

unhappy fact that while under great pressure to attract wealth-generating talent, executives who hire infrequently—and aren't skilled in the recruitment arts—find certain characters simply irresistible.

Call them the *Fatal Attraction* candidates. During interviews, they come off as an intellectual cross between George Will and Jon Stewart, and project the confidence of Clint Eastwood with a gun in his hand. They wear what looks like a halo of previous top jobs at big-time organizations. Their pores drip charisma. Fall into bed with one, however, and you're likely to wake up to find your pet bunny boiling on the stovetop.

Of course, *any* kind of hiring is a dicey proposition, be it for an executive slot or a mailroom clerk. We're dealing with humans, after all, 80 percent of whom reputedly fudge their résumé or application. Then there are talented people who are simply poor fits for jobs, like a superb marketer for the position of a manager who must grind out operational efficiencies. These are bad hires with a lowercase *b*.

Truly Bad hires are those toxic executives and managers whose position and power amplifies noxious behavior and who leave poisonous interpersonal, financial, and organizational ruin in their wake. They disrupt entire organizations by ordering ill-advised strategies and multiple midstream changes on large projects. They churn up dissension among peers and lead by fear and intimidation—be it as short-tempered, idea-stealing micromanagers or as bullies who demand that pneumonia-stricken staffers deliver a report before the end of the Christmas holiday. From driving customers into a competitor's portfolio to engaging in potentially criminal activities, the costs of such hires—beyond simply the salary of the executive, his severance package, and the expense of another recruitment search—can come to resemble Paris Hilton on a shopping spree.

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"The next most immediate impact happens when that executive departs. However bad he might have been, his departure creates inefficiency in the organization," contends John F. Baum, an employment-law attorney at the San Francisco offices of Curiale Dellaverson Hirschfeld & Kraemer. "It leaves a functional hole that others have to cover. Then there's the ripple effect of every person that individual has encountered. It's mostly felt by subordinates, but it also branches out to customers and partners. The worst-case scenario is that this person has been such a jerk that it leaves the company open to litigation from employees who suffered under his supervision."

What seems baffling is that such characters often last a year or two before wearing out their welcome. "The rank-

## Under Investigation

**T**he only thing about your new hire that you can know for sure after interviewing him is that you really can't know anything for sure. After all, how were you supposed to know that he mistreats those under him? And it's not as if *he* was going to inform you about his tendency not to follow through on projects?

But Peter Turecek could've told you all that.

Turecek is a managing director at Kroll Inc., a risk consulting company that conducts background checks on several hundred executive job candidates a year. Kroll,

along with other investigative firms that charge anywhere from \$5,000 to ten times that amount, will let you know if a candidate has embellished, lied, or left something off his résumé, has ever been embroiled in a bankruptcy or a civil or criminal case, has belonged to any professional organizations or political party, or has been written up in the media. Teams of investigators—including former FBI officers, police detectives, lawyers, IRS officials, accountants, and journalists—work together to comb through public records and turn up facts that candidates might have preferred remain private.

"While investigating one for-

and-file employees have probably made an honest assessment long before senior management realizes its mistake," explains Roger Bush, president of Saxon-Hamilton Inc., an Oakland-based management-consulting firm. "Bad individuals often get a temporary pass on poor behavior, because the hiring executive clearly wants to see his decision validated. He sides with the new hire, and until there is completely overwhelming proof to show otherwise, he assumes the frontline people just aren't cooperating."

While the poison spreads in all directions, it's also true that very few snakes can be killed by their own venom. A career stop of two years at a reputable organization—even if it was a disaster—adds an apparently impressive

line to a résumé. And so the bad hire slithers to another ladder and up another rung.

Although the tenets of managerial excellence suggest that the ordinary process of hiring executives should strive to keep such reptiles out of the food chain, there's a new impetus for trying even harder to prevent bad hires: Sarbanes-Oxley, litigious shareholders, and an understandable aversion to getting escorted on a perp walk have all encouraged individuals responsible for corporate governance to start making greater efforts in this regard.

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## Slipping Through the Cracks

So who are these executives who keep failing upward? What makes them such compelling candidates? And why do skilled managers who consider themselves good judges of character allow such trouble to slip through the cracks?

mer CFO, we discovered that he had been convicted of stealing the sod off his neighbor's lawn because he wanted to finish taking care of his lawn and the lawn center was closed,"

Turecek says. "Now, what is he likely to do when the quarterly numbers don't come in as he would've expected?" Turecek has uncovered high-level job candidates who have been convicted of crimes ranging from everything from drunk driving and grand larceny to child rape.

Public records can also expose some very personal information. For example, even something as private—and some would argue irrelevant—

as a marital affair can become the company's business. "Let's say a previous marriage ended in divorce, and there were allegations in court that the candidate had multiple affairs," says Jim Rowe, executive vice president of the James Mintz Group Inc., an investigative firm. "We will report the affair because it's a matter of public record.

Relevant or not, it's ultimately the client that decides what to do with the information. We're just there to present the facts."

Still, public records reveal only so much. Which is why Andrew Fox, a senior investigator at Investigative Group International Inc., will often

spend two to four weeks chatting up those who can provide a clearer picture of the candidate's management style, ethics, and overall job performance. Fox will speak with former co-workers, bosses, vendors, suppliers, those with whom the candidate may have been in litigation, and even sometimes neighbors. Most of the time, people are willing to open up, but if not, Fox will grant them anonymity in order to persuade them to talk. Adds Turecek: "If someone conveys to us a specific incident that only the candidate and this person know about, we'll do our best to phrase the report to the client in a way that

protects the individual's identity. But sometimes it will come out nonetheless."

And when it does, it's rarely a surprise to the candidate. Often, he is told who will be interviewed, which then prompts him to offer additional information about himself, since he likely figures that it's better the truth come from him than someone else. "The greatest source of information about a candidate is the candidate himself," Fox says. Besides, Turecek adds, "Public records can be kind of dry. You get a much greater sense of color when you actually speak to a candidate."

—VADIM LIBERMAN

First and foremost, these bad hires tend to interview exceptionally well, shining upward with the intensity of Hollywood premier spotlights. "When a candidate presents a charismatic personality, it's naturally appealing," explains Michael Freeman, associate clinical professor of psychiatry at the U.C. San Francisco School of Medicine and an executive coach and consultant. "The candidate's enthusiasm is exciting to an interviewer. It creates an aura of potential that makes him stand out from other candidates."

A dynamic personality can enable an executive to achieve great things and help a company generate wealth. But with the yin often comes an equal measure of yang. "On the flip side of all that positive energy a candidate shows in an interview," Freeman says, "there may be a person who can be a restless and irritable executive who has a short attention span and doesn't pay much attention to detail. He may be an individual with a great deal of self-confidence that can also be interpreted as self-importance and self-involvement, which can cause fallouts with customers, peers, and subordinates."

An internationally recognized figure in the behavioral-healthcare field, Freeman has studied the drivers and characteristics of high achievers in business, arts, and other professions. "Nearly all of the executives who I've seen have blown up a couple of marriages, wrecked a few jobs, and realized that there's something in their personality that needs work," he says. "Executives with dynamic temperaments need to have supervision that keeps them from going down a path that destroys the wealth they've just built."

It is up to the hiring executive, then, to determine whether certain charismatic personality traits would be useful in the position at hand. Which makes it even more

critical to uncover the candidate's track record. In the past, hiring executives seldom looked too deeply into such ugly matters. At the higher levels of management, companies all too often conduct searches with about as much rigor as a country-club membership committee, with a couple of inquiries made of old colleagues and genteel conversations held with peers. Anything more prying, Old Sport, just wouldn't be cricket.

"There is usually a presumption of success at the candidate's previous position," says an HR manager at a San Francisco Bay Area high-tech firm. "And if the person came recommended by a friend of the chairman, he is supposedly a 'known entity.' We used to fear that background checks would offend the candidate, causing talent to withdraw. Now we feel that standards that are used to screen rank-and-file employees ought to be *even higher* for executives."

"At the majority of companies, hiring is often a duty that's secondary or even tertiary to the hiring officer's primary job," says Sandy Sanderson, a veteran entrepreneur and now a general partner with Palo Alto-based Sherwood Meridian, which advises firms on business continuity issues and executive recruiting. As a result, "more than 50 percent of executive searches done by company management teams do not lead to a successful hire."

The reasons are myriad. "There is usually an extreme pressure to fill an empty executive or a managerial position," Sanderson explains. "In-house searches seldom dig deeply into candidate references or identify the qualifications needed for a specific task, which means that poor fits are common. Because previous employers are hesitant to release more than a person's name, rank, and serial number, companies feel they can't dig for more relevant information. Finally, in nearly half of all interviews, the per-