

High Impact Hires

Hidden Risks & How to Mitigate Them During the Hiring Process



Introduction

Every year, according to the Department of Commerce, employee theft costs U.S. businesses north of \$50 billion. The Association of Certified Fraud Examiners reports that small businesses are “disproportionately victimized” by fraud, suffering a median loss of \$154,000 versus the slightly higher-but-easier-to-absorb enterprise average of \$160,000.¹

But the crimes are not always about money. Often, that which is stolen is sensitive data, intellectual property or competitive information. You hear stories all the time about employees leaving to start their own competing businesses, many times legitimately, but sometimes not. Insider trading, identity theft, time card fraud, inventory theft, leaks to the media – all are very real and very common risks.

Employees steal because they can. Did you know that some 73% of corporate crimes are the result of the perpetrator having the opportunity or ability?² What’s more alarming is it takes, on average, two years for an employer to catch on to fraud, and often only by accident or the whistleblowing of another employee.³

This white paper is designed to help businesses of all sizes identify these “high impact hires”, and better understand the due diligence processes needed to mitigate risks in the hiring process.

Think about it. Who has the greatest access to your company’s finances and sensitive data? It’s those who are building your software, paying your invoices and even meeting with your clients. They may not come with executive titles or corner offices, but high impact hires are the ones you depend on most, and their positions can significantly impact your business one way or another.

1 “Report to the Nations on Occupational Fraud and Theft.” (n.d.): n. pag. Association of Certified Fraud Examiners, 2014. Web. 09 April 2015.< <http://www.acfe.com/rtnn/docs/2014-report-to-nations.pdf>>.

2 Economic Crime: A Threat to Business Processes. Rep. PricewaterhouseCoopers LLP, 2014. Web. 09 April 2015.< www.pwc.com/us/crimesurvey>.

3 “Report to the Nations on Occupational Fraud and Theft.”

WHAT ARE HIGH IMPACT HIRES?

High impact hires are those with essential roles within an organization that directly impact results and have a high level of access to information and that can have associated risks. Depending on the industry, results can be measured in terms other than purely financial. For example, sales pipeline leads, proprietary product development, inventory management roles and data security and logistics among others should warrant higher scrutiny for filling associated roles.

You should define and identify which job roles are essential for revenue and growth and what attributes the candidates should possess when filling the role.

SOME KEY CHARACTERISTICS OF HIGH IMPACT HIRES INCLUDE:

- 1. Specialized Skills** – successful candidates have specialized education, licensure or certifications; these candidates can be exposed to more sensitive corporate information
- 2. Proven Expertise** – candidates with well-documented experience in their field are sought after because of their significant work experience
- 3. Autonomy** – due to their specializations, candidates in these positions are often unsupervised enabling temptation to access information that shouldn't be accessed
- 4. Access** – from finance to building security to higher level contractors, candidates who fill these roles have the ability to control or grant access to sensitive infrastructure or data
- 5. Contributes to Strategy** – from sales to marketing to finance, certain candidates may have input into the strategic direction of the business group or company as a whole with executives looking for help in forecasting and planning
- 6. “A” Level Performers** – positions of influence can be highly competitive and organizations should focus on identifying the best, most successful candidate as opposed to “filling the seat”
- 7. Not Easily Filled/Replaced** – employers find the hiring process can be a long and arduous one and therefore seek the help of recruiting firms to find candidates quickly



WHO ARE THEY AND HOW CAN THEY IMPACT YOUR COMPANY?

COMMON HIGH IMPACT HIRES

Account Management

Sales associates, client/investor relations, account manager

Education

Principals, faculty and professors, administrators

Finance & Accounting

Accountants, traders, brokers, financial analysts

IT & Data Management

IT security, software developers, network administrators, help desk, business analysts

Medical & Science

Doctors, nurses, physician assistants, lab managers, home health workers

Operations

Office manager, HR manager, payroll administrators

Physical Security

Security guards, armored truck drivers, building attendants

Retail

Store and department managers

Staffing

Administrative support, janitorial staff, positions with access to cash or financial information

Sports

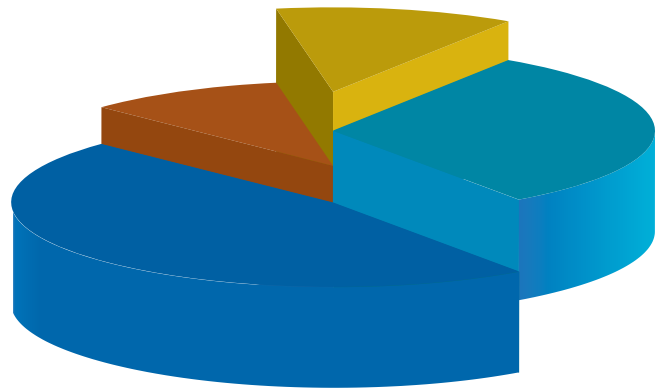
Referees, coaches, trainers

RECENT HORROR STORIES

Morgan Stanley – In 2015, the firm fired and charged a financial analyst who posted stolen data from 900 clients on the Internet. Overall, partial account information of up to 10% of all the firm’s Wealth Management clients was stolen.

The Sony Hack – Though previously attributed to North Korea, the cyber attacks on Sony Pictures Entertainment’s computer system in late 2014, is believed to have originated with a former administrative employee. Estimates on the costs of the hack reach as high as \$100 million, not including nonmonetary losses such as the exposure of trade secrets.

Chicago Public Schools – A scheme involving as many as a dozen school district employees, with help from vendors, stole more than \$870,000 from Chicago Public Schools through fraudulent billing. The fraud ran from late 2009 until early 2014, almost five years.



ACCOUNTS MOST AT RISK FOR FRAUD⁴

47% Privileged Accounts

elevated or administrators-access privileges

31% Unnecessary Entitlements

excess access privileges beyond role

12% Abandoned Accounts

accounts inactive for a time exceeding policy

10% Orphan Accounts

no administrative or management oversight

⁴ “Data Breach Disconnect: Survey Shows IT Security Executives Anxious About Access Risks.” Courion, Dec. 2014. Web. 8 Apr. 2015.

< <http://www.courion.com/img/landing-pages/INFOGRAPHIC1214.gif>>.

MITIGATING RISK WITH HIGH IMPACT HIRES

Attracting and retaining top talent is a major challenge for employers, especially when trying to fill high impact roles that have access to or control of sensitive material.

Be realistic about what an effective candidate search looks like in terms of time, research and costs. To reduce your risk of hiring a bad employee or worse, a criminal or fraudster, don't rush the process.

A TWO-STAGE DUE DILIGENCE PROCESS IS YOUR BEST STRATEGY FOR MITIGATING RISK DURING THE PRE-EMPLOYMENT HIRING PROCESS:

1. The first stage is the verification of information supplied by the job candidate, much of which can be completed through automated processes and technologies.
2. The second is investigation into information the candidate has not provided, and should only be conducted by licensed private investigators (see "Investigator Must-Haves").

STAGE ONE: VERIFICATION (1-3 DAYS)

Identity

- + Birthdate, legal/maiden names, aliases, current address and all possible former addresses
- + Social security number (cross-referenced with aliases and addresses)

Employment History (Basic)

- + Past companies and employment dates
- + Job titles
- + Reference check, often just to validate what's on the candidate's resume

Local, State & Federal Criminal Records

- + Felony arrests and convictions related to identified social security number and names

Sex Offender Registry – COMMONLY OVERLOOKED

- + Checking all names (including aliases) and addresses to records in the national database

Civil Court Cases – COMMONLY OVERLOOKED

- + Court cases for all names/aliases, often with a focus on liens, bankruptcies, foreclosures, assaults and other lawsuits

Credit History

- + Signs of financial strain and mismanagement
- + Often for positions involving direct access to cash or financial records

Drug Testing

- + Evidence of illegal substances or heavy alcohol use
- + Often for positions involving use of machinery, driving or working with vulnerable populations

Driving History

- + Driving citations, DUIs, accidents and other signs of trouble
- + Often for positions involving Department of Transportation oversight

BIG MISTAKE!

"Here is where most organizations stop the due diligence process. While this may make sense for low-level or entry positions, it does little to mitigate risks associated with high impact hires."

MITIGATING RISK WITH HIGH IMPACT HIRES

STAGE TWO: INVESTIGATION (7-10 DAYS)

In-Depth Reference Check – COMMONLY OVERLOOKED

- + Research into jobs or roles **not listed** on the resume or gaps in employment
- + Direct contact with previous supervisors, especially when a discrepancy arises

Education Check

- + Verification of degrees earned, programs of study, and dates attended with all institutions

Court Case Research

- + Research into the specifics and outcomes of civil court cases
- + May include on the ground, in-person checks into records

Professional Credentials & Licensure Check – COMMONLY OVERLOOKED

- + Verification of standing of current and previous licensure
- + Cross-checking of national and state professional databases
- + Research into expired credentials not included on the resume
- + Direct contact with credentialing organizations as needed

Property Records

- + Research into the ownership and standing of property for all current/previous addresses

International Investigations (May Require Additional Time)

- + Cross-referencing of all sanctions lists, Politically Exposed Persons databases, terrorist watchlists and more
- + On-the-ground investigations, in accordance with all local privacy laws
- + Concerns candidates who were born, educated, lived and/or worked in foreign countries

Social Media & Press Mentions – COMMONLY OVERLOOKED

- + Thorough screening of all social media and news outlets to ensure positions and
- + Research into concerning behavior or unusual activities uncovered

THE END RESULT:

All gathered information is thoroughly and expertly analyzed. The findings, including red flags and recommended actions, are delivered in a thorough report from the investigative firm

TRANSPARENCY ON TIMING

With the due diligence required to assess the potential risk of candidates, the time-to-hire may be extended. In most cases, an investigation can be completed and analysis report generated in 10 to 14 days. That's why it's essential to:

- 1) Look for a screening provider who can make the process turnkey as part of its services.
- 2) Communicate the importance of the position and the company's commitment to protecting its clients, property and data.
- 3) Be forthright with candidates about the short time delay they are likely to experience.

INVESTIGATOR MUST-HAVES



INVESTIGATOR MUST-HAVES

- + State-issued private investigator license
- + Reputable and appropriate accreditations (e.g. ACFE Certified Fraud Examiner)
- + Diverse and specialized backgrounds among investigators (military, technical, legal, accounting, etc.)
- + Scalable network of resources and contacts nationwide and throughout the world

CONCLUSIONS

- + Don't wait to find out who the criminals are in your company, especially for high impact hires.
- + Do your screening up front during the hiring process and within compliance guidelines.
- + Examine your organizational structure closely to identify which job roles are most likely to impact your business based on access to sensitive information and materials.
- + Implement a robust pre-employment screening program and go beyond simple verification of a clean criminal history.
- + Work with a screening vendor who offers turnkey investigative services as needed – it's the best way to ensure a rapid time-to-hire.
- + Although upfront costs may be slightly higher, the amount of money lost due to embezzlement is far worse.

Your choice of investigative firm matters. Be sure you work with a licensed firm with the resources and experience to perform truly global investigations while ensuring the highest level of ethics, legality and discretion.

About Bishops Services Inc.

Bishops Services, a SterlingBackcheck company, provides executive investigations and corporate due diligence services to financial institutions, corporations and legal firms worldwide. With over 100 years of experience, unparalleled investigative expertise and stringent attention to compliance standards, Bishops provides the most thorough, accurate investigations in the industry. Our clients trust our services to help them minimize reputational, financial, legal and compliance risks and ensure they have a 360 degree view of potential threats to their organization's interests.

For more information, visit
[BishopsServices.com](https://www.BishopsServices.com)