



Employer's Advantage

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As the job market tightens, approaching some theoretical low limit in certain areas of the country, the challenge of being selective grows. As it becomes more difficult, the importance also grows. Consider the competitive edge you can acquire if you are selectively hiring only the best of the available crop because you (and not your competition) know who they are, through the use of assessments!
—Editor

MORE EMPLOYERS ARE CHECKING BACKGROUNDS
ADP reports that for 2005, employer background checks increased by 12 percent. According to their figures, **49 percent of the checks** showed a "data inconsistency" in education, employment or credentials, compared to information provided by the applicants. Five percent of the criminal record checks showed criminal records in the last seven years, and 24 percent showed one or more driving violations.

BASIC BEHAVIORS IN SHORT SUPPLY: SHOWING UP, WORKING HARD... OPINION BY JOHN W. HOWARD

While it's possible my Grandpa's memory is playing tricks on him, employers are confirming that some of the things Grandpa says about "the way things were" are true — and important. For example, Grandpa said that a long time ago people just expected to show up for work, on time, every day. But today? Eric Durr, writing in the Albany (N.Y.) Business Review, says, "Finding people who show up on time for work is a problem that has been getting worse for New York's manufacturers." He quotes a Federal Reserve Bank survey of employers, indicating nearly one-fourth of those responding described their top concern as "finding workers who were punctual and reliable." A manufacturer of complex machinery, when discussing this issue, indicated their cost accounting process had identified another hidden cost of absenteeism and its little brother, tardiness: When the person who was supposed to be performing a specific task was gone and replaced by someone else, the average cost of the process itself increased by an average of 23 percent. That's not too surprising. They also found the cost of warranty claims attrib-

utable to the process increased by about the same amount, 25 percent. (Not surprising either.) The revelation, though, came when their figures showed the process cost and the warranty cost of the nearest upstream process on the line and the nearest downstream process both increased by about half that number, 11 percent ... and the next stage upstream and downstream also increased, by about 7 percent! This "ripple effect" in a production environment means for every minute a worker is not doing the job assigned to him or her, for whatever reason, the cost of the production process in their care increases by a net amount approaching 100 percent! Not many manufacturers in our competitive world can graciously accept a 100 percent increase in costs of production processes, so it is not surprising that the problem of absenteeism/tardiness looms large in manufacturers' concerns. If the perceived value of "showing up on time" leads the work values declining over the past two generations, "working hard" must be close behind. In our own surveys of employers attending our seminars on hiring and retention, leading

concerns have been "finding enough good people who will show up when scheduled and work hard when they are at work." In addition to the production costs discussed earlier, lack of reliability and work ethic dramatically increases hiring costs when those factors are not measured in the hiring process. In Durr's article, he quotes a manufacturer of furniture: "When we go to new hires, we may hire five people to get one good person." Presumably, the other four go through hiring, training, failing to live up to expectations, termination and possibly unemployment...a very costly process indeed, to get "one good worker." Now obviously, not every worker who has entered the job market in the last 10 years suffers from lack of these values, or we would not be finding even that one in five. To find enough good workers, an employer's task is difficult but not impossible, and the payoffs are substantial: **Expand your recruitment pool, so you have enough applicants to be selective: Use a valid and reliable assessment to predict reliability and work ethic; avoid hiring those who are unlikely to work out on those dimensions; and work to keep those good people you do hire.**

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**Do not confuse motion
and progress.
A rocking horse keeps moving
but does not make any progress.**

—Alfred A. Montapert

“OUR ASSESSMENT PROGRAM ISN'T WORKING...”

“Designing and implementing an assessment program is a process, not a single action. Constant review, continuing measurement and an open mind are the hallmarks...”

Nearly three years ago, this publication featured an article of this same title. Recent conversations with assessment users and providers have indicated it is probably worthwhile to revisit the issue. If you remember the article, rest assured not much has changed on this topic.

If your assessment program appears to be having less effect than you anticipated or no effect — or worse, a negative effect, it is time for a thorough checkup! Here is a list of questions we offered for your assessment program checkup:

Do you actually have a program? Examine the process your business is using to administer and apply assessments. Are the procedures written, consistent and used as designed?

Are you using the assessment results to affect your decisions?

Too often, close examination of the usage of assessment information exposes a simple fact: Results are simply being ignored, underweighted or “explained away” by the people on the front lines of the decision process.

A simple analysis of a pre-screening program, for example, will often reveal there is simply no significant difference in the assessment results of those hired and those not hired after assessment. (It's not being used!) In these cases, the front-line decision makers may well believe they are using the information and will often passionately defend the reasons for not using the assessment information in specific decisions.

Is each assessment being used appropriately?

In the Department of Labor's (DOL) *Testing and Assessment: An Employer's Guide To Good Practices*, this is a cardinal principle. Use assessments as they were designed to be used and for purposes tested in the validation process.

Are your outcome measures job-related, specific, measurable and repeatable?

The selection of outcome measures is critical to the success of your program. The less subjective your outcome measures, the more likely you will be to properly implement, adjust and maximize your pro-

gram. Beware of “fuzzy” measurements such as managers' opinions of effectiveness, self-scoring of variables like happiness and satisfaction and correlations with other variables with low or no established reliability of their own.

Are you using a “whole person” approach?

Referring to the DOL once more, this is a crucial question. Assessment programs are, at the most basic level, simply intended to provide information. *Information, from any source, is subject to error.*

It is important to have information from a variety of reliable sources, and any single assessment's information should be combined with information from other sources to minimize error and increase the probability that a good decision will result.

Complete this checkup now and repeat it at regular intervals.

Designing and implementing an assessment program is a process, not a single action. Constant review, continuing measurement and an open mind are the hallmarks of an assessment program that **works!**

Industry	Documented Program	Consistent Use	Appropriate Purpose	Measurable Outcomes	Whole Person	Periodic Review
Manufacturing	Yes	No	Yes	Yes	No	No
Manufacturing	Yes	Yes	Yes	Yes	No	No
Eldercare	No	No	Yes	No	Yes	No
Hospitality	No	Yes	Yes	Yes	No	Yes
Hospitality	Yes	Yes	Yes	Yes	No	No
Hospitality	No	Yes	Yes	No	Yes	Yes
Staffing	No	No	Yes	Yes	No	No
Financial	No	Yes	Yes	No	No	No
Recreation	No	No	Yes	No	No	No
Recreation	Yes	No	Yes	Yes	No	No

WHEN YOU DON'T USE THE INFORMATION...

Example # 1: A credit union has used the Step One Survey II™ in hiring for over two years but never analyzed the data for effects of the assessment. Eight months ago, the long-time employee who was also the point person in hiring, retired, and a new person assumed the position. Applicants began “slipping through the cracks,” as managers took a more active role in the early stages of the hiring process. Some managers used the assessment data appropriately and some occasionally ignored it, arguing they had other, more important information indicating that the candidate should be hired. Recently the CEO, noticing that turnover had climbed and firings were an unusually high part of the turnover, concluded that “the assessments are not working.” Analysis of the data showed that if the credit union had simply adhered to the criterion applied by the former hiring director, they would not have hired any of the people who had been fired, and they would also have not hired 63 percent of the people who had voluntarily terminated their employment. In other terms, if they had simply been consistent in following their own guidelines in using the Step One Survey II, their new hire failure rate in this period would have been 13 percent instead of the 43 percent they actually experienced. Based on their internal estimate of \$7,200 cost per hire failure, this represents a \$108,000 bottom-line loss to the

member-owners of the credit union, in just eight months!

Example #2: A customer service call center with operations in several states and overseas opened a new call center to serve the needs of Spanish-speaking customers. The call center had been using a sequence of assessments in the pre-hire process. All applicants took the Step One Survey II™ and the Profile XT™ prior to their first interviews. When a candidate was selected for interview based on application information, the SOSII was scored. If the candidate met or exceeded a criterion level on the SOSII, the PXT was scored. Candidates who matched any of the open positions at a criterion level or better were invited to interview for the job. This process, in place for nearly a year, had dramatically reduced the interview load, reduced expensive hire failures and improved performance in the customer service calls. In the new call center however, new hire failures were running much higher than in the established centers. Management went through a sequence of logical explanations for this costly challenge: New management (things will settle down soon), cultural differences in the population being hired, geographic differences, new technology and several others. Finally, when the numbers continued to demonstrate a costly problem and did not go away, they turned to the data. Analysis of the assessment data showed

fully 20 percent of the hired candidates had failed to even complete the two-assessment sequence. Further analysis showed another 18 percent had been hired in spite of their scores being below the required criterion level! Hiring managers, under tremendous pressure to “fill the seats,” had been bypassing the system in a variety of ways, and the result was apparent in the failure statistics. The company reviewed and modified the process, making it nearly impossible for any hiring manager to bypass the system, and simultaneously provided additional training on the system, its logic and its proven track record. The increased buy-in of the hiring managers, combined with the process modifications, has already begun to noticeably reduce the hire failures, and early data analysis indicates this new call center, like the others, is likely to reach the company's standards for retention and productivity.

These two (very costly) examples could have been avoided if the client companies had followed the checklist shown here. Before you ask yourself if your assessments are doing their job, ask the more fundamental questions: “Do we have a program? Are we using it? Is the use appropriate? Do we have good outcome measures? Are we measuring the ‘whole person’?”

“The increased buy-in of the hiring managers, combined with the process modifications, has already begun to noticeably reduce the hire failures...”