

Should You Really Hire the "Best Person for the Job?"

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"We hire the best people for the job we can find."

"We are seeking to hire people with real expertise in their fields."

"We want people who are at the top of their game in ... (place name of specialty here)"

Sound familiar?

It's a common refrain heard in executive suites and boardrooms everywhere. And at first glance it makes good sense. But when it comes to hiring members of your top management team - or those you hope to groom to be tomorrow's leaders - this conventional wisdom is as dangerous to your country's future as the left-over landmines in Vietnam or Kosovo.

Everything depends on how you interpret the crucial phrases, "best people for the job;" "people with real expertise," and "people at the top of their game in..." If you interpret these phrases to mean that the thing to do is to hire the best specialist to fill the special job you have in mind, I suggest that you may be planting your own landmines on your company's path to success.

It's understandable why companies seek to hire the best specialists for their top positions:

The press of time in today's hyper-speed business environment means there's no time for on-the-job training or even a decent interval to find the nearest deli or restroom. It seems a no-brainer to pay the 30%, 50% or 100% premium in wages and stock options top performers demand in order to get that imprint on the bottom line - or just to survive in business.

Then, too, there's the simple fact that most companies don't just hire people in case they have a future need. Only the most successful companies have the money (or the foresight!) to warehouse expensive talent. The hard reality is that usually there is already crying need to solve a problem or seize an opportunity when the calls go out to the headhunters. A company I recently worked with hired a very expensive CFO because it desperately needed to raise another round of money on Wall Street that very week. Sure enough, he was hired on Monday and on Wednesday evening he was on a red-eye to New York. I've seen the same go for CTOs, marketing gurus, R&D whizzes, brilliant engineers and operations experts of all types.

But several recent experiences have brought home to me how short-sighted this approach can be. In one case, an Internet real estate services company hired as CTO one of the top fifty people in the country known for creating back-end financial services transactions systems and interfacing them with a Website. He had a stunning resume. He'd helped create one of the most famous travel reservation computer systems, then was off to help the spectacular launch of an Internet financial services company.

The new CTO rode in one day on his great white horse - and was gone less than a year later, leaving behind no systems that actually worked to process the company's transactions. His "legacy system" was nothing but huge hardware and software contracts, endless information systems architecture plans, half-finished pro-

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programming and one unhappy top management team.

I spent many an hour trying to analyze what went wrong. For surely it was hard to blame the otherwise outstanding CEO for recruiting the very best CTO talent he could find. But thinking about it more deeply, I came to these conclusions about the dangers of hiring the "very best" specialists for a top executive position in a company:

They often lock the company in to the special, highly-defined solution space they know so much about. That's what happened in the case of my Internet client. It's like the old joke about the person who dropped a coin on a dark street and but insisted on searching for it under the street lamp. The solution they know is the one they apply.

They often can't handle the ambiguity and change that many businesses face today. If the problem they can solve is in the bull's eye of their expertise, they are great. But one inch outside the target and you have an expensive disaster. In today's world the target itself is always moving. In the case of the Internet CTO, I'm told that on the order of \$15 million in hardware and software was never put to good use.

Importantly, you can't trust the specialist's own account of his or her ability to handle the problem. The Internet company's CTO certainly felt he could handle the challenge - creating a back-end processing system for the Web-based real-estate services was well within his ken. But it turned out to be two degrees outside it: he had created reservation and ordering systems where customer options were pretty cut and dried, but not ones that handled the complexity of loan applications. So the system was never finished. But several months later the company was.

They often can't communicate outside their specialty. This, too, was the case of our Internet CFO. He brought along with him a coterie of "business system analysts" as well as programmers. He talked well with them. And he talked a good game of milestones achieved and bugs fixed at top management meetings. He nodded at the appropriate points. But the rest of the team always had the feeling that he was missing the points the marketing people were making about easy transactions. And what the operations people were saying about being able to process transactions now.

Finally, there is a special danger to recruiting what I call "superstar specialists." These are folks who have had terrific success in their chosen field in past jobs. Usually they've achieved a certain amount of fame - and fortune. Often they're recruited to turnaround a desperate situation or fill out an all-star team. You see this in the top management teams venture capitalists tend to recruit for their most expensive investments.

What I've often seen happen is that these superstars try to duplicate their past successes. In a literal sense they are prisoners of their own resumes. So they use the same techniques, procedures, processes - and often the same people, bringing their hangers-on en masse from their old employer.

But then what happens? It's not invariable, but quite often the new situation is plenty different from the old - and the recipe fails. That's what happened in the case of the Internet CTO: he tried to replicate the old solution in a new situation.

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Another piece of the puzzle is that when an executive reaches superstar status, he or she forgets just the attitudes that made for success in the old company. For that first major success probably wasn't due to exercising a formula. It was more likely due to solid analysis, hard work, the requisite amount of creative thrashing and good luck. Only looking back on that success does our superstar think, "Aha! That's what I did that was so smart! I've found the golden key to solving all these kinds of problems!"

Hiring a specialist - especially a superstar specialist - is, then, a little like buying a piece of high-priced, specialized real estate: it's great if it's just the right size, location and configuration. But it can be hard to put to another use or sell if business needs change.

Or it's like some auto assembly robots Mazda installed some years ago at its auto assembly plant in Hiroshima. They were extremely efficient and assembling autos the market didn't want. These specialists can lock you in to a solution - or even a whole corporate strategy - that doesn't fit the times.

So what is my recommendation? If not to hire "the best person for the job," then who? For your top management positions, I recommend hiring just the opposite - a generalist.

What do I mean by a generalist? Here's the official IBM biography of chairman Louis Gerstner, who has led a spectacular turnaround of a behemoth company many had written off for dinosaur-like extinction:

"Prior to joining IBM, Mr. Gerstner served for four years as chairman and chief executive officer of RJR Nabisco, Inc. This was preceded by an 11-year career at American Express Company, where he was president of the parent company and chairman and CEO of its largest subsidiary, American Express Travel Related Services Company. Prior to that, Mr. Gerstner was a director of the management consulting firm of McKinsey & Co., Inc., which he joined in 1965. A native of Mineola, New York, Mr. Gerstner received a bachelor's degree in engineering from Dartmouth College in 1963 and an MBA from Harvard Business School in 1965." Look at that breadth - from engineering to MBA (no intervening work experience!) to the stratosphere of generality, strategic management consulting to travel services to the food industry to the computer/information industry! Now Louis Gerstner is the kind of person who is going to be a superstar at whatever he turns his hand to. He probably would have made one heck of an engineer if he'd chosen to remain in his undergraduate specialty. You may not be quite in the market for that level of horsepower.

However, we can learn from his biography. The ideal generalist is: Someone who has been highly competent in a variety of roles - but not necessarily a superstar in every one.

Now the crucial thing is that this generalist have in his or her background a few years of highly successful success in a specialization - and then have been promoted or surfaced into a more general capacity. For example, one of the best COOs I have ever met, whom I call Tom, has the following background:

Generalist Experience:

- Master's and doctorate degrees in public administration - not an MBA and not an engineering degree
- Leading research and development projects at the Defense Advanced Research Projects Agency (DARPA)

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- Deputy CIO for the Department of Defense

Specialized Experience:

- B.S. and M.S. degrees in electrical engineering Managing the design and development of Navy shipboard missile, display, computer, and communications systems.
- Managing software and system development for sensor and communications spacecraft, communications, and computer networks; architecture development of very large defense system networks.

As important as these resume qualifications are the broad personal interests of this manager, including philosophy, psychology, languages, political science and auto racing.

It is crucial to find a generalist with specialist experience because:

You want someone who "has been there" - knows what it's like to be a specialist and can relate to their needs for precision. This helps in communicating with specialists you'll hire lower down, or contract with.

You want someone with a built-in "fraud detector" - someone who can understand the interlocking logic and details of specialists you hire or contract with - and can tell when statements aren't "hanging together." You can only acquire a "fraud detector" by actually being on the front-lines of specialist work. Otherwise any old proposal or objection can sound good to the naïve generalist.

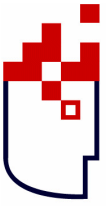
It doesn't matter so much what the person has specialized in. Why? Because most fields of human endeavor in the arts and sciences have similar overall logical structures - whether it is engineering or marketing or philosophy or advertising or finance. Each one has its peculiarities - but the overall structures are the same. A generalist, if he or she is any good is able to comprehend the entire structure of a field by getting well into one.

That very fact is what allowed Louis Gerstner to jump from engineering to consulting to travel to food to computers. As an engineer and a consultant, he'd learned what to look for to get a firm understanding of each industry. As he freely admits, he knew next to nothing about computers or chips when he took over at IBM. But what he did know was how to learn enough about them and the business to lead those who were the ultimate experts.

Equally important to having both a general background and specialized experience, it's a good idea if your candidate has resurfaced to being a generalist having once been a successful. Otherwise you'll get someone who was never really comfortable dealing with all kinds of different things, but actually seeks the protective confines of a specialty. That's what so impressive about Tom's resume above.

Don't get me wrong: identifying a generalist doesn't mean identifying somebody who is "soft." You want them as hard-nosed-but as open-minded-as you can get them.

I believe that this kind of person will become only more important in the future, at least for companies that aspire to success. The heroes of the dot-com boom were the geeks who could grind out excruciatingly complex computer code under incredible time pressure, a specialized- and highly laudable - talent. Many of



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these folks achieved high status as managers and executives. But how far did that carry them when business conditions (and needs) changed? Many of yesterday's high-powered systems geeks are today's high-powered unemployed. Those that are surviving, even thriving, are the ones with the people skills, management ability, and broad perspectives to create value in areas other than the ones they were originally hired for.

Yogi Berra once said, "The future ain't what it used to be." Times change. Needs change. And the "best" person for the job ain't always the best person for the job.