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HOW LEADERS CAN INSERT A STEEL ROD INTO THE BACKBONE OF THE TALENT MANAGEMENT SELECTION SYSTEM.

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The backbone of the corporate selection system is: resume review/job interview/reference checks. This backbone has calcium problems! We will first review problems with the selection system and then suggest ways of reinforcing the backbone.

This article provides links to more in-depth resources for you to review.

RECRUITING TALENT IS AN IMPORTANT LEADERSHIP SKILL; NOT RECRUITING WELL IS EXPENSIVE:

Bradford D. Smart, PhD, concludes in his book, *Topgrading: How Leading Companies Win by Hiring, Coaching and Keeping the Best People*, "With an average base salary of \$114,000, the average total cost associated with a 'typical' miss-hire is \$2,709,000 - greater than 24 times the person's base compensation." And, this dollar amount increases or decreases as salary levels (and responsibilities) increase or decrease.

Using the formula provided by Dr. Smart, a bad hiring decision involving a \$60,000 per year employee would cost the organization only \$1.4 million, whereas a bad hiring decision involving a senior level \$350,000 per year executive would cost the organization a staggering \$8 million.

Direct Costs:

1. Salary plus benefits.

2. Severance.
3. Attorney Fees.
4. Recruitment Costs.

Indirect Costs:

1. Time it took to get the person productive and that investment is gone.
2. Collateral damage to stakeholders: investment community, suppliers, strategic partners, and employees.
3. Reputational Damage to the hiring authority. How many strikes before you are “out?”

I believe that Boards do have an expectation that no CEO will have a perfect record in hiring. But after three strikes at bringing in suitable talent, the Board will begin to question the judgment of the CEO.

“Three Strikes and You’re Out” applies to games beyond baseball.

<http://ezinearticles.com/?Executive-Recruiting-Advice---Dont-Underestimate-The-Cost-Of-A-Mis-Hire&id=964389>

http://media.wiley.com/product_data/excerpt/83/04708789/0470878983-162.pdf

CLASSIC RETAINED SEARCH IS NOT THE ANSWER TO REDUCE THE FREQUENCY OF MISHIRE:

For research purposes, survival at month 18 seems to be the operational definition of “successful hire.” There are holes in this definition. But at least it can be measured.

Michael Watkins formerly of Harvard Business School published research that 58% of new executives hired from the outside fail in their new position within 18 months.

In an interview with The Financial Times, Kevin Kelly, the CEO of global executive search powerhouse Heidrick & Struggles, revealed the results of an internal study of 20,000 executive searches performed by his firm: “We’ve found that 40 per cent of executives hired at the senior level are pushed out, fail or quit within 18 months”

<http://www.ft.com/cms/s/0/19975256-1af2-11de-8aa3-0000779fd2ac.html>

<http://www.fulcrumexecutivesearch.com/ricks-and-costs-of-failure/>

Could your company be successful if your failure rate was 40%?

Why Is 40-50% Failure Not a Problem for the Retained Search Industry:

- The Search Industry is designed for rapid search. It is transactional in nature. It is about hiring good person-job fits. But corporate customers think they are actually buying new leadership effectiveness. Search firms are selling.....search. The Business of Search is.....search.
- Business model is transactional and not consultative. They don't ask tough questions of their clients. They just say that they can fill the order quickly.
- Biggest search firms are public companies. Take a transactional culture and now square it!
- Guarantee is for 12 months and 40-50% of executives hired are gone within 18 months: churn is good for the industry.

THE BACKBONE OF LEADERSHIP SELECTION SYSTEMS: RESUME, INTERVIEW, AND REFERENCE CHECKING.

RESUMES

Used as screening tools but it is easy to get training on how to write a resume, hire a professional resume writer, mislead/lie, and game the system. One third of resumes contain fabrications.

With the internet, resume review has moved from finding a needle in a haystack to finding a specific needle in a stack of needles.

It is easy to get overwhelmed with resumes...most of them are not appropriate.

<http://www.ohioscpa.com/PublicArticle.aspx?ID=1233>

JOB INTERVIEW

No person is hired in the absence of a job interview. Most research suggests that job interviews have poor predictive validity:

1. Candidates are trained by outplacement firms and get frequent experience in the art of doing job interviews. In-house executives frequently over value their skills in interviewing and have little formal training. http://www.stybelpeabody.com/newsite/headline_013105.htm
2. Interviews focus on espoused theory versus theory in use: Chris Argyris.

REFERENCE CHECKS:

1. Legal problems in getting valid information.
2. Applicants coaching references.
3. Recruitment firms doing reference checks in house = lack of checks and balances. Why to corporate clients tolerate this?

CONCLUSION: The backbone suffers from significant calcium deficiency!

STRENGTHENING THE BACKBONE OF THE SELECTION SYSTEM

IF YOU ASK FOR SEARCH AND PAY FOR SEARCH, DON'T BE SURPRISED THAT YOU GET A SEARCH. WHAT YOU SHOULD PAY FOR IS EFFECTIVE NEW TALENT.

INSIST ON A SYSTEM THAT CONTAINS SELECTION AND ON BOARDING.

FOR A FRAMEWORK FOR HOW AN EXECUTIVE ONBOARDING PROGRAM MIGHT LOOK LIKE:

<http://www.stybelpeabody.com/creatingplatformforsuccess.pdf>

http://www.businessweek.com/careers/content/may2001/ca20010522_113.htm

INSIST ON 18 MONTH WARRANTY RATHER THAN WHAT YOU ARE BEING OFFERED (12 MONTHS).

TRAIN EMPLOYEES IN A STRUCTURED APPROACH TO CONDUCTING JOB INTERVIEWS USING QUESTIONS APPLIED IN A CONSISTENT BASIS. REMEMBER BEETHOVEN'S MOONLIGHT SONATA. WE CALL THIS THE CRITICAL INCIDENT TECHNIQUE.

SOME OF YOU NEED TO ASK QUESTIONS THAT SHOULD TAP THEMES OF NEED FOR ACHIEVEMENT. INSTEAD YOU ARE GETTING PEOPLE WHO ARE TECHNICALLY COMPETENT BUT PEOPLE WITH HIGH AFFILIATION NEEDS.

TRAIN YOUR PEOPLE TO INTERVIEW WELL AND THEY WILL PROVIDE BETTER QUALITY CANDIDATES:

<http://www.netmba.com/mgmt/ob/motivation/mcclelland/>

SAMPLE INTERVIEW QUESTIONS (From Brad Smart's Approach)

CANDIDATE:

CLIENT COMPANY;

POSITION:

DATE:

Starting with the most current job and working backwards:

JOB/COMPANY:

1. What were you hired to do?
2. What accomplishments are you most proud of?
3. What were some low points during that job?
4. Who were the people you worked with?

4a Your boss and how do you spell that name. What will the boss tell me your biggest strengths and weaknesses? How will the boss evaluate you on a 1-10 point scale?

4b Someone on the team you managed.? How do you spell that name? How would you rate the team when you left on a 1-10 point scale? How would the person you named rate the team on a 1-10 point scale? Tell me about the changes you made?

5. Why did you leave that job?

Starting with the most current job and working backwards:

JOB/COMPANY:

6. What were you hired to do?

7. What accomplishments are you most proud of?

8. What were some low points during that job?

9. Who were the people you worked with?

4a Your boss and how do you spell that name. What will the boss tell me your biggest strengths and weaknesses? How will the boss evaluate you on a 1-10 point scale?

4b Someone on the team you managed.? How do you spell that name? How would you rate the team when you left on a 1-10 point scale? How would the person you named rate the team on a 1-10 point scale? Tell me about the changes you made?

REFERENCE CHECKS TO THE SECOND LEVEL FOR EVERY POSITION AND TO THE THIRD LEVEL FOR CEO, BOARD, AND VP POSITIONS.

CONSIDER TWO JOB DESCRIPTIONS; ONE CALLED A JOB DESCRIPTION AND ONE CALLED A LEADERSHIP MANDATE.

The job description is a public document can be reviewed by competitors, suppliers, analysts, investors, and other employees. It must be skewed towards the positive.

The Leadership Mandate is the job description plus other factors you would not wish to make public.

<http://www.stybelpeabody.com/newsite/pdf/managingtheinnercontradictionsofjobdescriptions.pdf>

CONSIDER USING THE ARGYRIS TECHNIQUE:

http://www.stybelpeabody.com/newsite/pdf/argyris_technique.pdf

CONSIDER COACHING OF HIGH POTENTIALS:

Evidence Based Perspective for How Coaching Changes the Dynamics of the Workplace:

<http://www.stybelpeabody.com/newsite/pdf/MEETINGEFFECTIVENESS.pdf>

<http://www.stybelpeabody.com/newsite/pdf/coachingcounts.pdf>

In Hiring Coaches, Give the Coachee a Choice...Including a Choice to Terminate the Service After One Month. This is a service that can't be evaluated until it is consumed. But you don't have to pay for six months to know if it is not going to be effective.

Evaluate coaching outcome at the start of the assignment using a Likert Scale and then measuring after the assignment is over.

Look for Coaches Who are Trained in Coaching and Certified by their Peers Best in Class:

www.careercertification.org

<http://www.coachfederation.org/>

OVERVIEW OF THE COACHING INDUSTRY: a diagnostic framework to evaluate service providers.

- I. STRUCTURAL/ECONOMIC REASONS FOR THE RISE OF THE COACHING INDUSTRY.
 - A. "Just-in-time" philosophy of talent management combined with lack of in-house time/resources to rapidly get people up to speed.
 - B. Talent Upgrading/Rehabilitation is less expensive and has less risk than Replacement.
 - C. Research indicates poor transfer of learning between classroom experiences and leadership performance.
 - D. Some people learn best "in the field" versus "in the classroom."
 - E. Some people refuse to learn if they think they are smarter than their teachers.
 - F. Coaching Outcome Research Studies.

- II. DIAGNOSTIC MODEL FOR COACH SELECTION: (a) Select Type of Outcome Desired (b) Select Type of Style
 - A. Desired Outcome.
 1. Rehabilitation.
 2. Upgrade.
 3. Rehab/Upgrade.
 4. Do not use coaching as a litigation risk management tool
 5. Use a Likert Scale to Measure "Direct" or "Perceived" outcome.

 - B. Coaching Style.
 1. Nondirective Orientation vs. Directive Orientation.
 2. Insight Orientation vs. Cognitive Behavioral Orientation.
 3. Individual Focused vs. Systems Approach.

III. SUGGESTIONS FOR BEING A MORE SOPHISTICATED SHOPPER.

- A. Work with coach to create measurable outcome objectives.
- B. Insist on a 60 day opt-out.
- C. Be clear about Outcome and Style preferences. Look for specialists in rehabilitation, upgrade, or rehabilitation/upgrade.
- D. Does Certification matter?
- E. Give coachees a selection of options of coach candidates with different approaches.

IV. FUTURE OF COACHING

- A. From generalist questions (help me lead a balanced life) to specialists (reduce turnover among your subordinates; provide evidence that you can make a strategic contribution; express yourself in meetings more forcefully).
- B. Public perception of Coaching will move from “like a psychotherapist” to “like a golf coach.”
- C. From emphasis on a 1:1 relationship to team-based and web-based systems.
- D. On the web, the question is not “who is best in town” but “who is best and available on Planet Earth for me. Now.” Example is the Leaders in Motion program for The Financial Executives International, the global professional association of CFOs.
http://www.fei.org/eweb/Dynamicpage.aspx?site=_fei&webcode=car_leadersInMotion
- E. The word “coaching” may become discredited. The work done by coaches will continue under different names.
- F. U.S. versus other countries.

HAND-OUTS

Likert Scale Example

EXAMPLE OF A LIKERT SCALE THAT CAN BE USED TO DETERMINE MEASURABLE COACHING OUTCOME:

Dennis makes a strategic contribution to top management team discussions:

0=Never

1=Hardly Ever

2=

3=

4=

5=

6=

7=

8=

9=Almost Always

10=Always

Dennis' boss rated him as a 3, whereas Dennis rated himself as a 7. Our mission was to move Dennis' boss ratings up to 6.

Through the use of this technique, we anchor coaching into measurable outcomes so that corporate sponsors and users of our service can say "you succeeded" or "you failed."

Also note the subtle change in the focus. We are not trying to change Dennis' leadership we are trying to change the boss' perception of Dennis' leadership. This is easier for Dennis to sign on to, given his initial perception of himself as a '7."

Dennis holds his people accountable

0=Never

1=Hardly Ever

2=

3=

4=

5=

6

7=

8=

9=Almost Always

10=Always

Again, Dennis rated himself as a 7 and the boss rated Dennis as a 3. Our coaching mission was to change the boss' rating of Dennis to a 5 within six months.

SUMMARY AND CONCLUSIONS:

Mis-hires are expensive and common. The backbone of the corporate selection system is resume review/job interview/reference checks. We have reviewed why this backbone has calcium problems!

We have reviewed published research and practice to suggest practical steps leaders can take to insert a steel rod into the deteriorating backbone of talent selection.

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