

## **ADVICE FROM THE FIELD**

# **How to beat the competition**

In the last issue of Insider Business Journal, the "Master Breakthrough Hiring" article (page TYS2) introduced two concepts—Intrinsic Value and breakthrough hiring. Before we dwell into the latter subject, an interesting telephone discussion revealed a unique application using Intrinsic Value.

To recap, taking a company's total yearly sales divided by the number of its employees defines Intrinsic Value. The simple, but powerful tool indicates the average quality of a company's existing employees. Furthermore, it identifies turnover costs. Having a vacant position means the team is short one player's contribution. Taking it one step further, Intrinsic Value provides the economic justification to hire not only quickly but also wisely. The concept should clearly give hiring a higher priority. The company with the better people will be more successful. This is the measuring tool to track that success.

### **Intrinsic Value to increase sales?**

Just recently, a company immediately grasped the significance of the concept. They intend to use it to increase sales! A competitor analysis revealed that for the last 5 years this company had the best Intrinsic Value. The new sales literature will incorporate this comparison. A good sales question could be: "Mr. Potential Customer, do you want your product designed by the biggest company or by the one with the best people?"

### **What's Breakthrough Hiring?**

No matter what business you are in, your success or failure will depend solely on the quality of your employees. To achieve the ultimate success, hiring must be a priority. More specifically, breakthrough hiring means that all four elements - searching, screening, obtaining, and retaining—are part of an organized, structured process.

Before we break down the various elements, let's make a quick comparison of a typical hiring process to that of a normal company function which is highly successful because of the attention to detail.

Companies are rightfully proud that nothing is shipped or received without the proper paperwork. With that attitude is a stringent adherence to a Shipping & Receiving Handbook. Obviously, formal training for employees plays an important part. With that, an excellent Shipping & Receiving department will only average 4 percent mistakes per year.

Considering that proper hiring is extremely difficult to execute, you would expect that the manuals and training to be quite extensive. Unfortunately, they are usually nonexistent. No wonder people in industry believe that 20 percent of the workforce is performing 80 percent of the work. Breakthrough hiring starts with a very specific—step-by-step—written procedure. A hiring system has to be treated no differently than that of a Shipping & Receiving function.

### **Finding good people**

Of the various elements in a hiring program, companies are having the most difficulties in the searching activity—finding enough qualified prospects. This can be quickly corrected by just understanding the cause of the problem—95 percent of the qualified people for any job are not actively looking. Most do not have updated resumes but will consider a new opportunity if approached. Until the recent record low unemployment changed the size of the talent pool, most companies could find qualified personnel by just using passive methods—the candidate has to make the initial contact. Going after the same 5 percent that everybody else has targeted does not make any sense in today's economy. Tapping into the 95 percent pool means using active methods—a company's representative makes the initial contact. The quickest and easiest means to jump-start a hiring program is to use a lucrative referral program. Considering the average return on investment per year is a company's Intrinsic Value,

reveals that a referral fee of few thousand dollars would be a good investment. The reward for finding outstanding talent should be based on need. It would not be unrealistic to pay ten thousand dollars for a critical position. From a different angle, my years as a successful headhunter revealed that service fees of over \$20,000 were common.

### **Attitude and motivation checks**

In a breakthrough hiring program, the essential element for proper screening is incorporating "attitude & motivation" checks. For example in our Performance Hiring Program, we recommend using a Career Questionnaire to not only have the candidates better define their abilities but also to screen-out tire-kickers. To go one step further, incorporating the Career Portfolio concept not only provides another attitude and motivation check, but greatly simplifies the interviewing process. We have found this to be a tremendous tool to identify "eagles."

### **Lack of speed kills**

The obtaining portion means having a repeatable interviewing process by using specific question sets. Speed is emphasized. The hiring experts find it extremely disturbing that even with this record low unemployment, companies are still taking months to make hiring decisions. If companies incorporated a 48-hour rule to ensure action, the long-term affect would be positive in many areas.

### **Turnover starts at the offer stage**

Obviously, the retaining of good employees is an ongoing process. A company's atmosphere plays an important role. However, most do not realize that turnover starts at the offer stage! Salary negotiation is not part of breakthrough hiring. Only one salary offer is given. Any effort to save a few thousand dollars at the offer stage usually backfires. Six months to a year later, the person quits. Most professional athletes use agents because it is extremely difficult to define one's worth. In business, people have the tendency to accept an offer that is not completely satisfactory with the expectation that the new

opportunity will somehow make up for it. The opposite is true. A new opportunity is never 100 percent of what one expects. The little nuisances associated with any new company become unbearable if a person felt cheated at the offer stage. A very simple method called the "drop dead" offer eliminates this dangerous practice of negotiating offers.

Breakthrough hiring is no different from any other important business function. It starts with specific procedures followed by proper training. Once hiring becomes a systematic business function, a company will see dramatic improvements.

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*Paul J. Theisen, president of Livonia-based Unlocked Potential Inc. ("Working with companies who want a simple, effective system for hiring outstanding employees and with people who want to work for outstanding companies."), can be reached at 248.476.5220 or at [HiringSmart@juno.com](mailto:HiringSmart@juno.com).*

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