and accurately identify the desired characteristics.”

Third, methodically prepare hiring teams to be able to gauge the answers to three questions about every candidate:

- Can he/she do this job? (This concerns factors such as education, experience and acquired skill sets.)
- Will he/she do this job? (This is about vocational interests, motivation, work ethic and drive.)
- Will he/she fit here? (This is about values, sociability, independence, team orientation and followership/ leadership styles.)

“No trait or ability is inherently desirable or undesirable,” Watterson says. “It always depends on the role. Creativity, for instance, may be highly desirable for an engineer in new product design, but not for an air traffic controller. So regardless of which assessments you use, don’t neglect to evaluate the candidate’s abilities and traits against the requirements of the job.”

Fourth and lastly, use your strategically branded culture to attract talent to your applicant pool. Such a culture recognizes, responds to and incorporates the cultural elements that employees at all levels of the company find the most inspiring and motivating about any corporate culture.

“The most common mistake is that organizations run with only one part of the talent acquisition process,” Watterson notes. “Just one component won’t give you the full benefit. Organizations that really get strategic talent acquisition are dedicated to the whole process and they are committed to training people in carrying out all the steps.”

Hiring Risk Management

Ultimately, every new hire contributes to moving your business forward or to holding it back. Consequently, it is crucial to undertake the rigor of defining a competency model, reverse-engineer a set of tools to fit the model and then train hiring teams in how to use the model and the tools to refine and target their interview questions. This approach creates a sound insurance policy that your hiring process will be much more accurate.

A strategic best-fit approach to talent acquisition even serves to enhance your culture brand because the experience leaves candidates impressed with your serious, comprehensive approach to hiring. It also ensures that new hires settle into their roles more quickly, becoming A-players who perform primarily for the satisfaction of mastery and achievement.

Common Hiring Mistakes

Without the discipline imposed by a comprehensive best-fit strategy, it’s easy to fool yourself into believing you’ve found Mr. or Ms. Right, particularly when you default to expedience or make the following common mistakes:

- Hiring by chemistry, (i.e., gut feel) replete with unconscious biases, prejudices and stereotypes
- Hiring in your own image
- Over-weighting certain skills, experience or characteristics
- Biasing the candidate’s responses by asking leading questions
- Succumbing to order effects (e.g., first or last interviewee, time of day)
- Registering visual cues as more important than verbal ones
- Being fooled by “interview experts”

Managers who hire by chemistry or settle for less-than-best-fits also tend to spend too much time wooing the finalists rather than giving them a realistic job preview and assessing their true fit. Is it any wonder, then, that new hires are unpleasantly surprised by the reality of the job requirements and environment once they arrive?

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