

# The Wealth Report

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## **The ROI Of Hiring Right In The Luxury Business Changing Rules of Engagement**

**Human capital comes to the fore as a precious commodity**

By Kimberly Rath

Today, managers are finding that all of the rules of engagement have changed. The talent pool has never been deeper and the customer pool has exponentially decreased. How do you adapt? This lesson focuses on surveying the landscape and making some critical decisions when it comes to talent acquisition and management:

First off, define your rules of engagement. Expand job categories and descriptions. Identify what an individual who manages customer relationships in a luxury brand can deliver. Discover individuals who have the talent and desire to do more. Where two or three employees were employed in the past, select one highly talented employee who has the ability to perform all the work at even greater levels.

Jac Fitz-enz provides an excellent underpinning for the concept of individual productivity disparity in his book, "The ROI of Human Capital: Measuring the Economic Value of Employee Performance" (2000). Fitz-enz believes that only human capital can add value in and by itself and those differences in human knowledge, skill and effort affect productivity: "All other variables (cash, credit, materials, plant and equipment, and energy) offer nothing but inert potentials. By their nature, they add nothing, and they cannot add anything until some human being leverages that potential by putting it into play."

Nearly 20 years ago, a landmark study was published by Hunter, Schmidt and Judiesch indicating dramatic productivity variance between top performers and other workers. In medium-complexity occupations such as technicians and supervisors, the top 1% of workers were 12 times more productive than the bottom 1%. Stated another way: "A single person in the top 1% is worth 12 people in the bottom 1%. Finding workers who

have these abilities adds tremendous value to the bottom line." In high-complexity jobs such as managers, professionals and some technical workers, the productivity differential was "infinite."

The rules of customer engagement have been accelerated at the luxury level. Each engagement is a moment of truth. By studying more than three million candidates and employees, Talent Plus has identified specific characteristics that drive both customer and employee engagement for luxury brands. When the behaviors, thoughts and feelings of candidates are measured against what top performers do, we can clearly pinpoint the right individuals with the greatest potential for success.

The Luxury Institute conducted a study focused on enabling true luxury brands to survive and thrive in the rugged luxury landscape of the 21st century. The Institute translated their findings into the 12 Rules for the 21st Century Luxury Enterprise (July 2009). At the top of the list is: Rule No. 1: From arrogant and snobbish to welcoming and nurturing

What are the characteristics of an individual who embodies this rule? Top performers proactively respond to client needs, naturally take pleasure in being helpful, and are aware of customer preferences, anticipating and exceeding even the unexpressed wishes and needs of customers. Top performers are instantly attentive and acknowledge waiting clients so they feel warmly welcomed. They spend time with their clients without rushing, and they custom-fit services and products to a client's unique needs. Top performers who create a welcoming and nurturing experience develop genuine relationships with both associates and clients, gaining repeat customers and the fondness of their team. They spend time getting to know clients personally and are upbeat and optimistic about creating a unique atmosphere in the work environment. They are agents of change, originate solutions to problems, and believe things can always improve. These relationships result in higher productivity.

Today's sea of economic storms needs to be navigated by courageous executives and managers who value, concentrate on and develop the talents of those employees who are most productive. Top performers represent a return on investment with infinite potential when leveraged by a leader who recognizes and invests in each person individually according to their natural talents and abilities. "Blanket management," leading everyone the same way with the same strategy for all, simply does not work. Look for what makes people unique, discover a person's passions, catch individuals doing great work, and encourage them to do more of what makes them excellent. Today, more than ever, it's talent plus relationship. These are the actions that great leaders typify as they grow and develop their employees no matter the environment or the economy.

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