

# Investing in human capital

## *Establishing strategy and process to treat talent acquisitions as investment acquisitions*

by Timothy Shine

Most institutional owners, operators and fund managers have a highly refined investment committee process for executing on behalf of their clients. Managers don't want any surprises and want to ensure they are meeting their capital's expectations, not to mention being compliant with the complicated rules that exist in structuring transactions. That said, before investments can begin to be evaluated, strategies are set, markets and product types are chosen — the list goes on. Think about how much time and energy is spent with clients, consultants and lawyers before any deployment of capital. Being a fiduciary carries with it a great deal of responsibility and accountability. These are important areas that need to be addressed up front, and then the investment process can begin.

Given this level of up-front thinking regarding their investments, followed by detailed research and analysis, why is it many employers do not have the same discipline when hiring talent for their organizations? Yes, some do have a human resource function for applications and on-boarding, but the rest of the process can sometimes be fragmented and disorganized from team to team within the organization. It's the up-front strategy and agreement on process that is missing. Candidates are coached in advance on how to present themselves in an interview, how to answer questions, how to follow up and, most important, how they should handle the offer (or rejection) once the process is complete. Why do some employers feel if they have a job description, a group to handle the interviews and a compensation expectation, they have an effective process?

We ask candidates to share their feedback on the process after the initial interview with a prospective employer, and as the process progresses. Although some of the feedback is helpful in understanding whether the candidate resonated

with the potential employer, many times the feedback goes like this:

"I felt as though the interviewers were unprepared to see me. Several of the interviewers read my materials while I sat with them."

"I was interviewed by four people, and despite the job description, several seemed to have a different view of what the job is and what the qualifications are."

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**Timothy Shine**  
Shine Associates

Then, a personal favorite:

"It's been several weeks since I was interviewed, and I have not had any feedback on my candidacy. Is this a priority?"

These are only a few examples of many.

### **Establishing a hiring process**

Hiring firms must have a clearly articulated internal process for hiring, much like what they have for the investment committee. Hiring is time-consuming and can put a good bit of stress on an organization, not to mention it is expensive, especially if the wrong person is hired. The process can be relatively easy to develop

and institute, provided someone takes on the responsibility and owns it from start to finish.

In developing a process, think about attracting talent more as an investment in the organization, rather than a hire to perform a certain job with certain tasks. Compensation is important, but don't use that as the driver of the outcome. Do the up-front preparation that will lead to an overall effective process and, ultimately, make the most informed hiring decisions.

### **Detailed job description**

While most positions have a job description, it must be clear about the current need and also spell out a career path, especially for management/senior hires. In this very competitive, fully employed marketplace, most candidates are looking for career management, not just a paycheck. Many are happy in their current work and are appropriately compensated. There should be a sincere attempt on the part of management to give direction as to what the future might hold, based, of course, on performance. Also, be sure to vet the job

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description and have the team this person will report to and interact with sign off on it. Not having all of the relevant team members on board and in agreement as to the needs of the position will create frustration for all parties once the individual is hired.

### **Set a strict schedule**

Everyone is busy. The market is active, capital is available, and clients are looking for execution. Property acquisitions follow very strict strategies and have very defined timelines. Time kills deals. Hiring should be no different when considering how to set the course and set the timeline. Sometimes employers believe candidates have endless time to come back and forth for what can be repetitive interviews, which is not always the case in today's competitive hiring market.

At the beginning, spell out how long the candidate-mining process will take — generally

two to four weeks or longer, depending on the time of year and the level of the position. Once a list of appropriate candidates is agreed upon, the formal interview process generally begins. All candidates should be interviewed on a relatively short timeline — one to two weeks at the most — recognizing that shorter is better. Too long a period between candidate interviews does not allow the interviewer the appropriate “compare and contrast” necessary when several candidates are being evaluated. Time kills deals.

### **Create the interview team and goals in advance**

The morning of the interviews is not the time to decide whom the candidate will be seeing that day. If the team is set early, the team can agree on their goals for the interview, as well as develop an effective list of questions that should be asked and the pertinent areas to be probed. Often, we discover a candidate was given a company overview by each interviewer or was asked the same basic questions. This is not the best use of the interviewers' time, nor will it produce the best evaluation of the candidate.

Setting goals for each interview will help to develop the lines of questioning. Certain team members can address the cultural aspects of the company, others can see if the candidate has the requisite technical skills, while others can focus on drive and the candidate's ability to add value to the larger organization. These initial questions, while maybe not establishing the clear “winner,” will certainly help to narrow the field in finding the most qualified new employee.

### **Final thoughts**

Nothing here is meant to say no one treats the hiring process at a high level, only that, in many instances, the preparation and the process are not integrated into the fabric of the firm with the same focus and importance as making property investment decisions seems to be. It is no secret hiring can be rigorous, time-consuming and sometimes very frustrating. Real estate is at the point in the cycle that only magnifies some of these issues, as good people are increasingly difficult to find. Preparation, communication and decisiveness can ease some of these pains and, it is hoped in the end, help to create a better long-term team for the company. ❖

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**Timothy Shine** is principal at **Shine Associates**, a national executive search firm based in Boston.