



Outbound Excellence



"Cost of a Hiring Mistake" Worksheet

Cost of a Hiring Mistake for a Outbound B2B Sales Rep. with an annual base salary of \$ 30,000.00
with termination at three months (the average time for turnover of a new hire)

Pre-Employment Costs:

- Advertising: cost of all ads and the time to create them. \$ 300.00
- Pre-screening of applicants, scheduling of interviews, etc. \$ 500.00
- Interview process: interviewers' time, Integrity and Job Fit testing, travel expenses, recruiting fees, background checks, etc. \$ 350.00

Employment Costs:

- Salary: Annual Salary of \$ 30,000.00 . \$ 2,500.00 per month for three months times 50% efficiency while on the job. (Estimated efficiency of the person while they are learning and are on the job. \$ 3,750.00
- Benefits (minimum of 35% of the above wage/salary); e.g., FICA, Workers Compensation, Unemployment Compensation, Health Insurance, Life Insurance, Vacation, Holiday Pay, etc. \$ 1,312.50

Support Costs:

- Physical, Drug Test, Orientation, Specialized Skill Training, etc. \$ 1,500.00
- Uniforms, Personal Equipment, Business Cards, Professional Fees, etc. \$ 300.00
- Supervisor's time during training (suggest 5%) of the supervisor's time at \$ 110,000.00 per year for three months. \$ 1,375.00
- Other support cost factors: training time of others, payroll accounting, Human Resource administration, relocation expenses, etc. \$ 150.00

Intangible Costs:

- Lost morale and team's productivity (the effect on other employees who are tired of training and working with non-producing new hires, etc.). \$ 3,000.00
- Adverse effects on quality. \$ -
- Damage to customer relations/Lost customers. \$ -
- Other intangible cost factors (effect on Unemployment Compensation rates, Workers Compensation rates, lawsuits for wrongful discharge, lost opportunities while the position is open or the person is in training, etc.). \$ -

TOTAL COST OF PUTTING SOMEONE IN THE WRONG JOB **\$ 12,537.50**

Total Cost of a Hiring Mistake as a percentage of the annual base salary = 50.00% Plus ++

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