



## **Do you check the background of every one of your temp and direct hire placements? If not, do you know how much it could cost you?**

*In these recessionary times, companies must address the fine print – caveat emptor (or buyer beware) means little when facing client anger and litigation.*

When the Jane Doe Staffing Agency hired contract worker Elaine to work for some of their top legal clients, they did so based on Elaine's impressive credentials and some glowing personal recommendations. The agency placed Elaine in a temp-to-hire position with their top client, a downtown law firm that did \$250K in business with Jane Doe Staffing annually. Within months, Elaine was hired by the law firm in a permanent position.

However, it wasn't long before accounting discrepancies were noticed. An internal audit revealed that Elaine was embezzling money from her new employer. After Elaine's arrest, the law firm was informed by the police that an arrest report indicated Elaine had been in trouble before for fraudulent behavior. The client performed its own background check over the Internet. The inexpensive Internet check turned up exactly what the arrest report had shown – Elaine had a history of prior arrests.

The law firm contacted Jane Doe Staffing and demanded to know why the agency hadn't informed them of Elaine's history. "Had you told me this, I would never have hired her!" said the owner of the law firm. Jane Doe Staffing had no answer – they contended that the law firm didn't ask for the background check, so one wasn't performed. Understandably, the law firm filed suit against Jane Doe Staffing to recover not only the fee they paid the agency, but also for the money Elaine embezzled – more than \$450K.

Aren't your clients exposed to similar losses? Most importantly, if they are exposed then you are exposed. Does your company make background checks a mandatory business practice, or are your clients expected to know to ask for them? Where and when do you inform your clients of your agency's policy on background checks? **Remember the courts hold that you are the expert, you are the staffing firm, and as such it is far harder for you to win these type cases.**

More than likely your fee agreement clearly spells out the terms of payment, replacement if the client is not satisfied with the help, and detailed information about what the client can expect from your agency. Does this document, or any accompanying document, detail your agency's policy on background checks? Do your clients really know what you do or do not provide? Are you sure?

In these tough economic times with so much competition and few placement or job opportunities, you need to set your agency apart with proper due diligence. If your client can get better results either internally or online, why would they need you? In order to survive, your agency needs to offer more than the standard job search companies or resumé-posting sites. In these tough economic times if you expose yourself to loss most clients will exploit your exposure with a lawsuit.

HERE ARE SOME SUGGESTIONS ON HOW TO WIN CLIENT BUSINESS AND RETAIN CLIENT SATISFACTION:

**Revise client agreement to include your position on background checks.** Be sure client has read and understands and signs when or if you will perform and under what circumstances. Keep this original signed document on file and send the client his copy.

**Check with your insurance representative.** Many carriers have agreements with background check vendors for discounted costs for their policyholders. Set up a procedure and be sure it is followed.

**Make background checks a mandatory business practice.** Contract workers represent the best (and sometimes the worst) of what your company has to offer. These contract workers are your product, is your product sound? By screening all applicants before hiring them, you can protect your company from reputation damage or worse, legal action.

**Share all screening information with employees before you place them and advise your employee that you will share all screening information with clients they are to be placed with.** Provide each employee with the results of the initial screenings and discuss any concerns with your employee advising them, if they are placed the information will be shared with your client. Make this a regular part of your employee and client interactions. Have each employee sign a document advising that they are aware of this practice; if the employee is not willing to sign the document then it is an obvious red flag not to utilize that potential employee. Additionally you must have an employee screening results discussion with your client.

**Inform client companies of their right to conduct more thorough background screenings.** Educate them on how more in-depth screening can uncover potential issues not included in your initial screenings.

**Get it in writing.** If you decide against mandatory background checks, make sure you present to your client **in writing** documentation that clearly states background screenings are at the client's request and not performed automatically and you are not responsible for any information that may be a background.

**Review coverage options to further protect your staffing firm.** Even the most diligent hiring processes can miss something. Be sure your company has appropriate coverage to handle any risks brought on by temporary staff errors or omissions.

For more information on background screenings and staffing firm coverage, contact [World Wide Specialty Programs](#) at **800-245-9653**, or visit our website at [wwspi.com](http://wwspi.com).