

# United States of America



*Working for America*

DISCOVERING THE "TOP 11" AREAS FOR HIRING PROCESS IMPROVEMENT  
AT THE SMALL BUSINESS ADMINISTRATION

## IDENTIFYING AREAS FOR IMPROVEMENTS IN THE HIRING PROCESS AT THE SMALL BUSINESS ADMINISTRATION

### Project Overview

The Small Business Administration (SBA) responded to the challenge to partner with the Office of Personnel Management (OPM) to assess SBA’s hiring process and devise a roadmap to improve the way in which SBA prepares its vacancy announcements, seeks viable applicants, and selects the best qualified. This first courageous step uncovered realities about habits that had solidified largely unnoticed over the years. It also revealed heartening strengths and opportunities to improve the hiring process.

### Approach

An OPM-SBA interagency team planned the assessment effort and gathered information about the hiring process with the goal of introducing immediate improvements, especially in its hiring timeliness.

Internal documents and interviews helped the team create a step-by-step process map based on the agency’s actual practices. This map was compared to the OPM 45-day hiring model and streamlined where appropriate. Most of the modifications that stemmed from eliminating redundant reviews shortened the process considerably.

Focus groups were drawn from a group of 65 SBA employees representing diverse opinions and preconceptions and a range of staff and management levels including HR staff, hiring managers, and new hires to create a well-rounded picture of the hiring process as it really was. The focus groups convened at SBA headquarters and a field office, and via teleconference.

To calculate the time to hire, the assessment team reviewed the data gathered in four SBA sources: a Federal Human Capital Survey, a 2005 Action Plan for implementing SBA’s strategic plan, Official Personnel Folders (OPF), and a Recruitment Summary Report. The recruitment summary report served only as a reference; the report was based on a different model than the present hiring system so the data were not used to map the hiring timeline. To calculate the time to hire, then, the team used data from the Closed Recruit records for 2005 (there was only a small volume of hiring that occurred during this timeframe)

### Challenges

Change is possible and the energy to do so is there. SBA has determined the time is right to eliminate ingrained habits. Here are the “top 11” messages SBA uncovered during the data collection phase and either has addressed or placed in the pipeline:

#### *“It takes too long”*

Nearly every interviewee – HR staff and hiring managers alike – pointed to the time involved in obtaining approvals as an impediment to efficient hiring. SBA honed in on that area of frustration and, even at this early stage in its makeover, has already improved the process. First, SBA decentralized the role of the Compensation and Benefits Committee (CBC), now called the Strategic Transformation and Review Board (STRB), to allow managers more decision-making authority and therefore more ability to fill their hiring needs more independently. Program offices now develop hiring plans and the STRB reviews them. If the STRB approves the plan, the program office can hire without further approval.

This streamlining of hiring authority is a great stride forward. Yet, this modification of STRB’s role is not known widely enough and some HR staff and managers are still uncertain. The challenge is in communicating the new role of STRB and the flexibilities now allowed.

#### *“Keep us in the loop”*

As with other departments and agencies that have undergone such introspection, SBA identified particular communication problems as a key barrier to an efficient hiring process. Communication that is incomplete, overly complex, tardy, or otherwise inadequate can provoke tension and jeopardize relationships among HR staff, the STRB, and Field Operation officials. Miscommunication also delays hiring decisions by weeks, even months. In one rare circumstance, miscommunication delayed a hire by years. In addition, hiring rules change frequently but are not sufficiently communicated.

Applicants experience frustrations with communication as well. Once someone has applied for a position, the applicant is virtually cut off from further information about the status of the application or the results of an interview.

*“Budget is the number-one driving force”*

Budget limitations were recognized as a challenge to the hiring process. Even before this assessment effort with OPM began, SBA had already improved its hiring process by altering the STRB’s role in budget approval but preserving its accountability to the hiring process. The change meant that STRB approves an overall hiring budget rather than a series of individual budgets allotted for each hire. Managers now have the authority to hire without STRB approval of each individual hire. Again, though, too many are still unaware of this authority and continue to operate under old assumptions.

*“The senior HR staff all left”*

Many senior HR officials in SBA are retiring or accepting buyouts. In the wake of that exodus, budget constraints have precluded refilling those vacated positions and not all roles and responsibilities have been redistributed. Another reason many of those vacant positions have not been refilled could be poor succession planning that leaves unforeseen gaps in the hiring process timeline.

*“Who is responsible?”*

HR has reorganized the manner in which its staff assists various regional offices. The reorganization has departed from the model in which an HR specialist would be assigned a specific regional office to a model in which HR generalists serve all offices. The change was intended to make HR services available more readily. Managers, however, had come to rely on a single point of contact who knew the region’s special needs. HR specialists themselves were accustomed to working closely with fewer organizations. The reorganization of the HR specialists is an organizational cultural change for SBA. People require time to adjust to cultural changes like this, and to understand that the same services are available to them not from just one staff member but one of many.

*“We get huge rosters”*

There are advantages and disadvantages to receiving a great number of applications to process. On one hand, the large volume may bring many well-qualified applicants to mean a manager there may be a greater chance of being able to choose from many qualified applicants. But large numbers of applications can also be a disadvantage because of the increased workload it creates. In addition, because of the seemingly en masse retirement of HR professionals with many years’ experience and the reduced availability of training for new HR staff, there may not be the expertise at headquarters to be as selective as necessary to screen applicants and create a quality roster. Consequently, hiring managers find themselves reviewing dozens of applications that may include qualified and unqualified individuals.

*“People who are quite skilled don’t get ranked”*

HR staff and hiring managers are often frustrated by that uneven screening of applications. Inadequate time, training, and knowledge of the technical specifications and other requirements of jobs within SBA may reduce screening to a search for “buzz words” to prescreen applications – that is, terms and phrases related to the small business industry. If the buzz words don’t appear in an individual application, the application is passed over. This “bingo” technique contributes to the problem of qualified individuals being overlooked and unqualified candidates being placed on the roster.

*“Roles are not clearly identified in the selection process”*

SBA hiring managers typically select a panel of experts to rate the qualified candidates. The selection panel certainly provides value, but managers reported that convening the panel slows the hiring process because experts may be difficult to identify or are unavailable due to travel or other obligations. That can bring the interview process to a screeching halt while alternate advisors are assembled. In addition, many of the managers who participated in the SBA’s hiring process assessment were unaware that they do not have to interview all candidates and can interview only the top few.

*“I lost two excellent prospects because other agencies offered incentives and SBA wouldn’t”*

Hiring flexibilities and incentives that are in place are drastically underused because not enough managers know about them or trust their value or utility. For example, category rating is insufficiently understood and therefore is used infrequently. During SBA’s hiring process assessment, team members learned that high-level managers have adopted a conservative approach to hiring and are reluctant to use hiring flexibilities. That reluctance is not unfounded: a GAO report had criticized personnel practices at SBA and created a hypersensitivity to any activities that might be questioned. That hypersensitivity transmitted to the various regions and up and down the ranks and the reluctance persists. Consequently, SBA stands to lose excellent candidates to other agencies that have similar hiring needs but offer incentives such as student loan repayment and relocation expenses. Although budget constraints don’t allow SBA to offer every incentive every time, using incentives more often would help SBA become more competitive with other agencies.

*“Most people have automated systems [and SBA doesn’t].”*

HR staff maintains an automated applications database but cannot use it to process applications. Consequently, HR staff processes applications manually from hard-copy print-outs. This method creates extra paperwork, slows the process, and leads to unnecessary error and loss. Even after a candidate has accepted the offer and started the job, SBA’s dependence on paperwork slows the process. For example, new hires have reported delays in transferring their prior 401(k) funds to the federal government’s Thrift Savings Plan or transferring their former Federal employee records to SBA. New hires are required to fill out numerous forms with repetitive information.

*“We need an orientation process. I would like to feel inspired by SBA’s mission.”*

Orientation for new hires is reportedly inconsistent. New hires say they want to know more about their jobs’ place in the organization, their responsibilities, and how their responsibilities relate to those of other employees, and about SBA itself. However, some new hires have reported waiting six months before they received any orientation to their new work environment. The lack of an orientation unfortunately can create a feeling of disconnect in new employees and contribute to less motivation and performance of employees.

### *Roadmap for Success*

The journey to improvement has been challenging and the road long and winding. Yet, in the midst of discovering areas of concern, SBA is poised with a direct, bold resolution: an eight-point blueprint for success. This blueprint identifies areas for improvement to enable SBA to make its hiring process more efficient and improve the overall work environment for hiring managers, HR personnel, and new hires.

#### *• For a timely approval process:*

*Clarify the role of the STRB in the approval process.*

To achieve this milestone, SBA would train and educate hiring managers and HR staff about the STRB’s newly decentralized role and distribute updates to hiring managers and HR staff whenever the STRB requests changes. In providing “manning documents,” SBA could inform hiring managers of the STRB’s requirements for Headquarters and field offices that will serve as a model for hiring decisions. Once the entire staffing plan is approved, Human Resources and hiring managers will have their own authority to recruit and hire for vacant positions. In addition, OPM’s 45-day hiring model is a useful guide for adjusting SBA’s hiring timeline at any point of the process.

#### *• For improved communication:*

*Empower all SBA participants to share information.*

When communication is valued, employees are empowered to share information readily and frequently. Given adequate time to meet and discuss hiring needs, HR staff can learn about the business of various SBA offices and the qualities of individuals who perform well in an SBA setting. That enhanced communication will enable knowledge to reside not with a few, but with all.

Recommendations for the STRB include:

- Communicate to the HR staff and managers the status of hiring plans and recruitment requests that have been submitted and explain any rejection of those plans and requests.
- Notify HR staff and hiring managers about whether a position may be filled prior to submitting a recruitment request. That way no one will waste time developing a job description and recruitment plan if they aren’t necessary. The STRB now reviews hiring plans according to program office. If its hiring plan is approved, the program office can hire without further STRB approval.
- Develop a hiring manual that explains the hiring process step by step. The manual would clarify SBA’s hiring process for the STRB, hiring managers, and HR staff.

*Improve communication among applicants, HR, and hiring managers.*

Developing an automated communication system would efficiently inform applicants of the status of their application. Applicants could automatically be mailed postcard status reports or could access an automated online system. Once a candidate is selected, the online system could send the candidate an official written job offer.

The OPM resume builder and SBA announcement could outline the specific qualifications required for the job and applicants could more readily decide whether they meet the requirements. Giving that ability to applicants allows them to either weed themselves out or apply for the job more confidently. Making the application process consistent across agencies – for example, consistently using paper applications over online applications, or vice versa – and storing applications in a government-wide database would enable any agency to access applicant data.

• *For a hiring budget that aligns with Human Capital Plan*

To align a hiring budget with the Human Capital Plan, the STRB would continue to approve the overall hiring budget and managers would be given hiring authority for their offices. Hiring managers would strategically allocate budgeted funds to providing hiring incentives for prospective employees. It may take a few years for a hiring incentives plan to gather strength and provide meaningful incentives to more candidates, but a strategic plan allows progress toward that goal.

• *For an effective HR organization and to reduce the effects of losing HR expertise*

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• *For an effective, efficient applicant screening process*

Reconfiguring the application screening and assessment process can tighten the selection process and ensure that rosters include only the most qualified individuals for the position. The screening process could be changed in a number of ways, such as allowing managers to initially screen applicants and allow only qualified ones to proceed. Training would teach HR personnel about SBA's mission and programs and therefore why particular skills and qualities are necessary. That would help HR personnel to use category rating – an efficient and time-saving method of selecting qualified candidates.

Revamping candidate assessment could help improve selection as well. Focus group participants suggested that HR staff and hiring managers collaborate on specific KSAs and competencies required for positions and that applicants get clear directions on writing their KSAs.

• *To attract the best by using hiring flexibilities*

Educating HR staff and managers in workshops or online training about hiring flexibilities and incentives can help SBA spread the word about a layer of authority that is no longer necessary: the STRB no longer must approve all hiring flexibilities on a case-by-case basis. Now, after the STRB approves the overall hiring budget, managers may apply hiring flexibilities themselves based on their budgets. Convincing managers that the previous layer of authority has been removed can streamline the hiring process agency-wide and enable the SBA to secure a particularly desirable applicant.

• *To Reduce the Paperwork*

Adopting an standardized, automated hiring system would reduce the amount of paperwork at SBA HQ and in the field offices. SBA could partner with another agency already has an effective automated system and learn to use it to best streamline its hiring.

• *To smooth a new hire's transition to a new job at SBA*

Conducting a thorough and meaningful orientation for new hires at SBA based on “best practices” of other agencies can educate new employees about the organization's mission and their part of accomplishing that mission. When new employees know about their jobs, various administrative issues that personally concern them – such as health benefits, savings plans, pension plans, and life insurance – and the physical facilities in which they work, they can adjust more smoothly and absorb information that enables them to be productive more quickly. That boosts the chance that the new hire will want to stay with SBA.



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