THE 10 DEADLY SINS OF TALENT MANAGEMENT

COSTLY MISTAKES THAT DROWN AN ORGANIZATION IN A SEA OF MEDIOCRITY.

GLOBAL PERFORMANCE COACHING
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JON BARTOS

www.globalperformancecoaching.net

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Talent wins. If you look at the most admired and successful companies all around the world, those who have figured this out and found a way to get the best talent, top the list. Apple was named the most admired company in America in 2011 by *Forbes Magazine* for the fourth year in a row due to its "blistering speed of product development." Berkshire Hathaway has been on the Forbes list of most admired organizations year after year. They are known for their keen eye for buying organizations at a discount and running them extremely efficiently. From Southwest Airlines' service and efficiency focus to the exceptional brand management of Proctor and Gamble, there are many organizations who share the "Most Admired Company" status based on a myriad of different business concepts and classifications.

More importantly, whether selected for product management, exceptional service, investing, or for any other category, these organizations all have one thing in common. ***They take the talent game seriously and make finding and growing the best talent a top priority.*** Do you think Apple employs good Product Managers? They are known to have the best Product Managers in the world today! How did they get the talent? They, like others in the group, got the best talent by either developing it from within or acquiring it from outside. The bottom line - talent wins.

It is not easy to get where these "Most Admired" organizations are and it is even harder to stay there. There are several costly mistakes that can keep an organization from ever reaching its potential and kill the chance of it ever joining the list of most admired companies.

1. Fail to Make a Team of "A" Players a Priority

According to Brad Smart, author of Top Grading, "A" players – the top 10% of performers in any given field or position at a given compensation level, produce as much as 8-10 times that of "B" player – the next 25%. They are the movers and shakers in organizations. When hiring managers choose candidates who can potentially do the job, versus hiring candidates who will be top performers in the job, they are bringing their organizations closer and closer to mediocrity. The more H_2O or ice you add to your drink, the more the flavor is weakened. B and C players dilute organizations. The disparity in talent often leads to missed sales targets, delays in product introductions, and the lack of cost cutting measures to help the organization attain further profitability and remain competitive. To insure this doesn't happen with your organization, focus on bringing "A" players into your organization in every position.

"A-players contribute more, innovate more, work smarter, earn more trust, display more resourcefulness, take more initiative, develop better business strategies, articulate their vision more passionately, implement change more effectively, deliver higher quality of work, demonstrate greater teamwork, and find ways to get the job done in less time for less money."
- Brad & Geoff Smart, 2007[10]

2. Pay Below Market Value for Talent

We have all heard of the phrase, "You get what you pay for." This has never been truer than when it comes to paying for great talent. When the demand is high for talent and the supply continues to get lower—unless a firm has an unbelievably strong eValue Proposition (a great reason to work for that company opposed to any other alternative) it is extremely difficult to attract "A" players and the candidate pool will be filled with those who are unhappy or already out of a job. Don't forget, the top talent is typically happily employed and making things happen. When you pay below market value for talent, you attract the wrong people, the B and C players. This will force you to make the best decision in your interview process based on some of the worst talent in the market place. You may hire the best B or C player available from the pool you have to choose from, however, they will still be a B or C player. They will still miss performance targets and bring your organization closer to that middle ground of mediocrity. It is critical to find out what compensation it will take to bring the "A" players on board to your organization. Paying market rates insures you remain competitive in the talent game.

3. Maintain a Long, Arduous Hiring Process

The purpose of a hiring and interviewing process is to identify the top potential prospects for a position, to interview them to insure they have the experience, skillsets and track record that you are looking for and to SELL the candidates on why they should work for your organization opposed to any other alternative. It is not a contest to see who can make the other blink, trip up or an endurance race.

I currently work with a Fortune 100 client who has their corporate headquarters located 2 hours away from any major city. This aspect alone makes the interview process seem like an ironman triathlon. That is just the beginning. After a series of interviews with the internal recruiter, the candidate then does a phone screen by HR followed by a phone screen with the hiring manager. The next step is a Caliper test that is sent to the candidate. If the candidates makes it through the 5 screens and the test, they are called a few weeks later and do a series of personal interviews – where the interviewers try to catch the interviewee messing up. Any little mistake will mean dismissal from the hiring process. If the candidate is successful through all of this, they are still not done. They are then called up to spend a day with a psychologist to take a series of tests and face a battery of questions including "How was your relationship with your Father?" If that goes well, they get to move to the next phase. The offer must go to the CEO to be signed off on. The total process lasts close to 2 months from start to finish. I am sure I don't have to tell you, this organization struggles hiring anyone and has many positions open for longer than 1 year. Due to the limited supply of "A" players in the market, the length of the hiring process is a very important consideration. A good hiring process should last no longer than 3 weeks, any longer and candidates will leave the process. They decide to stay where they are, they find other opportunities to pursue and they take other jobs. Make it a priority to keep your hiring process down to 3 weeks or less to insure you don't lose the best talent.

4. Hire Based on Interviewing Skills

I have worked with multitudes of hiring managers over the last 10 years and it pains me to say that the majority of hiring today is based on the interviewing skills of the candidate and the personal chemistry developed during the interview process. Whenever you hear a hiring manager say, "I will know in the first 5 minutes if they are the right person for the job or not", it becomes blatantly apparent that the final evaluation and hiring decision will not be based on the track record of success, skill sets or even experience of the candidate. The hiring manager is allowing the personal chemistry to influence and possibly bias the decision. This is unfortunate as there are many individuals out there who are professional interviewers. They can eloquently answer any question, explain why they got downsized and make it look like it was a promotion. The reality is however that even though they are a good conversationalist and there is rapport, they will ultimately continue to perform at about the same level as they performed at their last 5 companies. Keep in mind, maybe they are so good at interviewing for a reason? They may have had lots of practice at it.

Interviewers should focus on the tangibles:

1. EXPERIENCE (previous activity and practice either in doing the specifics of the open position or something similar)
2. PROVEN SKILL SETS (documented abilities in job performance and achievement)
3. TRACK RECORD of SUCCESS (demonstrated examples of repeated success), and
4. ACCOUNTIBILITY (substantiated responsibility and delivery). Don't get caught up in the professional interviewer's gift of gab. Institute an interviewing and hiring process focused on the big four and make intelligent hiring decisions based on facts, not friendship.

5. Lack of Defined Career Paths

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Top performers get promoted. They set career goals and are focused on over achievement in the areas that they are measured. They are driven by what they need to do to get to the next level. The biggest reason "A" players consider a new opportunity and changing jobs is the potential for advancement. They want the ability to develop and grow their experience, skills and knowledge. They are often risk takers and enjoy the challenge a new environment presents. Believe it or not, I recently I had one interviewer share with a candidate, "We are a flat company. If you are looking to get promoted anytime soon, this is not the right place for you." By not realizing the mistake that is being made, this hiring manager is sabotaging his hiring efforts and doing a better job of chasing "A" players out the door faster than you can spell the word exit .

When the goal is to hire top talent, it is imperative to map out the potential career path available, even if the path is dependent upon many variables. As long as the possibility exists, the position will hold a much higher chance of attracting the caliber of talent desired. This is not only important for hiring but also for keeping existing top performers from getting dissatisfied and happy with their career growth with your organization.

6. No Outside Agencies – Job Boards Only or Feeding Frenzy

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Finding and attracting the top talent and "A" players is not easy. It's ironic that despite this fact, many companies continue to think they can accomplish this task independently and save money by not using outside executive recruiting agencies and eliminating the recruiting fees. What this does however is place the burden on internal HR and recruiters to rely strictly on referrals, ads and the job boards for sourcing talent. When this happens, the chances of filling any position with an "A" player become extremely slim. Referrals are great but are very limited in volume. Current employees may be enticed to share names of potential prospects to collect the bonus but a name is only the beginning. Someone will still have to call the referrals to qualify them and to get them interested in the position and the company. This in itself can be a daunting task as it is a common practice today for many people to not return phone calls.

It is becoming common knowledge that "A" players are not looking at or responding to print ads nor do they have their resumes posted on job boards. They cannot be located by a keyword search. Why? The answer is quite simple, most are happily employed, knocking the cover off the ball and over-achieving with one of your competitors. They don't have the time or desire to look at job boards or ads because they are NOT looking for a job and they will not know anything about your open position. This leaves the "B" and "C" players who have their resumes posted are actively searching the job boards to answer your ads and apply for your job. Many of the candidates in this arena have been downsized from their positions due to lack of performance or their job was expendable. The process of posting ads and searching job boards will yield results but result will yield the best candidates available – from the worst talent pool.

Feeding Frenzy - Using Multiple Recruiting Firms on the Same Search

The only thing worse than not using outside agencies to find "A" talent, is to use as many recruiting agencies as you can on the same search. This creates a non-exclusive, contingency search environment and to the executive search firms who participate, this means the Indy 500. The search parameters change from "How do we find you the best talent in the market?" to "How quickly can we fill this search to beat the competition?" Searches of this nature are a race and it becomes not about the quality of talent, it's all about speed. The initial results will yield a large number of candidates to choose from, the majority however will be job board and database candidates. Again, typically not the "A" players that perform at the top 10% of the spectrum. When multiple firms are competing in a race, 9 times out of 10, it will lead to making the best choice out of the worst talent available in the market. Do you really want to start those engines?

Companies who excel in the art of talent acquisition understand that using the right executive recruiter or search firm is not a cost-prohibitive transaction, it is an investment. By engaging an experienced resource to deliver top talent, the "A" players who will outperform the competition, companies gain a strategic advantage, allowing them the best choice from the absolute best talent available. A decision in the long run, that results in an exponential ROI!

7. Stop Interviewing When Empty Seats are Filled

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It is often normal for organizations to stop all talent acquisition once current open positions are filled. Not a good idea. As the unemployment rate continues to drop below 8%, the shortage of good talent will only get worse. If a company adopts the principle of only hiring the best talent in the market, the Time-to-Fill (TTF) metric will continue to grow as the talent pool narrows and the "A" players become more difficult to find. Open positions for periods of 6 to 12 months will become common. The cost of an open position can often be astronomical and may impede the achievement of company initiatives.

How do we combat this problem? NEVER STOP INTERVIEWING. There are limited "A" players in the marketplace and no one has a crystal ball that can tell when they are ready to make a change. Life happens, an acquisition can take place, project funding changes or a new CEO can come on board putting their own team in place with them. Whatever the situation may be to cause an "A" player to consider another employment opportunity, it is critical for a company in today's market to be prepared and open to interviewing them, whether a position is currently available or not. By simply eliminating the phrase and the mindset that *"We have no openings"* and replacing it with the mantra *"We can always make an opening for an "A" player,"* the potential for maximizing your talent base and growth increase tenfold.

8. Tolerate Low Performers

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Jack Welch, past CEO of GE and one of the top CEOs of all time, made a policy each year of letting the bottom 10% of the performers go in every division. The idea was to replace them with "A" players, thus continually building his organization with an influx of strong new talent. It's great to have a wonderful culture in an organization where everyone is happy and there is no goal pressure. Allowing individuals however, to miss performance targets year after year has tremendous consequences. It conditions the company and the employees to accept and tolerate below level behavior and drowns the organization in a sea of mediocrity. No matter how good your product or service is, without great talent, your organization can't compete. Bill Gates of Microsoft summed it up succinctly: *"Take away my 20 best people, and virtually overnight, Microsoft becomes a mediocre company."*

Poor performance management and lack of employee development and accountability can degrade the talent management process and drive "A" players away from the organization. For those companies who truly seek to be at the top of their game, it is critical to set minimum standards of expectation for performance at all levels of the organization and to consistently monitor and evaluate behavior based on the criteria once established. Steve Jobs of Apple, stated in his interview with Walter Isaacson, *"I realized that A players like to work with A players, they just didn't like working with C players."*

Do not become tolerant of sub-par performance and risk losing your top producers. When employees fall below the minimum acceptable level, give them an opportunity to make up the difference. If they are not willing or unable to do that then tough management decisions need to be made.

9. Lack of Training and Development

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Leadership and training is critical to "A" players. They know their value and they expect to advance and grow within the organization. Management guru, Peter Drucker, developed the concept of a knowledge worker in 1959. Drucker was one of the first to predict major changes in society based on this idea. He saw the shift of business and the economy away from success in manufacturing or the ability to make products to success from the ability to generate and use knowledge. When companies equipped employees with information through training, development and education, they then could make better decisions which allowed them to perform better and thus the organization would grow.

You can bet that the most admired companies on Forbes list have extensive training and development plans for every employee that not only focus on what they can do to improve their performance, but also to help them with their future career goals within the organization. Educated employees tend to take responsibility for their productivity. They are innovative and often manage themselves. A study on talent in 2009 found the when comparing organizations with high quality development programs, against those that did not, the median revenue per employee was doubled. This is a clear indication that employee training programs can actually pay for themselves.

> *"What's worse than training your employees and losing them? Not training them and keeping them."*
> \- Zig Ziglar

10. Absence of Performance Management System

Business intelligence is the new buzzword in corporate America. You can't read the *Wall Street Journal* or just about any other business publication for that matter without hearing about KPI's, ratios and dashboards. Today is the age of information. Technology has created an environment where unbelievable amounts of data and information can be retrieved at the click of a button. Why would we not take advantage of this opportunity to evaluate and refine performance based on trends and insight that we now have at our fingertips? This detailed level of information is called Business Intelligence and allows us the ability to do just that, revolutionizing performance management capabilities overnight.

A good business intelligence system allows a company to set clearly defined goals, track activity metrics and results in a concise and timely format and provides the ability to evaluate the data effectively. More important, however is the capability of the system to present the information in a way that it can be easily read and problem areas diagnosed quickly. The underlying value of any performance management tool is that it can pin point the specific areas of deficiency to performance targets – allowing the employee to receive targeted training and coaching to immediately improve performance and maximize potential. A secondary benefit of a good BI system is that it also shares the positive achievement of the participants by identifying areas where performance exceeds expectations, giving opportunities for recognition and reward.

Adopting a performance management system is no longer a luxury. It is a necessity for any company who wants to achieve success in today's competitive market. In a recent study from the MIT Sloan Management Review and IBM, they surveyed over 3000 top performing companies in 100 different countries. Among the key results of study were that ***top performing organizations use business analytics and business intelligence five times more than lower performing organizations.***

I am a firm advocate of establishing a culture of performance based on metrics. This belief led to the development of the **RPM Dashboard System** by Revenue Performance Management (www.rpm-usa.com). RPM is a cloud-based tool that measures the primary performance metrics for sales and business development, the ones that are significant to the main recruiting functions. It also measures the ratios, the performance indicators that tell us how good we are at every step in the sales cycle. This tool allows for immediate insight to performance information, allowing for smart decisions to be made. It targets the individual areas of weakness and provides access to training for areas that need it most. As a manager, the best asset of a good performance management system is that it puts the focus back on individual accountability and individual performance to goal. Don't let the competition leave you behind. Invest in a good business intelligence system for your firm and get the insight you need to grow your business.

Focus on elimination of these costly mistakes to increase your chance of success!

When all said and done, eliminating these 10 errors in talent management can be a very daunting task. The most successful and admired companies around the globe work hard at avoiding the deadly sins in talent management. They make it a priority to interview, hire and retain the very best talent. They understand the value of an "A" player and they put tremendous effort in to build, train, measure and motivate the best talent. If your organization struggles with hitting performance goals, it may be time to see if any of 10 sins are being committed. Nearly all problems in business today are people related. The bottom line is still this.... **Talent Wins!**

"People are not your most important asset. The right people are." - Jim Collins

GLOBAL PERFORMANCE COACHING

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Global Performance Coaching:

- measures performance metrics that are key to sales and business development
- provides ratios that act as performance indicators
- offers instant insight into individual and team performance
- clearly highlights areas of potential improvement and helps users attain goals
- is a valuable management tool that provides accurate and up-to-the-minute data, metrics, and ratios

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JON BARTOS

www.jonbartos.com • www.rpm-usa.com
www.globalperformancecoaching.net • www.trustaff.com

Jon Bartos is a writer, speaker and consultant on all aspects of human capital and personal achievement. As president and CEO of Jonathan Scott International in Ohio, Jon achieved industry-leading success by establishing JSI as a top 10% executive search and contract staffing firm within a few years. JSI won over 17 international awards in the MRINetwork. Jon is also part of an elite group of executive recruiters who billed over $1 million annually. In a 10 year period (1999–2009), he cashed in over $10 million in personal production. Jon sold Jonathan Scott International in December of 2012 to trustaff where he currently holds the title of President of trustaff Solutions in Cincinnati, OH.

In 2010 Jon developed the RPM Dashboard, a cloud based Business Analytics tool for the Recruiting and Staffing market. Today companies worldwide are using the tool to reach their revenue and profitability potential.

In 2013 Jon launched Global Performance Coaching, a worldwide coaching organization that helps individuals reach their life and business vision.

Jon has also been a top rated speaker and trainer at recruiting and staffing industry events including NAPS, WAPS, MAPS, Top Echelon, US Recruiters, ASA Staffing World, IPA, NPA and many more. He has coached 8 out of the top recruiting firms in the industry and has over 50 articles, 8 white papers and 3 ebooks published in the staffing and recruiting industry.

To help reach your business and life vision, call Jon at **513-515-1267** or **jon.bartos@gmail.com**.