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HIRING: CAN YOU DO BETTER THAN FLIPPING A COIN?

By Mark Bregman

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Most top executives admit that they have repeatedly hired people who are “B” or “C” players, who have had an adverse impact on the company, who needed to be replaced. Most will admit they have someone on their staff right now that fits this description. Many studies have shown that without a formalized, professional approach to evaluating candidates, employers can expect 50-60% hiring accuracy, no better than flipping a coin.

I would define hiring accuracy as bringing a person on board who performs well, has a positive impact on the organization, fits with the team, and stays with the company a reasonable period of time. Based on what I hear from clients, hiring accuracy has not improved in the last 25 years. Almost every other aspect of corporate management has improved. Why not hiring? CEOs are smart people. They know how to use business case analysis, and seek expertise when they implement a new IT system. They will invest millions in top grade automated machinery, and establish finely-honed metrics for key performance indicators. BUT, they won't invest in acquiring precision hiring methodology, choosing instead to judge job candidates by first impression and personality, and using an intuitive “gut feeling” process to make hiring decisions. This practice arguably suspends logic and sound business processes!

When an employer utilizes a performance-based approach, which defines specific, measurable objectives, and combines that with looking at tangible evidence of accomplishment and initiative, suspending intuitive judgment in favor of objective analysis, accuracy can improve to 80-90%. What CEO would not change a process immediately in order to get that kind of improvement? As our economy recovers and the labor supply shrinks, which will be steadily happening over the next 20 years as boomers retire, hiring is one process that needs to be better than a coin flip.