

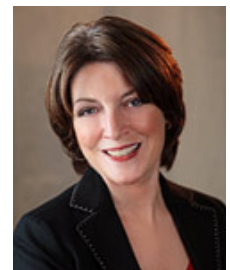


How to Hire the Best People

By Beverly Flaxington
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Numbers rule. Investments, financial plans and future goals can be assessed quantitatively. But the fundamental component of an advisor's practice is the people. Having the right people on your team to work with your clients and support your efforts is crucial to your long-term success, which is why I created a structured process for hiring the best employees.



In too many cases, advisors are technically competent but lack the people skills to assess the right candidates and fit people into appropriate roles. When problems arise, it can be time-consuming to coach, mentor or put an employee on a performance management plan. In some cases, the person can be coached to success, but more often it does not work out.

The Department of Labor Statistics shows that approximately 50% of all employees leave a job within the first six months of being hired. Couple this data with statistics from Dr. Bradford Smart's book, *Topgrading*, which show that the loss of a staff member within 24 months of hire can cost a firm up to 18 times that person's salary, and we see that poor hiring decisions are very costly.

In an advisory practice, every role matters, and every team member must contribute at the highest level they are able.

What are the best practices for hiring the best people? After years of observing what went wrong in practices large and small, I created the 360° Hiring and Feedback Process – a step-by-step way to create a role, identify the right person for it and help them succeed with effective feedback and appraisal. (Learn more about the process [here](#).)**Error! Hyperlink reference not valid.**

Let's look at a few of the important components for increasing long-term successful hires:

1. **Identify success for the role.** What is the role's accountability within the firm? What does the person in the role need to do to succeed? Write a job description addressing the following key areas:



- Who the employee reports to and who other key stakeholders are
 - The role's major areas of accountability
 - Measures of performance for this person/role
 - Unique working conditions or related requirements
 - Critical success factors for the role (actions and behavioral)
 - Competencies, which include domain, technical and "soft" skills
2. **Align compensation with business objectives.** In too many cases, the compensation plan has been developed around the candidate and their needs or around what the firm values at that given point in time. Review what the firm needs to accomplish from a business perspective, and then choose compensation that motivates the person in the right direction. So if client retention has been a problem, for example, the compensation plan should include something specific to this issue.
 3. **Define the interview process.** This is the who, what, when, why and how of interviewing. Who should be involved in the process? What percentage weighting does their input receive? When does everyone get together to talk about the candidate and why would they recommend for or against hiring? Have a plan in advance so you aren't scrambling to collect feedback and making a decision based on "like" or "dislike."
 4. **Interview candidates with a consistent approach.** Have everyone ask similar questions to compare notes on answers. Ask behavioral questions. Don't just ask about background — ask why the person succeeded or didn't in past roles. Ask about their favorite employer and why. Ask how they specifically dealt with an issue in their past. Probe to get a window about how they performed so you can "see" them in action.
 5. **Understand behavioral fit and match it to the role.** Don't take a candidate who is an aggressive driver and gets frustrated when they can't get things done, place them in an administrative role and expect great results. Someone who is highly analytical and data-oriented should have the chance to work with data often. Every person has behavioral preferences, and every role has behavioral requirements. Match them as closely as possible.
 6. **Match motivators and values.** Define what your firm values in the culture. Are you a "get it done and get it done fast" type of practice? Are you a "total focus on the client and client's needs" culture? What defines who you are, and who you want to be in the marketplace? Communicate this to potential candidates and be sure their values align with yours.



7. **Highlight and focus on ongoing feedback and communication.** Have a process in place when the person starts to establish milestones and feedback check-in points. Over time —every 30 days, each quarter or every year — have milestone reviews and check-ins. Capture specifics for the employee. What are they doing well? What do they need to correct? Be as clear as possible about what you observe and what you need them to do differently. Don't want for an end-of-year discussion; keep the dialogue open and ongoing.

Review your current practices and determine which of these seven areas to focus on for greater success. People are the key to success in every advisory practice.

Beverly Flaxington co-founded [The Collaborative](#), a consulting firm devoted to business building for the financial services industry in 1995; in 2008 she co-founded Advisors Trusted Advisor to offer dedicated practice management resources to advisors, planners and wealth managers. She is currently an adjunct professor at Suffolk University teaching undergraduate students Leadership & Social Responsibility. Beverly is a Certified Professional Behavioral Analyst (CPBA) and Certified Professional Values Analyst (CPVA).

She has spent over 25 years in the investment industry and has been featured in Selling Power Magazine and quoted in hundreds of media outlets, including the Wall Street Journal, MSNBC.com, Investment News and Solutions Magazine for the FPA. She speaks frequently at investment industry conferences and is a speaker for the CFA Institute.

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