The Formula for Hiring Right the First Time

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## What Qualities Does a Level 5 Leader Possess?

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<thead>
<tr>
<th>Leader “C Level”</th>
<th>Bookkeeper</th>
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## Assessments

**Define the Job**
- Create behavioral performance benchmarks for all positions.
- Reach consensus about the job and compare it to benchmarks.

**Assess the Incumbent**
- Measure the behavioral attributes of the incumbent.
- What are my strengths?
- What are my Developmental Considerations?

**Gap Analysis**
- Measure the difference between who I am and the requirements of the position.
- Determine the actions that support these required changes/behaviors.
- Predict the energy requirements or frustrations that are incumbent on making these changes.

**Bottom Line**

When people perform at higher levels:
- Increase self-awareness
- Improve retention
- Enhance productivity
- Improve morale

... profits surge!
Climbing the 5-Tier Performance Pyramid

Performance Pyramid

Tier V: Results
Tier IV: Metrics
Tier III: Actions
Tier II: Job Behaviors
Tier I: Personality

Dominance
Relaxation
Compliance
Sociality

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The McQuaig Job Survey
Company: Accord Management Systems, Inc.
Job: Ideal Sales Representative
Do: 74
So: 53
Re: 20
Co: 17

Key to Behavioral Scales
Dominant <> Accepting: Competitive, Goal Oriented <> Deliberate, Cautious
Sociable <> Analytical: Empathetic, Extroverted <> Logical, Work-Oriented
Relaxed <> Driving: Patient, Reliable <> Restless, Pressure-Oriented
Compliant <> Independent: Conscientious, Detail-Oriented <> Strong-Willed, Persistent
EXHIBIT I  Sales Performance According to Age
Measurement period after hiring Performance Quartile 1st 2nd 3rd 4th
6 months
Over 40 9% 38% 32% 7%
Under 40 10% 39% 30% 6%
14 months
Over 40 7% 26% 23% 5%
Under 40 8% 23% 24% 4%
Note: Sample sizes after 6 months, 1,679 in over-40 group and 3,721 in under-40 group; over 14 months, 1,058 in over-40 group and 2,317 in under-40 group.

EXHIBIT II  Sales Performance According to Sex
Measurement period after hiring Performance Quartile 1st 2nd 3rd 4th
6 months
Women 11% 36% 35% 8%
Men 9% 38% 32% 7%
14 months
Women 8% 28% 21% 4%
Men 9% 26% 14% 7%
Note: Sample sizes after 6 months, 1,069 women and 4,227 men; after 14 months, 652 women and 2,494 men.

EXHIBIT III  Sales Performance According to Race
Measurement period after hiring Performance Quartile 1st 2nd 3rd 4th
6 months
People of Color 8% 39% 30% 11%
Caucasians 9% 37% 23% 16%
14 months
People of Color 8% 25% 24% 7%
Caucasians 7% 24% 26% 6%
Note: Sample sizes after 6 months, 271 African Americans and 2,014 Caucasians; after 14 months, 168 African Americans and 1,208 Caucasians.

EXHIBIT IV  Sales Performance According to Experience
Measurement period after hiring Performance Quartile 1st 2nd 3rd 4th
6 months
Inexperienced 10% 33% 34% 6%
Experienced 11% 37% 33% 5%
14 months
Inexperienced 9% 25% 28% 5%
Experienced 16% 27% 18% 5%
Note: Sample sizes after 6 months, 3,721 inexperienced and 4,934 experienced; after 14 months, 2,397 inexperienced and 4,841 experienced.

EXHIBIT V  Sales Performance According to Education
Measurement period after hiring Performance Quartile 1st 2nd 3rd 4th
6 months
High school diploma or less 7% 38% 31% 8%
College diploma or more 8% 38% 30% 9%
14 months
High school diploma or less 10% 23% 22% 5%
College diploma or more 11% 24% 21% 6%
Note: Sample sizes after 6 months, 2,694 w/ high school diploma or less and 2,094 w/ college diploma or more; after 14 months, 1,656 w/ high school diploma or less and 1,074 w/ college diploma or more.

Job Matching = Better Sales Performance

A benchmark study published in the Harvard Business Review dispelled the myth that factors such as age, race, education, gender, or prior experience were critical to job success. Instead, the study found that use of assessments to match the behavioral characteristics of an individual to the behavioral characteristics of the job correlates with better performance, higher productivity, and lower turnover.

Job matching based on behavior, personality, temperament, and attitude is the deciding factor. When hiring or promoting, ask yourself: “Does the candidate have a reasonable behavioral match to the expectations of the job? If so, successful performance can be predicted and maintained over time.”

- Use of behavioral assessments for job matching in your hiring process reduces turnover by as much as 50%.
- According to the same Harvard Business Review Study, 61% of employees hired with the right personality became top performers (top 2 quartiles) within 14 months on the job.
- Only 7% of those without the right personality became top performers.
- Conclusion: Having the right personality makes success more predictable.

This study supports the premise that job matching is the critical factor in lowering turnover and increasing productivity, not age, race, education, gender, or experience.

AMOUNT OF TIME AFTER HIRING PERFORMANCE QUARTILE QUIT OR FIRED
1st 2nd 3rd 4th
6-month/job fit 11% 26% 23% 14% 24%
6-month/not job fit 2% 10% 18% 24% 48%
14-month/job fit 19% 42% 7% 4% 28%
14-month/not job fit 1% 6% 14% 22% 57%

Assessment of Job Fit

Ideal Executive

- Match

Joe Sample

Bob Sample

- Does Not Match

THE McQUAIG JOB SURVEY®

Job Title: Caregiver
Company: NAHC

OVERVIEW: For this position, you are looking for candidates who, in a leadership position, would take the role of supportive team leaders, focusing on team cohesion and discouraging internal competition among their staff. They should adopt a non-confrontational stance; They should be careful to avoid reacting hastily, taking a steady-as-you-go approach, promote a stable environment for themselves and their staff; They should be naturally sociable and outgoing & They should have the flexibility to suggest the occasional outside-the-box solution, while still adhering to management strategies/policies.

BEHAVIORAL FACTORS

This job requires an individual who:

- Is very accepting, cautious and deliberate in approach
- Is a very good team member
- Is relaxed, patient, steady and reliable
- Is good at and likes routine work
- Is predictable in performance and likely to be a consistent contributor
- Is friendly, sociable and out-going
- Genuinely likes people and enjoys working with them
- Is a good communicator, quite optimistic, tending to see the positive side of things
- Can maintain a balance between being independent and compliant
- Can follow rules but is also capable of showing some initiative

TOLERANCE FACTORS

On the other hand, these behaviors are typical of people who:

- Need to avoid conflict
- They can procrastinate when faced with decisions and often struggle to set targets.
- Unhurried manner can prove to be a disadvantage in fast-paced environments
- It is not in their nature to drive change proactively.
- It is difficult for them to make unpopular decisions
THE McQUAIG JOB SURVEY®
Job Title: Nurse
Company: NAHC

OVERVIEW: For this position, you are looking for candidates who adopt a comparatively moderate leadership stance. Although they should be able to exert their authority if the situation warrants it, they should, more often, compromise to meet the needs of their team. They should be naturally friendly and outgoing, clearly favoring participative leadership approach. They should have a sense of urgency that makes them want to move things along relatively quickly but easily adapt to longer-term projects when necessary. They should take a relatively loosely structured leadership approach to getting things done, delegating the particulars, accepting different opinions.

Behavioral Factors:

This job requires an individual who:

- is very competitive, ambitious and goal-oriented
- wants responsibility for and authority over people
- enjoys overcoming objections/resistance and achieving goals in the face of obstacles
- is logical, task oriented and analytical
- is likely to think through a problem and weigh the pros and cons
- makes decisions on facts, rather than on emotions
- is inclined to be restless and driving
- will likely have a sense of urgency to get things done quickly
- is somewhat conscientious and cooperative

will likely follow company rules and directions well

TOLERANCE FACTORS

On the other hand these behaviors are typical of people who:

- may lead their team members to feel they have made up their minds before they ask for opinions.
- can sometimes have unrealistic expectations for themselves and their team.
- their focus is more on facts than on the emotional side of issues. They do not always recognize the need to provide positive feedback, giving their staff the impression that their work is unappreciated. Theirs is more of an authoritarian leadership style.

THE McQUAIG JOB SURVEY®
Job Title: Nurse Manager
Company: NAHC

OVERVIEW: For this position, you are looking for people who, while they do not require a very independent or an especially people-oriented approach, are very results oriented and adopt an assertive, commanding leadership style. Unwavering in their desire to achieve, they should take charge and exhibit the traditional leadership characteristics required in different environments, but especially in their area of expertise. They should offer a practical, task-focused, demanding approach to leadership. They should have a sense of urgency that makes them want to move things along relatively quickly but easily adapt to longer-term projects when necessary. They should be more detail oriented and thorough than many leaders, taking an organized, structured, disciplined approach to managing.

Behavioral Factors:

This job requires an individual who:

- is very competitive, ambitious and goal-oriented
- wants responsibility for and authority over people
- enjoys overcoming objections/resistance and achieving goals in the face of obstacles
- is logical, task oriented and analytical
- is likely to think through a problem and weigh the pros and cons
- makes decisions on facts, rather than on emotions
- is inclined to be restless and driving
- will likely have a sense of urgency to get things done quickly
- is somewhat conscientious and cooperative

will likely follow company rules and directions well

TOLERANCE FACTORS

On the other hand these behaviors are typical of people who:

- ego and natural tendency to challenge others can inhibit input from their team and may lead their team members to feel they have made up their minds before they ask for opinions.
- they can sometimes have unrealistic expectations for themselves and their team
- focus is more on facts than on the emotional side of issues
OVERVIEW: For this position, you are looking for people who, while they do not require an especially people-oriented approach, are very results oriented and adopt an assertive, commanding leadership style. Unwavering in their desire to achieve, they should take charge and exhibit the traditional leadership characteristics required in different environments. They should be energetic and hard driving, responding quickly, cultivating a fast-paced, change-oriented workplace. They should normally favor a practical, task-focused, demanding approach to leadership. They should take a relatively loosely structured leadership approach to getting things done, delegating the particulars, accepting different opinions.

Behavioral Factors:

This job requires an individual who:

- is very competitive, ambitious and goal-oriented
- enjoys overcoming objections/resistance and achieving goals in the face of obstacles
- is restless, driving and energetic
- has a sense of urgency to get things done quickly
- works well under pressure and deadlines
- is basically logical, task oriented and analytical
- is likely to think through a problem and weigh the pros and cons
- is somewhat independent and persistent
- wants to take charge and show some initiative

TOLERANCE FACTORS

On the other hand these behaviors are typical of people who:

- ego and natural tendency to challenge others can inhibit input from their team and may lead their team members to feel they have made up their minds before they ask for opinions.
- they can sometimes have unrealistic expectations for themselves and their team.
- need for an immediate resolution can sometimes lead to hasty
- they may overlook the long-term ramifications of change initiatives.

OVERVIEW: For this position, you are looking for candidates who are very results oriented and adopt an assertive leadership style. Unwavering in their desire to achieve, they should take charge and exhibit the traditional leadership characteristics required in different environments. They should be energetic and hard driving, responding quickly, cultivating a fast-paced, change-oriented workplace. They should take a relatively loosely structured leadership approach to getting things done, delegating the particulars, accepting different opinions. Although they should be able to balance task orientation with concern for people, they should usually adopt a practical, production focused leadership style.

Behavioral Factors:

This job requires an individual who:

- is very competitive, ambitious and goal-oriented
- enjoys overcoming objections/resistance and achieving goals in the face of obstacles
- is restless, driving and energetic
- has a sense of urgency to get things done quickly
- works well under pressure and deadlines
- is somewhat independent and persistent
- wants to take charge and show some initiative
- can maintain a balance between being sociable and analytical
- can work with people, yet does not require a lot of stimulation from others

TOLERANCE FACTORS

On the other hand these behaviors are typical of people who:

- natural tendency to challenge others can unintentionally inhibit input from their team and may lead their team members to feel they have made up their minds before they ask for opinions.
- they can sometimes have unrealistic expectations for themselves and their team.
- need for an immediate resolution can sometimes lead to hasty decisions
- they may overlook the long-term ramifications of change initiatives.
- tendency to play by the rules could be inhibiting
- they may not demonstrate the truly innovative thinking that is often required in highly entrepreneurial settings.
THE McQUAIG JOB SURVEY®
Job Title: Receptionist
Company: NAHC

OVERVIEW: For this position, you are looking for candidates who would assume the role of supportive team leaders, seeking cohesion rather than competition among their staff. They should be much more comfortable guiding than directing their team, relying on others' input when setting goals. They should be very supportive of management strategies/policies, taking an organized, systematic, disciplined approach to administration. They should be inclined to take a calm approach to managing tasks and activities but be able to be more time sensitive if the situation warrants it. They should be generally sociable, wanting to make sure their team needs are addressed but adopting a more task-oriented focus if necessary.

Behavioral Factors:
This job requires an individual who:

- is conscientious and cooperative
- is good with detail and takes his/her duties seriously
- follows company rules and directions
- is accepting, cautious and deliberate in approach
- avoids friction with others
- is a good team
- is inclined to be restless and driving
- will likely have a sense of urgency to get things done quickly
- is basically friendly and sociable
- likes people and enjoys working with them

TOLERANCE FACTORS
On the other hand these behaviors are typical of people who:

- need to avoid conflict
- They can procrastinate when faced with decisions and often struggle to set targets.
- need to monitor their team activities
- they can fail to demonstrate the strong determination and initiative
- attempts to balance the needs of their people with the need to meet performance

What is the lifetime value of a client?

Maintaining our clients is oftentimes determined by those earning the least amount of money...not those of us here.
McQuaig Word Survey
Graph and Behavior

GRAPH ABBREVIATION LEGEND

Above the 42 line
Do = Dominant
So = Sociable
Re = Relaxed
Co = Compliant

Below the 42 line
Ac = Accepting
An = Analytical
Dr = Driving
In = Independent

The graph defines the overall fundamental behavior patterns, based on the responses of the individual’s McQuaig Word Survey.

Part One of the Survey
“How Others See Us”
Reflects our SITUATIONAL side, shows how we are reacting on the job or, if not working, in our current situation. This is the changeable side of our temperament as we attempt to cope with various situations.

Part Two of the Survey
“What We Are Really”
The REAL side portrays our natural behavior style. This is the stable side of our profile. Our fundamental temperament traits can moderate or intensify in strength, but they rarely change in substance unless we are having some unusual problems.
Three Levels of Appraisal

LEVEL I - Appearance and Presence
LEVEL II - Skills and Experience
LEVEL III - Attitude and Beliefs (Personality)

<table>
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<tr>
<th></th>
<th>Ease of Appraisal</th>
<th>Is Appraisal Objective or Subjective</th>
<th>Changeable or More Stable</th>
<th>Impact on Performance</th>
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<tbody>
<tr>
<td>LEVEL I Appearance</td>
<td>Easy</td>
<td>Subjective</td>
<td>Changeable</td>
<td>Low</td>
</tr>
<tr>
<td>LEVEL II Skills</td>
<td>Easy</td>
<td>Objective</td>
<td>Changeable</td>
<td>Low/High</td>
</tr>
<tr>
<td>LEVEL III Personality</td>
<td>Difficult</td>
<td>Extremely Subjective</td>
<td>Stable</td>
<td>High</td>
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IMPACT ON PERFORMANCE
According to a 12-year study, R & D managers are most likely to be “executives in trouble,” and many executives in a cross section of functional areas are technically proficient but exhibit poor management and leadership skills.

“The profile of an executive in trouble is someone who is very talented in one area, they are technically proficient, have a high level of expertise within their area of specialty. They are most well served managing process rather than people.

The challenge takes place when we promote our “go-to” expert to a position where they must now do business dealing with vague and ambiguous environments. In essence...The Peter Principle takes place most often when we promote an employee with a “Specialist” personality to the position requiring the behavioral attributes of a “Generalist.”

### Turnover Costs Summary

<table>
<thead>
<tr>
<th>JOB TYPE/CATEGORY</th>
<th>TURNOVER COST RANGE AS A % OF ANNUAL WAGE/SALARY</th>
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<tbody>
<tr>
<td>Entry Level – Hourly, Non Skilled (e.g. Fast Food Worker)</td>
<td>30 – 50%</td>
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<tr>
<td>Service/Production Workers – Hourly (e.g. Courier)</td>
<td>40 – 70%</td>
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<tr>
<td>Skilled Hourly (e.g. Machinist)</td>
<td>75 – 100%</td>
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<tr>
<td>Clerical/Administrative (e.g. Scheduler)</td>
<td>50 – 80%</td>
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<tr>
<td>Professional (e.g. Sales Representative, Nurse, Accountant)</td>
<td>75 – 125%</td>
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<tr>
<td>Technical (e.g. Computer Technician)</td>
<td>100 – 150%</td>
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<tr>
<td>Engineers (e.g. Chemical Engineer)</td>
<td>200 – 300%</td>
</tr>
<tr>
<td>Specialists (e.g. Computer Software Designer)</td>
<td>200 – 400%</td>
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<tr>
<td>Supervisors/Team Leaders (e.g. Section Supervisor)</td>
<td>100 – 150%</td>
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<tr>
<td>Middle Managers (e.g. Department Managers)</td>
<td>125 – 200%</td>
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</table>

Note:
- Percentages are rounded to reflect the general range of costs from studies.
- Costs are fully loaded to include all of the costs of replacing an employee and bringing him/her to the level of productivity and efficiency of the former employee.
- The turnover included in studies is usually unexpected and unwanted. The following costs categories are usually included:
  - Exit cost of previous employee
  - Recruiting cost
  - Employee cost
  - Orientation cost
  - Training cost
  - Wages and salaries while training
  - Lost productivity
  - Quality problems
  - Customer dissatisfaction
  - Loss of expertise/knowledge
  - Supervisor’s time for turnover
  - Temporary replacement costs

- Turnover costs are usually calculated when excessive turnover is an issue and turnover costs are high. The actual costs of turnover for a specific job in an organization may vary considerably. The above ranges are intended to reflect what has been generally reported in the literature when turnover costs are analyzed.

Sources of Data:
- Industry and trade magazines have reported the cost of turnover for a specific job within an industry.
- The Saratoga Institute.
- Independent studies have been conducted by various organizations and compiled by the Jack Phillips Center for Research. The Jack Phillips Center for Research is a Division of Franklin Covey.
Peter Principle

Bookkeeper

Tactical Controller

Strategic Controller

CFO

Self Interest

Company Interest

Alignment of Self and Company Interest
### Determining your location on the Corporate Lifecycle...

#### “Top Ten”

<table>
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<tr>
<th>HIGH “D” Growing Companies</th>
<th>vs.</th>
<th>HIGH “C” Aging Companies</th>
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<tbody>
<tr>
<td>1. Personal success stems from taking risks</td>
<td>Personal success stems from avoiding risks</td>
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<td>2. Expectations exceed results</td>
<td>Results exceed expectations</td>
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<td>3. CASH POOR</td>
<td>CASH RICH</td>
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<td>4. From Why and What to do</td>
<td>To How to and Who “did it”</td>
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<td>5. People are kept for their contributions to the organization in spite of their personalities.</td>
<td>People are kept for their personalities in spite of their contributions</td>
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<td>6. Problems are seen as opportunities</td>
<td>Opportunities are seen as problems</td>
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<tr>
<td>7. Responsibility is not matched with Authority Responsibility</td>
<td>Authority is not matched with</td>
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<tr>
<td>8. From a Sales Orientation</td>
<td>To a profit pre occupation</td>
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<tr>
<td>9. Power is with Sales and Marketing Depts.</td>
<td>Power is with Accounting and Legal Depts.</td>
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<tr>
<td>10. Consultants are needed...</td>
<td>“Insultants” are required to fuel growth. Attitudes Consultants are used can get in the way but results are</td>
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### Legal Issues

“Nothing in the (1964 Civil Rights) Act precludes the use of testing or measuring procedures; obviously they are useful. What Congress has forbidden is giving these devices and mechanisms controlling force unless they are demonstrably a reasonable measure of a job performance. Congress has not commanded that the less qualified be preferred over the better qualified simply because of minority origins. Far from disparaging job qualifications as such, Congress has made such qualifications the controlling factor, so that race, religion, nationality, and sex become irrelevant. What Congress has commanded is that any tests used must measure the person for the job and not the person in the abstract.”

What we will learn (learned today):

1. Develop a heightened level of self knowledge and awareness from today’s presentation and create a Self Development Action Plan.
2. Develop a greater appreciation for the people side of business; basically how to get it right including a systematic approach and metrics How to Hire, Fire, Promote and Develop your People.
3. Strategically oriented people can handle tactical jobs easier than tactically oriented employees can handle strategic concepts.
4. Today’s Presentation is all about the people side of business…Google (page 2) is one of the most technologically advanced businesses yet 87.5% of Project Oxygen’s initiatives were ultimately about people. Our businesses are all about people.
5. Job-Fit is critical. The better the fit the better and more predictable the performance.
6. Accountability is critical (“Point Easy,” page 13).
7. One of the greatest challenges we as leaders have is developing an appreciation as to why others can’t do what we so easily accomplish.
8. Most executives are great at the systems and financial side of the business yet if we struggle its almost always with the people side.
9. How to assess bench strength and develop a succession plan.
10. We always know “Who” we have issues with, now we understand “Why” the issues exist, “What” to do about it and “How” to fix it.

ACCORD MANAGEMENT SYSTEMS, INC.
Getting the People Side of Business Right… The First Time