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**The time to repair the roof  
is when the sun is shining.**

**-John F. Kennedy**



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## HIRING IN NORTH AMERICA: WHY ARE WE SO OFTEN WRONG?

Traditional methods of hiring in North American business are inherently flawed. They tend to provide hiring decision-makers with flawed and unreliable information from a variety of sources. This information is then processed in an equally flawed and unreliable decision process, leading to a decision that, statistically, is not based on anything that reliably predicts success in a job.

Let's begin by considering the information on which we rely and the quality of that information. Most hiring processes begin with a standardized application that is used to gather basic historical information about an applicant which includes who, what, when and where kinds of questions regarding what the applicant has done in the past—much of which has little to do with what he or she might do for us. In some situations, we may also have a resume to work with, often the product of a professional resume writer. As a whole, what is the quality of the information we are considering?

The most definitive answer to this question was provided by a series of

studies published by the Society for Human Resource Management (SHRM). Summarized, their conclusions add up to this: **More than half of applicants lie or exaggerate in applications and resumes!** We would add another critical observation: **We don't know which part is lies!**

In the traditional practice, what do we do to try to improve this flawed information?

**We check references.**

Unfortunately, reference checking is prone to all of the same flawed information of applications and is both hard to obtain and time-consuming. A serious argument could be made that this process adds little useful information to our cache.

Finally, to complete the information gathering, we use that time-honored tool of the hiring process, **the interview.**

Consider these facts gathered from a variety of studies by SHRM and other sources:

- 63 percent of all hiring decisions are reached in less than five minutes of interview time. The next 25 minutes we spend does not change or improve this decision.

- Interviewers have less than a 15 percent chance of identifying lies from application information in an interview.
- Interviews predict job success only 14 percent of the time.
- Demographic variables such as age, race or gender influence interviewer judgments.

Consider a few other facts contributing to faulty decisions in hiring:

- Once we make up our mind, we are extremely resistant to change.
- Things do not always work the way we think they will.
- We are trained to draw conclusions from fragments of information.
- Our perceptions influence our reality, and perception is flawed.

### **Practical Response to the Challenge:**

Two components can help overcome the multiple challenges described in the previous section:

- Introduce as much good, accurate, reliable, valid information into the process as you can.
- Reduce dependence on flawed decision-making processes by applying a systematic, verifiable

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**and reliable structure to the process.**

The first point is remarkably easy to accomplish, using valid, reliable, legally defensible assessments. The second point is remarkably *difficult* to accomplish, because it requires giving up well-established (but counterproductive) habits in which we tend to be deeply invested.

### **Payoffs:**

Across businesses, across job titles, across the continent, results of applying these two components have been remarkably consistent:

- Turnover goes down.
- Cost of the hiring process diminishes.
- More hires become "Top Performers".
- **Profits increase.**

Businesses become more profitable.

## BUSINESS INTEGRITY AND ETHICS—"WALK THE TALK" LEADING AND MANAGING WITH INTEGRITY—JEANNETTE SEIBLY

*"Integrity is how you act when no one is watching, when no one knows what you're doing. It's always telling the truth, clearing up misconceptions or partial truths. It's never knowingly hurting anybody or anything. Integrity is keeping our commitments."*  
—Steven W. Vannoy

Integrity and ethics provide the legal, financial, environmental, safety, customer relations and human resources fabric of a business. These values naturally and profoundly impact the future of the enterprise and its employees, not just their current situation. Most companies claim their "number one" asset is their people, yet spend more time and effort in buying copiers, printers or laptops than on selecting, managing and developing people! It is a common and unfortunate ethical disconnect with their stated mission and values. Your employees, and the manner in which they are treated, are clear reflections of your company's ethics and integrity. "Walking the talk" includes your hiring, selection and leadership development practices and how you value your employees. Personal integrity focuses on individual values and is reflected in the way each person handles his/her own life. In a healthy business environment, professional integrity must also be considered. This requires deeper and broader examination, since decisions and actions impact a wide range of others

(employees, stockholders, investors, customers, suppliers and vendors). In the past decade, the public has seen the disastrous effects of questionable professional ethics. Consider the costs of integrity deficits: "It won't matter as long as no one finds out." "The numbers can be made to reflect what I'm saying." "We can cover the losses before they become public." Ongoing court cases remind us how deeply such ethical lapses can get leaders, and employees, into life-destroying trouble. Ethics and integrity are a two edged sword; positive values pay off. Recently, an association awarded a business owner "Leader of the Year." Subsequently, they discovered he didn't qualify. (The business owner let them know, after finding out his employees had submitted the data.) The dilemma, since it had already been made public: "What do we do?" They acknowledged the business owner for his honesty (his business increased), and then awarded the correct person her award. Their members use this as an example of how to handle mistakes with integrity and honesty. When employers hire people, they also hire the person's personal values. Merging corporate culture into personal ethics can be complicated if the two don't match. Assessing prospective employees for integrity and ethics should be an important step in selection. Appropriate assessments can help clarify, for both your business and the candidate, how well he

or she will fit within your company – and how happy each of you will be with the match. As a business leader, you have inherent responsibility as a role model. You set the tone and image of your business by action and attitude — by your ability to "walk the talk" authentically and naturally. One easy and elementary example of behaving with integrity is being on time for meetings. If you are continually late, others will believe these meetings are of little importance, no matter what you say to the contrary. (Think, you're not "walking the talk.") Another example is failing to return phone calls after you've left a message on your voice mail indicating you return all calls within 48 hours. Do these seem unimportant? Remember, exceptions and inconsistencies loom large to those around you. When employees and customers are at odds with a company's ethical standards and policies, we see it as a direct reflection on management. Ethical leaders take the pulse of how others see them; are they competent in communications, problem solving, planning, implementation and human relations? Are they perceived as fair, ethical and honest? Multi-rater assessments, executive coaching and valid assessments of strengths and weaknesses help ensure these pulse-takings are grounded in reality. Ethical organizations take time to communicate and reinforce their corporate values consistently and clearly. Ethics and integ-

riety are incorporated into daily activities and are the basis for dealings with others. Ethical leaders steer a course above reproach, even if unpopular. They do what they say they will do, at the promised time. They work hard to select and hire people with personal integrity, which fits well with their business integrity. The alternative can be costly. A candidate went through the interview process with a business; after the interview, she was promised a contact regarding their decision within two weeks. Two weeks came and went; no phone call. Her own calls were not returned. The candidate subsequently went to work for one of their clients. A few months later, her new employer was selecting vendors for a highly desirable contract. Not surprisingly, the first business was not the selected supplier. When asked why they had been eliminated, her reasoning was clear: If your company cannot make a simple, promised phone call, how can you be expected to handle more difficult business issues ethically and with integrity? Remember, highly ethical companies "walk the talk!"

**"Are you a thermometer or a thermostat? A thermometer only reflects the temperature of its environment, adjusting to the situation. But a thermostat initiates action to change the temperature in its environment."** -- Nido Qubein

## ACCOUNT MANAGERS IN INSURANCE: DIFFERENTIATING TOP PERFORMERS—JOHN HAUBER

A division of a large, publicly traded insurance and benefits company has used assessments in selection of their sales representatives for some time. While they believe these tools have helped them select better people for sales roles over time, they were also open to the possibility that other tools might improve their selection process, especially in selection for positions where selling was not the primary function of the job. We compared the measures already in place with our tool of choice, the Profile XT™ (PXT) and identified some major differences between the measures. Assessments currently in use rely upon a standardized "Top Performer" pattern, applied for comparison across sales positions, geography and employers. Those measures do not assess cognitive function. Finally, those measures depend on assessment of skills for much of their output. By contrast, the PXT measures cognitive, behavioral and occupational interest

areas, which are stable over time. The PXT avoids assessing skills, which can be acquired and lost. Finally, the PXT depends on comparison of individuals with a valid, locally established pattern of success automatically including variations in markets, geography, company culture and management style. Given that any sample of account managers selected would necessarily be a highly selected sample who were all successful in their jobs and who had held their jobs for a considerable time, we thought it would be interesting to establish whether the PXT could detect significant differences between top performers and bottom performers within that sample. Using the same performance metrics the company uses to provide regular feedback and evaluation of their account managers, a three-person group of top performers was identified, and a three-person group of bottom performers were also identified. All managers selected completed the

PXT. A "success pattern" was created for each measure, based on the assessments of the three top performers. As the graph below clearly shows, even within this highly selected group of account managers (who would be expected to have a high degree of shared ownership of the critical dimensions of success), the PXT clearly differentiated between the Top Performers and the Bottom Performers. No overlap in match scores occurred between the groups. Further, average match to pattern differed by 15 points between the groups, well beyond the 10 point difference we usually consider sufficient for a test of discriminative power. Finally, not shown here (out of deference to the client's proprietary information) six of the 20 scales from the PXT proved to be "killer variables" with clear and consistent differences in scale scores between the groups. Future work with this client is underway to use these findings to improve selection success in a variety of positions.

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