



The Most Important Buying Decision You'll Ever Make

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What is the most important buying decision you'll ever make? When you choose a new site? Buying category management software? Adding a carwash? Does something else come to mind?

Well, no matter what it is for you, there is a well-defined, proven system that ensures you make the best decision and get the most value in return for your investment. It's in use every day, worldwide to purchase everything from paperclips to airplanes. And yet this proven system is routinely ignored when it comes to making the most important buying decisions any business ever faces—who gets hired.

A couple of reasons for this oversight come to mind. The first is that few business leaders realize that the standardized principles and practices they already use for purchasing and procurement also comprise an efficient, effective employee hiring system. Also at play here is a reluctance to systemize hiring in the mistaken belief that it's not possible to choose human capital in the same way we acquire other products and services. This is why most hiring decisions still hinge on the result of gut-instinct interviews—in spite of the fact that interviews are scientifically proven to be only 8% more reliable than flipping a coin.

Could this reluctance to systemize hiring be why hourly employee turnover rates are so high, and turnover in the management ranks is creeping higher every year? When the continuity of employees is key to developing the kind of relationships and service that earn customer loyalty, how does this bode for the future of your business?

It's time to take a page out of your purchasing procedures manual and start "buying" employees with the same care and concern as you procure new equipment.

Spell Out Your Purchasing Specifications

Be it a soft drink dispenser or a new store

associate, you can't get what you need if you don't know exactly what you need it to do. Your purchasing specs for that new employee should go beyond the basic job description and spell out:

The mental and physical capacities needed. Do you need a rocket scientist or someone with a GED? Does the applicant need to be able to leap tall buildings in a single bound or just stock the top shelf?

The innate attitudes that ensure the employee likes the job and your customers like the employee. The Harvard Business School determined that the four major factors critical to success on any job are: information, intelligence, skill and attitude. Of these factors, they found that the first three account for only 7% of success, while attitude accounts for the remaining 93%. Let's face it; the quality of an organization can never exceed the quality of the people who make it up. That's why savvy employers hire for attitude and train for skills. Ask yourself, does the job call for a patient person who enjoys helping people or an assertive, energetic go-getter?

The personality traits best suited for the job, your location and the corporate culture. Is the company rigid or relaxed? Does the job call for a person who is competitive or a team player? The person who does the books should have a natural propensity for attention to detail. Your managers and planners should be big picture thinkers.

The specific skills you need. Does the ideal candidate need to be bilingual? Able to do data entry? Operate a forklift? If the answer is yes, design a test to make sure you get what you need. Just remember, hire for attitude and train for skills. While you can't take the time to teach someone to speak Spanish, it's worth it to train a person with a great attitude in data entry.

Solicit Interest

With the specifications in hand, the purchasing agent issues a Solicitation of

Interest to find out who might provide the required products or services. This is analogous to advertising your job opening and, just like a good purchasing agent, you should use every possible resource. Ask for referrals from employees, customers and vendors. Advertise on job boards, on your Website and in the newspaper. Call the good people who used to work for you and see if they might want to come back. (The worst they could say is "no," and then you can ask if they know of anyone who might be interested.) If you always need new people, put in a 24-hour job hotline or an instore employment kiosk, sign up for job fairs, rent a billboard, work with local schools or create a radio jingle.

Evaluate Bidders' Qualifications

In the purchasing world, a qualified bidder is "an entity that has the capability in all respects to perform the contract requirements." In the hiring world, this is the heart and soul of an effective and efficient employee selection system. It comprises a series of simple, logical steps that reduce employee turnover by ensuring better hiring decisions.

The first step is a telephone prescreen to determine if applicants meet the most basic hiring criteria. There's no point in taking the time to see anyone in person who doesn't pass this screening step.

For those who pass the pre-screen, conduct the appropriate tests to determine if applicants meet the rest of the requirements called out in your specs. The first tests are for the required skills and capacities. Create and administer a math test, or give the delivery truck driver applicant the wrong address and see if he still shows up on time.

For those who pass this screen, standardized attitude and personality tests are also widely available to more narrowly identify those people best suited to the job.

Issue Your Request for Proposals (RFP)

At this point, the purchasing agent invites qualified vendors to submit their proposals. Similarly, you have identified a group of people you want to invite in for the big test: the interview.

There are several steps to conducting an effective interview, and the first is to tell the applicant up front what is going to happen and what you want them to do. Above all, you want the person to be honest with you. You can accomplish this by saying something like: "I'm going to be honest and open with you about this job and about our company, and I hope you will be open and honest with me. It doesn't matter if you've ever been fired or had trouble with a boss or anything else. As long as you tell me, we can take it under consideration. But, if you don't tell me and we find a problem when we run a background check, I can't hire you. Do you

understand what it is I want?" Now the applicant is positioned to tell you the truth when you start asking questions.

The interviewers who get the best results use structured interview question sets. By asking every applicant the same questions, they're able to compare apples-to-apples and make the best hiring decisions.

Conduct Your Bid Analysis

Now our purchasing agent will enter all the information from the proposals submitted into some kind of spreadsheet in order to analyze the data and make a decision. This is where you gather up all the information you've collected about each applicant you've interviewed and do the same.

When making a final decision about who to hire, there are four things to consider in your analysis:

- Test results should count for 30%
- The interview should count for 30%
- References should count for 30% (once thoroughly checked)
- Your personal perception should count for 10% (because no matter how hard you try to eliminate your biases, they may still be there).

If the applicant scores poorly on any one of the criteria, it's worth 100% and eliminates the applicant. On the other hand, a fantastic rating in any one of these areas can't, on its own, get someone hired. When you find good-to-great ratings in all four areas, you've found the right person for the job.

Make the Award & Letters of Regret

At this point, our purchasing agent may issue a contract to the winning bidder. This document will spell out all the terms and conditions as well as the rights and obligations of both parties. The applicant's signed and dated employment application form should cover all these issues, however, when you "award" the job you'll want to spell out a few things to avoid the misunderstandings, disappointments and assumptions that can lead to that person walking out on you or termination for cause.

First, tell the successful candidate why you chose him or her. Explain how the person's capacities, attitudes, personality traits and skills are a good match for the job. When you set expectations early in this way, the person will either meet your standards or opt out by declining your offer.

Second, make sure the person understands all the terms and conditions of the offer: the position, earnings, start date and any contingencies, like a drug test.

Third, make sure the person knows the grounds for termination by reviewing all job-related rules. Finally, don't forget to notify the other candidates that you have decided to hire someone else. Thank them for applying and the time they invested and wish them well. You don't want to create bad feelings in people who could be customers or have friends and relatives who could be customers or vendors.

Every job applicant knows your job is to "buy" the best applicant you can. Do what works. Use purchasing policies and procedures to decide who gets hired and watch your organization thrive.

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