HIRING, FIRING AND EVERYTHING IN BETWEEN: HOW TO MAKE YOUR BUSINESS MORE PRODUCTIVE

Growing businesses require additional staff which creates the ongoing and tough challenge of hiring affordable, productive team members.

Although you can conduct due diligence and take an educated guess as to how someone may perform… you never truly know until you take the gamble.

And it isn't just the initial hiring phase that causes this frustration. Constantly looking for new talent, skill shortages in a wide variety of industries, and the stress of helping existing staff meet, and exceed, their goals: these are all hurdles to productivity and efficiency.

Which is exactly why we asked our readers what they think. A massive 45% in the SmartCompany-Performia HR survey say skill shortages are a barrier to productivity.

Could it be that we're just not sure who can do the job being advertised? We don't have the systems to let us know the risks?

Are we firing the right ones? Or are we managing them correctly?

It pays to be sure. Which is exactly what this eBook is designed to provide: a guide for your business not only on how to hire and fire the right employees, but open you up to ideas and ways to help overcome skill shortages and keep your team motivated and productive.

No more guessing, no more poking around in the dark and using your business as a testing ground. Just clear, calculated strategy about how to match the best people to the best job – and keep them in a place where they constantly perform.

> "The idea that I should trust my eyes more than the stats, I don't buy that because I've seen magicians pull rabbits out of hats and I know that the rabbit's not in there."
>
> **Billy Beane, Moneyball: The Art of Winning an Unfair Game**

It might be harder than it sounds. But we've compiled the best research and the best tips to help. Happy hiring.

Eloise Keating, SmartCompany editor

> Businesses should keep in mind this isn't about tactics: avoid focusing on individual hiring elements like the tone of a job ad, or the questions asked during an interview. Instead, craft an end-to-end approach, a hiring strategy for finding the best people and achieving the best outcomes – and the right tactics will present themselves in due course.

How to perfect the role of hiring and recruitment

"The problem we're trying to solve is that there are rich teams and there are poor teams. Then there's fifty feet of crap, and then there's us. It's an unfair game… *We've got to think differently*." **Billy Beane, Moneyball**

Beane had many constraints. The club's owner controlled the budget; the team manager controlled the way the team played, and the players controlled their own behaviour.

Like Beane, you're going to face some challenges and you'll come across some negative people that lack the same ambition as you dismissing change because 'that's how it's always been done'.

If you're trying to disrupt the status quo and at the same time, beat competitors that are much bigger and better funded, you're not going to do it by copying what they do. You need to think differently. Using traditional methods when you're at a disadvantage is a sure-fire way of losing the battle.

Despite any number of doom and gloom stories about the global economy, 81% of survey respondents in the survey say they intend to hire over the next 12 months.

SMEs have never existed in a better time; the ubiquity and price of digital tools encourage productivity.

Unfortunately the realities of staff management can dampen any benefits.

According to respondents, 18% of hires were worse or much worse than expected.

Nearly one-quarter (24%) say they are unable to determine whether a hire will be effective before joining the team.

And a massive 55% of businesses say they can think of at least one - and up to five - people who are unproductive or working against them, and those people cost them up to $500,000 a year. Nor do those businesses have an effective recruitment strategy to improve the hiring process.

But it isn't true that businesses are at the whim of chance. There are multiple ways SMEs can better target, and scrutinise, the talent walking through their door.

Get the job ad right from the beginning

Performia director Gareth Jekel says while hiring and maintaining an employee base is a complex task, SMEs need to focus on where it begins: the job ad.

"Imagine if you're a business, and you spend $10,000 on marketing for a new person to come in. I could get 500 resumes, or I could get no resumes," he says.

"So one of the simplest things to do is just try and work out what your culture is and… put it into your ad."

"The job ad is the cheapest and easiest way to actually filter candidates."

Jekel points to ads used by the Australian Defence Force: they're usually adrenaline-filled, showing images of men and women conducting high-impact and dangerous tasks like jumping out of helicopters. On the other hand, a job ad for an office environment online might showcase work-life balance.

Which type of people will either ad attract? Jekel says neither are wrong, but not enough businesses consider what message their ad is sending. Either way, ads need to always include the basic ingredient that there is a job to get done and value to add to the business.

"Then obviously the people that do come in have already actually responded to something in your ad that makes sense to them and they're passionate about," he says.

"And I can tell you from doing lots of split ad testing… and measuring the candidates, it's amazing how fewer candidates you might get when you get the ad right, but you'd end up wanting to hire 80% or more instead."

Setting the right expectations

Beyond the job ad itself, Jekel says it's critical that businesses design a position description and have it completely nailed before even searching for a candidate. Without a knowledge of what the person will be doing and what the expectations will be regarding future performance management, businesses can't hope to understand what skills they really need.

And while a skills test is crucial, more on that below, Jekel says it's the description that needs to be nailed down.

"Quite often you have an employer complaining about one of their team, only to discover that the team member was never really told or agreed what was meant to be delivered," he says. "It's really important before you hire someone to decide, in what quantity and in what value should they be delivering that?"

Skills test interview

Like sports scouts go to watch prospective players actually on the field, employment experts recommend potential hires be given a test to demonstrate their skill. That might be through a coding test for programmers, or a case study for product managers to spot patterns in data.

Many designers are asked to make changes to an existing product or web page, and then explain their decisions in the interview itself.

Remember, this isn't a personality test. What you're providing the candidate is a small version of a challenge they would face in the role. For instance, imagine a candidate who claims they have expert Excel knowledge - an Excel test will let you know just how advanced their skills really are.

As Harvard Business Review explains: "Provide relevant, real-life scenarios to reveal how candidates think".

Be careful to not allow skill and talent to mask performance. In the book Moneyball, Michael Lewis gives live examples where baseball players were recruited for their talent, their on field displays, only to forget to check performance stats.

"You have to understand: we don't just look at performance. We were looking at talent." But in Billy's case, talent was a mask. Things went so well for him so often that no one ever needed to worry about how he behaved when they didn't go well," Roger Jongewaard, the Mets' head scout says.

Match the candidate to the skill

The modern job search process places an emphasis on eschewing prejudice. It's a challenge for even the best hirers, but Jekel says prejudice is fine: just make sure the prejudice is focused on abilities to add value to the business rather than appearance or age for example.

Working out and understanding the job description and ad completely will make it far easier to spot the skills you're actually looking for, which are mission-critical, and which can be learned on the job.

"We're very good at screening people in, as well as out," he says.

Jekel points to his own business, where they use a productivity scale from 1-10, with names for each level, then identify each person to that scale in the workplace and each candidate pool. Creating a similar scale or system for judging a candidate might help put the hiring process into a clearer view.

But ultimately, he says, hirers should be looking for mindset. A prospective employee with the right mindset can learn mostly anything, but those without it will just drag your business down.

"If a candidate doesn't have a productive and willing mindset… they're going to be trouble."

More on that in the next chapter…

Download the Productivity Index that identifies each person on a scale of 1 to 10

Navigating skills and people shortages

Once you've hired the right people for the job - or at least, you've learned as much as possible about potential hires before taking a gamble - it now becomes incumbent on business owners to ensure their staff operate to expectations.

Unfortunately, according to the SmartCompany-Performia survey, more than 50% of business owners can name at least one person they say are unproductive or working against the business.

Not only that, but 29% of business say they do a capability check only semi-annually, or not at all. Only 24% say they do so monthly.

This is a shocking figure when businesses also say those employees can cost up to $500,000 of losses!

"The people that you do lose... could I have done anything more to help that person, or get them set up for success? Could we have spent more time understanding what the gaps are and how we could have helped them?"

That's exactly what businesses ought to do - and this is how.

Start with the right expectations

Not every employee is alike. Different work styles manifest themselves in different ways, and Jekel warns owners should be prepared for that.

Although hitting KPIs and expectations are never a subjective matter, Jekel says you do need some time to understand different working styles and whether someone is purely doing the bare minimum, or they just need time to get up to speed.

"You need to understand there may very well be two different types of people," he says. "There are those who get into a job and start performing well straight away. The other is someone who might take a year to be productive."

"The first category, the problem is they can get bored very quickly, sometimes in the first six months.

"The second category, they might take a year to start being productive but they might be your top employee for the next 14 years. Deploying patience is key here," he says.

Hire for attitude, train for skill

With the majority of businesses in the survey claim they are facing a skill shortage, Jekel says businesses shouldn't underestimate just how they can train existing employees for new abilities. After all, a productive past and willing attitude is 90% of what will create a successful hire. It won't be hard to spend some extra time training the remaining 10% gap.

Time after time, the world's top organisations repeat this mantra. ING Direct in the United States makes a point to hire outside of the banking industry:

"I'd rather hire a jazz musician, a dancer, or a captain from the Israeli army. They can learn about banking. It's much harder for bankers to unlearn their bad habits," Arkadi Kuhlmann, founder and CEO, told Time.

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Southwest Airlines in the United States adopts a similar scheme, with executive Sherry Phelps telling HBR the company looks for a "warrior spirit".

"We would rather take an eager, hungry, customer-oriented mind and mold it to what works well at Southwest, than try to change the habits of someone who's come up through an organization that views life differently."

Jekel agrees. While this is not to say businesses should hire unskilled workers for specialist roles, he says businesses should not necessarily expect candidates to have 100% of what a description is looking for. A positive, hard-working candidate with 90% will often work out better than a glossy, highly paid veteran with the full range of skills.

"So, minimally, if you can hire people that have that first ingredient which is they 'can make things go right', they have products they've produced, services, viable services they've delivered in the past, if you hire only people that can demonstrate where they've added value in life, your termination process, the whole process of employing those people will just become 100 times easier."
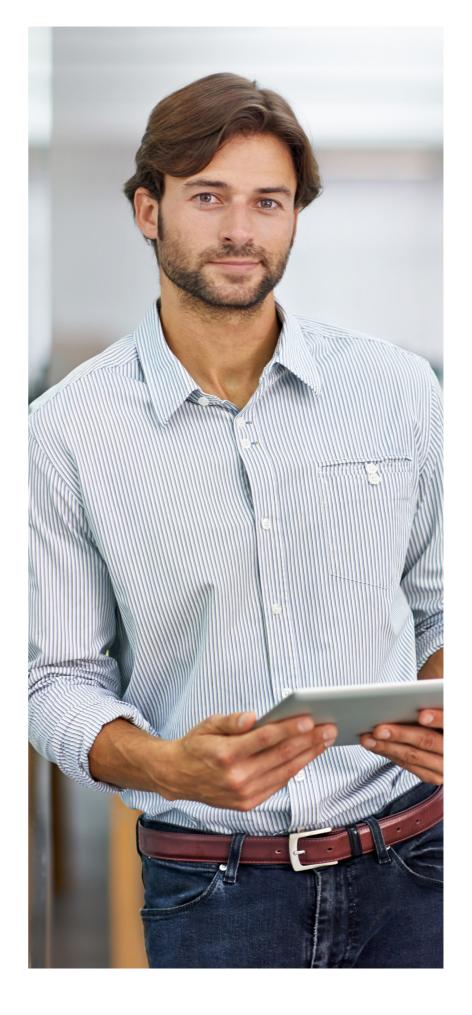
Rewards and recognition

SmartCompany readers clearly believe that rewards play a part in helping staff improve their performance: 60% say productivity comes from a happy, high-performing and hard-working team who get appreciated for their work.

Just make sure you're doing it the right way. One Harvard Medical School study found workers worked 50% harder if superiors said they were grateful for their efforts.

This doesn't just relate to skills, either. 83% of readers say they are confident their team is fit for company purpose - but are employees aware of that purpose and vision?

Bain & Company research has found employees are 44% more productive if they are engaged, and 125% more productive if they are inspired.

"We've been taught that you're either a General Patton and can inspire others or you're not, but this is not true," he told Inc. "Inspirational leadership can be taught. Companies that recognise that and invest in making it happen create meaningful impact on the productivity of their company."

Create the right mix of skills

While 46% of businesses say they are confident their employees are pushing the company forward, 24% say most of the output can be attributed to one or two star performers. On the other hand, 24% also say it's too hard to terminate or correct low-performing staff.

Could this be altered by the way you think of each role, and in different contexts?

For instance, many companies such as Google and Apple tend to select several core roles that are mission critical and won't tolerate any less than star players. For other roles, less productive employees are not so much of a problem.

"It took 600 Apple engineers fewer than two years to develop, debug, and deploy iOS 10...Contrast that with 10,000 engineers at Microsoft that took more than five years to develop, debut, and ultimately retract Vista. The difference is in the way these companies chose to construct their teams," according to an article in FastCompany.

One way to ensure this is avoided is by a skills check, which can happen in a variety of ways. The first is through a major alignment perhaps once or twice a year, in which employees are audited for the skills they actually have, the position description which includes the KPIs (production targets) they agreed to, and the goals you would like them to achieve - then figure out a plan to get them there.

On the other hand, it can also happen by virtue of deciding which roles in your business are the most important - then focusing 90% of your efforts there.

Skills development

According to survey respondents, training and skills take up most of their attention at 40%. The question is, is the right training taking place? Is it addressing the right gaps?

If businesses correctly identify skills gaps during the hiring process, they should put into place a program that will plug those gaps as quickly as possible. This should also happen on a routine basis, outside of traditional performance reviews.

And while upskilling staff may be costly for some roles, it doesn't have to be for all. For instance, courses available at institutions such as General Assembly offer affordable and flexible ways to train staff in even technical areas like product strategy. Business owners should investigate a range of online courses and then recommend them, if appropriate, to employees who need to upskill or improve in certain areas.

Putting people in the right job at the right time

Business owners should constantly be aware of their team's dynamic and makeup at any one point. As Google itself found out through extensive research conducted by its internal HR teams, staff are much more productive when they are "psychologically safe", and one of the methods managers can do that is to build rapport through regular meetings and catch-ups.

But as Jekel says, managers should also take on the role of a sports coach, constantly looking and aligning the best staff to the right roles. Without that eyes-on view of what is happening on a daily basis, he says, businesses won't thrive - and operators shouldn't be afraid of switching people around to different roles if it means happier staff and a more productive outcome.

"Look at your company as this group of players. How do I challenge them? Where do I position them? How do I get the goal set just at the right level where it's not too high and impossible and not too low that people don't feel accomplished?"

While often raising those goals can push out people who aren't performing, Jekel says it accomplishes the opposite just as much.

"It can really bring people up to the bar and go, "Wow I love this. I just, I love this company. I wanna get into it." And you'll find that conversations about salary and entitlements, and those things actually become secondary to actually getting out and winning the game," he says.

Of course, Jekel says, those all depends on business owners being deeply involved in how their staff operate and their individual skill levels. The deeper the detail, the better decisions you'll be able to make.

When is it time to let go, and how do you do it?

If an employee is truly unproductive, there is no other explanation and they simply aren't a good fit for the team, it may be time to let them go.

But how should businesses start to go about this? Apart from legal considerations, businesses ought to understand just how expensive it can be to replace a team member before they go about doing it - and make sure that it's absolutely necessary.

Are my expectations right?

Often an employer may want to manage out an employee without the full picture. Again, this comes back to the hiring issue: was the job ad specific? Were the expectations put in place? And even if the employee hasn't met those expectations, have they delivered value in other areas?

Jekel points to an example of a receptionist, who may have a KPI of a certain number of connections to handle. But even if they haven't met the quota, they may have created a filing system which improved productivity throughout the business - but that may not be reflected in their KPIs.

Understanding those individual cases is crucial, he says.

"If you're going to correct the staff member, investigate and really find out what's happening. Many times what they might be doing is covering up for someone/something else, or they're doing things you didn't expect."

Is there another problem?

Poor performance often has a secondary explanation. Not only might an employee be unaware of what their actual job is, but there could be a plethora of explanations for why the poor performance is happening at all.

"To use the receptionist example, you might find out the phones haven't been working properly," he says. Many times it could be a family illness or event that is causing someone to perform poorly - providing flexibility or understanding in certain areas could encourage better performance over the long term.

It's crucial, Jekel says, to separate poor performing employees into two categories:

- There could be a temporary/personal issue affecting their ability to lift their productivity level.
- The person doesn't have the willingness to fix the problem.

If it's a willingness problem, business owners don't have much choice and should start managing these people out - but 80% of the time, Jekel says, it's a systemic, motivational or situational problem. And often needs a broader approach to fix..

Understand how to motivate people

Business owners should be clear about expectations for employees, says Jekel. Someone earning a lower salary may feel less inclined to spend late nights at the office. But he also points out, you don't need to give someone equity or large salaries to be emotionally involved.

"People play sport for free, they don't expect to be paid for it, they love the camaraderie," he says.

"If you look at a football club, no matter if it's a junior club, they have position reviews. They understand who should be in, who should be out, and you need to have that culture of management."

"A company is smart to invest their time in managers understanding their people and people in general."

The termination conversation

Once businesses understand that an employee isn't going to improve, the conversation should happen: but Jekel warns there should have been ample opportunities to improve before then. Hopefully, the employee will be in agreement they're not a good fit for the job.

"It's not that I don't need to terminate people, but we bring in people that want to be challenged and they want to achieve something, and they understand that happiness comes from achievement, it doesn't come from entitlement."

"It's a very simple conversation because they're already not happy. And so my job or my manager's job of terminating people is to actually like we see that that's the happiest route out for this person."
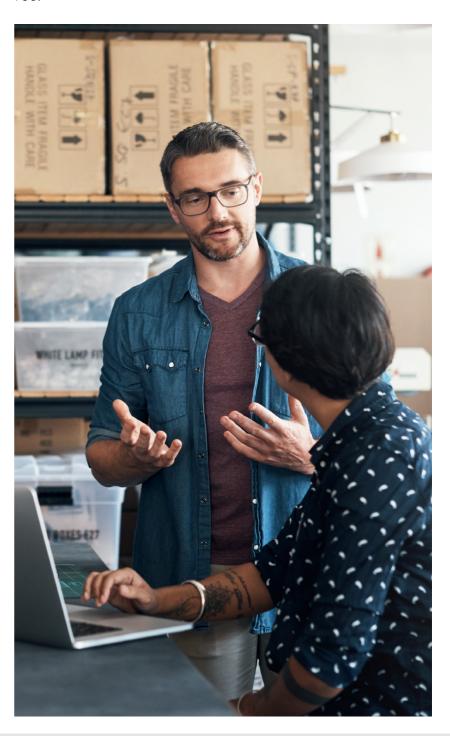
"We're doing them a favour when you sit down with most people and you terminate them, productive people that is, they're relieved. They want to be in a position where they can produce more than they are paid. It is only the staff that feel they are entitled to a job that can be hard to remove from your business."

The importance of strategy

While maintaining proper hiring, managerial and firing procedures can seem intense, it's simply a crucial part of doing business. The costs of ignoring these areas are too great to ignore.

As businesses grow, it becomes imperative for these strategies to be put in place. Once solidified hiring becomes a matter of scale - not a matter of worrying whether the right people are in the right job.

Using the methods outlined in this eBook, businesses should be equipped with the right tools to start putting more diligent procedures into place - whether you're one person or over 100.

Businesses should keep in mind this isn't about tactics: avoid focusing on individual hiring elements like the tone of a job ad, or the questions asked during an interview.

Instead, craft an end-to-end approach, a hiring strategy for finding the best people and achieving the best outcomes – and the right tactics will present themselves in due course.

START CRAFTING YOUR END TO END HIRING STRATEGY

TAKE YOUR TEAM AND BUSINESS TO THE NEXT LEVEL OF PRODUCTIVITY AND GROWTH - START HERE

The ease and success of your organisation's expansion and constant improvement is driven by you and deployed by your team. How you choose and grow your team is the main factor underlying the success of your business and requires consideration and its own strategy to be sure that you have every chance of keeping ahead of the curve.

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