

# QUALIFIED SUCCESS

The negatives attached to hiring 'overqualified' staff can easily be turned into positives, Amy Gallo writes. The first step is not to make assumptions about anyone.

**A**s economists puzzle over the US recovery, managers that have started to hire again face another problem: how to handle the new influx of overqualified candidates applying for positions at their companies. The prevailing wisdom is to avoid such applicants. But now the unprecedented availability of top talent created by the US recession, and new research, may be changing that.

Recruiters have hesitated to place overqualified candidates because of several presumed risks, says Berrin Erdogan, a professor of management at Portland State University and the lead author of a recent study on the subject.

"The assumption is that the person will be bored and not motivated, so they will underperform or leave." However, Erdogan's research shows that these risks may be more perceived than real. In fact, sales associates in her study who were considered overqualified actually performed better than their peers. And rarely do people move on simply because they feel they're too talented for the job.

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"People don't stay or leave a company because of their skills. They stay or leave because of working conditions," she says.

Claudio Fernandez-Araoz, a senior adviser at Egon Zehnder International and the author of *Great People Decisions* and *The Definitive Guide to Recruiting in Good Times and Bad*, agrees that when it comes to hiring an overqualified employee, there are more benefits than risks. "When making hiring decisions, visionary leaders don't just focus on the current needs, but on the future," he says.

Here are several things to consider next time you are looking at a stack of overly impressive resumes.

Don't assume that candidates are overqualified based on a quick screen of their credentials. "There's a lot of misunderstanding over what overqualified is," says Erdogan. "We define it as meeting and exceeding the skill requirements of the job. So having a lot of education doesn't overqualify you."

Neither does experience, if the person's prior positions are not directly related to the job in question. Get to know



the candidate before deciding whether or not to pass on their application.

There may be reasons why they are interested in this specific position. They may want to shift industries, move to a new location or achieve greater work-life balance. And there may be ways that you can make use of their "extra" experience.

When considering a candidate who is, in fact, overqualified for the job opening, ask yourself if there is room to expand the role and make use of the skills they would bring to your company.

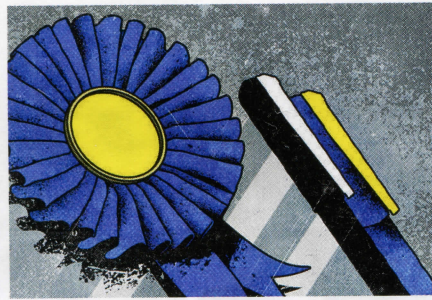
"While the old paradigm for hiring was to determine that a job was vacant and look for the right candidate, in today's world one should also consider the talent opportunities at hand and try to find the jobs that may be created or open in the near future for them, in the larger organisation," Fernandez-Araoz says.

"Hiring overqualified candidates can help you achieve much higher productivity, grow and achieve opportunities that you may not even be thinking about pursuing right now."

There are other less obvious benefits, too: these employees can mentor others, challenge peers to exceed current expectations and bring in areas of expertise that are not represented at the company.

"Effective onboarding is essential, especially for the overqualified," says Erdogan. "Unmet expectations are one of the more common reasons for turnover, so you should be clear with yourself, the new hire and the rest of the organisation about what the job entails, as well as what it could become."

Adds Fernandez-Araoz: "You need a clear and explicit plan for the future, whether you are thinking of a promotion,



## PRINCIPLES TO REMEMBER

### DO:

- ☑ Think broadly about your organisation and its overall talent needs now and in the future.
- ☑ Consider how you could accommodate a promising candidate's skill set by shaping the job.
- ☑ Bring them on board carefully and be clear about your plans for the new employee.

### DON'T:

- ☑ Narrowly define the hiring process as finding one person for one role.
- ☑ Confuse education and experience with skills; a candidate with lots of experience still may not have the capabilities to do the job.
- ☑ Try to pay an overqualified candidate less than they're worth.

a lateral move or a new project altogether. You need to think and discuss beyond the initial stage where he or she may be temporarily underutilised."

Fernandez-Araoz and Erdogan both caution that recruiters need to manage an additional risk: the boss who may feel threatened by the skilled newcomer.

"Managers often worry, 'Can I supervise the person effectively?'" Erdogan says. A superior with less experience than the new hire might be concerned that the person will take their job, make them look bad or be too challenging to manage.

This is not reason enough to say no to a candidate, however. Instead, focus on the future. In cases where the boss feels insecure, "you should not bring that new hire in without a plan to promote them in the near term," Fernandez-Araoz says.

Although it's tempting in a bad job market to buy top talent on the cheap, Fernandez-Araoz disapproves of that strategy.

"While my experience shows that you can get candidates for up to 25 per cent less in the middle of a big recession, I would not recommend underpaying an overqualified candidate," he says. "We all expect to be rewarded in a way which is proportional to our effort and contribution, and fair." And if the candidate is as strong as you think, you are likely competing with other employers for them. If you can't afford them, Fernandez-Araoz says it's better to pass than to underpay.

If they want the job anyway, simply have a frank conversation about their future prospects in terms of promotion and compensation so that they fully understand what they're getting into. ☑

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## When a quest for 'hunger and potential' pays off

In 2009, Lara Galinsky, senior vice-president at Echoing Green, a young and growing non-profit organisation, needed to hire a finance director. She thought the ideal applicant would be someone relatively young but with a few years of non-profit finance experience. She was not expecting a candidate like John Walker.

John had most recently worked for a venture capital fund that was forced to lay people off because of the economy. Prior

to that, he had spent more than 10 years in the defence industry in a variety of senior design and management roles.

"I didn't have a background in social enterprise or non-profit," he says. But he did, however, have deep experience in running, buying and selling companies.

This was not an unusual situation for Echoing Green.

"We get a lot of resumes from people who want to do a sector switch," Lara explains.

"They have a lot of work experience but not necessarily a lot of experience in the sector." She had previously ruled out candidates who were overqualified or who didn't bring enough relevant experience.

But John had been referred by a friend of the organisation, and since Echoing Green straddles the world of for-profit business and non-profit organisations, she thought his experience might be applicable.

Lara and her team talked about the