

# WHITE PAPER

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## **Top Grading is the silver bullet to professional success and emotional wellbeing**

### **What is Top Grading?**

Top Grading is a reframing of the A B C grading philosophy that we all became intimately familiar with while fumbling our way through the modern education system. The Education sector has taught us to recognise the following from our time in the system:

**A** - Represents exceptional performance.

**B** – Solid grasp with room for improvement.

**C** – Barely adequate, scraped through unit – thank goodness that was close...

The ABC system of ranking has been applied to many things in business from inventory control, to assessing financial risk and even customer segmentation. Talent Benchmarking applies the principles of ABC ranking to grading your workforce using the same very simple and clear formula, but with a very distinct point of difference in terms of definitions.

In Top Grading the system works like this:

**A** – Still represents exceptional performance, but this is the expected standard from everyone.

**B** – Is either working towards being an A (under development) or is in the wrong job and needs to be moved into a position where they can become an A.

**C** - Clearly in the wrong job and is being performance managed out of the company.

The systematic and relentless pursuit of filling your organisation with A grade talent is at the heart of successful Top Grading. It is important at this point to clarify what A grade talent actually means. Many make the mistake of assuming that to be classified as an A grader you have to be on a career fast track and pushing for promotion. Although this may be the case, an A grader could also be someone who is simply exceptional in their role. In fact most organisations tend to view a purely A Grading strategy as a risk – fearing that it will create a revolving door of earnest overachievers who battle valiantly over crumbs of opportunity. It is hard to imagine a scenario where this would be a constructive dynamic for any organisation. The blending of personalities, skill sets and ambition is something that leaders engaged in Top Grading should always have front of mind to ensure they achieve the right mix in their team.

The Top Grading approach to interview assessments consistently delivers a 90% success rate in uncovering A grade performers (that is T10s the top 10% of candidates suitable for a position.) Over time this consistency creates organisational confidence in hiring practices and supports and reinforces a culture where achievement is recognised and rewarded; and poor performance is not tolerated. Furthermore A graders want to work for and with other A graders - so you get a magnetic momentum effect where like attracts like (the Law of attraction.)

### **Top Grading creates competitive advantage and guarantees personal career success**

We are living in an era of knowledge transfer at lightning speed and in highly competitive markets. In this environment where new pricing, product and delivery methods can all be copied in a heartbeat, what can we turn to that will consistently enable us to staying ahead of the competition? The answer lies in our People - and Top Grading is a proven approach that applies logical and systematic thinking to gaining competitive advantage through people. Successful Top Grading requires mastery of two key pillars and the application of 7 guiding Principles.

The two key pillars of mastering Top Grading are –

- The systematic sourcing, recruiting and developing of A grade talent, and
- Consistently and respectfully redeploying B and C performers into positions where they can either become As or be managed out to allow more As to be recruited.

### **How does Top Grading create competitive advantage for your company and guarantee your personal career success?**

Well firstly let's look at your personal career success. As a Leader you will have certain expectations, objectives and KPI's that your company and/or division are held accountable for achieving. Sitting behind this, you will have your own personal objectives and drivers. This also

applies to the person sitting in your equal or a comparable position within a competitor organisation. All other things being equal, how does your team produce more value than your competitor? And can a business or department full of B and C performers ever provide a match for competitor's team full of A graders in the same sector? The answer is unequivocally No!

**Steering the ship and looking out at the frontier is completely different to spending your time bailing out water out and patching leaks.**

A leader who consistently surrounds themselves with B and C players will find their valuable time is consumed with firefighting, dealing with systems errors, lack of delivery, disgruntled customers, missed deadlines and a litany of other unexpected issues that pop up. In direct contrast, leaders who consciously surround themselves with A grade talent (T10s) end up spending more time adding value through coaching, developing people and being strategic.

The Leader who masters Top Grading can not only expect more career opportunity and personal growth, but is also guaranteed to have a more personally fulfilling career. They naturally spend more of their working week doing the work they love. Leaders of B and C teams tends to miss out on promotions, always seems frantic (no time) and often end up being down and deflated as they struggle to keep their head above water. Make no mistake, Top Grading is as much about personal wellness and career satisfaction to a Leader as it is about producing successful commercial and organisational results.

**The 7 essential principles you must follow to create Top Grading success**

**Principle 1 – The CEO must be on board to champion and advocate Top Grading practices**

The CEO is ultimately the custodian of Top Grading and is responsible for ensuring that the Executive and Human Resources teams are on board to champion, implement and promote benefits. Top Grading starts with the Executive and works its way through the organisation. It is absolutely a top down process. What this means is that the Executive team needs to be made up of a majority of A players to advocate and insist on Top Grading practices within their respective portfolios.

Where the Executive team is predominantly made up of B and C graders, sub-optimal performance penetrates throughout the organisation. These profiles find it almost impossible to recognise or value the high performance traits that they do not possess themselves. It is likely they may even feel threatened by A grade talent, creating a snowball effect where your new hire ranks will swell with B and C performers.

**Principle 2 – Top Grading results and failure rates are measured and hiring managers are held accountable**

If you try typing 'KPI' into Google, you will get 11 million search results. Organisations have become very adept at developing measures to manage both individual and business performance in almost every area. Given the collective crescendo of CEOs espousing how their organisations' point difference resides in their people; it may seem surprising how few organisations actually measure their hiring success and failure rates. Those who do, often claim that recruitment measurement systems provide little more than arbitrary statistics and are of minimal value.

Organisations that successfully Top Grade have clear systems and processes that enable regular review of hiring results and hold hiring managers accountable for these. Evaluating hiring failures is important as it informs future recruitment projects and allows for systems to be modified. It also allows for hiring successes to be celebrated and recruitment models to be duplicated and learned from. Without measuring HR practices effectively, an organisation is running blind.

A CEO that embraces Top Grading wants to know what percentage of As, Bs and Cs the organisation holds and the 'how' and 'why' it ended up with that mix. Without an understanding of this, how can a business ever truly master 'what' mix is responsible for delivering its optimal results?

**Principle 3 – Advocate a farming approach to talent sourcing not 'Break / Fix'**

Embracing Top Grading requires a commitment of leaders to continue to be on the lookout for top talent; particularly for core positions that regularly become available. If you do not have a virtual bench of T10s for the hiring manager to access when a vacancy presents itself, then you are already on the back foot. For Executive positions, recruitment requirements occur less often. This is when it makes real sense to partner with a professional Executive Recruiter that has a vast network of T10s from which to draw. Typically T10s are very happy where they are and rarely required to actively looking for new roles. This is where Executive Recruiter relationships become even more important; to facilitate access to a high quality and passive professional market that does not respond to job advertisements.

Executive Recruiters develop senior relationships over time and are more likely to be able to provide background and context about individual candidates than is readily available via traditional means (formally responding to a job advert). Being in the employment market 365 days a year, Executive Recruiters can successfully benchmark talent (T10s) by progressively building a great pool of talent to draw on. This strategy is guaranteed to deliver quality recruitment when compared with an internal and reactionary approach to a vacancy that needs filling.

**Principle 4 – Only Target the Top 10% (T10s)**

The key to recruiting T10s is having enough ‘interaction traction’ to be able to conclusively know what a T10 looks like. Every hiring manager that has been involved in a short listing process has experienced the situation where they have put candidates’ CVs in the ‘Yes’ pile at the beginning of the short listing process and then once they have finished short listing, have revisited the earlier applicants and re-graded many to a ‘No’. Why does this occur?

Most hiring managers only have the time and resources available to filter and compare candidates who have applied for a particular role against each other. The danger with this approach is if your short list only contains B and C players, the recruitment process is doomed for mediocrity even before an appointment has been made.

A graders can only be guaranteed when the process is supported by a solid and predetermined criteria of skills, experience and attributes that create the benchmark. Having a very clear performance profile (not base on years of experience) in mind, prior to reviewing applicants, is essential if you are targeting A graders. Top Graders would assert that it is better to hold out for 3 months to find an A grader than to recruit a C grader in a week.

The message: All candidates should be measured against a strict performance profile and not simply against the best that have applied.

**Principle 5 - Create a compelling vision/story for the position. Don't simply promote a vacancy**

Given T10s are rarely required to actively look for new opportunities (they are head hunted first), capturing their notice in a passive employment market means making sure that the objectives and vision for the role you are offering are compelling and the terminology resonates with them. T10s are typically gainfully employed and well remunerated so the prospect of performing similar responsibilities to those they are currently doing, will not attract their attention. Be compelling but always transparent and genuine.

*Use action words.* E.g.; Driving change, growth focus, continuous improvement, re-engineering, change management, market development, acquisition, organisational change and restructure, systems improvement and career fast track and are all terms that resonate with T10s.

*Avoid* – describing a role in terms of years of experience and responsibilities. You will only attract the unemployed or some C grade maintainers. When a T10 gets an inclination that a position is just maintaining what already exists, they will opt out of the recruitment process.

### **Principle 6 – Interview assessment and coaching mastery**

To become great at any skill you have to practice it. Popular psychology purports that it takes 10,000 hours to become an expert at anything. If you don't interview regularly you need to lean on Top Grading experts who are trained to identify talent at a 90% success rate. Interviewing success is about really understanding a candidate's strengths, weaknesses and performance capability in the context of your overall existing team and the requirements of the role. This is then backed up by thorough background and reference checking.

A vast amount of material has been written on conducting effective interview assessments however for the purpose of successful Top Grading here are some key points to be aware of:

- To improve your interview results (and identify A graders), ask more pertinent and relevant questions that are related to the job and are important to the role.
- Focus on obtaining real examples of demonstrated achievements and influencing commercial impact - not just experience and exposure.
- T10s should be the only leaders involved in making hiring decisions. Don't let your B and C grade managers recruit new employees. Remember like attracts like and T10s don't get inspired about working for B and C grade leaders.
- Top Grading interviews place more focus on value delivered and less on cost. For example, a Sales Rep on \$120,000 per annum generating \$10 million sales is obviously a better hire, than getting pats on the back for hiring a rep at \$100,000 per annum who is only bringing in \$1.5 million in sales. It is a value choice versus cost choice.

### **Principle 7 – Embed a culture of accountability, ownership and performance management**

Organisations that successfully Top Grade set high standards for their employees. They commit to continual reviews of performance and invest significantly in people development. A Top Grader will argue it is unethical to not make employees aware of performance gaps. If the role and the employee are mismatched, it is grossly unfair to hold this information back. Every underperforming employee deserves the right to address their performance gaps.

Less successful organisations allow their ranks to swell with B and C talent simply because of the human discomfort experienced with pointing out sub-optimal performance. This lack of proactive management sends a message to everyone that mediocrity is tolerated. Most surprisingly, mediocre managers can even be known to reward mediocrity with bonuses and rewards if left unchecked. With this approach, your A grade talent will lose respect and leave.

### **Summary**

When the Top Grading philosophy is rigorously and consistently applied, it is guaranteed to provide your organisation with distinct competitive advantage in markets where differentiation is challenging. Surrounding yourself with A graders will positively impact organisational performance and increase discretionary time, career fulfilment and personal happiness. For today's leaders, we think these benefits are something worth fighting for.

### **Interested in Top Grading your organisation?**

Edward George specialises in Top Grading training techniques and robust Executive Recruitment and Outplacement Services. We assist organisations to embed a Top Grading Culture and create a structure that supports the Top Grading process. For a free no obligation consultation, please call Edward George on 08 9457 4566 or email us at [perth@edwardgeorge.com.au](mailto:perth@edwardgeorge.com.au)