

Hiring New Team Members: Developing a New Hire Scorecard

(Updated: June 16, 2017)

Perhaps the most important thing that new ventures and small businesses do is hire new team members.

The talents, attitudes, motivations and integrity of these new hires drive the growth and success of small companies. Alternatively, hiring the wrong individuals can be an expensive mistake, wasting money, distracting the entrepreneur from important opportunities, and eventually preventing a small company from succeeding.

Let's examine how a new venture or small business can hire the "right" new team members capable of bringing new energy and success to the company.

- 1) Business-Building Hires
- 2) Special Hiring Concerns for Entrepreneurs
- 3) Developing a New Hire Scorecard
- 4) Notes on Using a New Hire Scorecard

Finding a way to objectively assess job applicants is critical to hiring the "right" new team members.

These new team members should bring capabilities essential to the company's future success.

Successful entrepreneurs and small business owners find ways to hire team members with skills that complement their strengths, and personalities that add to the company culture.

Business-Building Hires

There are many ways that a new venture or small business can hire new employees capable of building their business.

- 1) Hire for Skills - new hires can bring new skills that help the business prosper. These skills may include:
 - the ability to grow revenues (Marketing / Sales / Customer Service / Strategic Planning);
 - the ability to improve operating efficiencies (Operations / Technology);
 - the ability to enhance financial and administrative efficiencies (Accounting / Finance / Administration).
- 2) Hire for Attitude - new hires can bring a new sense of motivation and enthusiasm to the company, helping build a "can do" culture that promotes high achievement, complete customer satisfaction and innovation.
- 3) Hire for Growth - sometimes companies need to hire individuals to help with specific growth initiatives. These individuals might have new skills that enable the company to develop new products or services. They may have a network of contacts that they can turn into new customers. Or they may be located geographically in an area where the company wants to expand.
- 4) Hire for Attrition - when an employee retires, leaves or is terminated, a company often hires a replacement. *Every time a company hires because of attrition, this is the opportunity to add important new skills and attitudes to the company . . . an opportunity that the company can either take advantage of or ignore.*

Every time a new venture or small business considers hiring a new team member, the business leaders should think carefully about what they hope to accomplish with the new employee, and what each new team member needs to contribute (in terms of capabilities, effort and teamwork) to make the company more successful.

Special Hiring Concerns for Entrepreneurs

Perhaps the most important decisions an entrepreneur makes are the "early hires" - who will be the team members that will make the entrepreneur's business vision come to life and succeed.

These new hires must share the vision, passion and commitment of the entrepreneur . . . but they can't be the same as the entrepreneur. They need to bring a diversity of skills, experience and perspective to the company, enabling the company to successfully address many different future challenges and opportunities.

Especially when considering the first few hires the company will make, the specific hiring concerns entrepreneurs should focus on are:

- 1) Complementary skills - does the new hire bring skills that add to the entrepreneur's capabilities, forming the foundation for solid growth in the future?
- 2) Shared commitment and values - does the new hire show the desire to work the same long hours that an entrepreneur invests in the new enterprise? Do they value the same things - innovation, being mission-driven, dedication to success? Will the new hire place the same priority on working at the new venture as the entrepreneur?
- 3) Compatible personalities - given the enormous amount of time entrepreneurs and team members spend together (sometimes during times of great pressure and urgent deadlines), does the new hire seem to be a person the entrepreneur could like and respect?
- 4) Loyalty, adaptability and integrity - this might be the most important category of all.
 - Does the new hire seem to be capable of being loyal to the entrepreneur and the new venture, even during the long hours and tough times that most new ventures experience?
 - Does the new hire show the type of flexibility and adaptability necessary in a new venture (since priorities and opportunities can shift radically and suddenly in any new venture)?
 - Does the new hire have a track record of commitment and dedication?
 - Does the new hire seem to have the personal traits of honesty and integrity?

Special Hiring Concerns for Entrepreneurs

- Complementary skills
- Shared commitment and values
- Compatible personalities
- Loyalty, adaptability and integrity

The first new hires an entrepreneur makes must have capabilities and personality traits that promise to build the business.

There can be no question that it is tough to make an accurate assessment of these traits during the process of interviewing and hiring new team members. Some new ventures require applicants to pass practical skills test to prove their technical skills. Many new ventures require early new hires to go through multiple interviews - including with investors - prior to getting a job offer.

And entrepreneurs check the references of prospective new hires *very carefully* to determine how they've performed in the past, since the best indicator of future performance is past performance.

Entrepreneurs who successfully address these hiring concerns are most likely to assemble a winning team that helps their new venture achieve its full potential.

Developing a New Hire Scorecard

There is no single "best" format for a new hire scorecard. The example below is one format. Entrepreneurs and small business owners can use this and then develop their own.

The key steps in developing a new hire scorecard are:

- 1) Create clear hiring criteria. Minimize overlap among the hiring criteria so each one can be evaluated separately.
- 2) Develop ranking methods that are clear, simple, and that can be implemented consistently.
- 3) Weight the hiring criteria so that most important criteria are emphasized in making hiring decisions.
- 4) Allow for an "intangibles" section that allows entrepreneurs and their advisors to surface any intuitions or concerns they about the candidate.

New Venture New Hire Scorecard						
Candidate Name						
Position						
Date Interviewed		In-Person Interview		Phone		Virtual
Ranking Criteria / Points		Ranking	Notes			
Technical Skills (30 pts)						
This candidate has demonstrated proficiency in the technical skills necessary to excel at this position. These skills have been confirmed by: a) industry-based credentials; b) practical skills tests; c) examples of relevant work; d) references from prior employers/colleagues						
Shared Commitment / Values (20 pts)						
This candidate has demonstrated the determination, level of commitment and tenacity necessary to be an effective member of our new venture. These mission-driven skills have been confirmed by: a) personal history; b) interview results; c) references						
Compatibility (10 pts)						
This candidate appears to have the qualities that would make him / her a "good fit" for our venture's organizational culture. This compatibility has been confirmed by: a) interview results; b) references; c) impression created during pre-interview meal / meeting						
Loyalty, Adaptability, Integrity (20 pts)						
This candidate seems to have the qualities of loyalty, adaptability and integrity, and will bring these qualities to our new venture. These behaviors have been confirmed by: a) interview results; b) references; c) impression created during pre-interview meal / meeting						
Intangibles (20 pts)						
This candidate has created positive / negative intangible impressions (see notes above).						
Total Points						

Notes on Using a New Hire Scorecard

Advisors to new ventures and small businesses often recommend the use of new hire scorecards to make the interview process as objective and fact-based as possible.

Factors to consider when using a new hire scorecard include the following.

- 1) It is best for the company to develop a formal set of questions that all interviewers use. Different groups of interview questions should be linked to each ranking criterion. That way, when the interviewers are comparing notes and talking about job candidates, they can go back and refer to the answers they received on the questions they all asked.
- 2) Because hiring new team members is such a critical element in a venture's future success, entrepreneurs / small business owners should dedicate a tremendous amount of preparation to the job interview process. The team of interviewers should hold "rehearsal interviews" with multiple interviewers present, using an investor or a friend as the job candidate. After (or even during) the interview, the interview team should "compare notes" on how they are reacting to the answers provided by the job candidate, and the rankings they would provide on the criteria in the new hire scorecard created for this job hire.
- 3) The preparation and care that are part of every new hire should continue after actual job candidates start. The interview team should hold a conference call after the first candidate is interviewed to compare marks. (This is called "calibration," or making sure that all interview team members are using the ranking criteria in the same way.) The interview team members should determine if any difference in rankings for a job candidate are due to honest differences of opinion, or if there needs to be changes made to: a) the interview questionnaire; b) the new hire scorecard; or c) how interviews are being conducted.