

Are People Challenges Impacting The Bottom Line?

By Mike Reardon

Of course they are! Various studies highlight that 67% of people are not entirely happy with what they are doing now! Bear in mind that your competition can match your solution offering, but they can't match your people culture. Also recognize that there is an ever-growing gap in essential knowledge and skills today due to the following trends of:

- Rapid and constant globalization
- Technology advances shortening shelf life of anyone's solution offerings
- Aging work force that is leaving behind legacy of innovation
- Discriminating younger work force with the power to decide where to stay or go

More than ever we need to maximize human capital – an organization's # 1 asset. If we don't acknowledge these trends, then we won't have any time to develop a process for choosing the best from an increasingly scarce number of employees. For that matter, if we don't review the ones that we do have, they will cost us. So where do we begin? Have you ever been in a situation where you firmly believe that you hired the "right stuff", yet it never materializes? Well, you are not alone. This is just one of the reasons why it is so important to hire right, in the first place!

But how can we possibly do so when in a survey of recent college graduates, 95% said they would be willing to make a false statement in their resumes in order to get a job? More importantly, forty-one percent in the work force today admitted they had already done so, according to a report in Nation's Business USA. Even business references are of little value because most past-employers will tell you nothing but "name, rank and serial number." These realities are the reason interviews have become the most influential factor in hiring and promotion decisions. Peter Drucker, a renowned management consultant states: "Chances are good that up to 66% of your company's hiring decisions will prove to be mistakes in the first twelve months."

Well guess what? Studies have found that you will make a decision on a candidate's application 63% of the time within the first 4.3 minutes of the interview. More to the point, these same studies state only a coincidental correlation between the ability to deliver well in an interview and to deliver well on the job. Studies peg this correlation at 14% – just 1 out of 10.

Most employers seem to have accepted these poor results, with misleading resumes, inconclusive references and questionable interviews. They have flown the white flag of surrender. STOP. The goal of hiring right is to address people challenges before they impact operations. Consider how valuable the following is for any organization:

- Assessing behavioral traits has improved the hiring success rate to 38%.
- When both thinking abilities and behavioral traits are assessed, the right people are hired 54% of the time.
- When an assessment of occupational interests is added, successful results improve to 66%.
- The most impressive results are achieved, however, when an integrated assessment is used – one that measures behavioral traits, thinking, occupational interests, plus "Job Match."

These integrated assessments employ cutting-edge technology and empirical data to assess the qualities of "The Total Person." In doing so, the individual qualities of candidates are compared to the qualities of employees who are performing their duties in a superior manner.

These 21st Century assessments have successfully identified potentially excellent employees better than 75% of the time or the right employee in the right job, or better than 7 out of 10.

A well-documented study, published in Harvard Business Review concludes that "Job Match" is by far the most reliable predictor of effectiveness on the job. The study considered many factors including the age, sex, race, education and experience of approximately 300,000 subjects.

It evaluated their job performance and found no significant statistical differences, except in the area of "Job Match." The conclusion: "It's not experience that counts or college degrees or other accepted factors; success hinges on a fit with the job."

The only reliable method for evaluating "Job Match" is with a properly designed assessment instrument, capable of measuring the essential job-related characteristics particular to each specific job. Lou Adler in his latest book on the subject of building power teams states: "If you want to hire superior people, use a system designed to hire superior people, not one designed to fill jobs." "In these days of talent wars, the best way to keep your stars is to know them better than they know themselves – and then use that information to customize the careers of their dreams."

The conclusion according to a Conference Board of Canada study is that an organization with the right people and a learning environment is 50% more profitable than an organization that has minimal human capital focus. More to the point, Watson Wyatt Human Capital Index reports that "superior human capital practices are not only correlated with financial returns, they are in fact a leading indicator of increased shareholder value." For example, "better hiring has 7.9% impact on shareholder value."

Clearly, overcoming your people challenges can be accomplished. People performance can be measured. It is measured. And the impact on the bottom line is substantial. It is time to review what is available for improving your "people decisions" that has been missing so far. Why not? Especially, when it is quick and objective, easy to implement and delivers amazing 10 to 20% bottom line increases.

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