



'Selecting Top Performers'

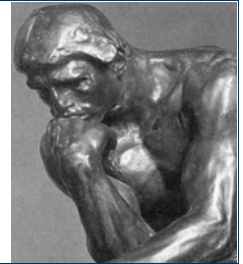
Talents August 2007
A Waterville Newsletter

Chief Executive Notes

In this issue of *Talents*, we discuss the selection of candidates with the highest development potential and success competency for franchising enterprises, and talent capital as a key to the development of China's industrial parks.

Additionally, you can let yourself be heard in our survey about how to select top performers for your business.

Enjoy, and let us know your thoughts.



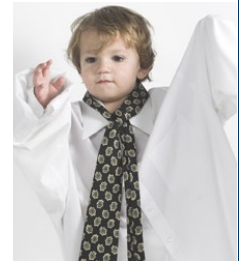
Feature Report

Selecting Top Performers for your Franchise

Joining a franchise business is an exciting career choice as well as an attractive way of investing in an enterprise. However, not everyone is suitable to become a franchisee. For decision makers of a franchising enterprise, selecting the most suitable franchisee is the key factor in quick company development and success?

There are two sides in talent selection for a franchising company: selecting the right person to own the franchise, i.e., the franchisee, and selecting the right person to manage the franchise, i.e., the branch manager. For both, the question is the same -- what types of individuals are most likely to succeed in these positions?

[Learn more](#)



In Action

Human Capital is the Key to the Development of China's Industrial Parks

In July, 2007, a Waterville delegation visited the Nanjing High Tech Zone ("NJHTZ") to provide training to government officials

Even though the interest in China continues to increase, park officials spare no effort to attract the best investors by offering policy incentives. Tax breaks are indeed attractive, but more importantly, foreign investors want to make sure that they are working with local people who understand international business.

[Learn more](#)



Research Center – Your Turn

Let yourself be heard. Tell us about how to select top performers for your business by answering questions in our survey. [Click here to begin](#). Information collected will be kept confidential. You can request a free PCA personality profiling test and essential report by answering all 5 questions

Executive Editor: Jean-Christophe Florenson Editor: Cathy Pan



To recommend our newsletter to others, please click  on the Adobe toolbar
If you would not like to receive our newsletter, please click [Unsubscribe](#)
To contact us, please e-mail Waterville.inc@gmail.com or click [More information](#)

www.watervilleinc.com

Waterville International Inc 华迪国际 1279 DingXi Road, MingGuang Building, Suite 2004, Shanghai 200040 China
573 Dongfang Road, Tower 2, Suite 1308, Shanghai 200120 China Tel +86-21-5882-5367 Fax +86-21-5882-8370

Selecting Top Performers for your Franchise

By Dr. James Song, CEO Waterville International

Joining a franchise business is an exciting career choice as well as an attractive way of investing in an enterprise. However, not everyone is suitable to become a franchisee. For decision makers of a franchising enterprise, selecting the most suitable franchisee is the key factor in quick company development and success. Choosing the wrong people can lead to disastrous consequences which can ruin the brand image you worked so hard to build.



There are two sides in talent selection for a franchising company: selecting the right person to own the franchise, i.e., the franchisee, and selecting the right person to manage the franchise, i.e., the branch manager. For both, the question is the same -- what types of individuals are most likely to succeed in these positions?

Is your personality suitable for the franchise business?

People seeking to become part of a franchising business should carefully consider the following:

1. Can you follow someone else's rules, even when you think you have a better way?
2. Are you prepared to accept coaching and advice on how to run your business from the staff at headquarters?
3. If the franchisor turns down your great idea for changing the system, can you live with that?
4. Can you trust (with honest skepticism) that a franchisor is working for the benefit of the entire system - even when their decisions do not necessarily go your way?
5. Are you willing to share financial information and provide required reports each month?
6. Are you willing, able and anxious to learn new skills? Can you set aside old habits and beliefs to follow a franchise system?
7. Do you have the personal drive to successfully manage/operate a franchise?
8. Are you willing to work long hours to make your business a success?
9. Are you willing to give up the corporate perks you currently have to invest in a franchise and operate your own business?
10. Are you self-reliant? Can you work without corporate support?
11. Are you healthy? Do you have the physical ability to meet the demands of operating your own business?
12. Can you handle stress? Do you have the mental ability to meet the demands of operating your own business? Can you handle crisis situations and deadlines?
13. Do you like people? Do you listen? Do you have patience when working and interacting with others?
14. Do you communicate well? Can you be a leader and a trainer for your staff as well as a front person for your business?
15. Can you maintain a positive relationship with the people who work for you?
16. Can you meet the needs of your customers?
17. Do you have the ability to sell yourself and your products and services?
18. Are you willing to use the advertising and promotional material provided by the franchisor, and forego being the creative genius?
19. How much can you afford to invest? How much can you afford to lose? How much money will you need to reserve to ensure your living standard?
20. How do your family and friends feel about you becoming a franchisee? Will they support your decision?

Some of these questions are easy to answer, while others may be more difficult for you to immediately give a clear and accurate response. For the people hoping to join the franchising business, correctly answering these questions is extremely important to future success and happiness. For franchising business executives, quickly and cost-effectively finding appropriate franchisees is the key to fast expansion and continued success.

How to avoid common mistakes in the selection process?

Many international franchises in China are in the rapid growth stage, during which selecting the right people is especially critical. Just like other businesses, the quality of talent selection decisions can often be affected by factors such as time pressure and shortage of perfectly qualified candidates. Decision makers must avoid pitfalls in the hiring process and not be overly eager to fill positions.

Whether a Chinese domestic or multinational company, joint venture, or partnership, the following are the six most common mistakes in the hiring process:

Mistake 1: Believing experience is the only attribute that matters, and that more experience will translate into more valuable and successful franchisees and franchise managers.

Mistake 2: Believing that a seasoned interviewer can detect shortcomings in an interviewee, relying solely on face-to-face interviews for hiring, and ignoring other factors.

Mistake 3: Believing that hiring clones in your own image with similar attributes will maximize the chance of success because it will create a harmonious team.

Mistake 4: Believing that a degree from a top tier University is the best predictor of success.

Mistake 5: Believing that all problems and shortcomings, including lack of knowledge, skills and appropriate behavior can be corrected through training.

Mistake 6: Believing the best candidates come from competitors and pirating them is the most economical and efficient way of expanding business.

EXPERIENCE: A franchising business will likely be a brand new experience for the applicant. The core factors of franchising are products, services and standard procedures. Therefore, the franchisee's past experiences tend to be quite divergent with the new system, and not necessarily a positive force to speedy success. In fact it may cause confusion or even conflict. Twelve years of previous experience could be just like one year of poor experience repeated twelve times. A person's potential is far more important than experience in determining success.

INTERVIEWS: I frequently hear from top executives how they have fired employees who had excellent interviews, but once on board, the employee was totally useless. In fact, we are all aware that it is quite common to see "interview stars" who give a great first impression only to be quite disappointing after being hired. Perceptive candidates can fool even the best hiring managers - mirroring exactly what you want to hear and only disclosing what they are willing to share. It is always best to make sure you check references, conduct your own in house tests, and get feedback from your staff, to separate the "interview stars" from the real stars.



CLONING: Hiring people who are like us is often perceived as a shortcut. We assume that similar people tend to understand us, like and get along with each other and that people with similar backgrounds can develop closeness and trust more easily. However, hiring those with similarities may not always lead to a harmonious teamwork culture, and instead could lead to internal imbalance and conflict. When too many people have the same advantages and disadvantages, it is like character inbreeding. Moreover, a hiring system based entirely on subjective appreciation of similar traits loses objectivity and effectiveness. The result is that we will miss those individuals with the most potential.

EDUCATION: The level of emphasis on education tends to depend on the hiring manager's own educational background and generally there four different scenarios: 1) people with a lot of education value other people with education; 2) people with a lot of education undervalue people with education; 3) people without a lot of education value other people with education; 4) people without a lot of education undervalue people with education. Each scenario has an easily understood reason behind it. While helpful, education itself undeniably can't guarantee excellent performance as it doesn't represent high wisdom, competence, high quality or potential. The ever-changing business reality requires that the franchisee continually learn and grow. This not only requires sharp thinking ability and the application of well-rounded professional knowledge, it also requires appropriate flexibility in order to adjust to new circumstances and experiences. Education background is not the silver bullet. Those who are willing and able to make full use of their capabilities tend to outperform those who rigidly hold on to past experiences and refuse to grow within a position.

TRAINING: The benefit of training courses often disappoints HR managers and executives. The reason is clear: most training courses are too general because most training topics are designed for large groups of people. Each individual's growth and learning needs differs. Effective training and coaching must be customized for each individual's motives and characteristics. Regular trainings could be used to teach new skills and enable potential, but they cannot quickly and effectively change an individual's attitudes and values. Moreover, in large training courses an individual usually cannot discover and develop their intrinsic qualities.

PIRATING: Many HR managers privately admit that pirating employees from competitors through headhunters is something all companies are doing, although no one is proud of this practice. First of all, the motives and reasons behind someone willing to give up previous benefits and seniority and to switch a job are suspicious. Is it because they are not doing well at the previous company? If so, this will likely result in the hiring of just another mediocre employee. Is it because they wish to acquire a higher salary? If money can buy loyalty, then another company can pirate this same employee with an even higher salary. The key issue is that an individual's performance is the result of both self potential development and work environment adaptation. Success in one position does not guarantee the same in a new environment, and switching jobs will not necessarily remedy mediocre performance. In the long run, developing an

inexperienced candidate with potential is often far better than taking on an experienced but mediocre has-been.

Addressing the Issues

Each franchisee is unique, and each person is unique. Among all different applicants and candidates, selecting the ones with the most development potential and success competency is the critical issue. The answer is to use an advanced psychometric profiling tool to comprehensively assess a candidate's personality and motives.

During the past 30 years, the science of personality has made substantial progress, with many new discoveries and techniques to more directly influence business operational management and people's career practices. Personality characteristics are true and measurable. Most of these characteristics become stable entering adulthood. A person's characteristics influence and lead his or her views, attitudes and judgments towards internal and external environments. Characteristics determine a person's values, and these factors are exactly what a hiring manager should value and strive to confirm.

The Waterville International proprietary Personality-Competency Analytics system ("PCA") is exceptionally reliable in forecasting career development and performance success. The PCA can answer questions like:

- "Does a candidate tend to follow rules and procedures or disregard regulations and persist in old ways?"
- "In making decisions, will a candidate consider different options carefully while keeping things in the right perspective?"
- "Is a candidate good at handling risks?"
- "Could a candidate understand the mission of the corporation?"

Traditional interview processes are simply not able to solve the basic problem of measuring personality, competency and skills



To match the ideal personality with your franchise, there are three important steps:

1. Precisely define the specific job position and responsibilities.
2. Precisely define the required behavioral competency, and listing those areas that one "must have", would be "nice to have" and "knockouts" in competency elements for hiring standards.
3. Use reliable and effective psychometric profiling and competency assessment tools to analyze the candidates' basic personality characteristics at a deeper level.

The following standards should be taken into consideration when selecting a personality potential and competency assessment system. It should be:

- Simple and easy to use: From a practical perspective, a company should choose a psychometric analysis tool that has been used for decades and proved to be effective, especially when profiling a large group of candidates. The questions and answers on the questionnaire should be clear, concise and easy to answer and choose. The assessment time should not be too long and the assessing tool should be user-friendly.
- Scientifically and realistically balanced: A personality-competency analysis system should fully express scientific accuracy and clearly reflect business complexity. The questionnaire should carefully consider the differences between cultures and locations.
- In-depth, thorough and professional analysis: The test should deeply assess personality characteristics, intrinsic motives, potential competency advantages and a person's ability for direction and enhancement. Consultation feedback must be provided by consultants with cross-culture business experience and a psychology background. Personality profiling is a tool, like a medical test, which cannot substitute for a doctor's diagnosis.
- Customer-oriented: Reports should be customized according to the specific company culture, the position and person in order to accurately predict the behavior and performance in the work environment. Additionally, there must be follow on support offered for personal consultation and ongoing support to companies and individuals.
- Validated through benchmarking: The analysis should quickly and economically set various overall measuring standards for specific departments or job positions. This will allow for an accurate present, and ideal, definition of best competency, and provide a consolidated standard for selection and identification.

Applying personality profiling to the selection of executives and managers in various professions and different job positions has resulted in remarkable outcomes. Quantitative analyses involving sales positions are especially impressive. Those sales managers selected using personality profiling typically out-perform others several times over, and have a significantly reduced turn-over rate. Standardization is the key to franchise businesses, thus franchises are ideal venues for applying personality based competency profiling and performance based benchmarking tools.

Not long ago psychometric analysis was conducted on franchisees in two selected growing franchise businesses, house painting and car repair garages. Some of the findings seem counterintuitive. The analysis indicated that top performers for house painting franchises were competitive and had a desire for success; were entrepreneurial and took calculated risks; were intelligent and pragmatic, and could work within established rules and follow procedures. However, it also found top performers were neither interested in listening to other people, nor helping them perform their jobs.

Top performing garage owners are characterized as strong and assertive communicators, who are competitive and not afraid of challenges, are results-oriented and enterprising, enjoy taking risks and not likely to give up until reaching their goals. However, when pursuing goals, they tend not to give much consideration to interpersonal relationships or the motives of others.

For owner-managers who have already joined the franchising business, a personality-competency analysis is a useful tool to accurately and objectively identify a person's innate advantages, areas for development and area for improvement. This will help franchisees more effectively leverage their strengths and circumvent weaknesses, and thus more happily and productively pursue the business objectives. As for selecting the right applicants, this information can help to select the right person the first time, and not waste resources on false starts.

A franchise is only as good as its owners, managers and employees. By applying the success potential analysis to the selection process, franchising enterprises can not only enhance the quality of their decisions to quickly and cost-effectively identify candidates with the best personality qualities, but also can establish the key characteristics and potential behavior competency elements that drive business growth and success.

[▲ Back to Top](#)

[Contact Dr. James Song at: james.song@watervilleinc.com]

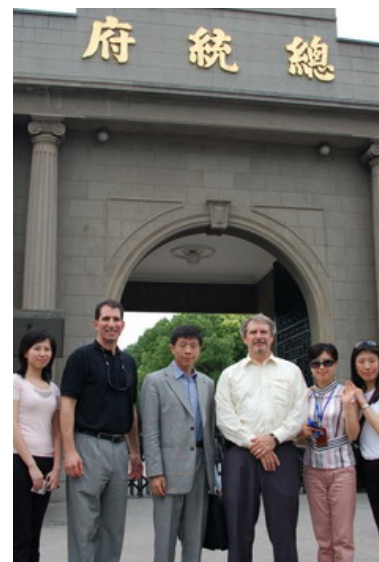
www.watervilleinc.com

Human Capital is the Key to the Development of China's Industrial Parks

Nanjing High Tech Zone ("NJHTZ"). July 2007

To stimulate local and national economic growth, China has set up many technology and industrial parks throughout the land. The aim of such endeavors has been to attract capital and technological investments from outside. Even though the interest in China continues to increase, park officials spare no effort to attract the best investors by offering policy incentives. Tax breaks are indeed attractive, but more importantly, foreign investors want to make sure that they are working with local people who understand international business.

In July, 2007, a Waterville International delegation, with CEO Dr. James Song, Managing Director Michael J. Rosenthal, and Senior Consultant Marshall Wiseman, visited the Nanjing High Tech Zone ("NJHTZ") to provide training to government officials. Founded in 1988, the NJHTZ is one of the most established technology focused industrial parks in China designated by the central government. Nanjing, the provincial capital of Jiangsu Province and a former Capital of China, is a historic city and has a strong academic foundation with 48 Universities. The city is strategically located, connecting the vibrant Yangtze Delta and the vast China's central in-land. Major infrastructure improvements are planned for completion within three years, including railroad, high ways, metro lines crossing the Yangtze River, and a new international airport.



The Waterville delegation provided recommendations on issues ranging from cross-cultural communication to international business development, critical factors in effectively branding and marketing the NJHTZ to the global business community. During the session, Dr. Song emphasized the need for long term policies of supporting talent development to ensure the smooth and sustained growth of the NJHTZ. "Without sufficient talent capital developmental emphasis, the NJHTZ will be faced with a shortage of qualified management, and growth will be held back. Understanding what motivates people and what the reasons are for their coming and staying is essential, and we must give people the tools and confidence to serve and succeed." The delegation discussed with top park officials plans for talent and business development projects including skill training, management education, and business relations development.

▲ [Back to Top](#)

[Contact Michael J. Rosenthal at: mj.rosenthal@watervilleinc.com]

www.watervilleinc.com