

# THE Yardstick

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## Jim's Corner



### Who are we?

We are not astrology, we are more predictive than a crystal ball, we are more accurate than flipping a coin, fortune tellers drool over our results, the weather forecasters would get more sleep if they could be as accurate as we are and a stock broker would have lower blood pressure. We must ask good questions, ask enough questions to be valid (measure what we purport to measure), be reliable (measure it consistently), ask legal questions and have no adverse impact. You're right, WE ARE ASSESSMENTS.

Our results are derived from statistics. We are science. We are not a diagnostic tool. We are not measuring deviant behavior. We do not help companies with a candidates' psychological make-up. Candidates' results are usually reported on the percentile basis or the bell curve. We measure a variety of traits including behavior, cognitive, interests, integrity, values, sales skills, aptitudes and more. Our job is to help companies predict future candidate matches. We provide information to make a more informed decision.

The next time you speak to a candidate - are they red, green, blue, yellow, orange or brown? Which colors does the job require? Call us if you are interested in learning what in the heck that means in our world.

## Case Study Shows Reduction in Turnover with Use of Assessment Tools

The use of assessment tools reduces employee turnover, raises the bottom line, and improves employee morale. One credit union reported that turnover dropped by more than half, to 18 percent from a high of 45 percent.

### The Situation

Credit unions have a relatively high rate of employee turnover, which cuts straight to the bottom line. Hiring and training new employees is expensive. High employee turnover can also negatively impact employee morale and job performance.

According to industry experts, employee turnover costs equal the cost of hiring a new employee, plus the cost of training that new employee, as well as other variables. Typically this cost ranges from 150 percent to 250 percent of an employee's annual salary, depending on the position.

For a credit union that has 500 employees and a 20 percent turnover rate, the annual cost of employee turnover can easily exceed \$4 million a year. And it's not unusual for a credit union to have an annual employee turnover rate of 30 percent or more.

This places a burden on Human Resources departments who are expected to increase the quality of new hires, improve employee retention, and reduce the rate of turnover. In addition, a key element in employee retention is having supervisors and executives who work well with their subordinates.

### The Strategies

In an effort to achieve these goals credit unions are increasingly turning to outside consultants, like The Plotkin Group, and HR tools for assistance in assessing the skills and aptitudes of job applicants as well as current employees. While these tools are almost never used as the sole determinant of whether a job candidate is hired, the tools do play an important role in the hiring process.

The HR tools include integrity surveys, feedback surveys, job performance surveys and assessments of aptitude and behavior style, all of which The Plotkin Group offers. Many of these tools are accessible online for convenience, ease of use and immediate results.

For example, the Government Employees Credit Union in El Paso, Texas, turned to The Plotkin Group in 1984 for assistance in employee assessment. GECU has over 600 employees and 269,000 members.

For more than two decades, the organization has used Plotkin's Integrity Survey and Aptitude Assessment tools. The Integrity Survey - which is designed to reduce the chance of hiring people who will steal, break company rules, and commit other counterproductive behaviors in the workplace - is used to assess all job candidates. "We are checking for honesty," explains HR manager Joe Underwood. "We are looking for people who don't try to hide their mistakes, but rather take responsibility for their errors."

The Teachers Credit Union in South Bend, Indiana, began using the Integrity Survey and the Aptitude Assessment in 1990. The organization has 675 employees at 30 branches.

Prior to contacting The Plotkin Group, employee turnover had reached 45 percent annually. Something had to be done, especially with the tellers, where the turnover was highest. They

## Is your candidate pool skewed when promoting from within?

What types of candidates are you attracting to your business? We recently had an eye opening experience on a study of 390 external candidates.

Since most of the openings were for entry level positions, the candidate pool was skewed towards these positions. The candidates had similar qualities. E.G. They were accommodating, not assertive, low on independence. They were nice folks, easy to manage. This company likes to promote from within. The traits required to be successful in the entry level positions are not the same traits needed to be successful for future management positions.

In this case, choosing leaders and upper management staff from within will be limited due to a small qualified candidate pool despite the size of this organization. Promoting the best xyz person to xyz manager from within is common. Consider hiring a certain portion of entry level hires that are not great fits for the entry level position, but will be a good fit for your future leaders. Our first recommendation for this would be to look for higher cognitive scores.



began using the Stanton Integrity Survey with all prospective employees, including executives, and the Prevue assessment for all but those applying for teller positions. The Prevue is used to select the right person for the right position by comparing applicants to the job profile benchmarks. This helps HR identify those candidates who best fit the job requirements and organizational culture.

A strategy used by the Fresno Educational Employees Credit Union in Fresno, California, was to improve the professionalism and communication skills of its supervisors and executives, which in turn leads to better employee morale and retention, thus reducing the turnover rate. The organization has 390 employees and 140,000 members.

The Fresno credit union began using the 360 Feedback Survey in the late 1990s, when Tom Gray became senior vice president of HR and administration. The 360 provides a full-circle perspective of a manager's job performance, incorporating feedback from peers, subordinates and supervisors. This allows individuals to see themselves as others do, which can help them increase their self-awareness, gain valuable insights, and develop and achieve their ultimate potential.

"I was the impetus for using the 360 assessment tool," he said. "I had previously used it when I was an executive at E & J Gallo Winery and it was a great tool." He explained that after completing the assessment, they developed an action plan for each individual, focusing on areas of improvement, such as professionalism, work quality, communications and other important leadership skills.

### The Results

HR professionals at credit unions who routinely use these tools say turnover rates go down and the quality of employees goes up. This not only reduces HR costs while raising the organization's bottom line, employee morale and productivity also improve.

At the Government Employees Credit Union in El Paso, the turnover rate is now 12 to 15 percent. "That's very low within the industry," Underwood said. Moreover, there are no exceptions. Every job candidate completes the assessment, even the highest levels of management. The employees appreciate that, Underwood said, because they know the people being hired have the philosophy and skills needed to run the organization. It also resulted in the hiring of employees with higher levels of knowledge and skills.

TCU's department managers and supervisors resisted the assessment tools at first. But after implementing targeted HR procedures, they became more receptive to using the tools when the results were positive - employee turnover fell to 18 percent. They also found that the assessments were good predictors and helped identify "promoteable" candidates.

Moreover, HR manager Renie Strzelecki said that what made the entire process easier was the high level of support she and others received from The Plotkin Group. "Their support system is great. They know the tool. They are not just sales people," she said. "When I was recruiting [employees], no matter when I called them, they were always available, you always got a live person. You had someone that would talk with you right there and then in training me on the tool. I really like working with The Plotkin Group."

Gray, at EECU, agrees that employee assessment tools do return benefits. "Ultimately, I think it does improve behavior," he said. "We think the 360 is a great tool, because it gives the reviewee insight into themselves and perspectives from their co-workers with regard to their strengths and weaknesses. I recommend the 360 assessment to others."

As these case studies illustrate, HR assessment tools are cost effective, they can reduce the employee turnover rate and increase the return on investment through the hiring and retention of higher quality employees.

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