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# HIRE with your HEAD

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edition

Using Performance-based Hiring<sup>sm</sup>  
to Build Great Teams

Lou Adler



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**HIRE** with  
your  
**HEAD**

# Foreword

Since the early 1990s, I've been advising business leaders in organizations ranging from JC Penney to JP Morgan Chase on how to leverage talent to meet their business objectives. One piece of advice that is a slam dunk is this: Buy a copy of Lou Adler's *Hire with Your Head* for yourself, read it, and then buy copies for every hiring manager, every recruiter, and every human resources professional in your organization. Why? Because this book offers a systematic approach to Performance-based Hiring and that is the most important thing you'll ever do to build your team.

As much as things change in the business world from week to week and year to year, there is one fact that isn't going to change: Talent is the number one asset in every organization. That has always been true, but the value of talent is even more important in the changing economy than ever before.

Organizations in every industry are trying to increase productivity and quality and they cannot rely on technology alone to achieve those objectives. As employers cut waste, introduce new technologies, and streamline operations, they put even more pressure on individuals to "add value" on a daily basis. Every operation nowadays must be lean, flexible, and high performance. Every supervisor is under pressure to get more *and* better work out of fewer people. That means those few people had better be really, really good.

High performance under pressure is what the *real new economy* is really all about. Technology implementation will continue, organizations will become even leaner, the pace of change will get even faster, competition will be even more intense, businesses will become even more customer focused, expected response times will get shorter, and productivity expectations will grow. The whole game is moving to a higher level.

That's why there is a growing premium on people—at all ends of the skill spectrum—who can work smarter, faster, and better. You want your people to be innovative (within guidelines), passionate (within reason), and armed with sufficient discretion to make mistakes (as long as they are not too big). In lean, restructured companies, the best employees are handling more responsibility, using greater technical skill, and applying more precious human judgment than ever before. Every individual, like every business, has his or her own value proposition to offer employers in the free market for talent, which really means simply: "Here's what I can do." That value proposition is strictly business. One really good person is worth a whole pile of mediocre people. Really good people "can do" real things (very well and very fast) that add real value to your bottom-line. They know it just as well as managers know it.

We're talking about that senior executive talent who can turn around a division in 18 months. The programmer who can write two lines of code for every one that an ordinary programmer writes. The call-center operator who can dazzle every customer, gather market research on the front lines, and routinely suggest improvements in the whole system. The salesperson in the field who can sell anything to anybody and who also monitors warehouse inventory and the production schedule from his palm computer. The warehouse manager who knows everybody by name and also knows the new database inside and out. The nonphysician health professional who delivers care previously reserved only for doctors. And the soldier operating a laptop computer mounted on a tank in the midst of battle who turns around, as soon as the battle is won, and plays the role of peacekeeper.

Regardless of fluctuations in the labor market, demand for those great people is going to outpace supply for the foreseeable future. And hereafter, in the real new economy, there's going to be a perpetual struggle in the marketplace to leverage the value of labor. How do *you* go about sourcing, attracting, and selecting the best people?

Business leaders, managers, and hiring professionals who fail to take a long-term strategic approach to hiring in today's rapidly changing business world will face a perpetual staffing crisis. You may be understaffed one day and overstaffed the next; the problem

is, you won't be intelligently staffed with the right people in the right places at the right times.

If you want to be intelligently staffed, you have to hire with your head. Seize control of your talent supply chain, just as you have with other critical resources. That means you need the kind of systematic approach Lou Adler offers in this book.

Throughout most of the industrial era and until recently, the dominant staffing model for most employers was based on long-term, full-time, on-site employment relationships. But in today's quickly changing marketplace, where employers can never predict what is just around the corner, the old-fashioned, stable, til-retirement-do-us-part employer-employee relationship just doesn't fit. The key to continued success for companies today is the ability to adapt rapidly to new circumstances—staffing may have to expand rapidly in one skill area, or contract rapidly in another—or do both at the same time. Staffing strategy must be geared to face this reality.

People in today's workforce want to know what you want from them today, tomorrow, next week, and next month and exactly what you have to offer them in return. Create a compelling recruiting message by answering the fundamental question people want answered: "What's the deal?" To be effective in today's labor market, you need to be communicating that message through an aggressive and year-round effort to a wide range of well-chosen candidate sources. Why? If you attract an applicant pool that is sufficiently large, you can be very, very selective when it comes to the ultimate hiring. You must be prepared to implement a rigorous selection process that is all about collecting proof that potential hires have the skills they need to get up to speed and start contributing right away.

What you'll find in this book is a step-by-step process with detailed instructions for taking a logical, systematic approach to getting the right new-hire in the right place at the right time every time. We all owe Lou Adler our thanks for the third edition of this gem.

BRUCE TULGAN

Author of *Winning the Talent Wars* and  
founder of RainmakerThinking, Inc.®

# Preface

I became a line manager for a Fortune 100 company in my mid-20s. Within days, and with no interview training, I was sent on a corporate recruiting trip to a few of the top MBA schools in the country. The vice president of human resources (HR) called me before leaving and gave me three minutes of advice on how to interview. What he said still sticks in my mind today. It was wrong, but it was the only training I had, and it seemed reasonable at the time.

He said to consider only candidates who possessed the 4A attributes of success—assertive, affable, attractive, and articulate. With this benchmark and a decent resume, I could determine competency in 15 minutes. Or I thought I could. As I look back, this process was about 60 percent to 65 percent effective in predicting subsequent success. This was true for the 30 to 40 people I hired to work for me personally and for the 50 to 100 I recommended to work for others. I hired some duds, but I hired enough great people that I got promoted very quickly. Within six years, I was a business unit manager for a division of a Fortune 500 company. One thing I did learn was that hiring great talent is the key to a manager's career progression. I also found out that being a headhunter and helping other managers hire great people was a far more lucrative career.

## THE BEST ARE DIFFERENT THAN THE REST

Despite the weak predictive value of the 4A interview approach, I still used it with great success as a headhunter in my early days. Because I started out as a contingency recruiter (i.e., I only got paid when a candidate was hired), it wasn't too hard to find people who



met the superficial 4A criteria and who could last the short 90-day guarantee. At the time, most of our competitors offered only 60 days, so this was a competitive advantage. Everything changed when I became a retained recruiter and offered a one-year guarantee. Under this provision, the person had to actually be competent, not just appear so. A decent resume and the 4A criteria were no longer sufficient for judging talent. Finding the correct criteria for assessing talent was how Performance-based Hiring came into being. It took about five years to figure out the basics. Now, 20 years later, I'm still perfecting it. This book is pretty close.

As I studied the recruiting and hiring process, I found out some other interesting things. First, the most suitable or the best person rarely got the job; instead, the person with the best interviewing and presentations skills did. This is the old 4A conundrum: The most attractive, affable, articulate, and assertive person who was reasonably qualified generally got the offer. Worse, when people were hired this way, money typically became the primary decision criteria. Although these people were competent, they typically were unmotivated to do the actual work required since this wasn't the basis of the selection criteria.

There were some other interesting things I discovered along the way about the differences between top people and everyone else:

- There is no correlation between interviewing and presentation skills and on-the-job performance. Judging people on how well they interview is a terrible way to assess ability.
- Top performers don't use the same criteria or methods when looking for other jobs. Now that it's so easy to find new jobs, more and more passive candidates now look online. However, these people are looking for bigger jobs or better jobs and more career opportunities. When they do look, they spend less time at it. Unfortunately, most advertising and screening methods are targeting the wrong pool of candidates—those who have ample time to look for similar jobs.
- The best people use more decision variables when deciding whether to accept an offer. They also drop out quickly

along the way if things seem incongruous or unprofessional. When getting an offer, they also take longer to decide, and they consult with more advisors. Unfortunately, most hiring processes are geared around the needs of the average candidate, not the best. For the average candidate, a new job is a tactical move based on short-term criteria. For the best, it's a strategic move. This fundamental difference is rarely considered in a company's hiring processes.

- The best candidates don't typically have the exact mix of skills, experience, and education described in the job description. They make up for this with traits that can't easily be filtered—potential, self-motivation, leadership, tenacity, and vision. So if a company advertises and filters totally on skills, the best are wrongly excluded from consideration.
- Boring job descriptions exacerbate the problem. Unless a company is an employer-of-choice, top people aren't going to apply for run-of-the-mill jobs that seem the same as everyone else's.
- Many top people get nervous when being interviewed. This reveals itself as poor eye contact, short or shallow answers, lack of poise, and less self-confidence. This excludes many good candidates for superficial reasons.

Companies that don't design these differences into their hiring systems wind up seeing fewer top people and, by default, hire the wrong type of candidate. The best people really are different from the rest, not only in how they perform on the job, but also in how they look for new jobs and the criteria they use to accept one offer over another. Few companies take these fundamental differences into account.

The candidate-facing side is only half the problem though. Here are some other things I discovered about hiring managers and those on the hiring team that need fixing:

- Most hiring managers and other members of the selection team aren't very good at interviewing, yet they all think they are. Each one also uses his or her own pet criteria to judge

competency. Much of it is downright illogical, a lot of it is prejudicial, and most of it is a waste of time.

- Most members of the interviewing team don't understand the real job, but they all have an important say, even if they're unprepared or conduct superficial interviews. In these cases, a no vote is the safer decision, and no votes have more weight than yes votes. This is why some of the best candidates are bypassed. It's also why many of the best people pull themselves out of the process, not wanting to work at companies that conduct superficial interviews.
- The assessment process is in worse shape than the interviewing process. Too many interviewers make quick decisions about the candidates they're interviewing, then they collect facts to support this initial biased assessment. Matters are made worse when all of the interviewers get together and use an up or down voting system with little debate or analysis to decide whether a person is hired or not. The lack of a formal evidence-based assessment process, comparable to how other major business decisions are made, is inexcusable.
- When anyone on the interviewing team finds a candidate they think is hot, they go into immediate sales mode. They also stop listening and stop evaluating competency in a transparent attempt to excite the hot prospect on the merits of the job. This not only cheapens the job and drives many top people away, but also requires premium pricing. More times than not, the hot candidate is just an overpaid flash in the pan.
- Very few people know how to deal with the current legal environment. Stupid things are said and done, causing companies to pay outrageous defense and liability fees that could have been simply avoided. Other companies overreact to the fear of these costs and establish policies and procedures that preclude them from hiring the best.
- Few managers know how to negotiate salaries and make offers. Hiring the best requires a consultative process addressing a number of short- and long-term career management and personal issues. The best candidates must

balance these against competing alternatives. Few companies put their salespeople in the field without some type of extensive formal training. In most companies, comparable hiring and recruiting training seems to be unnecessary or too costly.

If a company wants to consistently hire superior people, it needs to implement a system that everyone uses that is designed to find and hire superior people. By default, most companies use a system that is designed to fill jobs. It's hard enough to hire one great person. It's even harder to hire 5 or 10 great people. But somehow when we get to thinking about hiring tens or hundreds, we lose sight of what it takes to hire just one great person. In this book, we show you how to hire one great person hundreds of times. For this to work, all of the problems noted earlier need to be overcome.

While I've observed all of these problems over the years, I've also observed a number of managers, HR people, and recruiters who seem to get it right most of time. They've mastered the rules of the game. Most have learned through trial and error. I've watched them in action, then tried their ideas out. I then further refined these ideas and tried them out again. I've also tracked candidates for years to determine the best predictors of subsequent success. Eventually, a few fundamental principles became clear, which formed the foundation for a systematic process for hiring top people. This became the Performance-based Hiring methodology described in this book.

Then came the Internet, job boards, new referral programs, candidate tracking systems, new types of assessment testing, and passive candidate name-generating systems. With all of these great tools now available, everything was supposed to change. Hiring the best would be as easy as posting an ad or making a phone call. These tools overpromised and underdelivered.

In many ways, these tools made it more difficult to hire top people, not easier. For one thing, the hidden job market is no longer hidden. The new tools make it easier for a passive candidate to find another job within days. This adds more competition into the mix. For recruiters, passive candidates are now easier to find, but harder to attract with everyone emailing and calling the same people. These tools have broken down the barriers to leaving a company,

increasing workforce mobility while decreasing company loyalty. There is no longer a stigma to looking for other jobs and accepting counter-offers.

In this third edition of *Hire with Your Head*, I describe how to use these tools to your advantage, but this represents a small change in tactics, not a change in philosophy. The primary goal of this book is to show every manager and every recruiter how to hire one great person. The secondary goal is to show how to do it over again, and again, and again.

Here are seven ways to get it done:

1. *Stop using traditional boring job descriptions for advertising.* Top people don't look for jobs based on their skills and experience. They look for jobs based on the challenges and opportunities involved.
2. *Make the job description the real job.* Most job descriptions list skills, required experiences, academics, competencies, and personality traits, with a little about duties and responsibilities. This is more a people description than a job description. Instead, define what people need to do with their skills and experiences. These are called performance profiles. You'll use them to screen, assess, and recruit every one of your candidates.
3. *When the supply of top talent is less than the demand, you need to design your advertising and sourcing programs and systems based on how the best look for new jobs.* Somehow, most companies have not considered this fundamental principle of marketing and economics when creating their hiring and recruiting processes.
4. *During the interview, forget the clever questions.* Instead, dig deeply into a person's major accomplishments to observe trends of growth and patterns of behaviors. Then compare these to the performance objectives stated in the performance profile. This is the core of the performance-based interviewing process described in this book.
5. *Hire people who are both competent and motivated to do the work.* It's easy to measure competency, but don't stop there even if the person is affable, outgoing, and interested in your job.

To assess true motivation, you'll need to look for multiple examples of where the person has excelled and the underlying environment and circumstances.

6. *During the interview, put your emotions in the parking lot.* Implement an evidence-based assessment process, which means use the interview to collect information, not to make a decision. The decision is made later in a formal meeting where all interviewers share this unbiased information to reach consensus. Watch your accuracy soar with this simple system.
7. *As the competition for talent intensifies, strong recruiting skills are essential for hiring top people on a consistent basis.* This requires strong consultative selling skills in combination with great jobs, an interviewing process based on deep job-matching, and the hiring manager's total involvement. Too many companies still rely on a transactional approach to recruiting based on money, charming or pushing a candidate into acceptance.

Collectively, these ideas and principles are embedded in the Performance-based Hiring process described in this book. However, this book is not about principles; it's about tactics. It describes how to hire one great person again and again. Don't lose sight of this concept as you build systems to hire dozens or hundreds of great people. Each great person is unique. Treat him or her this way. Implemented properly, Performance-based Hiring can become your systematic process for hiring top talent.

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# Chapter 1

## Performance-based Hiring: A Systematic Process for Hiring Top Talent

Hire smart, or manage tough.

—Red Scott

### ■ A RUDE AWAKENING—WHAT IT REALLY TAKES TO GET AHEAD

I still remember the following situation like it was yesterday. I got the call sometime in the morning on a mid-October day in 1972 at my first management job, financial planning manager at Rockwell International's Automotive Group in Troy, Michigan. At the time, I was working on my first presentation, due the next day, to the Group's president and vice president of finance. It was going to be a very long day and night. I didn't mind, since my new wife hadn't made the move to Michigan yet. My boss, Chuck Jacob, and the reason for my being in Michigan, was on the phone with a desperate plea. Chuck was a 29-year-old Harvard MBA whiz kid, just out of Ford Motor Company, trying to prove to everyone that he deserved his position as controller for this multibillion-dollar automotive



supplier. He was also my idol. I listened. He was over at the University of Michigan interviewing MBA students for planning analyst positions to fill out our department. We needed these people urgently. The good news—too many had signed up for the interview, and Chuck needed me there to interview the overflow. We were going head-to-head with Ford, Procter & Gamble, IBM, and every other top Fortune 500 company, who wanted the best candidates from this prestigious MBA program. He told me there were stars in this group that we needed on our team. The bad news—I didn't have a minute to spare. I protested, vehemently, pleading 14-hour days, a long night, and a critical presentation the next day. There was a momentary delay. Chuck's response still blasts in my ears today: "*There is nothing more important to your success than hiring great people! Nothing. We'll somehow get the work done. Get your \_\_\_\_\_ over here now.*" He then hung up.

I was there within the hour. Together we interviewed about 20 people, took eight of them to dinner that night in Ann Arbor, and hired three of the top MBA students within two weeks. I've lost track of Russ, Joe, and Vivek, but I want to thank them and Chuck (who passed away at a too-early age) for an invaluable lesson: *There is nothing more important—to your personal and company success—than hiring great people. Nothing.* Chuck and I got back to the office at 10:00 P.M. that night and worked together until 3:00 A.M. to finish the report. The handwritten version was presented the next day to Bob Worsnop and Bill Panny. We apologized for the format and lack of preparation, but told them we were doing something more important. They agreed.

## ■ BENCHMARKING THE BEST

I learned 50 percent of what I needed to know about hiring that day. Since then, I've been trying to understand the rest. I'm not quite there yet, but close. For the past 30-plus years, I've been fortunate to be able to work with other people, like Chuck, who always seem to hire great people, year in and year out. Few have had any formal training. They learned through trial and error. Equally important, I've lived and worked with managers who've made every possible hiring mistake in the book. This is their book, too. It's the collective stories of the good and the bad, sharing what to do and what not to do. There are some great techniques in this book, but none are