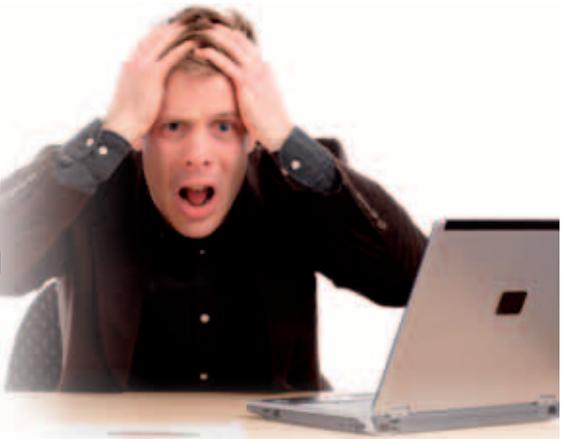


OhMy: The Impact Of A Bad Hire



By Carl Taylor

Bad hires hurt. The immediate impact and the longer term repercussions can be felt in any size company, and a smaller organization or a department within a larger organization can be particularly hit hard.

Evaluating the impact of a bad hire is not a pleasant undertaking; however, it does serve as a reinforcement of just how important the hiring process is to your client or to your organization.

The specific impact of a bad hire will depend on the position involved, and it will vary from organization to organization. The review of an actual case may be helpful in determining the breadth and depth of the potential damage. One such case arose recently at a non-profit organization which we will call OhMy Museum or OhMy.

A VISIT TO THE MUSEUM

By most measures, OhMy Museum is a very successful medium to large size museum. For over 25 years, OhMy was a small institution with an outstanding, but limited, reputation. A few years ago and after careful study, the Board of Trustees and the Museum Director decided to triple the size of the museum. The implementation of this expansion has been very successful.

In a non-profit organization, the Director of Development is responsible for all aspects of the institution's fund raising activities. These activities include annual funds, capital campaigns, special events and other programs which seek the philanthropic involvement of the communities the organization serves.

Approximately two years ago, the Director of Development for OhMy Museum announced his retirement. His replacement was very important to the continued success of OhMy, especially in light of the museum's recent expansion.

SEARCHING FOR A NEW DIRECTOR

The Director of Development at OhMy Museum reports directly to the Museum Director, which for the purpose of this article is Mr. Jones. Mr. Jones has been in the museum business his entire career, and he has been at OhMy since its founding. Mr. Jones is very well known in the region, and he is involved in a variety of national associations and organizations; thus, he has a wide network of contacts.

When Mr. Jones learned about the Director of Development's retirement, he was determined to use his extensive network of contacts to find a replacement. He had over six months to find a new person, and, Mr. Jones did not want to pay a fee for any kind of recruitment service.

The search for a new Development Director became much more difficult than Mr. Jones had anticipated. Given the large number of non-profits in existence, this type of person is in strong demand, and there are a limited number of candidates who can handle the Director's role.

After about four months, Mr. Jones found a candidate whom he deemed appropriate for the position; however, the Board of Trustees was not pleased because the candidate did not have enough relevant experience. Finally, the Board and Mr.

Jones hired a mutually agreeable candidate as the six month timeframe expired. The successful candidate had served as an instructor at a training seminar which Mr. Jones had attended several years before.

It took a very short amount of time before things began to go wrong in the Development Department and related areas at OhMy Museum. The new Director, Mr. Adams, had a very assertive, abrasive style which was completely counter to the culture at OhMy. Over time, he alienated many of the museum staff, museum members, volunteer helpers and donors. After about 18 months, Mr. Adams was let go.

WHAT WENT WRONG?

OhMy Museum made a number of errors before, during, and after hiring Mr. Adams. The recruitment and assessment mistakes included:

Lack of consensus on the position description and the person sought. Mr. Jones knew who he wanted in this role, and he did not seek input from the Board, the museum staff, or any potentially helpful museum members.

Poor knowledge of the market for a new Director of Development. Mr. Jones and the Board did not appreciate or understand the increased demand for Development professionals or the level of effort required to find appropriate candidates.

Inadequate and incomplete interview process and reference checking. The team which interviewed Mr. Adams and spoke with his references was not sufficiently knowledgeable about Development to ask

the right questions and properly assess the candidate. In addition, they did not dig deeply enough during the interviews to satisfy the culture fit.

Ultimately, rushing the selection of a candidate based on an arbitrary deadline. The self imposed six month recruitment period became more of an issue than finding the right person.

After hiring Mr. Adams, Mr. Jones and the Board were slow to admit the mistake and correct the problem.

HOW DID THIS IMPACT THE BUSINESS?

As with any bad hire, some of the damage is quantifiable by calculating actual out of pocket expenses and estimating the impact of the person's actions and/or errors. However, much of the damage created by a bad hire is not readily quantifiable, but this damage may be more detrimental and longer lasting to a business or organization.

OhMy Museum suffered damage in a number of areas, including:

- The direct costs associated with hiring, compensating, relocating and providing professional development to Mr. Adams. The museum will have additional direct costs as it works to correct its deficiencies and recruit a new Director.
- The museum staff, especially those who worked for or near Mr. Adams, experienced a significant decrease in morale and focus and an increase in fear, worry and frustration - which led to lost productivity. The number two person in the Development Department resigned, and other staff members actively explored alternative careers.
- The staff and those museum members, volunteers and donors exposed to Mr. Adams experienced an erosion of confidence in the leadership of the museum. A common question: "What were they thinking when they hired him?"
- Many museum members, volunteers and donors were offended by



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Mr. Adams' actions - which substantially reduced their efforts and enthusiasm on behalf of the museum. In many cases, these negative impressions will be difficult to repair. In addition, a lot of rumors and negative information was communicated to people outside of the museum, impacting on future museum outreach efforts and programs.

- Several donors did not participate, or reduced the amount of their participation, in various fundraising activities because of the way they were treated. In fact, one major donor has chosen not to fulfill a very large vocal commitment.

The damage which can be readily quantified approaches \$1.5 million, including cancelled contributions and known reduced levels of giving. The impact of the other damages will add substantially to that amount. These damages represent a significant multiple of Mr. Adams' annual compensation which was approximately \$120,000.

LOOKING AHEAD

OhMy Museum is in the process of finding a new Director of Development. At present, they are spending some time evaluating their existing organization and determining the person they truly need in

this role. This is a good first step.

This organization realizes that this hiring mistake will increase the challenge of identifying and attracting a new Director of Development. Candidates will need to be even more comfortable with the institution and its leadership before committing to take up this role.

OhMy Museum is an outstanding organization, and it will survive this error and excel in the years ahead. Although it has lost a lot of momentum in its fundraising efforts, it will require time to repair the damage which has been done in its internal and external communities.

This museum made a lot of mistakes in the recruitment, assessment and management of Mr. Adams. It is important to remember that it does not require numerous errors to make a bad hire; it can take only one.

Don't disregard the experience of OhMy Museum because it is a non-profit organization. Change museum members, volunteers and donors to customers, clients, vendors and investors, and the results can be easily the same in any business environment.

Whether an organization uses external or internal resources to identify and attract its key management, the extra time, effort, and resources invested in this process will pay for themselves many times over. **S**

Carl Taylor is President of Carl J. Taylor & Co. He began his career in public accounting with Peat Marwick Mitchell (now KPMG), spent seven years in the management consulting division of Touche Ross (now Deloitte Consulting) and then two years as the National Director of Planning for the firm. He started Carl J. Taylor & Co. in 1987.

Carl J. Taylor & Co. is an executive search and management consulting firm based in Dallas, Texas. Initially, the firm focused on serving professional services firms (management consulting, engineering, and public accounting). However, as his professional associates and clients moved to other corporate environments, Carl's search practice has expanded to serve a variety of organizations with their senior level and one-of-a-kind search needs.

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