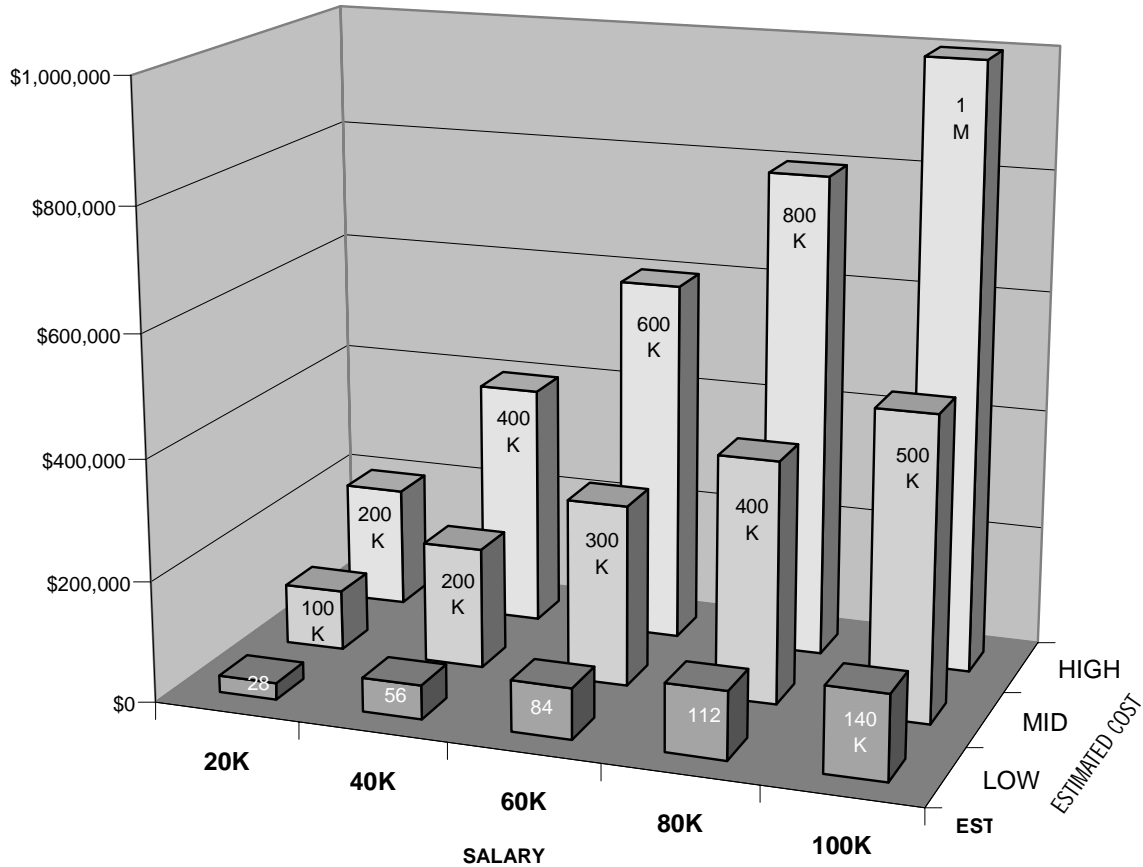


THE REAL COST OF A BAD HIRE

Low to High Bad Hire Costs v. Salary



▼ **LOWEST ESTIMATED COST:**

- s American Management Association estimates one point four (**1.4**) times the employee's annual salary.
- s DDI Consulting of Bridgeville determined the cost is dependent on the employee's duties. It will cost a minimum of **one to two times** annual earnings at the lower level positions, but will **skyrocket** from there.⁵

▼ **MID ESTIMATED COST:**

- s An Orange County California study concludes it is between **three and five times the annual salary** of the former employee.⁶
- s Robert McCord, president of McCord Communications in Redmond, estimates it cost his company seven and one-half (**7½**) **times** the annual salary of a biotech lab senior manager to replace him.⁷

▼ **HIGHEST ESTIMATED COST:**

- s Dr. John Sullivan, the executive director of the California Strategic Human Resources Partnership (a consortium of 'Fortune 500' executives), calculated the cost for a "bad hire" of a software engineer at over one million dollars, which is in excess of **ten times** his annual earnings.
- s Dr. Sullivan cited another situation at a US modem manufacture where hiring the wrong CEO **cost the company one hundred million dollars per month in lost market share.**

