eCorner

URL: https://stvp.stanford.edu/blog/videos/challenges-of-hiring-good-people

William Sahlman, professor at Harvard Business School, argues that recruiting good people is hard and while an entrepreneur is bound to make mistakes, fixing those mistakes is critical. Sahlman suggests that interviewing is difficult because of the impetus to assume the candidate is the right fit, but entrepreneurs must expend extra effort to assure they have the right person or it can cost the whole company. And in the cases where a mistake is made, entrepreneurs must be ruthless in fixing that mistake quickly.

Transcript

I don't know how many of you really love to interview people.. Is that something you get up every morning and say, "I'd really love to go have to hire someone new, an assistant or salesperson, a product manufacturer, or a product manager?" So we always want the person to be the right person.. We look them in the eye, and we assume they're the right person, because we don't want to interview the next 50 people.. And then we ask questions that guarantee they are the right person.. Hiring is a 50 % probability gain.. I don't know what you all, or what your odds have been, but if you just go back in history and say, "How many mistakes did you make out of the percentage of people you hired?" The fact is, it's a risky business.. And so you have to take that into account.. And I think you have to spend a lot of time in particular, trying to make sure that you don't make a mistake.. Because it turns out, mistakes in people are what cause companies to go bad.. So someone did some research with a group of young presidents' organization people..

And the estimate was that bad people hire, person hire cost $500,000.. But in my experience, it very often costs the whole company.. You lose the company because people who are bad turn out to make bad decisions, and they hire other bad people.. And so one of your tasks as an entrepreneur is to recognize that you might make the mistake, and then be pretty quick at trying to solve that mistake.. People don't change.. You do need to treat them with respect, you need to give them the opportunity.. You need to give them feedback.. But in the end, your organization depends on having great people.. And so you have to be ruthless...