

How to Hire Top Performers: The Ultimate Competitive Edge

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The Fundamentals Of Creating A Winning Company

Most companies want to dominate their market, or at least perform better than where they are currently. Simply put, they want to be winners.

No matter the standard for what determines “winning,” numerous factors must be present for a company to be a winner. Having a clear understanding of which factors are essential provides a start in securing a winning edge.

What Distinguishes Winners From Losers?

In the 2003 book, “What Really Works: The 4+2 Formula for Sustained Business Success,” the authors studied 160 companies in various industries over a 10 year period (1986-1996) to reach their conclusions. What they found were four essential elements or practices for which companies must excel in order to achieve success by the authors’ standards. Plus, the companies needed to excel in two of four secondary elements to be true winners.

Those companies who mastered all four primary practices, and two of the four secondary practices, had a 90% probability of being winners.

Four Primary Elements

- Strategy - clear and focused
- Execution - consistently meet customer expectations, continuously improve
- Culture - performance based
- Structure - flat and fast

Four Secondary Elements

- Talent - recruit and develop top performers
- Leadership - develop stronger leaders, directly linked to performance
- Innovation - introduce disruptive technologies and business models
- Mergers & Partnerships - leverage existing customer relationships and strengths

That Was Then, This Is Now

It’s been over 10 years since the conclusion of the study, and now the stakes are higher. In today’s faster-paced and increasingly more competitive market, companies who are determined to become market leaders can no longer afford to excel in only 4+2. They must achieve superior performance in 6+1.

What distinguishes market leaders from winners is that market leaders know they must master the elements of talent and leadership, plus seek to excel at one of the remaining two secondary elements.

Lacking focus on talent and leadership both confuses and greatly increases the difficulty to perform at a high level with strategy, execution, culture, and structure. A talent pool of B or C (or worse) employees requires more management than leadership, perpetuating the fate of losing companies.

“The ability to make good decisions regarding people represents one of the last reliable sources of competitive advantage, since very few organizations are good at it.”

- Peter Drucker

High Risk Recruiting

The U.S. Family Medical Leave Act conducted a study which suggested that the cost of a bad hire for an hourly employee was as little as 40% of the annual compensation, while higher-level positions could be as much as 150%. For high-impact positions such as sales, marketing, and management, the cost is undoubtedly toward the high end of this scale.

Who Can Identify Talent?

In 2007, the British United Provident Association (BUPA), the UK's leading independent health and care provider, released information based on their research that 75% of workers are in the wrong role for their talent.

People often misjudge their own talents. Watch an episode of the initial screenings for American Idol and it will reveal that the problem could be just as prevalent in the U.S.

Hiring managers face a daunting task to make market leader-caliber decisions about talent. It doesn't matter if the people aren't aware of their own talent or if the hiring manager cannot identify proper talent fit for the role.

Adding to the challenge is the faster pace of business, requiring more detailed attention to today's mission critical objectives. The new and pressing issue becomes how to develop a better way to make best-in-class decisions in a timely manner.

There is a better way. But first, let's talk about the truth.

Truth In Recruiting

There are three truths for many hiring managers today, each coming at an incredibly high cost.

Truth #1: Too few top performers, too little time

Most managers engaged in the recruiting process have too many low-level candidates and too few 'supposed' players. Consequently, they often feel forced to choose the 'best of the mediocre' to join their team.

Truth #2: Imposters are even more costly

Occasionally, a hiring manager might make a mistake choosing one of the supposed real players who turns out to be an imposter – an even greater waste of resources. Sometimes it's tough to see that coming. Or is it?

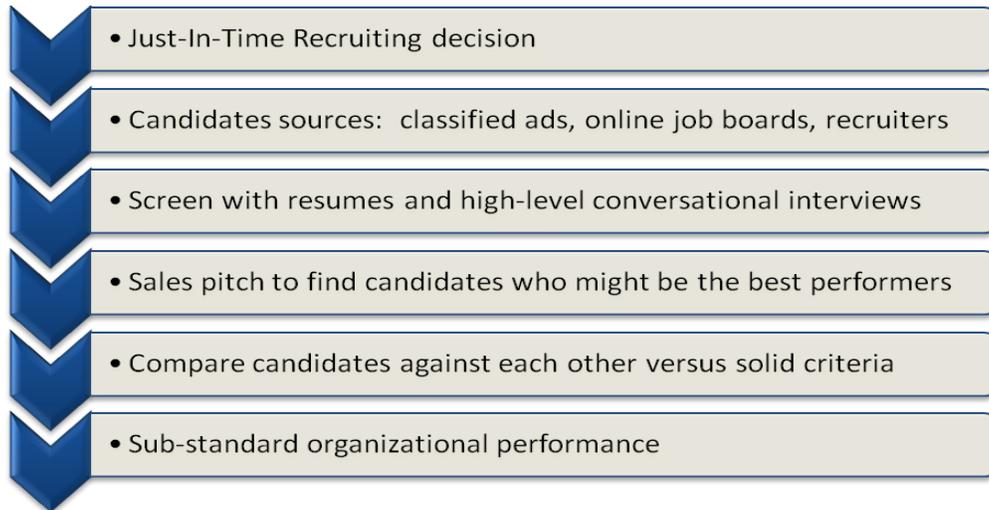
Truth #3: Low standards yield mediocrity

Choosing the 'best of the mediocre' will never turn businesses into market leaders. Ever.

These three truths are merely the effects of poor hiring practices with a common thread of mediocrity. Once mediocrity creeps into the mind of a hiring manager, it manifests itself throughout the rest of the organization in a chain reaction of tragic events. To solve the overall problem and develop a market-leading company, their causes must be identified.

You Would Think The Choice Is To NOT Become A Market Leader

Without professional perspective from those who have been in the seat of the hiring manager, most recruiting programs yield the following results:



As painful as it might be to agree, most companies follow this or a similar process, which leads to ongoing mediocre business performance. The truth is that the problem in this chain of events started with a reactive position to the hiring process.

Once pressure mounts from ‘too few candidates, too little time,’ it’s not uncommon that managers will begin to lower their standards in the hiring process. The first visible evidence is by comparing one candidate to another. And this mediocrity begins to dull the senses of the hiring manager, which opens the door for imposters.

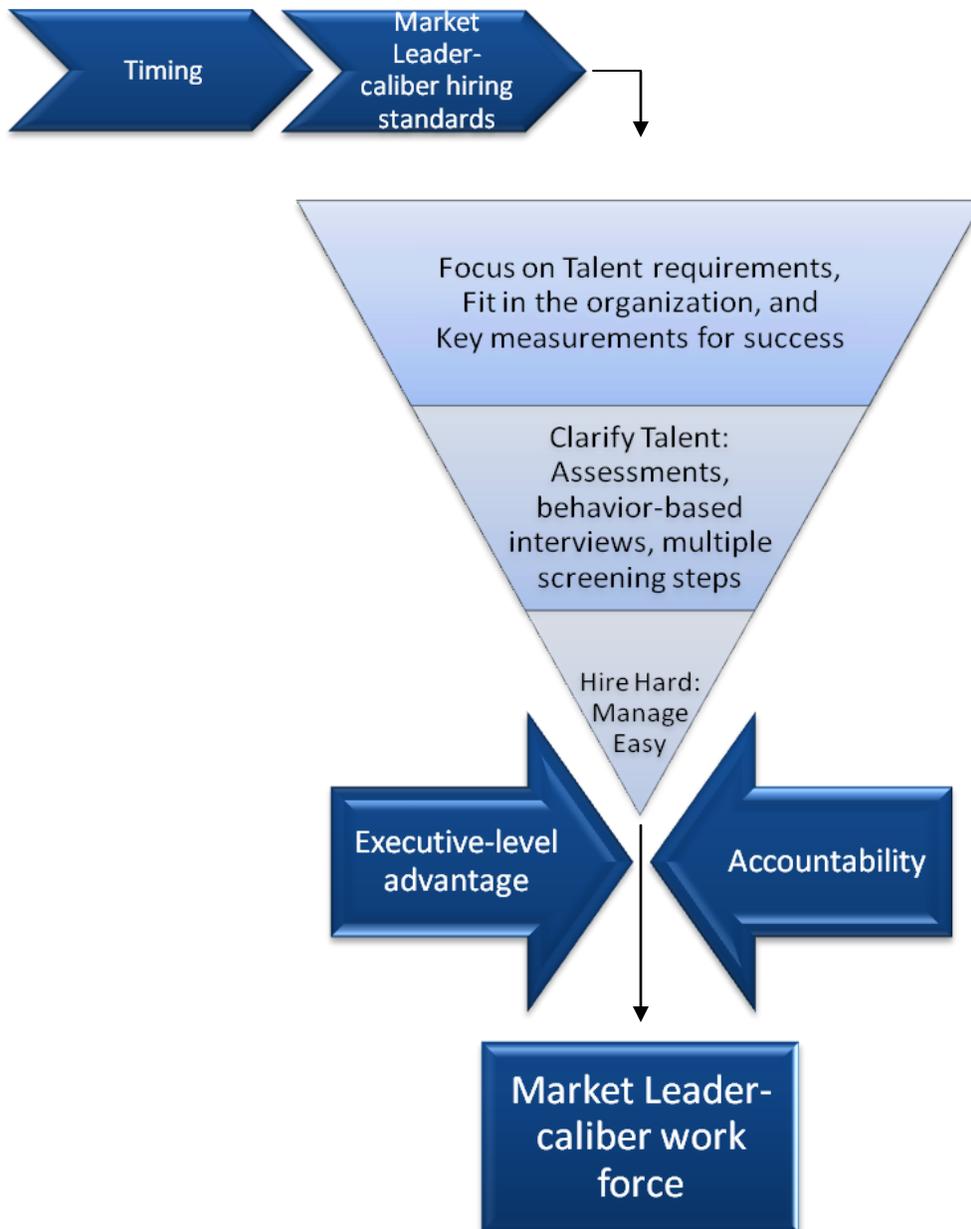
Imposters look and sound like they should be fully competent to do the job, and often have an initially impressive burst of either activity or results. But within 6-7 months, suspicions of true performance capability begin to enter the manager’s mind. Since the impressive burst was so recent, most doubts are quickly dismissed, and diminishing returns on the risk-to-reward scenario continues at an incredibly high cost to the company.

In a study by the Harvard Business Review, they concluded that up to 90% of all hiring decisions are based on the interview, yet a similar study by Michigan State University found that interviews reveal only a 14% accurate view of the candidate.

Even the best hiring managers who ‘trust their gut’ have inconsistent results for hiring top performers. This creates a very high risk-to-reward scenario.

The Deliberate Choice To Become A Market Leader

Managers focus on today while leaders envision the future. Leaders who intend to become market leaders must provide better guidance for managers to do their job more effectively, despite the pace.



Unfortunately for many companies, the choice is to ‘hire easy’ which results in ‘managing hard’ and this often results in low-level performers. The ‘easy’ standard is merely one by-product of a just-in-time recruiting decision. By simply planning ahead or allowing more time for hiring needs, many companies would provide themselves the option to selectively hire only top performers.

Companies who plan ahead, use assessments, behavior-based interviews, and qualified input with objectivity in their hiring processes can quickly rise to the top as market performers. Additionally, those leaders who become accountable to the original objective and standards of the job will eventually become market leaders.

Leadership Is Ultimately Responsible For Results

As Peter Drucker said, “[People decisions] reveal how competent management is, what its values are, and whether it takes its job seriously.” Competent management is clear about end-game objectives. This begins the process to eliminate mediocrity.

When followed quickly by raising the standards and measuring the hiring performance of managers and their recruiting resources, the company gains a significant competitive advantage.

If you projected down the road 2-5 years based on your current hiring practices, what would your company look like if you followed these steps?

Would you be a market leader... or a market laggard?

Symptoms Of Market Laggards

The symptoms of poor hiring practices are all too common for everyone but market leaders because most managers:

1. Want to execute ‘the plan’ – recruiting is merely a necessary distraction. Hiring is given secondary and sometimes even tertiary consideration. Why? Because ongoing recruiting is not a part of management key accountabilities, nor are they measured specifically on their hiring track record.
2. Don’t see enough quality candidates, or they’re behind the curve to immediately find someone new just to fill a seat.
3. Neglect to establish clear requirements for candidates to measure against.
4. Hire contingency-based recruiters so they only pay if they hire, in an effort to “hedge their bets.” Many times they haven’t even selectively hired their recruiters.
5. Compensate recruiters based on percentage of salary or first year earnings projections which may cause the hiring manager to conservatively project the number in order to save money, which in turn attracts lesser players.

In a recent documentary of the U.S. Navy SEALs, one commander stated, “The difference between what we do and professional sports teams is that the guy who comes in second place in our business is dead.” Given the statistics for business failures (80%), perhaps more business leaders should think like that.

Fallacies Of Recruiting The Traditional Way

Objectives determine outcomes. Simply put, if the minimum standard of traditional requirements are applied, the outcome is to hire someone they won't fire. If leadership determines to hire someone who is a top performer, they will achieve that as well.

Companies who follow traditional recruiting processes through external recruiters:

1. Try to find someone they'll like – or at least someone they won't fire (that is assuming that the basic criteria for fire or don't hire = C- grade)
2. Accept typical guarantees which reinforce the premise of minimum or even moderate standards. Immediately after they make their hiring decision, the clock begins ticking with pressure on the hiring manager to determine if they will keep the new hire or fire them. Since the recruiter generally provides C to B-level talent, it is very difficult (and a moral dilemma for them) to justify firing or requesting a refund/replacement.
3. Most recruiters have never been where they are – they have no P&L or hiring/firing experience, so how expert is their opinion?
4. Typical agreements are contingency-based. In the end, does this really represent the best interests of the company or does it create a foot-race to meet minimum standards? Perhaps the greater question is: whose interests does it represent and where is the objectivity?

To become a high-performance business, companies must hold hiring managers, recruiting processes and recruiters to a higher standard. They must engage in best-in-class hiring practices, with hiring managers at the center of the process.

Market Leadership Is Not Easy...Or Simple

If it was easy, then everyone would do it. But market leaders actually make it a discipline.

When companies who determine to be market leaders make the decision to begin hiring, they must have:

- Appropriate time to make high-quality decisions
- Pre-determined standards for market leader-caliber performance
- Objectivity – because without it, there is only subjectivity which results in poorer decisions
- Accountability – without accountability, hiring managers can make any decision they please, but risk subjectivity. Processes must be well-executed and measured. Candidates must be scored vs. criteria, not against one another.
- Executive-level advantage - experience from P&L and hiring/firing to provide expert opinion with objectivity
- Negative bias – hiring managers must be prepared enough in advance to have this mindset. Pre-determine to hire hard and manage easy.
- A proven process that separates the best-of-mediocre and imposters from top performers more than 90% of the time
- A guarantee from recruiters that represents the business results hiring managers want
- Proof that the company's best interests are in the mind of whoever is helping them recruit because this offers the best opportunity to become a market leader

While these may seem like incredibly high standards to impose on hiring managers, those leaders who make the deliberate choice to become market leaders actually will make this their discipline.

About Market Leader Solutions

Market Leader Solutions creates top-down business growth through Business Advisory/Business Coaching and hands-on Business Development solutions.

To impact top-line revenue growth, our Business Development and outsourced sales solutions capitalize on extensive experience leading several companies to record sales and organizational growth. We've simply applied best practices and efficient systems to offer cost-effective solutions.

All our services are performance-based while we focus on sales and business growth for our clients.

- Business Advisor & Executive Coaching
- Business Development and Strategic Partnership development
- Outsourced sales and outsourced sales management
- Management consulting

Market Leader Solutions

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