



Cost of Mis-Hires Form ©

Job title of person mis-hired or mis-promoted: _____

Dates person was in position: from _____ to _____

Reason for leaving:

Quit __, Fired (or forced to resign) __, Transferred __, Demoted __, Retired __, Died __, Other __.

1. **Total costs in hiring the person:** \$ _____

- Recruitment/search fees (any guarantee? if so, was money recovered?)
- Outside testing, interviewing, record checking, physical exam
- HR department time and administrative costs (for all candidates)
- Travel costs (for all candidates, spouses, other executives traveling to meet candidate)
- Time/expenses of non HR people (all candidates)
- Relocation (moving household goods, purchasing house for candidate)

2. **Compensation:** (sum for all years person was in job) \$ _____

- Base (\$ _____ x number of years)
- Bonuses (“signing,” performance, etc.) for all years
- Stock options (realized for all years), benefits (insurance, 401k, etc.), car, clubs

3. **Maintaining person in job:** (sum for all years person was in job) \$ _____

- Administrative assistant for all years
- Office “rental” (incl. electricity, etc.) for all years
- Furniture, computer, equipment, travel for all years
- Training
- Other “maintaining” costs

4. **Total severance:** \$ _____

- Severance fee (salary, benefits, use of office), lawyer fees
- Outplacement counseling fee
- Costs in lawsuits caused by the person (EEOC, harassment, EPA, OSHA, etc.)
- Administrative costs in separation, wasted time of people in separation

5. **Mistakes/Failures, missed and wasted business opportunities:** \$ _____

(For example... drove a key customer away, impaired customer loyalty, launched three “dog” products)

6. **Disruption:** \$ _____

(Costs of inefficiency in the organization, lower morale, lower productivity, impaired teamwork)

7. **Other:** \$ _____

8. **SUM OF ALL COSTS** (#1 through #7): \$ _____

9. **Estimated Value of Contributions** of the mis-hire: \$ _____

(Even if a \$50,000 per year store manager drove away customers and stole \$1M, perhaps he contributed something — hired five excellent employees, came up with a merchandising idea worth \$500K per year to the bottom line.)

10. **NET COST OF MIS-HIRE** (#8 – #9): \$ _____

“WASTED” Hours:

Number of additional hours you and others spent dealing with mis-hire’s weak points — patching things up with customers, etc.
