

Are you gambling with your hiring? ...or worse?

By Tim Kahms, Operations Manager

Recent researches across multiple outlets have revealed some very ugly results.

New Hire Failure Rates By Job Level

Overall Failure rate – What % of new-hires fail within 18 months? **46%**! (Source: Leadership IQ)

Hourly new-hires – What % of all hour employees quit or are fired within their first 6 months? **50%**! (Source: Humetics)

Management New-Hires – What % of management new-hires fail within 18 months? “Between 40 and **60%**” (Source: Harvard Business Review)

High-Level Managerial Talent – “In **82%** of their hiring decisions” (Source: Gallup)

Executive New Hires – “Nearly **40%**” (Source: Center for Creative Leadership)

Unequivocal Success – What % of new hires can be declared as an unequivocal success? “**19%**” ...or 1 in 5 (Source: Center for Creative Leadership)

Just look at those numbers. Something is seriously wrong with the recruiting process. These numbers bear out that **it's a 50/50-coin toss that your next hire won't last 18 months.**

...and don't forget to look in-between the lines. If 46% were mis-hires, and 19% were successes, that means the 35% that are left are average performers. Not failures but not successes, but a C-Player. Not bad enough to be fired, but would they be rehired? Probably not.

Our industry let our clients routinely play a game with close to a 50% failure rate, and a success rate of less than 20%.

So...what's the root cause? A whole lot...

- No understanding of the cost of a bad hire.
- The designs of the recruiting processes are not scientific.
- The recruiting processes is rarely redesigned from a six-sigma approach, but developed overtime through hodgepodge methods that add-to or modify individual elements as issues arise or new technologies come along.
- Failure rates or quality of hires are rarely measured.

From an executive search standpoint, the on-going use of a contingent search model creates many of these issues. Think about it...

The contingent model is based on, and rewards primarily speed and volume. Most contingent search firms work within success rates of between 10-20%, which means they have to work 10 roles to fill 1 or 2. So, most of the time (80-90%) they are working for free. The result? We recruiting universe that only fills 10-20% of projects they take in...they can't afford to do a deep dive on their searches. Meaning, candidates recruited are typically active, not passive, because they are unemployed, under-performing, or have a life situation driving their motivation.

There is a better way – one that focuses on quality of hire.