The Hiring Decision That Cost a Company Over $100,000

A bad hire affects more than the bottom line. Structured hiring prevents expensive mistakes.

$103,000
total cost of one bad hire

6 months
until the employee was let go

2 weeks
the original search took

Hiring · Interviewing · Talent Management · Leadership

The situation

A growing professional services firm needed a business development manager. Under pressure to fill the role fast, leaders hired the strongest interviewer after two conversations.

What went wrong

The rushed process skipped the steps that would have shown a poor fit:

- **No clear success measures** — the role's goals were never written down.
- **Unstructured interviews** — each interviewer asked different questions and relied on impressions.
- **No work sample** — no one tested how the candidate would actually build a pipeline.
- **Thin references** — one reference was called, and the questions were general.

Where the $103,000 went

Cost	Estimate
Salary and benefits for six months	$45,000
Recruiting and onboarding	$18,000
Training time from managers	$8,000
Lost sales and client follow-up during the vacancy	$32,000
Total	$103,000

What they did differently

- Defined success measures and core skills before posting the job.
- Used structured interviews with the same questions and a scoring guide.
- Added a short work sample tied to the real job.
- Called at least three references with behavior-based questions.
- Had a small panel decide together using the scores.

The outcome

The second search took five weeks instead of two. The new manager met first-year goals, and the firm now uses the same structured process for every key role. Leaders say the extra weeks cost far less than one more bad hire.

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Self-check: could this happen to you?

- ☐ Do you write down what success looks like before hiring?
- ☐ Does every candidate get the same questions?
- ☐ Do you test skills, not just interview performance?
- ☐ How many references do you call, and what do you ask?
- ☐ Have you estimated what a bad hire costs your organization?

Want to talk through what this means for you?

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