



Brad Smart/Steve Mullen, Startup BizCast Interview

2/17/09

Steve Mullen (Startup BizCast) Introduction:

You know it's not the biggest problem that small business owners are facing in this down economy and it might not be one you think about, but believe it or not, hiring new employees has become more complicated in the last few months. It's not a bad problem to have, but during a strong economy you hire the best person you can find for the job. During a weak economy you do the same thing but you have a lot more choices with so many people out of work. The problem is how do you sift through the hundreds of resumes you receive to find the best fit?

Joining us this week is Brad Smart from [Topgrading](#), a firm that helps businesses learn how to find top performers.

Steve: Brad thanks for joining us this week on Startup BizCast.

Brad: Glad to be with you Steve.

Steve: Now before we get to the interview, tell us about yourself and about Topgrading.

Brad: This is not going to sound very modest but I have the all time best selling book on hiring and getting the best talent in organizations and I'll be in Houston in a couple of days and introduced to 300 small business owners as the world's foremost expert on hiring. I don't know if that's true but the Topgrading methods for hiring have been documented to truly be the best.

I've taught some of the most famous executives like Jack Welch and Larry Bossidy who've been friends for 20 years. We continue to work together consulting with firms. We've taught them how to more than triple their hiring success.

Big companies pay the bills and want them to certainly hire better but frankly small businesses need Topgrading methods even more because the cost of mis-hiring people are much greater to a small business than they are to a mega business.

Steve: I imagine that's true. Now my premise for this episode is that it's actually a lot more work to hire someone in this economic environment mainly because you put an ad out for an open position and you're flooded with hundreds of applications from all the people who have been laid off from their jobs. Is that a reasonable premise?

Brad: That's a reasonable premise. It's also a wonderful opportunity. I mean, last September 1st, a lot of companies small and large were scrounging to get the best high performers in. They'd hire search firms, they'd pay recruiters and run ads and get very few resumes.

Now if you're getting flooded by resumes, that's good. I can give you some advice on how to sort through those but it's a tremendous opportunity now for small business people if they could possibly afford it. Maybe nudge out one or two low performers, replace them with people who are ten times better at exactly the same salary today.

Every investment person says, "Buy low, sell high." As a Topgrading consultant and speaker for 30 years I said, "Boy, now that we have a down economy this is a terrific time to pick up more talent than you could have gotten, in this case, even just a few months ago."

Steve: So, you do put the ad out. You get 100, 200, 300 resumes in. How do you sift through those resumes to get at least some people you can interview?

Brad: In this segment, I'll give about three or four indubitably obvious suggestions that can really help people hire better and then there is an offer for a free book at the end of this.

First of all, let's go back to the recruitment. The small business owner or manager in a small business can really do the best job of recruiting the same way 26 billionaires we've interviewed do it. It's not running ads and it's not hiring recruiters. It's keeping records on every high performer that's ever worked for you or with you. Maybe you were in a larger company 10 years ago, stayed in touch with those really high performers so that when you might have a job opening you can go to people you already know are terrific people. But if you do have to run ads (I don't want to use this segment to sell stuff) we have a Career History Form used by a lot of companies. When they get hundreds of ads in, they just email the Topgrading Career History Form to people and this will ask for all the information that resumes don't provide. All your listeners know that resumes are deceptive and incomplete.

This form says, 1. In order to get a job offer you are eventually going to have to arrange reference calls with bosses. Bingo! That gets them to be honest.

This form asks them for full compensation history, boss ratings and you'll get honest boss ratings because people know they're going to have to arrange for you to talk with those bosses. Real reasons for leaving, likes and dislikes in the job, strengths and weaker points. It's fantastic!

So, you run an ad, you get 500 resumes, a week later you only get about 150 resumes back with the Career History Form. Then you can sort through those and in 1 hour narrow it down to maybe 5 or 6 really good people you want to talk to on the phone and then bring them in and eventually do the famous Topgrading Interview with them.

Steve: Well, now it sounds like it's a lot more work for the applicant but unfortunately in this kind of economy the people that want the jobs will be willing to do it.

Brad: Yes, exactly. In a booming economy if you're keeping in touch with a really terrific A player you hope to hire one day, you're having a breakfast or a lunch once every six months then you would not ask them to complete an application form or the Topgrading Career History Form. But in this market sure, just email them the form, they email it back and then you can sort the wheat from the chaff.

I've never seen a resume that didn't look like an A player resume but the trouble is most of them are bunk. And you can't tell who the really good people are but the Career History Form really does that for you.

Steve: Well that makes sense. What about, once you've sifted through and you've gone from 500 down to 150 like you said. You've gone through 150 and you found the ones that really look like the best. What about the job interview, what are some good tips for job interviews?

Brad: Where I've made my name is in creating what I can explain in just a minute although it's more complex than that. But essentially how Global 100 companies and thousands and thousands of smaller companies hire these days, their main interview approach is to ask competency based questions. They analyze the job, come up with a half dozen competencies, then they ask the candidate, "Can you give me an example of different competencies when you were very well organized, when you were a terrific salesman, when you were an effective team player?" The trouble is anyone can fake those.

Research over 30 years has shown only about 25% of people hired by small businesses or mega corporations turn out to be high performers but, Topgraders achieve up to 90% success. The GE's, Honeywell's, and Barclays... a lot of leading companies have achieved 90% hiring success and here's how they do it.

It's a simple answer. It's a chronological interview. I'm going to pretend Steve that you are my interviewee.

“Steve thanks for coming over today. As you know we’re going to be spending the afternoon (or morning) together and I’ll be going over your background in probably more detail than in any interview you’ve ever had. I’d like you to start with your first full time job and I see some information about this on your resume and Career History Form. Then come forward to your present job and then we’ll have some questions about your plans and goals for the future. We’ll talk more about the job we have opening.

You can grill me but frankly this is going to take a couple of hours to go through so here’s what I’d like to know, starting with your first full time job. What are your major successes and how you achieved them? What were your failures and mistakes and keep in mind, be honest about that because if we go forward I’m going to asking you to arrange for personal reference calls with bosses going back at least a decade. We’ll cover any key decisions and key relationships and won’t leave that job before your telling me what you think a boss would say about your strengths, weaker points and overall performance.”

That’s the short hand for the famous Topgrading Interview. It’s an in depth chronological interview.

Think of sports, it’s like a video of a baseball player, football player, basketball player’s total career as apposed to just the highlights they’re submitting trying to become the Heisman trophy winner. Instead of just the highlights picked by the interviewee, which is taking place five hundred thousand times today, you get the full story. You get every success, every failure, every key relationship, and every key decision.

Then if you want to go forward and the candidate wants to go forward, you tell the candidate which bosses you’d like to talk with, most of them in the past decade, maybe some peers or subordinates or customers and so forth.

That is the formula for success. If any listener just does that I promise you for 2009 you’ll have at least a 50% better record of hiring people.

Steve: I’m interested. You’ve mentioned a couple of times the idea of having the applicant arrange for their bosses to get on the phone with you. I’ve always thought providing personal references, having the applicant provide personal references is a huge waste of time. No one ever checks them mainly because they’re not going to give someone who’s going to say something bad. If they do they shouldn’t be hired in the first place. So this is novel then--you’re having them put you on the phone with the boss. Now I guess there is always the chance of a person having just one job where they just didn’t get along with the boss.

Brad: Oh yeah. We were talking about if I were interviewing Steve Mullen you had a 15 year career, you had a half dozen bosses and one was a total turkey and another probably dishonest , still I’d like to talk with those people.

Frankly, 25 years ago when I hit on this, it wasn't my creative idea. I was interviewing a guy. I asked all those chronological questions and he said one of his major successes was to create an A-team of almost all A players. I asked him how he did it and when he told me this method of reference checking, I crunched up my nose and said, "You know, I hear you and I believe you but I think this might not work because most companies prohibit their managers from taking reference calls, so how can this work?" He said it just works. It works for A players, for high performers. They can get their former bosses to talk and they want you to talk to their former bosses whom are going to sing their praises. But the C-players, the chronic under performers, when they hear that's a requirement they shudder because they know they can't get their former bosses to talk. Those former bosses will say it's against company policy. They don't want you to talk to their former bosses who are going to talk about former mistakes and failures and lousy performance.

So just that one little technique I started passing on to business leaders and in no time they were getting back to me and saying, "You know Brad, I didn't think this would work but it really does."

Now flash forward 25 or 30 years. This is a standard practice embraced by every Topgrading company. It really does work. That little hint alone is really going to help your listeners to sort the wheat from the chaff and talk to only the really sharp people.

Steve: Now how do you get around company policies at some corporations where I know the managers, if they take a reference call they're only allowed to talk about whether the person showed up on time.

Brad: Yes, or they just refer the person to Human Recourses who will confirm dates and so forth. Blame the attorneys because companies appropriately have those policies but here's the deal. That manager who ignores the company policy is taking a risk because if he or she says something very negative about the candidate and the candidate doesn't get a job then they may find an attorney and sue for liable slander or something like that.

That doesn't happen with A players. The former bosses would sing their praises; they want to hire that individual back. Sure they might be a bit more complimentary. But that's good news. They're not taking a risk.

Here's one very important fact. In all these years three or four hundred thousand reference checks have been done this way and there are now 30 Topgrading professionals, we have not even heard of one problem, not one company has been sued, not one individual has been sued and it's because the managers of A players aren't taking any risk. They aren't going to say much that's very critical for that A player that worked for them.

Keep in mind what my language was. In order to get a job offer, eventually we'll ask you to arrange a "personal" reference call with bosses. If we're going to go ahead with the job offer we just tell candidates, I'd like to have you arrange for a "personal reference" and note it's personal reference call and not a business reference call with these individuals.

So, the candidate calls his former bosses and says, "Hey I'm supposed to arrange a 'personal' interview with you," and those former bosses say, "Well because it's 'personal' and not business I can take the call." They would have taken it anyway. So it's a non issue, it just seems to work and because it works I would encourage you to do it.

By the way, you'd think large companies wouldn't want to be seen as hypocrites because they don't permit their managers to give out the information but hey, we are in a society with too darn many lawyers and so, all these client companies (if you go to SmartTopgrading.com and you look at all our list of clients, Microsoft, General Electric, Honeywell, Barclays) all have the same process when they reference check people. They ask the candidate to arrange it and the candidate does. Are they being hypocritical because they don't officially permit managers to *take* those reference calls? Well, managers in all those companies do take reference calls when their former A players ask them to do it. So somehow, it works.

Steve: It all works out in the end. Now you've done the handful of interviews, and you've checked the references. I know a lot of times one candidate will just jump out at you like a sore thumb but in the cases where one doesn't, what's a good way to pick someone?

Brad: The beauty of the Topgrading Interview is that you get insight not just into maybe three or four key competencies but literally fifty if it's a manager. Fifty, that's 5-0 competencies and anyone listening will say, "Oh my gosh, you do this long interview, how do you keep fifty competencies in mind?"

It's easy. Every time we run workshops, this will happen in Houston this week; we ask people if they think they can do it. No one thinks they can do it. We practice it and then they "know" they can do it. So, that key insight provides the patterns over time to see how that person would actually work for you.

The thing is, a lot of times in the first half hour of the interview a candidate might appear mediocre but they get better and better and better. By the end of the Topgrading Interview you want to do the reference checks to confirm it.

My advice to your listeners is, don't trust your gut feel initially, do not do it. There is all sorts of research to show that "gut feel" in the first 10 to 15 minutes of an interview is too often wrong, it's only right about 25% of the time. So, if

someone looks good with their Career History Form, maybe they've come highly recommended to you, let the discipline of the Topgrading Interview carry you. Go ahead and ask all those questions do the reference checks and then after that, there is no question.

I have been involved in thousands of these and I have personally conducted 6,500 of these in-depth chronological interviews and I've talked to my clients about them. I hear it all the time. We've had three final candidates and now that we have the full information, we've done our Topgrading Interviews, you Brad have provided us a second opinion and the person we ranked third now emerges clearly as the solid A player we want to hire. One person initially made the best impression, smooth, friendly, outgoing, personable and engaging but when we reviewed his career he did not have the track record of achieving results that the other candidates had.

That is the kind of insight you get out of the Topgrading Interviews and the reference checks. There is rarely any flipping of a coin. When the ordinary methods of interviewing, such as competency interviews, are used, they ask questions like: tell me about yourself, give me an example of when you're an effective team player. Everyone sounds the same, everyone gives good answers. Their resumes didn't tell you very much that was useful and people end up flipping a coin.

The sad fact is, a year later only one out of four people hired, small or large companies, has turned out to be the high performer you're paying for. That's just a horrible record. The good news is, just by applying this more conscientious, more thorough approach small business people are doubling and tripling their hiring success. It's all basically common sense. There are no mystical tests--it really is just common sense.

Steve: Is there any part of the Topgrading process we haven't talked about, any of the basics?

Brad: Yes, there is. There are 12 components so maybe this is the time to say for those that are interested, they can have a free book. It is a 50 page eBook that spells out all the different steps here in a fair amount of detail. They are all common sense. To get the book just go to my web site at www.SmartTopgrading.com.

On the home page just fill in your email address, and there are two things you'll get from this. 1) You'll be signed up for the monthly newsletter, Topgrading Tips that I think you'll like. The most recent Topgrading Tips had some University of Chicago research on Topgrading. It's really exciting. 2) Then if you want to download this 50 page eBook, they're small pages so it's pretty fast reading. It gives a little of a history, some case studies and then in chapter 4 it spells out some common myths about hiring and what the Topgrading solutions are. Your

listeners are more than welcome to get that just by going to www.SmartTopgrading.com

Steve: Brad Smart, I really do appreciate your being on. There was a whole lot of great information today and I do invite people to go and check out your eBook.

Brad: It was nice talking with you Steve.

Steve: Once again that web site Brad mentioned was www.SmartTopgrading.com. Be sure to check it out!