

Understanding

TO ERR IS HUMAN ...

NASA famously crashed its Mars Climate Orbiter by mixing speed in metres per second and altitude in feet when calculating its trajectory. Most business mistakes are not so high-profile but, as Kevin Kerrigan explains, they can be even more costly.

Employee mistakes on the job are costing businesses dearly. Our recent report into the losses found that UK business are losing around £10 billion a year through poor people management.

British workers claim that almost three-quarters of the slip-ups they make on the job never come to light. So the real cost in terms of opportunity could be many times higher. These blunders are left to fester as employees keep quiet about their mistakes and managers fail to spot and correct them.

So what exactly is it that employees are going to great lengths to conceal? Some of the most common mistakes covered up include sending sensitive or damaging e-mails to the wrong contacts, forgetting deadlines, giving the wrong information and adding/omitting a nought on orders. These mistakes are, by and large, the sort of thing that can happen to anyone from time to time, yet collectively have a major impact on the bottom line. Furthermore, many of these mistakes are the types of error that can be tackled and reduced through a change in approach to blunders on the job.

Of course, the impact of mistakes will vary according to who has made the mistake and the nature of the business. For example, a slip up by a machine operator could have a very different impact to one made by a receptionist.

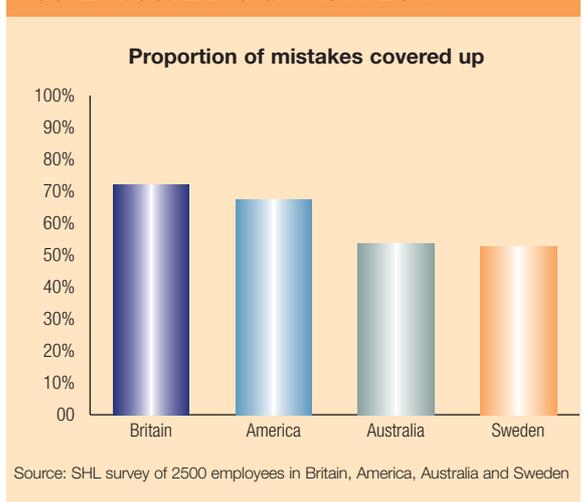
Yet the problem is draining businesses at every level, and is one that needs to be tackled. It appears to be the *attitude* towards mistakes within an organization that is breeding a culture of back-covering. Businesses need to foster a culture of openness, in which staff feel that they won't be victimized if they make a mistake. Moreover, managers should receive adequate training

to help them act sensitively when dealing with employees who have made an error. (See box, *The right culture*, p42).

Ensuring that all workers have a clear idea of their roles and responsibilities, and making sure that they are selected and developed in a manner that ensures an excellent fit between worker and role are crucial aspects in raising productivity and reducing mistakes. It stands to reason that, if a person is naturally averse to close analysis yet is given a role in which attention to detail is essential, slip-ups are going to occur.

The value of psychometric testing in recruitment cannot be underestimated when it comes to achieving the right fit. Nor should assessment only play a role during selection. Using assessment to aid *development* will enable employees to define the areas in which they

FIGURE 1: COVERING UP MISTAKES ...



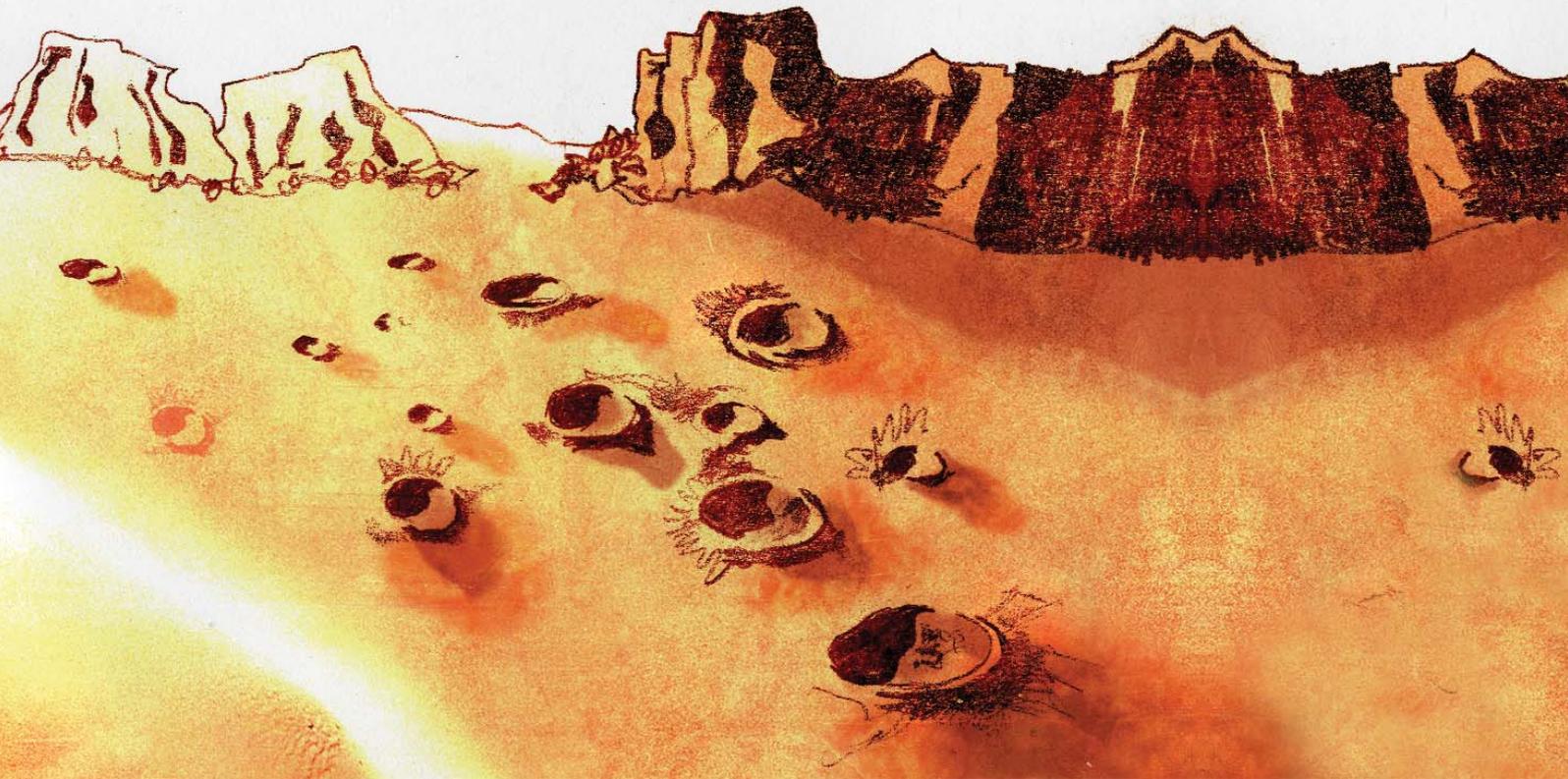
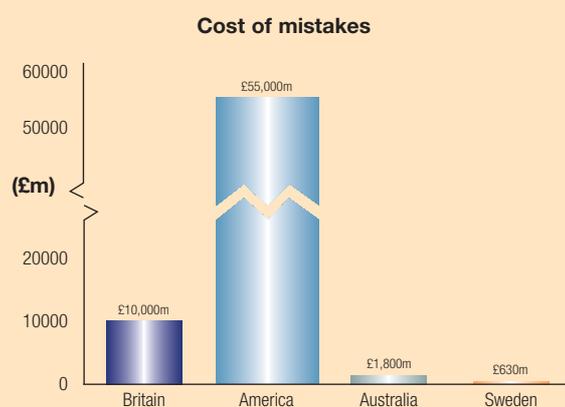


FIGURE 2: ... AND COUNTING THE COST



Source: SHL survey of 2500 employees in Britain, America, Australia and Sweden

need to improve, agree a workable plan of action and, ultimately, reduce the level of errors.

Our global research indicates a wide difference in attitudes towards mistakes from country to country. The typically British “stiff upper lip” syndrome may mean that many employees here don’t like to admit that they need extra help, and try to gloss over errors rather than work with management to tackle issues straight on.

However, it is apparent that latent mistakes are a concern for businesses world-wide. Work ethos and management style differ hugely throughout the world, and this has a direct impact on the differences between countries in admitting mistakes. Our research (Figure 1) reveals that America is hot on the heels of Britain when it comes to concealment, with more than two-thirds of mistakes never coming to light. This costs the American

economy over £55 billion annually through the poor management of workers, and is pretty expensive elsewhere.

Swedish employees report a lower rate – just over half – of concealed errors. This may be a direct result of the country’s typical management style, where mistakes are perceived more as being part of the learning process than an overt sign of personal failure. This makes employees less likely to hide their mistakes and more likely to confront their errors. In stark comparison to America and Britain, the costs in Sweden are just £630m. It is also evident that some mistakes are more expensive

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than others – Australians cover up almost the same percentage of errors as the Swedes, but the cost to their economy is about three times higher, at £1.8 billion. Yet, regardless of the magnitude of losses, it is clear that the management of on-the-job gaffes is a global problem that desperately needs to be addressed.

“Our people are our greatest asset” is a mantra adopted by many, if not most, organizations these days. The words are easy to say, and sound good, but the reality is often very different. Clearly, many companies are failing to ensure that they get the best people for the

THE RIGHT CULTURE

John Akers famously surprised one of his divisional executives at IBM by treating his million-dollar bungle as a training expense rather than a sacking offence, but such understanding is rare in business. There are some useful role models from other areas, though – for example, aviation and medicine.

Pilots, aircraft engineers and surgeons make mistakes just like everyone else, but the stakes are usually rather higher, as the cost is measured in lives, not money. There has always, therefore, been a very open culture in terms of owning up to mistakes and thus helping to put right any problems as quickly and effectively as possible. The end result has been better processes, training and techniques rather than (except in cases of extreme incompetence or, tellingly, attempting to subvert the inquiry) the sacking of doctors and pilots.

This has worked well, partly because the process is generally conducted by peers, who recognize the “there but for the grace of God go I” syndrome; and partly because the regulators *and* the public have had confidence in the effectiveness of the system.

Businesses can learn a lot from these more open cultures – but should also take note of some incipient threats that have been noted in both aviation and medicine, in particular the influence of lawyers because of litigation, and the ever-increasing pressure on budgets. Read, for example, the inquiries into both the *Challenger* and *Columbia* shuttle disasters.

jobs. This sense of poor fit is fuelling a culture in which mistakes are not only made but covered up.

Businesses therefore need to align themselves with the theory that all employees need to be invested in if they are to achieve maximum returns from their

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workforce. This means that, when recruiting new members for the team, they should put serious money into the recruitment and development process, to ensure that the best possible candidate is employed. Psychometric assessment should be an integral part of this, to confirm that the candidates not only can do the job well but will also fit in with the existing team and the company culture.

HOW PSYCHOMETRICS CAN HELP

Today’s psychometrics are built specifically for the work environment. They can help organizations save a lot of time and money by reducing turnover and poor management costs. Because they are objective, scientifically-proven methods, they also provide a fairer experience for respondents. Psychometrics can add value to companies not only in recruitment but in all stages of their lifecycle:

- By identifying an applicant’s preferred way to behave at work, it is possible to see how he fits in a certain environment and job profile. They can help recruiters identify a candidate’s talent at an early age, saving valuable time and money. The questionnaires can also provide recruiters with outlines for, and areas to probe in, hiring interviews.
- Tests can assess people’s numerical, verbal and diagrammatical abilities. Simulation exercises can be used to assess people’s performance and creativity.
- Psychometrics can be used for team-building, identifying the individual’s preferred roles inside a team and making sure that each person will be a good fit. If the team has already been assembled, it is also possible to develop its processes, ensuring that it covers all key functions.
- Self-questionnaires and 360-degree processes can be used for coaching and developing people, by identifying both their strong points and their development needs.

Today’s complex global marketplace demands cultural sensitivity and local knowledge combined with global reach and strategy. The future of an organization depends on the effectiveness of its managers and their ability to get the most from their human capital. Through effective management, employees will become more up-front about mistakes they have made, which will in turn result in a reduction in the incidence of such mistakes. Clearly-defined job roles, used as a basis to match an individual’s competencies in line with the demands of the role, are essential in helping to reduce the vast financial and cultural problem of human errors. □

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¹ *Getting the Edge in the New People Economy*, 2004 – in which the Future Foundation surveyed for us 700 managers across seven countries – Britain, America, Sweden, the Netherlands, India, Hong Kong and Australia. This research was supported by a further survey of 2500 employees and a series of in-depth interviews with recognized business leaders and gurus, extensive desk research and literature review. Details at www.shl.com/edge