Jim's Profit Accelerator 85:
Three Deadly Hiring Mistakes

Would you buy a business to get top talent? It's not uncommon in the tech world, because for giants like Apple, Facebook, Intel, it may cost $1 million to sign a top engineer—before paying salary and benefits.* What's going on?

The combination of low unemployment, low employee loyalty, and rapid change have boosted the demand for key people. It is arguably the toughest hiring market in ten years (since the peak of the 2006 bubble), and no one is exempt.

SPEED BUMP: The hiring market is tougher than you think.

A CEO told me yesterday that he expected to pay $45,000 for a critical traffic manager position. A mediocre candidate (the best he could find) asked $65,000 and was hired at $55,000. Do the math: that's a 22 percent boost in labor cost (before bonus).

What are the top three hiring errors that I'm seeing?

1. **The "Not Quite" Person.** This person is close but has either a clear or vague weakness. The pressure of filling the position and the weak candidate pool conspire to produce a weak result.

2. **The Person You Can Afford.** This is a logical fallacy. Hiring is driven by expectation of continuing or growing sales ("we can't do the business without someone like her…"). The cost formula is usually based on history (last month, last year's financials) instead of expectation. Low expectations set low results into concrete. If the candidates you can "afford" can't do the job, you're hiring on hope: Either the job will be easier than you thought, or they'll magically find rocket fuel.

3. **Best Internal Candidate.** Hiring from within has justifiable merit, but not at the cost of boosting a great employee into failure. Look at the new job requirements more than the candidate's personal history. History isn't always the best guide to the future, and destroying a great employee by over-promoting courts disaster.

SPEED BUMP: The worst continuing cost isn't hiring, it's hiring the wrong person.

What to do? Here's a starter list to add rocket fuel to your analysis and boost your odds:

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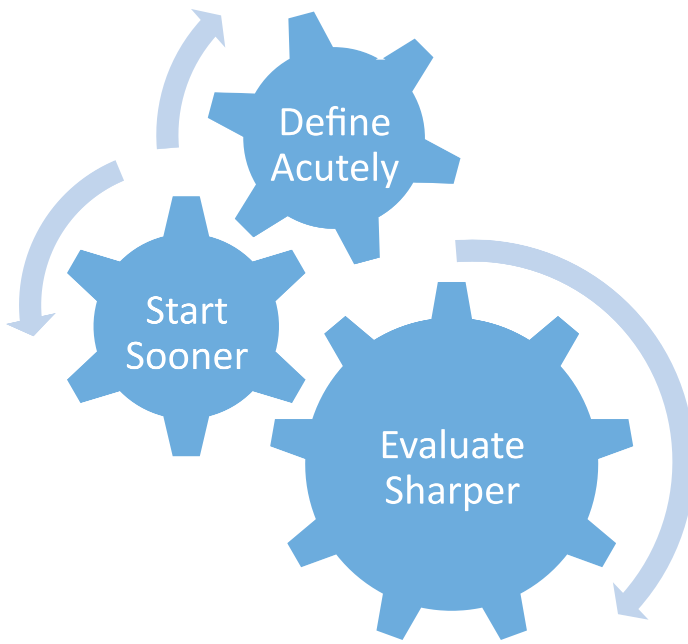
- **Define the Need Acutely**. Your biggest chance for a home run hire. Worried about the cost of the extra time (and maybe experts) to get this right? Your myopia (been in this business, know what it needs) is your biggest liability, because hiring is about the future, not the past. To make it tougher, it's about fitting a new part into your well-oiled machine—and it's people we're talking about, so there's more unexpected variability than if it were a machine part.
- **Look Earlier.** Insert "Key Hires" into your annual tactical plan. Start 12-18 months before you need the person. Put succession into your performance reviews.
- **Buff up Your Evaluation Tools.** Asking three key folks to interview candidates is a recipe for failure. Their interpretations of the need and the candidates introduce enough bias to hide a steamship. Instead, frame four or five behavior-based questions, ask for notes about answers from each interview, and add in potential team members and some form of outside questionnaire. Then (most important), reflect with your best people about the reasons for potential success or failure. Then allow a decision to emerge.

Here's How It Looks:



60-Second Self-Test:

1. What are the two worst hires you've made?
2. What did they cost you and your company, in total?

The cliché is that 50 percent success is okay in NBA basketball, but it's an expensive luxury in your business (see costs above). Yes, Steph Curry is hitting 51 percent of his shots and is an all-time great NBA player, but you're not playing in the NBA.

ACCELERANT: What is the most critical hire that you're avoiding?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

*(Fortune, 3/1/16, p. 22.)

For more information, visit www.grewco.com.
Jim Grew is an expert in CEO-level strategy and executive leadership whose clients refer to him as the Business Defogger and Accelerator. Jim helps leaders swiftly discover the hidden opportunities within their businesses and exploit them for dramatic results. Nearly three decades of success as a COO and CEO coupled with his experience running nine thriving businesses provide the foundation for his consulting work as president of the Grew Company. He presents regularly to industry groups, mentors business leaders, and shares insights on his blog, BizBursts.com: http://bizbursts.com/. He holds BA and MBA degrees from Stanford University.