THE LITTLE RED BOOK of HIRING & FIRING

7 Strategies to Find and Keep The Best Employees

NANCY ROBERTS

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Introduction.

While there are many scary challenges facing organizations these days, hardly any cause as much pain and frustration as the finding and retaining of good people. The time, money and emotion invested in the human side of the business far outweighs what is spent on the operational, technological or production side of any business.

From my work with hundreds of different companies, I would rank the **TOP THREE CHALLENGES** like this (see if you agree)…

1. Finding hard working, trustworthy, and reliable people to hire.

2. Retaining good employees once you've invested in their training and development.

3. What to do with those employees who don't turn out to be as good as you hoped.

I am addressing these issues head on in this book because **people problems are the most difficult to address and fix**.

Another reason to address all of these issues is because each of these leads to the next and they exist in a endless cycle. Once you hire top performers and retain them, this helps the process of firing low performers as it creates an even bigger gap between acceptable and unacceptable performance.

When you fire low performers, you magically create the opportunity to hire more top performers in their place.

While you read this book, you will likely groan at the things you already know you know. But as a wise man once said, ***"To know something is one thing; to live it is another."***

So if you know it but you're not living it in your organization – something has to change. May I suggest that something begins with you!

But don't worry, I am here to help. At the end of this book, I have conjured up a comprehensive system to implement the seven strategies you will learn about in this book.

Whether or not you choose to go beyond this book, you will find powerful information contained within you can start using immediately. Let's get started.

The DISC Wizard

Principle #1: People are NOT your number one asset.

Yes this flies in the face of conventional wisdom. After all many management consultants have gone to great lengths to convince us that people are the most important asset in a business.

But one of them got it right. **Jim Collins** in his best-selling book “Good to Great” revealed…

> *“Leaders of companies that go from good-to-great start not with ‘where’ but with ‘who’. They start by getting the right people on the bus, the wrong people off the bus, and the right people in the right seats. And they stick with that discipline - first the people, then the direction - no matter how dire the circumstances.”*

Did you get that very important distinction? Only the **RIGHT** people are an asset. The wrong people are a serious liability.

Look at the following statistics…

- Over 50% of the workforce may be in jobs that are not suited for their capabilities.
- Only 25% of candidates hired turn out to be top performers.
- The cost of hiring a person who is a “misfit” to the job can be as high as ten times* their annual salary. (**Brad Smart** of “Top Grading”)

*If you doubt this number is accurate – and many will – please refer to the Appendix of this book. It will help you calculate the visible and hidden costs of turnover.

The ***Gallup*** *Management Journal's* semi-annual Employee Engagement Index puts the current percentage of truly "engaged" employees at 29%. A slim majority, 54%, falls into the "not engaged" category, while 17% of employees are "actively disengaged.“ See below for a description of "The Three Types of Employees.“

3 Types of Employees

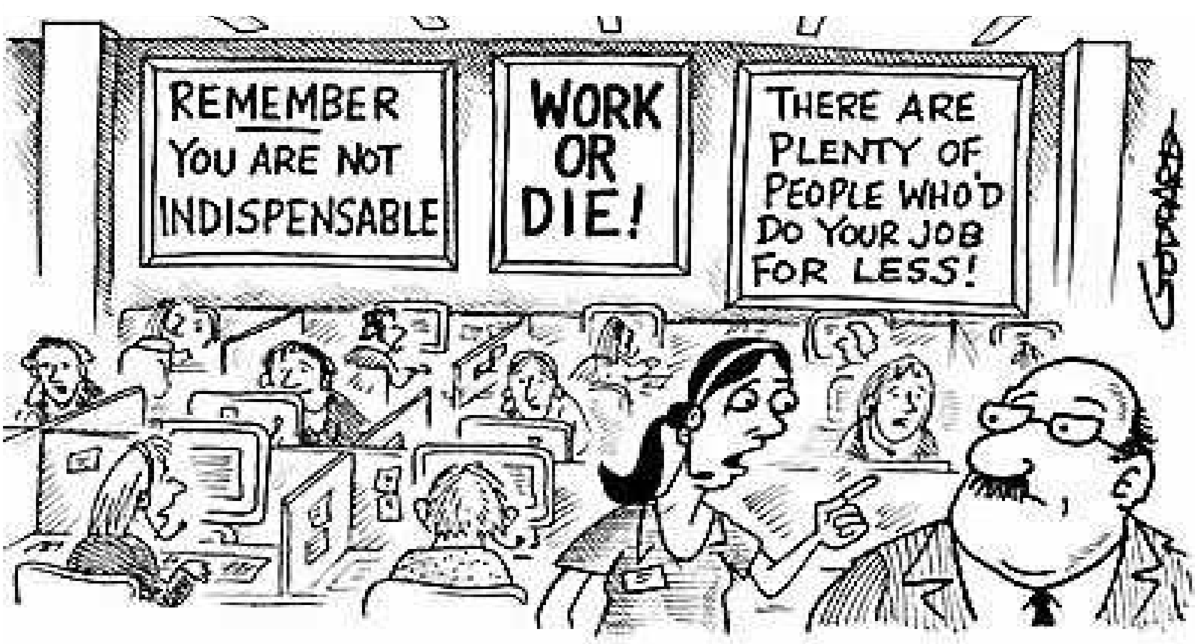
1. **Engaged** employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.

2. **Not-engaged** employees are essentially “checked out.” They’re sleepwalking through their workday, putting time – but not energy or passion – into their work.

3. **Actively disengaged** employees aren’t just unhappy at work; they’re busy acting out their unhappiness. Every day, these workers undermine and sabotage what their engaged coworkers accomplish.

With a potential 71% of your workforce possibly not engaged, is it any wonder that getting strategic objectives accomplished and increasing profits is as difficult as pushing a string, uphill, in the winter!

So what does it take to get and keep the RIGHT people? That is the purpose of this book. It will help you understand why you are where you are (which might be painful at first) and what you must do to change the number of engaged employees in your favor.



"Mr Frimley, sir, can I have a word about the motivational artwork..."

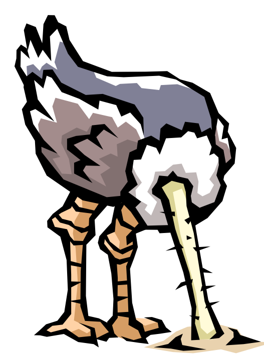
Principle #2: Something Worse Than Turnover.

If you ask me, turnover has gotten a bad rap. Yeah, yeah, turnover is costly with estimates anywhere from 5 to 15 times a position's annual salary.

However, there is an even more costly and insidious affliction to your profitability. It's called "stay-over."

Stay-over is when the wrong person is hired and despite mediocre performance, is allowed to stay in the position.

While most companies can calculate the cost of turnover* (even if they choose not to – if you're picturing an ostrich and sand – good), they can't begin to calculate the cost of stay-over because it includes an intangible, yet inevitable impact on performance, morale, and team dynamics.



Stay-over is the place where your disengaged employees go to hide!

***See Appendix to calculate turnover**

Here, in no particular order, are the consequences of disengaged employees not carrying their fair share of the work…

- Others are left to pick up the slack.
- Top Performers begin to resent the underperformer(s), as well as the manager who allows them to stay.
- Managers are likely so busy dealing with the underperformers that they neglects the development of Top Performers.
- When the underperformers know they are not meeting expectations, they have to deal with their own disappointment.
- When the underperformers don't know they aren't meeting expectations, they are being set up for future failure.

Let's not forget the overwhelming frustration of your business objectives not being met, projects not moving forward and profits shrinking instead of growing.

While you take steps to reduce turnover, don't overlook the impact stay-over has on your organization. So what are the causes of stay-over?

1

Strategy #1: Hire Slow / Fire Fast.

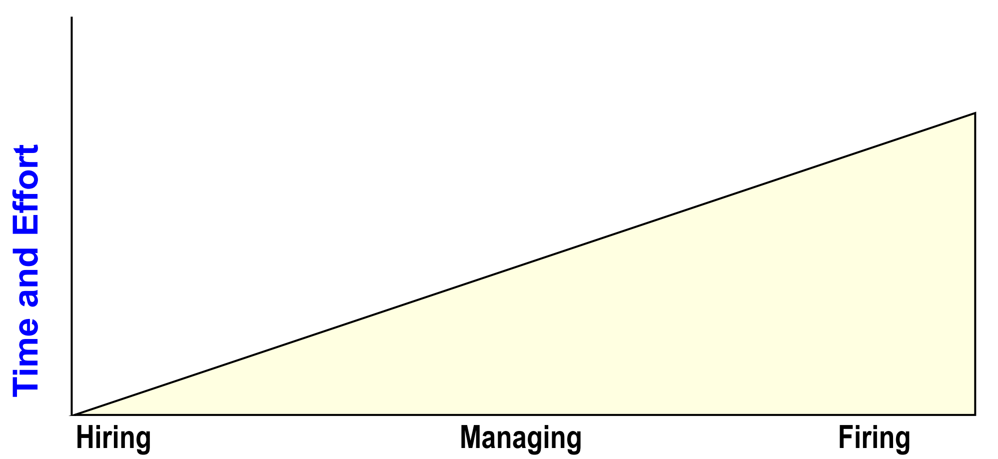
Face it, most of you get it backwards. You hire fast and fire slow. Why is this so prevalent?

- Hiring is relatively easy.
- Firing is like a root canal without the novocaine.
- Hope triumphs over experience.

Okay, it happens. You rushed the hiring process and misread the candidate. Or you had to fill the position yesterday and didn't have enough time to check references.

So why is hiring fast the cause of so many mis-hires? The reason is spending less time and effort (due diligence) on the front end means the more you'll pay for it on the other end managing and terminating underperformers.

Look at the chart below…

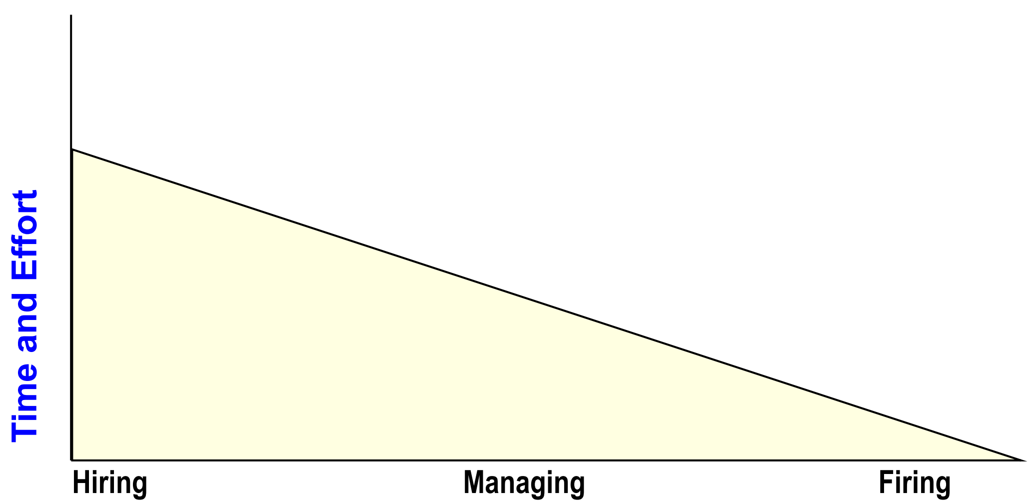


Most managers hire too quickly, too casually, and rely on their gut. When hiring willy-nilly like this [remember 75% of new hires do NOT turn out to be top performers] you spend more time clarifying objectives, motivating, and managing the new hire.

And when it comes to firing – forget it. With the subjective hiring and performance criteria used, it's no wonder it takes forever to legally "prove" someone isn't up to the job!

The reverse is also true as the following chart shows. If you put the time, effort and resources up front in your hiring process, you will bring in more top performers and spend less time managing.

And when someone is not performing, it's obvious to everyone based on the very specific and measurable position requirements you have created.



*This conversation may seem to neglect the challenge when unions exist in plant operations. However the concept regarding accountability and self-selection that is discussed on page 35 applies equally to union environments as it does to non-union.

Regardless of why the mis-hire occurred, why is it when someone obviously isn't succeeding in a position, that they continue to be allowed to flounder?*

The three most common reasons are:

1. The manager is empathetic to the person's challenges and gives them too many "last chances". "They are a nice person with a family to support and they try really hard."

2. The manager not only wants to avoid the gut wrenching job of having to fire the person but they are also worried about the consequences. "What if the person I fire becomes litigious or what if the next person I hire is worse?"

3. The manager hopes for the best. "Maybe the person can turn it around. Perhaps I as a manager have not given them the proper direction or support they need to succeed."

In all of these scenarios, the managers are overly focused on the needs or challenges of one individual.

Instead they need to think like **Kerry Patterson**, author of <u>Crucial Conversations</u>, suggests:

"It is my job to keep the company as competitive as possible thus securing the jobs of every employee and not just the one."

So you decide where you want to invest your time and money. You really can spend it either on the front end or the back end. But if you want to save yourself aggravation, stress and sleepless nights, I'd recommend investing on the front end.

> *"I'd rather interview 50 people and not hire anyone than hire the wrong person."*
>
> ~ Jeff Bezos, Founder & CEO of Amazon.com

2

Strategy #2: Know What You Want Before You Do a Thing.

Being vague about what you want in your next hire is as detrimental to your happiness as being vague about what you want in a romantic partner. Basically, you get what you get because you weren't specific and after some less than exciting interviews (or dates) you settle for someone who seems to fit the very basic requirements of the position.

Although we all know the end of the story when we "settle", we continue to proceed with less than crystal clear expectations.

Clear expectations mean specific and measurable. If it's not measurable, it leaves too much up to individual interpretation. I'm convinced this is why most managers dread and delay performance evaluations.

Hmmm, let's see. My employee thinks they've exceeded expectations and I don't think they've even met them. This should be fun!

The following items are responsibilities taken from actual General Manager job descriptions. See if you can pick which one is specific and measurable:

1) Lead the company in terms of day-to-day operations and management.
2) Reward excellent performance.
3) Maintain adequate production staffing levels.
4) Visit all customers every three months.
5) Manage Human Resource activities of all departments in regards to: recruiting and selection, hiring and termination, training, professional development, performance evaluations, and salary planning.

Of these, only one is specific enough to be measurable – number four. And even though number five sounds good with all the details – there is not one item in there that is truly measurable.

This should be the number one mantra of management:

You cannot hold someone accountable to something that isn't measurable.

Referring back to the models in the previous chapter, generic job descriptions contribute to the "easy hire – difficult fire" scenario that most companies face.

It's easy to catch a lot of candidates when you cast a wide net of basic and broad job responsibilities. Good luck determining after the fact if your employees are actually accomplishing what you intended.

Management with vague accountabilities is like shooting at a moving target. It creates a culture of pathetic excuses, missed deadlines, and broken commitments.

And letting people go when there have been no specific targets to measure them against is the trickiest thing of all.

> *"The ultimate disease of our time is vagueness of expectations."*
>
> ~ Joe D. Batten, author "Tough-Minded Management"

So what is the solution?

- You must identify clear, specific, and measurable accountabilities for each and every position in your organization.
- You must communicate these accountabilities to each candidate, new hire, and incumbent employee.
- You must rigorously and ruthlessly hold every person accountable for meeting their targets.

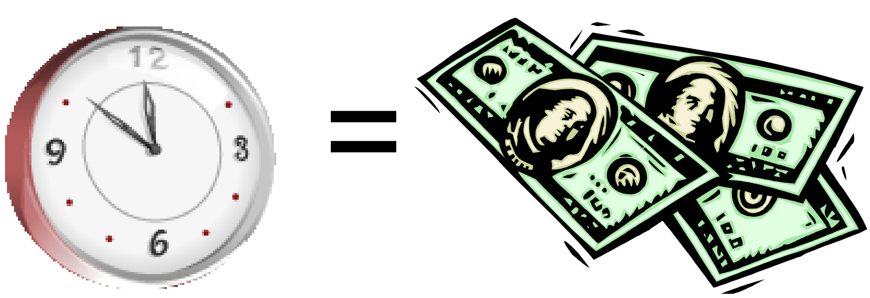
3

Strategy #3: Finding Great Candidates (Without Paying a Fortune).

Many companies are facing the talent shortage in this economy. Improving your hiring criteria doesn't do a thing for you if you can't feed your funnel with qualified candidates.

While most companies still look to the traditional methods of finding candidates, these are becoming less and less effective.

Traditional search firms charge a small fortune to locate job candidates and their only guarantee when the candidate doesn't work out is either a replacement candidate (using the same screening criteria they used the first time) or a portion of your money back (when what you'd really like is your TIME and ENERGY back).



Research by Brad Smart, author of "TopGrading" revealed that…

"Two hundred CEOs reported they felt they got their money's worth from executive search firms only 21% of the time."

Other means of filling the funnel are also time consuming and produce less than qualified candidates. Online job sites and placing ads definitely widens your pool of candidates but doesn't improve the ratio of worthy to unworthy.

So you spend your time sorting resumes, phone screening, and interviewing people who may or may not be able to meet the job's very specific and measurable criteria (which you've now created, right?).

THE ART OF THE "FIX-UP"

Remember a long time ago, before the creation of the Internet (and even longer ago when you were single) and you wanted to meet someone, what did you do?

The vast majority of us asked our friends and close associates to set us up. Who better to introduce us to someone than people who knew us well and cared about our well being?

This same principle applies to hiring. Who better to introduce us to our next top performing production supervisor than the people who already work for us –

especially if they too are top performers. The reality is that when it comes to friends and business associates "birds of a feather flock together". People tend to gravitate towards people who share their same values, perspectives, work ethic, income level, etc.

So most likely your best people are hanging out on the weekends with other companies' "best people". You see where I'm going here, yes?

However, most companies do a bad job of encouraging their employees to make referrals. I've known of company programs that offered employees $100 or $500 (payable at the end of one year) if a friend is recommended and is retained for a year.

It's great that they even have such a program (most don't) but let me ask two questions.

1) *How motivated would you be to do something this week that might take a bit of your time and energy if the reward was 12 months away?*
2) *Why is it that you're willing to pay a search firm 20 to 30% of a position's annual salary but then turn around and offer such a pitiful amount to your employees to do the same thing?*

If you're going to create a referral reward program, make it compelling. Offer 10% of the position's salary.

Pay a third when the person is hired, a third after their six month review, and the last third at the end of the first year. That way, there is an immediate incentive and additional payouts as the person stays on.

Don't worry that employees will refer just anyone in order to collect on that initial payment. Most people know that their reputation will be affected if they recommend a dud.

Plus, if you're doing the proper screening, hiring, and performance management process, you will be hiring only the qualified recommended people.

"Thanks for coming in. We'll get back to you as soon as we lower our expectations."

Strategy #4: The Real Deal on Pre-Employment Testing.

The vast majority of companies don't use pre-employment testing because of one of three reasons:

1) They don't know it exists.
2) They know it exists but they don't think it is legal.
3) They know it exists and it's legal but they don't think they can afford it.

Let's address all three of these right now. You can legally assess attitude, motivation, behavior, and competencies, legally, efficiently, and cost effectively. There, that was easy!

Once you benchmark a position with these types of factors, then these factors become job-related criteria that you can legally screen for.

To help maintain legality, pre-employment assessments can only be a third of your hiring decision – so you must make sure you are completing and properly weighting all other aspects of your hiring process.

As to whether or not you can afford to assess candidates, given the cost of turnover (recent research has put the cost of turnover at roughly 10x a position's annual salary, Brad Smart, Ph.D. in "Top Grading"), not to mention "stayover", *can you afford not to*?

Recommended Resource

For a formula for calculating direct and indirect costs of mis-hires, go to www.discwizardonline.com and download the document "Calculate the Cost of Turnover". It's a link found on the home page.

Let's look at an example. Say you want to hire a Production Manager with a salary of $60,000. To turn over that position once is going to cost you $600,000. (See Appendix)

When you look at that number, the cost of pre-employment assessments is insignificant. Or certainly not "expensive".

ASSESSMENTS A GUARANTEE?

One objection I hear to using assessments is that they aren't infallible so why bother?

While no one can guarantee that using pre-employment assessments will ensure a perfect hire, I can guarantee that by using the right assessments, you will know more about your candidate than you could in 6 months of working with them. You can learn characteristics such as:

- **Reliability**
- **Initiative**
- **Resourceful**
- **Ambitious**
- **Enthusiasm**
- **Methodical**
- **Detail orientation**
- **Self management**

How nice would that be?

You will also discover potential areas of the job they may struggle in. This will help you manage those deficiencies right from the beginning instead of being surprised by them three to six months down the road.

The only reason a company doesn't use pre-employment assessments is there is something they don't know. So now you know!

> *"Most organizations view people as an expense and the chairs they sit in as an expense."*
>
> ~ Stephen Covey

5

Strategy #5: The All Important Interview.

The majority of managers believe they are good interviewers. Yet research shows that only 25% of those hired turn out to be Top Performers.

Things that make you go, HMMMMMM?!?!?

Most people who are responsible for interviewing have never been formerly or properly trained to conduct interviews. So they tend to use and reuse the same old techniques and questions that have been used for years.

"Where do you see yourself in five years?"

"What do you think your weaknesses are?"

The problem with these types of questions are:

1) EVERYONE asks them – so it's easy for candidates to give you canned, inauthentic answers.

2) They don't reveal what you really need to know – how this person performed in the past.

"The best predictor of future behavior
is past behavior!"

If I could get every hiring manager to remember the above statement, it would guide them as to how they should interview.

Now is not the time to convince the candidate what a great manager you are or how successful your company is. If they've done their research, they already know this.

Now is the time to find out about their past performance. Most people only share what makes them look good. But if you ask them the right series of questions about each job they've held, you will notice patterns start to emerge.

If at every job they've ever had, their accomplishments weren't recognized, you might start to question what they actually accomplished.

If they had conflict with every supervisor they've ever worked for, do you really want to be next in line?

Here is a recommended process for interviewing:

Phone screen	basic, minimal requirements verified (education, experience, hard or technical skills, etc.)
First Interview	Comprehensive review of work experience, strengths and weaknesses in each position, relationship with each supervisor, ask candidate to arrange a call with each former supervisor.
Between Interviews	Assess candidate and compare to position benchmark, complete reference checks
Second Interview	Specific, targeted behavioral and competency based questions

If at all possible, use two or more interviewers.

Yes, it may add pressure to the candidate but that's a good thing unless you're hiring for a position where self-confidence and working under pressure aren't necessary.

Multiple interviewers means that one person can be focused and engaged with the candidate, while another can be jotting down notes, observing body language, and asking clarifying questions.

> *"The key for us, number one, has always been hiring very smart people."*
>
> ~ Bill Gates, founder and Chairman of Microsoft

"Your resume is quite impressive. However, I'm a little concerned about you biting your last 4 bosses."

6

Strategy #6: Got Em! Now What?

Congratulations! You just hired a stellar candidate. You're both excited about the possibilities of working together.

But within a few months, you start to get that nagging feeling that something isn't quite right. Deadlines begin to get missed, projects aren't moving forward, and every time you try to address the situation, you get excuses.

In the introduction of this book, I mentioned that my clients typically struggle with three human resource challenges:

1. *Finding and hiring talented people*
2. *Keeping good people motivated and retained*
3. *What to do with employees who fail to perform*

We've discussed number one in length. Now let's address number two and three.

But first, I have two questions for you!

What happens when Top Performers are held accountable?

What happens when Bottom Performers are held accountable?

If your experience is like most, you've noticed that Top Performers love being held accountable. They thrive on it. They perform better when they know what's expected of them and they tend to raise the bar on their own performance. ("I think I can do more.")

Bottom Performers are just the opposite. They hate being held accountable. They whine. They complain they're being singled out. They layer on excuse after excuse. Once you've solved one problem for them, they've got five more lined up.

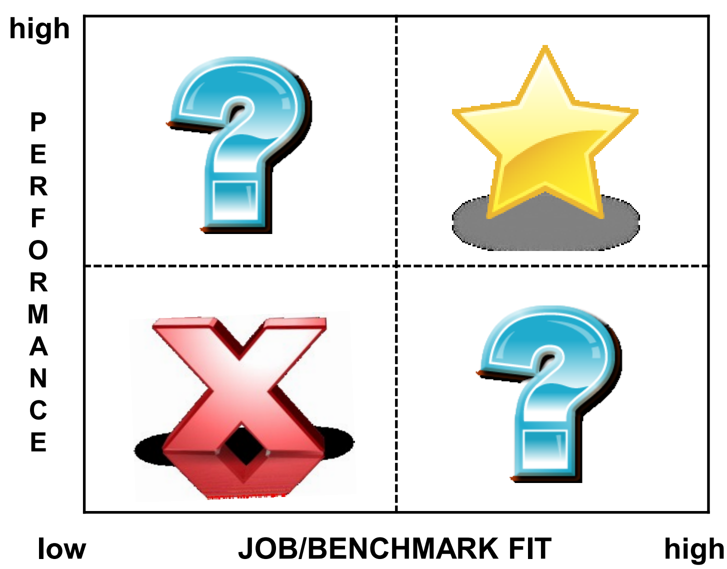
Accountability is the simplest (but not easy) solution to ALL performance issues.

Here is a step-by-step process for keeping all employees accountable. Like most things that involve human beings – it's simple, not easy!

1. Create specific and measurable key accountabilities for each position (hopefully this is done with the input of your Top Performers).
2. Benchmark the attitudes, behaviors, and competencies required by the job (again, validated by your Top Performers).

3. Inform all employees in the position of the Key Accountabilities and the timeframe in which they will be expected to meet them.
4. Compare each employee to the benchmark and create Individual Performance Development Plans to address the areas they need improvement.
5. Frequent reviews (at least every quarter) of performance, capability and IDP's.

Based on this information, you can complete a 4-cell analysis on each employee in your organization.



The model below measures an individual's performance on the left axis and their fit to the job on the bottom axis.

high

PERFORMANCE

Employee has adapted to the demands of the job despite not having the innate abilities. May have been in the position or industry a long time.	Exhibits the right attitude, behavior and competencies and excels in the position.
Without the natural abilities or evidence of results in the position, this employee will take the most time and energy to turn performance around.	Has the right natural abilities but something, perhaps environmental, may be getting in the way of performance. Determine whether this is a past top performer.

low JOB/BENCHMARK FIT high

In the upper right cell, you have people who are performing and fit the job's behaviors, competencies and motivations well.

These are your superstars who typically get neglected. Make sure you are meeting with, encouraging, supporting, and creating development plans for these employees as they are always asking "What's next for me?".

In the bottom right cell, you have the people who have the right requirements to perform well – but aren't. This is a bit of a mystery and will take some curiosity on your part to figure out.

If this is a past performer, either in your company or another, find out what's different. What's missing? What do they need? Is it a motivation or ability problem? How do you know? Ask them.

In the upper left cell, these are people who may not match the job benchmark but they don't care – they're going to perform anyway! They have found a way to win.

They may further improve their performance with some behavioral or skills training.

In the bottom left cell, we have those people who don't fit the job and aren't performing. Obviously each case is different. But you have to decide if this is where you want to spend your time and energy. In most cases, these are the employees that take up most of your time to begin with.

You will likely decide there is a greater return when you invest in employees in the other three cells. If not, please (I beg of you, please!) read the next chapter.

Beware of the energy vampires!

7

Strategy #7: No More Playing Mr. (or Ms.) Nice-Guy.

If you have fallen into the trap of investing more time in your Bottom Performers than your Top Performers, you're not alone. There are many reasons to invest in people who are struggling. The main one is that you are a nice person and you genuinely want to see them succeed.

If that's the case, may I gently suggest that this is one time that your kindness may be killing you.

Last I checked, the number one goal in any business was to turn a profit (unless you're a non-profit). No profit – no business. So anything that is killing your bottom line is killing your business, your future, and your employee's future.

> *"It is immoral NOT to remove bottom performers and imperil the jobs of everyone else."*
>
> ~ Brad Smart, Top Grading

Does this mean that tomorrow morning, you're going to systematically fire every employee who hasn't been pulling their weight lately?

For legal and moral reasons, I sure hope not. There is a process to "off-boarding," just like there should be for "on-boarding".

To ensure your peace of mind, you want to be sure you did everything possible to help each employee reach their full potential within your organization (the moral part!).

You also want to be sure you followed the protocol set forth by human resources to protect yourself from litigation when firing an employee (the legal part!).

The best way to ensure both of these issues are handled is to have a solid performance management system. (Described in Chapter 8.)

By following the process outlined there, which includes key accountabilities (results) and a position benchmark (capabilities), you create the specific and measurable criteria you need to:

1) Coach and develop low performers.
2) Redeploy to other positions, if possible.
3) Prove non-performance and fire, if need be.

For those of you who still struggle with the nice-guy syndrome, let's listen to what the experts have to say:

"I feel there is no greater disrespect you can do to a person than to let them hang out in a job where they are not respected by their peers, not viewed as successful, and probably losing their self-esteem. To do that under they guise of respect for people is, to me, ridiculous."

~ Debra Dunn, VP Strategy and Corporate Operations at Hewlett-Packard

"There is a significant tendency in business today to forgive more than is rational. Employees can no longer be allowed to sleepwalk through a day's work. They can't be putting in their time at work and failing to uphold the integrity of the company. They can no longer be allowed to consider their jobs a distraction from their lives. Businesses these days are too slow to fire people. More employees should be getting fired. Often they should be fired immediately. Why? Because they are not performing the jobs for which they were hired in the first place."

~ Michael Levine, author of 17 management books including "Broken Window, Broken Business"

"The problem is everything else you might do right and get right in your business is sabotaged by lack of accountability."

~ Dan Kennedy, author of "Ruthless Management of People and Profits

Bottom line: The best way to avoid firing people is make sure you don't hire or promote them in the first place.

Using a systematic way to define, assess, and measure performance on a consistent basis eliminates the gut-wrenching job of letting people go.

And the best outcome of creating a culture steeped in accountability is the phenomenon that occurs when people self-select out of the environment.

I will never forget an example of this years ago when I worked for a small consulting company. The place was very much a do-it-yourself, figure it out, lots of freedom, lots of responsibility, type of culture.

Having an entrepreneurial spirit, I loved it. And I made the mistake of thinking everyone would love and thrive in it.

When I hired an Office Manager who seemed to have all the skills we needed, I found out differently.

This woman was very smart and very competent. I told her that I didn't care when she worked or how she worked, I just wanted to see specific results. The methods were up to her.

However, coming from a very structured, corporate background, this didn't work for her. She kept looking for specific guidelines on how to accomplish her tasks.

We held her accountable to outcomes because we were a results-based culture.

After a few months, she came to me and said "this just isn't working out."

I have to admit – I was relieved. I had been thinking I might have to fire her. It was horrible to contemplate because she was such a nice woman.

In this type of scenario, you don't have to feel like the bad guy. All you've done is a good job of measuring and follow up – they've recognized the bad fit. This is the best outcome of a culture of accountability.

> *"Nothing our company does is more important than hiring and developing superior talent."*
>
> ~Larry Bossidy, Chairman and CEO
> Honeywell (retired)

Conclusion.

Now that we've discussed what we need to do and why we need to do it, we need to know exactly HOW to do it.

Unfortunately, all my magic isn't going to fit in a "little" book like this.

Fortunately, as The DISC Wizard, I do have a solution for you…

I Want to Give YOU All My Secrets to Hiring & Firing So You Never Have to Waste Another Minute or Dollar on Low Performers

True business success can only come when we get serious about only recruiting and hiring the absolute BEST, while coaching, redeploying, or firing those who aren't cutting it.

To access all my secrets, take advantage of a one-time ONLY offer to save $500 on the **"Boost Your Bottom Line With The 7 Strategies to Hiring and Firing" System** at:

www.discwizardonline.com/lrbseriesoto

You really have to see everything you get in this system to believe it! But don't wait. This offer will not be around forever. So get it before it pulls a disappearing act!

Nancy Roberts

The DISC Wizard

Appendix

The High Cost of Turnover includes both the **visible** and the **hidden** costs. Look first at the visible costs.

1. Estimate the number of employees that left your company (voluntary or involuntary) during the past 12 months. _______
2. The accepted average cost of turnover is 1x their yearly base salary, bonuses, and commissions. Be sure to include the cost of employee benefits.
3. Annual wages $__________ X 1 = $__________ lost per employee.
4. Total cost of turnover: Loss per employee $________ X number of employees terminated or voluntarily left company = $__________

These costs are obviously the easiest to calculate. However, there are other costs that should be calculated in order to arrive at a truer figure. The total cost of turnover can easily have some to all of these hidden or indirect factors.

1. How much did you invest in training and for developing each employee during their employment with the company? $_________
2. What was the cost to you or your managers in giving these employees special attention due to training or under performance over their period of employment? $__________
3. How much business/revenue was lost because each employee has left the company? $_________
4. How many customers/clients started relationships with competitors because of this hiring mistake or the fact that you lost this good employee? Multiply the # of customers _____ X $__________ = $__________
5. What was the negative impact on other employees (i.e. other turnover, lost productivity, sick days, low morale)? $__________
6. What were your costs in advertising (including everyone's time) for a new employee? $__________
7. What were your costs related to using temporary employees? $__________
8. What were your costs related to engaging an employment agency or executive search firm? $__________
9. What were your total costs in interviewing for a new employee (include all interviews)? $__________
10. How long will it/did it take for the new employee to become fully functional? **A**. Multiply the employee's salary $__________ X the number of months before they are totally functional _____ X percentage (%) of the job they were not fully functional (lost productivity) = $__________. **B**. Multiply the percentage of time the manager spent training the new employee (and not spent on their own job) _____% X the manager's annual salary $_________ = _________ Add totals of **A** and **B** $__________
11. Calculate worker's compensation issues with these employees? $__________
12. Did these employees have more than the average number of days off from work? What additional costs were incurred? (i.e. lost productivity, temporary help costs) $__________

13. What impact does this turnover have on your suppliers? What are the related costs? $__________
14. How many customers/clients received a negative impression about your turnover? What did that cost in lost business or lost opportunities? $_________
15. How might your competition take advantage of your turnover problems? Calculate lost sales because of turnover and the inability to have the fully trained employees on the job. $_________
16. What are the added legal and time costs involved with handling EEOC claims and lawsuits? $__________
17. Other costs? $__________

Recalculate both your visible costs with your hidden costs
1. $__________ + 2. $__________ = *New total* $__________

Most likely your new total will far exceed your first total. If you continue incurring these visible and hidden costs, how are these costs impacting your business?

A recent study conducted by a well known expert discovered that companies which invest in equipment, machinery, etc. will yield a 3% return on investment. Those companies who invest in their people and keep them will yield an 8% return.

Which would you rather realize?

If you have now decided you cannot continue incurring the high cost of turnover, what plans do you need to put into place to reduce your turnover expense? If you do not have the internal resources available, who will you turn to who can help you? What type of investment do you need to make and where? Cut your high cost of turnover by investing in your future from a market, business, technology, and a people perspective. Invest today; cut your costs for tomorrow.

If these issues are casting a spell over your company's profits, give The DISC Wizard a call today at 888-DISC-WIZ (347-2949).

Media Contact: Nancy Roberts
(888) 347-2949
fax (585) 787-9226
www.discwizardonline.com
info@discwizardonline.com