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Staff Management Advice

Conducting an Effective Executive Reference Check

Reference checking today can be complex and tricky. Businesses that give a negative reference for former employees can find themselves at risk for lawsuits, alleging everything from defamation to invasion of privacy. But these same companies may also run into legal trouble for failing to divulge information about a former employee, such as prior instances of sexual harassment or workplace violence.

Failing to check references, particularly for financial executives, can have far-reaching implications for a company. In addition to the potential for lawsuits, other risks include corporate embarrassment and a negative impact on shareholder value and employee morale should an executive lie about his or her qualifications and background. Consider this: Five to 15 percent of executive resumes contain a falsification, omission or embellishment, according to *Executive Recruiter News*.

Over the past few years, news has been rife with examples of senior executives at major corporations who have lied about their qualifications, such as educational credentials, and have been forced to resign their posts as a result.

Reference Checks: A Necessary Step

Given the current business climate, executive reference checking now takes pre-planning, careful thought and skillful execution. These tips can assist you in performing your reference check efficiently:

Handle Reference Checking Yourself

Don't leave something as important as executive reference checking to anyone other than you, the hiring authority. Too much is at stake. While some fact checking can be left to others, the actual phone calls should be undertaken by you. By conducting the reference check personally, you can get a better sense of the quality of information you receive and ask follow-up questions that will allow you to more deeply examine responses.

Obtain Permission

Ask your candidate to inform his or her contacts in advance of your call. This will make it clear to the applicant that you plan to check references—and potentially prompt the candidate to reveal supplementary information. In addition, your call will likely be expected, and, in most cases, welcomed by the reference. Some companies even require candidates to sign a document authorizing permission to contact references; consult your firm's legal counsel for guidance.

Prepare Documentation

Many companies are no longer consenting to oral references, so be prepared to present your request and questions in writing. While not as effective as a telephone call, it may be the only way to elicit the information you seek. Since time is of the essence during the hiring process, if you find you are required to provide written questions, try sending them by e-mail. If you haven't heard back within two or three days, call the reference to remind him or her of your message and need for a response.

Ask the Right Questions

Your questions should pertain to the position you are filling and the candidate's related experience and performance. Since some employers may be hesitant to answer your questions, start with dates of employment, title and job responsibilities to build rapport. Then you can move to more substantive questions about job performance and specific results achieved.

If you receive a negative reference—especially if the feedback given by others about the potential employee has been positive—consult additional references or recheck previous ones before ruling out the candidate. Before ending the call, ask, "Would you rehire this employee?" Listen closely for the answer in both words and tone. Don't ask about race, sexual orientation, religion, national origin, marital status or other protected classes.

Background Checks: Worth the Investment?

In addition to the above tips, you may want to implement the following as part of a background check of a candidate. While a more thorough check will cost you in terms of time and money, it will also allow you to gather additional information about a candidate before making a decision. Remember to consult your legal counsel prior to conducting a background check of any job candidate due to the complex series of state and federal laws that must be taken into consideration.

Double Check Everything

Yes, it's time consuming, but due diligence now could save you much heartache in the future. Degrees and certifications can be confirmed by calling the educational institution's office of the registrar. Most institutions will be happy to validate degree completion, and some colleges and universities even allow you to verify this information on their websites.

Consider a Credit Check

Initiating a credit check may be prudent, especially when hiring in the financial field. To do this, the federal Fair Credit Reporting Act requires that you inform the individual and obtain written authorization from the candidate. The three major credit bureaus are: Experian (www.experian.com), Equifax (www.equifax.com), and Transunion (www.transunion.com).

Explore Outside Options

Conducting a thorough background check is extremely difficult given the many logistical and legal complexities. For example, there is no single, national source of information for most types of background checks; a criminal-records check would require a state-by-state or county-by-county search of public records from all the areas in which a job applicant has ever lived or worked. Various laws also limit what information can be collected and how it can be used to make an employment-related decision. It is particularly challenging to execute a thorough background check for executive-level candidates. As a result, it may be best to hire a firm that specializes in these services. Third-party companies have the means and expertise to conduct a deeper and more detailed background check of a candidate to explore areas that relate to the open position.

Ultimately, due diligence for an executive reference check requires time, research, attention to detail and even a little sleuthing. By following the guidelines above, you can ensure that you have acted in good faith in hiring a quality candidate while also protecting your company from future troubles.

Resources

For additional information on reference and background checks, request complimentary copies of Robert Half International's *How to Check References When References Are Hard to Check* and *What You Should Know About Background Checks* by calling 888-400-7474.

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