



The Astronomical Costs of Mis-Hires

By Brad and Geoff Smart the creators of TopGrading

Hiring the wrong person, a C player can cost you dearly. It costs your company dollars, Big dollars.

It can cost you career advancement.

Research conducted for the book TopGrading by Brad and Geoff Smart concludes:

With an average base salary of \$114,000, the average total financial costs associated with 'typical' mis-hires was \$2,709,000- about 24 times the person's base compensation.

Over 27 years of experience, serving over 100 Fortune 1000 companies and scrutinizing managers from close to 700 companies and have interviewed over 4,000 managers

In my experience 50 percent of managers hires externally are mis-hires.

H.M.Fisher in his book "Select the Right Executive the First Time" Personnel Journal (July 1995) concurs with my research.

Several dozen companies I know are rigorous and professional at recruiting and screening managers, and experience only 10 percent mis-hires. Some even less!

Although some of the companies represented were shy, here are several that participated in this study.

Motorola, General Electric, R.R. Donnelly, Office Depot, Allied Signal and other well known and lesser-known companies.

A detailed chart the cost can be found on page 48 , 49 and 50 of TopGrading.

Although the financial costs of a mis-hire are astronomical, the person cost are surely devastating.

Career are set back and families disrupted; alcohol, drug and ethics problems can result.

A corporate 'death spiral' in which poor hires result in lower level 'A' players 'bailing out'., leaving 'C' players who hire more 'C' players. Mis-hires can kill companies, individual careers, and real people whose stress causes heart failure.

This article was borrowed with permission of Brad Smart the author of TopGrading. I have edited the material to fit on this page. Please refer to the complete chapter 3 in TopGrading..