



Gut Check

Hiring the right people is difficult, but patience and preparation will help ensure your instincts don't lead you astray.

[Scott Leibs](#), CFO Magazine

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"When it comes to hiring," one CFO recently said, "I have to admit that I feel more lucky than good" any time a new finance staffer works out well. "If there are any best practices in this area," he adds, "I sure don't know about them."

Many finance chiefs can relate. Hiring is a black art even in the best of times, defying analytical rigor and instead relying on certain soft skills and instincts that few people feel confident about. Add to that the current intense demand for finance talent, which can make any candidate seem like a good choice, and the stage is set for poor decisions that may haunt the company (not to mention the boss) for years.

There are, in fact, a number of purported "best practices" in hiring, put forward by human-resource experts, consultants, technology companies, testing firms, and others. These approaches typically combine quasi-scientific interviewing techniques, personality tests, and background checks. They seem more intent on repelling frauds and felons than on meeting a CFO's true need: deciding who among two to four well-qualified finalists (usually winnowed down by a recruiter or a company's HR department) is the best person for key direct-reporting slots in treasury, audit, or related posts.

Even experts admit that, ultimately, any offer of employment depends on instinct, but there are a number of useful steps you can take to augment your gut reactions to job candidates — and to avoid acting on your worst instincts.

Beware the Rush Job

"The biggest mistake I see any hiring manager make," says Johnny C. Taylor Jr., senior vice president for HR at IAC/InterActiveCorp, "is to go into the process ill-prepared. You'll probably spend more time with key reports than with your spouse, and to some extent you have to take hiring as seriously as you take courting."

First, Taylor advises, write down exactly what you're looking for so that you can steer the recruiter in the best direction. Toni Smit, vice president of human resources and administration at Harvard Business School Publishing, says that some hiring managers develop a matrix that includes technical and soft skills and fill in the grid with, say, a 1-to-10 scoring system. "This can also help you develop the list of questions you'll ask in the interview," says Smit. "If you decide that diplomacy is a skill that matters, ask the candidate for an example of how he or she handled a delicate situation without ruffling too many feathers."

Taylor recommends "situational interviewing," in which you ask open-ended questions that give you a window into how candidates have handled a variety of real-life situations. "By the time you see the finalists," he says, "you can be fairly sure they possess the technical skills. What you want to focus on is fit within the company's culture, because when someone fails it's almost always because they don't fit in well."

Fitness Test

Questions such as "Give me an example of how you responded when a tight deadline threatened the quality of a project," or "How have you handled situations in which your ideas on how to proceed haven't met with much enthusiasm?" can take candidates off-script and help you learn about both their working styles and their fundamental personalities.

Sam Goldfinger, CFO of The Smith & Wollensky Restaurant Group, says he "tries to ask questions that show me what motivates a candidate." If compensation crops up as a topic too early, he says, "I know right away that that person won't be a good fit." On the other hand, "if we end the interview talking about sports or hobbies or some other nonwork topic, that's an indication that the person will fit in well."

But beware of getting too chummy too soon, warns Alexander "Sandy" Salmela of executive-recruitment firm AKS Associates, in Hingham, Massachusetts. "There is a certain 'falling in love' syndrome that I see often," he says. "You are impressed by someone's strengths, or the chemistry you feel, or you are overcompensating for something the previous job-holder lacked and that you now place too great an importance on." All those factors can cause a boss to respond too positively and thus miss the chance to dig deeper and see what really makes the person tick.

Salmela says one way to avoid that trap is to do two-on-one interviews, where you and a colleague spend time with a candidate. You can cover more ground and, as he notes, "play off each other to see how a candidate fares when fielding questions from two directions."

Salmela agrees that the key criteria for a finalist is organizational fit. That can be particularly tricky for finance, which may have a more-conservative culture than the company as a whole. "In those cases," he says, "it can be very helpful if a candidate has experienced that dynamic before — it's very common in high-tech, for example — or has otherwise shown adaptability to new situations." Someone who has spent most of his or her career at just one company, he says, may find it difficult to adapt to a new culture.

Smit strongly encourages CFOs not to go it alone. In addition to spending time at the front of the process with HR or recruiters, she says that assembling an interview team whose members spend one-on-one time with the candidate is essential. "One major benefit," she says, "is that it can help you avoid a common mistake: favoring the person who fits the current mold so well that you miss a chance to add balance and new perspective to your organization. 'Fit' can mean many things, and you need to be open to the possibility that certain differences can be healthy."

Taylor advises not taking the hire too personally. "Certainly you need to click with the person," he says, "but what counts more is how that person fits with the organization, not just you."

Scott Leibs is a senior editor at CFO. Additional reporting was provided by CFO reporter Laura DeMars.

CFOs on the Move

BearingPoint CEO Harry You may be shedding his interim CFO title. But his successor, Judy Ethell, will still have to juggle dual posts since she is retaining her title of chief accounting officer at the consulting firm.... Louise Mawhinney, former CFO of ArQule, will stay in biotech as CFO of Helicos Biosciences, a biomedical research and health-care provider.... Tom Summer will give his final toast at Constellation Brands in May, when he plans to retire from the world's largest

wine company.... Thomas Mitchell will stick to the oil-and-gas industry as he makes the transition from Apache Corp. to Noble Corp. He succeeds Mark Jackson, who was named COO.... Saks CFO Douglas Coltharp will resign next year rather than move to New York from Birmingham, Ala., as the company consolidates its executive functions. Michael Archbold, CFO and chief administrative officer, will take his place.... Frank Sklarsky, former CFO of Conagra Foods, will be taking Eastman Kodak through the final stages of its restructuring. Andre Hawaux will replace him at the packaged-food supplier.... The premier CFO of MyShape, a new online women's retailer, will be Joe Deckop, former COO of Wet Seal.... Gregory Andrews is the new CFO of shopping-center developer Equity One. He replaces Howard Sipzner, who is stepping down.

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