

PREVENTING HIRING MISTAKES -- *PATIENCE PAYS*

Finding the right employee in today's economy is causing companies to become frustrated and impatient in their hiring practices. The result often is a hiring mistake, additional financial cost, time delay, and a drop in morale for all involved.

Because most managers and companies do not hire new employees as part of their core business, they are often susceptible to the temptation to fill employment openings too quickly so they can move on to their "real job." This makes hiring managers particularly vulnerable to candidates with good communication skills who interview well, but lack critical skills and competencies. Interviewers tend to place too much emphasis on the experience of individuals rather than their ability to do the job, too readily accepting good references or the fact that the candidate worked for a prominent company or competitor. Experienced managers recognize that these "halo effects" often cause interview errors and hiring mistakes.

A Roll of the Dice

More recently, some companies have begun to assume that they cannot find good people in today's economy and are tempted to take the warm body approach. This appeases impatient hiring managers and calms overworked employees, especially if the candidates have the minimum prerequisite experience and interview reasonably well. Such hiring practices, of course, are a roll of the dice, but unfortunately people continue to gamble in their employee selection, despite the strong odds against them.

Client customers of PSP recognize the virtue of patience in their hiring and utilize PSP's selection assessment services because they are not willing to settle for a warm body. They recognize the benefits that stronger employees provide to their organization in terms of reduced training time, faster adjust-

ment, higher productivity, reduced turnover and improved financial impact.

Multiple Recruiting Strategies Are Needed

While patience in hiring may be a virtue, it is nonetheless frustrating when you have positions to fill. It is not enough to remind oneself of the cost of a hiring mistake and the odds that are against us when we hire too quickly. Recruiting in today's economy is an ongoing activity and multiple recruiting strategies are necessary. The best source of

new recruits still is found through networking with your most talented employees. In addition, effective recruitment also requires companies to make sure they are providing competitive compensation packages for new hires and existing employees. Another useful recruitment strategy is to take advantage of recent or anticipated layoff activity in the surrounding geographic area or in competitor companies.



PSP's assessment tools help companies to be patient in hiring in several ways. First, our validated screening assessments minimize hiring mistakes and allow companies to sift through larger numbers of potential candidates, finding those who have the necessary abilities to quickly become key contributors. Second, PSP tools allow consideration of candidates with alternative and varied backgrounds, such as different

industry experience and/or job assignments. Finally, PSP assessments compare candidates on a common benchmark, providing customers with objectivity and confidence when making job offers.

While it is difficult to be patient in hiring these days, patience pays great dividends when coupled with smart hiring techniques.

CAREER DEVELOPMENT MAXIMIZES RETURN ON HUMAN CAPITAL INVESTMENT

It is probable that a majority of your current employees were not hired with your present business strategy in mind. Unless you are a start-up company, most of your employees have been with you for much longer than five years — a lifetime in today's business climate. Your company has a large investment in each employee, most likely well over a million dollars over time, even for hourly production employees. To maximize return on this human capital investment, you need to ask what new skills and competencies are critical to meet today's and tomorrow's challenges and achieve the company's desired business results. While some employees will have the appropriate skills already, others will not and will be miscast or misplaced.

Just as you would not allow a million dollar investment in equipment to rust, you should not allow your employees' skills to rust. Employees are your most important asset and probably one of the most expensive. But more often than not, career development is left up to the individual or to chance.

You need a scientific and objective process to identify and measure important skills and competencies for the future in order to assess your current bench strength and to provide training and development to meet future needs. Often employees and employers are not objective or insightful in assessing or assigning individuals. The use of objective testing for important skills and behaviors can be extremely helpful as a means to determine strengths, weaknesses and developmental needs. By comparing individuals with appropriate benchmarks, PSP can



perform a gap analysis and provide critical information for career development, action planning and coaching. When reorganizations are necessary, this same information can provide management with knowledge essential to retaining and effectively utilizing the employees with the most appropriate skill sets.

Just as organizations change, so do people. And as people change, so do their career interests and choices. Career choices made in one's twenties and early thirties may no longer be satisfying or relevant in today's business climate or able to meet an individual's own needs, interests, skills and motivators. We

find that some employees in technical or staff positions want an opportunity to become managers with greater leadership responsibility, while some managers want to return to more customer contact or a more technical role. Others want to learn new skills or recharge their batteries through a different type of assignment. These assignments do not have to be permanent, and often they can be lateral, a step back, or a move across job functions. This might create challenges, but individuals often are more flexible because they want to make a change.

Job Enrichment Provides a Measurable Return

PSP has helped a number of individuals to make seemingly radical changes from staff positions in human resources, finances and corporate legal departments to sales and general management. Individuals in R&D assignments have successfully made the move to general management, and vice versa. Such moves can involve a lot of learning, but a continuous learner with the appropriate skills and work behaviors will welcome such a transition, and the learning curve is shorter than people expect.

PSP has promoted the concept of job enrichment since the days almost half a century ago when Dr. Frederick Herzberg, then PSP's Research Director and now world-renowned for his theories, developed the concept and conducted research on what motivates employees. Today, organizations have caught up with the principles he advocated, providing more opportunity for individuals to self-actualize through changing job assignments and developing skills. The measurable return for the company is a more productive employee who is more likely to stay with the company, improving retention and reducing recruitment costs.

All Job Levels Impact the Bottom Line

Career development should not be limited to individuals at managerial and professional levels, traditionally the target audiences because companies typically are more willing to spend money on these higher priced contributors. PSP has found that companies can benefit significantly from providing career development to employees throughout the organization. For example, PSP has helped hourly production employees, both non-union and union, to assess their skill sets and identify newly needed skill levels to meet a company's strategic needs. At PSP we have seen hourly employees assume responsibilities previously thought beyond their ability, both through the use of self-directed work teams and, for some, by progressing into the professional and management ranks. These career moves can save a company measurable bottom line dollars through increased productivity and reduced recruitment costs. These employees have "been there," and they tend to provide practical suggestions for improvements in production processes.

With carefully designed career development activities to maximize the return on your human capital investment, you can improve your current bench strength, prepare for the future, and create measurable benefits for your company.

THE SCIENCE OF EMPLOYEE SELECTION

EMPLOYEE RETENTION SURVEYS -- SCIENCE PLUGS THE HOLE IN THE BUCKET

When employee turnover statistics become too high in an organization, a company must expend excessive resources to replace people. In a sense, bringing new employees into a company with turnover problems is like pouring water into a leaky bucket.

In order to plug the hole in the bucket, progressive companies are examining turnover risk factors with employee retention surveys. PSP has developed a model for retention surveys and follow-up action plans that has been well-received in companies of various sizes. PSP's model for retention surveys is similar to the work of the Gallup organization, as published in the popular management book *First, Break All the Rules*.

Why Employees Stay or Leave

By examining the survey responses of more than 100,000 employees in numerous organizations, Gallup discovered common themes among the reasons employees chose to remain with a company or to leave it. The reasons employees chose to stay with a company included the following:

- ❖ I feel my job is important to the company.
- ❖ My supervisor cares about me and gives me regular feedback.
- ❖ I know my job expectations.
- ❖ My opinions count.
- ❖ I have opportunity to do my best work every day.
- ❖ My career development is encouraged.

In addition to the "stay factors," Gallup discovered seven reasons that employees leave companies:

- ❖ Lack of respect for management
- ❖ Stress or burnout on the job
- ❖ Lack of challenge
- ❖ Poor work environment
- ❖ Insensitivity to personal needs
- ❖ Poor quality of work life
- ❖ Feeling "out of the loop" on information flow

Custom-Designed Survey Questions

PSP utilizes these "leave factors" and "stay factors" to custom-design retention survey questions suitable to a company's business sector and employee base. Retention surveys are administered and analyzed by PSP as an outside, objective third party that provides employees with confidentiality in their responses. Retention survey results are compiled according to occupation, department, location, and business unit, as well as for a company as a whole.

Once survey results are compiled and reviewed with senior management, the PSP process calls for feedback of the results to all employees. We have found that employees rarely are surprised by survey findings, and many workers actually are gratified that their concerns finally are being "heard." Management is pleased that positive findings outweigh negative results and that the survey targets specific areas for corrective action. Thus, the feedback process itself sets the stage for constructive change.



Follow-Up Action Plans

In PSP's approach, feedback of retention survey results is the first step in an effective follow-up process. In fact, follow-up is **the key** to a successful employee retention program. We counsel our customers never to do a survey unless they are prepared to deal constructively and visibly with the survey results. A company needs to address negative findings on retention risk factors, while simultaneously maintaining company support for the positive survey results.

PSP counsels companies to take corrective action steps along three time horizons. First, identify the immediate steps that can be taken to improve employee retention. We refer to these steps as "quick hits." Second, identify the corrective actions that can be taken over the next six months to reduce turnover. Third, identify corrective actions that will take longer than six months to implement, but nonetheless are worth doing.

As a company takes actions to correct retention risk factors, PSP believes it is important to remind employees that changes are being made because of employee input. This simple step helps to increase management credibility in the eyes of employees and, with the corrective actions themselves, helps to plug the hole in the leaky bucket.

WHAT'S NEW @ PSP

- ❖ Designed and conducted a customized behavioral interviewing process for a manufacturing facility in the Southeast to assist in the selection of new hourly production workers.
- ❖ Initiated a work culture change project in the U.S. operations of a worldwide mining and smelting company.
- ❖ Conducted an organizational audit of manufacturing facilities for an international chemical company in the United States and the United Kingdom.
- ❖ Conducted CEO succession assessments for a Midwest transportation company and a Northeast distribution company.
- ❖ Designed a driver-trainer screening program for a rapidly growing regional trucking company.
- ❖ Provided selection tools for assessing plant management candidates in the United Kingdom and China.
- ❖ Provided executive career development for a top management team in a regional bank in Western Pennsylvania.
- ❖ Conducted job analysis and developed a competency model for the management recruiting program in an insurance company in the Northeast.
- ❖ Created a supervisory development program and an hourly employee screening program for a major U.S. auto industry supplier.
- ❖ Assisted a Fortune 100 metals company in identifying success factors for their sales organization of the future.



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RESOURCES FOR BUSY MANAGERS

One way to keep current with the latest concepts in management is to read periodicals. Below are a few of our favorite articles from the last two years.

Two excellent articles for new CEO's are *Why CEO's Fail* by Colvin in **Fortune Magazine** and *The First 100 Days* by Gaines-Ross in **Across the Board**.

Surprising insights for senior managers in these articles.

In the face of e-mail and voice mail, a challenge to maintain "high touch" in the communication process is issued in the **Harvard Business Review** article, *The Human Moment at Work* by Hallowell. Another fine article on this topic is *Digitizing the Customer* by Albrecht in **Quality Digest**.

Another outstanding article in **Harvard Business Review** is *How Management Teams Can Have a Good Fight* by Eisenhardt, Kahwajy and Bourgeois. Their point is that healthy conflict yields better results on substantive issues than any other approach.

How to Manage for the Slowdown in a recent issue of **Fortune** enumerates 13 steps a company can take when times get tough.

Gardner gives some excellent advice on using storytelling to influence people in his article, *Embodying the Story*, in **Across the Board** magazine. His thesis is that great leaders not only tell, but also live out, powerful narratives.

The importance of asking the right questions is described in *The Work of Leadership* in the **Harvard Business Review** by Ronald Hufety and Donald Laurie.



For recommendations on training resources on any management topic, contact PSP directly.