

AN ALTERNATIVE VIEW OF

COST OF MISALIGNMENT

FOR BEGINNERS

THE COST OF MISALIGNMENT/MISMATCH CAN BE SIGNIFICANT:

- 14 TIMES SALARY* FOR EMPLOYEES EARNING A BASE SALARY UNDER US\$100,000

- 28 TIMES SALARY* FOR EMPLOYEES EARNING US\$100,000 TO US\$250,000

IMAGINE A BUSINESS UNIT THAT HAS AN ANNUAL REVENUE OF US\$250 MILLION, OPERATING AT A 15% MARGIN.

LED BY 12 GLOBAL/REGIONAL LEADERS WHO COST, ON AVERAGE, US\$300,000 PER HEAD, THE IMPACT OF MIS-HIRING A SINGLE LEADER FOR THE TEAM CAN BE TRULY DEVASTATING FOR THE BUSINESS UNIT. TWO MIS-HIRES WILL BE A BIG PROBLEM. THREE WILL RESULT IN LONG-TERM DAMAGE.

WE HAVE TO INVEST IN PEOPLE UPFRONT SO THAT WE DON'T PAY A HUGE COST LATER!



THE IMPACT OF HAVING THE WRONG PERSON IN THE JOB

SCENARIO	# OF MIS-HIRES	TOTAL COST (US\$) OF MIS-HIRES Cost of 1 Mis-hire at \$300,000 (average salary) x 28
1	Cost of 1 Mis-hire	8.4 million
2	Cost of 2 Mis-hires	16.8 million
3	Cost of 3 Mis-hires	25.2 million

SCENARIO	ASSUMPTION Total cost of Mis-hires / Operating margin	REDUCTION ON OPERATING MARGIN
1	8.4 million / 37.5 million	22.4 %
2	16.8 million / 37.5 million	44.8 %
3	25.2 million / 37.5 million	67.2 %

SOURCE: * DENISE CORCORAN, EMPOWEREDBUSINESS.COM, "SHOCKING COSTS OF HIRING MISTAKES" (OCTOBER 30, 2013).