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Paul McDonald • Feb. 26, 2015

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NHAPPY WORKERS

95% of financial executives surveyed said making a bad hire at least somewhat affects the morale of the team.

35% said a poor hire greatly affects team morale.



60% of hiring managers and HR professionals surveyed said bad hires don't get along with other employees.



OMPENSATION AND OTHER EXPENSES

41% of hiring managers and HR professionals surveyed who have made a bad hire estimate the costs in thousands of dollars.



The U.S. Department of Labor estimates that the average cost of a bad hiring decision can equal **30%** of the individual's first-year potential earnings.

Very highly paid jobs and those at the senior or executive levels tend to have significant turnover costs.

IRING TIME

According to executives surveyed by Robert Half, it takes **five** weeks, on average, to fill a staff-level position and **7.5** weeks to fill a management-level position.





For small businesses, a position that goes unfilled for weeks or even months can translate into lost revenues, overburdened workers and missed opportunities.

The bottom line? Bad hires can happen to even the best of companies, but there are ways to reduce the chances of getting burned. For advice and resources that can help take the pain out of hiring, **visit roberthalf.com/recruit.**

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Making a bad hire can be very expensive to organizations. In fact, research suggests (www.blissassociates.com/html/articles/employee_turnover01.html) replacing an employee who doesn't work out can cost at least 150 percent of that worker's salary. Still, as expensive as that is, the financial hit isn't the worst part.

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new employees don't work out:

- Their work habits clash with the office culture, which throws a wrench in the normally smooth operation of your accounting team.
- They don't have all the skills you thought they had, which means assignments preparing audit reports or financial statements, for example take longer to complete and are not done as accurately as they should be.
- They have a weak work ethic. When other employees have to scramble to pick up the slack, they feel overloaded and resentful of the new hire.

Furthermore, your own productivity goes down — and stress goes up — because you have to devote time and energy to disciplining bad hires, correcting their mistakes and placating other team members. A separate survey from Robert Half found managers spend almost a full day each week managing underperformers. Because you've made a poor hiring decision, your other staff may question your judgment and leadership.

How to avoid hiring "bad apples"

Poor staffing decisions rarely happen by chance. They are usually the result of managers not investing the necessary time and effort into the hiring process. But due diligence is easier in theory than in practice.

Also, because there's a shortage of skilled talent, it's tempting to snatch up seemingly in-demand candidates before another firm does. Although you need to act with urgency in the hiring process, if you want to avoid the high cost of a bad hire, you can't take shortcuts.

Here are some tips for making good personnel decisions:

• Start with a solid job posting. Collaborate with colleagues to create a clear job

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recruiting and free up your time.

- Offer attractive compensation. Consult industry resources such as the *Salary Guide* from Robert Half and your network contacts to benchmark compensation trends. Then put together a highly attractive compensation package. Keep in mind, in today's hiring environment, you'll often need to offer salaries that go beyond being competitive to secure the best candidates.
- **Check references.** Ask finalists for a list of professionals who can attest to their abilities. Don't skip this step, which can shed light on applicant's employment history and suitability for the position, as well as how well they'll mesh with your firm's culture.
- Work with candidates on an interim basis first. An increasingly popular and cost-effective hiring strategy is the temporary-to-hire model. Bringing in interim accountants can lessen the load on your existing staff and allow you to assess a candidate's skills and compatibility with your team in real time. If the candidate is a good fit for the position and your company, you can extend a full-time job offer.

When you make a poor staffing choice, you're not the only one who pays the price; your budget, staff and new employee also suffer. The best way to avoid the high cost of bad hires is to take the necessary steps at the front end of the hiring process. Once they join your staff, it will be much harder and more expensive to repair the damage to your organization.

Paul McDonald is senior executive director with Robert Half, the world's first and largest specialized staffing firm. Over the course of his 30-year career with the company, he has spoken extensively on employment and management issues based on his work with thousands of companies and job seekers.

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