



PREVIOUS
EMPLOYMENT
REFERENCES

CREDIT AND
ARREST RECORDS

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EMPLOYMENT REFERENCES

This is probably the most overlooked issue in the interviewing process. Thorough checking of a number of references can tell more about a candidate than any amount of interviewing one can do. Some candidates are simply good at interviewing. A thorough reference check is the only way to verify a candidate's viability.

Most of us as managers think we are better at interviewing and evaluating talent than we really are. We reinforce the belief that we are really good at this by remembering all of the excellent hires we have made in the past and conveniently forgetting the poor decisions we made. It's like the athlete who states, "The older I get, the better I was." He or she remembers the wins far beyond the losses.

Most of us are optimists. We see the future as better than it probably will be and we see the past better than it really was. So, before we dismiss checking an employment reference on what we perceive to be a great candidate, we should remind ourselves what it felt like when one of those excellent hires we made with our fantastic business acumen, and not bothering to check previous employment references, turned out to be a real dud.

WHO SHOULD CHECK THE REFERENCES?

The hiring authority who is directly responsible for hiring a candidate should always be the one to check references. Many of the people in HR departments will object to this, and if they want to check them all, that's fine. But if your butt, the success of your department, or your personal reputation for hiring and



managing good people is on the line, then you have to be the one to check previous employment references. No one in the HR department is going to be held responsible for a poor hire. If you are the direct hiring authority, you will be held responsible. Successful hiring authorities *always personally* check the candidate's references.

We know that reference checking can be a real pain in the neck. It takes time and focus. But when a hiring authority thinks about what a pain it is to check references, he or she should recall the *pain* and *agony* the manager and the company goes through when they've made a poor hire. The emotional and economic cost of a bad hire far exceeds the inconvenience of having to do thorough reference checks.

As we've mentioned, all one has to do is recall that sick feeling we get in discovering that a poor employee is just that and consider the hassle it's going to be to get rid of them to offset the pain required to do thorough reference checks.

GETTING REFERENCES-ONLY PREVIOUS DIRECT SUPERVISORS MATTER.

Well-educated and even greatly experienced candidates can be lousy employees. You can rarely find out what kind of an employee a candidate might make without checking a previous employment reference.

Checking any employment reference with anyone other than a previous, direct supervisor is really a waste of time. Often candidates will offer business references, peers that they worked with, customers, friends, Rabbis, priests, pastors, their psychiatrist (don't laugh, we've seen it!), their girlfriend or boyfriend, even ex-spouses as references. None of them are valid.



Most managers are trained to not divulge any information about former employees. Instead, they are to forward such calls to the HR department. HR departments will usually only confirm dates of employment and, if you're lucky, rates of pay. That kind of reference doesn't help.

In fact, there are no rules or laws stating that a previous employer *has* to give any previous employee any kind of reference at all. It has become more and more common because of the fear of litigation for companies and managers to simply refuse to disclose any kind of employment reference at all. Nada! Zip! Nothing! They simply tell whoever is checking a reference that it is their policy to not give references.

So, as you prepare to check a reference and a candidate tells you that the companies they worked for will only give a reference through HR, or won't give a reference at all, you have a dilemma on your hands. Don't buy this excuse.

The way to deal with this is to put the responsibility of coming up with viable references in the candidates' hands. Say something along the lines of:

"John, everything looks good. Your resume is solid. Your interviews have gone well. Before I make a decision though, I need to speak to two or three of your previous supervisors or managers; and they need to be frank, open, and honest with me about your work. I know that most organizations train their supervisors not to give the kind of reference that I require, and that's why I need your help. I need you to get those people to speak with me. I don't want to speak to peers, acquaintances, mentors, or friends. They must be previous managers."

"Please give me the information as to how I might reach them, and then call them to let them know that I will be speaking with



them. I have to have this information. All of the other candidates who are interviewing for this position have done the same thing.”*

Any serious candidate will have little trouble in arranging these telephone calls. While just about anything is possible, when a candidate says that he or she can't find a previous manager, it usually means that they don't really want to find them. They know they *won't* get a positive reference. Every hiring manager should simply make their own decision when they hear this kind of thing from a candidate. *Caveat emptor* comes to mind.

PRESENT EMPLOYMENT

Never, under any circumstances, check references at the candidate's present place of employment unless the candidate gets his present employer to call you. Even if the candidate *tells* you that it's fine to check with his present employer, don't do it! If you jeopardize a person's job, you are opening yourself up for litigation. Candidates may think they are going to be laid off and tell you that checking with their current employer is fine. Don't run the risk! Tell the candidate to have their present supervisor call you. Verify the employer's identity by finding the employer's phone number and then call them back. Listen carefully.

This may or may not come as a shock, but we have known apparently solid candidates who have asked other people to pose as the previous employer and give them excellent recommendations. It is a good idea to do your own quick research on who the candidate says their previous direct manager was and where they are now working.



ASKING THE RIGHT QUESTIONS

Even when there is good reason to give a bad reference, it's hard for previous employer to disparage people to strangers. It's rare to get someone on the telephone who will give a bad reference on the former employee to a total stranger, even if it's deserved. You need to be creative and disarming in asking your questions.

Begin with a brief statement about who you are and why you're calling. It's also helpful to let the person know that everything he or she says will be held in confidence and will not be disclosed to anyone. Begin your questions with simple inquiries that call for objective responses, like dates of employment, job duties, and relationship to the reference giver. These questions build rapport and put the reference giver at ease.

Asking questions specific to the job that the candidate has performed for the previous employer and the job you would like the candidate to perform opens up an expanded conversation. It's advisable to have a number of questions prepared and document the answers. Ad-libbed questions don't help you compare the information with the information you might get from other reference checks. Your goal is to get an exceptionally clear understanding of exactly what the candidate did for the previous employer and how well they did it.

You need to make a comparison between what you want the candidate to do and what the candidate has done in the past. We can't tell you the number of times that our clients look back on the reference checks of an employee who failed and realize that they made a lot of assumptions that wound up being wrong. Ask specific questions, get specific answers, and make no assumptions.



There is always a slight fear of future litigation on the part of a previous hiring authority who is giving a reference. Although this kind of thing is extremely rare, managers are warned about it from their HR department. The reality is, however, that as long as a previous manager is stating *facts*, there's little room for a legal issue. Whether the candidate was on time every day or late many days is a fact. Whether the candidate did their work on time or didn't is a fact. Listening carefully to answers to factual questions can tell you a lot.

After the “nuts and bolts” questions, these next two questions, while seemingly harmless, can reveal a wealth of information:

“Mr. /Ms _____, out of 50 employees that you've supervised over your lifetime, 50 being the best employee you ever supervised and 1 being the worst, where would you rank this employee?”*

In order for this question to be effective, you must understand how to interpret the answer. Almost all reference givers will respond like an Olympic ice skating judge (a good performance gets a 9.9, the worst performance gets an 8.9, and no one ever gets a 5.9 or 2.0 even if deserved).

A ranking of 25 or below really means the employee was among the worst the reference giver has ever supervised. A ranking of 26 to 30 generally means that the employee was below average, but not a thorn in the reference giver's side. 31 to 40 can reasonably be interpreted as the candidate was average, but unremarkable. Good employees will almost always get a ranking over 40. Great employees will get a ranking of 48 to 50, even if they were really a 40. Chances are, if the candidate truly ranked higher than 25, the reference giver would have



said at least 40, and likely 45. It's just human nature.

“Mr. /Ms. _____, I want to thank you for your honesty and candor. You've been very helpful. I can tell you that we think (candidate) is a very strong candidate for the job. In my experience, I've found that even the best of people have good and bad character traits. I'm fairly convinced that (candidate) is of the highest caliber of individuals, but it would be helpful to know this: what is the one thing that you now know about (candidate) that you wish you would have known before you hired him or her? “

If posed properly, this question will get you just the information that you want. You may want to word this in a way that's more natural to you, but the point is this: *“Give me one thing! Nobody's perfect. It's not going to change my mind. I just want be prepared.”*

Most of the time, the reference giver is going to tell you at least one thing. Once you know this one thing, you can decide whether or not this characteristic is something that you can live with.

Quality reference checking is an art form. It can be difficult, but it's one of the best ways to discover excellent employees and lift your organization to a new level.

Make sure you keep really good records of exactly what you asked and the responses that you get. Write down every word. There is a tendency to think that we will remember what a reference giver says about a candidate. It is not uncommon to get references for one candidate confused with references for another. When going to compare references, a hiring authority needs to have very specific records of what was asked and how it was answered. Hiring decisions rarely go as fast as all of us



think they do. It's not uncommon to be reviewing employment references of one candidate with those of another two or three weeks after they have been received. Without detail, they are not easy to compare. Don't rely on your memory!

From time to time, we have a hiring authority who really likes a candidate after initially interviewing them. They build a strong personal rapport with the candidate and think they're going to hire them, even telling the candidate as much, and then check a reference as if they consider it to be a perfunctory part of the process. When they get a surprisingly poor reference, they like the candidate so much they not only tell the candidate that they can't hire them because of the bad reference, but then actually *tell* the candidate that they got a bad reference and, worst of all, tell them who gave them the bad reference. It is hard to imagine people doing this, but they do. Don't do it under any circumstance! No matter how much you like the person as a candidate, there is no reason to tell them that they got a bad employment reference. Should a candidate take steps to sue the person who provided the negative reference, the hiring authority who disclosed it to the candidate is going to be involved in the lawsuit whether they like it or not. Dumb and dumber!

“BACKDOOR” REFERENCES

No candidate is going to list as a referral source someone they didn't like or couldn't get along with. No one would volunteer references they believe will be poor or bad. Other than previous employers, most references we check are given to us by candidates and are obviously people who are going to say positive things.



With a small amount of effort, an employer can find people who know about the candidate, who worked with him or her, and are familiar enough with him or her to be of value. These kinds of objective references can be enormously valuable. For example, previous clients or customers of sales candidates can give a perspective of the candidate that is unavailable elsewhere. Simply asking initial reference sources about others who might have knowledge of the candidate will provide other references. These volunteered references may reveal other facets of the candidate not found in traditional first-line references.

Use a bit of caution regarding the credibility of a “backdoor” reference. These are people an employer might check with who know the candidate’s job performance yet weren’t mentioned to the employer by the candidate. We’ve experienced some really unfortunate and downright atrocious things that have been said about candidates by “backdoor” references who really don’t know the candidate that well at all. This is most unfortunate, so be sure that the “backdoor” references have enough credibility to give a valid reference.

Some time back, one of our clients checked a “backdoor” reference on a candidate. The person giving the reference was a friend of one of the other people who worked in the company the candidate was applying to. The employee, who wanted to look good, said something like, “Oh, I know _____ who used to work at the same company the candidate did. I’ll bet he’ll know something about the candidate.” The reference was checked with this individual and it was a mediocre one. The hiring authority was open about who the “backdoor” reference was and told us.

We did not tell the candidate that he got a lukewarm refer-



ence from this individual, but we did ask him if he knew who that individual was. He said that he did know the guy, because they were at the same company, but they were in totally different departments and really didn't know each other very well. "Come to think of it," he said, "we did play a round of golf together at a company outing one time, but that's the only time I ever ran into him. Why do you ask?"

Of course, we didn't tell him the reason we were asking. But this is a perfect example of a backdoor reference who wanted to look good to other people and really didn't know what they were talking about. Now, it's easy to say this isn't right, and it isn't. But it happens quite often . . . more often than people know or admit. So, the lesson is to be sure the backdoor references are credible and valid. Be sure they know what they're talking about. Be sure you know their relationship with the candidate.

REASONS FOR LEAVING PREVIOUS EMPLOYERS

These are critically important issues to consider about a candidate. They will tell you a number of things. First of all, whatever a candidate says about his previous employers, he or she will say about you. Secondly, his or her reasons for leaving you probably won't be much different than why they left the previous ones. If the reasons for leaving are vague, such as no opportunity for advancement, philosophical differences with the boss, redirection of the company, or "personality conflicts," they need to be clarified in detail and verified in reference checking. Nebulous reasons for leaving a company are a bad sign; watch for them carefully.

Candidates are often taught by "career" counselors to give



nebulous reasons for leaving their past employer to cover up less than positive reasons. We had a candidate recently who claimed he was leaving for “philosophical differences.” We explained to him why that reason wasn’t going to fly with anybody and we asked him where he got it. He claimed that it came from the “career counselor” who he paid \$1500 to help him find a job. We explained that saying something like that, even with a good explanation, was a recipe for disaster. (He should have asked for his \$1500 back.)

He claimed that the career counselor told him that when asked what he meant by “philosophical differences,” he should tell the prospective employer that he really didn’t want to discuss it. (He probably should have asked for \$3000 back!) It was factual that the candidate was caught up in a layoff, was even eligible for rehire by the company he had left, and there was no good reason to say something so stupid. At first, the candidate tried to defend the statement. But when we explained that a “philosophical difference” might be interpreted as, “They wanted me to show up on time, put in a good day’s work, then go home at the approved time, and I really thought I should show up when I want to, work as hard as I think I should and go home whenever I want,” the candidate caught on that there could be 1000 different interpretations of “philosophical differences.”

The lesson is that a hiring authority should be very, very clear in their own mind as to why a candidate has left their previous positions. Don’t buy nebulous or fuzzy, unclear reasons for leaving the company. Question the candidate, even doggedly if you have to, until you are very clear as to what the issues were.



A “POOR” REFERENCE

There’s a difference between a “bad” or a “poor” reference. Only a hiring authority can really know the difference. It’s one thing if someone actually stole money from their previous employer, and it’s another thing if they were going through a rough time in their life because of a divorce, a death in their family, or a serious illness and recovery, and performed poorly during that time. Some people work for organizations that are extremely adversarial, consider every employee to be a schmuck, and create a horrible environment. So, good employees leave.

A good manager is going to be able to sort out the difference between a poor reference and a bad reference. There are some things he or she may be able to live with and there are others they may not. Only a direct hiring authority can make that evaluation. (See the chapter on Luck.)

DEGREES

It’s estimated that 20% of the people who say they have a degree don’t. So, what’s important about that? Well, it may not matter, unless the candidate states in his or her resume that *they do have one*. If an employer specifically asks if a person has a degree and the candidate states that they do, and it’s subsequently revealed that they don’t, then the candidate just can’t be trusted and shouldn’t be hired. Degrees should be verified as a matter of course. It’s simple to do. There are clearinghouses that call the college or university and confirm if a certain person has had a degree conferred upon them.

In all of our years of experience, none of us can understand why somebody would state that they have a degree when they



don't. It is an absolute, black and white thing and it is so easy to check.

CREDIT REPORTS

This is an excellent way to see if a person has their personal house in order. Most of us would agree that we handle our business affairs no differently than our personal affairs. As one expert put it, "The executive with a messy garage will have a hard time straightening up the corporation." Serious credit problems will usually indicate serious personal problems. Serious personal problems will usually indicate serious professional problems. Direct personal references have to be careful in what they say, but credit reports are factual. You *must get permission from a candidate* to check his credit. There are forms available that a candidate must sign giving you permission for his or her credit to be checked. Be careful! There are some states that limit how a credit check can be used and who can perform one. Get legal advice before instigating such a practice! Membership in a credit bureau will facilitate such credit reports. Credit reports will usually tell you how a prospective employee will handle the company's money, no differently than his or her own. We encourage employers to use the results of a credit report with prudence. The level of job and the function will dictate how much of an impact a credit report should have on the decision to hire someone. Extenuating circumstances, such as long-term unemployment or long-term illness of a family member will sometimes negatively impact a person's credit when normally they would have no difficulties.

We know some sales organizations that love to hire salespeople with poor credit, thinking that they will be more moti-



vated to make money. The success rate for this idea is about 50%. Sometimes these folks are more motivated than others... sometimes they aren't.

Always ask this question of people who have "failed" in this manner: "What did you learn?" If they managed to extract some kind of positive out of the experience and if indeed they learned something from it, the odds of them bringing that attitude to your organization are very good. If upon asking this question you get a blank, "deer in the headlights" look or they say something like, "All I learned was that I'm a screw-up," then their success as an employee probably won't be as great.

DRIVING RECORD AND ARREST RECORD

There are service bureaus that provide driving, arrest, and credit records on any individual. With a candidate's permission, this information ought to be a must. What you do with the information you get is up to you. One client shared a story about an outside sales person they once hired that had to blow into a breath-analyzer, before he could start his car. They found this out *after* the hire. Needless to say, that turned out to be a big mistake. The higher the level of position you are interviewing for, the more sophisticated these kind of background checks could and should be. A \$40 background check on a VP of Finance or Controller candidate may not be thorough enough. Unfortunately, we've known of extremely clever candidates who, through a number of legal maneuvers, covered up their felonies. Your company's legal counsel can be tremendously effective here. We have known of a few clients over the years who (for very important high-level positions) have hired private investigators to comb through the backgrounds of their



top candidates. We have seen a number of instances over the years where a top candidate for a high profile job did not get hired because of things in their background that weren't illegal or even of public record. Things like large personal gambling debts, drinking problems, alleged pornography addiction, and philandering had been discovered by investigators and kept candidates from getting a job even though they were quite professionally qualified.

The information that you get from thorough employment reference checking, degree verification, and credit and arrest records can either reinforce or change the perspective that you have on candidate finalists.

* This line of questioning comes courtesy of Stephen Key, one of Texas' premier employment lawyers. www.keyharrington.com.