



## ***Hiring Your Next Employee:*** *The Importance of Getting it Right*

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At ESI Employee Assistance Group, we've been working with more than 2000 client organizations dealing with critical human resource issues for more than 30 years.

During that time, we've consulted on literally thousands of human resource issues and problems and, as a result, we've learned what we feel are some important lessons. In this white paper, we'll share some of those lessons, particularly as they relate to hiring. We'll offer some guidelines and best practices on these important disciplines.

The primary focus of the EAP is to help employees who are facing personal problems to resolve any underlying issues and return to full productivity. We also provide mandatory employee coaching for employees who have disciplinary or performance issues, or who display a deterioration in performance.

Over the years, we have worked with thousands of these employees. Many of the problems we deal with are normal life issues such as coping with grief after a death, getting a handle on debt, or finding resources for child or elder care. But our clinical counselors report that most of the truly troubling situations and challenging problems we deal with are *personal issues that employees brought to the job* rather than issues or *problems that developed after they were hired*.

The conclusion our clinical counselors have made from this is that with a better interview process, many of these problems could have been identified and subsequent problems could have been avoided.

## The High Cost of Getting it Wrong

Jeff Bezos, one of the most successful CEOs in modern history, spends a good bit of time thinking about who Amazon hires. He has said that he would rather interview 50 people and not hire anyone than hire the wrong person.

Getting hiring decisions right is critical for several reasons. First and foremost is the financial health of your organization. The cost of a bad hire who must be replaced can range from 80 to 100% of that person's salary, or higher. The Society for Human Resources Management (SHRM) reports that costs could range as high as five times a bad hire's annual salary. The higher the person's position in the organization and the longer they remain, the more costly it is to replace him or her.

The hard dollar expenses are the most obvious negative impact, but there are other damaging effects that are harder to quantify. In a 2015 survey conducted by Robert Half among 2100 Chief Financial Officers to assess the toll that bad hiring can take, respondents listed negative effects on staff morale as their first concern, followed by a drop in productivity, with financial considerations coming in at third place.

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Besides costing money, depressing staff morale and degrading productivity, a poor hire can suck up much more in the way of organizational resources, such as more time in training and more management/supervisory attention. A new hire that is not pulling his or her weight or that is not a cultural fit with the organization can also lead to an increase in conflict and even litigation.

A recent article by Nick Torres in *Harvard Business Review* makes the case that it is better to avoid a toxic employee than to hire a superstar. He reports on a study from Harvard Business School that compared the cost of a toxic worker with the value of a high performer or so-called superstar. The study authors determined that avoiding a toxic employee can save a company more than twice as much as bringing on a superstar. That tells us that as much effort should go into defining what you don't want in a candidate as what you do.

### **Missed Opportunities Should be Factored into Costs**

It's not just the bad things that can happen when you make a poor hire, either. Some costs that are almost impossible to quantify are all the good things that did not happen: the sales that weren't made, the client and vendor relationships that weren't furthered, the service that wasn't rendered, and the plans that weren't executed. The missed opportunity of what a truly great hire can mean to your organization is unquantifiable.

When an organization has a truly great employee, that employee carries value that simply cannot be replaced. He or she has extensive organizational knowledge, deep relationships that took years to build, and the experience to know what has and what hasn't worked for the organization. Plus, they influence others to be better.

Amazon's Bezos says that setting the bar high when hiring has been, and will always continue to be, the single most important element of Amazon's success.

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## Why so Many Hiring Mistakes?

If we had to narrow down to one primary culprit that drives poor hiring decisions, it would be this: **Urgency**. A seat is empty, that seat has a role to perform, you must fill it and you must fill it fast to keep the trains rolling. When it comes to urgency, we should all take a page from folk wisdom, which is filled with tales of “stiches in time” and “repenting at leisure” attesting to the ill effects of hasty decision-making. With the negative costs of a poor hire so high, are there any options to buy you the time to make a good decision? Can you fill the role with a temp or a freelancer? Can you shift responsibilities internally?

Another hiring problem that haste exacerbates is that it can push us to cutting corners that shouldn't be cut.

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**URGENCY**

We've compared notes and we all feel good about one candidate, so we make an offer. In our haste, we overlooked the all-important “trust but verify” step only to later learn about some problem that might have surfaced had we checked references and done a background check.

## The Foundation for the Hiring Process

That leads us to what must be the starting point for every open position: Identifying the hiring objective; not just filling a job, but finding the best possible employee for the position.

Simple as it may sound, many managers don't do anywhere near the preparation needed to get the job description right even though they will be the ones to live with the results of a poorly defined role. It's easy just to pull out the job description that was used for a prior hire in a similar position, but how long ago was that job description created? Organizations are dynamic. Needs change. Required skills change.

Tedious a process as it may be, it all starts with the job description. Is the job as it's been defined still needed? Are there responsibilities that should be added or removed? Does it fully describe all the job duties and job requirements.

Crafting the right description is not an exercise that should be given short shrift. Ideally, it's a document that sets the tone and target for what the right candidate must do to succeed. It's the objective or goal. And without a clear goal, it's unlikely you'll get the outcome you seek.

To ensure you get it right, share a draft of the job description with any staff members who will be involved in filling the position to ensure that the job description is correct and fully reflects the job requirements. You might talk it over with the prospective new hire's team members to get input and ideas from them, too.

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## Defining the Process

With the job description in place, you can begin the candidate screening process. We'll talk about these in greater detail in future whitepapers, but here is an outline of some of the steps you'll need to take:

- **Recruit and assess the hiring team.** Harness the “wisdom of crowds” by sharing the interviewing and screening responsibility with others on your team. Select team members for strategic reasons. Share the job description, discuss goals and ensure you are all on the same page before you bring any candidates in.
- **Plan your questions.** Pool meaningful questions designed to elicit useful responses that will allow you to probe for skills, experience and the character/personality traits that demonstrate the qualities you need on your team. Make sure your hiring team members know what constitutes an illegal question.
- **Plan for a strategy for the interviews.** Define the way the interviews will occur. Will you phone-screen first? Will they be group or individual meetings? Who and when will base expectation assumptions be verified, such as about salary, candidate requirements, and the like.
- **Meet and compare notes about candidates.** After you've interviewed candidates, share your experiences and thoughts. Narrow down to one to three candidates.
- **Check references and run background checks.** Don't skip this important step. For references, try to speak with someone to whom the candidate reported directly. Verify factual information and ask open-ended questions.
- **Make the offer.** Once you make a decision, act. Put together the offer and call the candidate so that you can personally convey both your enthusiasm and the terms. That will also allow you to gauge the reaction and respond.
- **Plan for success.** Don't leave success to chance, have a careful onboarding plan to ensure your new hire will integrate successfully into his or her role and your organization. Line up a training and orientation plan and see that key tools are in place.
- **Establish a probationary period.** Monitor the new employee carefully during a probationary period. Conduct 30-, 60-, and 90-day reviews. Watch for significant missteps and correct and document any that should surface. If you see unacceptable performance or repeat problems, it will be easier to terminate the employee during a probationary period than later.

Ensuring that the hiring process is planned, thorough, and well-executed will give you your best odds for securing a good fit. But the hiring job doesn't stop then. A 2015 Leadership IQ survey looked at 20,000 new employees over a three-year period, finding that 46% of those hires had failed within 18 months. A strong onboarding program will help you engage employees early and build alignment, increasing the likelihood of success.