

**COST OF MAKING THE WRONG HIRE**

COMPLIMENTS OF  
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	A	B	C	D
1	<b>The most major components of making a wrong hire boil down to time and money.</b>			
2	Below, we have provided a working spreadsheet which you can use internally to navigate your situation based on department and or specific position.			
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6	<b>Item</b>	<b>Monthly Cost</b>	<b>Times (x) Months Worked</b>	<b>Total Costs</b>
7	Salary	\$ -		#VALUE!
8	Bonus	\$ -		#VALUE!
9	Commission	\$ -		#VALUE!
10	Advertising Cost	\$ -	0 \$	\$ -
11	Job Boards	\$ -	0 \$	\$ -
12	Print	\$ -	0 \$	\$ -
13	Employee Referral Fees	\$ -	0 \$	\$ -
14	Relocation	\$ -	0 \$	\$ -
15	Sign-On Bonus	\$ -	0 \$	\$ -
16	Health Insurance	\$ -	0 \$	\$ -
17	Employer Paid Taxes	\$ -	0 \$	\$ -
18	401k	\$ -	0 \$	\$ -
19	Cost Of Writing The Job Description	\$ -	0 \$	\$ -
20	Career Fairs	\$ -	0 \$	\$ -
21	Trade Shows	\$ -	0 \$	\$ -
22	Reference Checking	\$ -	0 \$	\$ -
23	Education Verification	\$ -	0 \$	\$ -
24	Criminal Checking	\$ -	0 \$	\$ -
25	Drug Testing	\$ -	0 \$	\$ -
26	Aptitude Testing	\$ -	0 \$	\$ -
27	Entertainment	\$ -	0 \$	\$ -
28	Office Equipment	\$ -	0 \$	\$ -
29	Time To Review Resumes	\$ -	0 \$	\$ -
30	Time To Interview Unqualified Candidates	\$ -	0 \$	\$ -
31	Travel	\$ -	0 \$	\$ -
32	Cost Of Lost Sales	\$ -	0 \$	\$ -
33	Company Reputation	\$ -	0 \$	\$ -
34	Cost Of Leads	\$ -	0 \$	\$ -
35	Management's Time	\$ -	0 \$	\$ -
36	Brochures And Training Support Materials	\$ -	0 \$	\$ -
37	Automotive Benefits	\$ -	0 \$	\$ -
38	Gas	\$ -	0 \$	\$ -
39	Auto Insurance	\$ -	0 \$	\$ -
40	Oils/Tires/Maintenance	\$ -	0 \$	\$ -
41	Interview Time	\$ -	0 \$	\$ -
42	Training Time	\$ -	0 \$	\$ -
43	Communication Expense	\$ -	0 \$	\$ -
44	Cell	\$ -	0 \$	\$ -
45	Email/Mail	\$ -	0 \$	\$ -
46	Fax	\$ -	0 \$	\$ -
47	Salary For	\$ -	0 \$	\$ -
48	Human Resources/Internal Recruiter	\$ -	0 \$	\$ -
49	Hiring Manager	\$ -	0 \$	\$ -
50	Unemployment Compensation	\$ -	0 \$	\$ -
51	Severance Pay	\$ -	0 \$	\$ -
52	Legal	\$ -	0 \$	\$ -
53	Employee Morale	\$ -	0 \$	\$ -
54	Overtime Paid While Position Is Not Filled	\$ -	0 \$	\$ -
55	<b>Total Cost of a Wrong Hire</b>	\$ -	0	<b>#VALUE!</b>
56	<b>Business Impacts of the Wrong Rear Ends in a Position:</b>			
57	<ul style="list-style-type: none"> <li>• <b>Lost productivity</b> — a new hire who produces in the bottom quarter of employees in a position can produce between 25% and 60% performer. The quality of their work may even be lower than the volume of their output.</li> <li>• <b>Reduced revenue</b> — if the new hire happens to be in a revenue-generating or revenue-impact position, the loss of revenue could be significant.</li> <li>• <b>Lost innovation</b> — in a fast-moving world, high rates of innovation are critical to maintaining competitive advantage. Organizations with employees who are resistant to change and whose work may actually distract other employees.</li> <li>• <b>Customer impacts</b> — customers know when they are dealing with a weak employee, so hiring a subpar employee into a role that it can measurably reduce sales, customer satisfaction, and increase customer turnover.</li> <li>• <b>Error rates</b> — poor performers make many mistakes generating work that must be redone. Weak employees may also cause more accidents to themselves and others.</li> <li>• <b>Slower time-to-market</b> — weak employees are slower in both their work and their thinking. As a result, they can slow the progress especially in important areas like product development.</li> <li>• <b>Competitive advantage</b> — hiring weak employees sends a message to competitors that you are getting weak. This might encourage a competitor to become more competitive and confident.</li> </ul>			
58	<b>Increased Management Time and Effort From the Wrong Rear Ends in a Position:</b>			
59	<ul style="list-style-type: none"> <li>• <b>More management time</b> — weak hires are “high maintenance” requiring more coaching and concern. The time spent on weak employees is the best employees or on business planning.</li> <li>• <b>Weak hires must be replaced</b> — even though “warm bodies” may appear to help in the short-term, eventually (when their weak performance is tolerated), they will have to be replaced. Unfortunately, weak hires have little chance of getting poached, so if your organizations may stay with you forever.</li> <li>• <b>Performance management and termination costs</b> — weak employees require frequent performance management, sucking up management development resources. Unfortunately most statistics reveal that such efforts fail, so all invested resources are essentially lost.</li> </ul>			
60	<b>The Hiring Manager's Image Is Impacted</b>			
61	<ul style="list-style-type: none"> <li>• <b>Being branded as a “C” manager</b> — it's a well-known business axiom that weak managers routinely hire weak employees (C manag Hiring weak employees will send a clear message to everyone in the organization validating that a manager has become a “C” manager).</li> <li>• <b>Loss of your colleagues' respect</b> — Once a manager makes the decision to go down the butts-in-chairs road, they will instantly lose the respect of their colleagues. This loss of respect may negatively impact their willingness to cooperate, to share ideas, as well as their responses to 360° feedback.</li> <li>• <b>Reduced bonuses</b> — for managers who hire and retain a significant percentage of weak performers, performance bonus opportunities are reduced.</li> <li>• <b>Impacts on promotability</b> — hiring weak employees will be noticed by superiors, which coupled with poor business results will limit promotion. It may also limit opportunities for jobs at other firms.</li> </ul>			
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