

# Hotel Business Review

Best practices, insights & trends

## Executive Recruitment: Getting it Right the First Time

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Mr. Paul Feeney

Organizations seldom set out to pick the wrong person for a job – but all too often succeed at that task despite themselves.

When the hoped-for superstar proves to be not so super, or maybe just a poor fit, much of the benefit of filling the position has been lost. Last year saw a record number of new CEOs lose their jobs, as their Boards decided that one misstep was one too many. At lower, less visible levels the weeding-out process may take longer. But, sooner or later, mistakes must be corrected, or they will begin to eat away at organizational effectiveness.

The new impatience with inadequate performance is nowhere more clearly expressed than in the shareholder letter of the recently published GE Annual Report for the year 2000.

After making the statement, "... we promise that falling short is not a punishable offense," the letter nonetheless proceeds to identify four types of performers at GE: "Type I: shares our values; makes the numbers – sky's the limit! Type II: doesn't share the values; doesn't make the numbers – gone. Type III: shares the values, misses the numbers – typically, another chance, or two."

The harshest criticism is reserved for Type IV, who makes the numbers but doesn't share GE's values. Since these people can destroy "the culture we need to win," they must depart in such a way that "the entire Company [knows] why they were asked to leave."

### Learning from Mistakes

One key to making better personnel decisions is to understand why some don't work. The company or institution that avoids the following list of hiring problems that occur with some frequency in the employment marketplace may be on the road to doing it right.

- The new hire had inadequate skills. (It was hoped that he/she would "grow into" the job.)
- The new hire lacked the right experience. (People can have identical skills but widely differing on-the-job experience. For example, Plant Manager A solved labor problems, while Plant Manager B solved productivity problems. Which kind of experience do you need?)
- The new hire was a poor fit. (Her "Lone Ranger" style quickly wore thin in the company's team-player environment. His "Big Picture" approach was crushed by the company's preoccupation with detail.)
- The employer tried to save money on recruiting. (By relying on Internet job postings and classified ads, the company found only those who were unhappy or unemployed.)
- The employer tried to save money on the offer. (It thus guaranteed that top-tier candidates would turn the offer down.)
- The employer hired someone it didn't really like (hoping to fall in love at a later date).
- The employer hired someone it liked too much (thus overlooking serious shortcomings that might have been more evident to an objective person).
- The employer failed to ask the tough questions. ("We've worked so hard to fill the position,

let's not queer the deal by checking references or testing the candidate's writing skills.")

### **The Costs of Doing It Wrong**

When an employer fails to do it right the first time, by hiring either the poor performer or the poor fit, a number of costs are incurred.

First is the cost of hiring, which must be repeated. That is far greater than the fee that may be paid a search consultant. The cost also includes the "hourly rates" of all those company executives involved in the screening, interviewing and decision-making process (the more, of course, the merrier), the down time and lost productivity diverted from money-making activities, candidate travel and lodging expenses, hiring bonuses, wages paid, orientation and training expenses, etc. All told, they may run 2.5 to three times' first year's salary.

Second is lost business opportunity. Almost every manager and individual contributor is hired to do one of two things: make the organization money, or save the organization money. There is a cost associated with doing either poorly.

Last but not least, there is the cost of lost momentum and lowered expectations. Except for the lowest and most routine replacements, new people are greeted with some degree of fanfare (the higher the position, the louder the noise). Big things are expected to happen and, if they don't, employee morale plummets and the ship suddenly seems adrift. It was no fun working last year at the headquarters of Coca-Cola or Procter & Gamble after newly minted CEOs lost the confidence of their Boards and abruptly exited the premises.

### **Doing It Right the First Time**

Good ideas are constantly reborn. Whether one grew up in the era of Zero Defects, Quality Management or Six Sigma, the concept of doing it right the first time sets the standard that exceptional organizations follow. There should be no doubt that increasing the reliability of hiring decisions is just as important to an organization's future as is the reliability of product performance and delivery dates.

Professional search consultants contribute two important things to the hiring process: their expertise and their time.

Thanks to their expertise, they can assist employers in thoroughly evaluating the requirements of an open position; in identifying and attracting the hidden candidates who can make a genuine difference in organizational performance; in assessing the type of offer that will motivate them to change jobs; and in providing the kind of hand-holding and moral support that will lead to acceptance of the offer and resistance of any counter-offer.

Thanks to the time they provide, which may include substantial after-hours interviewing and recruitment, the search consultant is able to work productively on the employer's behalf – liberating hiring managers and HR professionals from countless wasted hours reviewing Internet submissions, advertising responses and aging resumes on file. "Watching companies perform their own searches," says one consultant, "is like watching someone look for love in all the wrong places."

Sanford Rose Associates, for example, uses a process known as Dimensional Search<sup>®</sup> that requires considerable client time up-front helping identify the specific candidate skill sets, experience and style that will result in a "perfect fit" with the real-world requirements of an open position. Time spent up front is time saved later, while the reliability of the ultimate hiring decision has been increased.

Just as advertising agencies build brand awareness, law firms win lawsuits and public relations firms enhance corporate reputations, so too do search firms find the right people for jobs.

In that annual report mentioned earlier, GE's four top leaders emphasize the importance of people in achieving the company's goals. GE, the letter says, pursues a "rigorous discipline" of identifying both the top 20 percent and the bottom 10 percent – the first of which is highly rewarded, while the latter of which is annually "removed." Only by raising the bar each year, the

authors conclude, can a "real meritocracy [be] created and thrive."

If any organization hopes to reach a level of continuous quality improvement, the easiest place to start is with the hiring process. That's because excellence in hiring leads directly to excellence in organizational performance.

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