

Gary Kaye's

Hiring Manual for Entrepreneurs:

How to HIRE for HIGHER profit.



Proven, step-by-step, results focused
approach designed to save entrepreneurs time
and money.

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Chapter One

What Results and Profit Do You Expect?

So you decided it is time to hire an employee. Perhaps this is your first hire and you are trying to figure out how to go about it. Maybe you have several employees and are looking to improve your approach. Some readers may not have a hiring system or process and discover they need one after making some costly mistakes.

Whatever hiring situation you are in, I want to help you improve it. You may choose to adopt my entire system or select the ideas best suited to improve your hiring method. If you read this book and I fail to help you improve your hiring approach, please return this book for a full refund.

This book contains information I provide my friends, clients, hiring managers, and entrepreneurs with hiring responsibilities because it works. If you are interested in theory, this book is not for you. Read on if you are ready to take action.

My intent is to educate you on how to think about hiring rather than what to think. This is a very

important distinction. Following a book instructing you on what to think limits your creative and innovative potential. The enormous amount and rate of change affecting business today requires leaders who know how to think about hiring employees.

The most difficult task is to learn how to think rather than what to think. Emerson

My experience teaching staffing and hiring topics to human resources managers, Fortune 500 executives, small business owners, entrepreneurs, and graduate students resulted in some surprisingly consistent observations. I observed the following consistent themes:

1. Most entrepreneurs and hiring managers receive no formal training to prepare them to hire employees.
2. Only X% of colleges offering entrepreneur programs include hiring or staffing in their curriculum.
3. Most small businesses and many large businesses have no hiring system.
4. Entrepreneurs and hiring managers are very busy people who want simple systems that work; time is money.

5. Entrepreneurs need guidance on how to think about hiring and *simple actions* to achieve positive results.
6. Virtually all employee complaints I investigated, mediated, or resolved were symptoms of a leadership or hiring mistake. Hiring is a leadership issue and doing it well can make life a lot easier for you.
7. Most businesses cannot afford to do all of the things cited in staffing textbooks.
8. Many human resources managers understand human resources, but, do not understand a profit and loss statement.
9. Many hiring managers are intimidated by employment laws, employment attorneys and frequently their own human resources people.
10. Many human resources professionals focus on telling hiring managers what they cannot do rather than what they can do.

My sense is that you probably identify with some or perhaps even all of these themes. I intend to provide you a simple common sense approach you can use hiring employees.

Before hiring an employee, you must consider two critical questions:

1. What results do I expect from the employee?

2. What profit do I expect from those results?

Determine what results you expect from the employee and how those results will profit your business. Get very specific before adding *any* expense to your business. Know how the expense affects your revenue, expenses, cash flow, and profit. What will your profit and loss statement look like next year if you hire an employee today?

Payroll is one of the few *controllable* expenses you have running your business. Choose to control your payroll expense sooner rather than later. Many big corporations announce job cuts when profits are down because they failed to answer these two critical questions. Unfortunately, many of the jobs cut received more attention during the crisis to cut costs than when initially added to the payroll.

There are actually companies that would lose *less* money if they sent all their employees home and padlocked the front door. Why would an effective leader spend time and money on such an insane concept?

The jobs that get axed during an expense crisis frequently had a long list of tasks, duties, and responsibilities that kept the employee busy every day. Busy with activities that did not affect or influence the right results. Determining the right results before you hire is your responsibility. Doing this step right will probably enable you to sleep better and look in the mirror with fewer regrets.

The following questions provide a framework for determining the results you expect:

1. What *must* be done?
2. What *needs* to be done?
3. What would be *nice* to do?

Limiting your *must do* list to five or less provides the focus most employees need for your business to thrive. Check your work by considering what would happen if these things were not done. If the outcomes are ugly you are probably on the right path. Those outcomes are what make this list non-negotiable for hiring an employee and to remain on your payroll. Avoid the natural temptation to make your list longer.

Creating three to five must do items for an employee establishes the critical link to your business' mission and profitability. You are developing the key drivers for hiring the right person to focus on doing the right things, the right way, for the right reasons. Remember to apply the 80/20 principle. Select the top 20% that provide you 80% of the results you expect.

Your *needs* to be done items should enhance your business outcomes and add real value. If these items were not done, it may be bad for your business, but certainly not as ugly as failing to perform one of your

must do's. This is frequently the remaining 80% that provide only 20% of the results you expect.

The *nice to do* items on your list are just that; nice to do. Accomplishing these items may result in good outcomes, but, are not necessary to achieve the results you expect. These items ordinarily provide 0% of the results you expect.

Unfortunately, many business owners create a list of job duties, tasks and responsibilities with a whole bunch of *nice to do* stuff. These lists often expand to the amount of employees available to focus on the list. This leads to a flurry of busy activity with minimal linkage to business profitability. The result is a lack of focus and time spent on what really matters in your business.

Identifying your list and the corresponding good, bad, and ugly consequences focuses your analysis on what your new employee must do. You are focusing on the right results and how the expense of hiring an employee will contribute to your business.

By default, you are deciding what will *not* be done by the new hire. Deciding what employees will not do is a very strategic decision. Why do I say that? Because you are allocating your human resources to focus on the higher return activities you want performed. This is a key leadership decision you should make sooner rather than later when adding an employee to your business. It's the only way to ensure you accomplish your mission and profit goals.

Don't forget to analyze and prune those *nice to do* things your current employees are doing. Realigning your employees' focus may result in discovering you do not need to hire another employee. What a delightful and profitable discovery that would be for you.

Employer size is based on the number of employees working in your business. Your employer size has nothing to do with your annual revenue or profit. Many leaders quickly discover that their *nice to do* list inflates payroll cost and reduces profit. A good pruning may reduce expenses, focus employee efforts, and create more profit for you. Simply ask yourself this:

Would I write out a personal check to ensure these nice to do items are done every day?

Avoid the temptation of associating business success with how many employees you have. Some entrepreneurs, hiring managers, and human resources folks consider headcount a measure of their own self importance. "I have X number of direct reports." A savvy entrepreneur asks why you need so many direct reports to make such dismal profit or lose so much money. Every employee adds expense to your business that must be offset by revenue to create profit.

My point is that bigger is not necessarily better when it comes to your employee headcount. Texas' entrepreneurs frequently use the phrase "big hat – no cattle" regarding those who feign an appearance

of success to others. I am suggesting that “big profits – minimal employees” is something an entrepreneur should always attempt to achieve.

Know the cost of adding an employee to your payroll before advertising any job or interviewing candidates. Employee cost is a percentage of your revenue. This percentage sticks out like a long nail in a board when profits are down and employers seek to reduce costs quickly. It begs to be hammered flat and results in employees losing their jobs.

Terminating an employee is hard to describe for those who may have never done it. These people have hopes, dreams, and loved ones that rely on their success. I develop goose bumps on my skin and a cold chill reflecting on these types of past conversations. Unfortunately, I had to eliminate some jobs as a corporate human resources (HR) executive.

My regret is the role I played reacting to a leadership decision made by someone else. The need for the decision was frequently avoidable. The leader normally failed to determine the expected results and profit prior to hiring the employee. There is no consolation saying, “I told you so.”

My recommendation is that you attempt to avoid this type of conversation with another human being. My preference is to avoid becoming the equivalent of “road kill” on the karma highway. I am confident we probably share a similar view.

Some of you will understand why and others will not. Until you experience looking another person in the eye and telling them they no longer have a job, you may not understand this. It is easy to hire an employee. It is difficult to terminate an employee under any circumstances. Be suspicious of those who tell you otherwise or revel in saying, "you're fired."

Figure out how to align your workload with existing employees to get results before you add a new employee. Rigorous and ongoing revisions of your must do list with current employee positions will enable you to do this.

Some potential ways to realign workload without adding an employee are:

1. Revise employee goals and rewards.
2. Use overtime.
3. Use temporary workers.
4. Use interns.
5. Use contract workers.
6. Use technology.

If you are convinced you must add an employee after analyzing your positions and business goals remember this:

It is not your revenue, but, what you keep after expenses; that is your profit.

If I seem against hiring an employee, I am not. My intent is to ensure that you diligently analyze your intentions and financials before you hire someone. Many entrepreneurs spend more time researching software programs, computer hardware, vehicles, and phone systems than they do on a decision to hire an employee.

Hiring an employee is an investment. Knowing your potential return on that investment is essential. You will seldom realize an immediate return. In fact, many entrepreneurs' destroy their business' cash flow by hiring an employee they did not need. Your expenses are there even when revenue is not. Try not paying your payroll taxes to the government and see how well that works for you.

Create what if scenarios using your financial business reports and tools. Do not wait for an inevitable train wreck that could destroy your business and require you to terminate employees because you cannot make payroll.

Avoid unnecessary risk to your cash flow. Test alternatives to hiring an employee before jumping in feet first. Perhaps a recent personal experience will illustrate how focusing on the hire can result in higher profits.

Many retailers have self service checkout lanes. While recently standing in line for a cashier to scan

and bag my purchase, an employee shouted, “self service lanes one and two are open and there is no waiting.” The self service lane was staffed with a cashier anxious to “train me” on the task I was waiting in line for their co-worker to perform. Revenue remains the same and now I am the cashier.

This is my personal rant regarding self service at these stores. Frequently there are ten or more closed lanes and three employees are working. One is a cashier, one is coaxing you to not wait and join the self service lane, and another is training you to become an unpaid cashier. Ever wonder what would happen if the other two employees just opened two more cash registers? Time permitting, I wait for the cashier. This is my futile personal protest for scanning my own items and not receiving a discount for my unpaid labor. This may keep the friendly cashier employed just a little while longer.

Be careful regarding your alternatives to adding an employee. Consider your current employees and customers in your decision. How many customers leave those long checkout lanes and head for the exit instead of going to the self service lane? How friendly is the cashier when the line of customers snakes half way through the store while two coworkers seal the employment fate of cashiers?

Consider the cost of the technology. Some businesses pay for technology with their expected reduction in payroll costs. If the technology fails to meet expectations you may have a real problem on

your hands. See how retailers are reducing their risk by testing a technology solution?

These retailers are solving their must do task of collecting money for purchases. The ugly consequence is that a few folks walk out of the store. By deciding not to hire more full service cashiers, what does it mean for their business? Think about the positive business outcomes of their decision:

1. Payroll is reduced.
2. Workers compensation costs are reduced.
3. Unemployment insurance costs are reduced.
4. Payroll taxes are reduced.
5. Recruiting and training costs are reduced.
6. Management, supervision and administrative support costs for all those cashiers are reduced.
7. Full service lanes may be converted to profitable sales space.
8. Scanning provides just in time ordering of purchases; reducing inventory costs.
9. Employee related theft is reduced.
10. Profit is increased due to lower expenses.

If we quantified the actual dollar impact of not hiring more cashiers the numbers would be impressive. Imagine the profit for a national chain with hundreds of stores. Notice how quietly the self service discount for pumping your own gas disappeared? At least the stores are not teasing us about our future in self service retail operations.

The ten positive business outcomes are great for the retailer. How were they strategic? Consider the sum of those ten outcomes in dollars multiplied by one thousand stores. Our existing stores are more profitable with fewer cashiers. By deciding what cashiers will not do and reducing expenses at existing stores there is more cash available for the business. By realigning human resources in existing stores it enables retailers to open new stores using the same staffing model with higher profit margins. This provides the framework for profitable growth.

While your business may not have the revenue of a national retailer, it does not matter. The ideas in this chapter are applicable to your business. You can use the same thought process regarding your decision to add an employee to your business. Plug in your scenarios and see what the future looks like before you run off and hire someone you do not need. You would not accept a dismal rate of interest in a savings account if your bank offered you a certificate of deposit with an acceptable level of risk. Why accept anything less regarding employees? Imagine the impact since payroll is probably your biggest controllable expense. It might enable you to pursue high payoff strategic initiatives for your business.

If you are weak regarding business planning, reports, and forecasting tools, I recommend you purchase *The Successful Business Plan: Secrets & Strategies* by Rhonda Abrams. Rhonda's book is a comprehensive must have reference for any serious business owner or entrepreneur. I own a copy.

Summary

You learned how to analyze what your expectations are for hiring a new employee. Determined what *must* be done, *needs* to be done, and would be *nice* to do. You evaluated the *good*, *bad*, or *ugly* consequences for your business if these items were not done. The result is three to five *must* do items that are non-negotiable for the new hire to remain on your payroll. You were encouraged to understand employee costs and to consider alternatives to hiring a full time employee. Knowing your cash flow using financial tools can help you reduce risk and test your alternatives. Considering the affect your alternatives have on employees and customers is important.

Action items:

1. Brainstorm and list all of your expectations for the position you seek to fill.
2. Categorize your expectations as *must* do, *need* to do, or *nice* to do tasks.

3. Evaluate the consequences to your business within each category if the tasks were not accomplished.
4. Revise your tasks to the appropriate category.
5. Apply the 80/20 principle. Decide on the three to five *must* do tasks (top 20%) that provide 80% of the results you expect.
6. Consider alternatives to hiring a full time employee.
7. Create what if scenarios with your alternatives using your financial tools.
8. Avoid unnecessary risks to your business cash flow.
9. Know what results you expect from all employees.
10. Know what profit you expect from employees' results.
11. Avoid becoming "road kill".

Chapter Two

Who Can Do the Job?

Ever notice the various titles you see on resumes or business cards? Do you assume the title means the person has certain qualifications, skills, and responsibilities? Do not be ashamed if you answered yes. Most people do.

One of my early lessons learned working in HR was to not be overly reliant on titles while recruiting. During interviews I ask candidates what they *do* instead of what they are *called*. Some candidates do so little they deserve being called names not necessarily on their business card. You will find that many organizations inflate job titles and others are stingy with them. Titles are nothing more than

labels used within the context of that particular business. Consider the cashier story in the last chapter. One of those cashiers is actually a trainer. Training customers to perform the scanning element of the cashier function.

As candidates began to tell me what they do, I discovered variations in qualifications and knowledge of candidates using the same title. These candidates were very different despite using the same title.

They possessed different education levels, years of experience, licenses, certifications, etc. These differences are who that person is outside the context of that company. This affects what they know and what they do in that company. This raises the following questions for you to consider before hiring an employee:

1. Who do you want your employee to *be*?
2. What do you want your employee to *know*?
3. What do you want your employee to *do*?

Most of you come from a variety of industries and sectors and have different responses to those three questions. Since most of you possess a driver's license or depend on vehicles within your business directly or indirectly, I will use a truck driver to illustrate my points. If you are hiring a truck driver, you probably want a candidate to *be*:

1. Licensed for your specific truck or fleet.
2. Possess a clean motor vehicle record for insurance purposes.
3. Have no record of convictions for stealing or theft.
4. Have no record of convictions for drug related offenses.
5. Be drug free.
6. Pass a post job offer, pre employment medical examination.
7. Agree to random drug testing during employment.

Who you want the employee to be may imply certain knowledge. Many professions have their own terminology, degree requirements, and code of ethics that members of the profession are expected to adhere to. Knowing your family doctor is licensed in your state, earned a medical degree, and seeks to “first do no harm” implies what she knows. Would you ask your doctor if she knows how to treat your symptoms when you are ill?

You may want your truck driver to *know* certain things that are specific to your company and this particular position:

1. Must be proficient with using a computer.

2. Must type at least 40 words per minute.
3. Must be proficient with a specific type of software, etc.
4. Must know how to conduct routine preventive maintenance on your specific type of truck or fleet.

Now where do you think we may find our list of things we want our truck driver candidates to *do*? If you thought of what we did together in the last chapter, you are doing great! This is where we list those three to five *must do tasks* that are non-negotiable for a driver in our business. Tasks that are linked to the profitability of our business:

1. Must perform maintenance inspections and enter company required information by computer and in log book per company policy.
2. Must meet expected delivery dates and times per company dispatch procedures.
3. Must maintain positive customer relations.
4. Must remain drug and accident free.

Now we have a very simple, effective initial profile outlining who can do the driver job. We will add our character, competency, and results requirements to this outline. This will provide us with more specific requirements about who can do the job.

While this may seem tedious to you now, please hang in there. You will reap what you sew regarding your time invested doing this. Time invested on this now will pay off handsomely for you and your business hiring an employee.

The decisions you make today affect your options tomorrow.

Let's refer to what we want the driver to be. We want our driver to essentially be a person of good character and not simply a character. An employee with good character is usually a good employee. An employee who is a character is usually not a good employee. Understand the difference. Character has different meanings to different people. Focus on the various dimensions of character you require in an employee.

What our example driver must know describes his competency. Competency is what the person can do for you based on their knowledge and skills. Some competencies are more universal than others and some are very functional or domain specific to a role. Focus on these competency categories you require in an employee.

What our example driver must do describes performance expectations. Just because a candidate possesses character and competence to do a job does not mean they will do the job. How many lottery winner hopefuls plan on remaining in their job if they win? Determining what you want your

employee to do will make hiring and managing performance a lot simpler for you.

The elements of what we want an employee to be, know, and do are not mutually exclusive. All three elements are integrated and necessary for hiring success. The absence of one or more will create an imbalance. Avoid this imbalance at all costs. Failure to achieve balance will simply ensure a hire fails. It may not be immediate, but, their failure is imminent.

Consider the following example situations regarding the necessity for achieving this balance regarding our driver example:

1. Driver A is on time, all the time, and has a perfect safety record. Unfortunately, all of the load may not be onboard upon arrival. Had we checked his criminal background we would have known he is a career criminal with multiple theft convictions. Driver A is a character to avoid. Perhaps possessing character is important huh? Do not hire this type of character.
2. Driver B is on time all the time and has a perfect safety record. He is curt and sarcastic with your customers. Office staff must complete his computer entries because he is not proficient with computers. Perhaps universal and domain competencies are important huh? We may soon have an on time

and safe driver with no customers to deliver to. Do not hire this type of character.

3. Driver C is superb. After four months on the job his performance begins to decline. Perhaps the honeymoon period of our employer-employee marriage is over? Had we conducted our due diligence with previous employers, we would have discovered this always happens with Driver C. Perhaps past performance doing the job is important huh? Do not hire this type of character.

While you must have all three elements to achieve the right balance, one of the three is more important. What the employee must be is not negotiable. Training and motivation techniques seldom cause a bad character to develop good character. Save this cause for others to deal with because it will dilute your time available to lead employees who possess character. Focus on hiring and leading employees who possess character.

Recent corporate scandals in the United States reinforce the importance of employee character at all levels within a business. Changes to corporate governance and financial reporting procedures were a response to this crisis.

The business leaders of good character were adversely affected by a few rogue characters. How so you ask? Laws, rules, and regulations are ordinarily created to protect us in some manner. The rules protect us from the bad behavior of people

we do not trust. Rules control the behavior of people we do not trust. Business leaders we trust are now subject to the cost of complying with the new rules. We can all thank the rogue characters who behaved poorly for increasing our cost of doing business.

This begs the question, why hire people you do not trust? Doing the right thing is a matter of discipline. Discipline involves doing the right thing in the absence of supervision, oversight, and control measures. Disciplined employees can be expected to do the right thing even when it may be easy to do otherwise.

Character is developed over time. An infant child lacks mental, physical, and emotional character. As the child matures she develops each of these dimensions of character. Children begin to develop the ability to choose by applying these dimensions on a daily basis. Their reasoning skills, toilet training, first steps, and ability to control their emotional outbursts enable parents to ease the level of control imposed on the child. The child eases into being trusted to do more without direct parental supervision. The child demonstrates self-discipline which leads to more freedom and trust by her parent.

Determining character dimensions will help you to hire employees that you may trust unless they behave to the contrary. Please recall this is the foundation of who we want our employee to be. This is the most important element of the elements. Why do I believe this?

What you want an employee to know may be developed with training. What you want an employee to do may be improved by coaching. If an employee lacks the mental, physical, emotional, or demonstrated character you require for a position, there is not much you can do about it. You may confirm this by merely visiting the warden at any prison and asking how the rehabilitation program is working. We are building prisons at an alarming rate and the prison population is growing daily. Never lose sight of the fact that these folks are the ones who got caught and convicted. They demonstrated they are criminal characters lacking good character. How many are still out there?

People make mistakes and generally learn from them. This is the price of tuition in the school of hard knocks. Deciding whether or not to hire one of these alumni is a choice you will frequently face hiring employees. Thinking about this choice and what is acceptable to you is an important matter to consider before you are in the position of deciding. Know what you want before you start the hiring process.

Let's go back to our driver example position profile and what we wanted our driver to be:

1. Licensed for your specific truck or fleet. This is a dimension of mental and physical character that is validated by a test. Requiring this also implies the hire will also know things contained in the test. We also

discover certain limitation and restrictions. The license may be restricted by the need for the driver to wear glasses.

2. Possess a clean motor vehicle record for insurance purposes. This is a dimension of demonstrated character. How the driver behaved in the past driving a vehicle.
3. Have no record of convictions for stealing or theft. This is a dimension of demonstrated character.
4. Have no record of convictions for drug related offenses. This is a dimension of demonstrated character.
5. Be drug free. This is a dimension of demonstrated character.
6. Pass a post job offer, pre employment medical examination. This is a physical dimension of character that enables us to determine if the person can physically perform the job with or without reasonable accommodation. For example, the driver may have a valid license and is now legally blind. Is a reasonable accommodation likely for a blind truck driver? Employer responsibilities regarding these types of situations are covered by various federal and state laws. Part two of the book will provide an overview of these laws and how to apply them during hiring.

7. Agree to random drug testing during employment. This is demonstrated dimension of character regarding future choices that involve physical, mental, and emotional dimensions of character. It demonstrates a choice and an ongoing commitment that will be validated by testing. This is also a form of control by the employer. We validate the driver is drug free and trust they will remain so, but, we will continue to verify it.

When you were a teenager did you have a curfew? Most teenagers do and I certainly violated mine a few times. I demonstrated a lack of discipline and was grounded on more than one occasion. Being where we are supposed to be, when we are supposed to be there, and remaining there as required is a character issue. It includes the physical, mental, emotional, and demonstrated dimensions of character.

99% of life is showing up. Woody Allen

This may sound odd, but, many employers do not specify their expectations regarding attendance, required hours, overnight travel, or notice periods to report to work. Imagine your dismay if an employee seeks a reasonable accommodation to not be where they are supposed to be, when they are supposed to be, and for the duration required. Do not forget to include the attendance factor in your character profile. Attendance is important and the requirements are ordinarily position specific.

Consider the following situations if we do not add attendance to our driver example:

Situation 1: You hire a female driver with children. She has no child care set up for weekends. You have a coast to coast trip that will cause her to be away from home over the weekend. She informs you that she is pregnant and cannot perform her maintenance checks or change a flat tire.

Situation 1 concerns: Perhaps we should include the necessity for extended overnight travel huh? Wow, she has a doctor's statement about her physical limitations. What should we do now? Fire her, get her an assistant, or hire another driver? What would be reasonable? What does the law require? This is why some hiring managers are intimidated by the HR function.

Situation 2: You hire a man you believe to be 45-50 years of age. He completes his paperwork and you discover he is not a U.S. citizen. He arrives on the second day of work wearing religious clothing and tells you that he is a practicing Muslim. He balks at his route because he will not have time to pray or attend mosque. He drives a petroleum tanker and your customers call suggesting that he may be a terrorist and refuse delivery to their location with him "dressed like that". He also speaks Arabic at the loading dock with a fellow Muslim who is also wearing his religious clothing now. Both men request an appointment with you to discuss how the other drivers and customers are treating them in your workplace. You also have a message on your

voice mail from the producer of “60 Minutes” requesting an onsite interview with you about “Muslims in the American Workplace”.

Situation 2 concerns: Another reason for us to include the travel and work schedule requirements of the job. We probably need to state our uniform policy and whether or not the job requires the person to be a U.S. citizen. This seems like a potentially “bad hair day” for us doesn’t it? I will teach you how to deal with these types of concerns. How is that for a teaser to continue reading?

While these situations may seem farfetched, they happen all the time. Continue reading and you will learn how to legally discriminate. Yes, I encourage you to discriminate. Bet you never thought you would hear a HR person say that huh? You should learn how to discriminate based on the requirements of the position and essential functions of the job.

Specifying position requirements for what we want the employee to be, know, and do have nothing to do with an applicant’s age, gender, religion, race, citizenship, disability, or veteran status. You may seriously reduce the frequency and severity of “bad hair” days by enabling candidates to self select out of being a candidate. Here are some examples of this:

Situation 1 involving pregnant female candidate without childcare:

Interviewer: This position requires overnight travel for periods of up to seven days with minimal notice.

Can you perform this requirement with or without reasonable accommodation?

Candidate: Yes.

Interviewer: Do you require reasonable accommodation and if so, what accommodation would you need to perform the job?

Candidate: I am a single parent and I must attend to their ongoing needs. I am also pregnant with my third child. The requirements of the job are not aligned with what I am seeking in an opportunity. Thank you for interviewing me and good luck filling your position.

Notice the interviewer did not reject the candidate because of her gender, marital status, or pregnancy. Had we not taken this approach we could be in hot water rejecting her.

Situation 2 involving Muslim candidate:

Interviewer: This position requires overnight travel for periods of up to seven days with minimal notice. We also require our drivers to wear company issued uniforms. Can you perform these requirements with or without reasonable accommodation?

Candidate: Yes.

Interviewer: Do you require reasonable accommodations and if so, what accommodations would you need to perform the job?

Candidate: I am a Muslim and ask that I be allowed to pray and attend mosque according to my faith. I would also like to wear my religious clothing instead of a uniform. May I do that? I am an excellent driver with a superb safety record.

Interviewer: We consider all requests for reasonable accommodations. Let's continue with the job requirements and come back to your question at the end of the interview.

Candidate: Okay.

Interviewer: We have a government contract to deliver freight to military facilities. Our contract requires our drivers to be U.S. citizens. An extensive background check will be performed prior to you being authorized to transport and deliver these loads. Are you a U.S. citizen and do you anticipate any problems meeting background check requirements?

Candidate: Well I am not a U.S. citizen. I read that it is illegal for you to ask me about my citizenship. I may legally accept employment in the U.S. and I am an excellent driver. Is this about my being a Muslim? Is it because of my age?

Interviewer: You are correct about the legality of my question concerning your citizenship under normal circumstances. This position is unique in that it has a bona fide occupational qualification (BFOQ) required by the government due to national security

reasons. It is a requirement of the position and not about your religion or age which I did not ask you about. Should you decide to apply for U.S. citizenship and it is granted, I encourage you to reapply as we are always looking for qualified drivers with excellent safety records like yours.

Candidate: I understand. Thank you for interviewing me.

The interviewer focused on the requirements of the job despite the candidate's stated perceptions of discrimination during the course of the interview. The candidate acknowledged understanding the requirements and was encouraged to reapply if he became a U.S. citizen. Did you notice the interviewer did not come back to the accommodation request during the interview? Do not consider any accommodation request until you know the candidate meets all other requirements for the job.

Here are some additional examples for determining your character criteria:

Mental character:

1. Possess a certain education level necessary to perform the job.
2. Possess a certain score on a validated and reliable test pertaining to the job without disparate impact. What these terms mean will be covered in part two.

3. Solve specific problems efficiently and effectively pertaining to the job.
4. Communicate (oral and written) in a clear, direct, grammatically correct, generally error free and timely manner using English language.

Physical character:

1. Perform work under extreme weather conditions.
2. Lift specific weight amounts.
3. Perform a repetitive task for a specific amount of time.
4. Stand, walk, or sit for a specific amount of time.
5. Listen and communicate so that you and others are understood using English language.

Emotional character:

1. Perform job given dangerous conditions.
2. Perform job given austere conditions; living offshore on an oil rig for a month at a time.
3. Respond efficiently and effectively to conflict throughout the work day.

4. Make impartial decisions that affect other people.
5. Handle rejection, complaints, etc. on a routine basis.
6. Remain calm under pressure at all times.

Demonstrated character:

1. Criminal history
2. Driving history
3. Medical history
4. Work history
5. Performance evaluations
6. Professional references
7. Personal references
8. Civil history
9. Military record
10. Financial history

What you decide you want an employee to be is similar to an iceberg. The underlying dimensions of mental, physical, emotional and demonstrated

character are not always visible. Determining the character dimensions you need in an employee requires you to perform a careful analysis. You are the right person to decide which dimensions are right for your business.

Determining who is competent to do the job is also important. Determining what a hire should know to perform a job is the only way to assure success finding someone who can do the job. Employers who bypass this step frequently discover the new hire cannot do the job. This creates performance management challenges that consume time and money. The challenge is what I refer to as the nice person alibi leaders frequently use. "I hate to put her on probation because she is so nice and I hired her; she left a good job to join us." What about the nice people who are doing the job? Performing this step prior to hiring will save you time and money.

There are plenty of resources available that list competency requirements for corresponding jobs. The sheer quantity of potential combinations can be overwhelming. That is why some employers take the easy route relying on boilerplate templates with job titles and a list of competencies required. These quick fix solutions may be found on the Internet, in books, and software programs.

A major problem with this approach is that these solutions are not customized to your business needs. The context of your business and the results you want are not accounted for in these solutions. Don't be lazy and resort to using one of these quick and

easy solutions. They do not save you time and you will probably regret using them.

Any competency may be categorized in one of two basic groups. The two groups are universal and domain. Customizing your competency requirements is simple when you focus on these two groups.

The universal category includes competencies that are basic and common to any job. For example, communication is a competency universal to virtually any job. You may be even more specific about this competency within the context of your business. Written communication, oral communication, and oral presentation are all forms of communication. Consider the difference in universal competency required by a switchboard operator and a salesman. Both positions require communication competency, but, there are differences. Imagine a switchboard operator who writes well, but, speaks so fast he is not understood by others. How about a salesman who fails to listen to customers and fears public speaking?

The domain category includes competencies that may be specific to an industry, family of jobs, job function, or specific position. A realtor and a car salesman share universal communication competency. Their domain competencies required for success are quite different. Executives may also share common universal competencies but, the manufacturing and service industries demand entirely different domain competencies. An accountant may possess the domain competency to

work in manufacturing and service industries. A human resources manager may have different domain competencies based on whether or not they work in a union environment, recruiting, or leadership development.

If you have a human resources manager, do not delegate determining competency requirements to them unless they understand your business. The assignment will probably get done on time, but, you will not always get what you need. You may even receive one of those easy solutions readily available to your human resources manager on the Internet, from a book, or software program. If you were to delegate our ongoing driver example, you may end up with a taxi driver. He may not know how to operate a manual transmission or backup a trailer.

So how many competencies should you identify within the universal and domain categories? That is a very good question. It depends. No one knows your business better than you do. Reading this book teaches you how to think about determining your competency requirements. What to think is entirely up to you. It is determined by what must be done in your business and what your employee needs to know to do it.

Focusing on the fundamentals is usually the best approach. Apply the 80/20 principle. Identify those 20% of fundamental competencies that provide 80% of what the employee must know to complete your “must do” tasks. This approach keeps you focused on the fundamentals that deliver results. You will

probably end up with about five competencies in each category. If you end up with a long list totaling more than ten competencies, begin pruning. Focus on identifying competencies an employee “must have” to do the job.

Your completed list of universal and domain competencies is unique to your business. They are specific to what an employee must know to do that specific job in your company.

How will you measure the level of competency the employee needs to know to perform the job? If you decide to hire an order entry clerk, typing competency is probably on your list. How fast must an order entry clerk know how to type to do the job in your company? Speed is relative to your business need within your company. What you consider a competent typist may not be competent for a law firm. You may consider 40 words per minute competent. The law firm may consider 75 words per minute competent. Competency level affects market value and compensation for candidates. Do not demand more competency than you are willing to pay for.

Triage each competency into one of three levels. Here are some examples:

1. Basic, intermediate, advanced
2. Beginner, proficient, expert
3. Below, center, above

4. C, B, A
5. 1, 2, 3
6. 3, 2, 1

Now simply assign a number range for each level that does not overlap with the other levels. Place the number indicating what the employee must know to do the job in middle level as the lowest number assigned to that level. Here are some examples for our typist that must type 40 words per minute:

1. Typing: Basic (< 39 wpm), Intermediate (40-50 wpm), Advanced (> 50 wpm)
2. Typist: 1 (< 39 wpm), 2 (40-60 wpm), 3 (> 60 wpm)

When you are finished you will have a method of determining whether or not a candidate possesses the competency you require for the position. This will enable you to objectively measure the “must know” competency when you evaluate candidates. You might use a typing test to assess typing speed. This ensures they can do the job rather than relying on what the resume claims or what the candidate tells you during an interview. Testing will be covered in part two.

Some of your competency requirements will not be so easy to measure. This means that you'll have to

spend some time qualifying exactly what competent will mean in your business. For example, relationship competency is frequently used in the service industry. Providing behavior statements relative to the competency appropriate for the employee's level would enable us to assess this in a candidate:

Relationship – Individual Contributor Level
Employee:

1. Establishes and maintains effective relationships with peers to get work done as required.
2. Establishes and maintains some effective relationships with peers to get work done as required.
3. Does not establish or maintain effective relationships with peers to get work done as required.

Relationship – Management Level Employee:

1. Establishes and maintains effective relationships with direct reports, peers, and supervisor to get required work done.
2. Establishes and maintains some effective relationships with direct reports, peers, and supervisor to get required work done.

3. Does not establish or maintain effective relationships with direct reports, peers, and supervisor to get work done as required.

Relationship – Executive Level Employee:

1. Establishes and maintains effective relationships with internal and external groups necessary to achieve strategic objectives for the company.
2. Establishes and maintains some effective relationships with internal and external groups necessary to achieve strategic objectives for the company.
3. Does not establish or maintain effective relationships with internal and external groups necessary to achieve strategic objectives for the company.

You could use statement one in each of the examples as your minimum requirement and cite expected behavior to be rated higher. An example behavior statement indicating advanced competency for our employee level might be:

Relationship – Individual Contributor Level Employee: Considered a leader and mentor by peers on establishing, maintaining, and developing effective relationships to get work done as required.

Would you like to see evidence that supports that level of demonstrated competency when evaluating

candidates? Well sharpen your pencil and do your homework on what you expect in your business. Identify those universal and domain competency categories you require. Triage each competency using numbers or behavior statements that allow you to assess candidates before you begin the hiring process. This will take time. The work is not easy.

Avoid the temptation to cite more categories than truly necessary. Limit your rating range of each competency to three levels using the triage approach. This ensures better calibration when you begin assessing candidates or have multiple interviewers. If you believe you must have more than three ratings, ensure you use an odd number. An odd number ensures you can assess who exceeds, meets, or does not meet your competency requirements to do the job. Believe it or not, I have seen even numbers create a tie between final candidates.

What you want an employee to do and how much you initially reveal to candidates warrants discussion. I am not suggesting dishonesty or misleading candidates. Being precise about what the employee must do too early during the hiring process may cause problems:

1. Candidates may “market” their resume to fit your desired need when applying.
2. Candidates may script themselves to fit your need during screening or phone interviews.

3. You spend time on candidates who market themselves well, but, cannot do the job.

Let's pretend that you are hiring an inside sales person for your business. You identified the character and competency requirements. The application of those requirements within the context of your business may be entirely different than what the candidate believes is required.

If a candidate meets your character and competency requirements, it is usually more effective to get them to quantify what they can do during a screening interview. Here is an example of how this may work to your advantage:

Interviewer: You have an impressive resume and I am glad we have a chance to discuss your career goals.

Candidate: Thank you, I really enjoy inside sales.

Interviewer: Based on your experience, how many inside sales calls do you think you would make each day by phone to be happy in your role?

Candidate: Well I have a lot of experience doing that. One place I worked at was a real sweat shop and I hated it. My current situation is very good, but, I am always interested in a better opportunity.

Interviewer: Could you tell me the variation in the number of calls you were expected to make at the sweat shop and where you are now?

Candidate: Sure, at the sweat shop we made 125 calls per day. My current employer expects 60 per day.

Interviewer: That is quite a difference. Is 60 the right number for you?

How the candidate responds to that last question is important. The answer is what the candidate believes rather than what your number is. If you want the employee to make 75 calls per day, this candidate may be a future performance problem. If a candidate believes they can achieve what you expect, they begin work from a very different state of mind than candidates who do not believe it can be achieved.

We have covered how to think about what employees must be, know, and do. This enables you to cut through the distortion of what candidates are called or what their current title may be. The quantity and quality of what they do in their current role is also relevant. A candidate who is currently making 125 calls per day and believes 90 is the right number is probably a better candidate for us since our expectation is 75 calls per day.

If we let candidates know 75 calls per day is the expectation, some may self select out and some may not. This may reduce our applicant volume, but, what if we hire the person who truly does not like the number expected?

My experience hiring suggests that letting the candidate tell you what they are happy with takes more time, but, is usually more effective. A manager who hired a switchboard operator at a company I worked with discovered this the hard way. The job required handling a 20 line switchboard with an inbound call volume of 75 calls per hour. The requirements were placed in the job advertisement.

The new switchboard operator survived a week. She told me some very revealing things during her exit interview:

1. She had plenty of experience as a switchboard operator.
2. She liked our company and staff.
3. She thought she could handle the call volume advertised.
4. The most she ever handled was 50 calls per hour.
5. She said that 75 calls per hour was a call every 45 seconds and that her hair was literally on fire all day long.
6. She knew the volume was high, but, we paid well and she thought she could do it.
7. That she hated doing the job and coming to work.

8. When asked what the right number would be for her to remain with us, she said "60 calls per hour is the limit for me."

Our switchboard operator was a job experiment at our expense. Avoid job experiments in your business. You are not a social scientist. This employee caused us to have several internal and external customer complaints before confessing she hated her job. You cannot pay someone enough money to do a job they despise. Chapter three is about finding employees who will do the job and not become turnover statistics.

Summary

You learned why it is important to develop a basic employee profile. That job titles can be different depending on the employer using the title. You understand why it is important to focus on who you want the hire to *be*, *know*, and *do* rather than blindly accept job titles on resumes. The importance of having all three elements is critical to knowing how to think about hiring employees. Hiring someone that lacks the proper character is unacceptable and should never be done.

The recent crisis of character in business was presented. Laws, rules, and regulations are responses designed to control rogue behavior and provide protections. You should hire employees that possess discipline that you can trust. Situations demonstrated why it is important to develop your character criteria for what an employee must be

prior to interviewing candidates. Examples of mental, physical, emotional, and demonstrated dimensions of character were provided.

Universal and domain categories may be used to determine competency required to do the job. Using a simple triage of numerical ratings or behavior statements describing the expectation will enable you to assess and evaluate candidates. This provides easier calibration when there are multiple interviewers or a large number of candidates.

Discovering what candidates will be happy to do is preferable to telling them what they will do. Employees who do not like their jobs will result in turnover statistics. Employee turnover costs you time and money.

Action items:

1. Determine what the hire must *be* in terms of character, education, experience, licensing, certification, physical ability, and background.
2. Determine what the hire must *know* to perform the *must do* aspects of the job.
3. Determine what the hire must *do* in the job.
4. Focus on balancing all three elements when hiring an employee.
5. Never hire someone that does not possess the character you require for your business.

6. Hire candidates you trust.
7. Determine the mental, physical, emotional, and demonstrated dimensions of character required.
8. Categorize competency requirements as universal or domain.
9. Triage each competency requirement using quantified or qualitative measures.
10. Know what the employee must do in the job.
11. Find out what the candidate will be happy to do and likes doing.
12. Avoid job experiments that result in employee turnover.

Chapter Three

Who Will Do the Job?

Whether or not a candidate or employee will do a job is their decision. Never confuse what you want for your business with an employee's willingness to do it. If you do, you will be sorely disappointed. The employee's decision is a personal choice.

You may influence employee choice positively or negatively. Rewards are a positive example. Withholding rewards or imposing punishment is a negative means to influence employees. Your classic carrot or stick approach most people understand. The underlying motivation driving the choice is pleasure or pain. Does the employee seek the pleasure of reward or seek to avoid the pain of punishment?

Focusing on the hire's needs before you hire will reduce the need for the stick approach to lead them as employees. Rewarding employees who seek pleasure from success is easier than controlling employees who only seek to avoid punishment or pain.

How do we discover what makes a candidate decide they are willing to do the job? Simply ask

them. Most candidates will tell you what they think you want to hear to get the job you have available. Your challenge is to discover what really motivates them.

Contrary to what many of you may believe, money is not always the deciding factor. Sure it is important. Money is a factor, but, you cannot pay someone enough money to do a job they despise doing. Even if they remain, they are remaining for the wrong reasons and you could probably do better. Remember that if you match an offer one of your employees has from a competitor. What caused them to begin looking and receive an offer? The underlying non-monetary reason is probably still there. It might be you.

While conducting employee retention workshops, I always start the sessions with the following introduction:

Tell me about the best and worst jobs you've had and why they were your best and worst jobs.

As the executives gave their stories two critical themes usually emerged with very little variance from the participants:

1. Money was seldom mentioned in the best or worst example.
2. The supervisor was always mentioned in the best or worst example.

Taking a similar approach with candidates enables you to find out what they like. Responses will usually come in one of three categories:

1. Money
2. Opportunity
3. Location

Money involves more than just the salary or wages paid. Benefits and the employee's net cost for those benefits is a factor. Some employers offer more salary only to realize turnover later when the employee discovers they net less after paying their share of benefit costs. Bonus potential and the actual probability of earning that bonus may lead to "expectation- reality" gaps later on. Paid relocation and what is actually paid for have the potential to cause problems before the employee earns the first pay check. Future earning potential, merit, and cost of living increases are other aspects of the money category.

Opportunity involves the current job and future job potential in the company. The supervisor and the employee's relationship with the supervisor affect opportunity for advancement as well as money issues. Who, what, why and how aspects of a job are all part of the opportunity category.

Who will they work with and report to in this opportunity? What are they like and will I enjoy spending everyday around them? Am I answering

90 inbound calls per day or 60? Do I have flexible hours and do I have the freedom to get the job done with minimal supervision? Or do I have detailed and constant supervision with a standard of zero defects?

Location of the job may affect the money category. Earning \$50,000 in San Francisco, CA versus the same wage in Jackson, MS affect employee willingness to accept or do the job you have available. Opportunity for advancement may also be affected by location. Is the corporate headquarters in Manhattan, NY? Will the candidate's net usable income actually decrease if the next promotion requires they relocate? What if they dislike the weather or have no family in that area? Is your business location near public transportation? Are you in a high crime area? What about traffic to get there? Some candidates accept a job for a few thousand more dollars per year only to find out they added two hours to their daily commute. Do you think they are happy with their choice now?

You must know the money, opportunity, and location factors of your job to hire effectively. Matching this to the candidate's ideal situation will enable you to avoid hiring a turnover statistic.

All three categories must be present to hire effectively. Consider the friendly military recruiter in your local shopping mall. Recruiting for entry level airman, soldiers, sailors, and marines is difficult with the future location category requiring potential multiple and frequently involuntarily

extended tours in Iraq or Afghanistan. The opportunity to learn a new skill, see the world, and earn college tuition dollars is less appealing even with a large cash sign on bonus. The location factor and opportunity to be potentially killed in the line of duty affects potential prospects' decision to enlist. Military recruiters have a very difficult job these days.

If you were to go to the other end of the same shopping mall and visit the unemployment office you may experience a different dynamic. Any money and opportunity is better than no opportunity and unemployment benefits right?

How about all those great overseas jobs that provide tax benefits, great pay, excellent benefits, and travel opportunities? If you are a married engineer living in Houston with elementary school aged children, Kuwait as a location may not excite you despite the pay or advancement opportunities it may provide you.

How about great pay at a company that is failing? Is that really an attractive job or is the candidate accepting more money for joining a risky company? How about the stable company job where advancement potential is limited or nonexistent? Is waiting to attend your supervisor's funeral or retirement ceremony a real career opportunity?

All of these examples are issues for the candidate to decide. Knowing what your job offers in terms of money, opportunity, and location will enable you to

match what an employee desires with your current and future jobs. This enables you to make mutually beneficial decisions based on what the candidate tells you and what you know about your available job. Doing this before you hire is critical to avoiding turnover.

A mutually beneficial decision requires a match in all three categories. This match results in an acceptable risk to you as an employer. Matching only two of the three categories is not acceptable; you are gambling. Matching only one of the three is foolish and warrants immediate drug testing if you choose to do it. What is scary is that this is done every day by some employers and candidates.

Why do some employers choose to make poor hiring decisions? These employers frequently confuse what to think about hiring with how to think about hiring. Filling a job quickly is a recruiting metric that many of these employers use. Commonly referred to as time to fill (TTF) in the HR department, many managers view this as the critical indicator of hiring success. You can easily meet TTF expectations by returning to the unemployment office. You fill the job quickly, but, the quality may not be there. This approach also consumes a large amount of time interviewing poor candidates. It also leads to lots of turnover. What is fascinating is that the HR department may get very good at exceeding TTF due to all of the practice they get from the turnover TTF obsession causes. This would probably make for a very good *Dilbert* cartoon.

I once screened out a large quantity of candidates for a position reporting to a Chief Financial Officer (CFO). Rather than appreciating my diligence with not referring poor candidates and wasting his time, he was upset at the lack of candidates to interview and that the job was still open. Perhaps certain jobs and personality types are predictive of how the success or failure of the hiring process is viewed. The CFO was clearly focused on TTF numbers and understood them. After recovering what was left of my trousers after discussing the matter with him I continued the search. He was eventually delighted with one of the candidates and it turned out to be an excellent hire.

What made the TTF problematic was the other number the CFO chose regarding compensation. He had champagne taste and a beer budget. The job was in a high cost living area and there was no internal advancement opportunity. Make sure you understand how the factors of money, opportunity, and location will affect your hiring effort. Doubts about a candidate when you are being pressed to fill a job may be overlooked. The result is frequently a bad hire and you end up doing the whole search over again. Spend the time necessary to do the job right the first time you do it.

Another advantage to using this approach is reducing candidate complaints when they are not offered the job. Evaluating the money, opportunity, and location of the position with them helps them understand your assessment decision. Candidates who possess what you want an employee to be and

know will probably agree with your assessment regarding whether or not they will do the job. You are not rejecting their character or competence. You are helping them making a better career decision based on what they seek in a position. Something your position does not provide them. You only want the best for them in their career right? What candidate would complain about that? Your focus is on their need rather than rejecting them.

Asking candidates why they are looking usually identifies one of the three factors not being met in their current position. Knowing the underlying money, opportunity, or location gap causing them to look is beneficial. What candidates do regarding their needs is more valid than what they frequently tell you. When they express a gap and then do something about it is meaningful information.

An excellent way to determine if their actions are a potential source of turnover is to ask the candidate to:

1. Tell me about your best supervisor in your career and why he or she was the best.
2. Tell me about your worst supervisor in your career and why he or she was the worst.

If the response to number two describes you, be honest about it. Know who you are before you attempt to find out about candidates. Some leaders are in a complete state of delusion regarding how they lead employees. Please do not be one of them.

If you have a lot of turnover you probably have one or both of the following occurring:

1. You do not know how to hire employees.
2. You do not know how your leadership is perceived by or is affecting your employees.

In larger companies leaders may attribute this to HR failures. In smaller companies it is impossible to assign blame or hide. The leader is responsible for hiring. Take full responsibility for your hiring decisions if you are a leader. If you make a mistake, learn from it and do not allow it to become a habit in the future. Apply your lessons learned or you will be doomed to repeat them over and over again. This is a major problem for some entrepreneurs I have worked for. Notice I did not say work with? Employees know who the boss is. Working for someone suggests compliance. Working with someone suggests commitment. Commitment normally drives higher profit than compliance.

A very effective leader I worked with claimed the best way to reduce employee turnover and improve results was to begin with the person in the corner office. He frequently commented that leaders need to “change the person or change the person”. Meaning the leader needed to change or leaders required changing. This is difficult for many entrepreneurs to do. The character and competence that got them where they are may not sustain them. Realizing this is important to reaching the next level of business success.

Now that we know who can do the job and who will do the job, the next chapter will focus on who will fit in your business.

Summary

All jobs provide money, opportunity, and location factors that affect employee retention. Knowing what is important to the candidate and what your job offers will help you make a mutually beneficial decision with the candidate. There must be a match on all three factors to manage your risk of hiring. When money, opportunity, and or location are not attractive, it may affect the length of your search. Measuring TTF may cause adverse selection and eventual turnover. Hiring employees is the leader's responsibility. Turnover is usually due to leaders' who do not know how to hire or leaders who need to change. Self knowledge on how your leadership affects employees may reduce turnover. Seek to gain employee commitment rather than just compliance while leading your team. Commitment normally results in higher profit for your business.

Action items:

1. Identify the money factor from the candidate's point of view.
2. Identify the opportunity factor from the candidate's point of view.
3. Identify the location factor from the candidate's point of view.

4. Ensure your money, opportunity, and location factors are reasonable to find someone who can do the job; revise factors if required.
5. Take charge of your hiring and accept full responsibility for the results.
6. Know your turnover metric and why it is occurring; this is your most important metric.
7. Learn from hiring mistakes and apply lessons learned.
8. Know yourself and how you affect employees; change or manage behaviors if required.
9. Hire and lead employees committed to your vision rather than only complying with your orders.
10. Focus on hires that are committed if you seek higher profit.

Chapter Four

Who Fits Your Business?

This chapter is about the most difficult question you face hiring employees. You may hire an employee who meets and exceeds your must be, know, and do requirements for the position. The hire can do the job and will do the job. There is a mutually beneficial match on the money, opportunity, and location factors. Everything may appear to be on track, but, you discover there are workplace related problems after the hire begins working.

The problem may be the employee does not fit your business. This problem may not surface initially for various reasons. If this is your first employee, it could be that you simply did not know what drives you crazy on a daily basis despite the employee's commitment and results.

Have you ever been in a power boat or watched one from the shore line speeding through the water? The boat can do the job and will do the job of moving at a high rate of speed across the water. Behind the boat water fans out as the boat delivers results to the passengers aboard. This fan of water is known as the wake. Employees create a similar effect in the workplace. Employees create their own wake on

the workplace lake effect. Boaters' know that there are areas in which "no wake" signs are posted. The intent is normally to minimize the wake effect on docked boats, small boats, heavy traveled channels, etc. An employee who does not fit your business is very similar to a speed boat in a no wake zone.

These employees do the job for you, but, their wake on your workplace lake becomes an issue. The problem is how they impact customers, vendors, co-workers, and perhaps even you. The problem is not unique to your business. In fact, employees are terminated everyday that can do the job and deliver results. They are terminated because of the fit factor. These terminations are frequently very messy to deal with. Knowing who fits your business is the best way to keep your workplace waters calm.

Why does it become a mess? Like a power boat, these employees often head forward at full throttle crashing through the water with no idea of the wake they create at work doing their job. They behave as if they are tone deaf to the situations they cause and impact on those around them. Here are some examples:

1. They may gossip about others.
2. Their behavior may adversely affect others.
3. Their gossip and or behavior create conflict.
4. Conflict reduces productivity.

5. Loss of productivity reduces profit.
6. Conflict causes stress.
7. Stress causes illness.
8. Illness causes sick days.
9. Sick days reduce productivity.
10. Illness increases doctor visits.
11. Medical costs may increase.
12. Illness increases employer expense.
13. Increased expense reduces profit.
14. Great employees may leave.
15. Turnover costs you money.
16. Customers may go elsewhere.
17. Vendors may not want to do business with you.
18. Your employees are the face of your business to internal and external groups.

Who fits in your business is important. It also affects your ability to lead employees. What part of your leadership vision includes tending to the wake a situational tone deaf, power boat style employee

creates in your business? These are simply high maintenance employees who will suck the life out of you and your employees. They have the potential to capsized your business boat and drown you. My advice is that you not allow this to occur or go down with the ship. Throw the misfit overboard!

Leaders who hire or enable this type of employee to remain on their team cause a form of business disease. Their behavior begins to erode a business like ocean waves carve the rocks on a rugged coastline. The employee who does not fit must be removed to ensure your business thrives. They operate similar to a cancer inside your business.

Prevention and early detection are the keys to ensuring this does not occur. Prevention begins with not hiring a candidate who does not fit your business. Early detection and treatment are beyond the subject and scope of this book. *Coach the HIRE for HIGHER Profit: Entrepreneur's Guide to Coaching*, the next book in this series, will cover this subject and employee performance in greater detail.

There are three ways to go about prevention.

1. Knowing and focusing on what you do not want in an employee.
2. Knowing and focusing on what you do want in an employee.
3. A combined approach using both.

Which is the best way? It depends. The way that works best for you is the best way. Prevention is the goal. The way you go about it is merely the means to that end. How might you think about what your requirements are?

If you are an optimist by nature you may want to focus on what you do want in an employee. Pessimists may be better off identifying what they do not want in an employee. Start brainstorming your business related pet peeves in the workplace. Those things that drive you mad or just generally don't cause you to smile when you encounter them. Many of the things you come up with will be symptoms of an underlying root cause. The root cause is normally the behavior of employees who do not fit your business. Identify those behaviors and use them to determine your fit requirements.

Be cautious about the tendency to want people to be just like you to fit your business. Doing so will limit your business from the profit diversity can create. Diversity is about differences. These differences may be visible differences like gender, race, age, disability, etc. Diversity goes beyond what is visible. Only hiring people who look like you will severely limit what your business might achieve. You will discover you may have more in common with those who are visibly different than those who look like you.

The one thing I do recommend you include is how your employees resolve conflict. Managing

differences will provide conditions for business success.

How do you deal with conflict? Do you avoid it? Do you insist on winning? Do you give in and complain about it later? Employees will often follow your example regarding conflict resolution. Make sure your actions do not drown out what you tell employees your standard is.

Here are some guidelines for you to consider regarding conflict resolution related fit:

1. Deals directly with the person they have an issue with.
2. Does not gossip or complain to others about an issue with another person, task, or job.
3. Does not enable or tolerate those who complain about people, tasks, or jobs. Asks others if they talked to the person they are complaining about and what they are going to do about it.
4. Asks others how they feel and what they need to resolve conflict with them.
5. Builds on areas of agreement and creates mutually beneficial options to resolve the conflict.
6. Focuses on the other person's needs rather than simply their own.

7. Influences what they can do better rather than attempting to change others.
8. Responsible for how their actions affect others.

Hiring employees who demonstrate these behaviors will reduce fit problems in your business assuming you demonstrate the same behavior. Setting the example is extremely important for you to do. Employees will watch what you do rather than what you say. Always lead by example.

Make sure your list is not just personal preferences. The list should be things that affect your business and are job related. Here are some examples of personal preferences that you should not include:

1. Must like the same activities I do: golf, bowling, sports, etc.
2. Must look like me: race, gender, dress, hair, body piercing, tattoos, etc.
3. Must believe the same things I do: politics, religion, lifestyle, etc.

Insisting on these examples limits your pool of talent and may affect customers' choice to do business with you. Embracing diversity is simply good business.

Once you establish what a person must be, know, and do to fit in your business, assessing it is not always easy. Like your character competency requirements, fit requirements are not easy to fix. The behaviors may be firmly ingrained over the years. That is why prevention is so crucial. Throwing a misfit overboard requires some very heavy two handed lifting by you. It is difficult for a business captain to steer the ship while tossing misfits overboard. Do not let them onboard if they do not fit your business.

Summary

The concept of who fits your business and the potential negative effect they may have in your workplace was presented. Deciding who fits your business is your decision. Separating personal preferences from job related behavior will enable you to maximize the value diversity offers your business. Conflict resolution style and behaviors provide an excellent foundation for developing your fit requirements. Attempting to force fit an employee to fit your business is difficult at best and consumes your time to lead employees who do fit. Prevention is the key.

Actions items:

1. Identify who fits in your business.
2. Use conflict resolution behaviors as a foundation for developing your fit requirements.

3. Ensure you do not insist employees be like you on stuff which has no job related significance.
4. Embrace diversity; it is good for your business.
5. Preventing hiring misfits; they are bad for your business.

Chapter Five

Determine Your Hiring Strategy

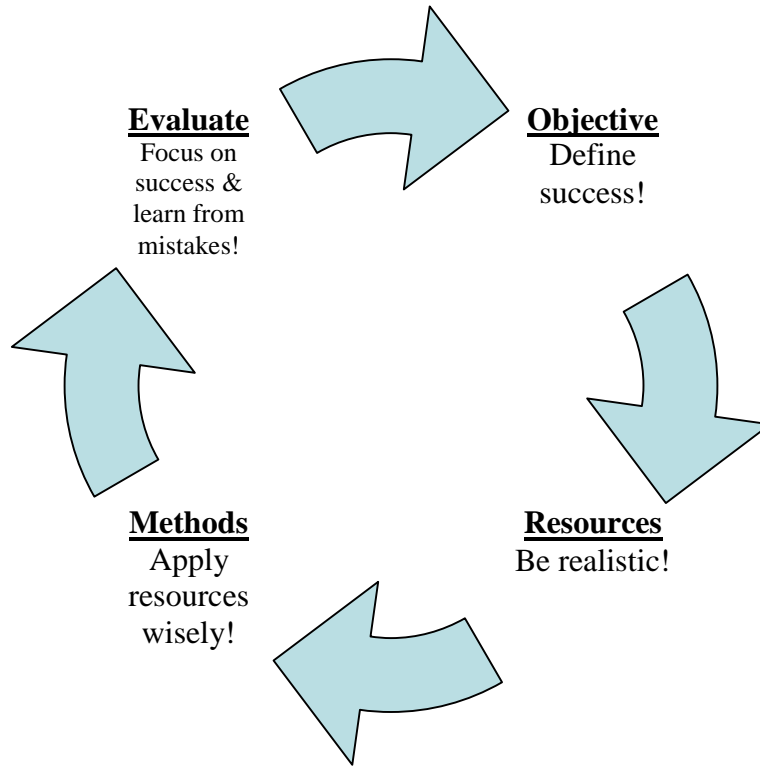
Determining hiring strategy is not difficult or complex. Many authors, textbooks, professors, consultants, and human resources professionals revere strategy as “high level, C-Suite, senior leader, sophisticated, ad nauseum”. Do not attempt to “boil the ocean” with complex hiring strategy formats, plans, details, and activities. You simply do not need to do that. A simple and focused plan flawlessly executed normally gets the job done more efficiently and effectively.

Here is a simple hiring strategy format and equation that works:

$$O = R + M = E$$

Whereby “O” represents your hiring “objective(s)” accomplished with specific “R” (resources) and “M” (methods) which you must “E” (evaluate). The format is simple, dynamic, and results focused. The irony of the simple circle is that you avoid reinventing the wheel with successive hiring strategies. Evaluation focuses on adjusting resources and methods to achieve objectives and applying lessons learned to improve results.

Entrepreneur's Hiring Manual: How to HIRE for HIGHER Profit



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