



Brad Smart / Steve Lubetkin, NAPL, Interview

January 2007

Hiring and promotion can be the most important decisions you make for your graphic communications company. At NAPL's Top Management Conference in March, you'll hear from Brad Smart, one of the leading authorities in the important field of hiring, coaching, and keeping the best people.

In this special podcast from NAPL, the trade association for excellence in graphic communications management, we'll spend a few minutes with Brad Smart, previewing his keynote speech at the NAPL Top Management Conference. I'm your host, Steve Lubetkin.

Brad Smart is president of Smart and Associates, a consulting and coaching firm in the Chicago area. Brad is the creator of the Topgrading system for identifying, hiring, and promoting the best people. He completed his doctorate in industrial psychology at Purdue University, entered consulting, and for more than 25 years has been in private practice as president of Smart and Associates.

Brad is frequently acknowledged to be the world's foremost expert on hiring. He has conducted in depth interviews with more than 6500 executives. He is the author of seven books and videos, including the bestselling book on his methodology "***Topgrading: How Leading Companies Win by Hiring, Coaching, and Keeping the Best People.***"

Steve: Brad, welcome to the NAPL podcast.

Brad: Nice to be here, Steve.

Steve: Brad, before we talk about some of the specifics of your Topgrading approach to hiring, let's talk a little bit about why you developed it. I understand in your travels you've seen many companies that don't have a successful track record in hiring or promoting top performers. What are the things that make that so and how do these companies fall short?

Brad: How I got into this was kind of stumbling. I completed my doctoral work, and heard that frankly there were no really good approaches to hiring or promoting people. The so-called best practices 30 years ago resulted in about 25 percent success. I joined a firm that specialized in interviewing candidates for selection, thinking I would do something different, but I saw what they were doing and it occurred to me, literally within a few weeks of joining the company, that all of this is fixable.

And so, for the past 30 years, I've acquired tools - we call it Topgrading; Topgrading tools - that have improved the hiring and promoting success rates of companies from 25, to 50, to 75, to 90 percent plus.

I'm not claiming to be any genius, Steve. Frankly, it was all common sense 30 years ago, and it's still common sense today.

Earlier this year, I met with the number one human resources executives at Global 100 companies. Those are the largest 100 companies in the world. They said their hiring success rate was only 20 percent, and their promoting success rate was 25 percent.

And yet, the Topgraders in the room said, "You know, if you embrace Brad's very thorough interviewing approach, and do a few other things as we've done, you can probably achieve what we've achieved. We've improved from 25, to 50, to 75, to literally 80 or 90 percent success."

And so, that's what the conference is all about: sharing those tools with the participants.

Steve: So, what are some of the experiences you've had with companies, in terms of their hiring? What are they doing wrong? What are the things they need to be looking at to change?

Brad: I'm laughing because I suspect listeners will relate to this. They get in trouble. Maybe it's a changing business model for a printer who wants to move into some high tech areas and hasn't quite figured out completely the strategy. And so, the job description is a bit vague. He isn't quite sure what the competencies or skills are that he or she will be hiring against. He doesn't really have a network of people that he can go to who are experts in these new areas that he's hiring for.

He might run ads on Monster.com or hire a recruiter, and then gets a stack of resumes. He kind of sifts through those, but resumes don't tell you much. He has a screening interview, maybe, on the phone. He brings a person in, and they talk about, "What examples can you give me of this competency or that competency." Or, "Tell me about yourself." So, it's not really anything like a Topgrading Interview.

And because almost all companies have policies that forbid, or prohibit managers from disclosing anything about previous employees, reference checks are practically worthless.

And so, the poor printer throws up his hands, crosses his fingers, crosses his toes, crosses his eyes, hires someone, and I suspect most of you people listening in have experienced no better than a 25, or at best a 30 percent success rate in hiring.

So, what are they doing wrong? Well, just about everything, and yet it's really remarkably simple how to do things the right way.

Steve: So, what are some of the things that people can do to do them the right way?

Brad: What we'll be talking about in the conference is how to articulate in writing what are the key aspects of the job, and what we call a scorecard... the key accountabilities and what it will take to do the job. It goes beyond the typical boilerplate job description.

Another thing we'll be suggesting to the participants is to build up their network, what we call a virtual bench. Make it a goal for 2007 to build up a network of at least two dozen people who are either people you might hire or people who are connectors, as they know a lot of the sorts of people you might want to hire, so that you can avoid running ads on Monster.com or hiring recruiters.

But, what's most important and what we'll cover in the conference is the Topgrading Interview. And for listeners who might have studied a little bit about it, maybe they've picked up my book *Topgrading*, they note that in the appendix of the book is this 32-page interview guide, and it just looks overwhelming. But, we'll make it simple. There are some very key questions that can be asked and should be asked about every job. And when the participants in the conference do that, if they do nothing more, my promise is that they will improve their hiring success 100 percent. Now, that's from 25 perhaps to 50 percent.

To get up to 90 percent, you need to do a few things. One of those is reference checks the right way. I'm sure almost all the printers who will be at the conference have policies in their companies: if anyone calls asking for reference information, don't give it to them. If they're large enough to have a human resources department, HR will handle it, and they'll say practically nothing.

But, here's a little insight that I acquired about fifteen years ago, and that is that high potential candidates, the A players, when asked, will arrange for

reference calls with their previous bosses. Rather than having references being the next door neighbor, the insurance agent, or the priest of the candidate, everyone joining the company should know that in order to get a job offer, they're going to have to arrange for reference calls with former bosses, any of those bosses that the interviewers pick.

So, by putting this burden on the shoulders of the candidates, Steve, some marvelous things happen. One is, C players stay away. When candidates understand they're going to go through a very thorough selection process and that they will have to contact previous bosses and get them to talk, C players know because their performance has been so bad in the past, they're not going to be able to do it. They stay away, but A players, high performers, are attracted to companies, they don't mind the companies that have such a thorough selection process. They don't mind. In fact they would be happy to contact previous bosses; there's no threat of any law suit because their performance was good.

So, it's a wonderful "threat of reference check," TORC, the TORC technique, that not only provides references that are very worthwhile, but knowing that they're having to contact those previous bosses and arrange for those interviews, interviewees are more honest with themselves in interviews and more honest with you as interviewers. So, what this whole process does, Steve, is elevate truth to a very high level, and that's the way to achieve 80 or 90 percent success in hiring.

Steve: Now that's what the companies that are doing this effectively are going to do. What are some of the consequences, either financial or other consequences, if you do your hiring or promoting in the wrong way?

Brad: Oh, it's an enormous amount of pain. When we run workshops, there are now 25 Topgrading professionals and we all conduct workshops, and one of the things we like to do is to ask people to take just ten minutes and go through a template that we have, by the way, in the back of my book *Topgrading*. Anyone can do it and I would encourage everyone to do it. And take a typical mis-hire and go through and answer how much this cost was and that cost, the direct cost of recruitment, the time of people, secretarial assistants, if someone drove away a key customer. What are the costs? Then estimate what the contributions were, and even C players will contribute something, usually not much. Find out what the net cost was and the figure is 15 times salary.

So, if there was a manager with a \$100,000 salary, research over the years shows that the average cost of someone at that level is about \$1.5 million. And now you connect that figure, Steve, with a 25 percent success rate in hiring, and understandably, any order of competency, any manager who hires either one person, feels squeamish about the process. Too often, managers will linger on with C and D players because they know what the statistics are

intuitively. Even if they haven't read the book, they know intuitively the chance that 'I will not replace a B player with an A player, the chances are pretty good it's just going to be another B or even a C player.' And so businesses are more sluggish.

One of the key take-aways from chapter five of my book *Topgrading* is that dozens of companies, which are all listed by name, attribute their stock performance, the improvement in the stock, the success of the company, to the application of Topgrading principles, which dramatically improved their talent, which improved their performance, which improved their stock performance.

So, it can be stated positively or negatively. The good news is by getting the talent thing right, businesses succeed. But, by not hiring or promoting people well, the pain is very, very large for businesses as a whole, for the managers who mis-hire people and have to go through the agony of having to go to work every day and solve problems for people who are causing them rather than preventing them. And frankly for the people who are mis-hired or mis-promoted, the square pegs in the round holes; they and their families suffer. There is an enormous amount of unnecessary suffering in the world on many different levels. And in a small way Topgrading can contribute to improving those areas.

Steve: Brad, when you speak at the Top Management Conference for NAPL in March, you're going to be talking in greater detail about how to use Topgrading. Talk for a few minutes about some of the details of your system Topgrading, and how graphic communications companies can benefit from using this in their hiring process.

Brad: I've worked with companies in the field. RR Donnelley has been a client, and I've worked with graphics communications companies myself, creating websites and self publishing one book I've very recently released with my daughter and so forth. So, I think I've gotten kind of a sense of an evolution of the industry. So, it's not the same old game. Companies represented at the conference, I suspect, are almost all changing. And as their vision and strategies change, then their people change. It's becoming more necessary to have a clear understanding of what the skills or competencies are that are required and get the recruitment and selection and the retention of the top talent to a very high level.

So, the evolution in the industry, the consolidation, the change in strategy is requiring, I suspect, almost all the participants to be thinking a whole lot about getting the talent thing right.

So far, we've been talking mostly about hiring. But, the same Topgrading processes are used within Topgrading companies to assess candidates for promotion and just assess talent overall. We've talked about some of the

components - the scorecard, virtual bench, Topgrading Interview and the right way to do reference checks. But, there are some other components that are not obvious to people until they do it.

I'll just explain one of them. The huge advantage of the Topgrading Interview over all the other interview processes is the insight you get as a hiring or promoting manager that comes from the patterns of the individuals. Now typically, in hiring interviews conducted today and tomorrow and next week, the interview will consist of the hiring manager going through the resume with the individual asking for some elaboration or at a little more sophisticated level, the most common so-called best practice is to conduct behavioral competency interviews.

So, if there are five managers on the team who will be interviewing this candidate for one hour, each of the five managers will ask about 10 questions focusing on one competency. It might be technical skills. It might be organizational planning. It might be teamwork or motivations. This is kind of a standard way of doing it these days. But, that leaves huge holes in your insight because candidates can pick what they are going to tell you.

When asked about accomplishments, they know that is the question. They will give you accomplishments. When asked about their weak points, or failures and mistakes, they can be selective about what they do. But, here is the key to the Topgrading Interview: you are asking the same 15 questions about every full-time job. I'll condense this a little bit.

You can see from the career history form, the resume, what the name of the company is, what the job title was; and from the career history form, the Topgrading career history form, you know what the full compensation history is. That's very important. So, we'll assume you have that information.

So, for every job, what were your expectations? As you moved from job A to job B, why did you take that job? What did you think you were getting into? Next, how did it turn out? A few weeks or a few months after you joined, what were the good surprises and bad surprises? Now that gives you good insight into how the person makes some very important decisions.

Next question is what were your successes and accomplishments in that job and elaborate on how they were achieved. Of course A players, high-achievers, have lots of successes, lots of accomplishments.

Next question, and don't blink. Look them in the eye and say, "We all make mistakes. What were your mistakes and failures in that job?" And ask again and again throughout the person's history; you'll gain insight into whether they learned from mistakes. We've all made mistakes. If they don't learn from mistakes and the same mistakes are repeated in subsequent jobs – that's very,

very useful information

Of course, there is a question on why you left. But, there is an unusual line of questioning, which relates to the TORC technique, threat of reference check, in which the person is asked, "Who was your boss at that time from 2001 to 2003?" "Pat Jones."

"Please assess Pat. What was she like as a manager? What are her strengths and weaker points?" Now, that is very useful for you as a hiring manager to have assessments of maybe eight different bosses to see if you fit the pattern of how this person seems to relate well to bosses.

But, the really important question is, "What's your best guess if I ask you to contact Pat and she is totally honest with me, she will say are your strengths, weaker points and your overall performance?" That is the ultimate TORC question and when it is asked throughout the entire career of the person, the patterns of successes and failures and relationships, high points and low points. emerge

So, what I am saying Steve, is that the interviewing techniques that existed for decades have not disclosed the patterns of how people, as acorns, have evolved into the oak tree. And the Topgrading Interview - true, it might take three hours rather than one hour - discloses, it reveals, how the person evolved over literally dozens of different competencies and skills that might be pertinent to your job. That is where the great insight is produced and that is how companies that embrace this approach and managers that embrace the approach achieve 90 percent success.

Steve: Brad, is there anything else that people should be thinking about before they get prepared to come to the top-management conference?

Brad: Well, if they would like to get a little bit more information, I would encourage them to read some free materials we have available at our website which is SmartTopgrading.com, and you will see... If you are interested you can sign up for the free quarterly newsletter. There are free press and articles there. And you can take a look at some of the other approaches. I have a little bit of elaboration of how this all came about going back 30 years and coming forward chronologically.

I guess, a promise I'd like to make to people is at the conference is this: I'll hand out hard copy of the Topgrading Interview Guide and leave you with something so that if you leave the conference and the very next day you have an interview, I want to hear that you have conducted by far the best interview and it has helped you to avoid costly mis-hires and helped you to hire the right high performers to help you drive your process.

So, I'll be talking a little bit of theory, but also some practical skills that you can use right away. So, I hope to meet you at the conference.

Steve: Our thanks to Brad Smart for joining us on the NAPL Top Management Conference Preview Podcast. We hope you enjoyed this NAPL Podcast program.