



Safeguarding Your Business #017

How to Avoid the Cost of a Bad Hire, and the Do's and Don'ts of Hiring with David Hoff

Show notes: <http://www.safeguardingyourbusiness.com/davidhoff>

- Ernie Bryan: Welcome to Safeguarding Your Business. I'm excited to have on the podcast today, David Hoff. David, welcome to the show.
- David Hoff: Thanks, Ernie. I appreciate it.
- Ernie Bryan: Well, thank you. David is the Chief Operating Officer and Executive Vice President of Leadership Development for EasiConsult. David leads organization transformation projects for private sector companies and large public sector agencies of the Federal government. These large-scale interventions often combine both the assessment and development disciplines of EasiConsult.
- David spent 17 years at Anheuser-Busch Companies Incorporated as Director of International Human Resources, Director of Human Resource Development and Selection, Management of Management Development and Training and Organization Development Consultant. Well, David, I have given our listener a little bit information about you, but please take a moment and tell us more about yourself.
- David Hoff: Well, the only thing that I would add, Ernie, that I think is relevant to our conversation this afternoon is prior to my work at Anheuser-Busch I worked for a consulting firm up in Boston. The name of the firm was McBer. They were eventually acquired by Hay and Company. It then became Hay McBer. McBer's claim to fame was the identification and application of competencies. I think people will see the connection and why it would be important to mention that as well.
- Ernie Bryan: Okay. Well, thank you for that. David, the listeners here in Safe Nation, we represent small business owners, home-based businesses, entrepreneurs, online entrepreneurs, solopreneurs, and even occasional entrepreneurs. We love when the experts and specialists like yourself come on to the show. This year, actionable intelligence is one of the

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topics that are very important for our business development, growth, and protection. I have a few topics for our discussion today focusing on it, in and around the cost of the bad hire, and maybe the do's and don'ts of hiring, and other topics as well. If you're ready, then I will start off with what would you think as the biggest issues you see in the areas of employee screening and hiring?

David Hoff: Yeah. Well, you are talking about a subject that's near and dear to my heart. You mentioned some of the positions that I held at Anheuser-Busch. At a point in time, I was responsible for both selection and for training and development. I stood up at several meetings and said, "If I have a thousand dollars to spend on selection and development, I would spend \$999 on selection and a dollar on development."

Ernie Bryan: Oh, well.

David Hoff: People looked at me and said, "Dave, you are the development guy." I said, "Yeah, I understand." It's all about getting the right people on the bus. If you hire the right people, then there is not a lot of need to fix the people that you have. I was talking to two organizations this week that we are potentially going to work with. I was talking with them about selection issues. I wish this wasn't true, but it is. I said, "Okay. Tell me about how you go about hiring people."

Let me paint a process that I see all too often. We are going to do an interview, and the interview starts at 2:30. It's now 2:28, and I say, "Hey, Ernie, listen, we've got this candidate coming in. I need somebody to interview. Are you available this afternoon?" You say, "Yeah, I am." I say, "Okay, Ernie. Here is her resume. Okay? The job that we are interviewing for is whatever. You got about an hour to talk to her. Afterwards why don't you come back and tell me what you think."

I mean what's wrong with this picture, what I would say is it starts with, "Okay, you need to have a job description. What are the duties and responsibilities? What is it that you want this person to do? Okay? Shouldn't that be the things that you should be trying to get information about in the interview?"

Ernie Bryan: Most definitely.

David Hoff: Okay. For me, it starts with, "Let's look at the job description." I know for small businesses, there are so many things to do. I run a small business myself. There are places, there are websites that you can go to and get

job descriptions that will either fit jobs in your organization or you can tweak them so that they do. Starting with the job description, you need to go through and analyze. What is it we're really asking the person to do? What I'm getting at is what are the competencies? Is the job really about customer service? Is the job about building relationships? Is the job about solving problems?

Let's figure out the three to five to six, what I'd call, "Behavioral competencies," and then maybe there are some technical skills that you also want to know about the person because in terms of technical skills that's probably something that you want the person to do today. If you're hiring somebody to be a bookkeeper, they need to do bookkeeping today; not next week, not next month.

Back to our example, I ask you to interview this person and you sit down with them, and you say, "Hey, Mary, tell me about yourself?" Mary goes on to this whole ... She has got this planned set of things that she is going to tell you about yourself and then ... Well, I've now got you interviewing Mary. I go and grab Joe. Joe is lined up to talk to her after you. Joe, same thing two minutes before you gets the resume. He goes in. Hasn't had a chance to look at the resume and so starts the conversation with, "Tell me about yourself."

I'm making light to this, but let's assume that it doesn't go a whole lot deeper. Then a basic understanding of the person that you come out of the interview, Joe comes out of the interview; I ask you, "What did you think of Mary?" You say, "I liked her. I liked her. She is good." Shame on me, because I accept that as your assessment of this person, and the problem is then I ask Joe, and Joe has the same thing. Now, we've had two people potentially collecting information about this candidate really haven't looked at the things that are important, the things that we're going to be asking this person to do in the job. Then in the worse of worlds, I then go off and make Mary a job offer.

Then six months later, you come in and say, "Dave, Mary, she is just not working out." I'd say, "What's the problem?" It's a lot of this stuff that we could have found out if we did a more sophisticated job of selection.

Ernie Bryan: Awesome. David, then maybe you can tell us what is a structured interview? How should this have gone now?

David Hoff: Right. A structured interview is ... It's a formal interview in the sense that back to what I was saying about the job description where we determine

what the competencies, both behavioral and technical skills are that you ... These are must have things that the right person brings to the job on day one. We ask specific question ... Well, let me start with one of my beliefs, which is, "Past performance is the best predictor of future performance."

Ernie Bryan: Okay, I've heard that quite a bit. Yeah.

David Hoff: Okay. What that means is if I'm going to ... The best way for me to determine whether you have the things that I'm looking for is to ask you for specific examples from prior jobs, where you had to demonstrate these things. For example, if relationship building, problem-solving, influence, diagnostic skill, if these are the four behavioral competencies that I want to know about, then I'm going to ask you a question it says, "Ernie, tell me a time when you had to demonstrate relationship building? Take me to a specific example and tell me how you got involved. Then tell me what you did. What you said and what the other person didn't, and how did it turn out?" Now, I'm sitting near and I'm trying to write as copious notes as possible to capture exactly what it is you told me about how you handled that situation.

Ernie Bryan: Okay.

David Hoff: Okay. If I were to drill down to another level of sophistication, I would if it's relationship building, I would have determined somebody that's really good at building relationship, here is the three or four or five things that they would do. When I go back and then evaluate your example, I would look at those things and say, "Did Ernie tell me about these things in his example?"

Then the same thing for technical skills although technical skill is a little bit different. If I want to know if somebody has done budgeting, I'd say, "Well, Ernie, can you give me an example of where you had to do budgeting?" In a technical skill, if you've done budgeting, you're going to be able to talk about it in a way, and somebody that has that technical expertise will know in a matter of literally a minute or two whether you're blowing smoke at me ...

Ernie Bryan: Definitely, sure.

David Hoff: Okay. That's what I mean by behavioral skills and technical skills. Now, the way that comes into play in a job and sometimes when we work with an organization, behavioral competencies or things that cut across a

number of jobs and could also cut across a number of levels. If you need somebody to have customer service skills, you could have that as an individual contributing, you could have it as a manager; you could have it across several different jobs, where technical skill tends to be more connected to one job. That's why ... Well, another Dave Hoffism is, "People get hired for their technical skills. People get fired because of their lack of behavioral skills." I guarantee it.

Ernie Bryan: A lot of truth to that, for sure. For sure. Then, you were talking how you can call out some of these skills and competencies during the interviews.

David Hoff: Yeah.

Ernie Bryan: That sounds like you've been doing quite a bit of these in your past, maybe even in your present career. Do you prefer individual or group interviews? Is there pros and cons in any of those?

David Hoff: Yes, I don't have a preference, Ernie. Only that if you're going to participate in the interview, you have certain capabilities that you bring into the interview. Let me give you an example of what I mean by that.

Ernie Bryan: Okay.

David Hoff: Back to the example of where you were an interviewer and Joe was an interviewer of Mary. If we have a script, these are the four or five behavioral competencies and the couple of technical competencies that we're going to be assessing, we could decide that you're both going to ask the same questions, but we may have a different starting question. If it's customer service, there's one specific question that you're going to ask, and Joe is going to ask another one.

In that case, I get two points of view on the same skill. If we put the two of you together, it could be that you're asking the question, Joe is writing the answer. It takes some practice to be able to both ask a question and write an answer and think about follow-on questions. It's a lot to juggle. If you teamed up together, you could separate those duties a little bit. Where it's really important is after the fact. After the interview is over, we sit down and we have that conversation, and I give you the bad example of, "What did you think?" You said, "I like Mary." "No, I'm sorry, not good enough." I need data here. I need information that I can use to make my decision.

If we use the example of customer orientation and ... Best part of this, you've got the form that you create where you ask the questions, writes white space to write the example. There's a scale on the bottom from one to five, I've seen it, one to seven. One being low, five or seven being high. Now I say, "Okay, Ernie, okay, Joe, how did you rate customer service?" If we were in the same interview, if you can believe this, and you rate the person a two, and Joe rates him a five, say, "Wow." You heard the same thing. How did you end up with the two and how did the other person end up with a five?

It's at that point where you both go back to your notes and you say, "Well, the reason I gave the person a two was they said such and such and so and so. The things that we were looking for in terms of customer service, they mentioned that and they mentioned that." Then the other person said, "Yeah, but in addition they said so and so and so and so." Then you say, "You know what, you're right. I missed that."

That's why it's so important to ask for a specific example, make sure that you're taking copious notes. You then can use the notes as data to confirm or have a gentleman's discussion about why you had a different point of view on that particular person and their answer to that particular question.

Ernie Bryan: Great. That gets to the ... Before the interview starts it's having some consistency in what the interviewers are going to be evaluating, I guess.

David Hoff: Yeah, absolutely.

Ernie Bryan: Okay. David, what are your thoughts about tests for pre-employment screening?

David Hoff: Yeah, it's interesting to have watched the ebb and flow of testing over the years. There was a period ten or fifteen years ago, where there was a lot of testing, and then there was a backlash and testing went away. I think at the end of the day it really comes down to if you have a good test, it can be really helpful in terms of particularly, organizations that are hiring a lot of people. It's really labor intense to separate the wheat from the chaff. If we've ... Now, it's been able to screen out the chaff, then we can use our people on the labor intensive part of it to really drill down on the people that have made the first cut, if you will.

The problem with some testing, it does require a little bit of sophistication, a little bit of probing. People don't know the right

questions to ask. If you're talking to a vendor, that's got a test, a question you should ask is, "Have you done any kind of validity studies? How did you create this test?" If they don't have any science behind it, that's a red flag. Be concerned. Then ask them, "Do you have a technical manual?" If you use words like that, they'll say, "This person knows something about this." If it's something that Tommy and I was hooked up in their basement one after noon, it might be an interesting homegrown thing, but it wouldn't stand up in a court of law, if someone said you discriminated against me.

The work that my firm does ... We have a number of industrial organizational psychologists. Those folks are ... I've heard some people call it the "Psychology of work." They make sure that if you're using a test, that you can determine or you can show job-relatedness. In the creation of the test, you involve the people that are doing that job, and they've told you that thing that you're asking about is important to do that job.

Now, it gets a little more sophisticated better at the high level, you want to be able to show job-relatedness and then if they've got a technical manual, where they were able to demonstrate things like content validity, that's what I'm talking about in terms of job-relatedness, then criterion validity, which is the test being able to predict the people that do better on the test are going to be better performers on the job. A test that's well put together and is documented with a technical manual and so and so forth, I think it's a great tool for hiring.

Ernie Bryan: Great, thanks for that. Then, anything else that you want to mention about hiring and screening?

David Hoff: Well, there's stuff for me that happens on the backend. What I'm talking about is some organizations, as part of their process want to do a credit check. Some organizations want to do a drug test to see if anybody has had any kind of legal difficulty. I have to say that ... I think that's important, that does show rigor. I have softened on that a little bit. I was in one of... The international HR job that I had at Anheuser-Busch, a collateral duty that I had was I would do a drug testing for any new employee, and hair testing along with urine testing. If somebody is tested positive, conversation is over.

I'm on the board of an organization here in Wilmington that helps people find work that if had a bad patch. They have ... In some cases, they're living in a shelter. In some cases, they have been incarcerated. I got to tell

you I've worked with some terrific people. All they needed was a second chance. I think that they have a place in the selection process, but if it's ... There are circumstances that would ... I think it should cause people to take another look or a deeper look.

Ernie Bryan: Okay. What about references there? How do you consider ... I know there's some companies ask for them, some actually check them, some don't, even the ones they check there they could be just ... We hear some things like that. What's your thought on checking references?

David Hoff: Again, I think it's a useful practice. Most people who have left ... If you're calling back to a larger organization, people are pretty much instructed just give name, rank and serial number. The person worked here from such and such a date to such and such a date. They held this position. That's about it. Having said that, there are some instances where you'll find somebody that's a little more willing to talk with. They're little more willing to tell you something.

Sometimes what they do tell you cause you to be a little concerned and you might want to see if you can dig deeper. Sometimes you could ask for that you would like a reference from a specific person and a person's background. I'd like to talk to your last boss. I'd like to talk to ... Again, if you're looking at the resume, then maybe somebody left the job involuntarily, it doesn't necessarily mean that they're not a good employee, but there may be some information that you can learn by reaching back to that person and understanding what that was all about.

Ernie Bryan: Okay, great. Then David, you found somebody. You went into screening. They're hiring you. You've tested their behavioral or maybe their technical competencies and skills. You've done the interview. You've done some background checks and some screening. At this point, I guess you're ready to extend an offer. The offer is been accepted. I guess that's the end of it, correct?

David Hoff: Well, it's the end of one part of the process. It should be the beginning of another part of the process, which has to do with on-boarding the person into the organization. Again, I think it's a missed opportunity in a lot of organizations because you're not going to start getting a return on your investments with that employee until such time is they're able to be a 100% productive. It's in your best interest if you reach back, and there are some of the best organizations, they start their on-boarding process the minute the person says, "I accept the offer."

Ernie Bryan: Okay.

David Hoff: That's before day one. It's spending time thinking about how can we get this person up to speed fast? Are there information about our organization that we can send people that they can read on the weekend on their own time? By the way we're not even paying them yet. Remember, as you're about to start your first day at school or kidding... Your first day in the new organization, you're all charged up and you're willing to use that discretionary effort to put your best foot forward.

Who are the people we need to introduce this person to in the organization? What are their needs in order to begin to start getting a network established? If they have a great day one, what's going to had happened in day one that's they're going to be different at the end of that time, same thing in terms of week one, same thing in terms of month one. There are studies that have been done that says that somebody makes a decision about whether or not they are going to stay in an organization after the first week.

Ernie Bryan: Oh, wow.

David Hoff: Yeah. If you throw a lot of stuff at somebody, and you demonstrate to them that you put a lot of effort into their arrival, what does that communicate to them about you and your organization, and the standards of performance and so on and so on?

Ernie Bryan: Right. Well, definitely it appears that somebody cares ...

David Hoff: That's right.

Ernie Bryan: Okay. Well, then David, we respect for your time. We'll start winding down, but for our business owners out there, who are looking to hire people and to get smart at doing that, do you have any resources that you want to share with our listeners that we could take advantage of?

David Hoff: Yeah, there's a video, and you can Google this. The title of the video is called, "More than a gut feeling."

Ernie Bryan: Okay, "More than a gut feeling."

David Hoff: I think it's now on its fourth edition. It's been around. I've used it for years and years to begin to get people to think about a lot of the topics that we've been talking about here this afternoon. That's a great reference. There's a guy that I worked with at McBer by the name of Lyle

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L-Y-L-E Spencer S-P-E-N-C-E-R. He wrote a book a few years ago called *Competence at Work*. If somebody wanted to understand that a little bit deeper level some of the things that I was talking about in terms of structured interviews and that kind of thing, that's something that you could look to.

You can also you could look at EasiConsult's website. We write about this kind of thing, about selection, about assessment. That's www.easiconsult.com. I also write a column a couple of times a month for the Wilmington Business Journal. That's in Wilmington, North Carolina. You can go out to their website for these articles that I have written about this subject.

Ernie Bryan: Great. Well, Safe Nation, you can find everything that we've been talking about today at safeguardingyourbusiness.com/davidhoff. I'll have all the links and the show notes there, so the listeners can go back to that at their leisure. Well, David, I definitely enjoyed this interview. Thanks again for your time and for coming on this show and sharing your expertise. Please share the best way that our Safe Nation listeners could perhaps reach out to you and find you.

David Hoff: Well, my email is dhoff@easiconsult.com. If you go out to our website, we have one phone number. We're a virtual organization. It's 314-209-9495, and my extension is 702. I love to talk to anyone that wants to check this topic around further.

Ernie Bryan: Fantastic. Again, all of information, the links, David's contact, his recommendations will be in the show notes at safeguardingyourbusiness.com/davidhoff. Well, David, we definitely salute you. Again, thanks for coming on the show and sharing your time with us today.

David Hoff: Enjoyed it, Ernie. Thanks.

Ernie Bryan: All right, bye.