



EFFECTIVE TIPS FOR GETTING HIRING MANAGERS TO FOCUS ON GREAT RECRUITING

Data points that may convince you to rethink your approach to recruiting

© Dr John Sullivan

Go to www.drjohnsullivan.com for a copy of these slides

This “snap data” presentation approach involves quickly showing status quo disrupting data points... that force you to think



Move fast and directly impact business results

Goals for today

1. They asked me to disrupt your thinking (with red team disruptive data points covering influencing hiring managers) Ex. Annual report
2. **How to nudge** / influence hiring managers so they act appropriately
3. How to move the “business results needle” with TA actions
4. To have a little ***fun & a lot of audience response***

One final goal is... to provide at least 5 personal takeaways

Action items - things that I might try

1.

2.

3.

4.

5.



introduction

**Why recruiters & HR
need to change!**

What are the top business challenges facing CEO's?

And where does Human Capital rank among them?

- Customer Relationships / Corporate Brand
- Operational Excellence
- Innovation and Digitalization
- Regulation and Risk
- Sustainability
- Human Capital (Talent Management)

CEO's top challenges

Human Capital is the... #1 global CEO business challenge 2017

- ➔ 1. **Human Capital** #1 for 5 years in a row!
2. Customer Relationships / Corporate Brand
3. Operational Excellence
4. Innovation and Digitalization
5. Regulation and Risk
6. Sustainability

OW!

In order to stop being “a challenge”... we must change!

Let's move to... some key principles to follow

Influence Foundation Principal #1

to produce great hiring results...

Hiring managers and recruiters need to have a strong trust relationship

It is the #1 contributing factor to recruiting performance

[out of 16 factors, where talent pipeline #2, employer branding #3]

(Source: Bersin by Deloitte)

Unfortunately... most relationships are built on emotion

➤ Now if the current “personal relationship approach” was working...

What percentage of hiring manager selection decisions would actually be influenced by recruiters / recruiting?

(100%, 75%, 50% or 25%)

But only 25% are



A relationship built on results... not emotion

Because hiring managers care most about business impacts...

“a results relationship” is superior

- This results relationship is based on **impacting their bus. results**
- It's **the only way in a data-driven environment**
- More analytic and **businesslike managers prefer it**
- It **can be done remotely** and quickly
- It requires recruiters to become **“business impact experts”**

Get managers to listen to you because your advice produces results

Other indications that recruiting is underperforming

Every process manager **measures the quality of their output and... their failure rate**

- **What % of recruiters measure the performance of the new-hires?**
(on-the-job performance, retention rate and promotion rate)
Only **32 % of firms** actively measure quality of hire (Source: Hudson RPO)
- **What percentage measure their new-hire failure rate?** >

What hiring failure rate would a manager tolerate?

What % of all new-hires fail within 18 months?

“46%” (Source: Leadership IQ)

What % of all hourly employees quit/fired within their first 6 mths?

“50%” (Source: Humetrics)

What % of executive new-hires fail within 18 mths?

“58%” (Source: Michael Watkins The first 90 days)

What % of hiring managers regret their decision & wouldn't rehire?

“39%” (Source: IBM)

OW!

What % of new-hires are an unequivocal success?

“19%” (Source: Leadership IQ)



BTW - A hiring failure meets any 1 of these 9 factors

The new-hire...

1. Was a **no show** on their start day
2. Failed **drug testing**
3. Failed **job training**
4. **Quit voluntarily** during the first 6 - 12 months
5. Received a “**needs improvement**” **performance rating** (20% below the average)
6. Was “**written up**” for **discipline** more than once
7. Was **put on a performance management program**
8. Was **fired or released** within 6 months
9. After 6 months, when surveyed... **their manager said they wouldn't re-hire them**
(One measure of quality of hire)



Influence Foundation Principal #2

**don't try to change what hiring managers
care about...**

**instead concentrate on impacting their
current focus areas**



Influence Foundation Principal #2a

**Managers live in a dollar-driven
“show me the money” world...
& recruiters need to adapt to that**

Factors that influence hiring managers

A focus on money means that... **HM's are influenced by four primary factors**

1. **Meeting their business goals** (which allow them to keep their jobs)
2. **Meeting their bonus criteria** (which allows them to be recognized and further rewarded)
3. **Meeting the “promotion criteria”** (which allows them to make much more money and have more power)
4. **Free up their time** from doing activities that they don't see as impacting the bottom line... so they can focus on the above three

Understand how managers think



How long will it be after I implement your idea ...
before **my business results go up?**



How well is recruiting doing on... impacting business results?

➤ What % of hiring managers are satisfied with recruiting's impact on the business? (25%, 45%, 65%, 75%, 100%)

Only 35%



Action steps to take



Action items - things that I might try

1. Learn *how to quantify your business impacts*
2. Learn *what drives a hiring manager's time allocation*
3. Measure your *quality of hire*
4. Measure your *new-hire failure rate*

What are the top factors that drive hiring managers to act? (In order)

Money \$

Data

The ROI of their time

What factors drive hiring managers to act? (In order)

 **Money \$**

Data

The ROI of their time

7 Money related things that hiring managers care about

1. Meeting their **team's strategic goals** (especially revenue)
2. Meeting their **bonus factors**
3. Meeting their **promotion criteria**
4. Raising **workforce productivity**
5. Fixing **business problems** (Not HR problems)
6. Increasing their **rate of innovation**
7. **Predicting upcoming problems** / opps.

When managers want to increase revenue growth... They must know which HR function has the highest impact on revenue?

HR function or process

Revenue Growth

Firms that excelled in this HR area produced _ times higher revenue growth

1. Recruiting	3.5 times
2. Onboarding and Retention	2.5x
3. Employer branding	2.4x
4. Managing talent (Day to day productivity)	2.2x
5. Performance management and rewards	2.1x
6. Developing leadership	2.1x
7. Global people management / global expansion	1.8x
8. Mastering HR processes	1.8x

First focus on impacting their bonus criteria

You must impact a hiring managers bonus factors

- HM's are occasionally "self-centered"... so they focus on **meeting their performance bonus criteria**

Revenue growth Team productivity

P & L Deadline targets

Customer satisfaction Budget targets

Labor costs Error rates

Focus on their promotion criteria

You must impact their chances of getting a promotion

- HM's occasionally seek more power... so they focus on **getting a promotion**

Leadership results Being a talent launching pad

Strategic vision Adaptability

Revenue growth Team productivity

Innovation and going first Forced ranking placement

You must show hiring managers the value of... customer reflection diversity

Which has a bigger impact on company sales... **gender or racial diversity?**

- Every 1% increase in **gender diversity** is correlated with...
a **3% increase in sales revenue (3 times)**
- Every 1% increase in **racial diversity** is correlated with a **9% increase in sales revenue (9 times)** Source: Dr. Herring at the University of Illinois
- **48% higher operating margins** are generated by gender diverse management teams (Source: McKinsey)
- **When women in management positions exceed 20%... revenue from innovation goes up 10% (source: BCG)**



Influence Foundation Principal #3

Prioritize and focus your hiring on the jobs

and the candidates...

with the highest potential business impact

Which jobs and business units... have the highest impact on team revenue?

Jobs that directly increase revenue

1. **Sales** related jobs
2. **Business development** jobs
3. **Collection** jobs
4. **General managers** in P&L units
5. **Product development** jobs
6. **Investment** jobs

A secondary focus on rev. impact jobs

1. Customer service jobs
2. Brand managers
3. Advertising jobs
4. Market research jobs
5. Leaders and executives
6. Recruiters for revenue jobs

Innovators matter

What is the business impact from hiring innovators?

If there is only a small performance differential between an innovator & an average worker... why bother?

- CEO quote - "The secret of my success is that we have gone to exceptional lengths to hire the best people in the world." "And when you're in a field where the dynamic range is **25 to 1**, boy, does it pay off"



The most important job is... recruiting

- Google – a top technologist is worth “300 times more” than the average employee (Alan Eustace) **WOW**

Disruptors... allow you to act before things become obsolete

Disruptors that spur innovation... see most things as “broken”

Most see established things as ok, or ½ full



Better employees see established things as ½ empty but still ok

But the best see established things as ½ empty and leaking (soon to be obsolete)

½ empty... and leaking employees **prevent surprise obsolescence**

What is the business impact of hiring top performers?

Workforce productivity comes from hiring top performers...

- The top **1%** of your workforce produce what % of your total output?
- The top **5%** produce **10%** (Or **10 times** their expected value)
- The top **5%** produce **26%** (Over **5 times** their expected value)

(U of Indiana study by O'Boyle and Aguinis)

Google has done its own top performer calculations



The **top 10%** on their teams produce... what % of the value?

- **“90% or more of the value”**
- Google found a **90 / 10 rule** or **9 times** (Source: Lazlo Bock)

Even in retail... top performers are 9 times more valuable

The Container Store® makes hiring top performers... a foundation principle



It calculates that:

3 bad employees = 1 OK employee

3 OK employees = 1 good employee

3 good employees = 1 great employee = **wow** a 9 times added value



Influence Foundation Principal #4

**If you want HM's to devote more time /
thinking to recruiting you must also show
them...**

The high cost of a weak hire

Unfortunately, few calculate... the costs of a weak hire

- A weak employee causes mistakes, failures, disruptions and lost opportunities **up to 10 times their annual salary** (Source: Resoomay)
- One “**slacker or jerk in a group**” can bring down team performance by (Source: W. Felps) “**30% to 40%**”
- Weak employees take up **what % of a manager’s time?**
1 day a week (17%) (Source: Robert Half)
- Replacing a **weak manager** equals the impact of...
adding 1 teammate... to a team (Source: National Bureau of Economic Research)
- **Bad ones stay forever...** weak hires **may stay 20 years**

OW!

Disruptive idea – Multiply the cost of a bad hire over 20 years

Business isn't “all about the numbers” ... it's the dollars

What is the cost of hiring... a “slacker / jerk”

- \$5,000	Initial hiring cost	- \$5,000
- \$50,000	1st year salary costs	- \$50,000
- \$2,800 (-10%)	Time to productivity	+ \$7,000 (25%)
+\$277,300 (-20% below avg.)	1st year performance (\$347,000)	+ \$381,000 (+10%)
-\$500,000 (salary ×10)	New-hire errors 1st year	0
-\$1 mil. (Slacker 30% of team output)	Team impacts 1st year	0
-\$20,000 (17% of their time)	Manager time spent	0
-\$5,000	Replacement cost	0
-\$1,301,500	Total	+ \$332,000

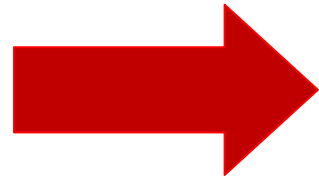
What are the costs of a slow hire in a revenue job?

Calculate the \$'s of revenue lost due to position vacancy days

- **No revenue is generated when a position is vacant** – when an employee quits, there is a loss of revenue until the position is filled... **and with slow hiring... those “vacancy days” increase**
- **Focus on revenue-generating positions** – the highest impact from vacancy days occurs in revenue jobs
- **Calculate the \$ loss from vacancy days** – take the average daily

Let's shift to how data impacts hiring managers

Money \$



Data

The ROI of their time

Use data to influence / nudge managers

- “The best thing about **using data to influence managers...** is that **it’s hard for them to contest it**”
- For most... **just knowing that information...** causes them to change their conduct”



Data reveals that... managers are horrible at interviewing

How accurate are interviewers?

- HireVue's technology makes it possible to assess the evaluation **accuracy** of interviewers (Q of H)
- "We've found that with some of our clients, they have evaluators who are making the right decision **80%** of the time, and others **who are right only 20% of the time**"

Source: Fast Co Magazine

Data reveals that... managers & recruiters are horrible at interviewing

Google found interviewing to be “a random mess”

- As for interviews, “*many managers, recruiters, and HR staffers think they have a special ability to sniff out talent. **They're wrong***”
- Google has collected years’ worth of data... “*and the results aren’t any better than... **randomly selecting candidates***”
- We looked at tens of thousands of interviews... and how that person ultimately performed in their job. “***We found a zero relationship. It’s a complete random mess***”


Google does the most “hypothesis testing”

➤ Do employee networks increase productivity? Google

Employees “that are better networked have... **better performance and higher promotion rates**”

A predictive metric to consider

“Hiring for the future”... is critical for fast growth firms

- **Google** – advises “**judge candidates based on trajectory**” (Source: Eric Schmidt)
- **Amazon** – uses **a bar raiser** to screen out candidates that... “**aren’t likely to make a long-term employee**” 

Example of career trajectories

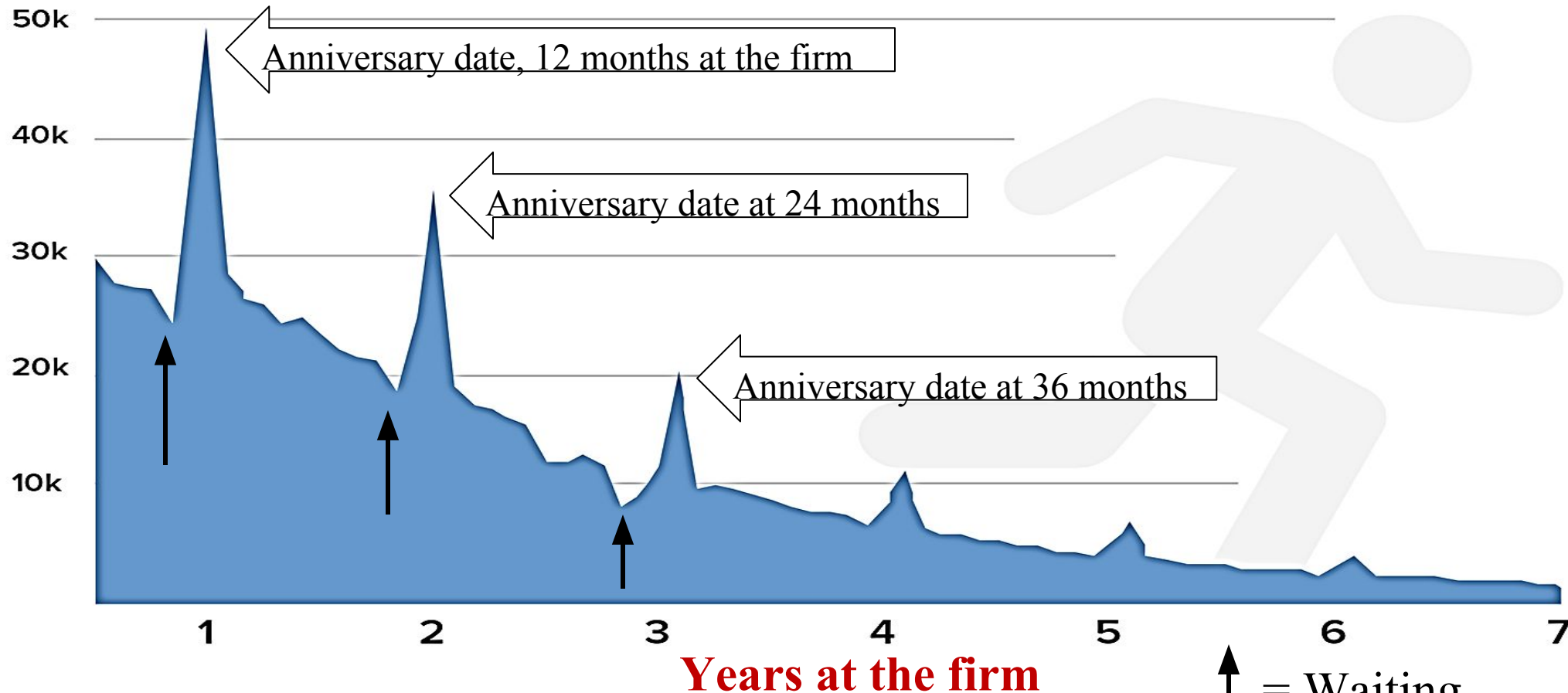
- Candidate A – 1 level up in 5 years
- Candidate B - 2 levels up but they will quit in 3 years
- **Candidate C** – will move 4 levels up and stay for 5 years

WOW

Data can remind everyone when people look for a new job (When do recent hires quit?)

When is the best time to focus your recruiting / retention efforts?

The number of recently hired employees that quit



Source: entelo.com using 1 million resumes

↑ = Waiting period

Unconscious bias

How much do names impact diversity interview offers?

5000 identical medical resumes were sent out

- The name on the baseline resume was **Kristen**
- The same resume was sent out with the name **Aisha**
- **Aisha's** response rate was...
5 times lower (University of Chicago/MIT study)

100 identical sales resumes were sent out

- The name on the baseline resume was **Adam**
- The same resume was sent with the name **Mohamed**
- **Mohamed** landed **3 times fewer** interviewers (BBC's *Inside Out*)

Look for what new hires add to the team

“Cultural add”

Don't look too hard for cultural fit... because too much “sameness” can hurt your organization

- Fewer outside the box **ideas**
- No one spots major errors
- Your products and services **don't reflect your customer base**
- Lower **team performance**

Instead assess “cultural add”

Data reveals that its “the work” that attracts top performers

Doing the best work of your life means...

1. Can't put it down **exciting work** (# of nights you look forward to coming to work)
2. I see **my impact**
3. I work with **top coworkers**
4. I have great **managers**
5. A **chance to win** and be the first
6. **Learning advanced things** / growing
7. An opportunity to **innovate** / take risks
8. **Freedom** and choice in what/when/where/who
9. An opportunity to be **an expert** / mastery of an area
10. Constantly **challenged/ exposed**
11. An opportunity to **implement ideas** & make **decisions**
12. **Advanced resources** and tools
13. **Transparency** and access to information
14. Managers **track & reward** performance

Data builds your credibility as an expert

Timing changes the level of competition

- **August and December** - when hiring managers are not available
- **End of the fiscal year** - when they run out of recruiting budget
- **During company / industry shutdown periods**
- **During a hiring freeze**
- **For college hires** - during Christmas, spring and summer breaks
- **Prior to their national hiring day**

The highest business impact TA factors to measure

Show them how they compare against other hiring managers

➤ Managers are almost always highly competitive individuals so widely **distribute forced - ranked metrics to all managers**

➤ Not only will **this comparison information likely spur them to improve their recruiting speed and quality** but it also allows them **to seek advice from those hiring managers**

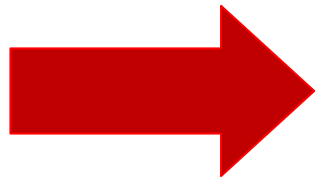
What does data-driven marketing look like?

- Candidates are **46% more likely to consider the job after seeing a hiring manager welcome video**
- Candidates want to see videos of hiring managers 2.5x more often... than company overviews... and... **10x more often than an HR/recruiter message**

What factors drive hiring managers to act? (In order)

Money \$

Data

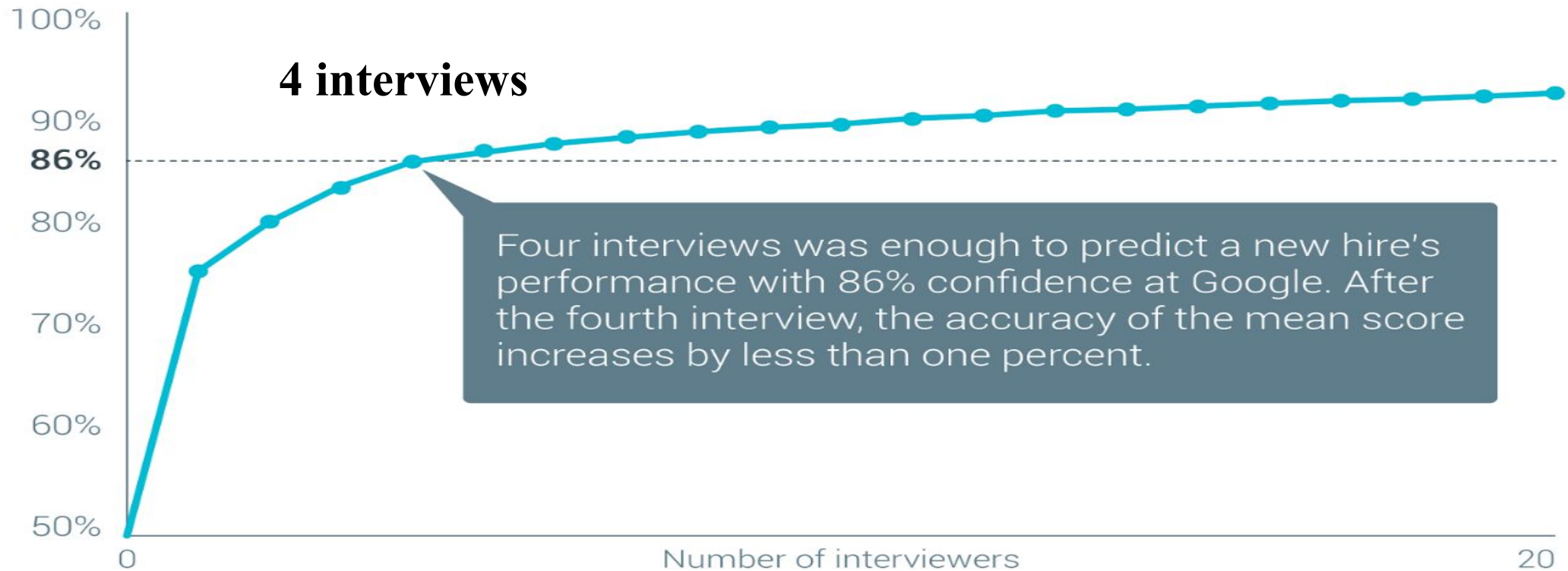


The ROI of their time

**Anything that reduces a managers time away from productivity is
important**

Ex. - Data can save a manager's team interview time (Google)

Increase in accuracy (ability to predict hire/no hire decision) of the mean interview score



These **new-hire competencies** save a manager time

- **Self-directed learners** (Google #1)
- **Self- motivated with drive**
- **Speed and a sense of urgency**
- **Adaptability**
- **They “find work”** when idle
- **They seek more responsibility**
- **They take ownership** of problems
- **They are projected for long retention** and upward movement
- **Strategic thinkers** connect the dots and see the big picture

A candidate sell sheet

Legend... + slightly better, = equivalent, - not as good

Attraction factors that our firm has... Compared to	Firm 1	Firm 2	Firm 3
Superior development opportunities	-	=	-
Superior opportunities for growth and security	-	-	-
An exciting work environment	-	-	-
Superior managers and leaders	=	-	-
Exciting work and products	=	-	-
Above average compensation	+	-	=
Superior benefits	-	-	-
Work-life balance and flexible schedules	-	=	+
Concern for employee well-being	=	=	-
Superior relocation benefits	=	=	=
Above average retirement support (Source: Work Institute)	+	-	+

And one last area



your future in recruiting...

Talent Advisor or real estate salesperson?

Before it's too late... plan ahead

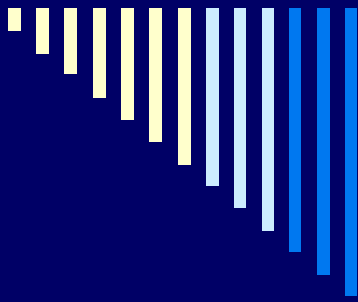
Technology is about to dramatically change recruiting

- Many sourcers and **recruiters will become redundant**
- **Selling ability will become the #1** key competency
- **The role of the Talent Advisor will be the most desirable option**
 - A role similar to a financial advisor
 - Proactive strategic **forward-looking advice**
 - Data-driven advice
 - Advice on **talent opportunities**
 - Broader advice covering **retention, internal movement and productivity**
 - External risk and **competitive advantage** building

Action steps to take

Action items - things that I might try

1. *Work with the CFO's office to **quantify TA's impact***
2. *Show managers **the \$ impacts of great/weak hiring***
3. *Convince managers to **prioritize their jobs / candidates***
4. *Use data to **reevaluate sources, selection factors and candidate assessment***
5. *Plan to shift into the **Talent Advisor role***



Did I make you think?

How about some questions?

Please take a minute... and follow me on **LinkedIn**