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# Employer's Advantage

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This month's case study is not very scientific, and not very large-scale—but it does highlight an important challenge. For all the good things that a well-applied assessment program can do for a business, an error in application, measurement, or the failure to adjust to change can make the effort unproductive, or even counterproductive. Use our guide to perform a regular checkup on your own assessment program, or to help get one off to the right start—you'll be glad you did! —Editor

- # Change and the information you need
- # What if it's not working?
- # Resolution for 2004
- # What's your turnover rate? No, really, what is it?
- # Management by assessment
- # Value of measurement

## WINDS OF CHANGE—DO YOU HAVE EVERYTHING TIED DOWN?

As the new year unfolds, it seems clear that the economy is gradually improving, and that new jobs are being created. It's equally clear that this year's scene is likely to be different than the one we enjoyed at the end of the "roaring 90's". It will bring new challenges, as well as some old and familiar ones.



ple to keep up with expanding business.

- # Sustaining our improved productivity (a byproduct of lean times) while growing to meet new demand.

To meet these challenges, new and old, business leaders will need good, solid information about their people.

In part, that information can come from experience, performance reviews, and observation of people at work. For better management, though, it will be hard to beat the precision and depth of information available through the use of valid, reliable assessment tools. As you gear up to take advantage of your coming economic opportunities, review your information sources, and consider what a well-designed assessment program could contribute to your success.

Among the old friends:

- # The challenge of selecting good employees as we increase our hiring.
- # Maximizing the opportunity to match our people, new and old, with jobs that fit.
- # Providing management that maximizes our output and profit while retaining our best people.
- # Building teams that actually work.

- # Using the information we have to coach our people to realize their maximum potential in their jobs.

New challenges?

- # Stemming the predicted tide of job-jumping as employees perceive themselves as having more freedom to change employers (especially those who perceive themselves as having suffered during an era of downsizing and increased workloads.)
- # Finding qualified peo-

## MAKE YOUR RESOLUTION FOR 2004—BETTER HIRING!

Reviewing last year, many of us will find that we did not pay much attention to our hiring process—because we were not doing much hiring! Looking ahead, whether we are already hiring, or will begin soon, we have an opportunity to make our businesses better for many years, just by improving the

process of hiring. Here are some suggestions for improvement:

1. **Take your time**, make a good choice. We tend to respond to the pressures of needing to hire, by rushing the process, often leading to a poor decision.

2. **Hire for fit, train for skill.** 80% of hirings are for skill, and 80% of failures are for lack of job fit.
3. **Focus on retention.** People rarely leave a job, they usually leave a supervisor. Train your key people to manage properly, and retention will improve.

Resolutions are easy to make, hard to maintain, and often difficult to establish as habit. Make this resolution the exception to the rules, and your business will enjoy reduced turnover, improved productivity, and higher profits!

# ASSESS YOUR MANAGERS? -OR- MANAGEMENT BY ASSESSMENT?

*Unfortunately, even though they share the name, not all 360-degree processes are created equal, and many have not even undergone basic validation and reliability research.*

**Multi-rater feedback has a long and checkered history**—some historians indicate that it may have been a routine process for assessing leaders as far back as the Roman Empire, where their armies used a multi-rater process to choose leaders for the coming battle!

In the 1980's and 1990's, the use of multi-rater feedback blossomed in North American business, and the process acquired another name, 360-degree feedback. Jack Welch of General Electric endorsed the process and the name in the early 90's, giving it even wider popularity.

Unfortunately, even though they share the name, not all 360-degree processes are created equal, and many have not even undergone basic validation and reliability research. It is this wide variability in approach, administration practice, validity and reliability that produces the equally wide variability in results, often giving the entire process a bad name.

360's also embody another challenge: Once you have feedback, what (positive steps) do you take to insure that the

manager and performance improve as a result?

While the field is crowded with contenders, it can be narrowed quickly, if the following criteria are applied:

- ⚡ Does the instrument meet the Department of Labor's basic criteria for selecting an assessment (validity, reliability, non-discriminatory?)
- ⚡ Is it easy to administer, read, and understand?
- ⚡ Does it provide for flexibility in the numbers and categories of raters (for example, can 2 "bosses" be reported?)
- ⚡ Does it measure alignment between critical skills expectations of the boss and the manager?
- ⚡ Does it guarantee the anonymity of the Direct Report raters?
- ⚡ Can you easily obtain a report that measures change across time, with two 360 assessments?
- ⚡ Can you obtain an Executive Summary that shows senior management a top view of the entire organization's management skills?

- ⚡ Does it provide a guide for effective planning of training and development efforts?
- ⚡ Does it provide for control of opportunities for free-form comments?
- ⚡ Does it offer a structured and proven, self-directed tool to help a manager improve each skill set?
- ⚡ And, if it offers all these things, is it priced within the reach of almost any business that can afford to have a manager—but can't afford to have a bad one?

By this time, you probably suspect where this is headed: Profiles International has released the latest version of their 360-based product, The Checkpoint™ System! This complete assessment and training system is designed "from the ground up" to meet these challenges.

**Ask your Profiles representative to show you The Checkpoint System, and watch your managers grow while your business prospers!**

## WANT TO KNOW WHAT YOUR TURNOVER REALLY IS?

**1. How many people were on our largest payroll last year?** \_\_\_\_\_

**2. How many W-2's did we Send out this January?** \_\_\_\_\_

**Divide #2 by #1, subtract 1.0:** \_\_\_\_\_%

(If your biggest payroll had 5 employees and your w-2's totaled 10, you had 100% turnover)

***What were the numbers in 2003? 2002?***

Once a year, each of us has the opportunity for a "quick and dirty" analysis of the real turnover numbers in our business. Just ask whoever does your payroll to fill in the blanks on the card on the left...you can adjust if you want, for seasonal hires or part-timers after you have the basic numbers.

## CASE STUDIES—”OUR ASSESSMENT PROGRAM ISN’T WORKING...”

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 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 the fact that 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 that there is simply no significant difference in the assessment results of those hired and those not hired after assessment. In

these cases, the front-line decision makers may well believe that they are using the information, and will often passionately defend the reasons that assessment information was not used in specific decisions.

**Is each assessment being used appropriately?**

In the Department of Labor’s 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 that were 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 program. Beware “fuzzy” measurements, like managers’ opinions of effectiveness, self-scoring of variables like happiness

and satisfaction, and correlations with other variables that may have low 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.*

Therefore, 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!

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### Analysis of 10 Assessment Programs Reporting Inconsistent Results

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

**"Just one accurate  
measurement is  
worth a thousand  
expert opinions."**

**-- Admiral Grace Hopper**



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