



EXECUTIVE BRIEF

Identify game-changing talent with performance-based interviewing

UTILITIES

New players to the utilities market are increasingly disrupting the industry and putting enough pressure on established companies to look to Industry 4.0 as a means to remain competitive. The potential rewards of doing so are significant. [McKinsey](#) estimates that utility companies embracing this digital transformation can see as much as a 25% reduction in operating expenses and a 20-40% increase in performance in key areas. But a transformation to how a company operates also means a transformation to how its employees do their jobs.

According to [Deloitte](#), the utilities “employee of the future is a new-generation, tech-savvy professional” who performs “highly complex, customized, and unpredictable work.” Whether a utility company has been around for a while or is brand new, assuring this level of specialization, combined with a [growing labor shortage](#), means that relying on age-old, traditional interviewing techniques is no longer a viable option. Performance-based interviewing is now the key to ensuring the right candidates are hired.

Find the best hires

Interviews have undeniable value in every organization's hiring process, but when crucial performance factors are overlooked during an interview, new hire retention rates plummet. In fact, [according to research by APQC](#), more than 25% of newly hired employees will fail within the first year—usually due to not being the “right” hire for the role. [Performance-based interviewing](#), a technique proven effective in finding the best hires, considers the most important job metrics and behavioral traits of a target position and matches that data to the behavioral makeup of a candidate.

When the candidate displays a shortcoming in a behavioral trait vital to a role, questions based on performance allow the interviewer to explore whether this person has the capacity to compensate for the perceived disconnect and perform at an exceptional level. And for an industry where the skill sets often include significant risk and safety factors, ensuring the best hires helps to minimize potential costly damage from mishandled equipment and injuries (or worse) from human error.

Hire the right candidate with “fact-based” questions

In many cases, interviewers sit face-to-face with candidates, armed with textbook interview questions based on job description and resume insight to make a “best effort” to determine if the candidate is the right talent to hire for the role. Regardless of the interview style used—standard, situational, or behavioral—the interviewer's goal is to unmask the candidate's ability to perform well within a specific role and fit within the organizations' culture. Performance-based interviewing can help recruiters and hiring managers stay competitive in the escalating war of finding the right talent. Taking this approach can help improve the quality of new hires by leveraging [predictive job performance](#) recommendations tied to a candidate's behavior characteristics.

Know the value of different interview question styles

Three common interview question techniques are: standard, situational, and behavioral. If the performance-based concept is used appropriately, each question will be tied specifically to performance as defined by the data in the role.

Interview questions by type

- **Standard**—Breaks the ice in a non-threatening way
- **Situational**—Scenario-based or “what-if” style
- **Behavioral**—Draws from the candidate's past experience

Standard interview style

Standard interview questions are useful when seeking an informal, nonthreatening conversation with a candidate. Asking about the candidate's greatest strengths and weaknesses, for example, can help break the ice, but will most likely produce a predictable response.

The pros and cons of standard questions:

Pros

- Universal, well-known questions
- Candidates are comfortable with these types of questions
- Efficient mechanism for gathering an overview on a topic

Cons

- Answers to common questions could be well-rehearsed over the course of a career
- Difficult to differentiate between the answers of one candidate and another
- Question topics may not be relevant to the job requirements

Standard interviews are best applied in conjunction with other interview techniques. To gain more than general information, a performance-based standard question will greatly improve the value of the interview.

Situational interview style

Situational interviews rely on “what-if” or scenario-based questions. Candidates are asked to mentally place themselves in a situation, such as managing a work crew that disliked a previous supervisor.

The pros and cons of situational questions:

Pros

- Phrased to reflect the actual work environment
- Leads to specific, situational answers
- May indicate how the candidate will react in the future—especially as it relates to risk and safety concerns

Cons

- Candidates' verbal responses may not be true indicators of actual actions
- If never confronted with that actual situation, the candidate is only speculating potential actions
- Answers are difficult to verify

Situational interviews are best applied in conjunction with other interview techniques, with candidates with limited experience, or as a reference to unique situations related to the target role. Situational questions can spot a game-changer when a performance-based angle is incorporated.

Behavioral interview style

Questions asked in a behavioral-based interview are designed to draw information from a candidate's past experience, such as the ability to manage multiple projects to meet firm deadlines. The old premise put forth since the earliest days of behavioral interviews says, "The best predictor of future performance or behavior is past performance or behavior."

The pros and cons of behavioral-based questions:

Pros

- Easily relates to business activity
- Captures a sense of past work behaviors and experience
- Answers are generally supported with more information than other types of questions

Performance-based factors should be the foundational element of each interview question. Questions built on performance-based criteria will ultimately provide the most reliable assistance to the interviewer in locating game-changing talent.

Cons

- Past behavior may not reflect how the candidate would behave today
- Roles with "no experience required" are not able to fully leverage behavioral-based questions
- Often crafted without supporting criteria related to performance targets for the position

Behavioral questions generally deliver more valid information than situational or standard methods. However, all three techniques are missing a vital ingredient that makes the candidate's answers a good indicator of fit, ability, and potential.

Conduct effective performance-based interviewing

When performance data is not used as part of the hiring process, job expectations are often not met either on the part of the new hire or the manager due to disconnects during the interviewing process. As a result, the new hire may quit and/or the company can suffer due to low productivity. To hire the right talent, hiring managers need performance-based questions to aid in the interviewing process to:

- Gain insight on behavioral characteristics and preferences
- Identify specific behavioral disconnects as indicators for additional training and development

Interviews conducted using performance-based questions provide major data points for recruiters or HR teams to identify the game-changers in a candidate pool. The key to performance-based interviewing is found in the compilation of performance data and behavior insight that will be used to formulate the most effective interview questions for the initial evaluation of the candidate. Those seeking to improve the quality of hire will learn to do so through better interviewing techniques utilizing the link between job performance and a candidate's individual behavioral traits.

The two most important ingredients to include in performance-based interviewing are:

1. Performance-based factors that take in consideration current employees' behavior characteristics who consistently deliver great results in a target position
2. An external measure of the behaviors for each candidate

Most interview training focuses on techniques to deliver interview questions or interpret information based on subjective assumptions. This technique is unlikely to produce satisfactory results. Performance-based interviewing is a deeper, more impactful strategy that ensures interview questions are based on actual performance factors proven necessary for job success derived from analysis of real-world job performance data.

Collect performance data

Recruiters and HR teams should follow these four steps to compile **performance data**:

Inventory—Take inventory of the data for employees in the role, as well as the performance data needed for the target position.

Analyze—Analyze the quality of the data and the realistic ability to collect high-quality data that best represents actual performance.

Identify—Identify position-level data that is considered a business driver (e.g., for a project manager, it might be meeting deadlines and staying on budget).

Decide—Decide on the most vital performance data to leverage throughout the process.

Determine the external measure

An external measure is used to capture the absolute level of performance data. These findings can also serve as the bridge to evaluate future candidates once they have been calibrated against current employee performance data. An external measure is any tool or collection mechanism that is universal in nature, which provides the ability to predict future performance based on the results of those currently in the role. An external measure typically comes in the form of behavioral, skill, knowledge, situational judgment, phone screens, etc. This evaluation occurs even though the candidate has never actually performed in the role.

Tip: Performance-based factors are often measured by degree

Degrees are tiny increments that differentiate the potential of one person from another. Hiring managers need to ensure that individuals don't abandon their positions because the roles didn't meet the preferences or expectations. The different measures of performance-factor-degrees depend on the specific roles.

This external measure, if linked effectively to the actual performance data, can become a powerful predictor of future performance in any given role. Hiring managers need to make sure there is confidence in the quality and accuracy of the external measure utilized, because these measures will be heavily relied upon in the performance-based interview process.

Identify performance-based factors

The external measure(s) should be linked with the employee performance data to uncover the performance-based factors necessary for success in the position. Based on the performance data, top performers can be identified, as well as the middle-tier and lower-tier performers. Recruiters and HR teams should use external measure(s) to answer some relevant questions:

1. Based on the external measure, what are the shared factors among the high performers?
2. How do those factors differentiate from those who are not performing as well in the position?

With performance-based factors, interviewers can compare successful people in the current or similar role against the preference to make an informed, data-driven, and objective hiring decision. This process should be measured and adjusted over time to continually improve the outcome and level of success of hiring efforts.

Understand “core vs. capacity”

Once the performance-based factors and the external measure are in place, the next step is to establish the fit in the interview process. Specifically, the performance-based factors help hiring managers define and understand performance in the position. The external measure gives the ability to accurately collect information on candidates outside the organization and objectively compare each one to the role.

Identify the core

A person’s core refers to an individual’s core behavioral preferences. Generally, an individual’s core behavioral preferences remain unchanged over time. The purpose of the external measure is to capture a candidate’s core behaviors and provide a means of comparison against the performance-based factors established from the performance data. This information should be collected prior to a face-to-face interview. This establishes a baseline to help focus the interview time on those areas that have been proven to relate to future performance.

Behaviors are treated differently than performance-based factors such as skills, situational judgment, and others that are temporary in nature. Training or the altering of a situation can greatly affect the stability of the external measurement.

Identify capacity

When face-to-face with a candidate, the interviewer’s job is to utilize the information gathered around the core of the candidate to better understand the person’s capacity. Capacity is the ability to stretch or shift behavior to account for a specific situation. For example, an external measure may assign a low value to “attention to detail.”

By applying skills gained from experience, taking job-related training courses, and old-fashioned hard work, the candidate will learn to put processes and methods in place to incorporate more attention to detailed skills when necessary. The core has not changed, but in effect, the candidate compensates for the deficiency, situation by situation. In this example, the candidate may not appear to be a perfect fit in the area of attention to detail, but by expending energy to meet the job expectations, the candidate has learned to expand capacity to be successful.

Once the performance-based factors are established and the core of the candidate is captured and evaluated, the interview questions will efficiently and effectively determine the capacity of the candidate.

Hire game-changing talent

A crucial question: Does this candidate have what it takes to excel in this position? Even more crucial: Is there performance data to back it up?

Effectively using performance-based questions can save a utility company thousands of dollars per hire. Performance-based interviewing helps organizations differentiate the game-changers from the rest of the crowd. By incorporating this key ingredient into the interview process, utility companies can quickly spot the candidates that bring passion, creativity, and leadership to the target role. The deeper insight gained about candidates can power an organization with game-changers who are more likely to perform at top levels.

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