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The Moneyball Approach to Small-Business Hiring

If your payroll only goes so far, you'll get more bang for your small business' buck by taking a page from the Oakland Athletics' playbook.



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Who could resist a movie with Brad Pitt?

In *Moneyball*, which is based on the 2003 book of the same name by [Michael Lewis](#), Pitt plays Billy Beane, general manager of the Oakland Athletics.

Pitt or no Pitt, I normally stay away from sports movies. But *Moneyball* is no ordinary sports movie. It's a lesson in hiring to which all small- and large-business owners should pay attention.

Baseball's Mistake in Identifying Top Talent

The basic premise behind *Moneyball* is that baseball scouts have recruiting all wrong. For more than a century, they've been relying on statistics like batting average and runs batted in (RBI) to assess players' future performance on Major League teams.

Worse, more often than not they "go with their gut" when making hiring decisions, letting personal feelings about a player, how he looks in a uniform, and the role they picture him having on the team, influence their selections.

Billy Beane's Lean and Mean Hiring Machine

Once Billy Beane realized that neither the objective nor subjective measures being used correlated with team wins, he turned the whole system on its head. Beane worked with Athletics' data analysts to reveal the key factor in predicting future [player success](#): the on-base percentage. The more effectively a player can control the strike zone, the better he'll perform overall.

Fortunately for the Athletics, this quality was cheaper to obtain than traditionally valued attributes, and despite being outspent by \$80 million by teams like the New York Yankees, Billy Beane's Athletics were competitive and strong.

Small Businesses Can Benefit Using Predictive Analytics

As a small-business owner, you have neither the time nor the budget to make poor hiring decisions. Turnover is expensive, and every time an employee is fired or leaves voluntarily, your business experiences a setback.

Just like Billy Beane, you can leverage science to determine the behaviors that lead to high performance in your key job functions. This means understanding what high performance looks like, and how high performance relates to your business goals.

Fortunately, there are several tools available to help you do just that. For instance, the scientifically validated [Predictive Index assessment](#) was created as a reliable indicator of future workplace behavior. The PI, which has already been [adapted for small business](#), screens for behaviors that will positively impact your business and pinpoints individuals who are likely to complement—and clash with—your team.

These tools take the guesswork out of the nerve-wracking question: “Is she the right fit?” Using a system like PI, you’ll know she’s not only going to [get along well](#), but that she’s also going to drive business.

Don’t Be Swayed By Innate Biases

If you still aren’t convinced, you’re not alone. According to Scott Highhouse of Bowling Green University in his 2008 article "[Stubborn Reliance on Intuition and Subjectivity in Employee Selection](#)" (*Industrial and Organizational Psychology*), people are reluctant to entrust hiring decisions to scientific tools like assessment tests, structured interviews and mechanical formulas. They feel that the complex characteristics of applicants can be best assessed by a sensitive, equally complex human being, and that human experience is the best predictor of making a good hire.

This approach, however, does not stand up to scrutiny. Time and time again, subjective interviewing has proven to be the least reliable method of assessing future on-the-job success. As small-business owners who don't have the recruiting budget of the *Fortune* 500s, you should at least consider Billy Beane's more economical and vastly more powerful method.

Alexandra Levit is a former nationally-syndicated business and workplace columnist for The Wall Street Journal and the author of Blind Spots: The 10 Business Myths You Can't Afford to Believe on Your New Path to Success. Money Magazine's Online Career Expert of the Year, she regularly speaks at organizations and conferences on issues facing modern employees.

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