Top Three Reasons Most Hiring Processes Are Broken and What To Do About It

By Bob Moore, CMC

SPECIAL REPORT AND CASE STUDIES

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Is Your Hiring Process Broken?
Robert Half, the recruiting company, recently reported that 41% of hiring managers and HR professionals surveyed estimate the costs of a bad hire to be thousands of dollars. The U.S. Department of Labor estimates the average cost of a bad hiring decision can equal 30% of the individual's first-year potential earnings. In addition, highly paid positions and those at executive levels, tend to have significantly higher turnover costs.

Most hiring procedures are simply not effective! Here are the current statistics to back that up:

• 46% of all new hires fail within the first 18 months.

• Of the remaining 54% that remain employed, 45% are rated as fair to marginal.

• In the fast food industry, employee turnover ranges from 144% to a ridiculous 220%.

• 66% of hiring managers regret their decisions within the first year.

• Only 19% of all new hires are considered to be a universal success.

• Only 13% of new hires rate themselves as actively engaged and 64% say they are disengaged.

• As many as 24% say they are actively disengaged, have no passion for what they do on a daily basis, and are actually spreading ill-will and discontent.

Imagine . . .
what it would do to your bottom line to have a workforce of fully engaged Top Talent executing your organization's strategy— every day! Research consistently shows that Top Talent exceeds the performance of average workers by at least 25% and in some cases as much as 100%! This differential includes:

- Greater productivity
- Higher sales volume
- Better customer service, retention, and loyalty
- Problem solving, not problem creating
- Making things happen—getting it done!

Top Three Barriers to Finding Good People
Top talent are not readily apparent while you are recruiting them. Discovering good people who can be turned into top talent is the ideal. Here are the top three barriers you must overcome to efficiently accomplish this critical result:

1. **Lack of an efficient hiring system**
   Many hiring managers and recruiters say the typical hiring process is frustrating. Let's examine the five primary components of the hiring process that are frequently obstacles and barriers that create pain and aggravation:

- How well does the position description communicate expectations and qualifications?
- What is your applicant tracking system telling you about the effectiveness of your sources?
- What screening process is in place to quickly remove unqualified candidates from consideration?
- What assessments have you implemented to measure essential attributes?
- How effective is the interview process; what questions are asked and why?

It is essential to establish clear job requirements and set realistic expectations. Surveys reveal that 61% of employees say the realities of the job differ from expectations set in the hiring process. You must know and assess what it really takes to succeed in the job. Experience, education and intelligence are not enough to excel.

2. **Inadequate candidate pool**
    There must be an adequate candidate pool or risk lowering the job qualifications. When hiring managers are running out of candidates, they can be tempted to go with what they believe are the best available. Otherwise, they are forced to restart the recruiting engines and begin again. Unless you can get all of your candidates from internal referrals— which has proven to be one of the best sources—you must continuously cast a wider net. Many organizations rely heavily on online postings and job boards. However, unless you have a highly targeted process with efficient front end screening, you will have to deal with the following issues:

- Too many candidates which can produce a flood of resumes resulting in overwhelm.
- Too little information from questionable resumes and unreliable facts to assure a quality hire.

- Too little time and other priorities on your plate; hiring is probably not your main job.

These challenges are frequently the result of one or more of the follow factors:

- Unclear Job Title: Test it for clarity with others familiar with the job before posting.
- Missing One of the Basics: Location, Responsibilities, Career Path, etc.
- Misleading Job Description: Limited application flow is a major clue.
- Your Online Process Simply Isn't Working: Consider what percent accept your offer.

The most effective hiring system gets measurable results. Thus, it is essential to track every step in the process to measure what is working and what is not. Routinely monitor the tracking system and acceptance rates.

3. **The Interview – frequently, the most significant barrier**
    Hundreds of studies reveal the profound limitations of the traditional interview. Research on interviewing effectiveness consistently reveals the unstructured face-to-face job interview is a poor predictor of subsequent performance. Yet, most hiring managers believe they are good judges of character and continue to be overly confident in their ability to identify top candidates. Thus, 75-80% of the weight of the hiring decision is based on interviews and gut intuitions about whom to hire. This approach is less than 15% effective at predicting superior performance— an up to 85% failure rate.

Best Practices Solution

Hiring decisions are among the most important any organization makes. The U.S. economy has seen amazing innovations and productivity growth over the last 50 years. However, there has been almost no innovation in hiring methods. Because of the current economy, there is a massive applicant pool; the bigger the pool to select from the greater the payoff from better hiring practices.

Now is the perfect time to rethink your hiring process and implement best-practices beginning with the job itself. If a job could talk, we could eliminate the blind spots and blinders to understanding the true job requirements which cloud judgment resulting in flawed decisions. We could also hear precisely what is required to achieve superior performance by telling us about the following essentials:

- Knowledge a person needs,
- Personal attributes required for success,
- Rewards for superior performance,
- Hard skills vital for the job,
- Behaviors necessary to perform at peak levels, and
- Intrinsic motivators.

But jobs can't talk. Instead, we must rely on a systematic process that is objective enough to remove the recruiters natural biases—any unfair preferences or dislikes.

Next, fully implement applicant tracking to monitor and measure results at every step in the hiring process. Then, assure an adequate candidate flow by including an internet connected source.

Then, integrate job-relevant interviewing questions with a screening system that filters out unqualified candidates. This will result in a pool of finalists who can then be selected based on the talent requirements of the job.

Summary

An effective hiring system need not be complicated, frustrating or costly. In fact, it is possible to implement an automated system that significantly reduces the time and effort required of hiring managers. Rather than a cost, a well-designed hiring system not only lowers costly turnover but assures that you hire good people who can be turned into fully engaged top talent. Imagine what that would mean to your bottom line.

Some Case Study Examples

The Expansion Management Team Challenge

A new division of a successful national retailer needed to fill management teams for the division's new chain of stores and establish a company culture that expressed their distinct consumer market appeal.

The Results

After establishing job benchmarks and assessing all candidates, the results revealed that some candidates could be fast-tracked. In fact, some of the assistant managers hired were promoted to general manager within two months. The result after 10 months of this process was zero turnover in a market where turnover rates had historically been at 50%. Based on these positive results, this process was used to staff 30+ new stores the following year.

The Sales Force Problem

This company was experiencing a sales force turnover rate of 74%. This was a major problem because the estimated cost to find and train a replacement can be up to twice an employee's annual salary. Additionally, consider the damage to

morale among remaining employees and the negative impact on profitability.

The Results
After the sales job was benchmarked to determine the talent requirements for superior performance, turnover for all current and new salespeople was zero for the following 24 months with a dramatic increase in sales performance.

The Software Company Sales Team Problem
A new sales manager for a software company inherited a sales team that ranked No. 22 out of 22, or dead last.

The Results
A massive 75% of the sales force did not match the sales position based on the job benchmark. By replacing them with superior salespeople who fit the job benchmark, the team skyrocketed to No. 1 out of the 22 teams.

The Private Company Performance Problem
This privately held company had experienced three consecutive years of poor performance with $2 million in losses in one year alone. The company's lender had given them 18 months to reverse the trend.

The Results
After benchmarking key positions to determine the talent requirements for superior performance, all employees were assessed to determine job fit. The company no longer relied on subjective criteria. Only those employees or candidates who were in alignment with the benchmark were considered a good hire for the company. Before the lender's deadline, the company had experienced a $2.2 million turnaround and posted a profit of $200,000 the following year.

Take The Next Step

Call 888-669-3923 or email
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About Bob

Bob Moore, CMC, is founder of www.Effectiveness.com, an internationally recognized resource to executives and professionals who want to accelerate their progress to sustainable growth. Bob is a talent development specialist and founder of www.TalentManagementInstitute.com, a resource center for improving selection, alignment and development of top talent. He is the author of Turning Good People Into Top Talent (www.TopTalentBook.com) and a CMC®, Certified Management Consultant, the globally recognized certification mark of consulting competency, professionalism and ethics awarded by the Institute of Management Consultants. Contact: Bob@Effectiveness.com | Phone: 919-439-5811