

The Best Way to Hire

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I recently came across the most powerful yet underappreciated hiring mindset.

In a 2014 *Manual of Ideas* interview, Seth Alexander, current CIO of MIT's endowment, explains how they hire:

We do not try and hire someone every year or anything like that. Instead, we hire opportunistically. If two great people came along in the same week who would both be a great fit, we would hire them. We are always looking to hear from passionate investors about working here and really encourage people to reach out to us.

This seems obvious, but rarely practiced. Hire when you find great investors. Not when you need or have budgeted for them.

Organizations have it backwards. They hide behind self-imposed budget and planning processes. Only then after several rounds of approval and justification can they begin the search.

Here's the problem: great candidates don't just magically appear when your budget process is done. Or when the planning committee finally submits approval.

If you wait to hire until you have a need, then you begin a forced process of settling for people as the great people have already moved on. It's ensured mediocrity.

People are the profit-making engine for investment firms. One great person returns multiples of what they are paid. They are a profit center, not a cost center.

While top echelon firms have talented people knocking on their doors year-round, the other 90% of investment firms need to hire when you find them, not when you need them.

I get the role of budgets, planning, and approvals. But most companies have screwed up their priorities. You don't avoid great hires just because you couldn't predict in a budget 11 months ago who might show up. Budgets serve companies. Companies shouldn't serve budgets. But because compensation and bonuses are tied to beating corporate plans, leaders forgo great people so they can hit their numbers.

Hiring is like investing – you don't get to plan when great investments or great people come along. Instead, you prepare so that when they appear you are ready to execute. Waiting for arbitrary calendar or budgetary constraints ensures suboptimal hires. Don't hire people like you buy computer hardware or office furniture. They are not commodities that can just be picked up off the shelf.

Flip the hiring process around. Make attracting excellent hires part of your corporate strategy. And back up that strategy by giving your team the flexibility to add people regardless of what's in the budget. Every firm talks about prioritizing talent, but then do everything in their power to make the process as cumbersome as possible.

Now, I can hear the detractors protest - What if the hiring process goes crazy? What if managers start making multiple hires, and all at once?

Accountability still exists. This process doesn't occur in secret. In fact, it shouldn't be a surprise at all. When a great candidate shows up, the entire firm knows about it. There should be excitement about getting high-caliber

people. So nothing happens behind closed doors. Make it public. Let leaders know you've found an exceptional candidate and make a pitch for immediate recruiting. Do this for every exceptional person you come across.

Accountability and justification still exist. But now you've paired accountability with flexibility, instead of accountability with rigidity.

If you find you are coming across so many great people, then you can slow down the process. But most companies won't have that problem, because again, great hires are extremely rare.

I understand for big investment firms or bureaucratic city/state pension plans there's no chance of implementing this. There's just too much bureaucracy and mistrust to make it work. But if you work at a smaller, private organization with more discretion and control, embrace the mindset to hire opportunistically and ignore self-imposed constraints.

A typical hiring process is built around safety and not screwing up. Long lead times, lots of planning, and excessive justification, all leading to predictable, yet ordinary hires.

This isn't a rationalization of excessive hiring or bloated staffs.

Instead, it's an acknowledgement that you don't get to choose when great people become available.