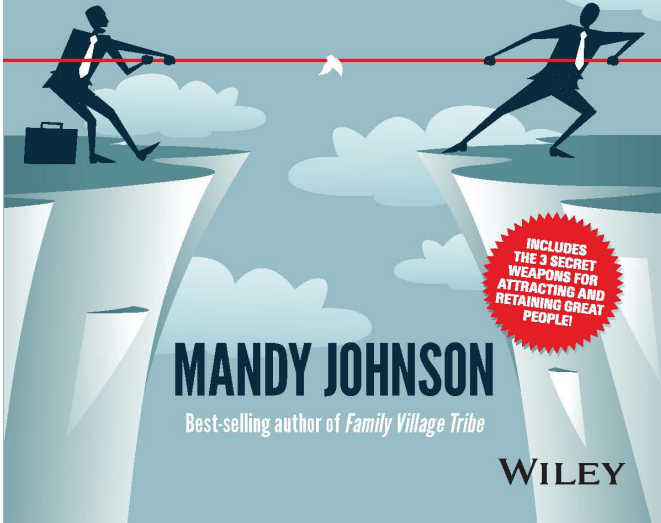


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WINNING THE WAR FOR TALENT

How to Attract & Keep the People Who
Make Your Business Profitable



MANDY JOHNSON

Best-selling author of *Family Village Tribe*

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Contents

<i>About the author</i>	<i>xi</i>
<i>Acknowledgements</i>	<i>xiii</i>
Introduction: Why change?	1
1 The drivers: the three secret weapons for hiring great people	13
2 The infrastructure: the six bones of great recruitment	33
3 Attracting: what great people want and how to sell it to them	49
4 Screening: using objective tools to measure attitude, skills and practical fit	77
5 Interviewing: inspiring and assessing	105
6 Engaging: employing the best people for the business	133
7 Retaining: keeping your highfliers	153
<i>Conclusion: The knowing/doing challenge</i>	<i>187</i>
<i>Appendix: The Highfliers 7-step System checklist</i>	<i>191</i>
<i>Endnotes</i>	<i>195</i>
<i>Reference list</i>	<i>199</i>
<i>Index</i>	<i>201</i>

INTRODUCTION

Why change?

If I were running a company today I would have one priority above all others; to acquire as many of the best people in the world.

Jim Collins, business researcher and best-selling author of *Good To Great* and *Built To Last*

According to the results of a CEO Institute survey, the number-one issue keeping chief executives awake at night is ‘sourcing and retaining skilled staff’. Yet when PricewaterhouseCoopers asked 1300 global CEOs about their operational priorities¹, talent strategies didn’t make the top five. So while CEOs may claim to be suffering from insomnia, it seems they’re doing very little to alleviate the problem.

The question that instantly springs to mind is ‘Why?’ In this age when almost every company is lauding how people are their greatest asset—their number one priority, their most important resource—and with skills shortages dominating the business press, why is there so much talk and so little real action?

This question is even more perplexing when you consider the mountains of empirical evidence that demonstrate the link between attracting and keeping good people, and the business bottom line. ‘Best Employer’ companies achieve on average four times the profit growth of other organisations² and perform three times better than the general market when it comes to comparative stock market returns.³

Even during the global financial crisis (GFC), the US-based Parnassus Workplace Fund—a group that only invests in organisations with a solid reputation for having outstanding workplaces—had an annual average return on investment of 10.81 per cent, compared to the S&P index's 3.97 per cent. The proof really is in the profits. So when there's such an obvious prize up for grabs, the disconnect between what CEOs are thinking and saying and what they're actually doing not only doesn't make sense, it's almost self-defeating.

I became vaguely aware of this problem at the age of 25, when I got drunk at a conference and told my boss that the way the company hired and trained people was crap. (This is not a strategy that I would generally recommend!) Two weeks later he rang and asked to meet with me. I dreaded the encounter, feeling sure that he was going to sack me for my outburst. Instead, he sat me down and said if I thought I knew so much about human resources (HR), then I should turn one of the company's shops into the organisation's first recruitment and training centre. A week later I found myself standing on a street front in the middle of the city with the keys to the shop, wondering what the heck I was supposed to do. That was the start of my new vocation.

I spent the next decade and more developing and honing a system of unconventional techniques that produced extraordinary results and would eventually solve the problems of a host of organisations. I'd like to say that it came about because of Einstein-like intelligence or Branson-style business flair, but that would be fibbing. I had just three things going for me. The first was that I had no conventional training in HR: my Arts degree, majoring in journalism, was about as useful as a wet tissue when it came to HR. So I bumbled along, finding my own practical solutions to problems. I realise now how lucky that was, as I wasn't blinkered by traditional ideas.

The second advantage I had was sheer practice. The global travel company I worked for, Flight Centre Limited, was opening a new store almost every 48 hours. It was business at warp speed. As an HR leader and director, I have now interviewed more than 1000 people and because of the awful, gut-wrenching mistakes I made—particularly in the early days—and some good calls as well, I have learned a lot.

My third advantage was that, just when I thought I knew everything about recruiting and retaining people, I had the ground ripped out from under me. Shipped overseas to help start up Flight Centre in the UK, my conventional methods proved ineffective in an environment where the company was an unknown competing against well-established, 800-store travel agency chains. As if that wasn't challenge enough, as a new company director I was responsible for the growth and profits of the entire operation.

It didn't take me long to work out that good people practices would be the key to my success or demise. If I couldn't hire enough highfliers, our shops stayed empty or were so understaffed that we lost good customers. If I couldn't develop people quickly, or if they quit in the first few months, our costs blew out, morale plummeted, stress levels went up and we ended up in a cycle of destruction. These staffing factors had a far greater impact on the profitability of our small start-up enterprise than if our sales systems were a bit loose, if our books didn't quite balance, if our wholesale deals weren't too sharp or if the calls from our advertising campaigns were down. To overcome these new challenges, I was forced to attack HR from a whole new angle, and the techniques I developed eventually became the foundations of my successful 7-step system.

By the time I returned to Australia and was approached by James Carlopio, head of Bond University's Centre for Executive Education (CEE), to develop and run 'people' seminars, I had a whole batch of effective strategies. And they were now in big demand. Eighty per cent of the university's business clients—a cross-section of small to large, public and private corporations from diverse industries—had rated recruiting and retaining staff as their most urgent business issue. It was actually quite funny as I was back to where I had started: telling bosses (in a far more polite and sober way) how to improve their people processes. But this time I had a lot more answers.

'Winning the War for Talent' became the CEE's most popular workshop that year and participants across many different industries contacted me afterwards to say that they had implemented the strategies to great effect. I was over the moon to see one large, public-listed company cut staff turnover by half, improve its profits by several

million dollars and resume its previously stalled global expansion plans. Others saved hundreds of thousands of dollars in direct hiring costs, filled their vacancies and were amazed at the increased happiness and productivity of their new workforce.

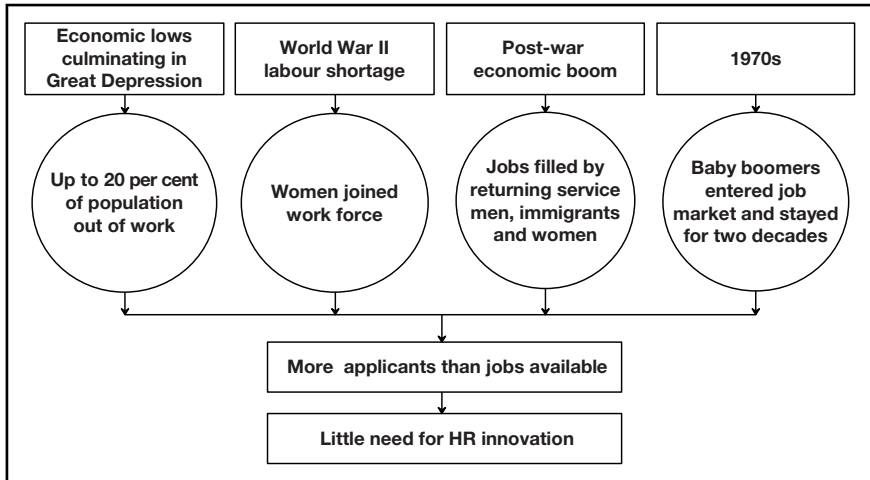
But what fascinated me most about this experience was that not everyone thought about people practices the way I did. Nearly everyone talked about their sourcing and retention problems as if they were reading off a menu card of external factors, such as localised skills shortages, currency changes, competing high wages or Generation Y's alleged chronic unreliability. Only the rare few thought their problems had anything to do with their own practices. And unlike other disciplines in which objective processes were the very foundation of success, good hiring—I was repeatedly told—was simply about 'gut feel', 'reading people well' or using dubious psychometric test data to justify subjective decision-making. Many stuck to this line in spite of all evidence to the contrary that existed within these businesses, such as unfilled vacancies, high staff turnover rates and, of course, disappointing profits.

So I was back to that puzzling question again. Why were organisations spraying around slogans about cherishing their employees, yet not actively doing anything of real impact to measure or improve their people practices? Why were my kind of proven techniques so rarely used in organisations, even though they produced such outstanding results? What was the real cause of this disconnect?

I stumbled onto the answer when I began looking at historical data and found that in developed countries around the world, applicants have outnumbered jobs available for nearly 100 years (as shown in figure I). Consider the economic lows culminating in the Great Depression that characterised the first half of the twentieth century when up to 20 per cent of the population was out of work; the advent of women into the workforce, which plugged the gaps in the labour market during World War II; and the population surge caused by the post-war 'baby boomers', who entered the job market in the mid 1970s and competed for vacancies for the next two decades. For

nearly a century then, hiring was as easy as plucking an apple from a small tree; people were ‘lucky’ to have jobs, and that was how they were treated.

Figure 1: the labour market in the twentieth century



With no requirement for innovation, HR was never recognised as a key business pillar and became a backwater. This atrophy is evident by looking at conventional corporate leadership structure where there are CEOs, COOs, CFOs, CIOs, but still very few ‘CROs’ or ‘CHROs’.

‘People’ people are still seldom elevated to senior levels, have little involvement in corporate discussion and strategic decision-making and are often paid less than their peers in other disciplines. It’s not surprising then, that often these departments have become a dumping ground for administrative tasks such as running payroll or tracking holiday leave and workplace health and safety—jobs that have little to do with the getting and keeping of good people.

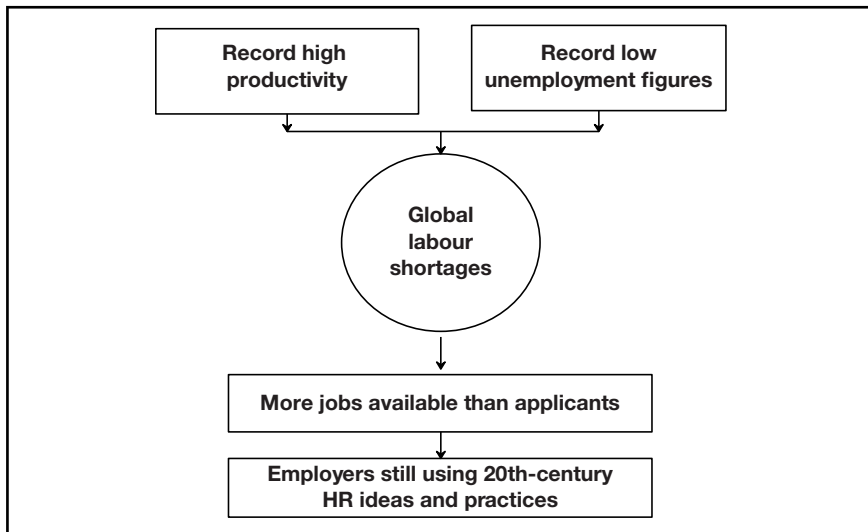
Because most companies haven’t applied the same level of rigour and measurement to HR as they have to their other business systems, subjective practices have spread like a pandemic throughout the industry. The lack of accountability has also acted as a magnet for bureaucrats, so in many organisations HR has become more about control, policing and devising of ever more complex systems, rather

than intelligent practices that facilitate real business outcomes. Instead of being a crucial piston in the engine of business then, the discipline has become stuck at roughly the same stage of development as professional medicine in the eighteenth century, a time when toxic mercury was used to treat many ailments and heroin was the common cure for colds.

The war for talent

This HR inertia is now unsustainable. In the late 1990s, every developed country around the world experienced high productivity and low unemployment (see figure II). Positions vacant outnumbered good applicants for the first time in nearly a century and with the power moving to the job-seeker, the ‘stay for life’ mentality vanished in just a few short years. Employers faced a ‘war for talent’ on two fronts. Not only were they competing to fill new positions, they were also fighting to keep their existing people. This double whammy meant that vacancies spiralled at the very time that many businesses were finding it almost impossible to recruit.

Figure II: the labour market 1990–2007



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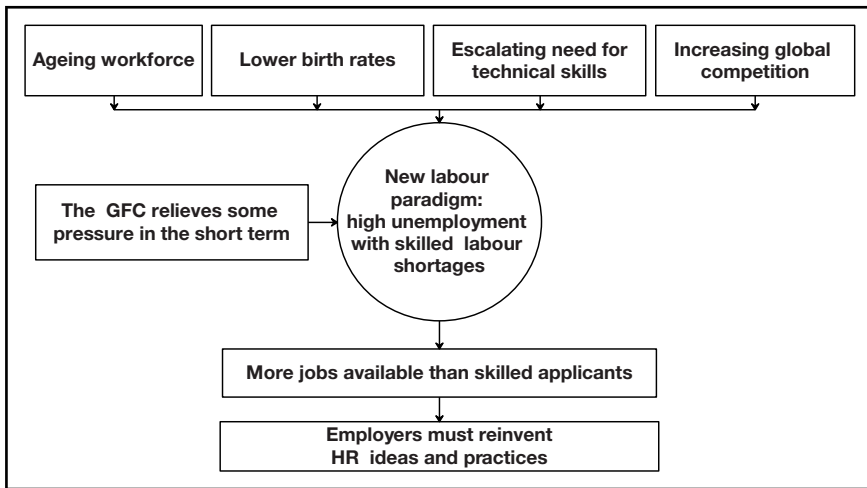
One CEO told me during this period that his staff turnover rate had soared to 60 per cent. We worked out the figures. He had 400 employees on an annual average wage of \$80 000, so even at the lowest estimated cost of staff turnover at 50 per cent of annual salary, this equated to \$9.6 million per year.⁴ He was shocked. He'd never considered staff turnover in such a tangible dollar value before so he'd never realised how much poor people practices were affecting his annual bottom line. Every 10 per cent reduction in staff turnover equated to about \$1.6 million in profit increase. This became his key goal that year and while a staff turnover target of 50 per cent wasn't going to win him any awards, he'd made a significant first step.

The future

Even though the GFC that began in 2008 relieved some of this employment tension, the battle for talent is now the new reality. Companies are experiencing a paradox in that although unemployment may be high in certain countries and industries, they still struggle to attract and keep the right people. For instance, 14 million Americans were out of work in 2013, yet according to the US Bureau of Labor Statistics there were still 3.7 million unfilled jobs. These figures demonstrate the distortion of the old supply-and-demand curve. Whereas in the 'good old days' many jobs could be held by most candidates, employers now compete for a smaller pool of better-skilled recruits.

To add to the challenge, in Australia, the UK, Europe, Japan and the US the overall workforce is shrinking. As demographer Bernard Salt highlighted in his book *The Big Tilt*, baby boomers are exiting the workforce at a faster rate than the next generations are entering it.⁵ Add to these factors escalating technological skills and increased competition from global employers and it is clear that the days when employing people was as easy as plucking apples are unlikely to return, as you can see in figure III (overleaf).

Figure III: the labour market from 2008 onwards



The opportunity

What people demand and expect from jobs has also changed, yet many companies haven't altered their thinking or practices. This is where there's a fantastic opportunity for employers. People rarely alter their behaviour unless forced to, so there's been little need or motivation for companies to improve or reinvent their people strategies. Yet blaming hiring failures and rising staff turnover on shifts in the labour tide, or the fact that someone offered your star recruit the latest iPhone, will no longer do. The twenty-first century is a time when continuous improvement of people processes is the new paradigm. Survival of the fittest means those who adapt and improve their current practices can snap up and retain more of the skilled and innovative candidates in the marketplace and turn the 'war for talent' to their own advantage. Those who cling to their traditional practices will struggle for growth and existence.

CHAPTER I

The drivers: the three secret weapons for hiring great people

When it gets too hard it usually means that you're doing something wrong.

Moira Brady, my children's first babysitter

At the lowest point of my career I discovered the three secret weapons to great hiring. They were easily implemented, didn't require unlimited funds and had been ignored by the majority of organisations. In fact, they were so rarely used that those who applied them stood out like beacons in the marketplace and achieved outstanding recruitment success.

I know this because I've been using them to great effect for more than a decade and I've filled all my vacancies, regardless of the labour market. The businesses I have applied them to have surged ahead in growth and profits, and staff turnover has been well below industry averages. Without these innovations, I would have lost my job and all future career prospects.

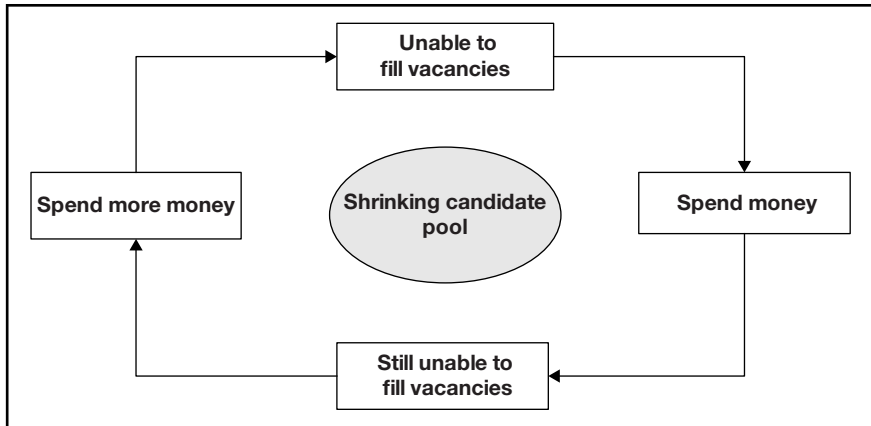
My transformation began when I flew into London to jointly set up Flight Centre's UK operation. With a mandate to open one shop a month, finding good employees was vital to the success of the whole operation. Having run a successful recruitment and training centre in Australia, I was confident that my HR skills were up to the challenge. Imagine my shock then, when three months later, despite receiving lots of applications, I still hadn't employed a single decent recruit.

Up to this point I'd never realised how much my company's branding had contributed to my recruitment success. In Australia, Flight Centre was a big fish with an iconic brand and a store on every street corner in every major city. As a recruiter I had my pick of hundreds of suitable candidates. In the UK we weren't even a guppy. We didn't have a single store or head office; we had no trading history, no brand recognition, no demonstrated achievements and I was interviewing people in the dining room of a rental house or at a table in the local coffee shop. My recruitment ads attracted hundreds of responses, but most of them were unsuitable.

There was only one thing to do to fix this. I panicked and increased my advertising spend in a bid to attract more good candidates. I now call this strategy 'hope recruitment'—what many companies do when they can't fill their vacancies. It operates on the conventional principle that the best way to recruit more people is to attract more people. By increasing the size, number and colour of recruitment ads, upping salary offers and even throwing in extravagant extras such as gym memberships, car leasing or iPhones to sweeten the deal, organisations hope to improve their recruitment success.

I realised what a poor strategy this was when I still failed to fill my vacancies. As figure 1.1 shows, in a market with a diminishing pool of suitable applicants, organisations that practise 'hope recruitment' engage in a never-ending cycle of spending more and more dollars for less and less return. Even though money is not the answer, many businesses continue down this path because they have no other mechanism for dealing with recruitment failure.

Figure 1.1: the 'hope recruitment' cycle



This was the dilemma I found myself in. I could see that spending money wasn't working, but I just couldn't see any other way forward. My recruitment problems reverberated like a constant echo in my head: 'Who wants to work for a company that they've never even heard of? It's impossible to get good staff. Our tiny start-up company can't compete with the industry megabrands. Maybe our wages aren't high enough. No-one will take a job when they're interviewed at someone's dining room table'.

Then it hit me one morning that I was doing something that had always annoyed me in others: I was externalising.

As a leader, I'd spent half of my work life coaching people to confront and deal with challenges head on, yet here I was, just as guilty, making up excuses for my poor results. I thought long and hard about this and began to comprehend that perhaps this was the true cause of my dilemma. As my children's babysitter used to say, when things get too hard, it's often because you are doing something wrong. Maybe the way I was thinking about the problem *was* the problem. Maybe I needed to look at it with new eyes.

I thought back to the employees I'd dealt with in the past who had also blamed their poor results on external factors. This was common in underperforming salespeople: their store was located in the wrong place, there weren't enough people walking past or head office was filled with a bunch of bureaucrats who didn't understand the retail

business and weren't running enough ads. Yet as area leader, when I asked them to write down their sales enquiries for a week and draw a line through the ones that had actually resulted in a booking, I discovered they were only converting a small proportion of their customers, as per the example in figure 1.2. The truth was that they didn't need more clients. They just needed to hone their sales skills and systems to convert more of the enquiries they already had.

Figure 1.2: customer conversion rate

Enquiries per week:	100
Bookings:	20
Conversion rate:	Bookings (20) ÷ enquiries (100) = 0.2 0.2 × 100 = 20 per cent of customers
Therefore 80 per cent of customers weren't booking.	

Thinking about the example in figure 1.2, I decided to apply this same lesson to recruitment. It was my attitude that was the problem. Because of Flight Centre's sexy brand image in Australia, I'd never had to develop any skill in converting applicants into employees. Like poor salespeople who focus on quoting, not closing, I was just an interviewer sifting away, not a dedicated recruiter. Yet closing was crucial to my success in the UK. I didn't need to attract hundreds of suitable applicants. I already had a few decent CVs. I just needed to hone my recruitment processes so that I hired *all* the good candidates who were already applying. In essence:

$$\begin{aligned} &\text{effective attraction} + \text{effective recruitment processes} \\ &= \text{hiring success} \end{aligned}$$

I didn't realise it at the time, but this was a major turning point in my recruitment career.

I invented a new term based on the sales discipline—the recruitment conversion rate (RCR)—to measure the percentage of *suitable* candidates who applied for the job and ended up being employed. It works like this: take the number of suitable applicants employed, divide this by the number of suitable CVs received and multiply the

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result by 100. When I did the maths on the effect of improving the conversion rate, I began to get really excited.

As figure 1.3 shows, during my ‘good old days’ in Australia, where my organisation’s branding attracted a lot of suitable candidates, I could recruit enough good people without even really trying. In the UK, I was only receiving an average of four suitable applications per position advertised out of the many who applied, however, I had to become so good at recruitment—and make my hiring process so applicant friendly, engaging and stimulating—that every one of those four would want to come and work for my organisation.

Figure 1.3: effect of improving the recruitment conversion rate (RCR)

Goal: 3 new people	
The ‘good old picking apples’ days:	
Total applicants attracted from advertising	100
Suitable applicants (say 20 per cent)	20
Average recruitment conversion rate	30 per cent
Suitable applicants employed	3 (with 3 others knocked back)
In a tough labour market:	
Total applicants attracted from advertising	20
Suitable applicants (say 20 per cent)	4
Average recruitment conversion rate	30 per cent
Suitable applicants employed	1 (plus 2 more from the ‘unsuitable candidate’ pool)
After improving the conversion rate:	
Total applicants attracted from advertising	20
Suitable applicants (say 20 per cent)	4
Average recruitment conversion rate	75 per cent
Suitable applicants employed	3

My new recruitment mantra became:

Focus on converting the suitable applicants, not just on increasing the total number of applicants.

Once an organisation embraces this, it has started on a new winning path because most of its competitors won't comprehend or assess the effect their hiring practices have on suitable applicants.

I now needed some measuring systems, but I couldn't source anyone who was applying objective KPIs to recruitment. In the end I invented some tools so I could assess and track the improvement in my recruitment conversion rate percentage. From then on, when anyone said to me, 'The employment market is tough', or 'It's impossible to find good staff', I would ask them the following questions:

- How many suitable people are applying?
- How many are dropping out before or after your interviews?
- What is your current recruitment conversion rate?
- What are you doing to improve your recruitment processes to increase this rate?
- What impact does reducing your failure rate have on company profits?

I love asking the profit question because it focuses people on outcomes, not bureaucratic processes. So often HR departments operate in a vacuum, disconnected from the bottom line. The reality is that they should be the profit-driving champions of every organisation.

The three secret weapons to great recruitment

Once I'd grasped the essential importance of focusing on suitable applicants, I had to come up with some innovations to get these few great people every time. This wasn't easy. It was uncharted territory and there weren't any reference books with practical solutions that could help me. Most were filled with theory, jargon and clichés. I was forced to fall back on my own resources and experiment to find answers. In time I came up with the three secret weapons that would drive my recruitment success and become powerhouse tools for any company that used them in their own war for talent.

Secret weapon number 1

The first powerhouse strategy occurred to me when I was out having a coffee with a UK colleague one morning.

‘You know, competing for good employees here is as difficult as competing for customers,’ I grumbled. Then I stopped and thought about what I’d just said.

‘Gotta go.’ I jumped up and ran back to my desk.

I had had a flashback to when I first started selling travel. I was an average salesperson and couldn’t figure out why I wasn’t making much money. Then one day Robyn, a temp, came to work in the office and booked 12 of her 15 enquiries. Listening to her talk, I realised that the difference between Robyn and me was that she paid attention to each customer and focused on understanding their needs to get the booking. I, on the other hand, was concentrating on the mechanical process of the enquiry, rushing through each interaction so I could serve the next person waiting in line at the counter. This was the conversion rate analogy in action and was a revelation to me. I changed my strategy and that year I won one of the company’s ‘Million Dollar Consultant’ awards for outstanding sales.

Pondering this episode I realised that I needed to think of recruitment in these terms. As Stephen Covey, best-selling author of *The 7 Habits of Highly Effective People*, wrote: ‘First seek to understand ... then to be understood’. Like any traditional recruiter, I’d been focusing my time and energy on what I wanted from applicants and I hadn’t expended much real effort on considering what the candidates actually might want: what would make them more likely to sign up with me.

If I was going to convert great people into employees, then I needed to invert my thinking. I needed to break away from the accepted paradigm that they would be lucky to be employed—to flip it around and recognise that I was fortunate if they chose to work for me. *I needed to convince good people that my role and my organisation was*

the right fit for them. This was Sales 101 at its most basic and it became my first secret ingredient of recruitment.

► **Secret weapon number 1: Recruitment is a sales process.**

I started experimenting and drew on sales strategies that I could apply to every stage of recruitment—from creating a great first impression, to selling the benefits, to closing the sale so that suitable applicants always signed up with me—and an after-sales service system to make sure I retained every one of my new recruits.

I'll outline the sales techniques that can be applied step by step in this book. What's important from this point on is to think of recruitment as a front-line sales process. You, the employer, must do everything possible to get the right person—not put the onus on them to fill your vacancies. You're lucky to have a person willing to invest their time and skill in your company—not the other way around. Chapter 3 in particular shows how an organisation can put this principle into active practice to achieve outstanding success.

Secret weapon number 2

While experimenting with sales techniques I stumbled across the second key business driver in my recruitment revolution. It was simple to apply, cost no money and is underestimated and underused by almost every organisation I've ever dealt with.

I discovered it when I began to analyse why I hadn't hired any of the suitable candidates who had sent me their CVs. I'd developed the pitch and an effective package, but I was still failing. Thinking about it from their point of view, one factor became very clear. People don't like being out of work, or in limbo, for very long and good applicants never will be. It had taken me three weeks from the time I'd received their CVs to the day I called them in for an interview and in the interim many had accepted other job offers. It was obvious that if I was going to employ the best recruits, I had to recruit faster than any of my competitors. Like Tom Cruise in the movie *Top Gun*, suddenly I felt the need for speed.

The following week I started experimenting again. I placed an ad, read every CV the day it arrived and rang the suitable candidates straight away to book an interview. If they were good, I offered them a job within 24 hours. I worried that this might reek of desperation, but on the contrary, people took it as a positive and I had my pick of the best applicants. Even better, within two weeks I had recruited six people—six *good* people!

One of the six was an employee called Chris, who went on to become one of the company's managing directors several years later. At a conference a few months after I hired him I asked him why he'd taken the job.

He looked at me and grinned. 'Mandy,' he said, 'I had been to lots of interviews before you rang but you made the first job offer. I figured a bird in the hand was worth two in the bush'.

I thought about this. 'Hang on,' I queried, 'you said I made the first job offer. Does that mean you had others?'

He laughed. 'I was offered another three the following week. But I'd already taken yours and I didn't want to go back on my word.'

We both took a sip of wine and then I decided to go in for the kill. 'So—scruples question—if you had been offered all four jobs at the same time, which one would you have taken?'

He grinned sheepishly before replying. 'Not yours.'

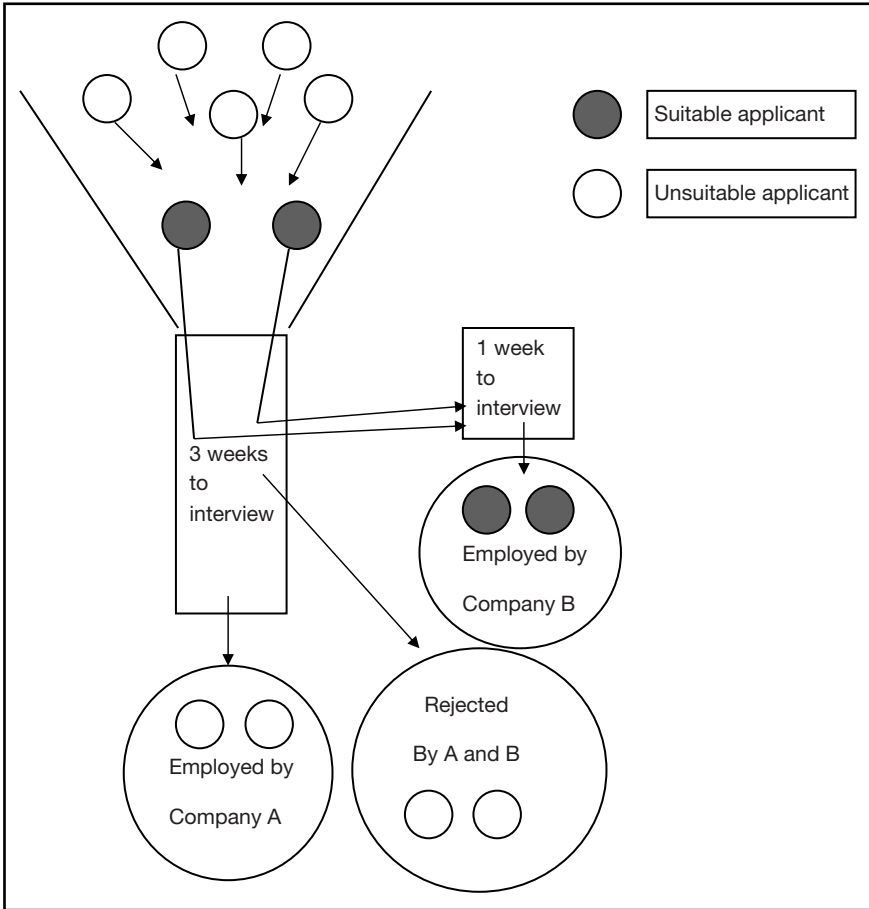
I laughed out loud. And so this became my second secret weapon.

► **Secret weapon number 2: Speed!**

From then on speed became a lethal warhead in my recruitment process and my success rate soared. Figure 1.4 (overleaf) shows how this works by comparing two companies competing for the same new recruits. Company B, which is using speed as a conscious tool, offers suitable candidates a position before other companies have even interviewed them, so it gets all the good recruits. By the time Company A interviews the applicants, only the unsuitable ones are left. It then

has to choose the best of these, which means it employs poor recruits and guarantees itself one of two things: high future staff turnover and/or poorer individual results, beginning a cycle of self-destruction.

Figure 1.4: the effect of speed in recruiting suitable applicants



This is one of the most important lessons I learned about recruitment. When organisations say there are no suitable candidates, it's often because they've moved too slowly in the recruitment process, just as I'd done. They've taken too long to read CVs and the applicants have dropped out before they've even contacted them. Or the organisation's interview process is so long and arduous that many suitable applicants have given up in disgust. Or the potential candidate has received another offer while the recruiter is running endless psychometric tests and background checks.

Ironically, the reason executives often want to slow down the hiring process is because of their poor recruitment systems. They say, 'We need to take our time to make sure we get the right person', and quote the adage, 'hire slow, fire fast', but this is because they have no tools to apply to determine the right person in any objective manner in the first place.

Where the organisation does need to slow down is in the *pre-recruiting stage*. They need to develop well-thought-out, rigorous processes such as an attractive ad template, effective screening and selling tools, and an inspiring interview process. Putting some thought into these kinds of practices is the fundamental meaning of 'hire slow' and enables recruiters to act with decisive speed in the period from advertising to job offer, where swiftness is vital to the outcome.

The principles of applying speed to recruitment

There are some basic principles underlying the secret weapon of speed in regards to recruitment.

- *The most suitable applicants apply within the first five days of advertising.* I placed a recruitment ad every Saturday and tracked the results for a year. Ninety per cent of my best recruits had applied within five days of advertising. Motivated achievers wanted to do something straight away. It's not a blanket rule as the other 10 per cent accounts for the fact that someone may be on holidays or may have missed the original ad.
- *Interviewing applicants quickly gives them a positive, dynamic first impression of the company.* They also take it as a compliment that the organisation has recognised their worth by moving so fast.
- *Good candidates are more likely to take a job offer that already exists.* They prefer to do this than to wait for the outcome of further interviews.
- *By offering a good candidate a position before other companies have even interviewed, an organisation can avoid bidding wars.* The issue of competing salaries rarely comes up.

- *Making a person a job offer the day after their interview doubles the likelihood of acceptance.* When I first started speeding up my recruitment process, I made the mistake of offering people the job on the same day as their interview and I suffered many knockbacks. This strategy made the organisation appear desperate, so the candidates were less likely to take the position. My success rate doubled when I made the offer the following day and came up with an offer process that was tailored to the person, showing that we really did feel fortunate to employ them.

I've since read of other companies that have used the speed principle with outstanding success. The Ritz-Carlton hotel group, two times winner of America's prestigious Malcolm Baldrige National Quality Award, reduced the time taken to process new hires from application to job offer from 21 days to less than a week. Their staff turnover dropped from a high of 77 per cent to just under 30 per cent, well below the industry standard. As they noted in their Baldrige application, 'We have no competitive comparisons... we know of no other company that does the hiring process quicker'.

I explained the speed principle to a client of mine who was having problems filling vacancies. One of his store managers had been doing all of his hiring in her spare time, so after talking to me, he took her out of her existing shop and made her a full-time recruiter. The results astounded him. Even though her recruitment system hadn't changed and wasn't even that good, she now applied it at much greater speed, and not only did they fill all their vacancies, but they recruited much better candidates as well.

The rule also applies in reverse. A few years ago the Australian Defence Force (ADF) initiated a multi million-dollar recruitment drive as it was struggling to fill vacancies. The organisation announced that it was spending \$30 million on the advertising alone. This sounded like hope recruitment to me.

A few months later I read that the Defence Minister, after a number of complaints, had announced a free hotline number that applicants could call to check on the progress of their application as he'd discovered that on average, the recruitment process was taking 31 weeks.⁶ I was

horrified. Thirty-one weeks! In my view, the best applicants would have been snapped up by other employers long before this, negating the time, money and effort put into attracting them in the first place. I wasn't surprised to read more media articles about the ADF's ongoing staffing issues in the months after this campaign.

Corporate culture is often the biggest handicap when it comes to applying speed to recruitment. An HR leader for a large mining company complained to me that it took her eight weeks to recruit because of all the background checks that were required. It was a no-win situation for her. If she didn't conduct the checks she was at fault, and then she was also in trouble for not filling positions, because the length of time taken for the background checks meant she lost all the good recruits.

In order to increase her success she had to first educate company executives in the reality that every day added onto the recruitment process reduced the number of vacancies filled. She wasn't able to change these long-established procedures, however, and she still employs the leftovers. The company struggles on with a very high staff turnover, unaware of the money it could be making if it employed more suitable candidates.

Secret weapon number 3

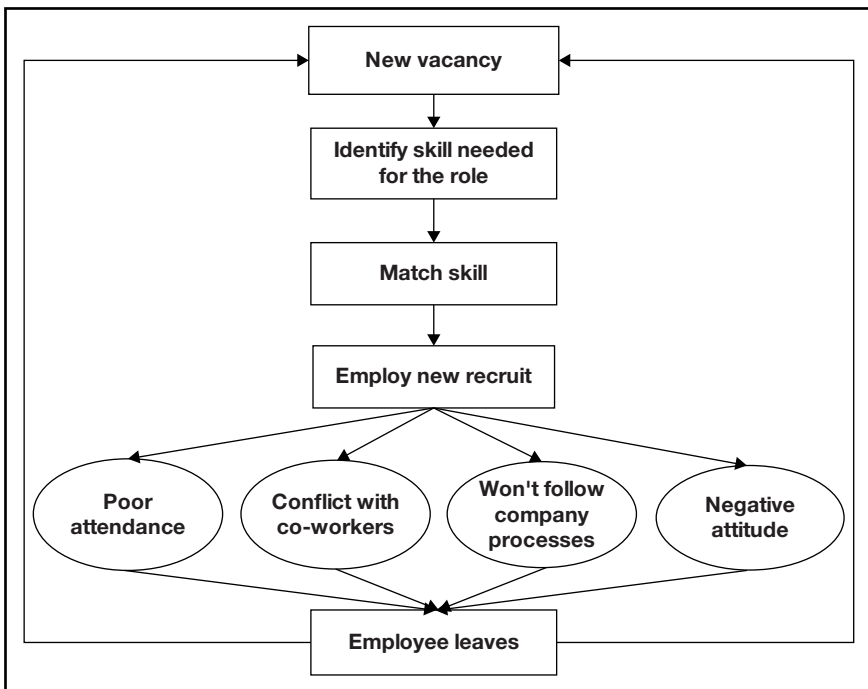
Sales and speed will make some incredible inroads, but they're blunt tools without the third secret weapon, which is the keystone to a successful recruitment system. This factor is one that I've always been aware of, but it wasn't until I experienced hiring difficulties in the UK that I began to apply it as a conscious tool. By creating systems and processes around its use, I turned it into a powerful recruitment mechanism that became the final pillar for all my future achievements.

The breakthrough came after I'd applied speed and sales to my recruitment process and still couldn't fill all my vacancies. Now that I knew it was just a question of the way I saw the problem, I decided to put every step of my hiring process under the microscope. It didn't take me long to work out that the final snag lay in the way I was personally identifying and screening people.

It's standard practice for most organisations to base their candidate identification and screening around work skills. Open up any newspaper and the career ads focus on such criteria as an accounting degree, a high school certificate, three years' experience in sales or maybe a forklift licence. Because skills are easy to quantify—an applicant either has them or they don't—the recruiter only has to tick a box to decide whether to proceed with an interview.

I discovered that using work skills to identify recruits didn't take into account other important aspects of the person. This becomes obvious when you think about why people don't succeed in roles. They may fight with their co-workers; be late for work; never finish projects on time; be unprofessional in meetings; have affairs with subordinates; or even steal money. None of these factors has anything to do with their skills or qualifications as you can see in figure 1.5.

Figure 1.5: a common recruitment cycle when applicants are identified by skill alone



It also knocks out many great recruits. Two of the most successful travel consultants I worked with were previously a butcher and

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a tennis coach respectively, with no prior sales experience. If these people had been identified solely on technical skills they wouldn't have landed their jobs in the first place. The same applies to many prominent corporate achievers. Bill Gates of Microsoft fame and Mark Zuckerberg, founder of Facebook, both dropped out of Harvard; Richard Branson, CEO of the Virgin group, left school at 16. It's ironic that these talented people would be rejected by most modern-day companies — possibly even including their own companies — because of their lack of qualifications.

Skill, then, is only part of the screening equation. Over time I worked out that there was another factor at work, one that had a much greater bearing on recruiting great people. It was difficult to measure and it would take time and effort to build it into an effective screening system (which I discuss in chapter 4). When I applied it, however, not only did I fill all my vacancies, I also reduced my staff turnover rates. I've since used it in a number of businesses, both public and private, all with the same positive result.

The crucial factor I identified was *attitude*.

► **Secret weapon number 3: Recruit for attitude, train for skill!**

A person's attitudes are key to their future achievement. If someone's outlook is negative, this will colour all their relationships and dealings. There's no magic 'off' switch when they enter the corporate world. The opposite also applies. Positive, committed people apply themselves with gusto to every endeavour. Common sense, then, says that applicants with good attitudes make the best employees.

Once I recognised how critical this was, the first step was to identify which attitudes were essential for achievement and how I could turn this into a tangible system. But to do that was a bit like catching butterflies without a net. During an interview, all candidates tell you how positive, keen and dynamic they are, but I needed to determine this in reality. There was little about practical application written on this subject so again I began experimenting. I analysed the results of hundreds of interviews and worked out the attitudes that were shared by my most successful recruits.

The top 5 attitudes of successful recruits

Here's my list of top 5 attitudes for great recruits in any job role.

- 1 *Positive work ethic.* No matter what technical skills a person may demonstrate, if they don't have a positive approach to working, they will never be successful. Those who enjoy applying themselves and reaping a reward for their work make the best recruits.
- 2 *Perseverance.* I learned a valuable lesson about perseverance when writing my first book, *Family Village Tribe*. As part of my research I interviewed the top 50 salespeople, out of more than 5000, for a large global company. I was amazed to discover that most of them didn't have what I would have considered conventional attributes for sales success. Few of them had any previous sales experience and they weren't endowed with scintillating social skills or oozing with charisma. The only factor they had in common was an overwhelming determination to succeed.

As time goes by, I find more and more evidence that this is almost all one needs to make great achievements in life. It's perhaps the most crucial element in recruitment as it is a prime indicator for retention. When faced with challenges and difficulties, candidates with perseverance will stay and look for solutions; those without it will move on to another company.

- 3 *Achievement.* Good work ethics and perseverance are important, but many roles also require candidates to continue growing and developing. If this is the case, then a background of demonstrated achievement is important. Otherwise an organisation may find itself with a recruit who has a disastrous combination of ineffectiveness and perseverance. The result: they are useless and they stay forever.
- 4 *Ability to work with people without continuous conflict.* A candidate's ability to get along with co-workers is key to their retention.
- 5 *Commitment to the job role/company.* A candidate may be a brilliant, skilled applicant, but without any demonstrated commitment to the job or the organisation they will either drop out during the recruitment process or turn over as soon as another exciting job appears on their radar. The recruiter will find themselves doing a lot of interviewing, the trainer a lot of training and the company a lot of spending if they don't weed out these applicants.

Once I'd identified the key attitudes for recruitment success, I began to see a whole new way forward for my recruitment process. I realised that if attitude *was* the key to corporate achievement then in a tight labour market I should be able to recruit people with the five desired attitudes and then train them in the core work skills. Rather than competing with my rivals for technically skilled recruits, I could source suitable candidates with good attitudes from varied backgrounds to meet all my business needs. I'd have to exclude highly specialised roles, but this approach was viable for a host of corporate vacancies.

To fill the travel positions, I began to advertise for people with demonstrated achievement in any field and the response exceeded all my expectations. Matthew, an archaeologist, was a typical applicant. Tired of working overseas in remote locations, he was searching for a challenging career change that didn't involve years of retraining. He was intelligent, articulate and passionate about travel and learned the sales and technical information required to be a travel consultant in record time. Together with an ex-postal manager, a schoolteacher and a car salesman, he started a new store in Bromley, an outer suburb of London, and this became a profitable operation within 12 months.

Because these new recruits brought a wide range of life experiences to the job, the clients loved them and this became a real point of difference, compared to many competitors who often employed 17-year-old school leavers. Even better, because the new people were highly motivated and had great attitudes, within two years all four became team leaders of new stores as well. The measure also brought some external accolades. In 2003, Flight Centre's small UK operation placed first in the leadership category and third in the overall category of *The Sunday Times's* Employer of the Year awards, surprising the retail industry and beating much larger and longer established competitors such as Marks & Spencer and Tesco.

I've now recruited for attitude in many businesses and industries with great success. This practice has helped others as well. A small

commercial real estate company with 10 employees had been struggling for years because it couldn't compete with the bigger organisations when it came to recruiting good real estate salespeople. After the owner read about the concept of recruiting for attitude in my first book, he decided to advertise for sales achievers from *any* industry and train them up into real estate. He filled all his vacancies with people who'd had great success selling wine, printer cartridges and photocopiers. Within 12 months the organisation's net profit was 50 per cent higher than any year on record.

Organisations often balk at recruiting for attitude because they don't want to take the time to train people in the skills required. Yet high-achieving, persevering individuals learn fast and, unlike experienced recruits, they don't have ingrained habits or expectations that may be inhibitors in the new role.

The time taken to train a motivated but unskilled recruit is always less than that spent performance managing the poor practices and ingrained bad habits of the experienced candidate with a poor attitude. Even better, the recruit with a good attitude almost always achieves corporate results that exceed expectations.

Over time I discovered that my new attitude-focused strategy brought some other unforeseen benefits as well. For a start, it increased innovation, workforce diversity and was much more egalitarian. The successful candidate could be any age, gender or race. They may be the 57-year-old bookkeeper with the positive approach to work rather than the 25-year-old chartered accountant with a rude, aggressive manner. Or they may be the 19-year-old, ambitious, hard worker rather than the jaded 45-year-old looking for an easy ride. These people recognise when they're being given a real 'out-of-the-box' opportunity so they have more vested loyalty too.

Adding attitude as a screening factor saved a lot of time as well. There may be 50 candidates with the required technical skills, but only five

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with the right attitude, so by screening for this at CV stage a lot less interviewing was required. Candidates also found it easier to accept their unsuitability for a position. Because my interview questions were built around attitude, the applicant got a clear understanding of the qualities required to be successful in the role and in the organisation. Many of those who were a poor fit identified this themselves during the screening process and chose to drop out.

Recruiting people for attitude seems like common sense to me now, yet it's still quite rare in practice. Many organisations still recruit people based on their skills and then try to train for attitude. Front-line managers are often the worst offenders because they want to do as little skills training as possible to minimise time away from their income-producing roles and then they discover that dealing with the bad attitude of the person they've employed is taking up hours of their time in performance management.

Applying speed, sales and attitude to the recruitment process

With knowledge of the combined power of sales, speed and attitude, a business can begin reworking its recruitment processes. This is what I did. I built a new system from the ground up, trialling and testing strategies, and developing tools and processes that increased my hiring and retention success.

In the end, what had been my biggest problem—how to recruit in a tight labour market—gave my HR career its greatest boost. When the war for talent began, the solutions I'd been forced to come up with were so effective that I was able to apply them with great results to other organisations as well. In effect, I broke away from conventional systems and became a student of change. When it comes to twenty-first-century people practices, this may be the only constant.

The three secret weapons

To assess how well your organisation applies the three key drivers, answer the following questions.

- How many suitable people are applying for our jobs, then dropping out before or after an interview? Are we measuring this objectively?
- What is our current average recruitment conversion rate—that is, the number of suitable applicants employed, divided by the number of suitable CVs received, multiplied by 100?
- How would we rate our recruitment as a sales process on a scale of 1 to 10, with 1 being the worst and 10 being the best?
- What can we do to make our hiring process more attractive to candidates?
- How long, in days, does it take us to recruit, from when we receive a CV to when we make an offer?
- To improve our hiring success, how can we reduce this time frame?
- Do we recruit for skills or attitude?
- What effect would recruiting people for attitude have on our organisation?

About the author

Mandy Johnson is a best-selling author, the former UK Director and Australian Head of Human Resources at Flight Centre Limited (the 15 000 employee global travel retailer) and an active speaker and adviser to both public and private organisations. This book evolved from her ‘Winning the War for Talent’ seminar, which was Bond University’s highest-rated executive education program of its year. The seminar’s innovative ideas have featured in interviews in the *Australian Financial Review (AFR)* and Mandy has also spoken on radio including ABC’s *Mornings with Jon Faine* and *The Conversation Hour*. She has presented business seminars in Australasia, the UK, Europe, South Africa, USA and China, and her first book *Family Village Tribe* is now studied in many MBA courses around Australia.

Mandy began her work-life as a tour leader, roving the world for three years after completing a journalism degree. On her return to Australia she joined Flight Centre where she managed several stores, started up the company’s first recruitment and training centre and co-founded its UK operation, becoming the organisation’s youngest ever director at the age of 28. On her return to Australia she became HR Leader and it was here, while researching a best-practice people management system, that she became an active campaigner for innovations in this field.

Dubbed ‘an author HR professionals should take notice of’ by *HR Magazine*, Mandy has tested her practical strategies in a diverse range of organisations, including a stint undercover in a yachting company

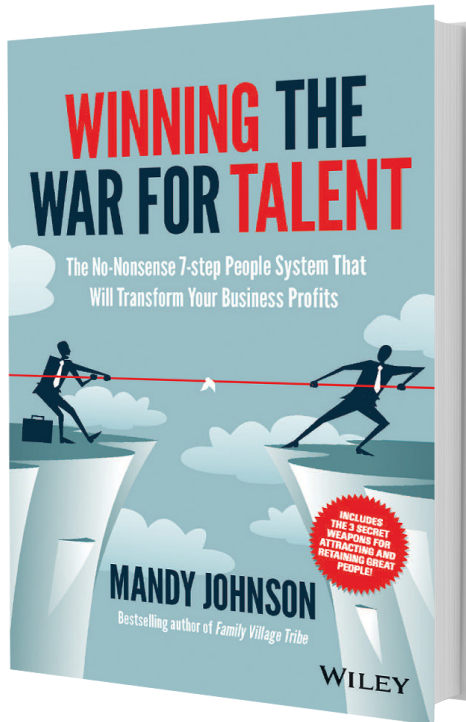
which became an *AFR* news story. She began writing business books to share her knowledge beyond the confines of expensive seminars and consultancies and to demonstrate that great people-management is the heart, soul *and balance sheet* of every company. Mandy now lives in Queensland with her husband and two children and challenges conventional HR thinking at every opportunity.

We hope you have enjoyed this sample from

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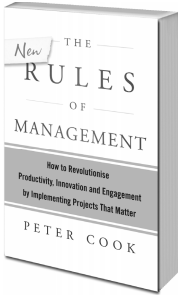
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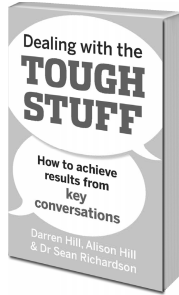
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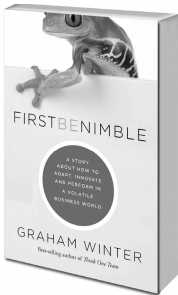
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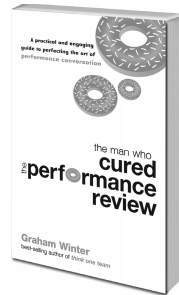
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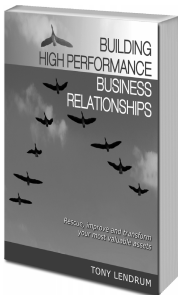
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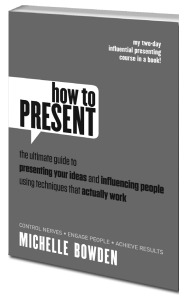
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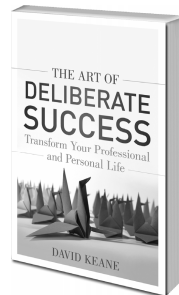
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These were the challenges Mandy Johnson faced as a director of global travel giant Flight Centre's UK start-up operation. In a bid to save her career, she threw away the old HR textbooks, experimented with new techniques and created an unconventional people system that produced astonishing profit results.

Now trialled and tested in a diverse range of public and private organisations both small and large, and rigorously supported by evidence, Mandy's conclusions are surprising—at times even shocking—to the modern business mind.

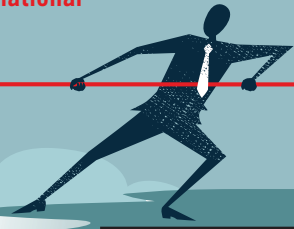
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