

WHAT REALLY MATTERS WHEN YOU'RE LOOKING TO HIRE.



THE CASE AGAINST CREDENTIALS

BY ALAN M. WEBBER

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The bank was one of the nation's largest.

The venue was the top floor, an open conference room with floor-to-ceiling windows all around, offering a monumental view of New York City. The audience was the bank's top executive team and its HR department, about fifty people. The topic they'd asked me to address was the intersection between the bank's strategy, its leadership-development program, and its HR department. Or, more accurately, the lack of any intersection.

Earlier, they'd briefed me on the problem that the meeting was really called to address: The bank was recruiting talented women and minorities—and promptly losing them once they experienced the organization's operating culture.

The formal session went fine, but things didn't get interesting for me until it was over.

That's when I went into a small kitchen off the meeting room to get a cup of coffee and leave the group to do what groups do after a session: compare notes, check BlackBerries, exchange small talk. I'd just poured my coffee when the bank's president came into the kitchen looking for me. I was not happy to see him.

For one thing, I wasn't in the mood to have him critique my remarks. Especially since it was his bank that wasn't walking its talk. For another, I didn't like his looks. He looked like he'd

been sent by central casting to play the role of "bank president." Black patent-leather hair with just the right amount of gray at the temples. Tall, with a country-club athlete's swagger. A perfect blue suit, a perfect white shirt, a perfect red tie. I took one look at him over my coffee cup and knew why the bank might be having problems retaining its best women and minority employees.

"I liked your talk," he said, shaking my hand. "But you didn't discuss recruiting strategies. I thought you might like to know what we're doing."

This was not what I'd expected to hear.

"We've found that everybody wants to recruit the same people," he said. "Everyone's going after the top 5 to 10 percent of the graduates from the

same schools—from HBS, Wharton, Stanford—you know the schools. McKinsey, BCG, Goldman, everyone in consulting and banking—they all want the same people. It makes no sense."

This was *really* not what I'd expected to hear.

"This is what we're doing," he said. "We're sending people to Louisiana and Mississippi to no-name programs and no-status schools. The pedigree isn't as famous, but the people at the top of their classes are just as good—and a lot hungrier. We're getting great talent without the usual baggage."



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We chatted a little more, he thanked me again for coming, and then he headed back out to mingle with the people in the conference room.

We've gotten over credentialism in sports, the arts, even politics. In the world of business, for reasons that escape me, it's alive and well. Business-school deans may deny it publicly, but privately they jealously examine the annual rankings to see where they stand. Applicants may act blasé about it as well, but they all know where their school of choice ranks. And recruiters from the blue-chip firms make it a point to take the top prospects out to dinner and offer them healthy signing bonuses.

Talent matters. But credentials?

When he was dean of the Harvard Business School, John McArthur used to joke that he'd short any industry as soon as it hired a disproportionate number of HBS graduates. Warren Buffett recently told students that the things that go untaught at business schools are the things he values most: writing, speaking, and communications. When it comes to entrepreneurship, Guy Kawasaki, an original Apple evangelist, recently said, "I don't think an MBA matters very much for starting a company."

More and more, the word is getting out: "Hire for attitude, train for skill." In a fast-changing economy, people will need to learn and adapt all the time. Credentials are no guarantee of an open mind and a passion for change. As the needs of their clients change, consulting firms are changing their hiring portfolios: People with backgrounds in sociology, anthropology, psychology, and other social sciences are just as valuable as MBAs. Recognizing that they need to develop their own people, companies have put more emphasis on their own in-house universities. It's cheaper and more effective than hiring newly minted MBAs—and then retraining them.

So if credentials matter less, what matters more?

Speaking to a group of prospective MBAs, Buffett posed the following challenge: Suppose you could own 10 percent of the future earnings of any one of your classmates. Whose stock would you buy? Buffett then gave his answer to the question. You wouldn't pick the one with the highest IQ or best grades. Anyone in the class would be smart enough to be a good investment, and the differences wouldn't be enough to matter. Instead, he said, you'd pick the one with the personal qualities you most admired: the one who was most generous, most honest, who attracted others to want to work with him or her.

Then he reversed the thought experiment: If you were going to *short* someone's future, how would you make that pick? Again, it wouldn't be the one with the worst grades or poorest test results. We all know those aren't accurate predictors of future success—or failure. Instead, you'd short the person whose attributes were the most unattractive: an oversized ego, a lack of honesty, a disregard for ethics, or an unwillingness to be a team player.

Character, in other words.

Not the brand name on the diploma or titles on the résumé.

It's not credentials that count. It's character.

That's the right way to bet on people and the right way to make your hires.

