

6 Tips to Avoid Costly Hiring Mistakes

By Carson F. Dye, for HealthLeaders Media, September 3, 2010

It is no surprise that healthcare organizations invest significant time and money in hiring executive leadership. What may be surprising is how often they are ultimately disappointed by the choices they have made, and how an effective assessment methodology can help avoid these costly mistakes.

The High Cost of Hiring Errors

No matter how cautiously healthcare organizations approach the process, hiring executive leaders carries risk and can be an expensive business. Direct costs can include fees and expenses for executive recruiting services, salary for an interim executive to fill the vacant position, costs of bringing candidates to town for interviews, and relocation expenses once a new executive is selected. Indirect costs include turnover at lower levels as well as a lack of progress on strategic initiatives and reduced productivity for as long as 18 months while the new hire gets up to speed. Total investment for a senior executive position can easily reach \$1 million, without counting the less tangible human costs of relocating individuals who must sell their home and uproot their families for the new position. Clearly, hiring mistakes exact a painfully high price for both the organization and the executive involved.

Despite the high-stakes consequences the selection process involves, many healthcare organizations take too few steps to minimize the possibility of hiring errors. Frequently, they rely on a haphazard process, perhaps one in which ill-defined chemistry and “gut instinct” play a disproportionately significant role. The fact that an interviewer connects with a particular candidate on a personal level as a result of shared geographic roots, similar academic background, or other arbitrary commonalities does not guarantee the candidate is a perfect fit for the job. Utilizing a more formalized, scientific, and validated methodology for the assessment process dramatically improves the odds of making the right hiring decision the first time.

1. Ferret out the Flaws in the Assessment Process

Despite good intentions, bias often unintentionally shapes the selection assessment process. Consider these two scenarios. In the first, Candidate A, an east coast native, has a delayed flight and arrives in town at 2 am. Still tired, he meets with the vice president of nursing, a born-and-bred Midwesterner, for an early breakfast. Unimpressed, the Nursing VP returns to the hospital and runs into the CFO, who asks about the interview. The VP describes the candidate as unexceptional. When Candidate A meets with the CFO at noon, the CFO already expects not to be dazzled.

In the second scenario, Candidate B arrives in town early one evening and well-rested for her meeting with the VP of nursing the following morning. They discover that they are both from the Midwest and graduated from the same university. In this case, the VP delivers an effusive report to the CFO when she speaks with him, setting a markedly different stage for the CFO’s interview with Candidate B. Clearly, chemistry and travel circumstances have already assumed major roles in the process, potentially overshadowing the actual qualifications and accomplishments of the candidates. Similar scenarios are repeated daily during executive interviews.

2. Move from the Subjective Toward the Objective

No assessment process can be purely objective, nor is complete objectivity necessarily desirable. After all, chemistry and “fit” does matter, even if it does not guarantee on-the-job success. But rather than carry an inappropriately heavy weight in the final decision, the positive connection that an interviewer feels with a candidate should merely form the starting point for a more in-depth, substantive selection process.

Before initiating an executive search, organizations should develop a comprehensive success profile that incorporates critical experiential, cultural and personal elements. Key components include prior experience, attributes, leadership style, education, and the competencies required to succeed in the job. Most importantly, these descriptors should be detailed and thorough—not broad and general. This profile should be used to drive a more objective assessment process, with the goal of identifying the candidates who bring translatable experience from an environment of similar size, scope, and complexity.

Ideally, the profile should utilize input from human resources management, executives the new hire would report to, subordinates, and, depending on the responsibilities and level of the position, the board of directors and physician stakeholders. Some organizations find it valuable to involve a third-party source such as an executive search consultant to help them evaluate and define their needs.

3. Zero in on Competency

In addition to the success profile, a valuable step toward incorporating greater objectivity into the selection process involves creating a competency model. By explicitly describing the behaviors a candidate needs to successfully execute the responsibilities the position entails, the competency model provides a foundation on which to build a balanced assessment approach.

Structuring a useful model entails focusing on competencies for high-level job performance, clearly defining each competency, determining which behaviors indicate proficiency, and describing the outcomes. For example, conflict management competency could be defined: “Is not afraid of conflict; sees conflict as opportunity; uses strong listening skills to get to the heart of conflicts; smoothly moves disputes toward resolution; finds common ground; is persuasive in gaining the cooperation of others.”

This competency model also offers the advantage of establishing a common language for discussing consensus on often-vague qualifications, such as “must be an effective communicator.” Once consensus is reached on the model, the challenge becomes the formulation of interview questions that elicit germane information for interviewers and enhance their ability to determine how well candidates demonstrate the competency.

4. Behavioral Questions Help Paint a Realistic Picture

Many psychologists suggest that what is observed in an interview is most often what a candidate wants and allows interviewers to see. Putting greater time and effort into preparing the right questions can counteract this potential obstacle. Questions that yield the most valuable and honest information are anchored firmly to previously-identified competencies. Interview questions can be divided into four types: fact-finding/regurgitation/verification, projective, self-reflective, and behavioral. Generally speaking, fact-finding questions confirm data provided on a resume. Answers to projective questions such as “If you could be any person in history, who would you be and why?” do not provide information relevant to potential performance. Nor are these types of questions valid predictors of success on the job. Self-reflective questions about leadership style or strengths and weaknesses also tend to produce answers with little validity.

Given that past experience serves as an excellent indicator of future success, behavioral interview questions offer the best opportunity for gathering beneficial information about a candidate’s leadership skills. Questions can be situation-based, asking, “what would you do if?”; or evidence-based, inquiring “what did you do when?” Both types solicit practical and accurate data upon which to judge candidates. Evidence-based behavioral questions, in particular, make it difficult to re-author experienced history “on the fly,” thus helping to paint a truthful and detailed picture of a candidate’s ability to handle challenges.

5. Expert Interviewers are Made, Not Born

Since the face-to-face interview plays a crucial role in the assessment process, it is vital to maximize its effectiveness. Like any skill, expert interviewing technique evolves from serious study and extensive practice. It does not just happen by chance. First, organizations must craft behavioral questions designed to elicit information that links directly to the competencies required for the position. For example, a question that asks for details on “the worst conflict you have had with a physician” speaks directly to a candidate’s conflict management skills. Probing for details, such as the cause, how the conflict manifested itself, how the candidate resolved it, lessons learned, provides extensive valuable data. It also offers an opportunity to learn the name of the doctor involved, who should be contacted for another perspective on the candidate.

Second, when discussing candidate accomplishments, interviewers should explore details beyond the accomplishment itself to learn more about how a particular project was initiated, how significant a role the candidate played, and strategies used to achieve success. With this information, interviewers can more accurately assess candidates’ leadership qualities and actual accomplishments as well as evaluate how their leadership style fits the culture of the hiring organization.

6. Reap the Rewards of a Formalized Assessment Methodology

All healthcare organizations utilize some form of assessment in executive selection decisions to determine which candidate they believe is the most effective, capable, and competent. In its purest sense, assessment should be quantitative and contain a measurement factor that can be used to impartially judge candidates. In reality, however, assessment can be overly influenced by chemistry or gut instinct, threatening the validity and reliability of the selection process.

By carefully defining executive leadership competencies and utilizing behavioral questions during the interview process, interviewers can gain better insight into candidates’ qualifications, experience and fit. Armed with concrete data rather than with speculative information and superficial impressions, organizations can improve their odds of selecting the right leader for the job and avoid the high-priced consequences of a high-level hiring error.

Carson F. Dye, FACHE, is senior vice president with Witt/Kieffer. He may be reached at 419-824-9270 or at carsond@wittkieffer.com.