



## Interviewing and Selection: Selecting the Right People

2015 Spring Update

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## Mitigating the Risks of a Bad Hire

**YOU NEED TO FILL THAT CRITICAL POSITION,** you have posted the job and “your dream has come true!” You are met with a wave of applications from a sea of eager job seekers. How do you effectively distinguish between those who have the potential to be superior performers and those who really are not?

When talking with business owners and hiring managers they often talk about interviewing as being something that they are good at and that they possess a ‘good nose’ for identifying the best candidate. When asking them about the challenges they face with their employees ironically they often talk about poor performance, turnover and wishing they could more effectively screen candidates to make better informed selection decisions!

**IN A 2012 SURVEY BY CareerBuilder** they found that nearly **7 in 10 (69%) businesses had been affected by a bad hire** in the previous year. Apart from all the frustrations that a bad hire can result in one goes directly to the businesses bottom-line:

- 41% of those businesses estimated the cost to be over \$25,000
- 24% said a bad hire cost them more than \$50,000
- These figures pale compared to the costs associated with senior management and executive bad hires

### **MUCH HAS BEEN WRITTEN ABOUT BOTH THE SCIENCE AND PSYCHOLOGY OF**

**INTERVIEWING,** it is a well-studied, researched, reported-on and trained for discipline, yet our innate tendencies and biases remain the same. The norm is to focus on the easier to discover aspects of a candidate, e.g. does the

candidate have the right technical skills, do they have relevant prior experience, are they academically qualified, do they possess the legally required credentials to practice,...are they like me, etc.

The average cost of a bad hiring decision can equal 30% of the individual's first-year potential earnings

*US Department of Labor and Statistics (2013)*

Just the hiring costs alone – \$7,000 to replace a salaried employee, \$10,000 to replace a mid-level employee, and \$40,000 to replace a senior executive

*HR.com (2012)*

This tendency to look at a candidate through these narrow lenses of functional capability causes employers to miss out on truly exploring what determines the future success of a hire; determining their ‘core’ strengths is the imperative. The candidates:

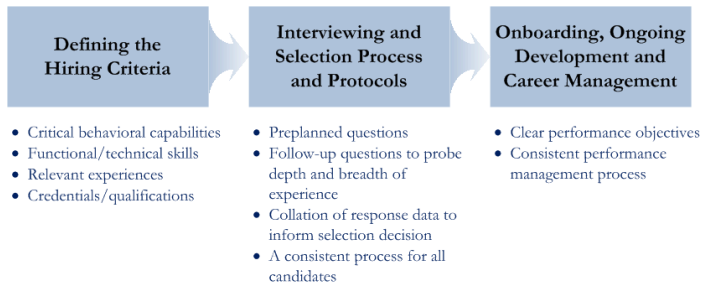
- Values and their fit to the organization
- Short and long term potential [aka learning agility] to grow and be successful
- Possession of the key skills needed to perform the job successfully

Often times businesses will incorporate the Behavioral Event Interview which starts to get beyond the functional requirements by focusing on a past event or situation with the hope and expectation of providing more insight into the candidate capabilities. The challenge with a Behavioral Event interview is the focus is on what they did in the past and the results accomplished. However, we know that **“past behavior does not predict future success”**. The Behavioral Event interview can only predict future success if, and only if, all variables are the same (e.g. role, expectations, people, and culture).

**INTEGRATING A LEARNING FROM**

**EXPERIENCE INTERVIEW** takes the Behavioral Event interview to the next level by looking beyond what was done in the past, and exploring how results were accomplished, the thought process in accomplishing objectives, what was learned and most importantly how those learnings have been applied in **new** and **different** situations.

**TO EFFECTIVELY MITIGATE THE RISK** of a ‘bad-hire’ the process needs to be seen as a broad canvas, one that starts before the position is posted and continues well beyond the employees first day.



So how can a hiring manager and a business introduce both validity and reliability into the interviewing and selection process?

**THE ANSWER IS TO ESTABLISH A REPEATABLE APPROACH THAT IS CONSISTENTLY USED** by all throughout the whole process. As stated by George Hallenbeck and Robert Eichinger in their book [Interviewing Right](#), “Few research findings in the science of personnel selection are better supported than the finding that structured interviews are more valid than unstructured interviews.”

In its simplest form a robust selection process comprises 3 elements:

1. A clear understanding of what the organization is looking for in terms of:
  - Critical behavioral [leadership] capabilities aligned to the role and organization
  - Role critical functional/technical skills, experiences, qualifications, etc.
  - Other criteria such as organizational fit, motivation, learning agility
2. Screening and conducting interviews that ask preplanned questions and follow-up probes that are designed to elicit specific responses and themes that go beyond “well scripted responses” The focus of the interviews is to scrutinize all aspects needed, i.e. functional/technical skills, education, fit, behavioral competencies and learning agility.

3. A candidate evaluation protocol that uses the data gathered during the interviewing process to drive the selection making decision process – making the decision informed and objective.

**THE OVERRIDING SUCCESS CRITERIA** is making the **time** available to:

- Thoroughly plan for the interviewing process
- Undertake the interviews and ask the right questions
- Evaluate the interview data and results to determine who the best candidate is

The reality is that too many people “wing-it” and this simply leads to inconsistency and thus significantly increases the risk of making a bad hire. A structured approach ensures that the selection of new employees is based on objective criteria, and incorporates the importance of learning agility for long term success.

***“DO YOU REALLY HAVE THE TIME [MONEY] TO DO IT RIGHT THE SECOND TIME?”***

**AS FOR THE TOPIC OF RETAINING YOUR EMPLOYEES** we are going to leave the subject of onboarding and performance management to a later date...

***Some Additional Perspectives***

66% of employers said they experienced negative effects of bad hires in 2012. Of these employers, 37% said the bad hire negatively affected employee morale. Another 18% said the bad hire negatively impacted client relationships, and 10% said the bad hire caused a decrease in sales.

43% of respondents from the same study cited the need to fill the positions quickly as the main reason that bad hires are made!

*National Business Research Institute (2013)*

SayIt Communications calculated the ROI of a bad hire at -298%.

*SayIt Communications (2012)*

# Achieving an 15% Increase in Employee Retention through the Implementation of a Competency Based Interviewing Process

## *A Client Case Study: BrightStar Care Franchise – Home Health Care Service Provider*

**CHALLENGE** – As the Baby Boomer generation ages, there is an increasing demand for Home Care and Home Health Aides. The Home Health Aide serves a mission critical role as they are the individuals interacting with the client on a daily basis. **BrightStar Care**, a Home Care Service Provider Franchise was experiencing significant challenges in hiring dedicated employees, and being able to consistently staff and schedule Home Health Aides to meet the needs of their rapidly growing business.

These challenges were having an adverse effect on day-to-day operations as well as client service and the quality of care provided. These in turn brought with them significant scheduling challenges, unwanted disruption of services to clients, and an increase in turnover from overburdened employees which was driving increases in recruiting and on-boarding costs.



**THE APPROACH AND SOLUTION** – **BrightStar** franchise owner, David Price partnered with **BettSolutions LLC** so he could better understand the reasons behind these challenges and to determine how these could be best addressed in order to:

- Provide the highest level of quality and service to clients
- Increase employee retention
- Reduce turnover costs

BettSolutions LLC conducted a working session with David and his core team to identify the causes and the reasons behind the various problems. 3 principles themes were identified along with supporting solutions:

1. Unavoidable issues – sometimes “things just happen”, a contingency plan manages the unexpected
2. Preventable issues – clearly defined policies and procedures ensure consistency in services

3. **Skill Gaps** – establish a recruiting process to improve the quality of all hires

BettSolutions LLC worked with David and his core team to enhance the recruiting and selection process which historically focused on required certifications, credentials, experience and background to also now ensure Home Health Aides had the ability to manage the challenges and uncertainty of the unique nature of the client interactions and expectations.

The objective was to look beyond the education criteria and certification requirements for the role and focus on the professional and behavioral capabilities necessary to successfully deliver the required services. David’s team needed to be able to differentiate those that are just qualified for the role and **those that will provide superior client care**. To understand what those behavioral capabilities are we looked at the:

- Business goals and objectives
- Expectation and deliverables of the Home Health Aid role
- Challenges and barriers to successful performance
- Difference between an average and exceptional Home Health Aide

This resulted in identifying critical behavioral capabilities which addressed the gaps in performance. Going forward David and his team needed to hire individuals that:

- Could make good decisions on their own
- Would be capable of dealing with both the demands of clients and their family members
- Would be capable of being comfortable with the uncertainty of not knowing what each visit could potentially bring

With critical behaviors identified, BettSolutions LLC worked with David and his team to implement a revised interviewing process. The process now combined the traditional and necessary job functional skills, certification/credential and experience requirements but also tools to help interview for the identified critical behavioral capabilities. BettSolutions LLC trained David and his team in the new interviewing protocol using **Korn Ferry’s Interview Architect™**.

## OUTCOME/BUSINESS IMPACT

The impact to the business included:

- A new interviewing protocol that
  - Reduced turnover by **35% in the first year**
  - Improved the quality, e.g. reliability, loyalty, customer satisfaction, etc., of **BrightStar's** Home Health Aides
  - Through behavioral preferences, enabled BrightStar to better match employees to client needs
- A consistent process to screen, interview and evaluate all candidates which has shown an **15% increase in retention over the last 2 ½ years**
- Improved client satisfaction – the Press **Ganey** Patient Impact Surveys results show that **BrightStar's** clients consistently rated the Home Health Aides in the **90<sup>th</sup> percentile** for 3 critical categories – Professionalism, Friendliness and Concern for Comfort.”

“We invest significant resources in our recruiting and onboarding process,” said Price. “We spend approximately \$600 onboarding each Home Health Aide – from advertising to interviewing to background checks to new hire orientation to nurse orientation with their clients.

It is important that we hire the best and understand each employee's strengths and weaknesses so we can assign them to clients & schedules where they will thrive.

We have moved beyond just hiring for solid technical skills.

We are more confident that our aides possess the competencies to succeed in the real world challenges that they will encounter in their work at BrightStar.”

## Interview Architect™: Build the Foundation for Successful Talent Selection

Your organization invests valuable time and resources into the hiring process, you are therefore wanting the final decisions to be based on more than impressive resumes and positive hunches. You need to be confident that candidates possess the competencies needed for immediate and long term performance on the job. However, typical interviewing practices do not distinguish performers from non-performers which often results in ineffective and costly hires.

**BettSolutions LLC** works with clients to take the guesswork out of the selection process using the combination of behaviorally based competency models and **Korn Ferry's Interview Architect™**, a straightforward set of tools that are designed to:

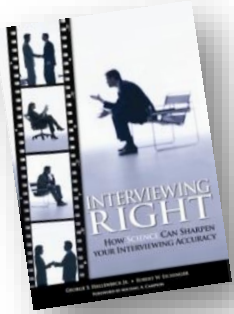
- Standardize interview preparation, execution, and evaluation at all levels throughout your organization
- Increase the ability to select successful talent for every role, at every level
- Create a focused and effective interview process

As much as 80% of employee turnover is due to bad hiring decisions.

*Harvard Business Review*

## ASSESSING COMPETENCIES IN STRUCTURED INTERVIEWS HELPS DIFFERENTIATE SKILL LEVELS BETWEEN CANDIDATES

- Take Behavioral Interviewing to the next level with a more sophisticated review of a candidate's experience and their **depth of learning**. Our structured approach ensures the selection of new hires and the determination of promotions is based on **objective criteria**, and incorporates Korn Ferry's understanding about the importance of **learning agility for long term success**.
- The assessment of competencies as part of a structured **Learning from Experience** interview process can provide you with strong insight into whether a candidate truly possesses the competencies identified as critical for success in a particular job or functional area.
- The candidate's responses to behavior-based questions and **follow-up learning probes** will indicate whether or not that candidate's skill level in a competency falls above or below the requirements for the position in question.
- To learn more about the [Interview Architect™](#) and the tools to help your business, contact BettSolutions LLC.



[Click here to purchase a copy of Interviewing Right](#)

*The successful aren't immune, and they've had to learn from their mistakes.*

*Zappos CEO, Tony Hsieh once estimated that his own bad hires have cost the company well over \$100 million*

Career Builder Survey link -

[http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?sd=12/13/2012&sc\\_cmp1=cb\\_pr730\\_&siteid=cbpr&id=pr730&ed=12/31/2012](http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?sd=12/13/2012&sc_cmp1=cb_pr730_&siteid=cbpr&id=pr730&ed=12/31/2012)

Link to the Interviewing Right book by George Hallenbeck and Robert Eichinger

[http://store.kornferry.com/store/lominger/en\\_US/pd/ThemeID.2815600/productID.129454400](http://store.kornferry.com/store/lominger/en_US/pd/ThemeID.2815600/productID.129454400)

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