

When it comes to attracting the right employees, hiring managers don't always get it right. Having a mix of team members is healthy for an office environment, but every so often it's better to admit to a bad hire so steps can be taken to improve the situation. Like any bad investment, sometimes it's best to cut the losses and begin again with caution. The real cost of a bad hire can be shocking, so try these six tricks to avoid future bad hires so you can focus on recruiting and retaining top talent.

According to the U.S. Department of Labor, the average cost of a bad hire can equal 30% of the individual's first-year potential earnings.

There's no question that a bad hire will decrease revenue, and the direct impact is easy to identify such as salary, benefits, lost sales, recruiting costs and advertising, and unemployment relocation or legal fees when necessary. Indirect impact can be just as detrimental but tricky to measure in a quantifiable calculation:

**TIME:** Think of all the time spent, and all the current employees that were taken away from producing revenue, on finding your last hire. Interviews, training, overseeing work (17% more time on average), and lack of their time working all contribute - and *time is money*.

**CLEANING UP ERRORS:** Incompetent employees require micro-management and twice the effort when others have to re-do assignments or double check for errors.

**DECREASE OF PRODUCTIVITY AND EFFICIENCY:** Other valuable employees are taken away from their revenue building tasks to train and check the work of a bad hire that has no future with the company.

**DAMAGE TO CLIENT RELATIONSHIPS:** A survey published on careerbuilder.com claims that 49% of employers say that their bad hire called customer complaints. Ouch! Someone has to restore those connections, a more difficult task than obtaining the client in the first place.

**WORK ENVIRONMENT:** Overall, these employees are toxic to the work place. Check out a bad hire calculator to estimate your costs: <http://www.hrworld.com/calculators/badhire/>.

**BAD HIRE CALCULATOR**

Employee turnover. Lost work days. These are just a few of the ways a bad hire can damage your bottom line. This calculator can help you estimate the costs your company incurs for making a bad hire.

Cost to Advertise the Position	
Number of ads Placed	\$ 0
Price of ad	\$ 0.00

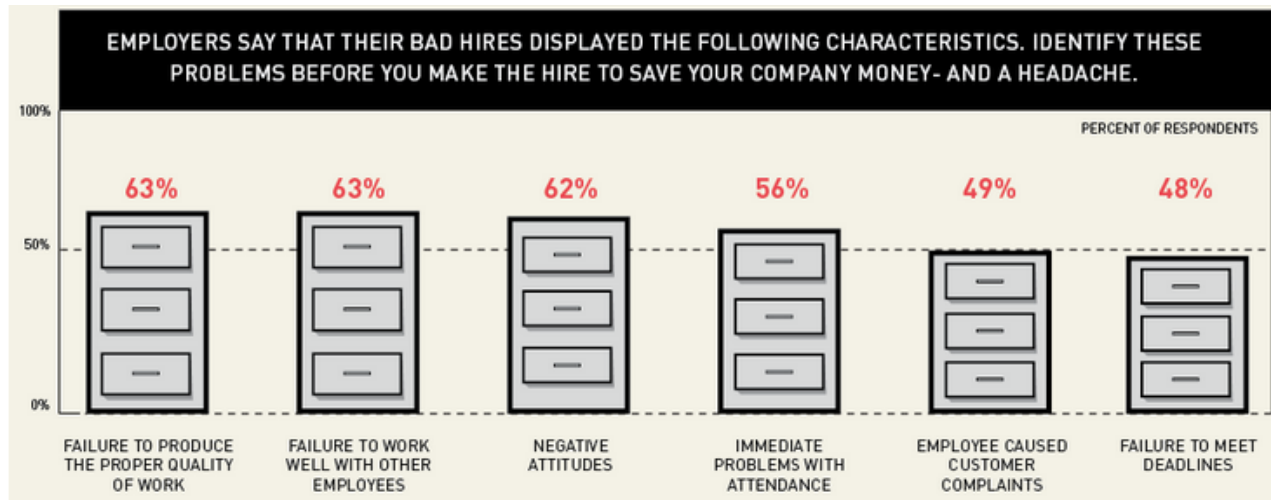
HR Costs	
HR Hours	\$ 0
Annual HR Salary	\$ 0.00

Costs to Interview	
Number of candidates interviewed	\$ 0
Number of interviewers	\$ 0
Average salary of interviewers	\$ 0.00

Productivity Losses	
Position's Salary	\$ 0.00
Relocation Costs	\$ 0.00
Number of months spent training	\$ 0.00

<b>Total Cost of a Bad Hire</b>	<b>\$ 0.00</b>
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Hiring managers admit that 20% of their employees shouldn't have been hired in the first place.



## Build a strong team by following these 6 tips to avoid bad hires and increase your overall revenue!

**1. OVER PREPARE:** Know the position you're looking to fill. Develop a strong job description with specific tasks and skill sets to attract the best candidates. Be able to explain what is required to be successful in the role and what questions to ask if the applicants can fulfill the needs of the position.

**2. THE SECRETARY TEST:** When possible, have the potential hires be greeted by a secretary or someone other than the hiring manager to see how they treat others. If you're out to dinner and your date is charming to you but is rude or unpleasant towards the waiter, it can be very telling of their true character. A "modern" version of the secretary test is social media. It's very common and acceptable for employers to use mediums such as Facebook, Twitter, and Google to gain more insight than an interview on a person's personality and demeanor.

**3. DON'T RUSH:** According to a survey on careerbuilder.com, bad hires were regrettably employed because the job "needed to be filled quickly." Yes, the position may need to be filled, but keep in mind the underlying costs mentioned above which can be more detrimental than temporary roadblocks. Recognize the impact of the need with the department and find ways to accommodate for the less than ideal situation and additional workflow. Flexible hours, company paid lunch, approved overtime, and comp hours to accrue PTO, can be temporary fixes until the workflow is back to normal. Encourage employees to contribute to the tasks at hand so the short-term pays off in the long-term solution.

**4. CHECK REFERENCES:** In the interview, use their resume to ask the names and titles of their previous supervisors. If these supervisors are not listed as references ask why - this could be a red flag. People will put references they hope will give good reviews, so asking the right questions will provide helpful insight.

**5. SHORT TERM ASSIGNMENT:** After the first round of interviews, the deciding factor can come down to hands on experience. Have an assignment as part of the interview process, or a few hours in the office to add to the applicant's file. Someone who looks good on paper and has excellent interview skills just might not be the right fit for the day-to-day tasks needed.



**6. GET REFERRALS AND SEEK OUT HIRES:** Referrals may be your best resource for ideal employees. Generally people associate themselves with like-minded people, so utilize their connections. Networking is key and has an inevitable impact on growth and innovation. Develop a referral program to encourage top talent to recommend their network.