

MaxImizing Insights

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Beware: Turkeys That Fly, Employees Who Walk on Water

Academics and consultants as far back as the 1920s have attempted to identify key competencies.

In an article in the Financial Times (October 12, 1994), Richard Donkin and David McClelland, a renowned Harvard professor and an expert in motivation and achievement analyzed what differentiated superior performers from those who missed and barely met expectations. They concluded that, from a cost effectiveness stand-point, it is better to hire for core motivation and trait characteristics and develop knowledge and skills.

Chris Dyson, a colleague of McClelland explained, "you can teach a turkey to climb a tree, but it is easier to hire a squirrel."

As a result of McClelland and his colleagues' work, included among them Daniel Goleman, author of *Emotional Intelligence*, the practice of competency modeling is fast becoming the standard for selecting top performers and guiding the growth and development of employees.

What are the competencies required of your employees? Call us today at (512) 278-1200.

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MaxImize

Companies hire for skill, but fire for attitude.....we measure attitude.

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It was just 3 or maybe 4 years ago that Randy applied for a manager's position at your company. He interviewed brilliantly. He demonstrated intelligence, resourcefulness and an ability to innovate. He displayed a quick wit and a dazzling ability to charm you and everyone he met. Randy was surely a winner.

Zoom forward to today. The wheels have begun to fall off the "Randy-career-express." Too often it is a dangerous illusion that people have about themselves that leads to fatal overconfidence. When that happens, it is like someone else inhabits their body and takes over their mind.

What once was valued as Randy's drive for results is now viewed as a need to win at any and all costs - even when he is wrong. Randy was hired for his competitiveness and rewarded for his "2nd place is the 1st place for losers" attitude. His penchant for innovation and resourcefulness led to his favorite quote: "rules are for fools".

In the beginning his managers praised his candor and willingness to question the status quo. Now he was being criticized for always testing the limits and taking unnecessary risks. When Randy couldn't go through the front door, he always found a back door - or a side door if he had to - even if they were off limits. Fair-haired boy Randy now considered himself exempt from rules that govern other people's behavior. He stopped paying attention to others around him, squashing anyone who disagreed with them.

What went wrong? (Continued)

Randy's demise wasn't entirely his fault.

Management encouraged and rewarded his behavior for the past 3 years. "Why can't you act more like Randy" was the mantra from management. His file was filled with exemplary standard performance appraisals from Randy's managers. Too bad no one checked with his peers.

His resourcefulness became exposed as conniving and cunning. His ability to innovate crossed the line into creative accounting, budgeting and deal-making. His quick wit became sarcasm. His charm became seductive and Randy's previously admired hustle now conjured up thoughts of the "hustler".

The life cycle of Randy-like employees is repeated day after day in thousands of businesses.

We all have shortcomings. Our natural tendency is to ignore them or cover them up. Talented candidates and employees have become more skilled at highlighting their strengths and covering up their flaws than interviewers and background checkers are at exposing them.

The tell-tale signs of a top performer is when he or she knows when to use their strengths, how to recognize their weaknesses, and when enough is enough.

The tell-take sign of a best practice employer is knowing what strengths they need.

What is Competency Modeling?

Revealed through the practice of competency modeling are four benefits that help organizations manage costs and maximize individual productivity:

- You hire only people with the potential to success.
- You target training, development and coaching resources to improving those skills and behaviors that have the greatest top-line/bottom line impact on results.
- You develop an employee evaluation system that encourages ongoing feedback.
- You link individual rewards for productivity and performance improvement to corporate profitability.

A Weighty Problem

- About 40% of Americans, or 68 million people, will be obese by 2010.
- 31% of Americans are now obese.
- Being overweight increases the risk of diabetes, heart disease, cancer, arthritis, and other health problems.
- Obesity has roughly the same association with chronic health conditions as 20 years of aging.
- The Surgeon General reports that more than 9 % of the nation's health-care expenditures - about \$117 billion - and 300,000 deaths annually are directly related to obesity and physical activity.
- Four million people are severely obese (100 pounds or more over a health weight). This number increased from one in 200 in 1986 to one in 50 in 2000.

Management Brain Drain

Demographic statistics relevant to succession issues suggest the problem will not go away:

- 20% of this America's large, established companies will be losing 40% or more of their top-level people in the next five years as senior executives reach retirement age (Development Dimensions International Inc. (DDI), Bridgeville, Pennsylvania).
- Companies reacting to their succession problems by recruiting from the competition show a 66% failure rate for senior managers hired from other companies within the first 18 months (Center for Creative Leadership).
- Openings for executives are actually on the increase. Maryland alone projects over 18% annual growth in the demand for managers and administrators to 2008 (Maryland State DLLR)
- Simply put, there will be fewer people available for the top management slots and high performance executive jobs. Over the next 15 years, there will be a 15 percent decline in the number of 35 to 44 year-olds (RHR International, Chicago).
- Women are no longer surging into the workforce, white-collar productivity improvements have flattened, immigration levels are stable, and executives - at this point - are not prolonging their careers (McKinsey and Company).



Lack of Initiative Drives Turnover

With retail stores in over 130 locations and 600-plus employees and a revolving door of retail associates, you can only imagine the frustration level in the boardroom of one of the largest rental-purchase retailers in North America.

So in late 2002, management turned their sights to using a pre-employment assessment to screen out high risk candidates.

After 12 months using the system and nearly 500 screened applicants, several employee performance factors surfaced that exposed risky work attitudes or counter-productive behaviors.

The most predictive factor identified in poor performing or terminated employees was initiative. Initiative was defined as the ability to assert oneself and "take responsibility".

One out of three of hired-and-terminated sales associates "flagged" initiative. A flagged score indicated a lack of confidence and overdependence on others for help and assistance.

Seventeen percent of the terminated sales associates flagged energy. An undesirable energy score indicated a slow pace, low stamina, or low energy reserve.

What will be the Achilles heel for your newly hired employees? Contact us today about using pre-employment assessments to reduce turnover and improve workforce performance.

Stormy Labor Forecast Facts

Leave It to Beaver Meets Queer Eye for the Straight Guy

Gay couples with kids

- 1990 - 5%
- 2000 - 22%

Lesbian couples with kids

- 1990 - 22%
- 2000 - 34%

Inappropriate Workplace Behavior

- Sexual harassment costs the typical Fortune 500 company \$6.7 million a year in absenteeism, lowered productivity and turnover.
- Legal fees for defending a sexual harassment charge averages \$250,000 and judgments routinely exceed \$1 million.
- 57 % of companies will face an employment-related lawsuit within five years.

Worker Exodus

- Annual growth rate in the working population (those between 20 and 64) is projected to average just 0.3 percent per year over the next 75 years.
- Over the same period, the population of retirement age is expected to grow at an annual rate of 1.3 per year.
- Dependency Ratio is the ratio of the elderly population to that of the working age population. Between now and 2080, the dependency ratio is expected to double. The means that a growing number of retirees must be supported by the production and income of fewer workers.

People are living longer

The population 65 and over is projected to rise from just 13 percent of the total population in 2010 to nearly 20 percent in 2030.

Male Longevity

- 1950 - 66 years
- 2000 - 74 years

Female Longevity

- 1950 - 71 years
- 2000 - 80 years
- 83 % of centenarians are women; the number will double by 2010.

Health Care Costs

- Due to the high cost of medical care, the consumption of a 70 year-old far exceeds the consumption level of a 30 year-old. By one estimate, the average elderly American consumes 37 percent more than the average worker.
- Active adults account for 60% of all healthcare spending. They purchase 70% of all prescriptions and 51% of all over the counter drugs.

.....alone or unmarried.

- Married-couple households have slipped from nearly 80 percent in the 1950s to just 50.7 percent today.
- Forty-two percent of the workforce are unmarried.
- Married couples with a single working dad, stay-at-home full time Mom and kids living with two biological parents:
 - 1900 - 90% of households
 - 2003 - 10% of households
- By 2010, 30% of homes will be inhabited by someone who lives alone.

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MIA While On The Job

Employees who are at the worksite regularly, but for a variety of reasons, are not producing as they should represents a growing problem called Presenteeism.

Lost productivity due to presenteeism was, on average, 7.5 times greater than productivity lost to absenteeism.

The top five conditions leading to presenteeism are: headache/pain, cold/flu, fatigue/depression, digestive problems and arthritis and they cost employers \$180 billion in lost productivity.

Indirect costs associated with presenteeism, which includes lost work time seeking off site care, reduced opportunity costs and inconsistent product and service quality due to sub-par performance have been estimated at \$837 Billion annually.

The total cost to employers in lost productive time is in the range of \$2,000 per worker per year.

Source: Advance PCS

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