Whiterock Partners

Recruiting 101

First, Define the Job

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Introduction

In the summer of 1997, I was a consultant with McKinsey & Company. I decided to leave McKinsey to seek my Internet fame and fortune. Somehow, I lost my way and became a recruiter. Some refer to me as a headhunter, a flesh peddler or a body snatcher. On the list of least respected professions, recruiting is just below ambulance chasers and just above paid assassins. In less than six months, I tumbled from a career with one of the world's leading strategic consulting firms into the depths of headhunting.

But when you really think about it, I'm in good company – *because almost everyone is a recruiter.* Anyone who manages people and hires people is a recruiter, whether or not they admit it. To be successful, CEOs of Fortune 500 companies must be good recruiters. To be successful, CEOs of startups must be good recruiters. To be successful, middle managers must be good recruiters. To be successful, entrepreneurs must be good recruiters. To be successful, *you* must become a good recruiter.

Almost everyone agrees that recruiting is important. Yet to many, recruiting remains a "black art". It's not taught in most business schools. It's not the topic of academic research. It's not the subject of best selling business books. The common wisdom seems to be that people either have the recruiting gene or they don't. If you have it, you can spend 5 minutes with a candidate and quickly determine whether or not he's a "good guy". If you don't have it, you are doomed to a lifetime of hiring mistakes.

But in my experience, recruiters generally don't possess mystical powers. Good recruiters approach recruiting in a thoughtful, consistent, systematic way. In fact, *recruiting is really just a process – a process that can be learned and refined over time to produce consistent results.*

First – Define the Job

The first step in the recruiting process is to define the job.

Recently, while preparing to recruit a VP Sales for a small company, I had a conversation with the company's CEO. I asked him to share with me his perspective on the company's biggest opportunities and biggest challenges. I asked him to help me understand what he expected the new VP Sales to accomplish during the first 3 months, the first 12 months, and the first 24 months. I asked him to help me identify what types of experiences and abilities would be useful for the new VP Sales to have. Do we want

the VP Sales to focus on building a direct sales force in the US? Or, should the VP Sales be more concerned with developing a channel sales organization in Europe? After getting vague answers to most of my questions, the CEO thought for a minute and said, "I can't tell you exactly what we need, but I'll know it when I see it."

Somehow, I doubt it.

If you get only one thing out of this note, I hope it's this: *Most recruiting projects fail because people don't really know what they're looking for, and they don't know what they're looking for because they don't have a clear understanding of what the job entails.* And, just to be clear, *lots of recruiting projects fail*. Although it's tough to pinpoint an exact number, *it's estimated that between 65% and 80% of all recruiting efforts fail.*

Knowing what you're looking for forms the foundation of any successful recruiting endeavor. The "ripple-effect" of *not* knowing what you are looking for will impact every subsequent step in the process. Before you can write a job spec, you need to define the job. Before you can assess candidates, you need to define the job. Think of it this way: In the world of computer programming and software development, errors made during the first steps – the definition and design phases – are much more difficult (and costly) to correct than errors made down the road during the coding phase. It's like building a high-rise on a cracked foundation – everything will have to be re-built from the ground up.

Not surprisingly, most people would argue that they would NEVER start a recruiting project without defining the job first. Perhaps I should clarify what I mean by defining a job.

A job definition is a results-oriented list of quantifiable, measurable responsibilities. Ideally, the responsibilities will answer the questions who, when, how much. In practice, it's really tough to do.

An example of one responsibility for our VP Sales position might be something like this: drive revenue from 15M to 25M in Europe over the next 12 months by developing new partner relationships with 3-4 regional systems integrators. Another might be: transition a geographically-organized North American sales team to a vertically-oriented sales team, focused on financial services and manufacturing. And finally: build an inside sales team focused on driving revenues of the SaaS offering to the SMB market.

Now compare that to what I typically see for a VP Sales job description: drive revenue growth. Or this: hire, train, and manage a world-class sales organization.

Notice that the former example starts to give you insights about what types of *experiences* and *abilities* are going to be relevant for this position.

For more examples of job descriptions, see, *Chapter 6: Building a Success Factor Snapshot* of the book <u>You're Not the Person I Hired! A CEO's Survival Guide to Hiring Top Talent</u>, by Janet Boydell, Barry Deutsch, Brad Remillard.

To be clear, it's rare that you find a completely baked job definition prior to starting a recruiting project – and part of the value of following a formal process is that the process itself helps to clarify the job definition (clarity through trial and error). But, it's been my experience that too many recruiting projects are initiated without sufficient clarity around the job definition.

Here are some of the questions that can be used to provoke discussion leading to job definition.
- With regards to the company, organization, or job in question, what's working well today?
- With regards to the company, organization, or job in question, what's not working so well today?
- List the three biggest opportunities for
  - the company
  - the business unit, division, or group, etc.
  - this specific job
- List the three biggest challenges for
  - the company
  - the business unit, division, or group, etc.
  - this specific job
- If this person is successful, what will she have accomplished over the next
  - 6 months,
  - 12 months,
  - 24 months,
  - 36 months?
- If this job existed before,
  - What did the previous employee do well?
  - What did the previous employee not do so well?
- What are the three most important constituencies (other internal groups or organizations, customers, external groups or organizations, shareholders, etc.) to which this job interfaces?
- Vis-à-vis this position,
  - What will this person's boss do?
  - What will this person's peers do?
  - What will this person's subordinates do?

It's usually a good idea to get a 360° perspective on these questions. In other words, solicit inputs from superiors, subordinates, peers, customers, board members, etc. *If you find people shrugging more than answering as you move through these questions and examples, then you really aren't ready to hire someone.* If you find yourself thinking, the reason I need to hire someone is to figure out these things, you're not ready to hire someone.

Resist the temptation to skip the job definition step and go straight to soliciting and interviewing candidates. Getting hundreds of responses to your job posting and interviewing real live candidates may seem like you're making progress, but if you haven't nailed the job definition, you'll likely end up spinning your wheels. Or, put another way – *if you're looking for a needle in a haystack, the last thing you need is more hay.*

What to Look for

Herb Simon won a Nobel Prize for his work in economics. Simon believed that certain ill-defined problems (such as the search for the perfect house or perfect spouse) were beyond the reach of optimization (i.e., there is no such thing as the perfect house or perfect spouse). Herb's work implies that there is no such thing as a perfect candidate. Many people do not appreciate this and end up wasting a lot of time looking for a "short-tall, fat-thin guy" who doesn't exist.

If we're not looking for the perfect candidate, then what are we looking for? One approach that is particularly effective is built upon the hypothesis that the people best able to perform a given job will possess some combination of relevant *experience*, raw *ability/potential*, and intangible *fit*. Although this framework is simple, it's flexible and powerful enough to be useful in numerous situations.

Let's take a closer look at the three parameters of the framework.
- *Experience*. Experience is relevant to almost all jobs, especially at the executive level. The experience component of the framework looks back at what experiences a candidate has had. It's useful to consider experience across the following dimensions.
    - Industry
    - Function
    - Vertical markets
    - Product/technology
    - Scale (size and growth rate of company)
    - Other
- *Ability/potential.* Experience alone is usually insufficient to perform a job well. The best candidates also have the potential to learn and grow. Look for evidence of raw intellect and evidence of growth and personal improvement throughout a candidate's career. Other important indicators include Emotional Intelligence (EI), leadership, collaboration, and organizational development (hiring and retention). Whereas experience looks back, ability/potential looks forward.
- *Fit*. Although less tangible than experience and ability, fit is often of equal importance in hiring success. A variety of questions can be used to assess fit. Does this position make sense for this candidate at this point in his/her career? If the candidate has already done this job, why does he/she want to do it again?

How does this job synch with career goals? Does there appear to be a good cultural fit? Are there personal/family issues that need to be considered?

Application

Determining the specific combination of experiences, abilities, and fit for a given job is driven by the job definition. As we've seen, a well-developed job definition will describe a job in terms of quantifiable, measurable, time-based deliverables. One of the most effective ways to apply the above framework is to focus on candidates with the *minimum* experience required and the *maximum* ability/potential, while ensuring there is a reasonable fit. Put another way, you don't necessarily want the most experienced person, and you don't necessarily want the smartest person. *You want the person with the most raw-ability who meets the minimum threshold of relevant experience.* The most common hiring mistakes involve hiring very experienced candidates with little ability/potential and hiring really smart candidates with little relevant experience.

Example
In practice, it's useful to identify the three most important experiences needed to perform a given job, and then optimize on ability/potential. Recently, we conducted a search for a CEO of an early-stage company with a disruptive technology involving wireless power. After discussions with board members, investors, and executive team members, we concluded that we would focus on candidates with the following experiences:
- Proven CEO experience in a startup
- Marketing experience (especially strategic marketing)
- Experience bringing an embedded and/or platform technology to market

Shortly after initiating the search, we were referred to a prospective candidate with very impressive credentials. He had been the CEO of a company that had gone public and generated nearly $1B in revenues. As we dug deeper into the candidate's background, we realized that he had not been the CEO of a startup (he became CEO when the company was nearly $500M), had grown up on the finance side of the house (not marketing), and had no experience with embedded technology. In light of such an impressive candidate, the board re-examined its list of "must have" experiences. It concluded that the list of experiences was correct and that the candidate (however impressive) was NOT a good fit for this particular opportunity.

Although we'll never know whether or not we made the right decision, we had a simple framework that allowed the board to have a productive discussion about the merits of a particular candidate.

How to Look for It

No part of the hiring process has received more attention than interviewing. A Harvard University study concluded that 80% of employee turnover is due to interviewing mistakes. A University of Michigan study indicated a success rate of only 14% for traditional interviewing. *Yet, interviewing is pretty simple if you know what you're looking for.*

Interview Process
The interview process we use incorporates three main steps.

1) *Preparation*. Interview preparation is an often-overlooked, but crucial phase of the interview process. At a minimum, it's important to understand the companies for which a candidate has worked and, if possible, the state and performance of the company during the time the candidate was employed. Basic research is often enlightening – we have found several candidates who have omitted jobs of short tenure on their resumes that were identified through press releases, etc.

2) *Interviews*. A two-step process usually works best – a short 15-30 minute phone pre-screen, following by a 1-2 hour in-depth interview.
   a. Pre-screen. The pre-screen is a filter for rejecting candidates that don't meet the minimum criteria. The goal of the pre-screen is NOT to find the best candidate. Areas covered during pre-screens typically include:
      i. Basic job requirements
      ii. Current situation (jobless, looking, curious, not looking)
      iii. Compensation
      iv. Relocation preferences/constraints
      v. High-level career goals
      vi. Strengths (self assessment)
      vii. Weaknesses (self assessment)
   b. In-depth interview. *This is the core of the interview process.* We use a modified version of the Chronological In-Depth Structured (CIDS) interview process. Our in-depth interview process is summarized in Appendix I.

3) *Reference checks*. We probe candidates' strengths and weaknesses as well as specific areas identified as being important to the search at hand.
   a. Preliminary references. We usually conduct a couple of preliminary references prior to interviewing candidates.
   b. Final references.
      i. Given. Given references are references supplied by the candidate. We usually conduct given references first. They are less important and are almost always positive – but they are a great source of additional names that can be used as blind references.

ii. Blind/double-blind. A blind reference is someone not on the candidate's given list of references. A double-blind reference is someone not on the candidate's given list of references and the candidate is not identified to the reference. For example, we may call an executive that has worked with the candidate and ask for the top three VP Development executives he/she has worked with to see if our candidate is mentioned.

Appendix I – Modified CIDS Interview Process

I use a variation of the Chronological In-Depth Structured (CIDS) process adapted from Brad Smart's book, TopGrading (www.topgrading.com). The original CIDS interview process in TopGrading takes about 5 hours and involves a pre-interview homework assignment. Most candidates (especially passive candidates) will not tolerate that type of interview. Here's how we've adapted CIDS to fit our needs.

Introduction (10 minutes)
I introduce myself and review the agenda for the meeting (this gives the candidate a sense of how we'll spend the time and gives him/her a chance to relax). I also provide a brief overview of the company's history and why I am excited about its prospects going forward.

Initial Candidate Perspective (10-15 minutes)
I like to spend a few minutes up front and get each candidate's initial perspective on the opportunity. I typically pose the question, "So, what are your thoughts about this deal?" I use this opportunity to evaluate how the candidate thinks strategically and whether or not he/she has done enough diligence to have a point of view. The best candidates, even with limited information, will have a decisive perspective on the company. They should be able to quickly summarize the market opportunity, the company's position vis-à-vis competitors, what needs to be done (a high-level plan of action), and possible exit strategies. I prefer to pose the question and just sit back and listen, with minimal prompting.

In-depth Interview (50-60 minutes)
I like to start at the beginning and work my way forward through the candidate's career. I quickly probe their choice of colleges and majors, and then jump into to career experience. I spend more time on more recent and relevant career experiences. For each position the candidate has held, I ask the following questions.
- Describe the company and its products and/or services (sometimes I'll probe competitors and how they were positioned).
- How big was the company (revenue and employees) when you joined?
- How big was the company when you left (or changed positions)?
- What was the organizational context? Who did you report to (and who did he/she report to, up to the CEO)? Who were your direct reports? How many total staff? NOTE – the names we collect during this process become the list of possible blind references that will be used later. I like to ask for specific names and clarify spelling. The best candidates will be forthcoming with names – less qualified candidates will squirm during this process and may try to avoid answering the question directly.
- When did you join the company?
- Why did you join the company? Were you recruited? If so, by whom?

- What were you hired to do?
- What was the state of the company (or of your organization) when you joined?
- What did you accomplish during your tenure in this position?
- How did you do it? *Note: this is usually a good place to pose behavioral interview questions.*
- What was the end result?
- Why did you leave?
- What was your compensation (base, bonus, equity)? I only ask this question for recent positions.
- What did you learn?
- What were the low points?
- When I talk to your boss (or peers or subordinates), what is your best guess as to what he/she will say were your strengths, weaknesses, and overall performance? This is also known as TORC (threat of reference check). The best candidates will be forthcoming – less qualified candidates will squirm. The best candidates will offer thoughtful and balanced insights into their strengths and weaknesses. They understand who they are and what they want to do. Less qualified candidates will often go into sell mode and avoid answering the question directly.

Summary and Questions (as time allows)
At this point, I turn it over to the candidates and entertain their questions. I avoid discussing next steps in the interview process, preferring to leave things open-ended pending discussion with the rest of the search committee.

What Else to Look for - Red Flags

In addition to experiences, abilities, and fit, there are a few "red flags" that I like to keep in mind. These red flags are important indicators that are often overlooked, especially when candidates seem to meet all of the important criteria for a position. Some of the more important red flags include:
- Inappropriate dress
- Late arrival
- Lack of preparation
- Rambling or telling stories
- Defensiveness
- Not answering questions directly or not answering the question asked
- Negative assessment of colleagues
- Poor questions