



# WHITEPAPER

## **EFFECTIVE HIRING**

INNOVATIVE RECRUITING AND BEHAVIOURAL BASED TESTING  
TO ENSURE YOUR FUTURE SUCCESS

**VOLUME ONE**

# White Paper

## Effective Hiring

innovative recruiting and behavioural based testing to ensure your future success

Managers may be truly shocked to discover the hidden costs of a poor hiring decision.

Over time, the cost of such a mistake can be enormous. To avoid these erroneous expenditures, organizations must establish hiring strategies in order to find the right people with the right skills who fit well into their organization.

Drake offers the perfect solution and a few hints along the way to help improve your overall hiring practices.

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## ABOUT DRAKE

For more than 50 years, Drake International has helped businesses such as yours solve productivity problems and recruit the best people. We begin with a business needs analysis which pinpoints the optimal way in which we can help your organization achieve its strategic objectives and overall workforce optimization strategy.

Drake's operating philosophy is based on the principle that organizations and people are at the highest level of productivity when they are working with the right skills and behaviours, using the best processes and technologies.

We aim to assist your organization in achieving heightened productivity, performance and profit standards through the effective use of people and the application of proprietary technologies to help match current and future workforce levels to workload.

This complimentary "whitepaper" is designed to help you evaluate your hiring process to ensure that your organization has the best possible practices in place to reduce costly turnover.

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**Sourcing top talent, people who go on to become super stars in your organization, is not a matter of good luck.**  
It is a matter of consistently applying a good hiring process.

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## ONE :: INTRODUCTION

Wouldn't our working lives be perfect if every staff member matched our ideal and everyone felt fulfilled in their roles? This may not be a mere concept any longer, as Drake's expertise in the staffing industry has resulted in methods and technologies which increase the likelihood of those near-perfect hires.

As employers are already aware, the most valuable resource in today's economy is talented people. They are a critical element but often a very scarce resource. The people you hire will directly affect your organization's credibility, financial viability, customer service and overall business objectives. Many of the costs associated with a bad fit are hidden and very dangerous for the unwary employer.

Most managers have, at one time or another, hired people who have not lived up to their expectations. This is often a direct result of the failure of traditional interviewing techniques. Their existing recruitment strategy missed selecting and employing the "right people". Organizations must go beyond finding people who have the right qualifications to candidates who fit their organization's current and/or future culture.

The correct recruitment methodology and technologies can remedy these issues and improve your hiring accuracy dramatically. You will save time, have a constant stream of market information and be seeing only the best talent who possess behavioural traits associated with top performers.

Drake provides a recruitment strategy that goes beyond the traditional methods of recruitment such as job advertisements, resumes and a basic interview. Our proprietary tools identify behaviour and specific skill levels which are becoming increasingly popular for discovering how a candidate will actually perform when employed.

Building a successful organization not only requires the skills and commitment of good people who support the values of your organization and your objectives, but also have the responsibility to do so on a consistent and measurable basis. If you keep in mind that your people are your most important asset, you must ensure that you recruit only the very best.



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## TWO :: WHY COMPANIES HIRE BADLY

The direct result of expanding organizations is an increase in hiring levels. Each new employee has a powerful impact on the existing employees and the process, so it demands thoughtful planning and the development of clear philosophies, strategies and processes. It is equally important to find ways of developing access to the best people in the marketplace and to make the firm attractive to them once they have been found. If these considerations are not undertaken, the resulting effects could be exorbitant.

Everyone agrees that staff turnover is costly, but retaining staff who are under-performing can be even costlier. Numerous problems stem from an inability to identify, select and hire the right people in the first place. Lost productivity, extra training and coaching costs, legal liability, mistakes and staff dissatisfaction are just some of the issues facing organizations who use ineffective hiring practices without realizing it.

Recruiting can be an expensive, complex and time consuming exercise - so it is imperative to get it right from the start. From advertising job positions to conducting interviews, a range of proven best practice procedures must be followed to ensure that the right candidates are hired.

Unfortunately, many companies take shortcuts, use very informal and poorly defined hiring procedures and interview protocol, have inadequate job descriptions and allocate inadequate resources to the job. For smaller organizations with fewer resources available to them, the problems are inflated, potentially disrupting core business processes, increasing staff stress levels and negatively impacting the level of service delivered to customers – ultimately influencing your bottom line.

If after going through the exhaustive process of filling a position, what happens if you discover that the candidate does not live up to expectations? They might not have the necessary skills, may struggle to fit in with the organizational culture or perhaps they have behavioural problems that weren't noticed during the interview and qualification process.

Some people can be trained, coached and mentored, yet others simply do not fit the job or your organization and will subsequently have a very negative impact on productivity and morale. These candidates will incur costs during the time they are employed and their level of productivity, the termination of their employment and, finally, in having to go through the whole recruitment process again.

This white paper identifies the range of potential costs associated with recruitment, the results of insufficient hiring practices and highlights several recommendations on how to avoid the most common hiring errors in today's competitive business environment.

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## THREE :: THE COST OF HIRING BADLY

The consequences of a poor fit are varied. There are the immediate costs resulting from lost productivity, recurring hiring costs and potential severance settlements. However, the long-term negative results can be dissatisfaction amongst other staff, damaged client relationships and disruption to core business activities, an even higher cost to any business.

Independent research affirms that costs may even occur over time through decreased productivity, large amounts of small and large errors and so forth. These types of results may damage an organization's credibility, monetary situation and work environment. To analyze the costs of mis-hiring, we can begin with the basic costs of finding and assessing candidates. The following table highlights a range of typical costs associated with employing someone for a secretarial position worth \$35 000 per annum who reports to someone earning \$55 000 per annum. The figures are based on an actual case study within the insurance industry:

HIRING ACTIVITY	HYPOTHETICAL COSTS
Recruiting	\$400
Screening	\$570
Interviewing	\$990
Orientation	\$112
Equipping/Administration	\$1 300
Training	\$10 571
<b>Total Cost of Recruitment</b>	<b>\$13 943</b>

The cost this company spends on replacing someone for this position is \$13 943 on top of the individual's salary.

It has been noted that it may take up to three months before a new employee is productive and profitable. Using the above position as a model, this company will lose \$8 750 dollars in the first three months of employment and they will continue to lose \$2916.67 per month if the new candidate fails to become fully productive in their position.

Drake's research and experience in the staffing solutions industry has shown that it can cost an employer anywhere between 30 and 200% of an employee's salary to replace them. Based on that equation, to re-hire for a position worth \$35 000 will cost an organization a minimum of \$10 500. Imagine the cost if the salary is higher? This situation shows how the costs can easily exceed that figure. If a candidate fails to perform after six months, the costs to the company will be:

Replacement	\$13 943
Lost productivity calculated on salary	\$17 500
<b>Total:</b>	<b>\$31 453</b>

Below are a few additional, often hidden factors that need to be considered within this equation:

### Lack of Production on the Job:

- Loss of business
- Management down time
- Lost opportunities
- Client dissatisfaction due to turnover

### Cost of staff leaving:

- Legal fees
- Settlement
- Loss of morale from other staff

If a poorly performing employee costs an organization the business from a major client then the negative effects will escalate dramatically. The severity of the costs and liability to the organization will of course vary according to the seniority of the position, the type of work involved and the level of skills required.

These costs will continue to escalate the longer the individual remains in the position. Utilizing sound hiring methods, innovative technologies and pre-screening processes will eliminate the majority of such personnel problems. Selecting the right person for the right position is essential to maintaining a satisfactory work environment and to achieving business goals and objectives. As proven over and over again, substantial time and money will be wasted if the right candidate is not selected right from the beginning.

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## FOUR :: WHICH RECRUITMENT METHOD IS BEST?

A large percentage of problems stem from managers who have limited experience recruiting staff, outdated procedures for recruitment or the lack of time or resources to do the job properly. Mismatches between the new employee and the organization arise due to a poorly defined job description (which may not have been truthful to the actual role) or the reference checking may have been insufficient.

Hiring methods are usually divided into two key categories:

- formal methods involve the use of advertisements, defined interview/assessment procedures and recruitment agencies.
- informal methods include word-of-mouth recommendations, approaching competitor's staff or employing family members and friends.

The obvious benefits of informal methods are the time and costs saved by alleviating the need to review hundreds of resumes and lengthy interview processes. The new recruit is likely to be known and have existing knowledge about the company and the position.

Informal methods are certainly more popular with smaller organizations. Problems arise where the candidate is not viewed in a totally objective manner, no "real" skills or behavioural assessment is conducted and assumptions are made based on social and personal relations that do not transfer well to a working environment. Other disadvantages include an untapped pool of suitable and possibly more appropriate recruits, leaving the organization open to accusations of indirect discrimination. Research conducted in North America and the UK suggests that many small to medium businesses who make greater use of word-of-mouth methods are unaware of indirect discrimination.

Since true talent is so sparse, people with the required skills are able to choose the type of work they do, where they do it, and how much they get paid. Belief in the HR industry is that future workforces such as qualified IT personnel will only get harder to find.

Aside from mistakes or having inadequate employment practices, bad hiring can be attributed to the fact that a lot of established formal employment practices do not provide the complete solution. Traditional selection tools – such as resumes, interviews and reference checks –

are not particularly reliable when comparing a large range of candidates against core competencies or other selection factors.

The employer is often working on 'gut instinct' and relying on information provided by applicants. When 70% of job seekers admit they embellish the information they supply, and only nominate references they know will speak positively, these are clearly not reliable sources.

This traditional approach misses a fundamental ingredient: the assessment of the cultural or required core competency fit of the candidate. Cultural fits are paramount to establishing mutually beneficial, long-term employment and cost-effectiveness. For example, in his article *Employers Turn to Science and Technology*, Steven Dahl says:

**"With one in four hiring exercises ending in failure, many employers are changing their approach to staff selection, moving away from questions 'Where did this person study?' and 'How many years of experience have they got?' towards questions such as 'How quickly can they think on their feet' and 'What values are most important to them?'"**

Cultural issues, as they relate to an organization and the staff it hires, include the pace of work, the methods of communication and decision making, work patterns and the level of socializing between staff and management. Required core competencies could include abilities in areas such as customer service, communication, leadership, team building, the ability to think strategically and the ability to motivate staff/ team members.

Someone might have all the right skills, qualifications and experience for a position but are used to working in a highly structured environment with clearly defined lines of communication and authority. Now put that person in a position where they need to think on their own and make greater decisions for themselves and they may flounder and be unable to cope with situations that aren't managed for them by others.

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## FIVE :: RECOMMENDATIONS

### 1. Clearly defined job description

Attracting and keeping the right candidates is essential to building corporate success and developing your business. The first step in preventing a bad hire is to establish the job requirements and job description - where the skills, knowledge and abilities and/ or core competencies required to complete the job successfully are clearly defined and understood.

The job description must include the major tasks and performance outcomes, level of responsibility, identification of reporting relationships, the key positions with whom the employee will interact and communicate and how performance will be measured. Employees must fully understand what is required of them and how their performance will be reviewed.

In fact, employees generally respond well to guidelines, clear expectations and performance appraisals. Yet often, these elements simply do not exist. While the thought of writing policy and procedure manuals, job descriptions and performance appraisals may be tedious and time consuming, they are essential to the success of any organization. Job descriptions also include information about working conditions, tools, equipment used, knowledge/ skills needed and relationships with other positions.

The job description is not just important for finding the 'right people', but for understanding how 'right' they really are. Measuring performance based on the expectations and requirements outlined in the job description, particularly in the first 6-12 months, will highlight the adequacies of the organization's hiring practices.

### 2. Establish and test success factors / core competencies

It is essential to establish success factors and core competencies for the position before conducting the actual interview. Success factors are the behaviours the individual must possess to perform the job successfully and to excel within the organization's culture. They encompass both the job requirements and the cultural aspects of your organization, impacting a potential candidate's ability to perform the job. Success factors reflect what is important for the position and will determine the opportunities for advancement.

There are two main types of success factors / core competencies:

#### Product & Technical Knowledge:

These are the essential technical knowledge and skills needed to perform a job or role; they describe what an individual must be able to accomplish in order to successfully perform the job or role, and are essential to effective performance. During the selection process, for example, Drake uses our proprietary technical skills assessment tools DrakeWize and Adex, dependent on the required skills needs for the particular role.

#### Behavioural:

These are the personal characteristics (i.e., skills, traits, motives or attitudes and values which relate to self-image and productivity of an individual) that describe how we perform the job or role. They are the traits which differentiate superior from average performers. They describe how these superior candidates think and perform and why the results of their work is higher than average performers.

All product knowledge/technical and behavioural competencies should be measured against a predetermined performance criteria established through a needs analysis for both the organization and the specific role. Performance review tools and leader's guides will assist key stakeholders in evaluating these criteria. For example, a sales position leader's guide might include the following performance criteria subjects: metrics, key account selection, research, planning, verification and communication, strategy development, opportunity management, needs analysis, conceptual and solution development, sales effectiveness, proposals, related working requirements, cross functional feedback and external client feedback.

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Over the last few years, behavioural testing and assessment techniques have become popular to ascertain the personality and cultural suitability of potential candidates. Using the success factors mentioned above as a basis, psychometric and behavioural testing may be a versatile tool which can be used successfully to assist personnel selection and recruitment, career guidance, career development, succession planning, team building and personal development. Used correctly, it will improve an organization's bottom line in a positive way through improving the match between employer and employee.

Here at Drake, all candidates must complete a Drake P3 performance predictor tool which measures their behavioural traits and identifies top performers ensuring the right personality fit in an organization with the end result of an increase in performance, productivity and profitability.

Behavioural testing can provide information on a candidate's relative strengths, personality, motivation, likely team role behaviour and many other characteristics - more rapidly and reliably than extensive interviewing. When making selection decisions, behavioural testing should be used as one of many sources of information, such as career history, qualifications, CVs and application forms. This will ultimately answer the question, "will they do the job?" after it has been determined they have the initial ability to do the job.

Even during the first, general interview behavioural-based questions should be asked. Rather than asking "Are you a good sales person?" you might say, "Tell me about a time when you had to manage a difficult sale. How did you go about it? What were the outcomes?" These sorts of behavioural-based interview questions make it much easier to determine whether the necessary aspects of the job description, the organization and the successful candidate are adequately aligned.

### 3. Conduct thorough reference checks

Failing to conduct reference checks could result in a negligent hiring claim. Courts have ruled that companies have a general duty to check criminal records on prospective employees who interface with the public. In addition, damages against employers are being awarded when the employer has failed to perform a reasonable search into an employee's background prior to hiring.

Although they may have a good track record and a healthy resume, thorough reference checking is often overlooked by smaller organizations, especially those without HR professionals. Reference checks should occur once the ideal candidate has been selected but before offering them the position. When checking with references, questions must be linked to the behaviours, competencies and cultural fit required.

While obtaining information from a reference, the specified role should be outlined and questions about the candidate's capabilities and capacity to meet the various requirements.

### 4. Panel Interviews

Group or panel interviews may create better results than one-on-one interviews because they are more objective, relying on the assessment and consideration of more than one individual. Each member of the panel has a chance to consider the candidate's responses, thereby increasing the validity of the assessment. Ultimately, the assessment is more accurate and consistent, due to everyone using the same information. If the panel interview is led by good interviewers, the information obtained will be very insightful

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## 5. If help is needed

If problems stem from an inability to allocate enough resources or the inexperience of the recruiters, then the services of a professional recruitment firm are suggested. Partnering with a professional recruitment consultant who has all the necessary interviewing and reference checking skills adds a level of scrutiny and quality to the process that reduces the possibility of bad hires.

A good recruitment consultant will be able to read between the lines of the c.v. Many organizations develop a long-term relationship with their recruitment consultant because they develop a good understanding and appreciation of the people, the culture of the company and as a result, have the ability to find the 'right people'.

Job requirements and expectations can change quickly over time. What was essential for a position five years ago may be irrelevant today. Organizations need to stay current with existing trends in the labour market and have a thorough understanding of the people it wants working for them today and in the future.

A professional recruiter will have a better understanding of the trends and the availability of suitable candidates in the correct labour market.



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## CONCLUSION

BUILDING A SUCCESSFUL BUSINESS AND ORGANIZATION REQUIRES THE SKILLS AND COMMITMENT OF CAPABLE PEOPLE. MANAGERS MUST ENSURE THAT THE EXPECTATIONS AND REQUIREMENTS OF PARTICULAR POSITIONS ARE TOTALLY ALIGNED WITH ACHIEVING THESE OBJECTIVES AND GOALS. POORLY PERFORMING EMPLOYEES WILL LET THE WHOLE TEAM DOWN, COSTING THE ORGANIZATION TIME, MONEY AND FRUSTRATION.

THROUGH THE EXPERIENCES OF THE INSURANCE COMPANY HIGHLIGHTED EARLIER WE SAW HOW EXPENSIVE IN REAL FINANCIAL TERMS A MISCALCULATED HIRE CAN BE.

THROUGH FOLLOWING THE RANGE OF RECOMMENDATIONS MADE IN THIS WHITEPAPER, MANY OF THOSE COSTS CAN BE MINIMIZED OR EVEN ELIMINATED. THE PROCESS OF HIRING CAN BE LONG, COSTLY AND DISRUPTIVE, AND THE COSTS OF GETTING IT WRONG ARE MUCH GREATER.

THE REWARDS OF UTILIZING A BEHAVIOURAL TOOL IN COMBINATION WITH PROVEN PROFESSIONAL RECRUITMENT SERVICES ARE MANIFOLD. THE BENEFITS INCLUDE ACHIEVING SUSTAINABLE COST-REDUCTION SOLUTIONS AND SERVICE, PRODUCTIVITY, QUALITY AND ACCOUNTABILITY EFFICIENCY GAINS. AND LET'S NOT FORGET THE HAPPINESS FACTOR.

AN ORGANIZATION MADE UP OF EXCELLENT PERFORMERS WHO SURPASS EXPECTATIONS IS A HAPPY ORGANIZATION.

## ELEVEN HELPFUL HINTS TO HELP YOU RECRUIT EFFECTIVELY

1. Ensure that your organization's hiring priorities are clearly identified before the recruitment process is initiated. Always have a plan before the job profile is developed.
2. Ensure that your finalized list of candidates clearly fit the position profile and company culture. Let only the best be in contention.
3. Work with key decision makers in your company to develop a highly visible, creative, easy-to-understand employee referral program. Your existing star performers may hold the key to success in the future.
4. Be sure that you support, foster and champion the notion that hiring managers always hire the best person for the job. Increase company success by placing trust in a knowledgeable hiring team.
5. Build relationships within the sectors in which you recruit to truly understand the industry and its expectations. Get to know the ingredients that go into making an "outperformer".
6. Develop metrics to measure success and failure in different recruiting methodologies. Discover what works and what doesn't work.
7. Be aggressive in identifying, attracting, and hiring the best candidates for your organization. Easy-going recruiting does not get the job done.
8. Keep your eyes and ears open to discover those excellent candidates who might fly below the radar screen. Become an expert in research. Contact people who write articles, do trainings, run workshops, or are just celebrities in their field.
9. Make your influence known throughout your organization. The primary source of power for recruiters within the organization comes through influence.
10. Manage the candidate care aspect of the interviewing process. Everything from the first contact greeting to a warm goodbye is critical to how candidates will remember their experience visiting your organization.
11. Let Drake do the hard work for you! Our experience and qualified professionals and technologies go beyond all expectation to ensure your new recruits are ideal fits.

CONTACT DRAKE FOR FURTHER INFORMATION ON HOW  
PREDICTIVE PERFORMANCE PROFILING CAN INCREASE  
SUCCESSFUL HIRING AND REDUCE COSTS.

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