

# Don't Make a Hiring Mistake

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# Learning Objectives

- Examine why executive recruitment processes are often biased and flawed and may lead to hiring mistakes
- Discover how behavioral interviewing, formalized assessments & competency-defined leadership analysis will reduce hiring errors
- Our focus is on *leadership selection*.



# Agenda

- Review of why hiring mistakes are made and their cost
- Develop a structured hiring process
  - Enhance the front-end prep work
  - Determine 1<sup>st</sup> year objectives
  - Take interviewing to the next level
  - Enhance assessment
  - How to define / evaluate leadership
- Understanding a job
- How to define and evaluate leadership



# What is your hiring “hit” rate?

- Consider the leaders you have hired in your career - Does this look like the hiring you have done over the years?
  - A few high performers (perhaps 5-10%)
  - A lot of disappointing but “adequate” performers – “these are ok people”
  - A few low performers (5%)
  - One or two absolute failures
  - Most will admit to the above



# Have you ever thought....

- “That’s not the person I hired.”
- “I really wish we had hired Sara.”
- “If only.....”
- “Well, he has been an ‘ok’ hire”
- “Just give me a chance to start out with a clean slate and hire all new managers from the start!”



# Some facts

- Several studies indicate -- At best, over the course of a leader's career, rarely more than 25% of the individuals they hire are high performers
- In an interview -- "Anybody can eliminate the truly bad ones"



# Some facts

- Three recent surveys –
  - As many as one third of all leaders hired or promoted are not successful (2007 – all industries – sample size of 25,000+)
  - Twenty-five percent of the executives hired into Fortune 500 companies are gone within two years (2009 study)
  - At least 40% of all leaders will derail sometime in their career (2008)



# The Cost of a Hiring Mistake

- Probably much higher than most think -
  - Many, many *intangible* costs
  - In today's market, can be an almost fatal mistake
- Likely to be 2.5 times salary
- And -it usually takes 18-24 months to fully confront the fact you made a hiring mistake





# Problems Hiring Leaders

- Haphazard hiring process
- Developing lackluster position specification documents
- Writing “walks on water” characteristics
- Interviewing haphazardly
- Letting bias and halo and chemistry carry excessive weight
- Horrible interview questions (more on this later)



# Problems Hiring Leaders

- Sketchy position responsibilities and relationships
- “Hurry up and Wait” practices
- Relying on ineffective evaluation techniques
- Failing to drive the process



# OK, You have made the point – what's next?

- Develop a structured hiring process
  - Enhance the front-end work
  - Determine 1<sup>st</sup> year objectives
  - Take interviewing to the next level
  - Enhance assessment
  - How to define / evaluate leadership



# ***A Structured Hiring Process should:***

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- Define and exemplify executive focus
- Objectively evaluate people against specific expectations
- Align new hires to goals
- Help make better decisions
- *Reduce* the chance of making a hiring mistake



***We are certain that structuring the selection processes increases hiring success.***

***Increase your hit rate..***



# Why Use a More Structured Selection Process?

- Well, first – why not?
- The Research
  - Structured processes can lead to up to a 95%+ Success Rate
    - Predicted high performer are high performers and up to 40% of low performers are not hired
  - Selection feedback increases management's confidence in their direction by 15%
  - Shortens the time to new productivity by 50%
  - Companies who use structured selection systems see a 26% better fit to the culture leading to lower turnover and easier on-boarding
  - 91% of managers say standard selection processes provide information not found through other means



# Various Selection Methodologies

- Coin Toss (0)
- Unstructured Interview (.1)
- Structured Interview (.2)
- Skills Testing (.2 - .3)
- Cognitive Ability Measures (.3 - .5)
- Personality Assessment (.3 - .5)
- Assessments + Structured Interview (.4 - .6)
- Assessments + Psychological Interview (.5 - .7)



# First: Enhance Front-End Prep

- Good selection requires job analysis - really knowing what is done in the job and the skills and characteristics to do it most successfully
- Identify the (a) Knowledge, Skills, Abilities; (b) Specific Experiences; (c) Leadership Competencies; & (d) Personal Characteristics associated with job performance - *and do so with specificity*



# Front-end Reflection

- Describe the roles that the person will play
- Describe the values of the organization
- Describe the values of the senior leadership team
- Describe the culture of the organization
- *The above should be written in some level of detail.*





# Second: Define specific first year expectations

- Exactly what are the critical 5-6 specific objectives expected of the new leader in the first 12-18 months?



# Third: Take Interviewing to the Next Level

- Behavioral interviewing
  - Behavioral interviews ask the candidate to pinpoint specific instances in which a particular behavior was exhibited in the past
  - These behaviors are those already identified in the front-end prep
- Listen more than you talk (duh)
- Scuba dive; don't snorkel



# Some Types of Interview ?

- **Open Questions.** “Tell me a little about ...”
- **Closed Questions.** When you need specific information
- **Hypothetical Questions.** “What would you do if ...”
- **Opinion Questions.** “What are your strengths?”
- **Leading Questions.** The answer seems logical
- **Case Questions.** Long scenario – find out how the person will respond
- **Competency Questions.** “Give me a specific example of a time when you dealt with an angry physician.”
- **Dumb Questions.** There are WAY too many of these out there.
  - If you were an animal, what kind of animal would you be?
  - If you could meet anyone in history who would it be?
- *Of the above, which might be the best?*



# Best Practices -- Interviews

- **Behavioral-based Questions.** “Tell me about a time when you ...”
  - Can be past- or future-focused
  - Should directly tie into your organization’s needs / competencies
  - Should represent real examples of what a person likely will need to do



# Four: Enhance Your Assessment

- Assessment should drive the interview
  - Assessments can confirm the simple things you may want to know that are easily identified and confirmed
  - The interview can be used to confirm, extend, and specify assessment results
- Assessments – two types:
  1. How *you*, the interviewer - the one who makes the selection decision, processes the information you have gleaned from your interviews, references, and interactions with the candidates (essentially, you have interviewed all candidates – now how do you make the hiring pick?)
  2. How you might use outside assistance from selection professionals to add to the body of knowledge that you know about the candidates – e.g. psychologists, assessment tests, assessment centers



# Your Assessment

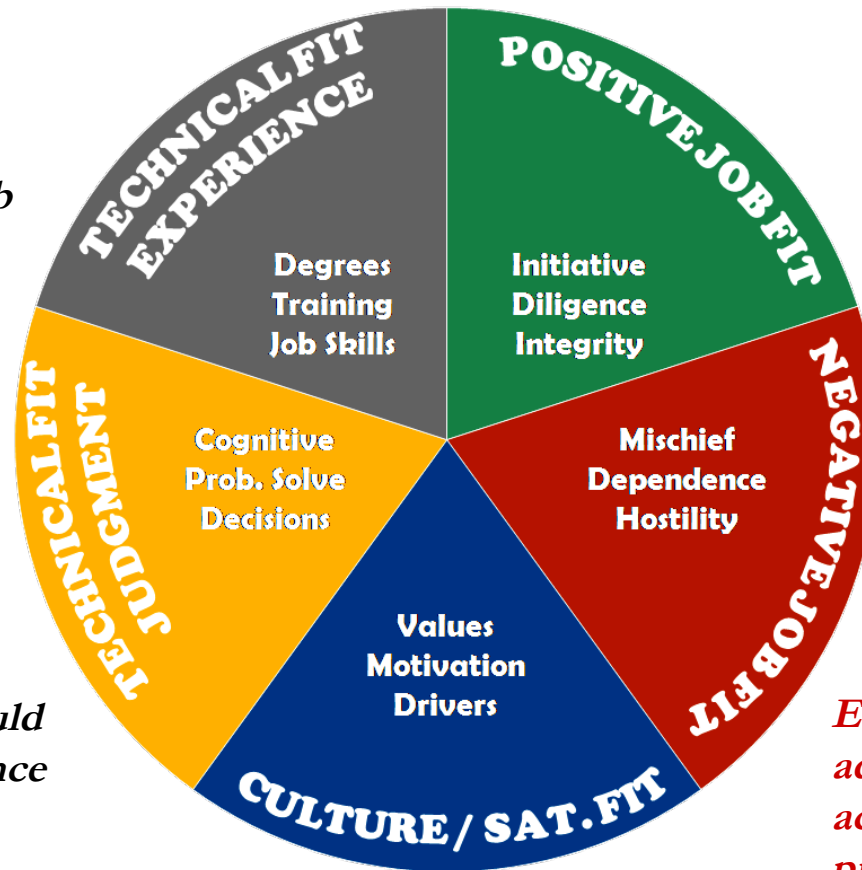
- Let's not oversimplify – but, your skill in assessing your final candidates is directly correlated with your knowledge of the position (the front-end prep work you have done) and your ability to vet out and draw out reliable and valid information about the ability of the candidates to meet those needs. Let's look at a model - Jared



## Understanding a Job

*The goal of any assessment process should be to predict and improve future job performance – otherwise, you are wasting people's time.*

*Your interview and reference checking should consider all 5 performance categories*



*We think of job performance in terms of 5 very broad categories*

*Each additional category adds about 15% to 20% accuracy to your prediction when using quality assessments*



# Technical Fit -- Judgment

- The person's capacity to learn new things and apply what he/she has learned
- The ability to make connections between seemingly unrelated pieces of information
- How the person solves problems, makes decisions, and uses judgment for the good of the organization
- We are a unique organization in that we are at the crossroads of research focusing on the personality characteristics associated with how a person uses his/her cognitive capacities
- Understanding not only *if* the person is smart, but if their intelligence will result in successful business outcomes.





# Job Fit Positive -- Personal Fit

- Based on 50 years of peer rating research
- People describe one another in terms of five broad themes:
  - **Emotional Stability**
  - **Surgency**
  - **Agreeableness**
  - **Conscientiousness**
  - **Intellect/Openness to Experience**
- Lots of different scale names and configurations and marketing of different “unique” tests in this domain
- They are all measuring essentially the same thing



# Job Fit Negative – The Dark Side

- **Bright Side** - What you see in a job interview and day-to-day
  
- **Dark Side** - Potential derailers that appear:
  - After prolonged exposure
  - During stress
  - During heavy workloads
  - When the person isn't paying attention
  - During times of change
  
- It is likely that only excellent referencing or very expert psychological assessment will fully capture these issues



# Organizational / Satisfaction Fit

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- Identifies the kind of environment in which an employee wants to work and the kind of environment an employee creates for his/her subordinates
- Defines how an organization can motivate an employee to perform more productively
- People prefer to work with others who share their values, dislike those who don't and are happiest working in value-consistent environments
- Can be tough to measure – few real assessments of these characteristics
- Your best bet – try to pair organizational and individual values and consider where the candidate has done his/her best work – e.g., in what type of culture does he/she best fit



# Organizational / Satisfaction Fit

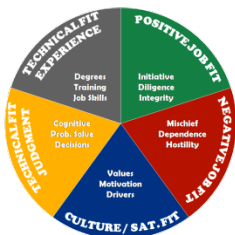
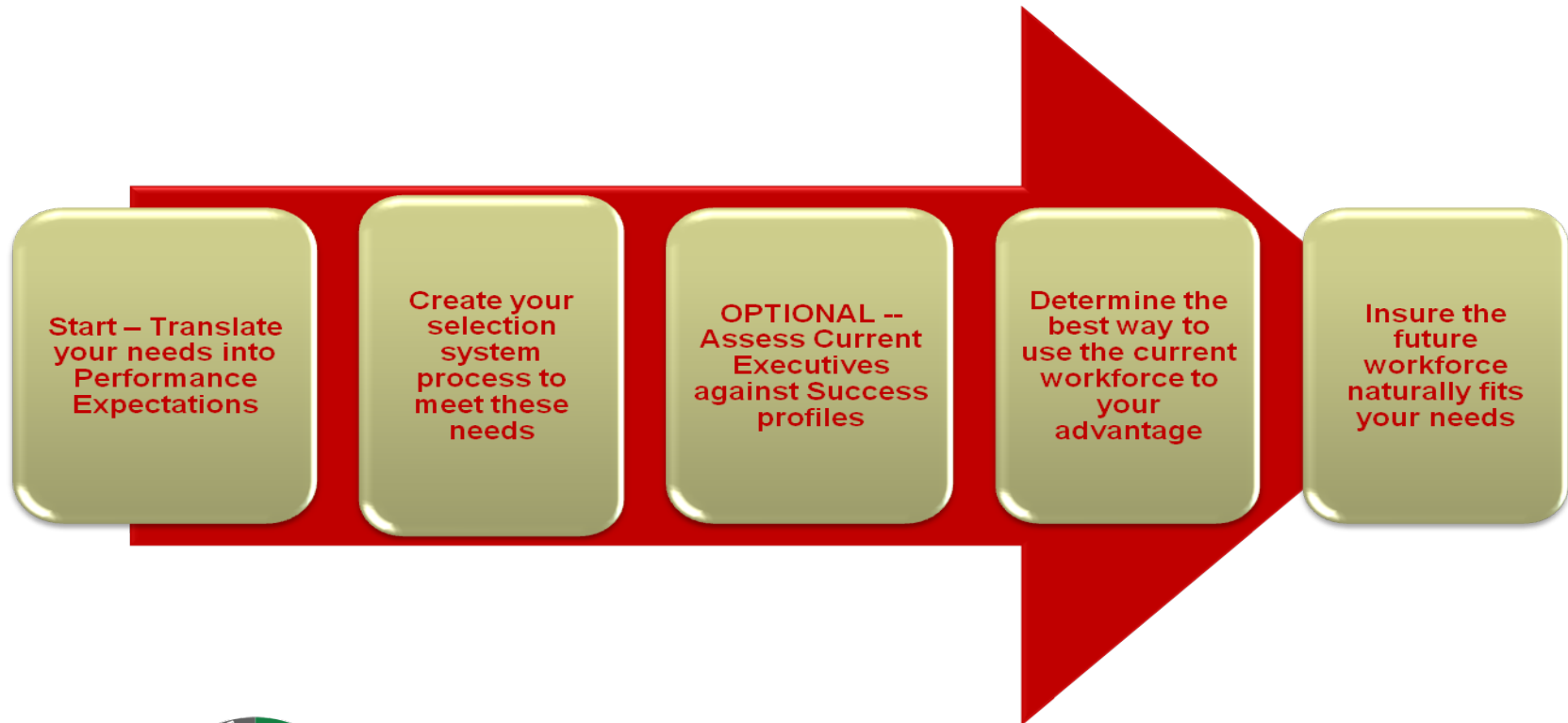
- Leaders have specific motivations – you will need to ensure that your interview process includes some discussion of this
- Organizations provide specific motivations to employees based on culture, customs, and values
- Employees seek out organizations and jobs that provide the opportunity to fulfill these motivations
- An employee will work harder and be more interested in an organization that provides desired motivations.



# How To Get Started

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The definition and validation process will directly link to all 5 facets of the Performance Pie, insuring appropriate assessment of the whole person.

# Five: How to Define / Evaluate Leadership

- Leadership is defined in terms of the ability to build and maintain a high performing team – REGARDLESS of the environment – (Hint – it’s about values)
  
- Leadership effectiveness is judged in terms of the team’s performance relative to the competition
  - It is not about salary level
  - It is not about technical competence
  - It is about personal characteristics and getting things accomplished through others
  
- **ACTIVITY** -- Where does your organization exceed the competition? Trail the competition? What leadership characteristics are needed to improve your positioning?



# Leadership Themes -- Positive

- Implicit Leadership Themes that work
  - **Integrity** – “Does the Right Thing”
  - **Decisiveness** – “Thinks Critically and Solves Problems”
  - **Competence** – “Take Ownership For Quality Results”
  - **Vision** – “Fosters Organizational Improvement”
  
- Good To Great Themes
  - CEOs of Fortune 1000 companies with 15 years of sustained performance
    - **Amazingly persistent** - “Does the Right Thing”
    - **Humble** - “Passion for Learning”



# Leadership Themes – Negative Five Fatal Flaws (Zenger and Folkman, 2003)

- Inability to learn from mistakes
- Lack of core interpersonal skills
- Lack of openness to new or different ideas
- Lack of accountability
- Lack of initiative





# Why Do Executive Careers Stall? (Lombardo and Eichinger, 2002)

- Don't relate well to others
- Are self-centered
- Don't inspire or build talent
- Are too narrow
- Don't deliver results

“Executives coming off a string of successes are particularly prone to underestimating current obstacles. In business and in leadership, the past does not ensure the future. In fact, the future depends on embracing the new: new understanding, new solutions, new mastery. Those who learn to do this well will most likely succeed.” (Sydney Finkelstein, *Why Smart Executives Fail*, 2003.)



# Leadership in Healthcare – Values and Skills (Dye, 2010)

- Personal Values
  - Respect in Stewardship
  - Ethics and Integrity
  - Interpersonal Connection
  - Servant Leadership
  - Desire to Make a Change
  - Commitment
- Team Values
  - Cooperation and Sharing
  - Cohesiveness and Collaboration
  - Trust
  - Conflict Management
- Values get organizations over the top in terms of performance



# Values x Social Needs – An Example

<b>Social Needs</b>		
To Get Along	To Get Ahead	To Create Order
<ul style="list-style-type: none"> <li>▪ Respect</li> <li>▪ Cooperation and sharing</li> <li>▪ Conflict management</li> <li>▪ Servant leadership</li> <li>▪ Interpersonal connection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Commitment</li> <li>▪ Ethics and integrity</li> <li>▪ Initiative to make change</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cohesiveness and collaboration</li> <li>▪ Trust</li> <li>▪ Ethics and integrity</li> </ul>



# Your Selection System – Best Practices

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- **Realize candidates are there to win.** They are saying what they have to in order to get the job.
- **Ask and Listen.** You cannot learn anything about the candidate with your mouth open.
- **Realistic Job Preview.** When you do speak, tell the person about the good, bad, and ugly.
- **Touch all 5 performance quadrants -- TWICE.** Interviews are poor ways to get at all of these quadrants, but you should try.
- **Find ways to touch the “dark-side”.** They have to be willing to tell you their bad – or you know their first problem area.



# Your Selection System – Best Practices

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- **Keep focus on past behaviors and culture fit.** These are easiest to assess on your own.
- **Don't be afraid to stray from the protocol and dig a little more.** If they open a path, go down it. (Scuba dive; don't snorkel)
- **The “10 for 60” lever of New Hire Productivity.** For every 10 minutes you work with a new hire in the first few weeks, you save 1 hour over the next year.



# Additional Readings

- ❑ *Leadership in Healthcare: Essential Values and Skills*, 2<sup>nd</sup> Ed., Carson F. Dye, Health Administration Press, March 2010
- ❑ *Winning the Talent War*, Carson F. Dye, Health Administration Press, 2002
- ❑ *Topgrading: How Leading Companies Win by Hiring, Coaching and Keeping the Best People*, Bradford Smart, Prentice Hall Press, 1999



## Bios

- Carson F. Dye, FACHE , search consultant with Witt/Kieffer, has worked in health care since 1973. Prior to joining Witt/Kieffer, he worked with Lamalie/TMP and in general consulting with Findley Davies. He served twenty years in senior executive positions at St. Vincent Medical Center, Ohio State University Medical Center, and Cincinnati Children's Hospital Medical Center. He serves on the faculty of the graduate program at the University of Alabama-Birmingham. The author of seven books and several journal articles on leadership, he earned his BA from Marietta College and his MBA from Xavier University. He has presented each year at Congress since 1988.
- Jared Lock, Ph.D. is President of Carr & Associates, an industrial psychology firm. He received his doctorate in Industrial/Organizational Psychology from the University of Tulsa. Prior to Carr, he was the head of marketing for Hogan Associates. He has had vast experience in the design and validation of selection systems, test batteries (customized), leadership development programs, executive selection & coaching programs. He has contributed over 25 research papers and presentations to the professional community on a variety of human resources related topics. Dr. Lock authored the academic research chapter in Carson Dye's book, *Leadership in Healthcare: Essential Values & Skills*.

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