

# AVOIDING BAD HIRES

## A costly mistake.

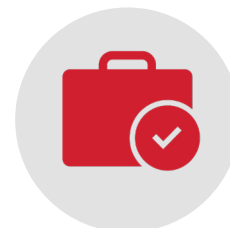
The numbers don't lie. According to the *Harvard Business Review*, 80% of employee turnover is due to bad hiring decisions. More importantly, the U.S. Department of Labor found that a bad hire can end up saddling your company with an extra expense equal to 30% of the employee's first year salary.

For companies with less than 500 employees, that's an average of nearly \$11,000, and for larger companies, an average of more than \$20,000. Included in this figure are the costs associated with decreased productivity, lower morale and compromised quality of work, along with the expense of recruiting, hiring and training a replacement. What's more, the costs associated with a bad hire tend to increase the longer the employee stays with your company.

What are the key factors behind bad hires? Often, there is miscommunication between managers and Human Resources. Sometimes, a company can't access a large enough pool of candidates. However, according to SHRM (Society for Human Resource Management), the most common reason is the need to hire someone quickly. Even the best HR department can make a bad decision if they are working on a tight schedule.

## Good ways to avoid bad hires.

How can your company reduce the number of bad hires and the associated costs? You could expand your HR department. Or, you could work to ensure that your existing HR department always has enough time and resources to pinpoint, recruit and interview enough qualified candidates. Unfortunately, both of these options are cost prohibitive for all but the largest organizations.



The following are practical, viable, affordable strategies and techniques that can be implemented by companies and HR departments of all sizes.

1

Seek out “under-the-radar” candidates.

Leverage social media – including LinkedIn and Facebook – as well as your professional networks to locate quality candidates who might not be visible or accessible via traditional channels.

2

Develop an interview strategy that uncovers the essentials.

The job interview is still the most important step in the hiring process. Make sure you’re extracting all the information you need by covering the “three Cs” – competence, character and culture. Use a creative mix of traditional and behavioral questions; engage the candidate in role playing; and, if a job involves a lot of telephone communication, conduct a phone screen to assess their phone demeanor.

3

Increase the use of assessment tests.

Assessment tests pick up where interviews leave off, and can provide a wealth of information and data that can influence your hiring decisions. Among the most popular are predictive tests, hard skills tests, cognitive tests and personality assessments.

4

Use a temp-to-hire evaluation period.

One of the best ways to avoid bad hires is to employ the leading candidate on a temp-to-hire basis. This allows you to assess the candidate on the job before offering them a permanent position. Similarly, you can have the candidate come in for a “working interview”, where they shadow a person currently in the position for a day. Another option is to have the candidate work on a project in order to assess their ability- this typically works better for jobs in the creative space.

5

Perform in-depth reference checks.

Reference checks are only valuable if the information you glean is accurate and comes from an authoritative source. Make sure you contact at least two professional references such as a supervisor or someone the candidate reported to, as opposed to co-workers. And most importantly, take the time to drill down.

6

Outsource the hiring process to a staffing firm.

A professional staffing firm can speed the hiring process, lighten the load on your HR department and help to ensure you employ the right people. Depending on your company’s size, budget and hiring timeframe, a staffing firm may be a suitable option.

By using one or all of these ideas, you’ll go a long way towards making your last bad hire your last bad hire.