

The High Cost of Average and The Mindset to Hire Excellence

A comparison of the true costs of hiring decisions and guidance to hire excellence.

Once on board, long-term costs and impact vary dramatically

Whether the selection turns out to be a bad hire, an average hire or an excellent hire, the true cost and impact of each on the company varies dramatically. This brief contrasts the long-term costs of each type of hire and provides guidance to hire excellence. By gaining an understanding of the actual and continuing costs of each hiring outcome, organizations can be better prepared to pass on candidates that are not the right fit in favor of finding and hiring new talent that is capable of taking the company to new levels.

The Bad Hire

The Chief Marketing Officer that took 9 months to find and hire has been on board about a year. None of the top marketing priorities have been achieved and she coasts through executive meetings without input or a plan to turn around sales. She is a bad hire. Now the significant costs and steps begin to terminate her employment.

True Cost:

3x Total First Year's Annual Compensation

Final Disposition:

Terminated

The Average Hire

Average hires have a significantly larger and longer term negative impact. It typically happens when HR is busy and hiring executives are willing to settle. The worst candidates are eliminated, which leaves average. There's no glaring error to fix, just a mediocrity that permeates culture and costs that go unnoticed. No one knows how good it could be to hire excellence.

True Cost:

10x Total First Year's Annual Compensation

Final Disposition:

Tolerated

The Excellent Hire¹

The excellent hire possesses both competence and character; the skills to do the job with integrity. This is important because a person with the wrong competency but great character cannot be effective; a person with great competency, but a character problem can ruin the culture of the company. A person with great competency coupled with great character transforms the company.

True Cost:

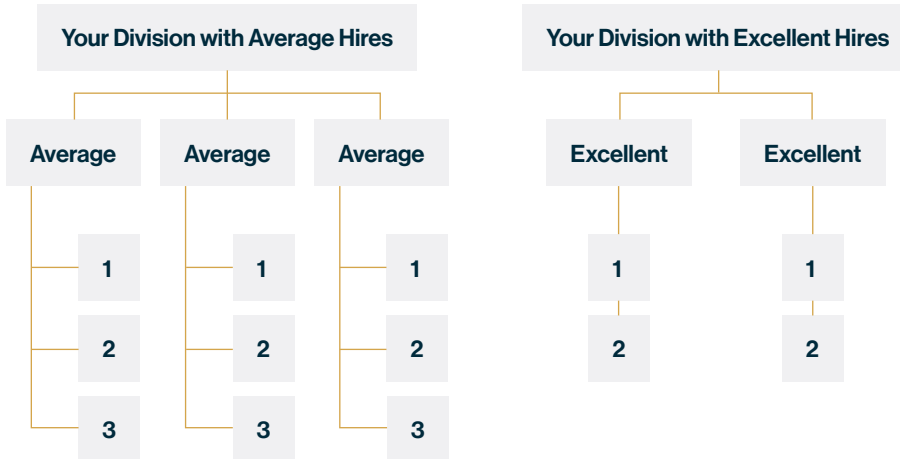
Priceless

Final Disposition:

Transformed

Average Versus Excellent

An Organizational Chart View



A Checklist to Hire Excellence

- Own the process, be accountable
- Create an actionable hiring plan with specific milestones
- Set a realistic timetable; hiring is an inexact science
- Develop a current and reflective position profile
- Focus on the candidate's track record of performance
- Seek the intangible skills: team, leadership, service, character
- Work to establish a personal relationship with the candidate so that you know one another on a meaningful basis
- Make it a group effort – engage recruiting experts and objective third parties
- Court top candidates with strong offers
- Conduct internal succession planning
- Build partnerships to develop an external leadership pipeline
- Remember: "No hire is better than the wrong hire."

The Mindset to Hire Excellence

Hiring for transformational excellence begins with a mindset that is willing to work and wait for the right fit. Impatience is the top reason that companies hire the wrong candidates. In a recent National Business Research Institute² survey, 43 percent of respondents cited the need to fill positions quickly as the main reason that bad or average hires were made.

The best practice is to hire slow and fire fast, yet most companies do the exact opposite.

To maintain perspective and patience during a search, and convince others interested in the new talent acquisition to do so as well, consider these facts:

- No hire is three times better than a bad hire.
- No hire is ten times better than an average hire.

The right-fit candidate has the potential to take the business to new levels, be an inspiration to others and naturally attract more transformational leaders to the company. We believe the investment you make in a Handler & Associates retained executive search will produce your next excellent hire. Once you experience the impact and value a strong leader adds to your business, you will never, ever settle for anything less than excellent.

Sources

1. Dr. John Townsend, [Competence and Character in Leadership](#).
2. National Business Research Institute Survey, [The Cost of a Bad Hire](#).