



SOCIETY OF ACTUARIES

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Your Biggest Business Risk? It May Be Your Next Hire

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When we hire or promote a candidate into a leadership position, we tend to look closely at his or her technical skills. We often find a prospective leader who possesses strong technical knowledge, who presents him or herself well in the interview and who appears to be a good fit for the job. However, what if this candidate is not in fact, a good fit?

Making a mistake when hiring or promoting leadership staff can be very expensive to you and your organization. You could find yourself offering explanations and apologies and trying to repair bridges if this leadership candidate cannot effectively operate in the existing corporate culture, respectfully work to change the culture or quickly adapt to the styles of the other people in the organization. Time and energy are spent training and developing a new resource.

In addition, ill will is created within your own leadership team if the new member isn't able to contribute or has a style that is too disruptive. Valuable members of this candidate's potential team are at risk if this candidate creates a work environment that is too frustrating or unrewarding. The worst-case scenario is where the fit is so bad that termination is the only outcome. You and those people above you have to spend a great deal of time and energy working through the process, the failed leader is demoralized and there could even be a lawsuit or settlement.

The problem is that these can be very challenging decisions. Soft skills are hard to judge and we are not necessarily equipped with the

perspective or skill to be confident of a good outcome. It can feel like an easy decision to hire someone whose style matches your own. However, a good team needs the balance of a variety of styles, as long as they build to strengthen and not divide. While we make better decisions with practice, this is an expensive arena in which to learn by trial and error.

How can we improve our odds of making a good decision? Sometimes the best answer is to seek input from a more neutral party. There may be somebody within your human resources department who can fill this role or you may need to seek assistance from an external management consultant. In order to be valuable in this situation, this person needs to understand the dynamics of your workplace in general and familiarize him or herself with the working styles and personalities of the other leadership staff. This resource needs the ability to independently offer honest second opinions. Keep in mind that you are one of the key people whose style or personality is part of the equation. If you aren't prepared to hear about the impact of your own strengths and weaknesses, don't seek this kind of help.

Is this type of assistance expensive? An outside management consultant would charge between \$1000 and \$2000 for a full-day assessment of each of your final candidates. Compared to the costs above, this is not a large expenditure. Avoiding one mistake in the course of several hires over time makes this practice a good investment. □



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