

TWO

SCORECARD

A Blueprint for Success

Scorecards are your blueprint for success. They take the theoretical definition of an A Player and put it in practical terms for the position you need to fill.

Scorecards describe the mission for the position, outcomes that must be accomplished, and competencies that fit with both the culture of the company and the role. You wouldn't think of having someone build you a house without an architect's blueprint in hand. Don't think of hiring people for your team without this blueprint by your side.

What becomes all too clear in many of our initial meetings with clients is that they don't bother to define what they want before they go hire somebody. We recently worked with a

global financial services institution interested in hiring a VP of strategic planning. "What is this role all about?" we asked the executive responsible for the hire.

He replied, "Well, we need someone who can work with the different business units to capture their plans in a master budget. We need an integrated plan, really. The VP of strategic planning can help capture all of the thinking into a single plan."

The executive's manager was also sitting in the room. Just about at this moment, he jumped urgently into the conversation: "That's not what we need at all! We don't need a tactical planner. We need a visionary leader. We need someone who can survey the market and help us devise new strategies and create new products. We need someone to keep us ahead of the competition."

The room buzzed as they debated their conflicting views for the strategic planning role for the next twenty minutes. Finally, the hiring manager said, "I was about to offer my top candidate the job. It sounds like I should put that on hold while we define what we really want."

Bingo!

The first failure point of hiring is not being crystal clear about what you really want the person you hire to accomplish. You may have some vague notion of what you want. Others on your team are likely to have their own equally vague notions of what you want and need. But chances are high that your vague notions do not match theirs. Enter the scorecard, the method we've devised for designing your criteria for a particular position.

Neville Isdell, chairman and former CEO of the Coca-Cola Company, offered an example of this concept at work from his own experience. "In hiring, everything is situational," he told us, "and no situation is entirely replicable. You are going to need different types of leaders at different phases of organizations."

"When I was coming into Coca-Cola as CEO, I needed to bring in a new head of human resources. We had been through significant issues with morale, and the HR function was probably ranked at the bottom in terms of respect and regard from the employees as a whole. I needed somebody who could bring about change by building coalitions, but who could still do it with energy, drive, and speed. That meant I needed somebody with high emotional intelligence, really strong knowledge of the business, really good interpersonal skills, and the ability to build bridges. That was one type of situation that required one type of person." Having this kind of clarity about the situational need enabled Isdell to put Cynthia McCague in the position, who has succeeded for exactly the reasons Isdell had anticipated.

The scorecard is composed of three parts: the job's mission, outcomes, and competencies. Together, these three pieces describe a performance in the role—what a person must accomplish, and how. They provide a clear linkage between the people you hire and your strategy.

SCORECARD

- Mission
- Outcomes
- Competencies

MISSION: THE ESSENCE OF THE JOB

The mission is an executive summary of the job's core purpose. It boils the job down to its essence so everybody understands why you need to hire someone into the slot. Take a look at the sample scorecard on the next page. The mission for the VP of sales clearly captures why the role exists: to grow revenue through direct contacts with industrial customers. That's it. It isn't to build channel sales. It isn't to seek new industry verticals. It isn't to serve as an administrator.

For a mission to be meaningful, it has to be written in plain language, not the gobbledygook so commonly found in business today. Here is a perfect example of what *not* to do: "The mission for this role is to maximize shareholder value by leveraging core assets of the NPC division while minimizing communication deficiencies and obfuscations."

That's an exaggeration, but not by much. We bet you could find nonsensical statements like this floating around your company. And we bet further that whoever wrote them didn't have a clue what the job really was or needed to be. Removing the clutter keeps your missions short, sweet, and, most of all, understandable.

You'll know you have a good mission when candidates, recruiters, and even others from your team understand what you are looking for without having to ask clarifying questions. In the case of the financial services company we cited earlier, the disconnect surrounding the strategic planning role never would have existed with a clearly articulated mission. It could

Sample Scorecard

Mission for VP Sales

CleanMax USA, Inc.

To double our revenue over three years by signing large profitable contracts with industrial customers. And to set up one hunting team to land new accounts and one farming team to grow existing accounts.

Outcomes

Rating & Comments

1. **Grow revenue from \$25 million to \$50 million by end of year three (25% annual growth).**
 - Increase number of national industrial customers from four in year one to eight in year two to ten in year three.
 - Reduce revenue from residential customers from 75% of total sales by end of year three.
2. **Increase EBITDA margin from 9% to 15% by end of year three.**
 - Increase fluffomatic 70% margin add-on sales from 33% to 90% of all customer orders by end of year one.
3. **Topgrade the sales organization by end of year one.**
 - Hire an A player Director of Outside Sales by end of year one.
 - Hire an A player Director of Inside Sales by end of year one.
 - Fire any sales rep who has not made quota by end of year one.
4. **Deliver monthly forecast reports that are 90% accurate.**
5. **Design and roll out sales training to all client-facing employees by end of year two.**

have been something along the lines of this: "To serve as a visionary leader who helps the bank capture market share from the competition by analyzing the market and devising successful new strategies and product offerings." That's a mission anyone in the business can understand.

Don't Hire the Generalist. Hire the Specialist.

Mission statements help you avoid one of the most common hiring traps: hiring the all-around athlete. All-around athletes are the candidates who walk into our offices bearing impressive pedigrees, polished attire, and admirable accomplishments in a wide variety of roles. They seem to be able to do it all. They speak well, learn quickly, offer broad insights on company strategy, and convince us that they can adapt to virtually any challenge or task the company might place on their shoulders.

In theory, who wouldn't want someone like that on the team? Yet one of the most consistent findings from our interviews with dozens upon dozens of CEOs and top executives is that hiring all-around athletes rarely works. By definition, they are generalists. That's their charm. They are good at many things and can wear lots of different hats. But job requirements are rarely general. If you've defined the position correctly from the outset, you should be looking for narrow but deep competence.

Think of it in medical terms. A family-practice doctor is great so long as you're seeing him for the usual run of coughs, colds, and cholesterol tests. But when the diagnosis is tough to

make or the problem is life-threatening, you're going to go to a specialist as quickly as you can. You wouldn't let your family-practice doctor perform open-heart surgery on you, and in the same way you shouldn't look for a full team of generalists to solve your business problems. The mission should help you find not the generalist who points you to the problem but the very best specialist to help you solve it.

As Nick Chabreja, the CEO of General Dynamics, puts it, "I think success comes from having the right person in the right job at the right time with the right skill set *for the business problem that exists.*"

He went on to explain: "I've screwed up that one. We have not done this right every time. There is a tendency to gravitate to the best all-around athlete; you know—tremendous skill set, resume that is knock-your-socks-off.

"Early in my tenure I made that choice with a very capable executive. He was innovative, creative, and a splendid business developer. He could conceive of programs and sell them to the customer. But that was not my problem. We had a huge backlog and I needed a guy who could run operations. It was a matter of mining the backlog. So I made the mistake of putting in place a guy who went on to put *more* orders in the backlog. Operating margins actually went down. It took me a couple of years to address the mistake.

"The moral of the story was that I later got a guy whose skill set exactly matched the job at hand. He did gangbusters for us. He was all operations. He was probably the best at it in the world. The other guy went on elsewhere to a splendid career where his role matched his skill set."

We heard much the same from Alec Gores, the founder and chairman of the Gores Group, a private equity firm based in Los Angeles. Over the past twenty years, Gores' deals have created over \$1 billion in value while losing only \$2 million in the process, a truly astonishing record. Like Nick Chabreja, Gores has learned to rely on people with job-specific talents, rather than gunning for all-around athletes.

"Each target and company has different needs for the CEO and any management role," he says. "I look at our team almost like a football team. If I am hiring for a position, I ask myself, what is this person going to be doing? Are they a quarterback? A center? I don't try to get the quarterback to operate like a center or a linebacker."

A final caution about mission. You can't just pull a mission off the shelf and dust it off whenever the position needs refilling. Every environmental interest group in Washington, D.C., needs congressional liaisons—that's part of the core business—but issues change, new expertise is required, political power and committee chairs shift on Capitol Hill. The more a new liaison can plug into all those constituencies and the more mastery he or she has of the subject, the better the chances of being heard. That's why scorecards need to be evolving documents, not static ones.

Arthur Rock, one of the most successful private equity investors in history and an early investor into Intel, put this into sharp perspective for us when he shared his insights on Intel's early years. "It was all about having the right people in the right spots at the right time in the case of Intel. Bob Noyce was

the inventor and promoter, then Gordon Moore was the technologist, and then Andy Grove was the driver."

Not only did Rock evaluate Intel's needs at each point in its history; he deliberately sought leaders whose skills were optimized for each phase of the company's growth. While each CEO was generally talented, all three brought something different to the table along the way. The results speak for themselves. Intel's succession of "specialists" drove the company's market capitalization to well over \$100 billion and led it to the dominant position in the global semiconductor industry. We would hope the same for your business.

OUTCOMES: DEFINING WHAT MUST GET DONE

Outcomes, the second part of a scorecard, describe what a person needs to accomplish in a role. Most of the jobs for which we hire have three to eight outcomes, ranked by order of importance.

Take another look at the sample scorecard on page 23. Notice how the first outcome in the scorecard reads, "Grow revenue from \$25 million to \$50 million by end of year three." Either a sales vice president can close \$50 million of business by the end of year three or he can't. An A Player will be able to, and a B or C Player won't. Outcomes are that clear, and because they are, they cull the pool of possible candidates right from the start.

People don't want to fail, and they don't want to go through the dislocation of moving to another company, or

possibly another city or country, if they know their chances of success are minimal. Set the outcomes high enough—but still within reason—and you’ll scare off B and C Players even as you pull in the kind of A Players who thrive on big challenges that fit their skills.

While typical job descriptions break down because they focus on activities, or a list of things a person *will be doing* (calling on customers, selling), scorecards succeed because they focus on outcomes, or what a person *must get done* (grow revenue from \$25 million to \$50 million by the end of year three). Do you see the distinction?

Sales jobs provide particularly crisp outcomes because assigning numerical targets for sales roles is very straightforward. You sell it or you don’t.

Not all jobs allow you to quantify the outcome so easily. In these cases, seek to make the outcomes as objective and observable as possible. For example, an outcome for a marketing manager might read, “Create and implement a new marketing campaign within 180 days of start date.” For a community outreach coordinator, you could specify increased visibility or greater and more varied attendance at community forums. You can easily observe whether your new marketing person creates the campaign on time, and you can count heads at community gatherings. Measuring the success of a marketing or visibility campaign is obviously harder, but our clients over the years have come up with plenty of objective criteria, everything from customer feedback to plans delivered on time to budgets met.

Ironically, all that specificity frees new hires to give the job

their best shot. They know what they’ll be judged on. They know what the company and the boss think is important in their position. Instead of guessing how to do well and careening among a dozen different fronts, they have the game plan right in front of them. That’s liberating, not confining.

COMPETENCIES: ENSURING BEHAVIORAL FIT

Competencies flow directly from the first two elements of the scorecard. The mission defines the essence of the job to a high degree of specificity. Outcomes describe what must be accomplished. Competencies define *how* you expect a new hire to operate in the fulfillment of the job and the achievement of the outcomes.

What competencies really count?

For a broad answer to that question, we asked our colleagues at the University of Chicago to analyze our database to determine what competencies ultimately mattered for CEO success. We also asked the many CEOs and other leaders we interviewed for this book to tell us what competencies they felt were most important for the people they have hired. Then we merged the two and prioritized the findings. Those results are shown here:

Critical Competencies for A Players

- *Efficiency.* Able to produce significant output with minimal wasted effort.
- *Honesty/integrity.* Does not cut corners ethically. Earns

trust and maintains confidences. Does what is right, not just what is politically expedient. Speaks plainly and truthfully.

- *Organization and planning.* Plans, organizes, schedules, and budgets in an efficient, productive manner. Focuses on key priorities.
- *Aggressiveness.* Moves quickly and takes a forceful stand without being overly abrasive.
- *Follow-through on commitments.* Lives up to verbal and written agreements, regardless of personal cost.
- *Intelligence.* Learns quickly. Demonstrates ability to quickly and proficiently understand and absorb new information.
- *Analytical skills.* Able to structure and process qualitative or quantitative data and draw insightful conclusions from it. Exhibits a probing mind and achieves penetrating insights.
- *Attention to detail.* Does not let important details slip through the cracks or derail a project.
- *Persistence.* Demonstrates tenacity and willingness to go the distance to get something done.
- *Proactivity.* Acts without being told what to do. Brings new ideas to the company.

Over the years, we've developed a list of competencies that we hand out when we are introducing new clients to the A Method for Hiring. The list begins with the competencies we just shared. In addition, you might want to consider some of the following competencies. These are in unprioritized order:

- *Ability to hire A Players (for managers).* Sources, selects, and sells A Players to join a company.
- *Ability to develop people (for managers).* Coaches people in their current roles to improve performance, and prepares them for future roles.
- *Flexibility/adaptability.* Adjusts quickly to changing priorities and conditions. Copes effectively with complexity and change.
- *Calm under pressure.* Maintains stable performance when under heavy pressure or stress.
- *Strategic thinking/visioning.* Able to see and communicate the big picture in an inspiring way. Determines opportunities and threats through comprehensive analysis of current and future trends.
- *Creativity/innovation.* Generates new and innovative approaches to problems.
- *Enthusiasm.* Exhibits passion and excitement over work. Has a can-do attitude.
- *Work ethic.* Possesses a strong willingness to work hard and sometimes long hours to get the job done. Has a track record of working hard.
- *High standards.* Expects personal performance and team performance to be nothing short of the best.
- *Listening skills.* Lets others speak and seeks to understand their viewpoints.
- *Openness to criticism and ideas.* Often solicits feedback and reacts calmly to criticism or negative feedback.
- *Communication.* Speaks and writes clearly and articulately without being overly verbose or talkative. Main-

tains this standard in all forms of written communication, including e-mail.

- *Teamwork*. Reaches out to peers and cooperates with supervisors to establish an overall collaborative working relationship.
- *Persuasion*. Able to convince others to pursue a course of action.

Both lists highlight competencies to consider as you build a scorecard, but they are starter suggestions only. Because every job has different requirements and every scorecard different outcomes, every set of competencies needs to be tailored to the position in question and the peculiar nature of the hiring institution. In practice, people can achieve the same outcome using two different approaches, so we recommend that you do not create too narrow a competency list. For example, two nonprofit leaders might approach fund-raising differently. One might rely on his creativity and direct marketing skills to raise funds by sending colorful brochures to a large number of potential donors. Another high performer might rely on direct sales skills and persistence to call on donors directly. There is more than one way to skin a cat.

We use the competencies section of our scorecards as a checklist during the interview process, but we encourage clients to personalize it to fit their individual needs. Many, we've found, have already done that, formally or informally. Bill Johnson, the CEO of Heinz since 1998, is one of them.

"Chemistry is always important for both the individual and the company," Johnson said. "If I don't have good chem-

istry with you, and you don't have good chemistry with me, then skip it. Connecting with them personally is important. That becomes obvious in my initial conversations with a candidate.

"Number two is *commitment*. Theirs to you and yours to them. That is a difficult thing to assess, but it really matters. I want people who are committed.

"Third, are they *coachable*? I underestimated this earlier in my career. You can pass on learning and shortcut their development if they are.

"Number four is, do they have their *ego under control*? Are they prepared to address the problem? If they are thinking about the next job, they will fail. They must be focused on the job they have.

"Number five, do they have the *requisite intellect*?"

Johnson's list has elements in common with the master list of competencies highlighted in our research findings with our University of Chicago colleagues. Like our industry leaders, he values intellect, for example, but not at the expense of other qualities. We have all known smart workers who have been rendered effectively ineffective by a raging ego or an inability to listen. The larger point, though, is that Bill Johnson's list captures what he values most for people who report to him, regardless of role. Make sure yours does the same.

CULTURAL COMPETENCIES: ENSURING ORGANIZATIONAL FIT

Competencies work at two levels. They define the skills and behaviors required for a job, and they reflect the broader de-

mands of your organizational culture. Job competencies are generally easier to list, but cultural fit is just as important.

In our interviews for this book, fully one in three of the billionaires and CEOs we talked with told us that not evaluating cultural fit was one of the biggest reasons for hiring mistakes. People who don't fit fail on the job, even when they are perfectly talented in all other respects.

Evaluating cultural fit obviously begins with evaluating your company's culture. That takes time and energy but often yields insights whose usefulness goes beyond the hiring process.

Try gathering your leadership team in a room and asking this simple question: "What adjectives would you use to describe our culture?" Jot down their responses on a flip chart or whiteboard. It won't take long before a picture emerges. We recently put a new client through this exercise. Soon the room buzzed with words such as *analytical*, *fast-paced*, and *informal*. It may have been quick and dirty, but it was honest, and that honesty meant they could focus their hiring in the short term on people who could handle all of that. In the longer term, they can still think hard about where the company needs to be heading culturally and become proactive about setting the course in that direction.

Evaluating culture sometimes means removing people who are not a fit. The best salesperson in the world is the wrong hire if you value respect for others and he is openly disrespectful. Who cares how well he can sell if he is going to demoralize the rest of your team? We saw a client fire her single most productive salesperson because he was so argumentative. The

team worked far more effectively without his negative influence, and quickly covered the revenue gap left by his departure.

Culture fits—or misfits—inevitably affect the bottom line, but they are about much more than money. George Hamilton, the president of the not-for-profit Institute for Sustainable Communities, told us a story any Fortune 500 CEO could sympathize with.

"We wanted a real star for this position that was coming open in one of our countries. So we recruited this very bright, passionate, and unusual guy, and he did an amazing job. On his own, basically, he turned around the president and parliament on AIDS. They had taken the position that AIDS resulted from immorality. He not only got them to apply successfully for a big global AIDS grant; he also convinced them to set up a strong prevention program.

"But he was an unbelievable pain to work with. Our culture is collaborative, not competitive, but he was one of those people who is so far ahead of everyone intellectually that he couldn't suffer any fools—and that amounted to about 99 percent of us at ISC as far as he was concerned.

"We had this emotional meeting where I praised his work but told him he had to bring other people along. His answer was, 'Look, George, I know I'm high-maintenance.' Then he went on to give both a brilliant and extremely accurate critique of himself from my perspective and a further critique of our lack of field support for him that was so accurate we used it as a work plan to improve our delivery.

"In the end, though, it just wasn't workable. His approach

was so counterproductive that everyone began dissing everything he wanted. I had to ask him to leave.”

Aaron Kennedy, the chairman and entrepreneur founder of Noodles & Company, a casual restaurant chain with 225 stores around North America, recounted a similar story of how a cultural mismatch undermined his first CEO and imperiled the company itself.

“I hired a CEO from a big company a few years ago. Our values include respect for our own employees and an emphasis on quality and customer service. We are also a fast-moving, aggressive culture with clear communication and expectations. I didn’t fully appreciate how many aspects of our philosophy we would need to have alignment on for this ‘CEO transplant’ to work.”

Kennedy’s CEO ended up frustrating the team and seriously jeopardized the financial performance of the company.

“Over time, it became clear to the board that important things weren’t getting accomplished and the things that were, weren’t being done very well. We wondered why. Well, one day directly after a leadership team meeting, I bumped into our VP of operations and he said, ‘There went four hours of my life that I’ll never get back again.’

“I asked him what he meant, and he simply said, ‘We just spent four hours in a leadership team meeting and no decisions were made or communicated. We all left unclear about where we’re going, who is supposed to do what, or what’s the time frame for a decision. Nothing was resolved.’ Of course, this was a blazing red light for an action-oriented entrepreneur like me.

“The energy level, morale, and financial performance of the company had fallen far enough that one of our early leaders and a longtime friend of mine was willing to identify the elephant in the room. He came into my office, closed the door, and said, ‘Things have gotten pretty bad. You should ask a few of the other members of the leadership team how they are doing. I think you’ll hear that they are very frustrated and are contemplating their alternatives to this job.’

“I learned from each of them that they were deeply disturbed about the course of the company and had grown to dread coming to work. They expressed to me that Noodles & Company had gone from being their favorite thing about life to a cancer that was eating away a little bit of them every day.”

With that, Kennedy swiftly removed the culturally mismatched CEO, who admitted that the role was not working for him, either.

“Perhaps it was my fault,” Kennedy reflected for us. “Perhaps it was his. But my feeling is that the chemistry just wasn’t there. It was a very poor match from the start. Like a heart donor and recipient, there has to be a match or the body of the recipient will reject the new organ. That’s exactly what happened.”

Kennedy hired another CEO. This time he purposely paid more attention to cultural success factors in choosing his successor. The new CEO, Kevin Reddy, has turned out to be “exactly what we needed,” said Kennedy. “He has all of the right values we need. And he has a level of professionalism that really took us to the next level as a company.”

What kind of culture do you want to build? Maybe you’re

like two of our clients who hire an unusually high number of Ph.D.'s to help them innovate. If so, you should include intelligence on your competency list for every job. Or maybe, like Aaron Kennedy, you've learned the hard way that you value open communication and decisiveness. If so, include those on your competency list for every job, not just for the CEO and senior team.

Don't be afraid to write down what might seem blindingly evident. In the heat of a hiring crisis, the clearest things sometimes get overlooked. By translating your culture and values into a series of competencies that matter for every job, you can avoid making the mistake of not evaluating candidates for the cultural fits that are absolutely crucial to your enterprise.

When Mark Gallogly and Jeff Aronson co-founded Centerbridge Partners in 2007, they raised the largest first-time buy-out fund in history, \$3.2 billion. Even more impressive, more than 90 percent of the people they hired to manage this massive fund proved to be A Players, despite pulling the team together from scratch during their first year in business. How did they do it? Centerbridge Partners developed a very specific set of hiring criteria that fit its business strategy and culture.

"It is not by chance that we achieved more than 90 percent hiring success," Gallogly now says. "We were clear about what types of people we were looking for."

The Centerbridge scorecard specified that each investment professional had to be able to build trust and gain respect from the management teams they invested in, rather than bullying them, traits not necessarily guaranteed in this hard-driving line of work. They didn't beat around the bush, either. Key compe-

tencies for every role included specifically "treats people with respect" and "trustworthiness."

This scorecard approach was put to the test when they discovered that an otherwise highly impressive candidate was known for being disrespectful and harsh with colleagues and management teams. The candidate performed well, but he had been reprimanded in a previous job for "saying the f-word numerous times" during a negotiation with the opposing side's lawyers.

That was all Jeff Aronson needed to hear. "Part of successful hiring means having the discipline to pass on talented people who are not a fit," he told us. "One of the toughest decisions we made in our first year was not hiring this talented investor because his challenging personality could have damaged our firm."

Scorecards are the guardians of your culture. They encapsulate on paper the unwritten dynamics that make your company what it is, and they ensure you think about those things with every hiring decision. That's time very well spent.

FROM SCORECARD TO STRATEGY

The beauty of scorecards is that they are not just documents used in hiring. They become the blueprint that links the theory of strategy to the reality of execution. Scorecards translate your business plans into role-by-role outcomes and create alignment among your team, and they unify your culture and ensure people understand your expectations. No wonder they are such powerful management tools.

Scorecards begin with your strategy. You probably have an annual planning cycle of some sort that culminates in a business plan for the coming year. Ever since Peter Drucker coined the term “management by objectives” a half century ago, companies have been paying homage to the need to translate annual business plans into objectives and budgets, but organizations are rarely so good at assigning outcomes for achieving objectives *to the individuals* on the team.

At a keynote speech at a *Fortune* magazine conference a couple of years ago, we asked the two hundred CEOs in the room, “How many of you have in place written objectives for all of your direct reports?” Only 10 percent raised their hands. One in ten! How are people supposed to know what to focus on or how hard to push if you don’t identify their objectives? How can you know if your people are performing as well as they should? It’s astonishing how few managers use written objectives.

Scorecards solve that problem and ensure not just that you have A Players but that the A Players are delivering A performances.

A good scorecard process translates the objectives of the strategy into clear outcomes for the CEO and senior leadership team. The senior team then translates their outcomes to the scorecards of those below them, and so on. Everybody in the organization ends up with a set of outcomes that support the strategy, and competencies that support the outcomes and culture.

EMC, the data storage company, recognized that it could beat its competitors by focusing on great service instead of just

selling data-storage boxes, and the company made service central to its strategy. Entrepreneur and self-made billionaire Roger Marino, the M in EMC, executed this strategy by holding everybody EMC hired and employed, from top to bottom, accountable for great service.

“The thing we valued at EMC was the willingness to go one more step than the next guy, to go one more step to service the customer,” Marino told us. “Sometimes people feel that they have such a good widget that they leave the customer by the wayside. That has become prevalent in all industries, not just high-tech. One reason we did so well at EMC was that we serviced our customers a lot better than the competitors. To accomplish that, we specifically hired people who had an unusually high customer service attitude.”

Marino wasn’t hiring merely to fill a position. He was hiring to reinforce corporate strategy and culture, and he held the people he brought in accountable for accomplishing and demonstrating that every day. The results speak for themselves.

Properly constructed and used, scorecards spread strategy through every aspect of your organizational life. Scorecards:

- Set expectations with new hires
- Monitor employee progress over time
- Objectify your annual review system
- Allow you to rate your team annually as part of a talent review process

Doug Williams, for one, has discovered the power of the scorecard in his business. He is the founder and CEO of

iHealth Technologies, a company owned by Goldman Sachs that uses our hiring method.

As Williams told us, "If we spend seven to eight hours interviewing candidates and get the right one, it's an easy return on our investment. The crux comes down to active scorecard management—that is, linking our business plan to people's jobs. The whole key, whether you are hiring, promoting, or managing for performance in the current job, is that you have clear expectations. Having a clear, focused approach helps us be better managers and therefore helps the people we hire have a higher likelihood of success."

Sure, we all want our employees to be great at everything, but in fact few are, and those who are may well demand higher salaries that make us pay for "features" that we don't need. Remember, it's all about the specific skill set you need, when you need it.

"A scorecard forces the manager to make choices and be consistent with those choices," Williams continued. "Scorecard management is hard, but it has great payback. Our hiring success rate has significantly improved, as well as slotting people into assignments that align well with their skills and gifts. The result of both is successful employees and a successful company."

THE SCORECARD IN ACTION: A CASE HISTORY

Sewickley Academy, an independent prekindergarten to grade twelve school on the outskirts of Pittsburgh, engaged ghSMART to help them select a new Head of School.

The board decided that the mission for the role was to improve the curriculum for the students, strengthen the faculty and staff, and put the school on even stronger financial footing.

Three of their top outcomes, not surprisingly, were to (1) by the end of the first year, improve the scope and sequence of the curriculum such that students had a seamless experience, (2) build a team of 90 percent or more A Player teachers and division heads within the first year, and (3) increase fundraising to a specific target while reversing the budget deficit. Other scorecard outcomes addressed technology, diversity, crisis management, and athletics.

The board decided on a few competencies that really mattered to fit the culture they wanted to build and support the outcomes for the role. They wanted someone who was professional, disciplined, caring, fair, and diplomatic. They also wanted someone who would set high standards and hold people accountable for meeting them.

The board found three candidates and was initially attracted to two who had recent classroom backgrounds. One was a particularly warm and outgoing teacher, the other a very smart Ph.D. They initially disregarded their third candidate, Kolia O'Connor, because he came across as too "corporate" and aggressive.

Yet by comparing each of these three people's track records to the scorecard, we found that O'Connor was actually the best fit. He had started out as a teacher and later became a very effective administrator who built strong faculty and staff. He was aggressive and disciplined, but also caring. In fact, the se-

HOW TO CREATE A SCORECARD

1. **MISSION.** Develop a short statement of one to five sentences that describes why a role exists. For example, "The mission for the customer service representative is to help customers resolve their questions and complaints with the highest level of courtesy possible."
2. **OUTCOMES.** Develop three to eight specific, objective outcomes that a person must accomplish to achieve an A performance. For example, "Improve customer satisfaction on a ten-point scale from 7.1 to 9.0 by December 31."
3. **COMPETENCIES.** Identify as many role-based competencies as you think appropriate to describe the behaviors someone must demonstrate to achieve the outcomes. Next, identify five to eight competencies that describe your culture and place those on every scorecard. For example, "Competencies include efficiency, honesty, high standards, and a customer service mentality."
4. **ENSURE ALIGNMENT AND COMMUNICATE.** Pressure-test your scorecard by comparing it with the business plan and scorecards of the people who will interface with the role. Ensure that there is consistency and alignment. Then share the scorecard with relevant parties, including peers and recruiters.

niors at one of his previous schools had dedicated their yearbook to him based on how he handled the deaths of several of their parents. The other two candidates were brainy, but neither demonstrated a track record of getting things done.

The data we gathered in the hiring process proved to the board that O'Connor was a strong fit for the scorecard, and they hired him for this challenging head-of-school post. Five

years later, he has successfully reversed a budget deficit, reduced tuition increases, increased annual giving to record levels, hired nine A Player faculty members, overhauled the curriculum, and even instituted Mandarin Chinese classes.

As the chairman of the selection committee told us, "We found the process of gathering data from each candidate and comparing it to our scorecard very helpful and worthwhile. It really enriched our process."

With a blueprint for success in hand, you are now ready for the second step in the A Method, finding the people who can deliver the A performance specified by your scorecard.