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HUMAN RESOURCES

How to Minimize the Risks of Hiring Outside Stars

By [BORIS GROYSBERG](#), [LEX SANT](#) and [ROBIN ABRAHAMS](#)

Talent! It's the rallying cry of hiring managers and CEOs everywhere. In good economic times and bad, companies compete for the best, the brightest, the hardest-working -- the stars who outshine the merely competent.

The Journal Report



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But hiring top talent is not without risk. There is always the chance that the star won't be able to replicate his or her success in a new environment. Managers need to think about how portable a job candidate's performance is likely to be -- and to a large degree that depends on the job. The more star workers' performance depends on the people around

them and on their familiarity with their company's processes and culture, the less likely they are to perform at the same level on a new stage, at least at first.

To examine the link between job description and performance portability, we looked at a special kind of free agent -- professional football players. The National Football League labor market is an ideal natural laboratory: All "companies" (teams) are engaged in identical work, the positions are the same in all teams, success can be quantified, and employee moves are a matter of public record.

More Management News & Ideas

WSJ.com has a [new section devoted to management issues](#), with expanded coverage. Highlights this week include:

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Podcast: Charles Elson, governance expert and board member, on preparing for crisis

We compared the performances of star NFL punters and wide receivers who switched teams with the performances of counterparts who did not.

Who's Portable?

The performance of wide receivers is governed by complex interactions among teammates. Receivers not only must have sufficient speed and agility to escape defensive players and catch the ball, they also must coordinate the distance, direction and timing of their routes with quarterbacks who themselves depend on

several teammates to protect them from charging defensive players. Punters, on the other hand, engage in the comparatively simple act of kicking a football. How far a punter kicks the ball is almost completely dependent on the player's individual strength and skill.

Are punters' talents, then, more portable than those of wide receivers? The data indicate they are.

On average, the wide receivers in our study declined in performance as the years took their toll. However, those who moved saw their performance drop much more steeply in their first year with a new team: The number of receptions, yards gained and touchdowns all declined more than the totals for those who stayed with their teams. Performance stabilized after a year, suggesting that after a period of adjustment the players were able to build the kind of cohesion with their teammates that had served them so well at their old teams.

For Further Reading

See these related articles from MIT Sloan Management Review.

Rethinking the "War for Talent"

By Deepak Somaya and Ian O. Williamson (Summer 2008)

An implicit assumption of the "war for talent" perspective is that departing workers are lost to competitors. Yet employees also leave to join "cooperators," such as customer companies, suppliers and partners, and such movement can facilitate the creation and strengthening of business relationships with those organizations. <http://sloanreview.mit.edu/smr/issue/2008/summer/02/>

Making People Decisions in the New Global Environment

By Claudio Fernández-Aráoz (Fall 2007)

U.S. and Western European companies are finding it increasingly difficult to attract the best global talent, especially at the senior-executive level.

<http://sloanreview.mit.edu/smr/issue/2007/fall/09/>

Getting the Right People at the Top

By Claudio Fernández-Aráoz (Summer 2005)

Companies can overcome the difficulty of hiring top talent by following three basic principles.

<http://sloanreview.mit.edu/smr/issue/2005/summer/12/>

Intellectual Capital = Competence × Commitment

By Dave Ulrich (Winter 1998)

Commitment and competence are embedded in how each employee thinks about and does his or her work and in how a company organizes to get work done.

<http://sloanreview.mit.edu/smr/issue/1998/winter/2/>

Loyalty in the Age of Downsizing

By Linda K. Stroh and Anne H. Reilly (Summer 1997)

Companies appreciate loyal employees because they are highly committed and reliable, further organizational goals and are unlikely to seek jobs elsewhere. But as companies downsize and restructure, managers are becoming more loyal to their careers than to their employers.

<http://sloanreview.mit.edu/smr/issue/1997/summer/7/>

of this approach for the hiring company is that a star who arrives with a team can just as easily leave with the same team. The star who has to forge new connections will have stronger ties to his or her new company.

Punters, on the other hand, can take it with them. No significant differences in performance were found between punters who changed teams and those who did not.

Hiring Strategies

The results of our study suggest there are some positions for which talent can be imported and others that are better filled from within.

At investment banks, for example, retail brokers, who handle individual clients, work primarily on their own. Institutional salespeople, who sell to major investors such as state retirement-savings systems and mutual-fund firms, are more likely to work in teams and to work more closely with research analysts and investment bankers. Retail brokers can easily be hired from the outside; institutional salespeople should be developed from within, and efforts should be made to retain them.

Managers who hire stars from outside for positions that require extensive teamwork and knowledge of the company should expect the newcomers to take a while to get their bearings, and should help them make the connections they need to thrive.

The performance of some stars relies mostly on a few people they work closely with, rather than broader connections to their company. Some stars ease the transition to a new company by bringing at least some of these team members with them. For example, a surgeon may take an entire operating-room team to a new hospital, and high-powered academics often take their research assistants with them to a new university. But legal issues, including noncompetition agreements and intellectual-property rights, may hinder the mobility of some teams. Another challenge

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