

## Cost of Poor Selection Worksheet

The chart below lets you calculate the financial impact of a poor hiring decision on your organization. First, select a relevant position in your organization. Then, using the formulas in the chart below, estimate what your organization spends for each activity to hire a person into that position. Spaces have been provided for you to write in additional activities if necessary. You might want to use the actual figures from the example on the previous page as a guideline.

ACTIVITY	COSTS
Advertising (Number of ads ___ x cost per ad _____)	
Administrative Costs to Process All Candidates (Will vary depending on position and number of candidates) (Total number of administrative hours ___ x average hourly salary plus benefits ___)	
Candidate Travel Costs (if applicable) (Average airfare _____ + average hotel rate _____ x number of trips ___ x number of candidates from out of town ___) Interviewer Costs (if applicable)	
(Number of interviewers ___ x hours per candidate ___ [includes data integration] x average hourly salary plus benefits _____ x number of candidates interviewed ___)	
Lost Opportunities/Hidden Costs (Revenue lost from incomplete projects, lost sales, disrupted customer service, other resources filling in while position is vacant, etc.) Estimate will vary depending on the open position and how long it remains vacant	
Relocation Costs (If applicable, varies depending on housing costs)	
Training (If applicable, varies depending on housing costs) (Number of months training time in the first year ___ x monthly salary plus benefits _____)	
Severance Pay (Based on company policy. For example, one month's pay _____)	
<b>Total Cost of Poor Selection for One Individual (add previous rows)</b>	
Total cost of poor selection for one individual _____ x number of individuals hired in this job category per year ___ =	
<b>Total Cost of Poor Selection for this Job Category over One Year</b>	