

C O V E R

GIANT STEPS

HR can
take restructuring
in stride -
by recruiting
via job analysis

BY CLAUDINE KAPEL

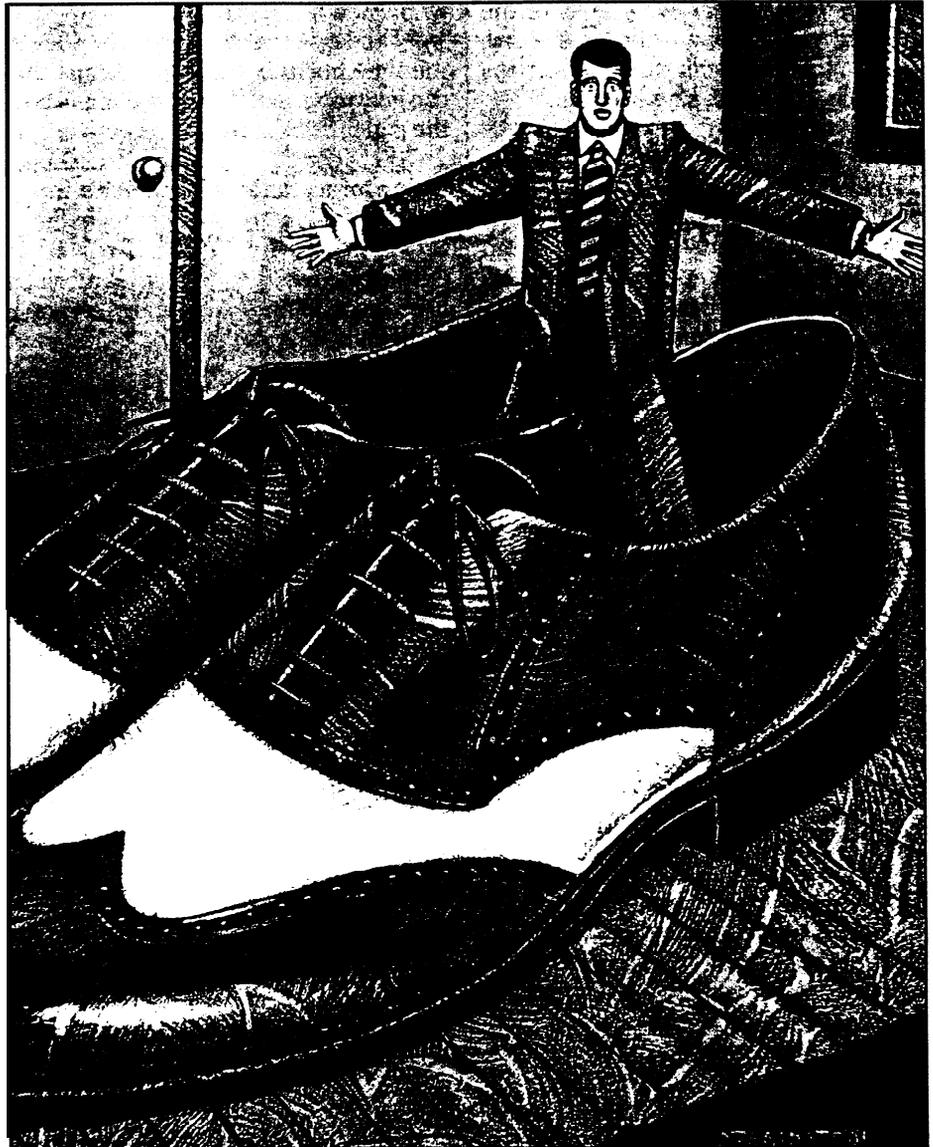


ILLUSTRATION BY RICARDO STAMPATORI

When Canadian Tire Acceptance set out to hire a new vice-president of marketing, it didn't even consider some applicants, who on paper seemed perfect for the job.

That's because the company knew precisely what sort of person it wanted - and needed - to hire.

The position came with big shoes to fill. Between 1987 and 1992, Canadian Tire Acceptance doubled its revenue and profit levels - while increasing staff levels by only 14 per cent. The company's goal is to double revenue again over the next four years. Needless to say, the vice-president of marketing will play a pivotal role in helping the company to achieve its business objectives.

Since 1987, Canadian Tire Acceptance has also undergone a dramatic corporate restructuring. The number of layers

in the corporate hierarchy were reduced from 10 to five. As part of the overhaul, Canadian Tire Acceptance analyzed its major jobs and identified the key "competencies" - skills, knowledge, values, and behaviours - needed for each one.

The company concurrently defined the "time horizons," or levels of accountability and authority associated with each job. The "time horizon" considers to what extent an individual must be able to plan into the future to accomplish the job, and to what extent an individual is authorized to make decisions that will determine future direction without approval by a superior.

At Canadian Tire Acceptance, employees at the base of the hierarchy work in a time horizon of zero to three months. One level up, managers operate under a time horizon of three months to one year. Above them are directors, whose

time horizon is one to two years. Higher still, at the level of vice-president, the time horizon grows exponentially: two to five years. The presidential level is accorded a time horizon of five to 10 years.

According to Rich Morgan, Director of Human Resources at Canadian Tire Acceptance, the emphasis on job analysis and design process during the restructuring served as a major catalyst for the company's subsequent growth and success. The organization was able to establish a meaningful link between overall corporate objectives and strategies for recruiting, training, performance management and compensation.

Job analysis created an infrastructure for Canadian Tire Acceptance by defining both the job tasks to be performed and the timelines for performing those tasks. Clearly defined roles and responsibilities,

in turn, ensure that every level of the hierarchy adds value to the level below, while minimizing unnecessary overlaps and role ambiguity, says Morgan.

Job analysis further paves the way for an effective compensation system. Canadian Tire Acceptance uses a "skill-based" pay system that links pay to the complexity of a job - a departure from traditional payscale systems that emphasize factors such as the number of employees an individual manages.

"It doesn't matter how many direct reports you have. That's just one small component of our job analysis," says Morgan.

By constructing a framework to evaluate performance and identify training and development needs, job analysis also supports recruiting: It helps the organization to determine whether any internal candidates might be suitable for a vacant job.

According to consultant Mark Van Clieaf of Price Waterhouse Executive Search, job analysis facilitates hiring decisions on both the short-term and long-term strategic planes of an organization. Since each job has been carefully defined in terms of what it must contribute to the organization - including the skills and experience needed to chart a course for the future - the job criteria will identify those people who can actively advance organizational goals.

"A lot of organizations are going back to the basics," says Van Clieaf. "They're saying: 'What is this job accountable for? What is its true level of authority? And how do we differentiate between somebody at the manager level and the director level? Or the director level and the vice-president level?'"

"Not just by some title. Not because the guy's got some stock options. What is the person supposed to be doing differently, that adds value to the people below?"

Van Clieaf, who assisted Rich Morgan in recruiting a new marketing VP for Canadian Tire Acceptance, feels that employers who ignore time horizons will rue their hiring decisions. He describes the experience of a top photocopier salesperson hired by a company that manufactured mainframe computers.

The salesperson performed poorly at the second job, because its time horizons were significantly different. Selling a mainframe computer requires a greater amount of time than selling a photocopier, observes Van Clieaf, and managing work over a longer timeframe demands a

whole new set of skills.

"The key is complexity. The longer the time horizon, the more things that can go wrong, and the more complicated the path is to achieve the objective.

"Consider the skills involved in negotiating for a photocopier under a three-month time horizon, and compare those to the negotiation skills involved in putting together the North American Free Trade Agreement over two years. If you think those negotiating skills are the same, you're wrong."

When Canadian Tire Acceptance assigned Van Clieaf to the search for its marketing VP, the company made clear that candidates had to meet all key competencies for the job, including the time span dimension. The prerequisite skills included: demonstrated profit and loss accountability over a two- to five-year

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time horizon; demonstrated planning and decision-making authority over a two- to five-year time horizon; and demonstrated level of comfort in dealing with the complexity of this type of job.

Several candidates with impressive credentials who applied for the job, notes Van Clieaf, couldn't prove that their experience was sufficient.

"...We might start with two or three or four [potential] candidates, all with a Vice-president of Marketing title, all earning \$100,000 a year. But once you put this assessment criteria of demonstrated profit and loss accountability at a two- to five-year time horizon, and the planning and decision-making authority in that same timeframe, all of a sudden you may not have as many candidates."

Van Clieaf notes that potential job candidates themselves aren't used to

talking about their work in this light. And probing questions can shatter a few executive illusions.

"Someone who was a vice-president, a \$100,000 a year executive, looked at me and said: 'I wasn't accountable for very much, was I?'"

Canadian Tire Acceptance eventually hired someone who had no experience in the financial services industry, but who met the key criteria for the job. The successful candidate, previously the president of another organization, had been accountable for profit and cash flow three years out.

Sometimes, as in this case, the best candidate for a job lacks industry experience. That's why Canadian Tire Acceptance subscribes to what it calls the "negative bungee jumping" approach to hiring.

What is "negative bungee jumping"? An example, offers Rich Morgan, is the manager at Canadian Tire Acceptance who wanted to transfer to another department. The person was transferred -but not immediately to a managerial position. Instead, she was given a lower-level transitional position to enable her to concentrate on learning about the department's functions. She continues to be paid, Morgan notes, at the managerial level: She has the capability to handle that position and its corresponding timeframes, and ultimately will be "bungeed" back up to a manager's role.

In short, it's vital in recruiting to look at the experience and competencies of the individual candidates, urges Van Clieaf. Don't get hung up on titles and credentials, because they're no guarantee that you've found the right person

These days, recruiting strategies must fulfill multiple objectives, and effective selection is only one. Job analysis, by defining *bona fide* occupational requirements, also helps to create a legally defensible hiring system. When done properly, job analysis ensures that the criteria used to evaluate job candidates are directly linked to the effective performance of job duties, says Van Clieaf. In the event of a human rights challenge, this will help an organization to defend a hiring decision.

Lawyer Kevin Coon, who practises with the Toronto firm of Baker & McKenzie, warns that human resources professionals should be prepared for just such an eventuality.

"This area is a legal minefield," says Coon, who specializes in management

labour law. "We're seeing more and more decisions by HR professionals being challenged."

Coon says a tough economy is one reason why challenges of hiring decisions are on the rise. "It's tougher for people to find jobs, so the decision is to challenge the basis on which hiring decisions are made."

The Ontario Human Rights Commission will remain the number one forum through which to challenge hiring decisions, says Coon - because the service is free.

"There are no cost consequences to individual complainants - none of the normal deterrents that you have in other dispute areas [like legal fees], exist."

One of the benefits of a job analysis that includes time horizons is that it encourages the recruiter to consider how the job may change.

"Legally, you have to hire based on what the job is today," says Van Clieaf. "But if you have two candidates who are equivalent in competencies, I would suggest that you break the tie by saying: 'How do we think the job is going to change, and which individual would probably be the best person - not only today, but tomorrow?'"

Time horizons can shed light on organizational conflict and turnover, adds Van Clieaf, and thus provide insights for recruiting.

"One of the most frequent stories you hear is: 'My boss won't let me do my job. He or she wants to do my job.' People get frustrated in organizations when they don't feel they're given the right level of authority and decision-making power. And that's why they move."

One possible root of this frustration is that individuals have simply outgrown their jobs. But the problem may also stem from the boss's inability to delegate effectively. Both boss and subordinate may be operating in the same time horizon, says Van Clieaf. The role ambiguity - and the resulting conflict - arises because the boss isn't adding value to the subordinate's work.

When doing reference checks, Van Clieaf probes hard about a job candidate's ability to direct and delegate work.

"Leadership is knowing when to step in and become hands-on, but equally important, knowing when to back off and let your people run with the ball, letting them make decisions."

Van Clieaf anticipates that the assessment aspect of the recruitment process

will become increasingly prominent in the search business.

"If you're paying a \$30,000 or \$40,000 executive search fee, this type of up front consulting working should be part of it: to help you figure out what the role [of the job] is and to confirm and validate that"

Search firms that haven't linked their recommended job candidates to clearly established job competencies, and are unable to provide their clients with a legally defensible assessment of the candidates, says Van Clieaf, can expect to be pressured to lower their fees.

"...They're not delivering a lot of value. They're really acting more as an introduction service.

"Without that upfront job competency mapping, the legal defensibility of the [hiring] process goes down. Secondly, how do you know you're seeing the best candidates? What criteria or judgment are they really using to decide who is a candidate and who isn't?"

Identifying competencies and reflecting time horizons in an organizational recruiting strategy is crucial at the senior management level, he claims.

"It's the dichotomy of managing today and creating the future. The ability to manage the short-term and the long-term concurrently will be the key leadership skill that will differentiate those who can from those who can't.

"If the organization is not thinking three, four, five, and 10 years out, how are they creating their future? They're reacting to the environment versus being proactive and creating their strategies."

Van Clieaf cautions that many organizations have yet to establish a performance management platform that links their business objectives to HR management strategies. And that's where leaders in the human resources function can make a vital contribution.

"The vice-president or directors of HR need to be thinking in a two- to five-year time horizon: 'What skills do we need in the organization to get us from point A to point B? If we don't have them, how are we going to get them?'"

"If the Human Resources department isn't providing that kind of guidance and strategic thinking, then your whole HR planning system will be out of whack with the corporate strategy."

Christine Kapel is a freelance writer who specializes in HR issues. Her article on employee empowerment appeared in the January issue of HR Professional.