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Employer's Advantage

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As we close the writing of this, the 12th and final issue of Volume 1 of this newsletter (our first full year of publication), we gratefully look back on a year of great support and input from our readers! Thanks for your ideas, and keep 'em coming! We will, in turn, keep working on helping you improve your business and your people processes. We look forward to articles on unique ways to utilize assessments, experiences from other fields, and practical help to increase your profits.

-Editor

In this issue:

THE SLIGHT EDGE...IN BUSINESS, IN THE WORLD

Smarty Jones, America's favorite racehorse of the current season, nearly won horse racing's triple crown, losing by only a length in the third race of the series, the Belmont Stakes.

Undefeated in six previous major competitions, Smarty Jones led in all races (a combined total of 514,800 inches of track) missing the triple crown by 96 inches -- or about 2/100ths of one percent of the total. That tiny percentage of failing to lead, according to some sources, may cost the horse's owners as much as $100 million in future breeding fees!

In business we run the same kind of risks. Studies show that to beat your competition you need not be twice as good as they are-you only need to be 3% better!

The measure of whether we are that critical 3% better often depends on how well we have selected, trained, and developed our employees.

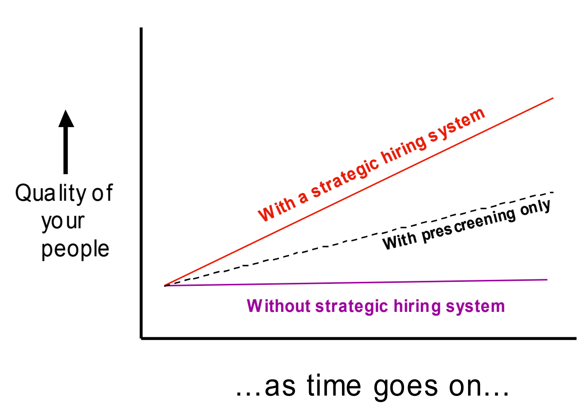
The route to competitive excellence can be a great deal smoother if we can select good employees, insure they are a good match to the jobs we provide, train them with knowledge of their individual thinking styles, and manage them with well-developed management skills.

Employers who use valid, reliable assessments in pursuit of these goals are virtually always ahead of their competitors. The competitive gaps are often far greater than that magic 3%, and widen over time. Consider this fact: If your employee group is continually getting better, and your competition is just staying the same, you will gradually pull away and be leading the field! The graph illustrates this phenomenon.

Your Profiles representative can help you decide which assessments will contribute the most to your own efforts to develop a "slight edge" over your competition, to put you ahead of the field and keep you there.

Remember that a few inches of distance can mean a lot of money, in horse racing or in the competitive world of business! You must always, always be ahead...

The "Slight Edge" effect over time



Are You Holding your managers accountable?

Once you have employees' performance measurements, you have set the stage for checking perceptions and bringing them into line with reality.

Retention and Accountability—Where Are the Numbers?

While conducting research on business performance within a wide cross-section of business types and sizes, three gaps in management information have loomed large:

- A majority of managers do not know the retention/ turnover rates for their own departments.
- An even larger number do not understand what retention failures cost their operations.
- Very, very few realize that as many as 4 out of 5 of their employees would leave this job for another, if the opportunity was even a fraction better.

If you would like to improve your retention rate, reduce turnover and improve profitability one good place to start is with your internal metrics. Departmental metrics that are useful and easily tracked are:

1. Average tenure
2. Annual turnover rate
3. Six month new hire failure rate

Variability between departments in retention success is directly related to managers and their own skills and styles. Make managers responsible for their own people results by insisting they track and report their numbers! Include results in the manager's periodic review -- how do they compare with other departments, and to the business overall?
Your managers may be the single largest influence on your retention success-you need good numbers to evaluate them!

Performance Reviews—Who Are Your Top Performers?

One of the persistent criticisms of performance reviews, rating second only to the fact they are not done regularly, is that employee performance reviews correlate poorly with "hard" measures of productivity and performance.
How good are your own appraisals of "top performers?" How well do your managers do in rating their own people as "top?" Inconsistent performance reviews produce obvious and costly problems. Poor placement decisions, low morale, increased turnover and risk of legal actions are only the tip of the iceberg. A consistent, fair, and data-based set of performance measures can go a long way toward reducing all of these negative outcomes, and give your managers a tool to improve their performance.
Once you have employees' performance measurements, you have set the stage for checking perceptions and bringing them into line with reality. Try this exercise. Ask your managers to rate their people, according to a very simple ranking: Top 1/3, middle 1/3, bottom 1/3. Arrange employees in a simple grid according to their ranking, then follow with the employee's performance measurements. You may be surprised to discover the manager's rankings have little to do with the metrics crucial to your company's success!
Once you and your managers know who their real "top performers" are, you can begin to build on their strengths, while helping your "non-top" performers improve. Knowing where to aim is the first step in hitting the target!

Up the Organization—A Reminder Review

In the early 1970's, you would have had a difficult time locating a manager anywhere in North America who was not familiar with the book "Up The Organization" by Robert Townsend. Out of print now, but readily available from used book suppliers, the wisdom of Townsend's funny, readable tome is still fresh and applicable.
On meetings: Never make them mandatory-why would you want someone there who did not think it important? Hold them in a room with no tables or chairs, no coffee or cookies-they'll say what they need to say, and it will be over.
On hiring talent : Don't hire Michelangelo to paint the Sistine Chapel ceiling, and then have a bunch of schoolboy artists tell him which colors to use!
The copyright date may be aged, but the wisdom is timeless! Find this book, read it again, and experience an enjoyable refresher course in the basics of business!

Let the Data Map the Career Path—A Case Study in Title & Escrow

In the title and escrow industry, tradition has long determined a career path. Following the century-old tradition of apprenticeships, candidates hoping to become escrow closers usually serve a three to five year term as an escrow assistant. If the assistant works hard and performs well a promotion will usually follow. Unfortunately, the rigors of the assistant position also effectively reduce the number of candidates surviving to become escrow closers. Many of those who eventually get the promotion fail at the new job and frequently leave their company or the industry altogether.

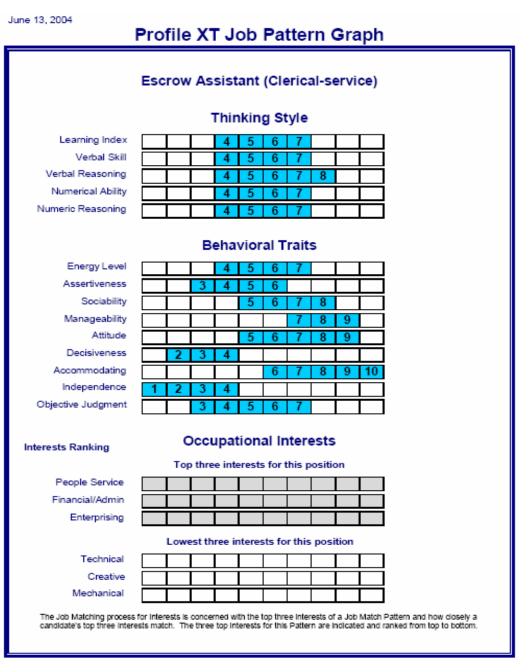
A successful Title & Escrow business followed the traditional model for years, until they noticed something while using the ProfileXT in developing success patterns. The patterns generated by the top escrow assistants were markedly different than those generated by the top escrow closers. While discussing these rather surprising findings within their own ranks, they identified a major difference between the primary functions of successful people in each job. Escrow assistants were primarily clerical and administrative in activity, while escrow closers performed sales and customer service functions, with some administrative duties.

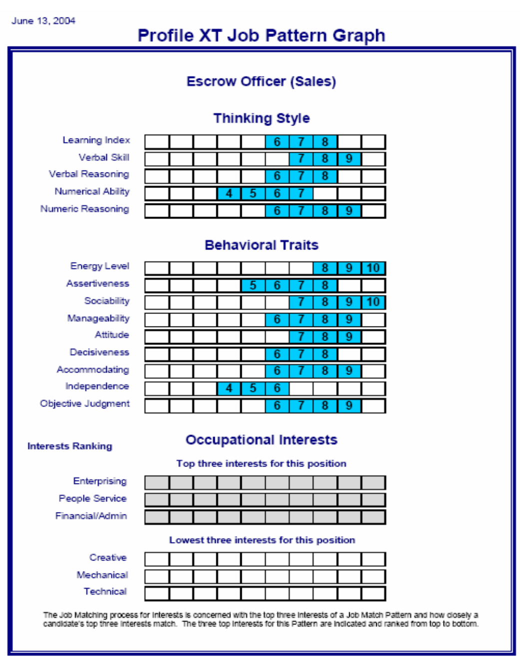
As these results became apparent an opportunity to break tradition presented itself. Company leaders asked: what if, when hiring was taking place, job candidates were identified according to their match to each of these distinctively different jobs?

Identification of individuals likely to succeed as closers would allow a reduced training cycle, producing productive closers in half the time that had been required under the apprenticeship model. Candidates who were a great match to the escrow assistant job could develop in that career path and would never feel pressured to "move up" to a job with a large sales component for which they exhibited a poor job match.

The company is in the second year of development along these revised career paths. Promising new escrow closers are producing new business, and quality escrow assistants are becoming professionals in an endeavor well suited to their strengths. Overall, the entire escrow team is stronger, and more productive, with lower turnover in each job category. The two job pattern graphs are presented below.

...quality escrow assistants are becoming professionals in an endeavor well suited to their strengths.





"Nothing needs reforming so much as other people's habits."

-- Mark Twain

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