

## **Q&A with Claire McTaggart, Founder of Square Peg a Data-driven Hiring Platform allowing Employers to Find and Match the Right Talent to the Right Jobs**

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### **CEO CFO: Ms. McTaggart, what is the concept behind Square Peg?**

**Ms. McTaggart:** SquarePeg is a data-driven hiring platform that allows employers to find and match the right talent to their jobs, based on more than just resume data. There are a lot of factors that make an employee thrive in a particular job or environment that can't be found on a resume or in a traditional hiring process. SquarePeg helps employers identify what skills, experience, and softer attributes are most important for the role, and sources highly qualified applicants in a matter of days.

All candidates on SquarePeg's platform have been assessed across hundreds of indicators of fit, so our custom algorithms have a rich dataset to help identify the top talent for a job and invite those candidates to apply. Hiring managers receive curated batches of interested candidates who are likely to thrive, with the data to back it up. And because we remove the bias of a traditional resume review, this helps employers we work with build a more diverse and equitable pipeline of talent.

Our main mission is to reduce the guesswork and inefficiencies that exist in how most companies hire today, which means less time spent reviewing resumes and more insights on only the top talent.

### **CEO CFO: How do you identify what you call fit?**

**Ms. McTaggart:** For so many companies today, "fit" gets translated into likeability during the interview, an approach that relies on individual biases and hiring decisions that don't involve much data. The problem there isn't just that the outcomes might not be great, but employers don't learn from their decisions over time because the data, patterns and trends simply aren't available.

SquarePeg candidate assessments quantitatively measure hundreds of indicators, including soft skills, behavior, preferences, and incentives as well as hard skills and experience. We measure workplace personality (looking at traits such as strategic thinking, critical thinking, detail orientation and orderliness) and then how a candidate responds to different environments, conditions and incentives. This allows us to really drill down on the most qualified and relevant candidates for a role. This allows us to help companies understand what factors lead to successful hires specifically for their roles and teams.

One aspect that usually surprises hiring managers is that using this type of data actually improves the diversity of their candidate pipeline. The less you rely on heuristics from a resume, and the more you drill into the match data, we are able to show candidates who might not have applied otherwise or might have been overlooked.

### **CEO CFO: What can you see from data about a candidate that less knowledgeable people do not take in the mix?**

**Ms. McTaggart:** Because we have assessed thousands of candidates across job functions, industries, and skills, we have rich comparative data that can help employers differentiate between candidates on a much deeper level. This helps employers understand what makes a candidate a good match or a great match, and the tradeoffs between candidates.

Many of our clients also use this data to help identify rising stars, who may not have as much specific experience, but with training will likely thrive in a certain position. We offer our assessments to hiring managers as well, so we can measure the delta between what a hiring manager is looking for and how each candidate match stacks up.

**CEO CFO: Do jobs seekers, as well as companies looking for people, turn to you because they understand the difference? Are they often surprised at the comprehensive approach at SquarePeg?**

**Ms. McTaggart:** Our approach is based on the premise that if you spend a little more time up front understanding and measuring what you are looking for, you will get higher quality, more personalized results without having to search. For job seekers, this means they can come to SquarePeg, take an assessment, receive a report explaining all of their results, and only be notified when there is a high-fit job opportunity that matches their criteria. Most job seekers prefer this because they are passive (currently employed) and not cruising on job boards actively applying. They get notified for top roles that they might not have found otherwise, and they get to understand why they might be a good fit for that company, team, and role. Because our process is so curated, candidates have a high chance of getting to the interview, so we have a very high response rate.

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For companies, the comprehensive approach helps them improve candidate quality and reduce time spent searching for and reviewing candidates. Onboarding takes less than 10 minutes, but the reporting we offer will be much richer than a job board or even what a recruiter could offer. This is somewhat new in the hiring space, but if we look at the role analytics are playing in marketing, sales, and other areas of the company, this is quite a natural progression. Most companies are starting to think about how they can harness machine learning algorithms and the role of data-driven hiring in their own hiring processes. We are also very transparent about how our algorithms work, and provide diversity data with all matches so employers can understand what goes into the matching process.

**CEO CFO: What is your geographic range? What is your range in terms of types and sizes of companies and positions?**

**Ms. McTaggart:** SquarePeg's main area of focus is business hires, or non-technical roles, as the soft-skill element is the hardest to get right when hiring for these roles. This includes marketing, sales, finance, operations, customer experience, or roles that you would see in the corporate part of the organization. We are national, but with our largest pool of job seekers in New York and other major cities. We work with all company sizes from Fortune 100 enterprises to startups, as long as the roles are within our core areas of focus. We have helped new tech startups hire their first sales rep or head of marketing, while also working with large enterprises to help scale their entire marketing or sales departments.

**CEO CFO: Was what you call business hires the focus from day one or did you recognize over time that was a good niche for you?**

**Ms. McTaggart:** It has always been our focus. While tech roles are the most in-demand, it's actually the soft skill intensive roles that are hardest to get right (with sales and business development at the top of the list according to LinkedIn). There are great companies that do coding exams for tech hires, and also a few platforms specifically for hiring creatives which puts an emphasis on the portfolio. SquarePeg focuses on business and corporate hires because it's where we can deliver the most value, and there aren't any other platforms that focus exclusively on these roles (even though they make up most of the corporate organization). We've branched out a bit to include hybrid roles like product managers and data analytics specialists, but sourcing for marketing, sales, operations, HR and customer experience is really at the core of what we do.

**CEO CFO: Are you able to work with your client companies to perhaps tweak what they are looking for or understand that in general the market is in a certain place and perhaps the company is not? How are you able to work with your candidates as well?**

**Ms. McTaggart:** Working with employers to understand their candidate pipeline and performance is core to our analytics offering. Because we are a two sided marketplace, we collect data on how job seekers respond to the positions they are matched with, and we can aggregate and feed that data back to employers. For example, if women or diverse candidates are less interested in applying than their counterparts, even if it's a high match, we have data on why, and can then work with the employer to change the job description. We can also quantify how the role is perceived relative to other similar roles. Lastly, we track the data on which candidates make it to the interview, so we can help companies learn what makes

a good hiring decision over time, by role or department. This can be useful when training new recruiters or hiring managers. For example, soft skill traits might lead to better outcomes for an incoming class of sales reps, while hard skills and industry experience might lead to better outcomes for a marketing role. Our algorithm gets smarter the more it learns from human decisions, so it's critical that we feed those insights back to the company so they can learn over time what leads to better performance. Helping our clients gain more insights from the data we collect is central to our offering.

**CEO CFO: What has changed in your approach over time?**

**Ms. McTaggart:** I would say that what has changed the most since starting this company is realizing that this is a long term effort that requires an educational component. Companies have been posting jobs and reviewing piles of resumes in almost the same way for the past 50 years, and there are dozens of companies offering the job board model. Applicant Tracking Systems can provide a crude keyword filter, but still require humans to make judgment decisions off a quick resume scan. SquarePeg is coming in and asking HR teams to prioritize and look at different metrics and sources of data, and to consider candidates that might have been overlooked from purely a resume perspective. What we've realized is unless people throughout an organization can see how this leads to better outcomes, they won't adopt it. So we've been including more educational content into our demos, and added account managers for all clients. We've also done more work to try and get alignment between hiring managers and recruiters, as that's critical for success. When you are building a technology platform, the worst thing you can do is assume everyone will understand it and adopt it, so our goals going into the New Year are to really focus on intuitive design and hands-on service to our end-users.

**CEO CFO: How do you reach out to both sides of the equation?**

**Ms. McTaggart:** We are lucky in that the job-seeker side of our marketplace grows pretty organically. Our offering is simple for them, when they join our platform they get a free report with their results, and will only get contacted for high-fit jobs so they never have to search. Most job seekers who join SquarePeg share their reports or tell their friends, so it's largely referral based. We do use ads if we need to acquire more job seekers outside of major cities for a specific client. Most of our outreach is to companies, which are harder to get through to given the sheer amount of new HR offerings. We still depend on referrals from our clients, but have branched into content marketing, speaking events, conferences, and some direct sales.

**CEO CFO: How is business?**

**Ms. McTaggart:** Business is great heading into Q1. Hiring is a seasonal business, so August and December are always slower months, but the economy is doing well, and companies are devoting a bit more budget to modernize the way they hire. In the past year SquarePeg has started working with more enterprises, which has been a great move. There are many clients who are out there looking at the ways that they can improve data collection, automation, and ultimately trying to focus more on the high-value activities of recruiting.

**CEO CFO: What do you look for in your people? How do you know when someone is a good fit for Square Peg?**

**Ms. McTaggart:** We are very adamant about using our own process to find our own people. First, we really have to sit down and think about the environment that we offer. For example, we are a young tech startup. We do not have market rate salaries or benefits that large companies can offer. However, we do allow people who come and work with us to be very hands-on and have a say in the direction of the company. It is very entrepreneurial, and even if you are an intern at SquarePeg, your opinions and work can shape our products and services. We also really need people who are a little bit scrappy and are willing to roll up their sleeves. So before we hire, we take our own assessments and determine the traits and soft skills needed for the job, team, and our company at large. And even when we make mistakes, we go back to the data and try to learn from it.

**CEO CFO: Do you find the trend is perhaps away from services like Monster or Indeed to the more personal approach or is it more of the discerning people that recognize what SquarePeg offers?**

**Ms. McTaggart:** Long term there is a slow movement away from the traditional job board. The market is full of high volume providers that rely on job seekers spending time to search through their sites and spend hours applying, based on minimal data. And anyone can apply to any job, regardless of qualifications, so what you get is a lot of noise and a lot of clutter, and very bad filtering. Both companies candidates find this to be a painful process when polled, but the high volume system still dominates. New technology is helping us to move from systems of searching and filtering to personalized and curated discovery. The hiring technology of the future will power personalized suggestions backed by data, the same way your music, movies, or shopping might be suggested based on learning algorithms. SquarePeg is working to be at the forefront of this, but taking into account that the process we build must be inclusive and reduce bias.

**CEO CFO: What is ahead for you?**

**Ms. McTaggart:** Our focus for 2019 is to build out more insightful analytics that can help hiring teams make smarter decisions. We are a sourcing tool, and companies that have signed up with us do so because they get a curated, diverse pipeline of quality candidates. But that doesn't help them learn what makes a great hire across departments and roles. We want to empower recruiters and hiring managers with more insights on who they are selecting, how they are selecting and what the trends are over time, so they can act as more of a strategic function to the rest of the organization.

**CEO/CFO: What, if anything, might someone miss when they first look at SquarePeg Technologies?**

**Ms. McTaggart:** We don't do a lot of marketing, so people are usually surprised to see the science behind what we do. We have a team of Industrial Organizational Psychology PhDs and data scientists that rigorously work on our assessments and matching technology. But the end user doesn't see that, the hiring manager just sees the match scores and candidates. We are starting to publish some of our studies into white papers that we will incorporate a bit more into our sales process.