

Beyond Fitting In

You can't throw a résumé these days without hitting a disciple of cultural fit. But is the obsession with compatibility focused on the right things?

JAMES HARTSELL and Bryan Delaney have a lot in common. Both are North Carolina natives, they shared a room in college, and each has a degree in computer science. After graduating, the duo punched a clock at the Department of Defense before starting Skookum, a software development company. So when they decided to bring on their first real hire, seeking a star performer whom they could bond with over a drink seemed like a no-brainer.

But not for long. They soon discovered that growing by finding people with similar backgrounds became a shortcut for making solid but uninspired decisions. "Our first 15 hires were all just out of school and the kind of guys who played the same video games on the weekend," says Hartsell, sitting at a desk in Skookum's Charlotte headquarters. "I thought I was hiring for cultural fit, but I was confusing that for superficial activities."

What's more, recruiting was gobbling up 70 percent of Hartsell's time, and though team strife was rare, he began to fear that the staff's sameness was holding the company back. "That hiring strategy worked to get us off the ground, but to go from surviving to thriving, I had to start finding people from different backgrounds," he says. The 10-year-old company now has 52 employees (notably diverse) and an office in Denver, too.

You might be susceptible to the same forces Hartsell was. *Cultural fit*—referring to how well an employee's passions, work style, and values align with a company's—has become a powerful buzzword among entrepreneurs and HR professionals alike. According to a global survey by talent management firm Cubiks, more than 80 percent of employers think cultural fit is important in hiring.

But you shouldn't mistake shared backgrounds for shared values. A nine-month field study in the *Ameri-*

1

Measure Fit With Fresh Eyes

As interviewers get to know candidates, they can subconsciously start rooting for their favorites and overlook subtle red flags of a cultural misfit. "So we decided that the person who is the main point of contact early on won't be the person who does the culture interview," says Zappos senior HR manager Christa Foley, who helped create the \$2 billion company's culture-based recruiting process. "Handing off the candidate helps cut down the bias, for sure."

can Sociological Review found that when hiring managers talk about fit, they focus on things like hobbies and biographies rather than on work styles. Many evaluators rely on some type of airport test (as in: Would you enjoy sitting next to this person on a four-hour flight?). "In many respects, they hired in a manner more closely resembling the choice of friends or romantic partners," concluded researcher Lauren Rivera, an associate professor at Northwestern University's Kellogg School of Management. When the employment site Glassdoor analyzed the frequency of thousands of interview questions, "What are your hobbies?" and "What's the last

2

Quantify Your Culture

Bluemercury co-founder and CEO Marla Malcolm Beck was interviewing every hire for the \$100 million-a-year beauty retailer (now owned by Macy's). But as the company's ranks swelled, she had to train managers at all 70 stores to plumb a candidate's values. Enter the humble checklist. "We have prospective hires work for a paid afternoon and assess them against a list of our values," says Beck. "You can test for friendly—did they greet the customer? Did they smile? You can test for expertise—did they have 10 products rolling off their tongue when you ask about favorites? A floor test lets you see the fit piece in action."



Diversity's Many Dimensions

In addition to "inherent" diversity (a mix of age, race, and gender), the strongest teams have people with "acquired" diversity, such as military experience, foreign language skills, and time spent abroad.

Sources: Center for Talent Innovation; McKinsey



IDEAS

74%

Portion of employees who feel safe proposing novel ideas when a team leader has three or more acquired diversity traits, versus 34% when the leader has none



ISTOCK

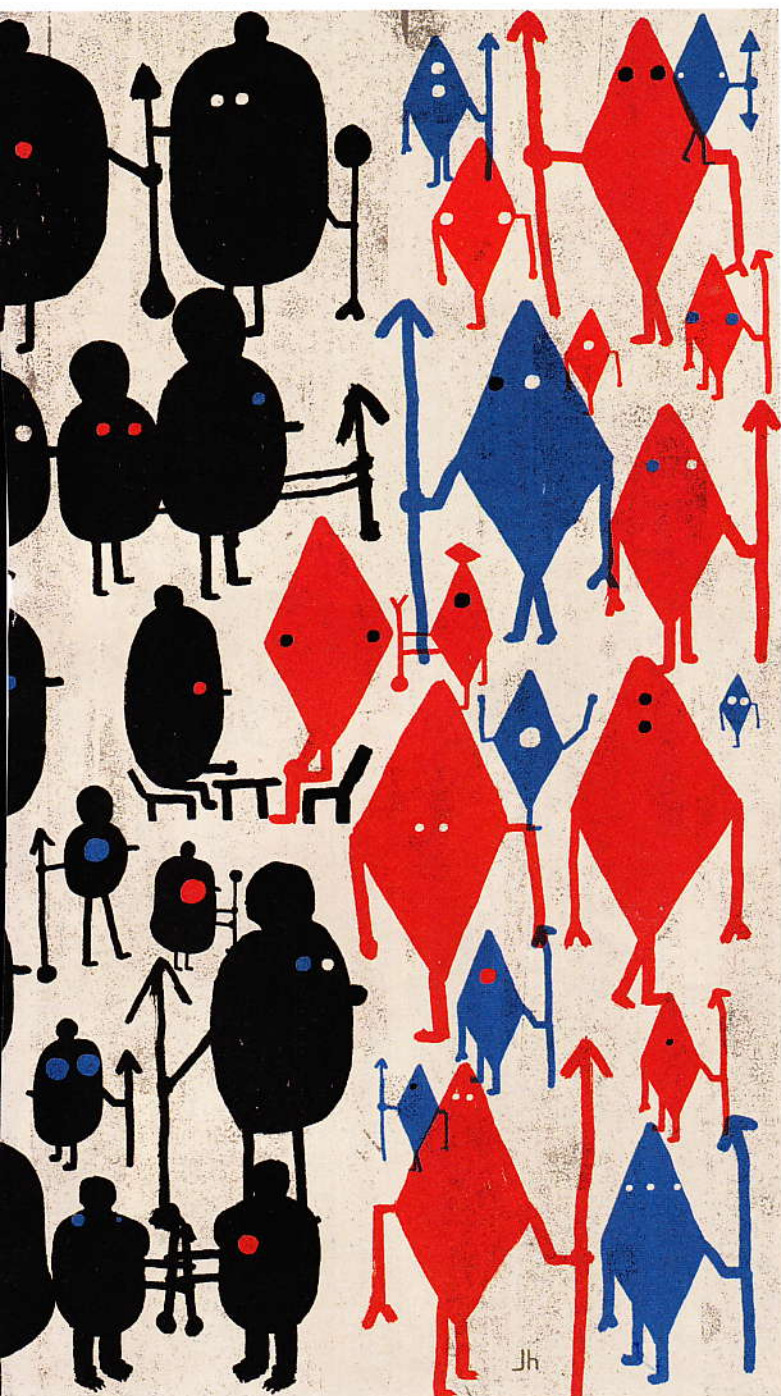


ILLUSTRATION BY JOHN HERSEY

3

Seed Diversity Early

Employee referrals are the lifeblood of many startups. San Francisco-based PlanGrid, which created a field collaboration app for the construction industry, found more than half of its 150 employees by tapping existing networks. Yet, says CEO and co-founder Tracy Young, "everyone at PlanGrid looks different, because our founders are from really different backgrounds, with really different networks." If your co-founders have a lot in common, make branching out to new talent pipelines a priority early on. Doing so will help ensure that later referrals increase diversity.

4

Study Group Dynamics

Rather than ask how well someone works in a collaborative culture, outdoor retailer REI asks candidates to demonstrate their ability. In-house recruiters talk with several interviewees at a time, giving them role-playing and other exercises to work through together. Teamwork is key at the \$2.2 billion, Seattle-based company, which has more than 11,000 employees, so outsize egos are a clear sign of cultural misfit. "In a group, it's easier to suss out the authenticity of someone's values, respect for others, and service mentality," says Michelle Clements, SVP of human resources. "Are you dominating the microphone, or are you drawing your peers into the conversation? We'll see who collaborates."

book you read for fun?" ranked in the top 50.

Hiring people because they look like you or share your love of dystopian fiction isn't just boring. It can also backfire. Research shows that homogeneity breeds complacency, while diversity encourages people to speak more and challenge old assumptions. In one study, the mere presence of someone from a different social background improved the team's performance and accuracy—even if the newcomer didn't offer any fresh ideas. "If you know your company's values, you can look past age or gender or shared activities and find the true fit," says Hartsell. "The fit that matters." —KATE ROCKWOOD

RESULTS

35%

Likelihood of having financial returns above the national industry median enjoyed by the most ethnically diverse companies



CUSTOMERS

158%

Increased likelihood of understanding a customer's needs when at least one team member shares that customer's cultural background



COMPETITION

70%

Increased chance of capturing a new market enjoyed by public companies with leaders who combine inherent and acquired diversity