GrowthPlay®

9 MOST COMMON HIRING MISTAKES

How Companies Can Avoid Them

When employees leave a company, they take with them the skills acquired and knowledge gained while at your company. Furthermore, when adding all of the direct and indirect costs, the total cost of turnover can easily be two or three times the base salary of the position. For any company, a lost employee is lost money.

Replacing your company's most important assets may cost more than you think!

Direct and Indirect Costs of Hiring

Having the right resources on staff is a must to the success of your sales team. It is more important than ever to find and retain the best sales team possible. Here is a list of costs relating to hiring:

Direct Cost

Placement Fee
Screening Résumés
Advertising
Interview Process
Training
Relocation
Admin Expenses
(Application Processing, Sending
Rejection Letters, Scheduling
Interviews, Orientation)
Assessment Testing
Background Checks
Legal Fees
Travel Expenses
Sign-on Bonus

Indirect Costs

Consulting Fees
Ramp-Up
Company process orientation time spent
Contractor Fees
Lost Revenue (due to
void in sales territory)
Project Slippage or Lost Opportunities due to time spent on hiring process
Exit Interviews
Increase in Unemployment Tax

As companies recognize the mounting lost revenue due to a bad hire, they begin to search for the most effective ways to hire the right employees and retain a valuable sales team. The purpose of this white paper, is to help you avoid many common mistakes in the hiring process.

To err in hiring is human – and very expensive. Many "standard" hiring procedures are actually common mistakes, so to choose more competent sales candidates, prepare to revise your hiring methods. Learn the nine hiring errors managers often make, then eliminate them from your hiring practices to help you choose only the best candidates for your business.

MISTAKE 1

RELYING ONLY ON INTERVIEWS TO EVALUATE A CANDIDATE

A study conducted by the International Personnel Management Association analyzed how well job interviews accurately predict success on the job. The surprising finding: The typical interview increases your chances of choosing the best candidate by less than two percent. In other words, flipping a coin to choose between two candidates would be only two percent less reliable than basing your decision on an interview.

Experts offer two reasons why interviews, while the most common selection tool, are such poor predictors of sales success:

- Most managers don't structure an interview beforehand and determine the ideal answers to questions (develop a scoring weight)
- Candidates do much more interviewing than most managers and are more skillful at presenting themselves than many managers are at seeing through their "front"

MISTAKE 2

USING SUCCESSFUL SALESPEOPLE AS MODELS

Duplicating success may seem like a good idea, but the reasons people succeed are not clear from just measuring the characteristics of top performers. More importantly are the differences between top performers and low performers.

For example, a comprehensive study of more than 1,000 sales superstars from 70 companies showed that the top three characteristics shared by high achievers were:

- The belief that salesmanship required strong objection-answering skills,
- Good grooming habits, and
- Conservative dress – especially black shoes.

However, a study of the weakest performers at these companies revealed that these same three characteristics were their most common traits as well. The lesson: You must "validate" critical success skills by comparing large enough samples of top performers and weak performers to find the factors that consistently distinguish the two. Otherwise, you may select well-spoken, energetic candidates who fail quickly but with style.

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TOO MANY CRITERIA

Only through a method called "validation" can you make more effective hiring decisions. The government originally used validation research to prove that employment selection practices predicted job success and weren't discriminatory. Similar to a process insurance companies use to predict accident risk or the likelihood of health problems, a validation study can dramatically improve your odds of hiring the right people. Not only does it identify critical job success factors, it weights each factor's importance. Consider these two surprising and important findings from a validation study:

- The most critical factor for predicting success in any job is usually as important, or more important, than all other factors combined
- The most accurate prediction of success on the job is based on no more than six to eight factors. Add any more, and you risk diluting your criteria, watering down the prediction of success, and killing selection accuracy

To hire winners, decide on six to eight factors that separate them from weaker performing individuals. Ignore factors that are not validated, or you may end up hiring nice guys who finish last.

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EVALUATING "PERSONALITY" INSTEAD OF JOB SKILLS

Certain personality traits – high energy, honesty, a solid work ethic – seem to practically guarantee success, yet they don't. Many consultants and distributors of pre-employment tests maintain that certain personality factors help ensure management or sales success and offer psychological theories to support that belief. However, solid statistical research from many objective sources shows little correlation between any personality factor and any specific job. Producers of competent and reputable "personality type" tests admit their tests are useful for self-awareness and training but not for hiring. Only tests of job skills or knowledge are proven to predict job success consistently. You might enjoy knowing your sales candidates have self-confidence and energy, but knowing whether they can answer objections and close sales is definitely more important.

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USING YOURSELF AS AN EXAMPLE

Your own sales success might lead you to believe you can spot candidates with potential, but don't count on it. A famous lawyer once said, "The attorney who would represent himself has a fool for a client" – a saying that also applies to managers hiring new salespeople. Many managers who reached their position by virtue of their sales success believe they can instinctively recognize a good candidate, when they are unconsciously just using themselves as a template. When you use yourself as a model, your ego often gets in the way, and that bias can skew your objectivity in judging others – a fatal hiring flaw.

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FAILURE TO USE STATISTICALLY VALIDATED TESTING TO PREDICT JOB SKILLS MOST CRITICAL TO SUCCESS

In some companies, committees use deductive reasoning or brainstorming to identify criteria for candidate selection. This technique may encourage team building and a spirit of cooperation and participation, and may even focus the organization on the importance of hiring the right people. Unfortunately, two main flaws make it less effective at pinpointing why candidates fail or succeed. First, the committees tend to focus on theories instead of facts – theories that suggest, for example, that high self-confidence guarantees a better employee. Second, they focus on attitude and experience instead of ability and skills. Skills are a much more significant and consistent indicator of success potential. Incentives can motivate a skilled person, but motivation and good intentions won't improve an unskilled candidate.

To explain why managers often rely on reasoning or common sense to assess candidates' attitude and personality, experts suggest that doing so is easier than measuring their skills. Gauging skill levels often requires carefully developed tests or on-the-job trials many managers are unwilling or unable to conduct.

MISTAKE 7

NOT RESEARCHING WHY PEOPLE HAVE FAILED IN A JOB

Research consistently shows that people fail in a job due to factors different from the criteria used to select them. Though most managers can list the most common reasons people have failed, they seldom make that information part of the process of choosing selection criteria for new candidates. Managers who identify these "failure points" and build them into the selection process can reduce hiring mistakes by as much as 25 percent. In most competitive sales situations, for example, the average prospect buys from a new salesperson only after six contacts. The average unsuccessful salesperson gives up after three contacts. While some of that salesperson's techniques may be adequate, the tendency to give up after three rejections was never uncovered or evaluated.

MISTAKE 8

RELYING ON GENERAL "GOOD GUY" CRITERIA

Everyone may want to hire good people, but being a good person does not ensure success on the job. Sales success skills are now so specialized that you need specialized hiring criteria as well. A coach filling a spot on a baseball team, for example, bases qualifications on the team's skill. At the Little League level, the selection criteria for a player – dexterity, confidence with the ball, desire to play – are broad. As we reach the high school or college level, the criteria are more specialized, focusing on the four general skills required for success: running, hitting, throwing, and fielding. At the professional level, different playing positions require such specialized skills that no pro scout would rely on four general baseball skills to choose a Major League player. In sales, too, reserve broad, "good guy" criteria for entry-level hiring. When you need a more experienced salesperson, use more specialized criteria.

MISTAKE 9

BYPASSING THE REFERENCE CHECK

Various recruiting and placement agencies report a fairly high percentage of false information presented in résumés and job applications. As many as 15 to 20 percent of job applicants try to hide some dark chapter in their lives. For some positions, one out of three résumés submitted may contain false information. To find out who's pulling the wool over your eyes, make the extra effort to verify the information your applicants provide. An individual who twists the facts to get a job will probably bend the rules on the job. Checking references may seem tedious, but it beats the frustration and cost of hiring someone you need to fire in two weeks.

SUMMARY

With the discovery of hiring mistakes comes the opportunity to make positive change. Even if you are content with most of the people you've hired so far, remember that ongoing improvement is key to success. When you're willing to revamp your standard hiring procedures, you open the door to a stronger sales team that can lead your company in a new and more profitable direction.

Need assistance in increasing productivity and reducing turnover by selecting, aligning and developing your people with ultimate accuracy? Contact us!

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