

How to Hire the Right People in 2018

“SELECT CANDIDATES WHO SHARE YOUR VALUES RATHER THAN WASTE YOUR TIME TRYING TO MOLD MISFITS’ VALUES TO MATCH YOURS”

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Jonathan: "You'd think he'd see the trash in the parking lot and pick it up."

Me: "Why in the world would you think that? You hired him because he was the first guy through the door who would work for \$11 an hour."

HATING HIRING

If you're like most of us small business owners, you hate hiring new employees. Distractions and inconveniences make the hiring process itself annoying, but the real reason we hate it is that most new hires don't work out. It won't be long before, yet again, **you'll know that they need to go.**

A study done by the company Leadership IQ found that 46% of new hires had failed within three years. My personal experience, and those of my clients, have shown that of the hires who don't fail outright, very few are the "rock stars" we all hope for.

Instead they are people we settle for as "good enough" when compared to the prospect of repeating our fruitless hiring processes over and over and over with the same bland results.

WHY OUR HIRES FAIL

To get better at hiring we have to understand why we are so bad at it in the first place, and the reason is clear: Employers hire for skill and fire for behavior.

Leadership IQ's study found that only 11% of new-hires failed because they lacked a skill or were technically incompetent. The remaining 89% failed for reasons that can all be described as "Behaviour."

We hire people because they can lift a hay bale, or design a bridge or drive a truck. We fire them because they don't show up on time, are negative and rude, or maybe because they are less than completely honest. Hire for skill, fire for behavior.

The relatively small 11% failure rate shows that most of us are pretty good at hiring for skills. We know how to describe, quantify, and measure skills, and we know how to look for them in prospective candidates.

The immense 89% failure rate shows that we are not very good at hiring for behavior. We don't know how to describe the behaviors we are looking for and we don't know how to judge and select for them among prospective hires.

SOME THINGS NEVER CHANGE

Behaviors are a reflection of values, which are the principles which, in the words of author Brian Tracy, people personally accept as right, justified and worthwhile. Extensive research done by the Gallup organization and discussed in the book [First Break all the Rules](#), has shown that we shouldn't waste our time trying to change people's values.

It won't work.

When it comes to hiring, that means we have to select candidates who share our values rather than waste our time trying to mold misfits' values to match ours.

It is clear that if we want to get better at hiring, we have to do three things:

1. Identify our values.
2. Look for those values in prospective employees.
3. Hire those who share our values, and pass on those who don't, regardless of skills.

IDENTIFY OUR VALUES

All of us live by our personal values, yet few of us have thought about or clearly identified them. The same is true of companies. The collective values of a company make up its **culture**, and every company has one, either by design or default.

Designing that culture based on our **vision** and then building a team that fits it is the first of **the four fundamentals of a successful business**. However, few companies have clearly articulated their cultures. Of those that have, culture is usually described using lofty words selected by committee, words like Integrity, Communication, and Excellence.

The problem is that those words tend to be ambiguous and too general to be useful in interviews when judging and selecting for values. It is more useful in hiring to have values described as the day to day behaviors that fit our cultures.

To do that, we begin by asking ourselves: "What makes our top performers stand out among everyone else in the company?"

After we have that list, it's useful to go negative and ask: "What makes our worst employees different from everyone else in the company?"

Below is a list of positive and negative values compiled by managers at a client company of mine and used here with permission. (Notice that the managers did not mention a single skill in their lists.)

WHAT WE SAY WE VALUE:

"Integrity, Communication, Excellence"

WHAT WE ACTUALLY VALUE:

Willingness to help

Committed to growth

Reliable

Adaptable to constant change

Problem solver

Committed to constant learning

Values creativity

Empowers others

Polite

Accountable

WHAT WE DON'T VALUE:

Selfish

Drama

Condescension

Negative

Excuses

Blame

Not engaged

Inflexible

Complacent

Know-it-all

LOOK FOR OUR VALUES IN PROSPECTIVE EMPLOYEES

A detailed list of our actual values enables us to look for them by asking the right questions, ones that reveal if they are the type of person who **lives life above or below the bar**. The right questions begin with "Tell me about a time..." and are designed to bring out specifics.

For example, my client might ask: "Tell me about a time a coworker asked you to help on a project that was clearly not your job" (willingness to help vs inflexible), or "Tell me about a time you dropped the ball and missed an important deadline" (accountability).

There is a skill to crafting great questions and to interpreting the answers. It is not difficult to learn, but it does require an effort beyond reading this short article.

I recommend two excellent books on the subject. The first, and the easiest to read, is [Hiring for Attitude](#) by Mark Murphy of Leadership IQ. His book will guide you step-by-step through the process of identifying your values, crafting great questions, and interpreting the answers you receive.

The second book is [Topgrading](#) by Dr. Bradley Smart. Dr. Smart's proposition is that we shouldn't settle for just compatible hires, but rather pursue hires in the top 10% of all candidates available in our market for our budget.

The important point is that we have to look for values in our hiring processes.

HIRE THOSE WHO SHARE OUR VALUES, AND PASS ON THOSE WHO DON'T, REGARDLESS OF SKILLS

It can be really tough to pass on a skill-qualified candidate who doesn't have the right set of values, but we have to do it.

Virtually every personnel problem I've seen in both my own businesses and in the businesses I have served as a coach has been a problem of [misaligned](#) values.

Tempting as it may be to get the hiring process over with, hiring the wrong values leads to even greater difficulties, including:

- ⦿The wasted time and money spent onboarding, training and putting up with the wrong person,
- ⦿The damage done to the standards, morale and culture of our businesses.
- ⦿The unpleasant and expensive task of dismissing an employee, and
- ⦿The fact that we're going to have to do the process over again anyway when the misfit fails.

DECIDE TO HIRE SMARTER

To hire the right people, we have to know how.

Most of us hire for skills alone because that is what we know how to do. Learning to hire for values is a three step process that requires us to clarify our values, to look for them in candidates and to **muster the resolve** necessary to keep looking until we get it right.

HOW ABOUT YOU?

Are you contributing to the 46% failure rate for new hires? What would your life be like if all your employees fit your values? Set a goal for the new year to start hiring well.

If you have any further questions, please don't hesitate to mail me at Martin@annealbc.com or visit www.annealbc.com



Martin Holland

Martin Holland is the son of a successful entrepreneur. He grew up hearing about margins and markets, R&D and sales, risk and return on investment. He learned to love the language and rigors of business and grew to believe that business is both the most human of all endeavors and the highest calling. After selling a company in 2011, Martin became a coach in order to help other owners build profitable businesses that do not require their day-to-day involvement.

A native of Norman, Martin earned a B.A. degree from Hastings College in Hastings, Nebraska and a Masters in Business Administration degree from the University of Oklahoma. Over the past 7 years he has written business plans that have raised over \$52.4 million in bank and investor financing. He has helped 157 (and counting) business owners reduce stress and increase performance through clarity of purpose, better marriages, more money, and more free time away from the business.