

TopGrading

With Ron Huntington

How Leading Companies Win by Hiring, Coaching and Keeping the Best People



At Gazelles, we help our Clients face
4 critical Areas of Decision Making:

1. People
2. Strategy
3. Execution - and
4. Cash – Financial Performance

**“Life is tough; but
it’s tougher if you’re
stupid.”**

John Wayne

What is TopGrading?

Hiring The Best: **“A” Players**

- Separates Premier from Mediocre.
 - Separates Successful.....
from Everything Less!

Packing the Team with “A” Players; and Clearing Out the “C” Players.

What is Topgrading?

**GOAL: Filling EVERY
Position in the organization
with an “A” Player -
at the appropriate
Compensation Level.**

What is Topgrading?

1. Sourcing & Pre-Screening of “A” Players
2. Screening Interview
3. CIDS Interview
4. Team Interview
5. Reference Check
6. Background Check

Offer:

New “A” Player on Staff

Topgrading **What are "A, B and C" Players?**

- **"A" Players: Top 10%.**
- **"B" Players: Next 25%.**
- **"C" Players: Everyone Else below the Top 35%.**

Topgrading **"A's" – "B's" – "C's":**

The TopGrading Classifications

		Make your Numbers?	
		No	YES
Exhibit the Values?	YES	YES/No "B"	YES/YES "A"
	No	No/No "C"	No/YES "B"

“A’s” and “C’s”

- “A” Players make things work; They press for progress and creative, energizing solutions, while
- “C” Players drag their feet, resist change, stifle creativity, impede advances, kill off good ideas, and encourage the status quo.

What Are “A” Players?

“A” Players are Impact Players: The Top 10% of Talent Available at ALL Salary Levels.
The “Best In Class!”

What is Topgrading?

**Instead of paying
Top Dollars for Talent,
get Top Talent for the
Dollars you Pay!**

What is an “A” Player?

- An “A” Player, then, is “Best of Class;”
- “Available” means willing to accept a job offer for an open position.

“Available” is also:

- At the compensation level.
- With the Bonus and/or Benefits prescribed.
- In the specific Industry.
- In the designated geographic location.
- With those same accountabilities.
- With those same resources.
- In a specific Reporting relationship.

What is a “C” Player?

- A “C” Player is someone chronically performing below the level of expectation in a given Role.
- A “C” Player’s cost to the organization exceeds the value and cost of developing, redeploying or replacing them.

TopGrading Realities

Topgrading Realities

Topgrading is NOT for:

- Those pre-disposed to protecting “Deadwood” in an organization.
- Those who, deep down, would rather see an organization struggle or fail rather than nudge a hopelessly incompetent performer out of a job.
- Those not willing to flexibly adapt, change and succeed in their roles and responsibilities.

- **5% of Managers are Topgraders.**
- **5% of Companies are Topgraders.**

TopGraders do NOT necessarily pay more than Competitors for Talent

Topgraders:

- Tend to look harder to find Talent.
- Screen harder and better to select the right people.
- ACT more quickly to confront Non-performance.

**“A” Players exist at
ALL Salary Levels;
And so do “C”
Players.**

Topgrading Realities

TopGraders managing forward-looking, growing companies hire for the Talent and Compensation Level required 1 to 3 Years From Now!

Companies and Managers who TopGrade INVEST in their Employees!

Topgrading Realities

TopGraders, rather than lose Talent:

- Provide ongoing Coaching, Training and Development.
- Help their Talent become and remain “A” Players.
- Assist their Talent to gain and maintain cutting-edge skills.

Topgrading Involves:

- Proactively searching out, identifying, persuading, hiring and retaining “A” Players for every job.
- **GOAL: Having a growing and clear majority of “A” Players, and only those “B’s” with potential to be “A” Players, within 18 months – and NO “C” Players within 90-120 Days.**
- Using advanced and rigorous Assessment Methods to raise your Hiring and Promotion Success Rate to 90% or better!

Topgrading Involves:

- Improving your existing Human Capital by providing people the Coaching and Development required to become and remain “A” Players, as the scope of the job and compensation grows.
- **Redeploying chronic “C” Players and/or “B” Players - where they can either become effective and productive “A” Players – or leave the company in a humane and dignified manner.**

Retaining "A" Players

Retaining "A" Players:

- Create a winning, high-performance organization and culture.
- **Make work fun, exciting, and challenging.**
- Provide opportunities to grow, to gain confidence, to meet challenges, to rise in stature and responsibility.
- **Offer competitive pay, incentive compensation and benefits - before your Talent is "shopped" by your Competition.**

Retaining “A” Players:

- Anticipate External Offers being made to your “A” Players, and proactively increase pay to compensate fairly for their actual current Market Value.
- **Take inventory and appraise your “A” Players; Communicate their value and worth to the organization to them directly, with validating appreciation and recognition on a regular basis.**

What are Promotability Designators?

- **“1”** = Promotable to Executive Leadership level.
- **“2”** = Promotable 1 or 2 levels above present job.
- **“3”** = NOT promotable above present level of responsibility.

Retaining "A" Players

Quick Exercise:

- Turn to the TopGrading Inventory Exercise Handout.
- List ALL of the People now working under your Direct Supervision or on your Team.
- Take an Inventory of your present Departmental Direct Reports or Team Members, rating them as "A" Players, "B" Players, or "C" Players. Then apply the "1,2,3" Promotability Designators.

Exercise - Wrap-up:

- What surprised you in terms of awareness?
- What Conclusions did you reach?
- How do you feel about your Team Rating Conclusions?

The Cost of Mis-Hires

The Cost of Mis-Hires:

- 1989 Smart Study: The average **Mis-Hire Cost was 5 times** the person's salary in direct and indirect costs to the company.
- 1985 Saratoga Study: The average **Mis-Hire mistake costs a company \$15,000.**
- 1995 Smart Study: Management Mis-Hires cost a company **between \$15,000 and up to 24 times** Base Salary.

Topgrading Mindsets:

- A 40-50% Hiring Success Rate is common – but wholly unacceptable!
- A 90% or greater Hiring Success Rate is achievableand expected!

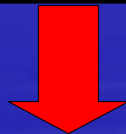
Coaching "B" & "C" Players and Releasing "C" Players without Tears or Fears

Topgrad↑ng The Downward & Upward Spirals

The Downward Spiral *Feelings and Beliefs are:*

1. Worthless or Worth Less
2. Hostile or Unsafe
3. Hopeless or Less Hope

Result: Performance Declines



Leadership Options A. Counsel & Coach

Effectively Deal With Issues. Set Plans For Improvement.

The Upward Spiral *Feelings and Beliefs are:*

1. Worth More
2. Safe & Secure
3. Hopeful

Result: Performance Improves



Re-Direct
Feelings

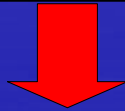
Topgrading The Downward & Upward Spirals

The Downward Spiral

Feelings and Beliefs are:

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Leadership Options

A. Counsel & Coach

Effectively Deal With Issues, Set Plans For Improvement.

B. Separate – Change Roles or Departments.

C. Terminate – Voluntary or Forced.

The Upward Spiral

Feelings and Beliefs are:

1. Worth More
2. Safe & Secure
3. Hopeful

Result: Performance Improves



Topgrading Releasing “C” Players:

- Your First Priority: Removing chronic “C” Players, defined as those who are both unfit and un-trainable, from the Team.
- Your Second Priority: Re-deploying “B” Players and “C” Players, who are not fit for their present roles - yet are trainable; Coach and Train them to be productive or release them to their future career path.

Topgradng **Releasing “C” Players:**

We Call It:

**“Freeing Up
Their Futures!”**

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Topgradng **Direct Release of “C’s”:**

TopGrading Terminations

Realities:

1. When TopGrading processes are effectively used, firing someone is rare.
2. Regular Performance Feedback and Informal Performance Reviews reduce surprises and denial.

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TopGrading Terminations

When Firing is the Last Resort:

1. Work with HR and an Attorney.
2. Make sure you have documented all Non-Performance against written performance accountabilities.
3. Terminations are face-to-face, with three in the room. You; Employee; Observer.

TopGrading Terminations

When Firing is the Last Resort:

1. “You had ample time to improve.”
2. “You understood it.”
3. “It’s not working out.”
4. “While we both regret it, we have to let you go.”

TopGrading Terminations

To finish the Termination Meeting:

- **Have a prepared document to outline all the terms of the separation – Have them review it and answer any questions. Needs to be signed within 24 hours.**
- **Be firm, yet humane and respectful. Keep it as positive as possible. Be supportive.**

- **Conscientiously take your “C” and “B” Players through Coaching, Training and looking for a better Job Fit.**
- **If the desired outcomes and improvements DO NOT occur, then the “C” Player has to go!**
- **Use the TWOTOF Method – And Part Ways! It’s the Right Thing to do!**

The GE Model: Differentiation

	Make your Numbers?	
	No	YES
YES	YES/No "B"	YES/YES "A"
Exhibit the Values?		
No	No/No "C"	No/YES "B"

Real World Realities

In competition for either Jobs or Talent:

- ALL Candidates have flaws.
- Candidates with the fewest serious flaws GET THE JOB.
- Candidates with the most impressive Strengths GET THE JOB ONLY if they have NO FATAL FLAWS!

What might FATAL Flaws include?

- **Lacking Integrity.**
- **Material misrepresentations during the Interview and/or Career History processes.**
- **Track Record of under-performance.**
- **Not fitting your Core Values.**
- **Arrogance. Non-Teamwork Behaviors.**
- **Inappropriate hygiene or appearance.**
- **Lacking intelligence, energy, initiative, creativity, or any significant, required Technical Knowledge or Skills.**

CIDS-Based Interviewing

Topgrading System

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The Sourcing and Pre-Screening Interview Process

The Screening Interview

The Topgrading System: The Screening Interview Questions:

- What are your career goals?
- What are you really good or great at professionally?
- What are you not so good or great at, or not interested in doing professionally?
- Who were your last 5 bosses and how will they each rate your performance if we talk with them? TORC.

The CIDS Interview

The CIDS Interview:

- **High School: High points and low points? (~5 Min.)**
- **College/Grad School: High points and low points? (~5 min.)**

The CIDS Interview:

- For each job in the past 15 years:
 1. What were you hired to do?
 2. Accomplishments?
 3. Low points?
 4. People as References?
 5. Why did you leave?
(~ 10 to 45 minutes +)

The CIDS Interview:

- **Competencies Questions: Ask the Questions related to the Competencies you seek. (~ :20 to 1 Hour +)**
- **Future Goals? (~ 5 to 15 min.)**
- **Questions from Applicant?
(~ 3 to 10 min.)**
- **Conclude.**

The TORQ Questions:

- “What was your Boss’s Name?”
- “What were HIS/HER strengths and areas for improvement?”
- “What will your Boss say were YOUR strengths and areas for improvement in that job?”

Avoiding Interviewing Legal Traps

Questions to Avoid:

- “Where were you born?”
- “How old are you?”
- “Are you pregnant?”
- “Are you planning to have kids?”
- “What is your faith?”

Questions to Avoid:

- “What is your sexual orientation?”
- “Any health or medical issues?”
- “Any Life Balance Issues?”
- **DO NOT** write anything on their Resume!

CIDS-Based Coaching

CIDS-Based Coaching

Effective Coaching is:

- **Counseling** – Improving self-awareness and changing perspective.
- **Mentoring** – Sharing advice to help someone grow and better navigate life.

Effective Coaching is:

- **Teaching** – Instructing and sharing knowledge and expertise to improve performance.
- **Confronting** – Addressing non-performance or deficiencies, re-directing behaviors towards improved performance & results.

An Effective Coach is:

- A Partner.**
- Promotes autonomy.**
- Positive.**
- Trustworthy.**
- Caring.**

An Effective Coach is:

Patient.

Results-oriented.

Perceptive.

Authoritative.

An Active Listener.

Why People Change:

**“People Change when their
avoidance of Pain seems
worth the risk and worth
the effort.”**

Stages in the Change Process:

1. Awareness
2. Acceptance
3. Commitment
4. Program for Development
5. Reinforcement
6. Monitor Progress
7. Create Sustainable Changes

Informal Performance Reviews

CIDS-Based Coaching

Informal Quarterly Performance Reviews – 5 Q's:

- What did you accomplish this past Quarter?
- What will you accomplish in the new Quarter?
- How will you improve yourself Professionally and Personally in the new Quarter?
- Did you achieve your Critical Results Goals?
- Are you embracing and Living the Core Values?

Building a Virtual Bench

Make The Decision!

When the CIDS Interviews are Finished:

- Hire for “A” Player FIT – Skill and Experience.
- Hire for Absence of Weakness.
- Hire for Compatibility with your Organization’s Core Values.
- Hire the Very Best of the “A’s” – And keep in touch with The Rest!

Build a Virtual Bench!

To build a Virtual Bench:

- Build a Pipeline of “A” Players at your fingertips!
- 4 Skill Areas: Sales; Operations; Finance; and Technology.
- 40 People on your Virtual Bench.
- 1 meaningful touch per month with each Virtual Bench Candidate.

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4 critical Areas of Decision Making:

1. People
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3. Execution - and
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THANKS!

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NOW:

**Let's Go Pack Your
Team with
"A" Players!**

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