

"More than Money - a cautionary tale of Poor Hiring"

by Jason Burke of Turning Point, Inc.

Let's face it - every company has at least one. For the sake of this story, let's just call him Billy - Billy the bad employee. Billy joined the firm last year with some nice credentials on his resume. He went to a good school and has worked for other quality firms (although for short periods of time). But now, after a year with World Wide Wickets LLC, Billy is not producing the way he should and he's dragging his team down right along with him. Billy the bad employee is a Bad Hire. However, poor hiring decisions often have consequences for the employer that go beyond just the monetary factor.

Before we delve into those, let's look at those places where your firm's money has gone with Billy:

- Cost of advertising
- Recruitment and/or relocation costs
- Salary paid, commissions, insurance & benefits
- Training

Additionally, since Billy was a Bad Hire, his costs also include:

- Lost sales/production
- Severance payment and/or Outplacement
- Re-launching the recruitment process

Unfortunately, the company will also face additional costs that are less material but will affect the bottom line. According to Dr. John Sullivan, mediocre employees also have an effect on your company's time, effort, customer satisfaction, morale, and initiative.

- Mediocre employees require "high maintenance" and more management attention and worry.
- Time spent on "problem" employees can't be spent on the best employees.
- Mediocre hires in management and team leader positions have a multiplier effect on the productivity of others.
- Mediocre employees must attend more training. So who's doing their work?
- Mediocre employees send a message to your customers that you are getting weak or don't care about them.
- Mediocre employees have fewer ideas and distract you from where you really need to be going.
- Superstar employees often resent being on the same team with "losers."

The list goes on and on...

According to Gary Cornick, President of PeopleWise, "many employers are spending more time and effort in the selection process and are starting a program of pre-employment background checks in order...to protect company assets against the cost of a poor hire." Ultimately, the company must expend a little more effort in attracting and retaining top talent. They must set the bar for their firm and strive to become an "employer of choice" through reputation, benefits, and work environment. Just remember, a couple of bad "Billys" on your team can cost you a bundle while your superstars make you rich.