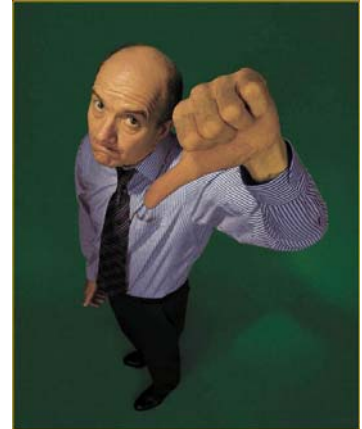


## Live Examples of the Cost of Hiring Mistakes

**It is important to consider all of the costs and the full impact of hiring mistakes. Here are a few actual examples.**

### Example 1: Project Manager

One of our clients had hired a Project Manager about one year before we began working with him. This project management position was in charge of several large, complex, and very important projects. The total gross revenue associated with these projects was nearly \$10 million. Over the past year, the new Project Manager had mismanaged his assigned projects, alienated co-workers and vendors, and perhaps worst of all, angered customers. Our client estimated that the cost in lost revenue, rework, and concessions was at least \$220,000. When asked to consider the costs of hiring the Project Manager, his salary, benefits, and perks, the direct costs of his mismanagement, the lost efficiency of other employees who helped clean up the messes, the executive time spent dealing with all of the issues, the training costs spent on the Project Manager, and the impact on current and future customers, our client estimated a total cost of at least \$550,000. The damage worked out to be roughly 8 times the Project Manager's annual salary. Our client concluded that the root cause of all of these problems was a very poor and incomplete hiring process.



### Example 2: Business Development Manager

Another client had used a search firm to hire a Business Development Manager about 9 months prior to our involvement. This was essentially a marketing/sales position added with a goal of generating at least \$500,000 in new gross revenue. The President and VP Business Development hired the person based on the recommendation of the search firm and a reference from a colleague in the same industry. After 9 months, the Business Development Manager quit. She had generated less than \$90,000 in new revenue, had spent approximately \$55,000 in developing marketing and sales materials, had used an estimated 125 hours of internal employee time to support her (the client estimated about \$17 per hour weighted cost for these hours), had been paid base salary of \$45,000 and commissions of \$9,000, and had no new leads in the pipeline. The client estimated that roughly \$300,000 of potential revenue had been lost and that he had spent \$18,000 in recruiting expenses, and about \$61,000 in salary, commissions, and other costs for the privilege. He was desperate to avoid another hiring mistake.



### **Example 3: Executive Assistant**

One of our clients had started a new business about 2 ½ years before our first meeting. The company had grown rapidly and, during the past year, they decided to add an Executive Assistant to manage the office, perform the HR duties, and provide support to the senior management team. The company used a staffing firm to help hire the Executive Assistant. At first, she seemed very efficient and jumped right in to improving the office. She reorganized the files, set up new tracking and recordkeeping procedures, worked with a consultant to create an employee manual, and contracted for a new and better telephone system among other improvements. However, as time passed, the senior managers began complaining about her attitude; other employees resisted working with her and even outside parties complained about the way they were treated. The company talked to her about it, sent her to classes to improve her approach, and tried several things to deal with the problem. Ultimately they had to let her go. Our client estimated that, considering the cost of the staffing firm (about \$7,000), the training she was sent to (\$450), her salary and benefits, the estimated cost of refilling the job, and the estimated cost related to the disruptions and ill will she caused, this hiring mistake would cost him at least 3 times her salary.



**Let the Profiles...to Partners<sup>®</sup> Recruiting Program Help You  
Avoid Costly Hiring Mistakes!**