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# Newsletter

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Those who work in the field of professional staffing and placement put their reputations on the line every time they send a new candidate out to fill an order. Unfortunately, almost one in five won't complete that first assignment, causing disruption for the client, a scramble to replace the placement, and damage to that reputation we mentioned. This month's case study shows one way to reduce that rate of failure, and the economics of doing so. Enjoy! —Editor

- New data on employee theft, other losses
- Small Clients—seek them, cherish them, keep them
- Adler book: Hire with Your Head
- Case Study—Preventing First Placement Failure in Staffing
- Predicting the business future

## LOOKING AHEAD IN BUSINESS— WHAT CAN WE PREDICT?

**“There is no reason for any individual to have a computer in his home.”**

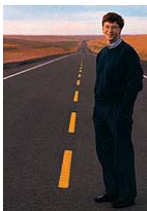
—Ken Olsen, CEO of Digital Computer Corporation, 1977.

At the time of this now-infamous quotation, Digital (DEC) was at the front of the computer revolution, producing the industry-leading PDP-X mini-computer series. It was the first commercial business connected to the internet! At its peak in the late 1980s, Digital was the second-largest computer company in the world, with over 100,000 employees.

By the end of the 90's, DEC was no more, having suffered dismantling and consumption by Intel, Oracle, and Compaq, companies with (apparently) better capability for predicting the direction of the markets.

This story, and hundreds like it (why did Bill Gates

find it necessary to extensively revise his book, The Road Ahead, within less than a year after its first release?)



It seems that we must try to guess future trends of the market, and our businesses, but it is obviously not an easy process!



In Harvey MacKay's great book, Swim With the Sharks Without Being Eaten Alive, he tells of meeting the 88-year old president of Matsushita Electric, Japan's largest company. The gentleman was asked, "How long are your company's long-range goals?" "250 Years" was the answer. When the question was followed with, "What do

you need to carry them out?" The answer: "Patience!"

On balance, we're not very good at predicting market directions, wars, or economic changes. However, we can guarantee much of our business future by insuring that we hire and retain good people. Do that for 250 years, and your business won't need a crystal ball...just...

"Patience!"

## NEW NATIONAL RETAIL SECURITY SURVEY AVAILABLE

Whether you are in a retail business, or serve retail clients, or are just one of us who pay for the national problem of theft and shrinkage every time you shop, you may be interested in the results of the University of Florida's 11th annual report on

losses in the retail industry.

Overall, the average shrinkage rate has remained about the same for the past 10 years: 1.7%. **This translates into a very big number, 31.3 billion dollars!**

Certain sectors had even

larger losses, including jewelry, apparel, drug, and discount stores.

**Perhaps the most disturbing information is in the area of who steals: 48% of loss is employee theft,** by far the largest category of loss. This is in spite of

loss prevention budgets of over \$9 billion, and is a 2.1 % increase over last year!

Available at no cost from [www.soc.ufl.edu/srp.htm](http://www.soc.ufl.edu/srp.htm) the report is rich with detail and interesting information on efforts to curtail the losses.

*Elephants are very hard to kill, and dangerous.*

## SMALLER CUSTOMERS-KEY TO SUCCESS?

There is a natural tendency in businesses of all kinds: To gravitate toward larger customers. Larger customers may demand more service, aware of their clout. Larger Customers, and the dollars they represent to our business, tend to focus our thoughts. The possibility of loss of a large customer may keep us awake at night. But what about our smaller customers, often neglected in the process?

In one large western state, small businesses represent more than 99% of the total employers, and provide 3/4 of the new jobs created each year! These customers and potential customers of yours represent tremendous economic opportunities—if

you make sure that you don't ignore them!

- Small businesses usually represent a much shorter sales cycle, whatever you sell—you can actually talk to, and get to know, the decision-makers!
- The loss of a single large account may cripple your business—but the same dollar volume, spread across 20 smaller accounts, is much less likely to evaporate overnight!
- Regardless of the size of the customer, each represents roughly the same opportunity to generate referrals for you.
- It's easier to "Wow!" a small client with your service.

If you think of yourself as a hunter in your business, some warnings are appropriate for the "elephant hunter":

**Elephants don't come down the trail very often.**

**Elephants are very hard to kill, and dangerous.**

**If you do bag one, your work has just begun.**

**How much meat can you eat before it begins to spoil?**

Position your business for long-term success, by seeking and maintaining a balanced portfolio of customers, big, small, and in-between. Make sure that you treat the little guys as well as the big guys—you need them just as much!

## PROFILES USERS TIP — "DOWNLOAD THE USER'S GUIDE!"

When a new user begins to work with assessments and Profiles on the Web, it is important that they download and read the User's Guide, available on the "assessment central" page of the website. Unfortunately, the new user is usually trying to remember about 600 other new things relating to the as-

sessments, and the User's Guide is often among the items unused in the early stages, thus quickly forgotten.

So, here's your reminder:

**DOWNLOAD THE GUIDE!!** Recently updated to include the changes to the website and products, this is recommended reading

for new users and "old hands" alike. It covers the use of the website, but also discusses proper use of the assessments themselves, and does so in a most thorough manner. **Get the most out of your assessment investment!**

## NEW ADLER BOOK IS A GREAT RESOURCE!

Lou Adler has done it again, with Hire with your Head's latest edition. If your goal is to develop a comprehensive system to ensure that your hiring will insure the maximum value to your business, Lou will help you evaluate what you do now, plan what you need to change, and help you implement and monitor

the effects of that change! As Lou himself says, it provides "A Rational Way to Make a Gut Decision."

Available in most bookstores, and at a substantial discount from Amazon.com, this is a \$25 investment that can pay dividends for a long time to come!



# CASE STUDY OF THE MONTH: PREVENTING FIRST-PLACEMENT FAILURE IN A STAFFING AGENCY

This Professional Staffing Agency focuses on clerical and accounting placements. For the last calendar year, the agency was placing an average of 90 temporary employees per month. Prior to using the Step One Survey, agency records showed that 17% of their new hires failed to satisfactorily complete their first placement assignment. These failures, though perhaps less expensive than failures of permanent hires in many settings, were still costly. Not only did the hiring costs continue to add up, the damage to a client's relationship caused by an unsuccessful placement could be extremely costly! In looking at the reasons

for failure, the most common factors identified were, in order, absenteeism, poor attitude, and failure to complete the assigned work. As might be expected, candidates who failed on their first placement were rarely reassigned, and often failed to even check in with the agency after losing the job. Given the reasons for failure, the Step One Survey seemed an appropriate choice for screening applicants prehire. After 4 months of screening every new candidate with the Step One Survey (SOS), first placement failure rates had dropped to 6%—a 64% reduction! The agency estimated their costs of the program

and the expected benefits for a full year's use.

**Annual Costs:** The company calculated net costs of the SOS program to be \$12,000 including staff time involved in administering and scoring

**Annual Benefits:**

- Savings in costs of turnover estimated @ \$3,000/hire:

**\$198,000**

- Estimated savings in client goodwill @ \$500/failure:

**\$33,000**

**Total Annual Benefits:**

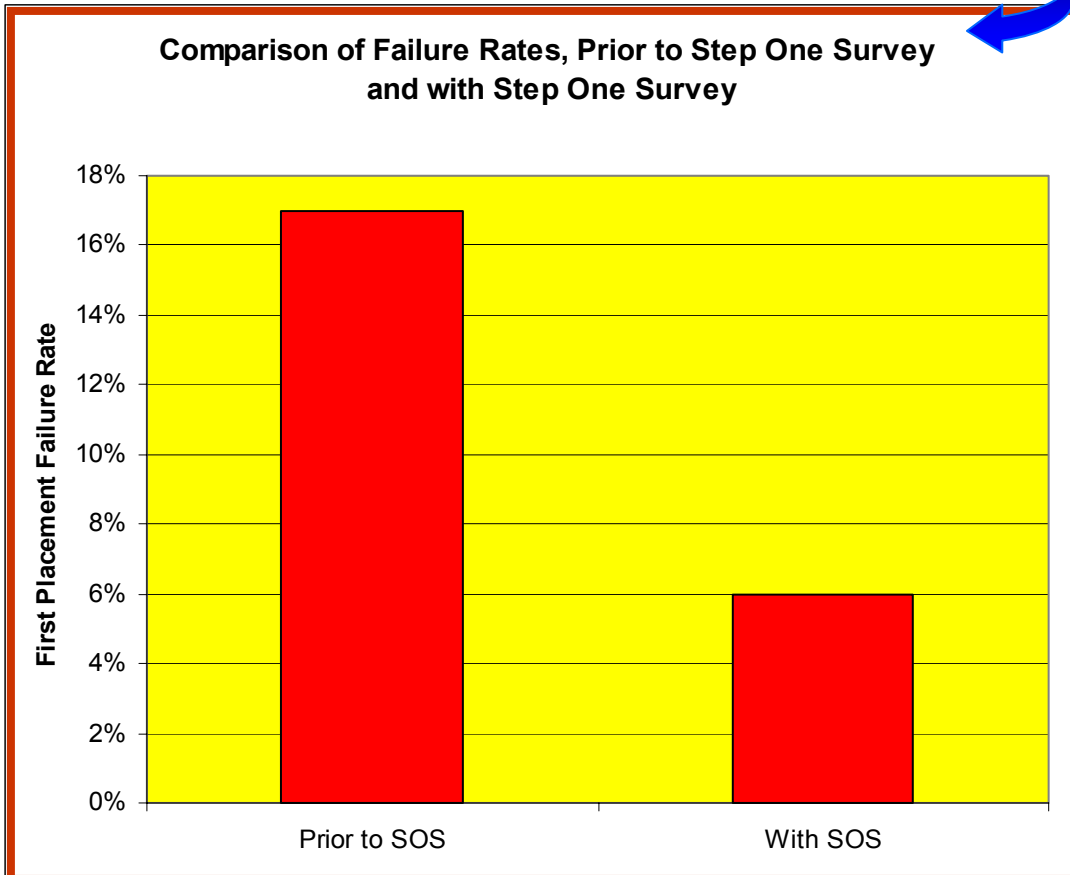
**\$231,000**

**Ratio, Benefits:Costs:**

**19:1**

The results are shown in the graph below.

*Prior to using the Step One Survey, agency records showed that 17% of their new hires failed to satisfactorily complete their first placement assignment.*



**"The measure of success is not whether you have a tough problem to deal with, but whether it's the same problem you had last year."**

**-- John Foster Dulles**



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