BAD HIRES, BIG CONSEQUENCES:
THE TRUE COST OF POOR RECRUITMENT IN BUILDING ENVELOPE

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THE REASON FOR
THIS REPORT

Hiring mistakes are common in the Building Envelope industry.

That's particularly true now that companies are racing to fill talent gaps and competing with countless other businesses for a limited selection of candidates. But a bad hiring decision is more impactful than you might realise.

According to the Harvard Business Review, about <u>80% of employee turnover</u> is caused by bad hiring decisions. Since companies can spend anywhere from around £18,700 (for an entry-level employee) to hundreds of thousands (for executive positions) on the cost of replacing a bad hire, it's safe to say that the wrong recruitment strategy is extremely expensive.

It's not just the cost of replacing a hire that adds up. In addition to extra recruitment costs and training fees, business leaders must account for the financial impact of dropping team morale, process disruptions, productivity issues, and even damaged brand reputations.

As the war for talent in the Building Envelope industry rages on and companies continue to invest in talent to facilitate ongoing growth, organisations can't afford to waste time and money on the wrong recruitment process.

In this guide, we'll introduce you to the real cost of poor hiring decisions – what they mean for your team – and what kind of issues cause them in the first place. Plus, we'll share our top ideas for how you can optimise and improve your decision framework to ensure you find, retain, and nurture the right talent.

THE COST OF POOR BUILDING ENVELOPE HIRING DECISIONS:
FINANCIAL IMPACT

So, how much does a bad hiring decision cost? Estimates vary. Some analysts say the wrong employee can cost a company up to 30% of that team member's <u>first-year salary</u>.

Others suggest the costs are much higher, particularly when hiring an employee, which can require significant investment in creating and publishing job listings, finding and hiring Building Envelope recruitment companies, conducting interviews, and even onboarding team members.

There's even more than the initial salary to consider, as companies also need to pay for benefits, taxes, and more throughout the time a new employee spends with the company. That's why the US Small Business Administration suggests the cost to hire a new worker is around <u>1.4 times more</u> than the base salary for that employee.

Let's break the direct financial implications down.

THE COST OF POOR BUILDING ENVELOPE HIRING DECISIONS: **FINANCIAL IMPACT**

Direct Recruitment Costs

The initial phase of hiring involves expenses for advertising vacancies, conducting interviews, and performing background checks. According to the Society for Human Resource Management (SHRM), the average cost-per-hire is about £4,129. However, when a hire doesn't work out, these costs double as you face severance pay and the expenses of restarting the recruitment process.

Training and Onboarding Expenses

After you choose the ideal Building Envelope candidate, you'll need to invest in initial onboarding and ongoing training to ensure they can thrive in their role. If that hire is a poor fit or decides to leave your company, all the training resources are wasted. You'll need to pay to onboard and train a replacement constantly.

Legal and Compliance Risks

Hiring individuals without thorough vetting can expose organisations to legal challenges. For instance, if a bad hire exhibits poor behavior in front of clients or customers or fails to meet expectations, they could drive customers away. Beyond that, they could end up causing compliance issues that lead to fines. For instance, if an employee accidentally enables a data breach, the cost of cleaning up that mess must be considered.

THE COST OF POOR BUILDING ENVELOPE HIRING DECISIONS: **FINANCIAL IMPACT**

Performance Management Costs

Managing an underperforming Building Envelope employee requires considerable time and effort from supervisors and HR personnel. This includes conducting performance reviews, implementing improvement plans, and providing additional support. These activities divert attention from other critical tasks and can lead to managerial burnout.

Replacement Expenses

Replacing a bad hire involves repeating the entire recruitment and onboarding process, leading to additional costs. You might even find that the cost of recruiting is higher the second time because of the negative impact of the initial bad decision on your Building Envelope employer brand.

Salary and Benefit Costs

On top of all the fees mentioned above, there's still the cost of actually paying your new hire to think about. It's not just salary or wages that eat into your budget but fees for benefits and taxes. This leaves you with less money remaining in your budget to invest in things like finding a new employee or delivering training.

THE RIPPLE EFFECT:
HIDDEN COSTS OF POOR HIRING DECISIONS

So far, we've only examined the direct financial impact of a poor Building Envelope hire, but the expenses go deeper than you'd think. An underperforming employee leads to significant productivity losses, reduced efficiency, harmed morale, and issues with company culture.
You'll also need to think about how your bad hiring decision will lead to costs due to issues with:

Team Morale Dynamics
Introducing the wrong employee to your Building Envelope team disrupts cohesion. Conflicts could arise, leading to a toxic work environment where people spend more time battling against each other and less time getting work done. Team members might even have to compensate for the shortcomings of underperforming employees, leading to increased frustration and burnout.

Your entire company culture can suffer, as a poor hire can introduce behaviours and work patterns that conflict with your established norms. This misalignment can lead to a decline in the workplace atmosphere, prompt existing employees to leave your business, and drive new talent away. All of that has a major impact on your financial health.

THE RIPPLE EFFECT:
HIDDEN COSTS OF POOR HIRING DECISIONS

Productivity and Performance

Underperforming employees often require additional supervision and assistance, diverting resources from other critical tasks. This diversion can lead to project delays and frustration among existing employees. If a bad hire disrupts your company culture, this could lead to disengagement and reduced morale, which means the performance of all team members suffers.

You may even damage relationships with your Building Envelope clients. Employees lacking the right skills or emotional intelligence to build and maintain positive customer relationships could lead to dissatisfied clients. This can result in lost business and issues with your reputation. You might even need to spend more time and money replacing the clients you lose.

Innovation Impediments

Today's Building Envelope companies must innovate fast to stay ahead of the competition. But it's hard for teams to creatively resolve problems and explore new opportunities when constantly fixing mistakes or dealing with a poor cultural environment.
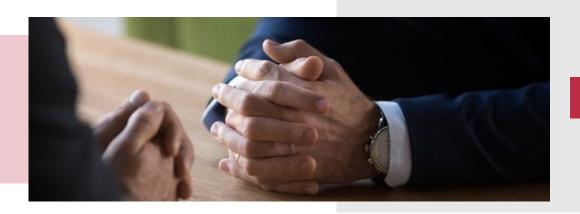
THE RIPPLE EFFECT:
HIDDEN COSTS OF POOR HIRING DECISIONS

A bad hire can stifle innovation by not contributing effectively or discouraging others from sharing their ideas due to negative interactions. This hindrance can lead to missed opportunities and a decline in your company's competitive edge. Business managers and leaders, usually focused on driving innovation, could dedicate all their time to addressing the issues arising from a bad hire – rather than facilitating growth.

Brand Reputation Damage
An organisation's reputation is one of its most valuable assets. Bad hires can jeopardise this by delivering substandard work or engaging in unprofessional behaviour, both internally and externally.

Negative client experiences can lead to poor reviews and diminished trust. At the same time, internal issues can result in poor employee reviews on platforms like Glassdoor, deterring potential talent from joining your team. The result is you spend more on not just acquiring clients but attempting to find the crucial Building Envelope talent you need to fill the gaps a poor hire leaves behind.

IDENTIFYING THE ROOT CAUSE
OF POOR HIRING DECISIONS

Job Requirement Misalignment

How can you hire the right Building Envelope employee if you don't know what you need? In today's world, hiring a new candidate isn't just about finding someone with the exact skills, experiences, and competencies as a person who previously filled the role.

Your business will constantly evolve, and you'll discover new things you need to prioritise when recruiting, such as resilience or new technical skills. The key to success is identifying everything a candidate needs in advance, from the qualifications and skills they should already have (as well as those they can learn on the job). Companies need to consider personality traits that indicate whether a candidate can fit into a team.

Assessment Gaps

Many Building Envelope companies still make the mistake of trying to "automate" everything in the hiring process. They use Applicant Tracking Systems to identify "ideal" candidates based on the keywords they use in a cover letter or CV. However, they fail to invest enough time to ensure a candidate can live up to their claims.

IDENTIFYING THE ROOT CAUSE
OF POOR HIRING DECISIONS

Choosing the right assessment strategies is crucial for making informed hiring decisions. For instance, a Myers-Briggs personality test might tell you more about whether a candidate will fit well with existing team members. Still, it probably won't predict their future job performance. Companies need holistic assessments, validating soft skills, hard skills, and other factors that might influence a candidate's long-term success.

Interview Protocol Deficiencies
Unstructured or poorly conducted interviews contribute significantly to bad hires in the Building Envelope industry. Without a standardised approach, interviews often become subjective. Hiring managers and HR teams make decisions based on "gut instinct" and "feeling" rather than actually focusing on what matters.

They could end up talking too much during the interview rather than taking notes that will help the hiring team to collaborate on choosing the right employee. They could even end up asking completely different questions to each candidate, making it impossible to assess each applicant fairly and objectively.

IDENTIFYING THE ROOT CAUSE
OF POOR HIRING DECISIONS

Reference Checking Inadequacies

In an ideal world, every candidate would be completely honest about their background and history—but that's not our world. Neglecting thorough reference checks can result in overlooking critical information about a candidate's past performance and behaviour.

Busy Building Envelope managers may deprioritise this step, leading to hires who may not meet the organisation's standards. A comprehensive reference check can provide insights into a candidate's work ethic, reliability, and cultural fit, helping to prevent costly hiring mistakes.

Cultural Fit Evaluation Failures

Candidates need more than the right technical skills and credentials to thrive in a Building Envelope role. Training candidates to develop new "hard skills" is much easier than trying to mould them to fit your company culture.
A hire who does not fit culturally can disrupt team dynamics and lower morale. For example, hiring someone who prefers independent work in a highly collaborative environment may lead to more conflicts and poor performance.

IDENTIFYING THE ROOT CAUSE
OF POOR HIRING DECISIONS

Additional Factors

Various other factors can also come into play. Time pressures can lead to hasty hiring decisions, where speed is prioritised over quality. This urgency can result in skipping essential steps in the hiring process, such as thorough interviews or reference checks.

Relying too heavily on technology can be a problem, too. For instance, using AI to select a candidate based on the credentials they share on their CV, without investing assessments and face-to-face interviews, gives hiring managers a fragmented and inaccurate view of their options.

THE IMPACT OF BIAS
ON HIRING DECISIONS

Another major cause of bad hiring decisions is bias. We all try to avoid discrimination in the modern workplace, but bias is difficult to navigate—it often happens subconsciously, to the point that 96% of recruiters think bias is a major hiring issue.

Numerous types of bias can harm hiring decisions, such as:

Confirmation Bias
As human beings, we like validating our gut instincts. Suppose a hiring manager immediately feels good about a candidate they meet. In that case, confirmation bias will prompt them to search for things that validate their initial assumptions while pushing them to ignore evidence to the contrary.

Confirmation bias doesn't just have to be based on how much a hiring manager likes a candidate. They might automatically assume that a candidate from a particular school will be a better choice or that someone of a certain age will fit better into an executive role. This all leads to poor hiring decisions based on theory rather than facts.

THE IMPACT OF BIAS
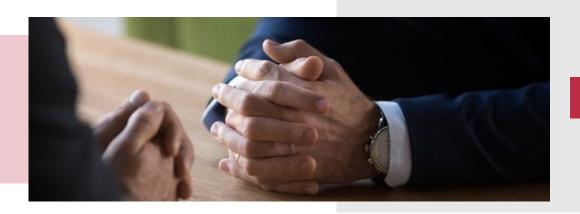# ON HIRING DECISIONS

Urgency-Driven Compromises

Building Envelope companies need to quickly fill gaps in their team to minimise productivity and performance disruptions and beat competitors to the best talent. But the pressure to fill a position quickly can cause us to make hasty decisions.

Business leaders can neglect thorough evaluations or ignore important red flags that indicate a candidate might not be right for a role. Ultimately, the quest to hire quickly shouldn't come at the expense of hiring "well".

First Impression Dominance

We form first impressions quickly – often within seconds. We don't have the time to take in all the information we need during these snap-second judgements. Yet hiring managers still heavily rely on first impressions when making Building Envelope hiring decisions.

But first impressions are extremely flawed. Just because a candidate makes a positive first impression doesn't mean they're a better fit for a role than someone who showed a lot of nerves or made a mistake during the initial screening process.

THE IMPACT OF BIAS
ON HIRING DECISIONS

Group Think Influencers

A lot of Building Envelope companies rely on multiple people to make hiring decisions. That's actually a good thing, as it helps to ensure multiple perspectives are involved in the recruitment process. However, a panel-based approach to hiring only works if everyone maintains their unique insights and opinions.

If everyone is prompted to share the same thoughts and opinions – simply because one person speaks louder than another or seems to hold more power and influence – everything breaks down.

PREVENTING BAD HIRING DECISIONS:
PROCESS ENHANCEMENT STRATEGIES

Mitigating bad hiring decisions isn't easy, but it is possible with the right strategy. The key to success is updating and improving the entire recruitment process, focusing on a data-driven approach to making smarter hiring choices. Here's what Building Envelope companies can do to enhance the decision-making journey.
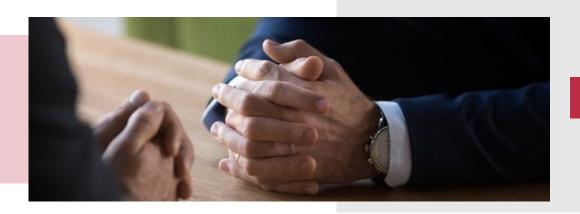
Upgrade Requirement Definitions

First, stop trying to fill gaps in your team by looking to "replicate" previous employees. Take the time to assess your business goals, the skill gaps in your organisation, and the attributes candidates need to have.

Replace the standard hiring wish list ("ten years of experience" or "X certification") with a clear checklist of the core factors that will make a candidate ideal for your team. When writing your job descriptions, avoid listing countless "nice-to-have" skills and credentials and focus on what matters – the skills, experience, and personality traits you can't do without.

PREVENTING BAD HIRING DECISIONS:
PROCESS ENHANCEMENT STRATEGIES

To define the requirements for a role effectively and write better job descriptions:

- **Collaborate:** Engage with the team members and team leaders in the group you're hiring for to gain insights into the skills and attributes that are most beneficial to them.
- **Separate must-haves and nice-to-haves:** Clearly distinguish between essential qualifications and desirable traits to avoid deterring potential candidates who may lack non-essential skills.
- **Use Clear and Specific Language:** Avoid vague terms; use precise language to describe job responsibilities and expectations.

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Develop Strong Assessment Frameworks

Implementing a structured assessment framework makes objectively evaluating a candidate's competencies easier, reducing the risk of bias. A comprehensive assessment strategy can include various methods such as pre-screening, interviews, reference checks, cognitive ability tests, personality assessments, and skill tests.

PREVENTING BAD HIRING DECISIONS:
PROCESS ENHANCEMENT STRATEGIES

- **Develop Competency Profiles:** Define the specific competencies required for the role and use them as standards for assessing candidates throughout the selection process.
- **Utilize a Variety of Assessment Methods:** Incorporate multiple assessment techniques to gain a holistic view of a candidate's abilities and fit for the role.
- **Ensure Fairness and Objectivity:** Use validated and unbiased assessment tools to provide equal opportunities for all candidates.

Remember to test standard technical skills and soft skills with equal focus.

Additionally, ensure you have a strong strategy for examining Building Envelope candidate references. Reference checks help you to get an insight into a candidate's past performance and work behaviours.

Develop a standardised reference check form, and ask open-ended questions when speaking to references to gain deeper insights. Remember, you should still check references and assess candidates even when they're referred to your company by reputable team members. Referring employees can still show unconscious bias and may accidentally paint a picture of a candidate that isn't entirely accurate – after all, they want to support their friends.

PREVENTING BAD HIRING DECISIONS:
PROCESS ENHANCEMENT STRATEGIES

Upgrade Your Interviews

Structured interviews enhance the reliability of the hiring process and help to reduce issues of bias. In fact, according to the Harvard Business Review, interviews are where biases are most likely to appear, as we often make split-second judgments when meeting people.

Trained hiring managers and team leaders on interviewing strategies. Ensure they're trained to ask questions and evaluate answers during the interview, and provide them with a list of vetted questions to ask. This way, you give every Building Envelope candidate the same assessment.

Introduce team members to interviewing methodologies, like using "behavioural" questions to gain insights into a candidate's previous experiences.

Make sure your team members know how to put candidates at ease when answering questions, and give them a checklist or document they can fill out with notes throughout the process.

Additionally, don't rely too heavily on a single interview – particularly if it's your first interaction with a candidate. Combine interview notes with assessment scores, reference reviews, and insights into cover letters and resumes. That will give you a more comprehensive view of a candidate when deciding.

PREVENTING BAD HIRING DECISIONS:
PROCESS ENHANCEMENT STRATEGIES

Prioritise Cultural Alignment

As mentioned above, cultural fit is important, particularly when you want to maintain and enhance your workplace environment. Notably, you shouldn't just look for people who are "the same" as everyone else on your team.

Diversity is still crucial. You'll need to hire Building Envelope candidates from different backgrounds and with varying skills, but it's worth checking to see if they share similar values and can adapt to your work processes.

Define your business's core values clearly so you can identify the behaviours and attributes to look for in each potential employee. Use behavioural assessments for insights into a candidate's traits and how they align with your company's processes.

Consider conducting panel or team interviews to see how well the candidate meshes with existing team dynamics. Notably, technology can be helpful here. Machine learning models can give you valuable insights into the potential success of a new hire based on their ability to fit with the company culture. However, don't rely on these tools completely.

AI tools and automation solutions still make mistakes, and it's important to keep humans in the loop and assess all factors (including the results of assessments) when making decisions.

PREVENTING BAD HIRING DECISIONS:
PROCESS ENHANCEMENT STRATEGIES

Streamline the Hiring Process

A complex and clunky recruitment process leads to delays that can force hiring managers to make quick, rash decisions at crunch time. The best way to address this issue is to streamline the hiring process.

First, narrow your hiring pool.
Consider posting job descriptions on industry-specific boards or asking a Building Envelope recruitment team to help you select the best candidates from a pool of passive candidates, active applicants, and employee referrals. Use initial screening processes to narrow down the number of people you'll interview from day one.

Next, make it easy for candidates to apply for a job. Ensure they can easily learn everything they need to know about your company, including the kind of compensation and benefits you offer, without contacting your HR team. Make it simple for them to submit applications and complete assessments online so you can fill your talent funnel faster.

Finally, use technology with caution. Use recruitment tools that offer workflow automation to alleviate administrative tasks, allowing recruiters to focus on interviewing candidates.
Streamlining the hiring process should ensure you have more time to make strategic decisions. It also improves the candidate experience, boosting your chances of candidates actually saying "yes" to your offer and helping you attract more talent in the long term.

DECISION SUPPORT:
MITIGATING BIAS AND IMPROVING CHOICES

Even if you follow the steps above to improve your recruitment process, making the right decision can be complex. The best strategy is to develop a comprehensive "decision support system" that guides you in making the right choices for your business.

This system should include:

Evaluation Matrices
Evaluation matrices offer a structured approach to assess multiple Building Envelope options against defined criteria. By assigning weights to each criterion, decision-makers can objectively compare alternatives. For instance, an evaluation matrix can rate candidates based on experience, skills, and cultural fit in employee recruitment, ensuring a comprehensive assessment.

DECISION SUPPORT:
MITIGATING BIAS AND IMPROVING CHOICES

Collaborative Frameworks

Collaborative frameworks ensure effective communication and joint decision-making among team members. Bring staff members together to share information and insights, and make sure everyone maintains an equal voice when making final choices. Don't allow the opinions of one team member to outweigh another significantly.

Data-Driven Approaches

Leveraging data-driven approaches boosts the accuracy and objectivity of decisions. In recruitment, AI-powered tools can help you evaluate vast datasets to identify top candidates, automate repetitive tasks and reduce bias. For instance, AI algorithms can screen resumes to match job requirements, allowing recruiters to focus on strategic aspects of talent acquisition.

DECISION SUPPORT:
MITIGATING BIAS AND IMPROVING CHOICES

Risk Assessment Tools

Risk assessment tools help identify potential challenges and evaluate the impact of decisions. Incorporating machine learning models into your strategy can help you predict outcomes such as Building Envelope employee absenteeism, enabling proactive management. Implementing other strategies, like regular initial assessments with new employees during an onboarding process and their initial months of work, can help you detect issues before they have a greater impact on your team.

Validation Processes

Validation processes ensure that decisions are based on accurate and relevant information. Implementing validation steps, such as cross-referencing data sources and conducting pilot tests, can confirm the effectiveness of chosen strategies. For example, in hiring, validation processes might include structured interviews and reference checks to verify candidate suitability.

Validation processes also involve implementing measures to track the success of hiring decisions. Monitor the results of your strategy closely, tracking things like time and cost to hire, average retention rates, employee engagement levels, and productivity metrics.

IMPROVING YOUR HIRING PROCESS:
QUICK IMPLEMENTATION STEPS

Avoiding bad Building Envelope hiring decisions is about more than just spending more time making a decision. You might need to overhaul your entire strategy completely, but the results are worth it. If you're sick of dealing with the costs of bad hires, invest in the following steps:

Step 1: Process Evaluation
Begin by analysing your current hiring procedures to identify strengths and areas for improvement. To gauge effectiveness, assess metrics such as time-to-fill, cost-per-hire, and retention rates. Engage with hiring managers and recent hires to gather feedback on the recruitment experience. This should help you identify bottlenecks and opportunities.

Step 2: Resource Allocation
Hiring great candidates will always consume resources, so make sure you have them ready. Invest in the things that will help you make better choices, such as AI-powered screening tools or support from a dedicated Building Envelope recruitment company. Consider dedicating a budget to employer branding initiatives, referral strategies, and performance tracking tools.

IMPROVING YOUR HIRING PROCESS:
QUICK IMPLEMENTATION STEPS

Step 3: Timeline Development

You can't rush a great hire, but you can't afford to dawdle either. Establish a clear timeline for each stage of the hiring process to maintain momentum and keep candidates engaged. Define specific time frames for application reviews, interviews, and decision-making. Communicate these timelines to all stakeholders to ensure alignment and accountability. Adhering to a structured timeline helps prevent delays that could result in losing top talent to competitors.

Step 4: Stakeholder Engagement

Involve key stakeholders, including team members from the department with the vacancy, in the hiring process. Their insights can help you create accurate job descriptions and assess candidates more effectively. Collaborating with the team you will be hiring for ensures that the job description reflects the skills, experience, and personality that will best fit the role. Regular communication ensures you can track the results of your hiring strategies effectively.

Step 5: Success Measurement

Define clear metrics to evaluate the success of your hiring initiatives. Key performance indicators (KPIs) such as quality of hire, candidate satisfaction, and diversity metrics provide valuable insights. Regularly review these KPIs to assess the effectiveness of your strategies and make data-driven adjustments as needed. Committing to continuous improvement will ensure you get the best possible results in the long term, with fewer hiring mistakes.
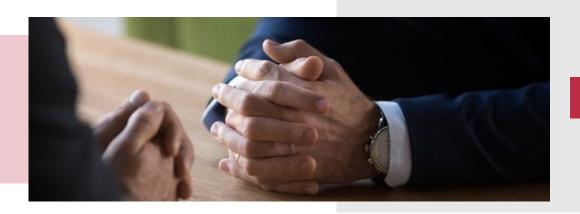
MAKE SMARTER HIRING DECISIONS
IN THE BUILDING ENVELOPE INDUSTRY

The Building Envelope hiring landscape is evolving rapidly, with businesses facing new challenges and opportunities in talent acquisition. As competition for skilled professionals intensifies, you can't afford to make the wrong decision when growing your team.

Relying on technology alone isn't enough. You'll need to ensure you have a step-by-step process for identifying, evaluating, and onboarding the right candidates. Plus, you'll need to commit to constantly finding ways to update and improve your hiring process to stay ahead of the competition.

Remember, partnering with professional recruitment teams can help. These companies offer access to expertise, industry knowledge, and networks that can significantly improve hiring outcomes.

Don't let bad hiring decisions derail your Building Envelope company. Take a proactive approach to overcoming hiring mistakes and setting your business up for long-term success.

WHAT
NEXT?

If this report has prompted you to assess your Hiring in 2025 and made you consider using a recruitment partner to accelerate the process, then contact Nvelope Recruitment today.

I have been helping people like you in the Building Envelope market for 22 years.

A BIT
ABOUT ME

For the last 22 years I have been helping candidates like yourself make positive career choices; and I can help you decide what steps to take next to further your Building Envelope career.

If you feel you need a conversation, don't hesitate to get in touch!

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