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Preface

This book is for every manager, supervisor, entrepreneur, or executive who has ever had to hire people as part of his or her job. In each chapter, you will learn key ideas, methods, and techniques that you can use immediately to hire better people and improve their job performance once they begin and ever afterward.

Most people become managers accidentally. As the result of success, experience, promotion, or necessity, they find themselves responsible for the work of others. They have to find, interview, hire, and assign people whose work performance determines their own success. Their pay and promotion depend on the way that the people they have chosen do their jobs.

None of us is properly prepared in advance to select and keep the best people. It is both an art and a skill that can be learned only in the crucible of experience—and as the result of numerous mistakes. Often we look upon a vacancy as a problem to be solved as quickly as possible so we can get back to our “real”
jobs. We overlook the fact that selecting the right people is at the core of our real jobs.

Once they have hired someone, rightly or wrongly, many managers are unclear or unaware of exactly what they can do and say to the employee to build and maintain loyalty, commitment, and enthusiasm for the job and the company. As a result, they often do and say things that hurt productivity and performance instead of increasing it.

If you recognize yourself in this description, this book is for you. It gives you a series of time-tested, proven strategies that work quickly to improve your performance in hiring good people in the first place and then getting the best out of them once they have started work.

You won't find any great breakthroughs or secret formulas in the pages ahead. There are no abstract theories or complex systems. What you will learn are practical principles that are simple and fast acting. They will equip you to get better results from the first minute you apply them.

Most managers, no matter how experienced they are, do not know or do not practice these principles. They hire in a random fashion, relying on intuition and superficial clues from the candidates. They are uncomfortable with the process and try to get it over with as quickly as possible.

Once they have hired someone, they manage and motivate the employee in a random and haphazard
way. Many managers actually look upon these interpersonal activities as distractions from their busy schedules, to be completed quickly so they can get back to work.

As you read this book, your attitude toward hiring and retention will change in a positive way. You will learn how to become an excellent manager in these key performance areas that determine your success in your career more than anything else you do. In one hour of reading, you will come up to speed on the critical ideas of hiring and keeping people practiced by the best managers in the best companies everywhere.

By faithfully referring to this book and by practicing the principles you learn, you will become one of the most effective managers in your industry. Your contribution to your organization will increase in value. Your sense of satisfaction and feeling of competence will grow. Your ability to get things done through others, faster and easier, will expand beyond your current level of performance and ability. Your future as a manager, supervisor, entrepreneur, or executive will become unlimited.

Brian Tracy
Solana Beach, California
July 2001
Introduction: The Critical Skill

The critical constraint on the growth and success of your business, or any business, is the ability to attract and keep good people. All other resources are freely available and can be acquired with relative ease. You can get all the capital, real estate, furniture, fixtures, manufacturing and distribution equipment, and packaging and marketing materials you need. But what makes all these factors productive and profitable is the quality of the people behind them, and there has never been such a shortage of high-quality people as we are experiencing today.

Employers in the twenty-first century have to make a major mental paradigm shift. They have to direct their thinking completely away from earlier times, when plenty of capable people were available, to the current situation, where the number of good people is quite limited. In making this shift, employers have to direct their attention toward hiring and keeping good people and focus on that goal as a major responsibility of management. This may be the most important responsibility of all.
In the course of my thirty-year career, I have personally started, built, managed, or turned around twenty-two different businesses. I have consulted for more than five hundred corporations and trained thousands of managers and executives in the key skills of finding and keeping good people.

I have found that attracting good people and getting them to stay is a key business skill, perhaps the key business skill. The good news is that, like all business skills, it is learnable by virtually anyone through practice and repetition. Countless managers have developed this skill to such a high level that they consistently make good hires, year after year.

Meanwhile, other managers have not yet mastered this critical skill. As a result, they fumble through interviews, hire largely on the basis of guesswork and intuition, and are constantly amazed when as many as 70 percent of their hires don't work out. They often compound this inadequacy by blaming their poor hiring decisions on the people they have hired, thereby making it almost impossible for them to learn and grow from their mistakes.

However, the truth is that if an incompetent or inappropriate person is hired, it is the manager who is incompetent, not the employee. The fact is that hiring is a key managerial skill. If someone consistently hires people who cannot or will not do the job properly, the manager should be replaced before he or she
does irreparable damage to the company. Many businesses flounder and go under because of the incompetence of a single key person in a key job, placed and kept there by an incompetent superior.

In the pages ahead, I will share with you twenty-one of the greatest ideas ever discovered to help you to become vastly better at hiring and keeping the people you need to make your business a success. By practicing these principles, you will become one of the best managers of your generation. You will make an extraordinary contribution to your organization and become invaluable to your company.
The selection process is the key to your success and to the success of your company. Nothing is more important to your future than your ability to select the right people to work with you to make that future a reality. A mistake in selection, in itself, can lead to underachievement and failure in a critical area and often to the failure of the entire organization.

The first Law of Management concerns selection. Fully 95 percent of the success of any enterprise is determined by the people chosen to work in that enterprise in the first place. If you get this right, everything else will usually work out all right as well. If you select the wrong people, nothing else will work.

The rule is that if you select in haste, you will repent at leisure. Many of your worst problems in business will come from having hired a person too quickly. Once the person has started the job and
turns out to be inappropriate, you then have to spend considerable time, energy, and emotion justifying your decision and dealing with the difficulties of having the wrong person in place.

One of the rules for good hiring is this: “Hire slowly and fire fast.” Take your time to make the right decision prior to hiring in the first place. But if it becomes clear that you have made a mistake, move quickly to reassign or get rid of the person before he or she does any more harm.

I have hired someone on a Monday and fired him on Tuesday, as soon as it became clear that I had made a mistake. Remember, people always look the very best during the first job interview. They will say or promise almost anything to get hired in the first place, but as soon as you give them an actual job to do, they often turn out to be very different from what you expected or from what they led you to expect.

The very best time to fire a person is the first time the thought crosses your mind. If you have made a poor selection decision, don't compound the mistake by keeping the wrong person in that job. Have the courage and common sense to admit that you have made a mistake, correct the mistake, and get on with the business of running an efficient, effective workforce.

Hiring is an art. It cannot be rushed. It requires focus, concentration, and unbroken thought. You must take your time if you really want to hire well.
All personnel decisions require a good deal of reflection before you make them. *Fast* hiring decisions usually turn out to be *wrong* hiring decisions.

A successful manager, a man with a great reputation for having hired many of the top people in his company, told me that he had a simple rule for hiring anyone: Once he had decided upon the candidate, he waited thirty days before he made an offer. He found that the very act of delaying a hiring decision made it a vastly better decision when he finally made it.

This might be a totally inappropriate strategy for you, or for a job candidate, in a dynamic marketplace. Nonetheless, the basic principle of going slow whenever you can is solid and irrefutable. It will greatly increase your overall success rate in hiring.

As a manager, your natural tendency is to hire a person as a solution to a problem, to fill a hole in the lineup, or to do a job that suddenly needs to be done. This is like grabbing a bucket of water and throwing it on a fire. Sometimes, however, if you are not careful, the bucket can turn out to be full of gasoline, and the situation you create can be worse than the situation you are trying to correct.

Ask yourself, honestly, have you ever hired a person quickly with little thought? How often have you had problems as a result? There is nothing wrong with making a mistake as long as you learn from the mistake and do not repeat it. It is true that occasionally you will make a good quick hiring decision, and
it will work out well. But this is like a miracle, and as Peter Drucker once wrote, “It is not that miracles don’t happen; it is just that you cannot depend upon them.”

Poor selection is very expensive. Experts in the field of personnel placement estimate that a wrong hire costs a company three to six times a person’s annual compensation. This means that if you hire a person for $50,000 a year and the person does not work out, the overall cost to you and your company can be between $150,000 and $300,000.

What are these costs? First of all, there is your lost time, the time that you spend interviewing, hiring, and training the person to get him or her up to speed. There is also the lost time of all the other people who are involved in the hiring process, both inside and outside your organization. When you calculate the hourly rates of these people and add the costs of the work not getting done while the wrong person is being selected, trained, placed, managed, supervised, and eventually fired—with all the attendant costs of separating him or her from the company—the direct and indirect costs can be heartbreaking.

Second, there is your lost money, the actual cost of the salary, benefits, and training expenses of the person who eventually doesn’t work out. You may even have considerable costs for advertising or placement fees to an outside agency. All this money is wasted in that your company receives no return on investment
in terms of actual work performed and results generated. The money is gone forever.

Finally, there is your lost productivity while you are busy finding a replacement for the person whom you shouldn’t have hired in the first place. In addition, your own personal time, emotion, and energy have been wasted on an activity that actually has had a detrimental effect on your company.

There is also the lost time and productivity of the various people in your organization who get together and talk about the mis-hire. They rehash what happened and feed the rumor mill. Often, they become demoralized when they see people being hired and fired around them and wonder if they might be next. Their productivity suffers as a result.

Companies with high levels of turnover always underperform their better-managed competitors. In fact, high levels of staff turnover as the result of poor hiring or poor management of human resources can be fatal to a company. The excessive costs and accompanying confusion and inefficiencies can drive the company into bankruptcy.

The very best companies and the best managers have the best selection processes. This not only saves them a good deal of time and money in personnel costs, but it creates a reputation for them in the marketplace as being good places to work, making it easier for them to attract more and better candidates in the first place.
It therefore behooves you to think carefully before you bring a new person on board. Sometimes the best hiring decision you ever make is the one you decide not to make in the first place.

**ACTION EXERCISES**

Make a list of three people you have hired in the past who didn't work out, and then write down three lessons you learned from these hiring mistakes. As historian George Santayana wrote, “Those who cannot remember the past are condemned to repeat it.” The more time you take to reflect on your mistakes, the more you will learn from every experience.

Make a list of the names of some of the best hires you have ever made. What did these hiring decisions have in common? How could you apply these general principles to a hiring decision you are dealing with today?
Your mind is incredibly powerful—and never more so than when you focus your mental energies, like a laser beam, on a question or problem for a sustained period of time.

Before you begin your search for new employees, take sufficient time to think through the job carefully. Use the 10/90 Rule. This rule says that the first 10 percent of time that you spend thinking and planning will save you 90 percent of the time and effort required to make the right decision and get the right result in the long run. The 10/90 Rule is an incredible time-saver that requires only patience and discipline to make it work for you.

Think through the exact output responsibilities of the job. Begin by imagining that the job is a pipeline. What results must come out of the other end of the pipeline for you to know that the person has done the job in an excellent fashion? How will you both be
able to determine that the job has been done well? Think in terms of *accomplishments* rather than activities. Think in terms of outputs rather than inputs. Think in terms of measurable results that are clear and objective.

Consider the salary you pay as if you were buying a specific quality and quantity of results in the marketplace. Exactly how will you measure and define these results? How will you know that you have received your money's worth? What standards and benchmarks will you use to determine that the employee has performed well?

Any job description has three parts. First, there are the *results* expected of that position. You must be absolutely clear about these. Second, there are the *skills* necessary to achieve those results. What are they? Third, and perhaps most important, there are the *personality characteristics* of the ideal person for the job and how well he or she will fit in with the rest of the team.

You should begin the process of defining the job by thinking through what the person is expected to accomplish, day in and day out. *Think* on paper. Describe a typical workday and workweek, from morning to night. The clearer you are about the results you require, the easier it will be for you to find the best candidate for the job.

Once you have determined the results required, identify the exact skills that the ideal candidate will
have to have in order to get those results. Hire people for what they have already done successfully rather than for what they think they can do if given a chance on your payroll. It is true that some companies believe in hiring for personality and attitude and then teaching specific skills. This is a good idea, but nonetheless you should demand a certain demonstrated skill level before you select a candidate if you want to hire the best people.

Finally, you should identify the personal attributes or qualities that the ideal candidate will have. Especially, you will want someone who is honest, positive, hardworking, energetic, focused, and open minded. Write these qualities down and organize them in terms of their importance to you and to the job.

Be sure that a single person can do the job you are hiring for. Be sure that you are not creating an impossible job and looking for a miracle worker. Sometimes, with rapid change, a job can grow so complex that you need two different people with two different sets of skills and attributes to do it properly. Always consider this a possibility.

The mark of a superior executive is thoughtfulness. The very best managers and executives are far more thoughtful when it comes to personnel decisions than are average managers. The more time you spend thinking and reflecting on the person and the job before you hire, the better decision you will make.
ACTION EXERCISES

Think of a particular job opening that you have currently, or a job that is not being done satisfactorily, and define it in terms of the results you would like to see produced in that position.

Make a list of the skills that the ideal candidate would need to have to do that job in an excellent fashion.

Finally, define the job in terms of the personality characteristics the ideal candidate would have. Be sure that the person is the right “fit” for you and your company.
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