

# Bob Kustka

Factoring Human Capital Into Your Business Plan

**BusinessWeek.com**

**July 18, 2006**

**By Bob Kustka**

## **Ready, Aim, Hire**

If we're going to spend money on building a new plant or buying an expensive piece of new equipment, we gather as much data as we can, analyze it carefully, and then make the decision that will provide the best value. So when it comes time to hire new employees, why do managers grab a handful of resumes, talk to a bunch of candidates, and say to one of them: "Congratulations!" With a bad hiring decision typically costing one and a half times the employee's annual salary, shouldn't we strive to make this process a valid and rigorous business exercise like all others?

Here are three steps you can take to reduce subjectivity to a bare minimum and subsequently increase your chances of great hires:

1. Define the profile. Write down what qualities you think it will take to do this job successfully. We call these "competencies." Ask this of other incumbents, and if it's not an internal service provider position like HR, IT or finance, ask your customers what they need out of the position.
2. Prepare. Review resumes carefully and compare where there are skills and experience (at least on paper) that match the profile you've prepared.
3. Develop questions for each competency. Think of a specific question that will be designed to have candidates demonstrate that they have a certain competency. For instance, if you are looking for their problem-solving skills, you might ask them: "Describe for me the most challenging issue in work that you were faced with. How did you resolve it?"

The only step left is to conduct a strategic interview. But that's a subject for another tip.

Bob Kustka  
President, CHR Partners  
Norwell, Mass.