**RENAISSANCE PERSONNEL GROUP INFOGRAPHIC CONTENT**

**Header: Hiring the Right People – Why Potential Trumps Everything Else**

According to global leadership expert Claudio Fernández-Aráoz, potential tops brains, experience and competencies when evaluating employees. It’s the number one predictor of success at all levels in every size organization.

The hallmarks of potential include the ability to adapt and grow. Because companies operate in an increasingly volatile and complex world, they need employees who can easily acclimate to an ever-changing business environment and grow into challenging new roles. Employees must be able to succeed today and tomorrow, regardless of how much things change.

That’s why you can’t use a competency-only based evaluation criteria when hiring. It’s just impossible to predict the qualifications needed to succeed down the road. Hiring right means identifying candidates with the greatest potential and helping them flourish once they’re on your team.

**Three Forces Contributing to Senior Talent Scarcity**

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| **Globalization** | With the pace of globalization charging full steam ahead, companies in developed and developing nations must compete for talent like never before. For example, the International Monetary Fund predicts 70% of the world’s growth by 2016 will come from emerging markets. |
| **Demographics** | The percentage of senior executives in the sought-after 35-to-44-year-old age group has been dwindling. During the past decade, this demographic shift primarily affected the U.S. and Europe. However, by 2020, Russia, Canada, South Korea and China will have more workers entering retirement than the workforce. |
| **Pipelines** | Companies remain unsure where they will find the next generation of leaders. According to a PricewaterhouseCoopers 2014 survey of CEOs in 68 countries, 63% of respondents said they were concerned about the future availability of key skills at all levels. In a Boston Consulting Group study, 56% of executives expect critical gaps in their ability to fill senior managerial roles in coming years. |

**Identifying Employee Potential – The Five Critical Qualities**

1. **MOTIVATION –** A powerful commitment to pursue unselfish goals. Highly ambitious with a strong desire to excel. Seeks big, collective goals and shows profound personal humility.
2. **CURIOSITY --** Pursues new experiences, knowledge and candid feedback. Remains open to learning and change.
3. **INSIGHT --** Gathers and makes sense of information that might lead to new possibilities. Sees connections where others don’t.
4. **ENGAGEMENT --** Uses emotion and logic to communicate a persuasive vision. Connects with work and people.
5. **DETERMINATION --** Fights for difficult goals despite challenges and bounces back from adversity.

**How to Evaluate Potential**

To determine if a candidate believes in self-improvement, enjoys learning and can recovery from missteps, you need to uncover concrete examples by:

* Digging into personal and professional histories
* Conducting in-depth interviews
* Thoroughly checking references
* Asking pointed questions, such as:
  + How do you react when someone challenges you?
  + How do you invite input from others on your team?
  + What do you do to broaden your thinking, experience or personal development?
  + How do you foster learning in your organization?
  + What steps do you take to seek out the unknown?

**How to Retain High-Potential Talent**

* Offer development opportunities that push employees out of their comfort zones, but don’t stretch them beyond their limits.
* Create autonomy in the four “T” dimensions:
  + Task (what they do)
  + Time (when they do it)
  + Team (whom they do it with)
  + Technique (how they do it)
* Design an environment in which employees can master their skills and excel. Help them by setting difficult, yet attainable, challenges and eliminating distractions.
* Establish a purpose in all work so employees know they’re serving something bigger than themselves. Engage them in a greater team, organizational or societal goal.
* Compensate high-potential employees to reflect their contribution and effort.

**What Else Do You Look For?**

Potential is the defining measurement of executives today. However, you should still integrate other evaluation criteria into the hiring decision:

* INTELLIGENCE – Assess a candidate’s general intelligence, including analytical, verbal, mathematical and logical reasoning, by considering educational background, job experience and interview responses.
* VALUES -- Use interviews and reference checks to gauge honesty, integrity and whether the candidate shares your organization’s core values.
* LEADERSHIP ABILITIES – Although position and organization requirements will vary, the best leaders tend to have some measure of these eight abilities:

1. Strategic Orientation -- Engaging in complex analytical and conceptual thinking.
2. Market Insight -- Understanding the market and how it affects the business.
3. Results Orientation – Committing to improve key business metrics.
4. Customer Impact – Passionately serving the customer.
5. Collaboration and Influence – Working successfully with peers or partners not in the chain of command.
6. Organizational Development -- Attracting and developing top talent to improve the company.
7. Team Leadership – Building valuable groups.
8. Change Leadership – Transforming and aligning an organization around a new goal.

**The Cost of a Bad Hire**

When you make a bad hiring decision, the cost to the organization can be staggering. Not only will the business lose the money it sunk into sourcing, recruiting and hiring, but the loss in productivity will ripple throughout the company.

Some eye-opening stats include:

* The U.S. Department of Labor and Statistics determined the average cost of a bad hiring decision can equal 30% of the employee’s first-year salary.
* According to HR.com, it costs $7,000 to replace one salaried employee, $10,000 to replace a mid-level employee, and $40,000 to replace a senior executive.
* A Harvard Business Review study found as much as 80% of employee turnover can be attributed to bad hiring decisions.
* In a 2012 National Business Research Institute survey, 66% of employers said they experienced negative effects of bad hires, with 37% of this number affecting employee morale, 18% impacting client relationships and 10% causing a decrease in sales.

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Source: “It's Not the How or the What but the Who: Succeed by Surrounding Yourself with the Best,” Claudio Fernández-Aráoz