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*Notes to Friends of the Firm
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What Could Go Wrong?

We recently interviewed 20 corporate leaders* who acknowledged that their next failed hire won't be their first. As C-Level Executives, Corporate Recruiters and Search Consultants, they all know the right steps to find great new leaders. Recounting their recruiting missteps was not pleasant, but it certainly is instructive.

The thrill of the hunt has proven to derail some of the best recruiting processes. Enamored of a candidate's pedigree, or overselling the opportunity to them, have led to bad hires. "We talked too much during interviews and didn't listen enough." "The sell" obscured the job expectations for the candidate and resulted in a hiring failure. On the other hand, there were instances where the hiring executive failed to stay involved in the process to assure focus, or failed to involve other executives who would be critical to the selected candidate's success. Each of these was cited as a reason for some memorably bad hires.

Heavy reliance on a known candidate, or one referred by an acquaintance, were viewed as quick or easy routes to selection. They proved to be both. But without normal scrutiny the results were often abysmal. Scrutiny was omitted, "gut feel" was ignored. "We heard what we wanted to hear".

Also missed were candidates' early concerns about their family's relocation, and glossed-over clues from references.

There are some great internal recruiting departments that generally produce solid results. But it was recounted that they have been more likely than an outside search consultant to sacrifice objectivity.

Great athlete; wrong game. In too many placements, some corporate leaders recounted the hiring of talented, knowledgeable, successful people who then found themselves lost in a strange new culture (beliefs, practices, behavior, customs, history). One CEO recalls his company's captivation by a candidate's intelligence, industry experience and track record, ignoring the cultural mismatch that was eventually destructive. More than one of our executives still regrets having done a poor up-front job defining company culture so that they could have avoided the wrong candidate. Another added that the use of a formal assessment tool could have been helpful.

Once on the job, those new executives who were inadequately matched to the culture had difficulty collaborating with peers, marshaling the support of subordinates and establishing their own credibility. They clashed with bosses or Boards. A former CEO, now consultant, cites the new hire who was intentionally engaged as a culture misfit to quickly and single-handedly change a flawed culture. He failed.

Many wrongly assumed that an executive successful in one culture could easily adapt to a new one. This assumption commonly ended in termination or resignation, often within six

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months.

Sometimes it was leaders or their recruiting departments who ignored this variable. One executive recalls the search firm that didn't take the time to understand his culture.

Spiking the ball on the ten yard line. When the right candidate *was* selected, there were stories of failure from inadequate onboarding – assimilation, guidance, coaching.

“We set people up for failure.”

“There was a failure to mentor early, share the rules and culture; what it takes to be successful and the location of the land mines.”

There was also regret where there was no “new boss program” for developing the new executive's relationship with his subordinates. The “only relationship we introduced was with their [own] boss”. One new executive arrived unprepared to be viewed as the interloper in the eyes of the employee(s) who didn't get the job that he did.

These are actual examples of great hires undone by lack of assimilation. How about inattention? In one instance the upheaval caused by a family's relocation was ignored. In another, the hiring executive failed to pick up early signs of derailment (the new hire's lack of curiosity, drive or engagement). The delay of other essential personnel changes or the new executive's own failure to build multiple constituencies were other sources of crisis. One executive cited an instance of a search firm's failure to follow-up the placement.

These were some of the pitfalls cited by our executives as having driven the failure of their good hires. Did each of these failures effect the organization? As one executive observed, “everyone is watching”.

In light of these land mines has anyone succeeded? Sure. Reliable surveys tell us that after 18 months, 60% of new leaders are still on the job. Unfortunately that's a 40% failure rate – an expensive 40%. Costs of a failed hire mount through direct, indirect and duplicated

costs often totaling two to three times the annualized base salary.

60% of executive placements succeed for good reason: clear candidate profiles and job expectations. They are supported by a disciplined hiring process that includes: objectivity; trained interviewers; the involvement of stakeholders; attention to culture fit; and disciplined on-boarding and follow through.

The ultimate vaccine against hiring failure, of course, is to minimize the need for outside hires. But employee development and organization planning are subjects for another day.



We appreciate the experiences that were shared by our twenty executives. As they continue to build and transform their organizations, they may yet encounter another failed hire. They themselves may be a failed hire. Keeping these failures to a minimum for them, and for us, will require our disciplined attention to what must go right – and our recognition of what could go wrong.

*Participating executives for this letter included industry leaders from aerospace, biotech, business services, logistics, transportation, retail, government contracting, plastics, consumer products, industrial equipment, healthcare, chemical products, business consulting, not-for-profit, and other executive search firms.

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