Chemistry Gp

HOW TO HIRE THE RIGHT PEOPLE

How to hire the right people

www.thechemistrygroup.com

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WHAT IF EVERYTHING WE KNEW ABOUT HIRING WAS WRONG?

"

On 26 March 1989, a boy was born who would go on to highlight everything that is wrong with how we identify talent.

His name is Simon Kjær and, in 2004, Danish Premier League Football team FC Midtjylland's coaching staff reluctantly gave him the last slot in their squad. At the same time, the Head of the FC Midtjylland Academy asked his eight UEFA "A" Licensed coaches to write down the names of five players they thought would make it as professional players and seal them in an envelope.

Five years later, when Simon was sold to top Italian club Palermo for $6M, the envelopes were opened to reveal that none of the coaches had named Simon. Simon then went on to represent Denmark at international level and have a very successful and lucrative football career none of the players that the coaches named represented their country.

How does this happen? How can such highly experienced coaches get it so wrong?

Or let's ask another question. How can highly experienced managers get their hiring so wrong?

Ultimately, what is the problem with how we identify talent?

59 CAPS FOR DENMARK

PLAYED IN WORLD CUP

EUROPEAN CHAMPIONSHIPS

THE CHAMPIONS LEAGUE

DANISH PLAYER OF THE YEAR 2009

**The answer is simple:**

WHAT YOU'RE MEASURING IS WRONG

Let's stick with the football analogy to highlight the point.

For the past two years, Chemistry have been running a research project with a renowned English football academy. In a fairly dismal system, this academy is a bright point, but even they suffer from a crippling and systemic challenge.

A challenge that exists within every organisation of the 250 boys in this football academy, how many do you think were born in the six months between March-August? Statistically speaking, it should be 50%, right?

The number is actually 10%.

How does that happen?

SEPTEMBER   AUGUST
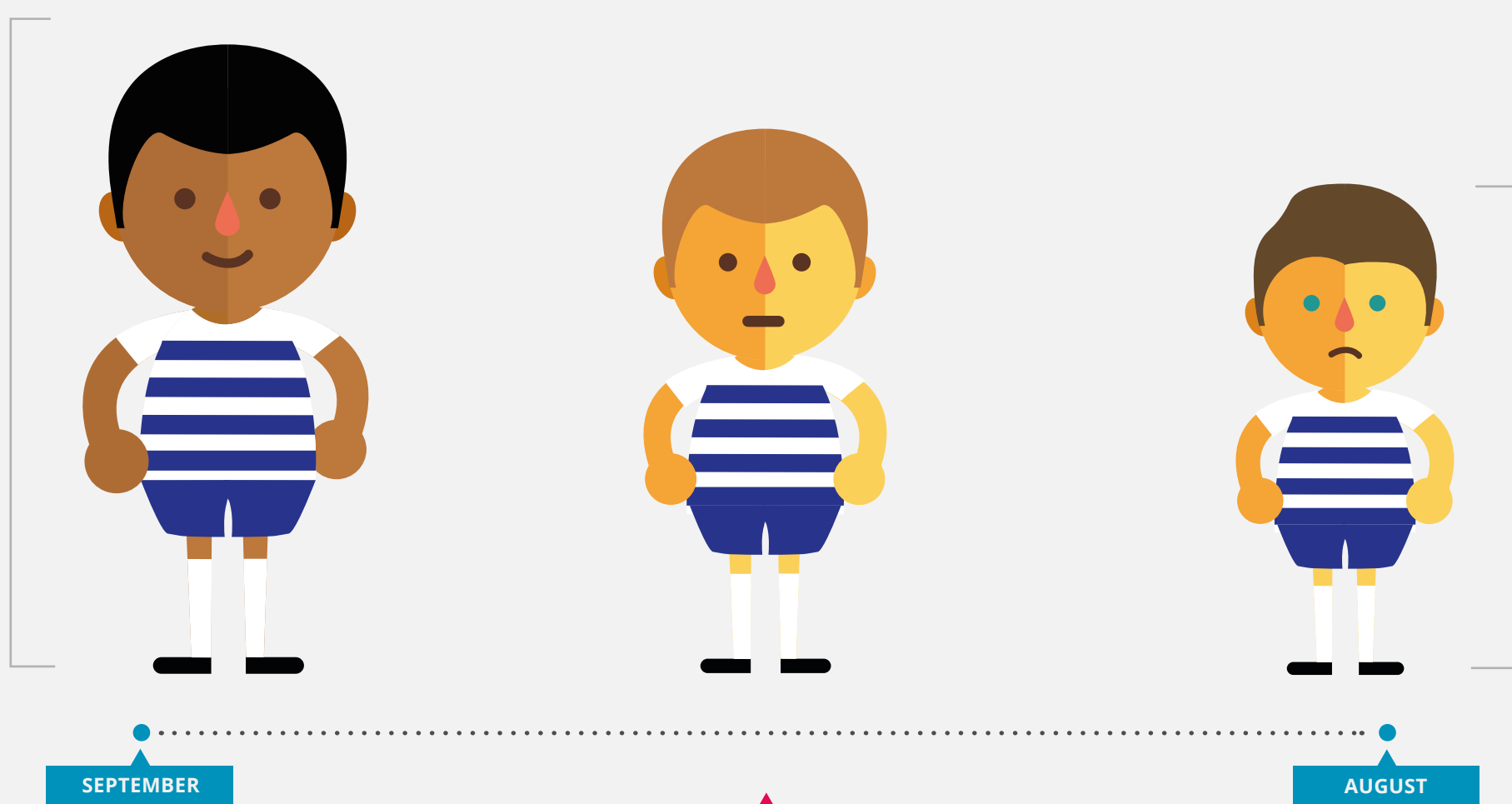
The UK school year runs from September – September, so these boys were in the second half of their school year: **they were the youngest of their peer group.**

PSYCHOLOGISTS CALL THIS 'RELATIVE AGE EFFECT'.

WE CALL IT BIAS

At the age of 5-10 years old when these boys are "identified", the key predictors of future performance used by the coaching system are: Size, Speed & Strength. Unsurprisingly, the boys who possess these attributes are, on average, the oldest in their year group.

They are then given the best coaching and more practice hours than their peers, which, by the time they are 16, makes them more competent than their under-trained younger classmates.

What month was Simon born in? You guessed it: not September, October or even December. March.

Lionel Messi, a five-time FIFA Ballon d'Or winner and seen by many as the best football player of all time, was born in June. Even he struggled to convince the doubters he would make it due to his small stature. Football is the thing English people care the most about. It is a multi-billion pound industry and millions are poured into tracking performance every year. Yet, through systemic stupidity, English football only accesses 50% of the available talent.

FOOTBALL HAS NO SHORTAGE OF TALENT, IT HAS A LACK OF ACHIEVEMENT.

It is a microcosm of the problem we see in each and every talent market: the exact same thing is happening in the world of work.

THE STUPIDITY OF HEIGHT

Think about this... only 18% of men in the US are over 6 feet tall, but 61% of the 450 men running Fortune 500 companies are over 6 feet tall.

You won't be surprised to learn that being tall doesn't actually make you any better at most jobs. Tall men aren't better leaders, they're just beneficiaries of a bias in selecting leaders.

Relative Height Effect in business, like Relative Age Effect in football, is just one phenomenon affecting the world of work. There are actually another two that are far more fundamental.

In all of Chemistry's analysis of high and low performers within global organisations over the last 13 years, two data points prove true time and time again:

Previous experience is the least reliable predictor of future performance

Academic achievement is the second least reliable predictor of future performance

"

EVERYTHING THAT OUR RECRUITMENT INDUSTRY IS BUILT ON IS FUNDAMENTALLY WRONG.

"

Someone's CV and the school they went to are the least reliable data points in predicting whether they'll be a great employee in your organisation.

But how heavily does your organisation rely on them in their decision-making process?

WHAT DOES GREAT LOOK LIKE?

If the answer isn't found in CV's or degree certificates, where does it lie? How do you really make accurate hiring decisions?

In order to understand how you identify What Great Looks Like for your roles, we need to apply the science:

Roger Philby
CEO, The Chemistry Group

In 1999, when Chemistry's founder, Roger Philby, was Head of Resourcing for Nortel Networks, attrition in their sales force hit 40%+ for first-year starters and he was calculating how the business could bear the $60M+ per annum cost.

The truth was, not only was the sales organisation being handicapped by attrition in the first year, but the three groups that sales people had settled into were also hampering its performance. Chemistry has subsequently found these layers in every workforce we have come across.

The Three Groups
What are they?
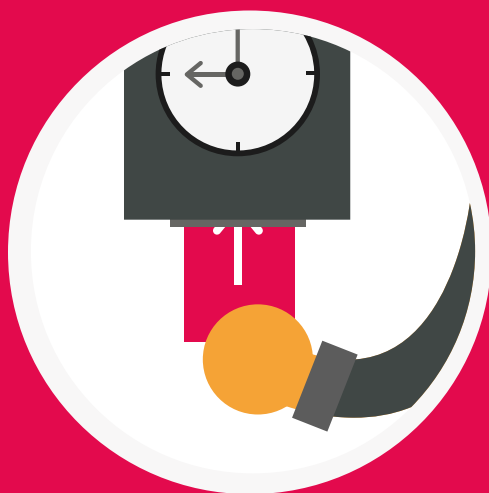
Group One

Linchpins

Those sales people that everyone knows, who seem to carry the rest of the organisation on their shoulders. It's the 10-20% that are executing 80% of the revenue.
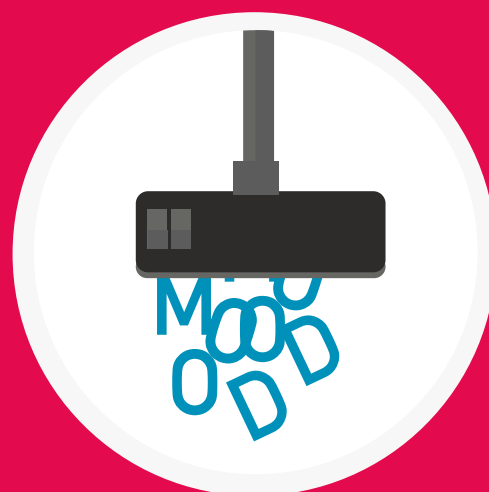
Group Two

Presentees

They clock in, they clock out. You're not sure in the absence of any real data - whether they net out positive.

Group Three

Mood Hoovers

They quite literally suck the life out of the organisation.

On leaving Nortel, Roger challenged himself to find out whether an organisation could predict whether an individual - before they had even been hired - would become a member of group 1, 2 or 3.

He and his wife re-mortgaged their house, using the money to fund an extensive research project. They found the answers they needed in clinical, environmental, occupational and behavioural psychology.

Those answers were so profound that it increased the accuracy of predicting an individual's future potential performance in any given organisation from 25% to over 75%.

This is now what enables Chemistry and its client organisations to accurately predict high performance and use their proprietary technology to hire those people at scale.

# PREDICTING FUTURE PERFORMANCE FROM

25%

75%
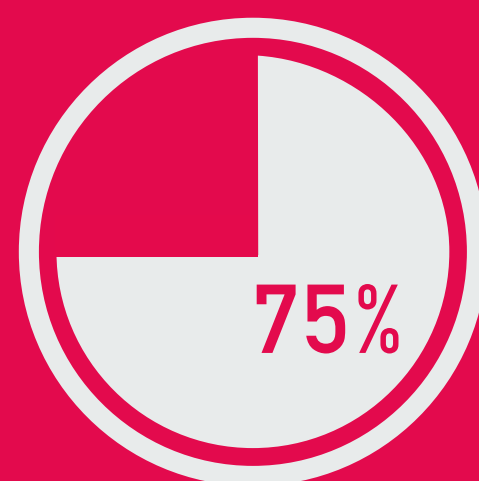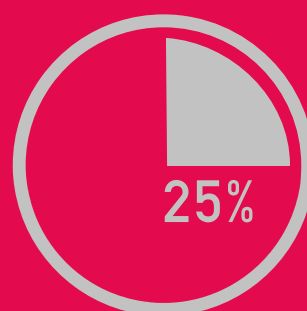
CHEMISTRY'S 5 BOX MODEL

Chemistry used this research to create the **5 Box Model –** the five factors key to predicting high performance.

Intellect.
Values.
Motivations.
Behaviours.
Experience.

The thing to note about the 5 Box Model is that it's stacked from the hardest to change (at the top) to the easiest to change (at the bottom).

This is important for two reasons:
1. Intellect is the hardest to change but not necessarily the most important.
2. Most current hiring works the wrong way up the stack, i.e. it starts with a cv...

THE 5 BOX MODEL

Intellect.
Values.
Motivations.
Behaviours.
Experience.
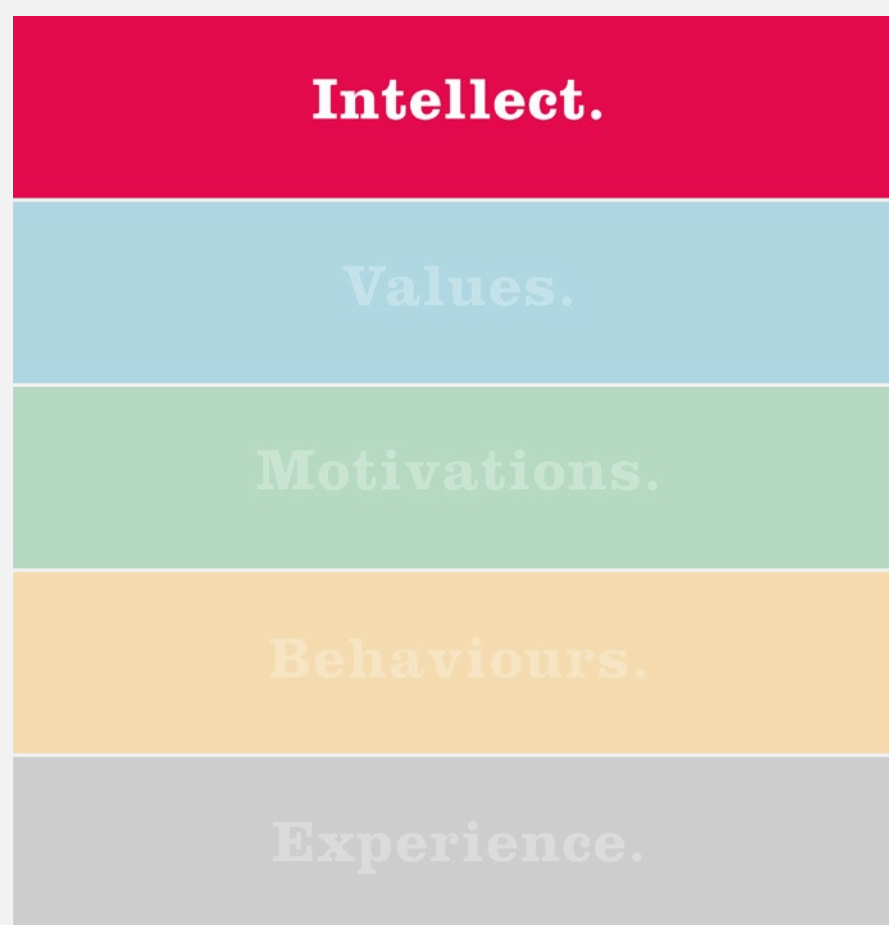
Intellect is a measure of the speed and accuracy at which an individual takes in, processes and retains information.

That's it. It's not a measure of academic achievement any more than it's a measure of your DNA. In the world of business, two things impact the required level of intellectual horsepower:

1. Ambiguity
2. Complexity

What we know is that, as ambiguity and complexity increase, so too does the need for 'Intellectual Horsepower'. It actually does become a predictor of success. If it's needed, make sure it's being measured, because you can't change it. Not even with brain training apps. But it doesn't always predict performance...

Intellect is a tricky point of measurement because it is often associated with "being smart".

Given that most organisations will say they want "smart" people, we find that many of them will deploy an Intellect assessment in their recruitment process, but will actually have no idea if it predicts job performance.

We have data on some of the world's top-billing lawyers, some of the most highly paid executives in the largest global organisations... Not all of them – in fact few of them – are necessarily successful because of their Intellect.

We have even encountered some roles and organisations where high Intellect is actually a predictor of failure, be careful how you use it.

Your business should be asking two questions:

What level of Intellect do you need to be great?

Does it even matter at all?

THE 5 BOX MODEL
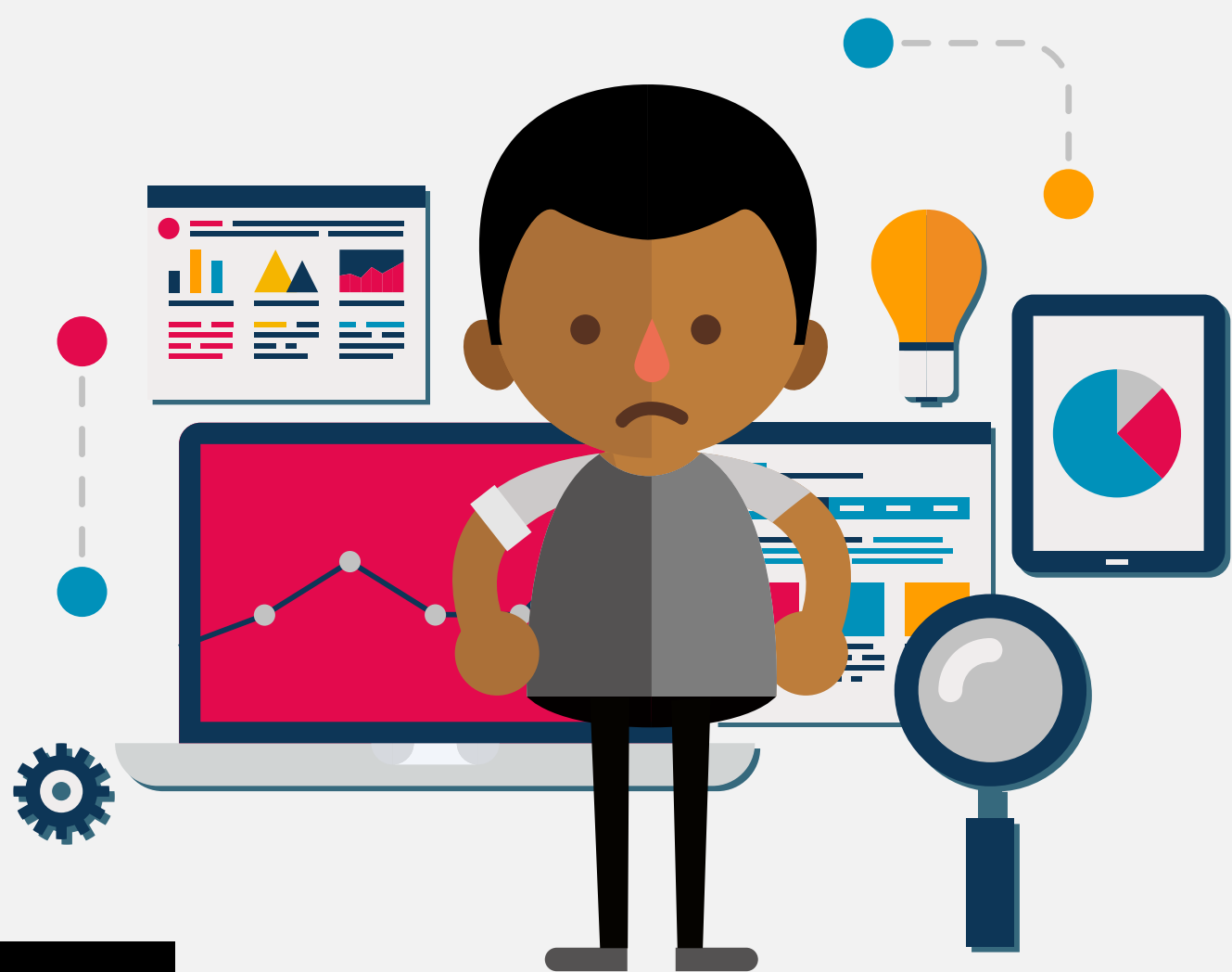
Client Story

A leading business information services provider was struggling with exceptionally high turnover: 54% of new sales people left the role in the first twelve months! This was having a massive implication on the customer experience, not to mention the operational costs and the lost revenue incurred.

The business was insisting that you had to be "smart" to succeed in a sales role and to this end, were using a standardised aptitude assessment (an Intellect test) within the hiring process.

The first piece of work we did was to test this "smart is best" hypothesis. We assessed the entire sales force using a standardised aptitude assessment and then correlated the results with high and low performers the results were staggering: it turns out there was absolutely no correlation between an individual's performance in the Intellect assessment and their performance as a sales person.

As a result of the work, by removing the Intellect assessment from the hiring process, the organisation opened up talent pools that were previously excluded.

Talent Pool
Pre-Chemistry

Talent Pool
Post-Chemistry

Intellect.

Values.

Motivations.

Behaviours.

Experience.
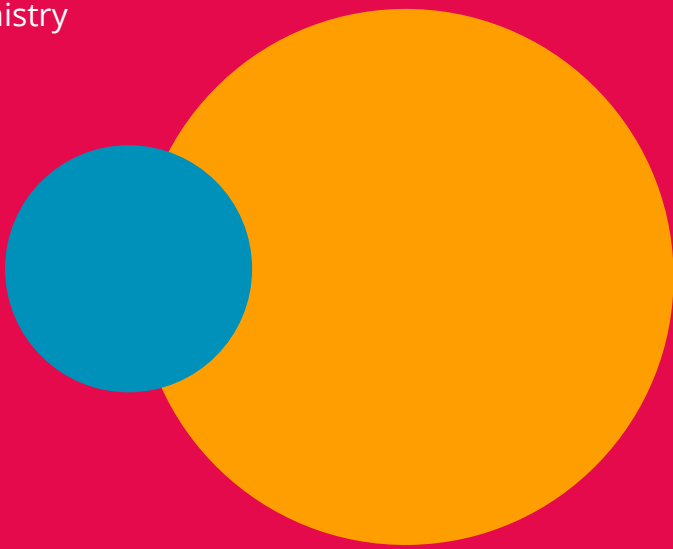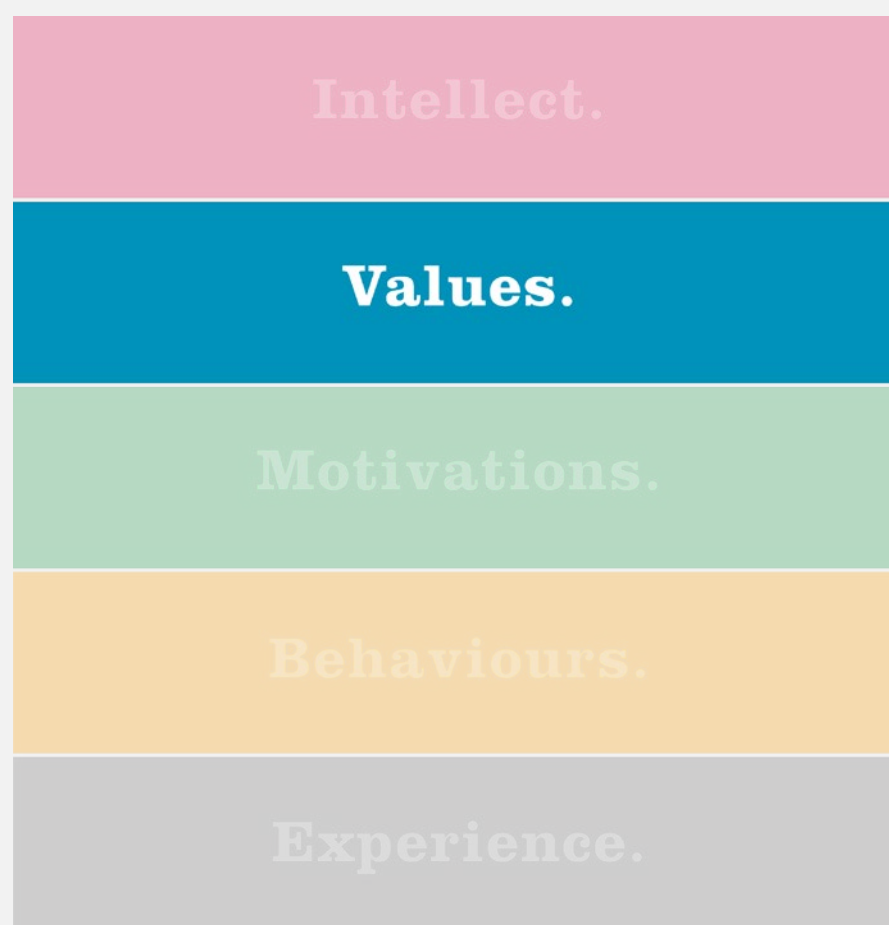
Values are the innate characteristics that define your behaviour at work.

They are how we approach relationships and decision making; how we feel about authority and being told what to do; how we respond to structure or rules; how we approach problem solving...

Think about the behaviours you are highly regarded for and you will find that these are the behaviours you value the most.

So why would we measure them?

Like Intellect, your Values are set early on in your life: by the time you are eight. Numerous studies have prove that these remain pretty stable over your lifetime. Ever made a hire and thought to yourself that something about that person "just isn't us"...? What you're noticing is their Values are misaligned to those of your organisation.

Values are the things that account for most people deciding to leave a business within three months of joining. 89% of mis-hires are due to poor cultural fit - when an individual's Values quite literally 'jar' with those of their organisation. Think about that: the reason why people are failing at work has almost nothing to do with what they know how to do; it has pretty much everything to do with who they are. The challenge is that, in most recruitment processes, Values are rarely understood, let alone measured!

If you do not understand the Values of your current employees, or those of the individual you are going to hire, we would argue that you do not know them at all.

89%
**of mis-hires
are due to poor
cultural fit**

THE 5 BOX MODEL

Client Story

Employee behaviour could hardly be more important than in a hospital. Chemistry have worked with Europe's largest employer - The National Health Service (NHS) - to create a Values driven assessment for all patient-facing staff.

In 2013, a formal investigation into the high mortality rates in the Mid Staffordshire hospitals was launched. The outcome was the Francis Report, which highlighted a lack of compassion from staff in the hospitals. Note – the report did not highlight a lack of skill or competence; instead, the reason why patients were not being looked after (and in some cases dying) was due to a lack of care from the staff on the ward.

This report recommended a "zero tolerance" approach to patient care – that's to say, they wanted to create an environment where patient care and patient safety was put first.

Chemistry created an online assessment to screen all patient-facing staff (from consultants to cleaners) for their propensity to ensure patients leave the hospital feeling better than when they came in.

This had the added effect of dramatically reducing the amount of time nurses were spending away from patients interviewing candidates, and increasing, by over 100%, the candidate suitability at interview stage.

Intellect.

Values.

Motivations.

Behaviours.

Experience.
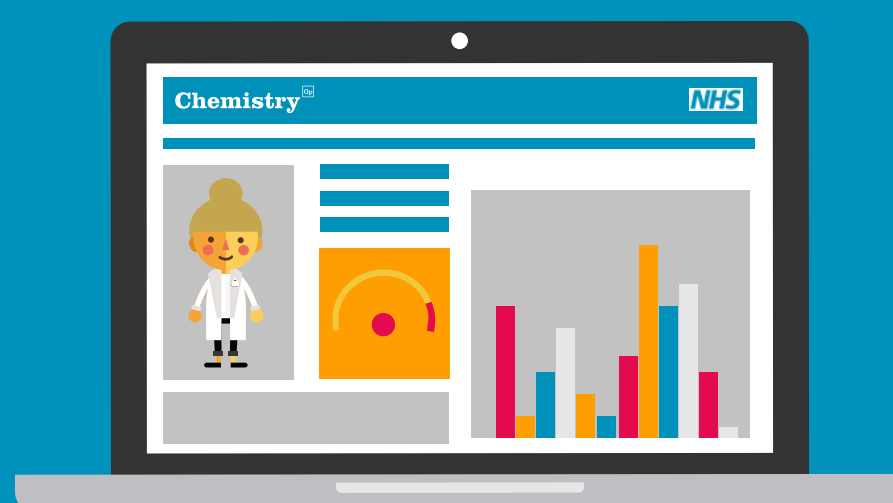
Motivations are a combination of the intrinsic and extrinsic drivers that energise you at work: the things that compel us to act.

Apply Motivations at work in three ways:

- **The job or role you are engergised by**

- **The environment you are engergisedd by**

- **The working style you are engergisedd by**

Where your values tap more into who you are, your Motivations relate to your working environment or setting, and are, as a result, more susceptible to change over time.

Having the right Motivations, aligned to the role and the company, is critical to performance. Let's take leadership as an example.

Finding, developing and retaining great leaders is one of the biggest challenges in any organisation. And that's borne out of the fact that market data suggests that just 1 in 6 people on a high potential programme will actually make it into a leadership position.

One of the biggest challenges is that an individual contributor role and a leadership role have an entirely different set of Motivations associated with high performance. So, the best performing individual contributors aren't necessarily going to be the best performing leaders but, in almost every single organisation, we find that leaders are promoted based on their current performance, not their "leadership potential".

In actual fact, the Motivations that make people fantastic individual contributors are the same ones that make them terrible leaders.

Client Story

Gina was the top performing sales person for one of the world's largest electrical appliance retailers. That was a year ago. Now, she is one of their worst performing.

What happened over the course of that year?

Over the past year the nature of her sales role has changed. Rather than processing as many requests as she can, and demonstrating strong product knowledge, she is now expected to 'consult' with her clients, help them to save money in their buying process, while also increasing their long-term spend.

In essence, her role shifted from a simple product sale to a more complex solution sale.

When we looked at Gina's Motivations, the challenge was clear. She was most energised by clear financial incentives, short-term goals, and status. Fantastic Motivations to have if you want to sell a simple product over and over again. Exactly the wrong ones for a consultative sale, however.

In the high performers, we found a very different set of Motivations: long-term planning, complex problem solving and personal initiative.

Gina was re-focused on customers who just wanted to buy the simple product. Her performance was restored.

THE 5 BOX MODEL

Intellect.

Values.

Motivations.

Behaviours.

Experience.
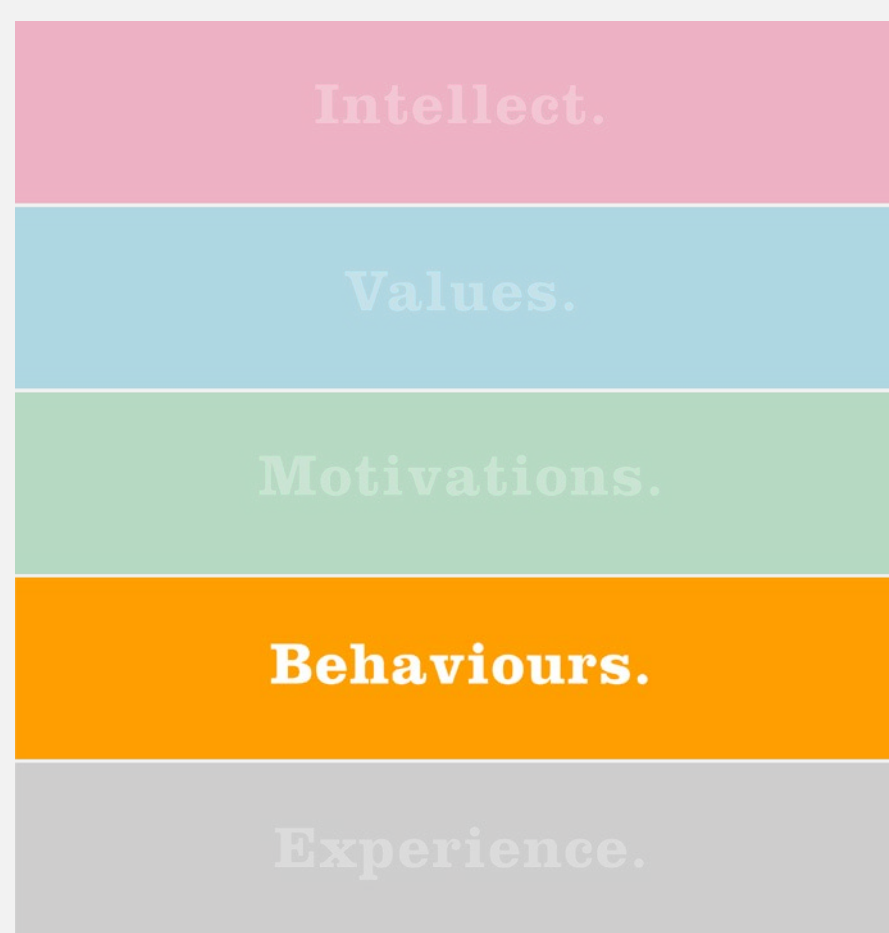
Behaviours are what you will do, not what you can do.

They are really the manifestation of how you want your people to show up and perform every day.

The beauty is that past Behaviour is the best predictor of future Behaviour. If we measure how you build relationships, it will give us objective information about how you are likely to build relationships in the future. In order to understand which Behaviours you need to measure, you need to get your business to answer this question: What is it that your high performers are doing that's different from everyone else? You then need to be as specific as you can about exactly what it is they are doing differently.

What's going to happen when you ask this question is that people are going to say something like:

"Well, they're just great at building relationships"

To which your response needs to be:

"Ok, how exactly are they building relationships?"

This will help to determine the type of person that's going to be successful. Is it that this person takes time to build very deep relationships with a few individuals? Is it that this person is socially confident and wants to interact with as many people as they can? Is it that this person is just very good at listening and pointing the customer to exactly what they need?

The point is, these are all examples of 'Building Relationships', but your high performers are probably doing something very specific which ultimately sets them apart. We help organisations to define exactly what these Behaviours are, and to move away from generic labels, and towards a very specific definition of the Behaviours they want to see, unique to their business, that everyone can describe.

THE 5 BOX MODEL

FAST-FASHION RETAILER

HIGH END RETAILER

Imagine This

Let's imagine a shopping experience in two different stores. One is a high-end fashion retailer, the other is a value, fast-fashion retailer. The retail advisor roles in these two stores are pretty much exactly the same in terms of the job spec:
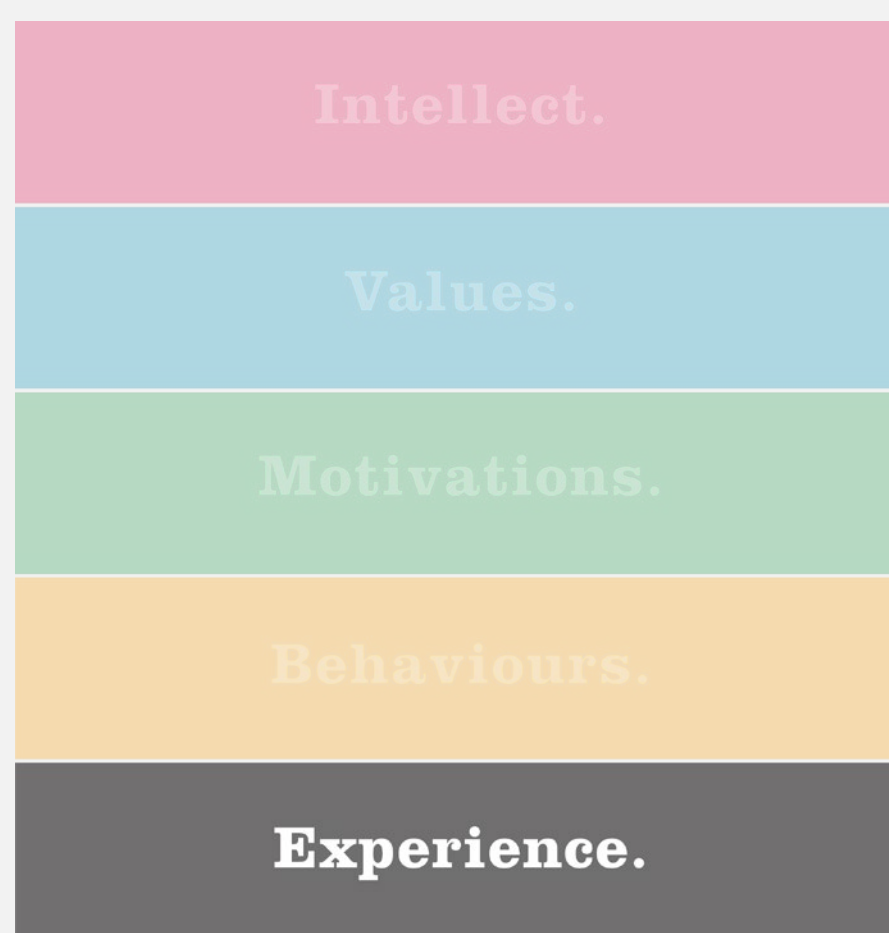
- **Build relationships with customers**
- **Work to sales targets**
- **Collaborate with colleagues**
- **Manage customer payments**

Specifically, how they do these simple things is the key to understanding performance. For example, how high performers build relationships in the high-end store is through wanting to know about the customer's life outside their shopping transaction – they want to know what kind of house they live in, what kind of

lifestyle they live, if they have kids or not, etc.
Conversely, at the fast-fashion retailer, high performing retail assistants don't care about this; they just care about getting you to the things you have come in for.

The above is an actual example of two of Chemistry's clients. We built them a unique profile of What Great Looks Like based on the Behaviours required to be successful.

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Chemistry
How to hire the right people

Intellect.

Values.

Motivations.

Behaviours.

Experience.

Experience is what you've done before. In every single organisation we have worked with, Experience is the least reliable predictor of future performance.

The biggest problem with measuring Experience on its own is that someone knowing how to do something gives you absolutely no indication of whether that same person will apply that knowledge again in your business.

This is the single biggest reason why so much money is spent on training programmes, with relatively meagre return.

For example, we were asked to look at an Enterprise sales team within a FTSE 100 organisation. 7% behind their number, they were being beaten by their competition. In an attempt to stop the rot, the organisation had spent thousands on sales training. Bottom line: it had not worked. Using the 5 Box Model, we profiled their sales people and what we found was that they were highly competent, i.e. they knew what to do. Unfortunately their Intellect, Values, Motivations and ultimately their Behaviour meant that only 55%, given the right tools, would ever behave the way the organisation needed them to. Remember, knowledge is not behaviour and training is only one part of the answer.

By understanding who to focus on and the content and support they needed, this organisation turned its performance around in that fiscal year, smashing its revenue number by 14% and outperforming its competitors for the first time in seven years.

By understanding What Great Looks Like, and ruthlessly developing and hiring for it, the sales organisation shifted its behaviour and performance.
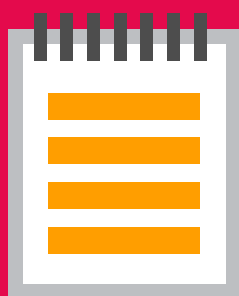
So what are you measuring, and why?
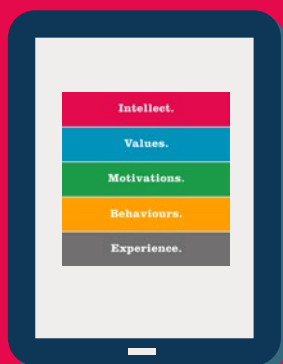
We call this **'What Great Looks Like'.**

What next?
What can you do in your business to start hiring the right people?
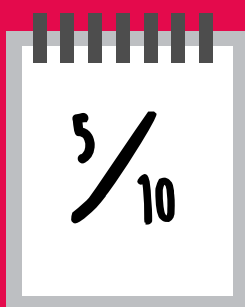
As a start, we'd recommend the following steps:

Write down on a piece of paper a list of the attributes that make your best people different from everyone else

Rank this list from most to least important. Take the top 10 attributes on your list, and map them to a box on the 5 Box Model (Is it Intellect, Values, Motivations, Behaviours or Experience?)

Look at your recruitment process and give yourself a score out of 10 for how well you think it currently measures the things that you've said are most important to performance

FIND OUT MORE

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Bringing the right people into your organisation is a business-as-usual process that can either rapidly undermine or accelerate business performance.

Watch now:
HOW TO HIRE THE RIGHT PEOPLE
To learn more about how to hire the right people, watch our CEO at Google Campus talking about hiring rockstars.

Watch now:
SPOTLIGHT SESSION
Click here to book a Spotlight Session, where our expert team analyse your recruitment process and provide you with a personalised report.

If you want to meet
to talk about how
we could help with
your recruitment,
contact us today

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GET IN TOUCH

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