

The Executive's Guide to Employee Assessments



Employee Assessments – A 10,000 Foot Overview

In many organizations, personnel costs are among the largest budget line items, and given the top challenges facing CEO's, organizations need their leaders, managers, and people aligned and working together at the highest levels of performance.



The top ten challenges facing CEOs:

1. Excellence in execution
2. Consistent execution of strategy
3. Speed, flexibility, adaptability to change
4. Global economic performance
5. Risk management
6. Sustained and steady top-line growth
7. Customer loyalty/retention
8. Improving productivity
9. Business confidence
10. Profit growth

Source: Conference Board

In many organizations, personnel costs are among the largest budget line items, and given the top challenges facing CEO's, organizations need their leaders, managers, and people aligned and working together at the highest levels of performance.

Employee assessments can give organizations and managers consistent, in-depth, and objective information about their people. This includes the employee's:

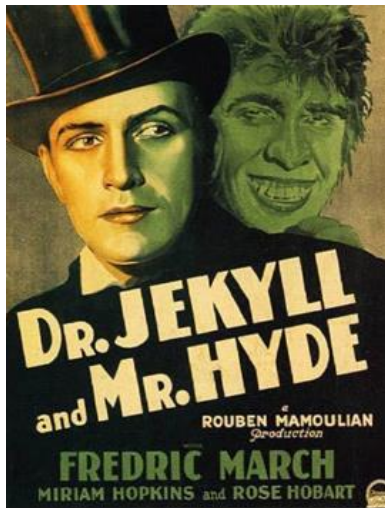
- Fit with organizational culture, job, manager, and team
- Knowledge, skills, job performance, and developmental needs
- Preferred learning and communication style
- Integrity, reliability, work ethic, and attitude towards substance abuse
- Response to conflict, stress, and frustration, and likelihood of aggression

Information uncovered from assessments helps leaders and managers rely less on gut instinct and make smarter people decisions. The specific benefits include:

- Selecting people most likely to succeed in a job
- Accelerating time for people to become fully productive in a new role
- Improving alignment and communication between managers and employees
- Reducing workforce conflict and improving employee satisfaction
- Maximizing each employee's contribution to the organization
- Reducing employee absenteeism and turnover
- Reducing frequency and cost of theft
- Increasing sales performance and customer loyalty
- Enabling strategic workforce management and succession planning
- Increasing overall workforce capability, productivity, and agility

Although a HR department may manage the day-to-day administration of an assessment program, these initiatives thrive in the organization when sponsored by senior leaders who are committed to building and retaining a high performing workforce.

Why do Organizations Really Need Assessments?



Many factors inhibit organizations from acquiring enough information and the right information about their employees to make the best possible decisions for both the organization and the individual. There are three reasons for this:

1. Employees have a tendency to embellish their qualifications. According to the Society of Human Resource Management (SHRM), 53% of resumes they reviewed contained false information. For those who don't embellish their resumes, many of them lie during a job interview. The workplace is full of people vying either to get hired or to get promoted to the next level. In a game of relatively high- stakes, many people will ignore the risks of lying in order to compete for a position.
2. Managers have a tendency to “filter and scrub” employee performance reviews. In our litigious culture few former employers will provide a negative reference about a job candidate. Even performance reviews are filtered through an employee's immediate supervisor, who, though well intentioned, may be less than fully objective. We've known supervisors who felt threatened by rising stars and who downplayed their subordinates' talents, accomplishments, and potential. We've even seen those who, fearing they'd lose a good employee to a promotion, quietly sabotaged their own people's upward mobility.
3. People are just plain difficult to read. Employee behavior is often compared to an iceberg - about 90% of our behaviors are explained by factors that, on the surface, cannot be easily observed or understood in a meaningful context. Without advanced training in psychology, many of these behaviors are difficult, if not impossible, to detect and the manager is at a disadvantage.

Assessments immediately reveal much more consistent, in-depth, and objective information about employees than most managers could uncover on their own. Valid assessments can uncover truthful information about the employee in a very cost and time effective manner.

Good Information Enables Better Management of Your Workforce

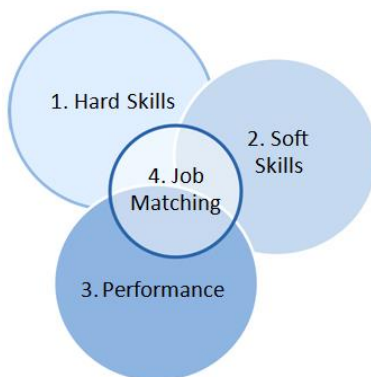


Think about the cost of your organization's last few hires. Aside from salary and benefits, there's the cost of advertising for the job, time spent in interviews, the investment in training, and the cost of getting a new worker up to speed. An organization wouldn't spend \$40,000, \$50,000, or more on a piece of equipment without a careful understanding of the capability of the equipment and its warrantee.

Before you'd purchase that equipment, you'd want to know how it works and whether it's right for you. Before you'd operate that equipment, you'd probably want to look at its user's manual. Yet, every day we see organizations hire and deploy employees with little or no thought to helping managers understand how these employees work and whether they are a good fit. Organizations don't seem to appreciate that employee assessments can serve as a valuable "user's manual" for managers to get the most from their people. For this reason, we believe anyone who manages people or runs a business should know about the value of employee assessments.

If your organization is like most, your most valuable assets are your people. You invest a lot in them and they give a lot back. They're the company's public face, the lifeblood. Of course, you need to know them ... but that is easier said than done.

Common Types of Employee Assessments



Different types of assessments serve different purposes.

Hard skill assessments typically test an individual's knowledge of technical and administrative procedures. For example, a hard skills assessment might look at how well someone can use Word, or how well she understands HIPAA rules or COBRA regulations. Hard skills are relatively easy to observe, quantify, and measure and it's generally easy to train people in hard skills. Hard skills don't typically involve behaviors that have been developed over many years.

Soft skill assessments measure how people learn and think. These typically evaluate behavior, personality, attitude, preferences, personal integrity, communication style, leadership, and/or management aptitude and style. Soft skills are more difficult to observe, quantify, and measure than hard skills. Our personalities form early as a result of our upbringing and environment. Our behaviors are often deeply ingrained, making soft skills much more difficult to learn as well

as to “unlearn.” For this reason, organizations will often make selection decisions based on people’s soft skills and then provide the necessary hard-skills training.

Job performance assessments typically come in three types: 180 degree, involving feedback from oneself and one’s direct reports; 360 degree, involving feedback from supervisors and peers, as well as direct reports and oneself; and customer loyalty assessments in which one’s customers provide feedback.

Job-matching assessments typically measure a person’s potential for success in a particular job. The individual’s cognitive abilities, interests, motivations, and behavioral traits are quantitatively assessed, scored, and compared against the organization’s top performers. In this process, professionals use a consistent language to discuss and evaluate talent across the organization.

Common Applications of Employee Assessments



Screening

- Good pre-hire assessments will quickly screen out applicants who lack the fundamental qualifications and behaviors the employer is seeking.
- Some skills assessments fall into this category, as do assessments that provide insight into an applicant’s work ethic, reliability, integrity, propensity for substance abuse, and attitudes toward theft.
- Pre-hire assessments should be cost-effective, easy to administer and provide immediate results.

Selecting

- Assessments are commonly used to better evaluate prospective employees or current employees who are being considered for promotion or redeployment.
- Selection assessments often support other related activities such as resume reviews and interviews. Assessments can highlight areas into which a manager should probe during the interview, thus setting up the manager to ultimately make a better hiring decision.
- Selection assessments can also help organizations identify “high-potential” candidates and place them on specialized career tracks. It is essential that selection assessments be valid - that is, they need to measure what they claim to measure.

Onboarding

- When an employer has more insight into the capabilities and behaviors of the candidates selected, the organization can better prepare the employee and manager to work together.
- For example, the employee might respond better to certain communication and management styles or he/she might have particular strengths or blind spots the manager should be prepared to proactively address. When a manager has this information, he/she can usually “ramp up” the employee to be more productive faster and to navigate the critical early stages of employment in which an employee builds confidence and sustains his or her enthusiasm for their job and their employer.

Managing

- The most successful managers can adapt their style in order to unlock the full potential of each of their employees. Employee assessments help the manager understand his or her own core behaviors and capabilities as well as those of their employees. This heightened level of awareness is extremely valuable for motivating the employee and navigating situations that involve conflict, stress, or frustration.
- Assessments can also be used to select, motivate, and manage teams by proactively identifying blind spots and building on the complementary strengths of team members.

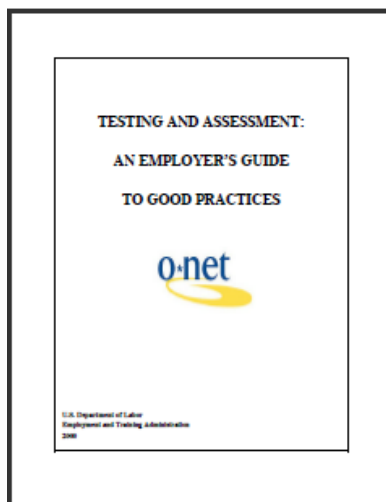
Developing

- Assessments can measure either hard or soft skills and help drive both the efficiency and effectiveness of training investments.
- The assessments can gather input about an employee's performance from different sources, such as their manager, customers, and co-workers. This helps in identifying and prioritizing the skills and behaviors an employee needs to change to improve their effectiveness.
- Once the training investment has been made, assessments can be used to help drive accountability for behavior change by tracking ongoing development.

Planning

- Assessments can play a very powerful role in strategic workforce and succession planning by giving an organization a common language and process for evaluating and discussing current and future talent needs.
- They can help identify high-potential employees and build sufficient "bench strength" to guard the organization against disruption from unplanned departures of key employees.
- Assessments can also help organizations successfully navigate mergers, acquisitions, divestitures, or reorganizations by helping them select the people who will best serve the needs of the future organization and by helping them move forward in a manner that minimizes disruptions and maximizes success. Objectivity is especially valuable during times of upheaval and change.

Selecting the Right Assessment



Considering the wide array of employee assessment available, how should you select what's best for your organization? Every organization has its own unique needs and competencies; every team has its own chemistry. When reviewing the various assessments online, in a catalogue, or face-to-face with a vendor, ask the following questions:

1. What is the purpose of the specific assessment tool and how will it help us accomplish the objectives of our assessment program?
2. How does the assessment help us understand the whole-person to give us a more solid basis to make important career and employment-related decisions?

3. Is the assessment instrument unbiased and fair to all groups who will be assessed?
4. Is the assessment procedure and instrument adequately reliable for our use?
5. Is the assessment procedure and instrument valid for our specific purpose?
6. Is the assessment tool appropriate for our target population?
7. Is there understandable and comprehensive documentation available for the assessment instrument?
8. Is training and support provided for assessment administrators?
9. Is the data from the assessment instrument secure?
10. Is training and support available to ensure that scores are interpreted properly?
11. Is the outcome of the assessment simple enough to enable managers to interpret the results or is a certified professional required?

For a more in depth understanding of these questions and the principles of assessment, please download the US Department of Labor's publication "Testing and Assessment: An Employer's Guide to Good Practices".

Summary of Benefits - Organizations can realize over a 10x ROI on employee assessments



Employee assessments help reduce:

- Cost of theft
- Insurance premiums
- Training and development investments
- Conflict between managers and co-workers
- Absenteeism and involuntary turnover
- Risk of employee failure
- Poor customer experiences
- Hiring employees who "don't fit" your culture
- Recruiting and on-boarding time and expenses
- Cost of a bad hire

Employee assessments help improve:

- Employee engagement, utilization, productivity, and retention
- Management productivity and effectiveness
- Team chemistry, productivity, and success
- Customer satisfaction and loyalty
- Organizational climate and culture
- Strategic workforce and succession planning
- Communication between managers and employees
- Post-merger and acquisition integration
- Organizational alignment and efficiency