

## Hi, I Am A Thief Looking For A Job! Reference Checking Basics

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Criminals and employees with lousy work histories rarely tell you that you shouldn't hire them. In fact, many will tell one believable lie after another to sell their enthusiasm, ability and work history. Unfortunately, these folks frequently come off as excellent potential hires. As a result, organizations hire embezzlers, thieves, people with histories of violence in the workplace or poor work records.

The news is full of stories of bad hires made because no one took the time to do proper background screening. Notre Dame hired a football coach a couple of years ago only to find out that the new coach's resume contained falsehoods about his experience and credentials. The stock of Veritas Software Corporation plunged 19 percent the day it fired the CFO, who lied about having earned an MBA from Stanford.

These are not isolated instances that happen to "somebody else" either. As an HR consultant, I've seen many companies commit to better background screening only after they've made a significant and expensive hiring mistake. One company lost over \$75,000 dollars as a result of embezzlement by their payroll manager, a highly respected member of their team. Another organization lost \$25,000 when an employee, who was responsible for their postal meter, bought stamps instead of postage credit and then sold the stamps at half price. Both of these individuals had been caught doing the same thing to their previous employers. Had a reference check been done, these losses would have been avoided. Horror stories about organizations hiring employees with poor long-term employment histories are too commonplace to merit further mention.

The Association of Certified Fraud Examiners estimates that U.S. businesses lose almost \$660 billion a year to fraud. Unfortunately, mid-sized businesses that experience a loss typically lose almost \$100,000. These theft losses do not include the billions of additional dollars lost each year attributed to absenteeism, lost

productivity, poor quality, violence and many other factors which could have been avoided with good background checks.

### **Assemble The Tools To Do Good Screening**

Start with a good application form. There are many commercially available forms that are a good place to start. Larger organizations, and those with significant hiring activity, would be wise to create customized applications which more fully reflect their information needs.

Next, make sure that the application is fully completed by the applicant. Give each candidate instructions on what you want to see on the finished application. Typically, applications are given out with very little instructions. Candidates take this as a sign that the application is merely a formality and is not considered important in the screening process. Properly completed and used, the application is a valuable tool worth the time it takes to give candidates good instruction on its use.

### **Understand What Screening Should Be Done**

Based upon the requirements of the position, you may need to perform various background screening tests. In addition to traditional employment verification with previous employers, it may be a good idea to get a credit history on those candidates who may be hired into positions that handle company finances. Criminal histories for those that are responsible for company finances or who present other exposures to a business (home health care workers, house cleaners, etc. who have access to people's homes) should be considered. Motor vehicle records should be reviewed for those who operate company vehicles. Other screens should also be considered if needs warrant.

### **Commit To Doing Good Background Screening**

Many organizations do no background screening. Many organizations unwisely do "check the box" screenings that add little value to the understanding of a candidate's background, experience and abilities. Both of these practices expose organizations to great loss and headache.

To do a good background screening, you must commit the resources necessary to do them. First, you should develop a thoughtful, well researched set of questions you want to ask previous employers and supervisors. Next, you want to ensure

that whoever makes these calls is truly interested in getting the information you are after. In my experience, background screeners are often more concerned with how quickly they can get the background screen completed than in the quality of the information they get.

While it is true that many organizations will not provide useful data, many will if properly approached. Thoughtful questions asked by someone who appears to be genuinely interested in getting quality information can make a significant difference in the quality of response you get.

### **Select A Competent Background Screening Company**

Most organizations would be better served by outsourcing this activity to professional background screening companies. They have the resources, training and experience to do them correctly. They also understand the legal ramifications of background screening and will be able to assist you in ensuring that the process remains legally compliant. Not all background screening companies do a good job, however, and a careful approach to selecting a company to do this for you is well advised.

Employees can get a decent background screen on an employee done by professional reference checking organizations (including many of the individual screenings mentioned above) for less than \$100. Given the costs of hiring the wrong employee, this is a bargain.

The quality of your workforce impacts the quality and cost of the goods and services your organization produces. Don't take chances when you are selecting personnel to join your company – check them out.

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