



People Intelligence

*A Business Imperative for
High-Performing Organizations*

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Introduction



KEY POINT

“People intelligence” is decision-support data about the workforce that helps drive bottom-line results.

Outstanding business performance depends on access to information that creates a competitive edge. We term this key area as “people intelligence¹” – decision-support data about the workforce that helps drive bottom-line results.

Bersin & Associates research shows that people intelligence takes place at the following two levels. At the **micro** level, organizations collect internal employee intelligence (also called “talent intelligence”) which helps to put the right people into the right jobs. This employee-level assessment information helps executives, managers and supervisors understand how to best select, retain, manage and align those people for business results.

At the **macro** level, companies use people intelligence more strategically. Here organizations look at the entire employee population as a whole and try to assess corporate competitiveness. At this organizational level, companies ask important questions that may lead to major changes in people strategy.

- How does the strength and readiness of my workforce compare against that of my foremost competitor in my industry?
- Is the competition better at attracting top talent than my company?
- Do I need to readdress my employment brand to improve the level of talent I am attracting? What would I use as a measure of success of such a rebrand?
- Am I attracting the foremost talent in a given geography? For a specific job function?
- How well am I successfully retaining top talent? Is my turnover level higher than my competitors? If so, where and why?

¹ “People intelligence” is the collected body of information on an individual over the course of that individual’s affiliation with an organization – from pre-application through emeritus stages. It is comprised of data that, when analyzed, is useful both to the individual and to the organization as a whole for strategic talent and business decision-making and performance improvement.

- How do my leadership pipeline² and bench strength³ compare with that of my competition? How well can my company adapt to executive or key leadership departures?
- How do the people I select to develop for future leadership compare with those selected for succession grooming in other companies? What is the quality of my leaders versus that of my competition?



KEY POINT

Businesses today primarily use assessments on the micro level, focusing on the individual as either a candidate for a position or an employee within the organization.

While the answers to these questions have previously been difficult to learn, you can now acquire this people-related information for benchmarking. *By using the huge databases of assessment information maintained by assessment solution providers, companies can now benchmark their candidates and employees against others in their industries or geographies to determine how the level of talent they attract and retain compares.*

Through this use of assessment data, companies can now gain valuable intelligence that can lead to:

- More targeted recruiting;
- Improved employment branding;
- More effective training and development;
- Focused performance management; and,
- An increased understanding of the skills and abilities of the people retained.⁴

² “Leadership pipeline” refers to an organization’s ongoing need to have a pool of talent that is readily available to fill positions at all levels of management (as well as other key positions) as the company grows. At each level, different competencies, knowledge and experiences are required, and (to keep the pipeline filled) the organization must have programs designed to develop appropriate skills sets. (Also known as the “leadership bench.”)

³ “Bench strength” refers to the capabilities and readiness of potential successors to move into key professional and leadership positions.

⁴ Effective assessment relies on the science of predicting human behavior and performance – as well as developing tools and methodologies that accurately measure skill levels, behavioral characteristics and the capacity to learn. Reliable assessment tools are based on large quantities of data and require years of validation. The expertise and the experience of the assessment provider are critical components for assessment success, as are in-depth knowledge of the role and functions to be performed, the psychometrics that correlate with success in that role, and the correct application of the assessment results.

**KEY POINT**

Companies that use assessments throughout the employee lifecycle can now benchmark their people to understand their overall organizational effectiveness and competitive positioning in the market.

Businesses today primarily use assessments on the micro level, focusing on the individual as either a candidate for a position or an employee within the organization. Bersin & Associates research demonstrates the positive business results from the use of enterprisewide assessment solutions at this level.⁵ Companies that use assessments throughout the employee lifecycle can now benchmark their people to understand their overall organizational effectiveness and competitive positioning in the market.

In this report, we highlight the business results gleaned from the effective application of a micro-level assessment strategy and the best practices derived from several companies. Also, we describe the SHL strategy for providing a means for companies to achieve people intelligence at the macro level (*which we believe to be the next frontier in workforce analytics*) by enabling companies to compare their own people intelligence with that of their industry, by function or by region. We view this game-changing macro intelligence as being just as critical, if not more so, than the aforementioned micro-level people intelligence.

⁵ For more information, *Pre-hire Assessments*, Bersin & Associates / Madeline Laurano, July 31, 2009. Available to research members at www.bersin.com/library.

Executive Summary



KEY POINT

Assessments provide organizations with a holistic look at both their job candidates and current employees to gain a more grounded understanding of their abilities and potential to perform.

This Bersin & Associates research demonstrates the compelling nature of assessments and their relation to corporate performance. Initially, many assessments were used primarily for prehire selection;⁶ today, assessment providers offer strategic resources for global organizations that want to build their overall knowledge of their employees beyond hiring – for development, promotion, internal mobility and succession planning.⁷ Assessments provide organizations with a holistic look at both their job candidates and current employees to gain a more grounded understanding of their abilities and potential to perform.

Whether data about an organization's people is used in hiring, development planning, succession, promotion or in the aggregate to benchmark against other companies, the ability to acquire evidence-based insights enables the organization to make more informed workforce management decisions. Internal assessments and the benchmarking of that data against external peers allow companies to identify, prioritize and measure talent investments and programs, and align them to strategic organizational goals. This then provides a fact-based mechanism to drive focused, systematic change faster and more

⁶ "Prehire assessment" as a method used to evaluate whether a person has the right skills to perform a job in terms of knowledge, behavior and cultural fit.

⁷ An "assessment" is a test or other form of evaluation process that measures skills, competencies, knowledge or certified behaviors. HR has many uses for assessments, including to determine skills, readiness for a new job or leadership, job fit (e.g., a candidate for a new position), or learning after a training program. Many types of assessments are used throughout enterprise learning and talent management, including: (1) end-of-course assessments to measure learning from a training program; (2) manager assessments used by managers to evaluate employees; (3) 360 or multirater assessments that use multiple evaluators to assess performance; (4) self-assessments that are used heavily in performance management and coaching to help people identify their own strengths and weaknesses; (5) standards-based assessments which compare people against broad standards of skills and knowledge; and, (6) behavioral assessments that identify cultural, personality and behavioral strengths and weaknesses used in job interviews and other career planning programs. Assessments tend to fall into categories, such as personality (uncovering your innate personal attributes), behavioral (identifying how you act under different conditions) and skills (identifying your knowledge and abilities). When selecting an assessment, you should understand the "type" of assessment you need. There are literally hundreds of different types of assessments used throughout HR and training, many of which are authored by "psychographic experts" – people who specialize in the science of asking people the right questions to evaluate skills and competencies.

efficiently, with higher value outcomes. This understanding is what we term “people intelligence.”⁸

The goal of this research is to ascertain the business results from “people intelligence” derived through the use of assessments in large, often multinational organizations. This research report presents the best practices that emerged from this study and the results – that an enterprisewide approach to assessments generates better business outcomes, value in productivity, savings through increased retention and bottom-line revenue through increased sales.

**KEY POINT**

Through benchmarking, companies can compare the quality of their candidates and the employees who they deem to be high potential against those in competitive companies, similar industries and geographies.

A powerful use of talent analytics allows companies to surpass their current understanding of their internal workforces. By benchmarking against the aggregated people intelligence gathered through millions of assessments, companies can compare the quality of their candidates and the employees who they deem to be high potential⁹ against those in competitive companies, similar industries and geographies. This capability bridges the individual use of talent assessment to the macro level, enabling organizations to make better data-driven workforce decisions.

⁸ For more information, *Pre-hire Assessments*, Bersin & Associates / Madeline Laurano, July 31, 2009.

⁹ A “high-potential employee” is an employee who has been identified as having the potential, ability and aspiration for successive leadership positions within the company. Often, these employees are provided with focused development as part of a succession plan and are referred to as “HiPos.”

The Perspective on People Intelligence

The use of formal assessments in talent management is widespread and growing; assessments are used in both hiring, and in ongoing talent management, succession planning and the identification of high-potential employees. Processes to assess people along the “hire-to-retain” lifecycle exist in 80 percent of the *FORTUNE* Global 100. Every second, multiple assessments are taking place somewhere in the world.



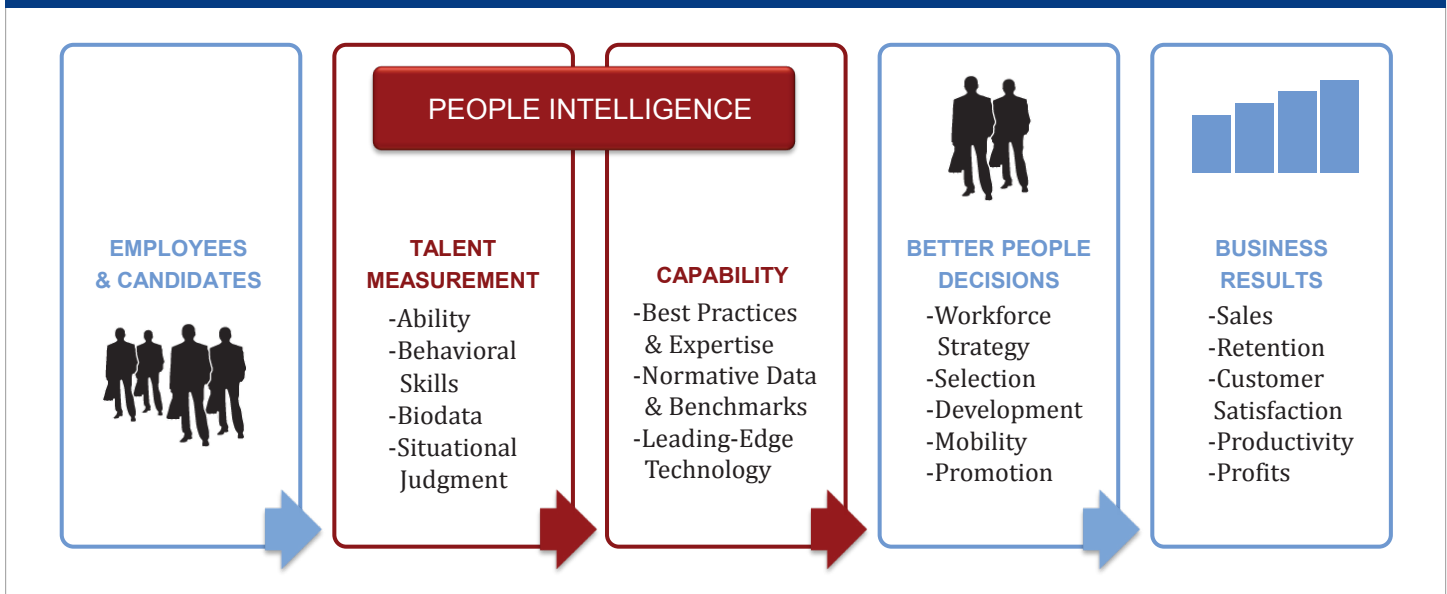
KEY POINT

Processes to assess people along the “hire-to-retain” lifecycle exist in 80 percent of the *FORTUNE* Global 100.

Many types of assessments exist – assessing an applicant during the early phases of a hiring cycle is just one example. Assessments are also used in the developmental path which the individual takes through the organization – in determining innate capability, potential for success in a new role, aptitude, skill development, propensity to exhibit a certain behavior and many others.

Bersin & Associates defines “people intelligence” as the collected body of information on an individual over the course of that individual’s affiliation with an organization – from pre-application through emeritus stages.

People intelligence is comprised of data that, when analyzed, is useful both to the individual and to the organization as a whole for strategic talent and business decision-making and performance improvement. (See Figure 1.)

Figure 1: Results of Micro and Macro People Intelligence

Source: Bersin & Associates and SHL, 2011.

As previously mentioned, the gathering of micro-level people intelligence happens over the entire employee lifecycle. For example, this data is used to include and exclude at many key touchpoints, such as in hiring, promotions, fast-tracking a high-potential candidate, and screening out a poor fit or evolving the average employee in the standard way. Assessments play this evolutionary role in identifying gaps and how to bridge them at the personal level, as well as identifying strategic gaps at the corporate level that will impact the company's future. Business results stem from ensuring that highly productive people are on the job and ready for the next level position. For the corporation as a whole (the macro level), this includes competitive comparison with peers in areas, such as the ability to attract and retain top talent.

Companies today understand the value of people intelligence at the individual (micro) level. Some companies interviewed in this research use assessments solely in the pre-hiring process; for them, the data gained is neither used for performance development nor released to managers. In one case, the company's decision was a conscious one – that the data was only for assessing the candidate to fill the position, not to improve a candidate's performance within that position if hired. Other companies use assessments at key junctures throughout the employee lifecycle for identifying high-potential employees, as well as for promotion, transfer and succession planning.

Assess to Ensure Excellence in Management Succession

Continual assessment and evaluation are required to determine which employees are suited for higher levels of management. The ability to perform a job well at one level does not ensure the employee will do as well at a higher level. In addition, even stellar performance does not ensure the potential for continual growth in the future. Bersin & Associates interviewed members of the HR, and the international training and development departments at Pirelli, the noted tire manufacturer, on its impressive and thorough program of planning for a pipeline of leaders.



KEY POINT

Continual assessment and evaluation are required to determine which employees are suited for higher levels of management.

Case in Point: Pirelli's Commitment to Leadership

Pirelli is the fifth largest manufacturer of tires in the world. Founded in 1872, the Milan-headquartered company has 19 tire manufacturing plants on four continents, operating through a widespread sales network in more than 160 countries around the world. Pirelli employs a total of 31,000 people of whom 23,000 work in the plants and 7,000 are "white-collar" professionals.

The company is firmly committed to developing its internal talent. Pirelli addresses both its high-potential junior employees and its high-performing¹⁰ mid-manager ranks in an impressive global talent management program that is designed to insure the company's future leadership.

Talent management at Pirelli is consistent in its processes across the globe, especially in the corporate commitment to identifying and developing top talent for future managerial positions.

¹⁰ A "high performer" is an employee who is a key contributor, demonstrates high performance, is capable of a lateral move, may be qualified for a broader role within the same profession; and, has reached the potential to move "upward" in a management capacity.

Case in Point: Pirelli's Commitment to Leadership (cont'd)

Annually, all company sites are asked to identify candidates for one of its two-pronged talent initiatives. One program addresses manager-nominated high-potential younger employees (below the age of 30 years) who have about four years of work experience; the other identifies high-performing middle managers who generally range between 33 and 37 years of age.

“Potential is different from performance. You can perform – but you are not necessarily a ‘talent.’ We look for talent for our pipeline for future senior management.”

*Director, International Training and Development,
Pirelli*

Pirelli has set its own leadership model based on nine leadership drivers. Working with SHL, the company established homogeneous development centers and defined the specific behavioral indicators for those drivers on the basis of which Pirelli scouts its own talents among the employees. While the drivers are the same for the more junior and mid-manager employees, the behavioral indicators may be slightly different (for example, behavioral indicators for “risk management” are different for these two populations). The junior employees identified as high potentials meet at the development center in their countries or in centers supporting their native language; the mid-managers meet in Milan.

Each year, a selected number of employees (around 100 of the more junior and 60 of the mid-managers) attend the development centers for a series of assessments, one-on-one interviews, simulations, group exercises, testing and much more to determine not just ability, but also potential for ongoing growth. SHL developed the tools used at the development centers and, no matter how well employees performed at the assessment center, individual development plans are created to guide their future learning. About six months later, further training to reinforce key concepts is undertaken by both the junior and mid-manager populations.

Case in Point: Pirelli's Commitment to Leadership (cont'd)

This talent pool¹¹ is continually tracked; the junior talent employees by local senior management and the mid-manager talent by central HR and the executive management team. Pirelli monitors its talent population relentlessly. The company does not assume that the high potentials will necessarily progress to mid-management; each employee at either level has to continually exhibit stellar performance and also the potential to learn more.

Results

Pirelli feels secure in its ability to have a competent Pirelli-groomed management team in the future. In addition, turnover for both the company overall and talent populations is well below the industry average. ↻

¹¹ "Talent pools" are groups of employees identified for a specific leadership level or type of role – for example, identifying individual contributors who have the potential to become a first-level manager or identifying junior engineers who have the potential to become senior engineers.

Assess to Acquire Talent

Most assessments today are taking place during the prehire process. Companies do not want to take a risk on a bad hire. In retail, call center and other high-volume nonexempt environments, for example, the cost and disruption to productivity of high turnover is great. Our research¹² shows that the predominant benefits which companies are deriving from prehire assessments today include the following:

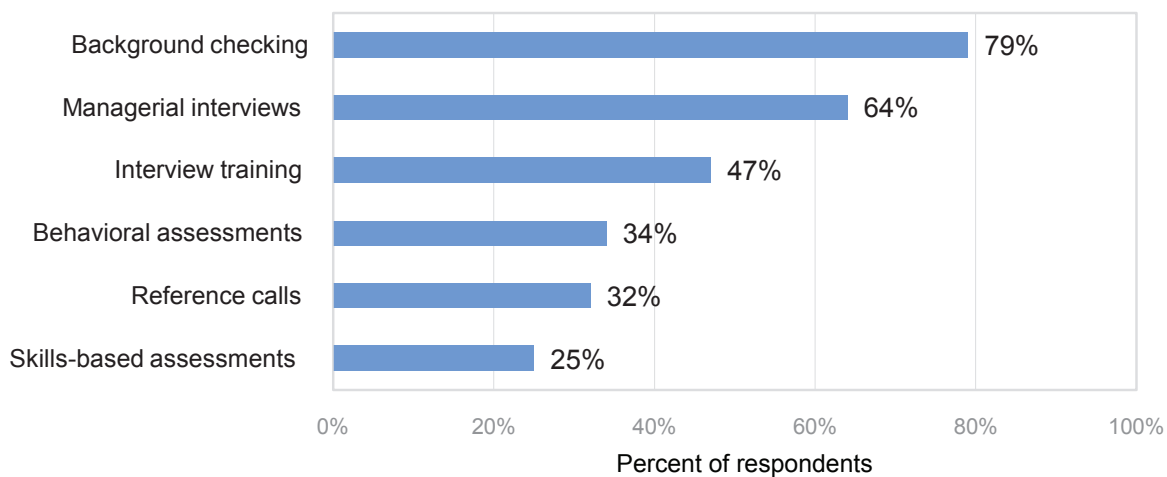
- Standardization of the selection process;
- Ability to predict performance;
- Objective overview of candidates;
- Better job fit¹³;
- Improved retention rates;
- Improved quality of hire;
- Decreased résumé overload;
- Standardization of the interview process;
- Legality of the hiring process;
- Reduced time to fill;
- Higher revenues; and,
- Improved customer satisfaction.

Historically, assessments were viewed as a tool for *FORTUNE* 500 companies, such as Home Depot and Wells Fargo.¹⁴ Today, best-practice companies of every size are incorporating objectivity into the hiring

¹² For more information, *Pre-hire Assessments*, Bersin & Associates / Madeline Laurano, July 31, 2009.

¹³ "Job fit" refers to the assessment of current knowledge, skills, competencies and other key qualifications of an individual against the requirements of a specific role, current or future.

¹⁴ The problem is not limited to large companies; according to a study by payroll provider SurePayroll, three out of four small business owners surveyed admitted to hiring the wrong employees. Source: <http://www.surepayroll.com/spsite/press/releases/2009/release061609.asp>.

Figure 2: How Companies Make Hiring Decisions¹⁵

Source: Bersin & Associates, 2010.

process by leveraging a variety of prehire assessments consistently throughout their organizations, from executive-level positions to front-line workers.¹⁶ (See Figure 2.)

This research reveals the foremost best practices in prehire assessments relating to the placement of testing in the hiring cycle, creation of a talent pool, ensuring consistency in hiring practices and improving business results.

Assess at the Beginning of the Application Process

Models for using assessments in the hiring process differ. In the past, assessments often appeared at the end of the process – the last attempt to ensure that the hire was really suitable. For many companies, this proved to be “backwards” – the manager’s time upfront was great, the steps in the process were not necessarily consistent and the time to hire

¹⁵ For more information, *Talent Acquisition Systems 2011: Facts, Practical Analysis, Trends and Provider Profiles*, Bersin & Associates / Madeline Laurano and Sarah White, March 2011. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/tas.

¹⁶ For more information, *Pre-hire Assessments*, Bersin & Associates / Madeline Laurano, July 31, 2009.

was protracted. Positioning assessments at the beginning of the hiring process has provided significant advantages, by:

- Saving valuable face-to-face interview time for prescreened candidates only;
- Allowing both early “knockouts” and “opt-outs”; and,
- Narrowing the candidate pool to qualified candidates, thus shortening the hiring cycle.

Dashboards can be used to easily display the ranked results (see Figure 3).

Figure 3: Dashboards Deliver Ranked Results

Dynamic Stack Ranking Back Export Report Filter Results

Summary Report for Job Dialogue Marketing - Job ID (159849)

All Settings

Application					Selection											
Hide	RANK	Last Name	First Name	Start Date	Recommend	Overall Score	Navigation	Service Orientation	Tactful Problem Solving	Data Entry Speed	Data Entry Accuracy	Achievement Orientation	Contact Center Retention	Detail Report	Completion Date	Administer
<input type="checkbox"/>	1	Whitchurch	Paul	4/6/10	✓	95	97	84	51	85	55	93	8	Detail Report	4/6/10	
<input type="checkbox"/>	2	Richins	Cory	3/3/10	✓	92	44	93	68	97	18	85	77	Detail Report	3/3/10	
<input type="checkbox"/>	3	Heap	Karen	3/2/10	✓	91	81	52	81	80	75	89	73	Detail Report	3/2/10	
<input type="checkbox"/>	4	Iba	Heather	3/10/10	✓	90	97	38	68	96	75	26	81	Detail Report	3/10/10	
<input type="checkbox"/>	5	Frazee	Keri	3/3/10	✓	84	81	84	100	70	94	14	5	Detail Report	3/3/10	
<input type="checkbox"/>	6	Jenkins	Gabe	2/26/10	✓	79	56	69	86	57	94	44	96	Detail Report	2/26/10	
<input type="checkbox"/>	7	Test	Test	3/2/10	✓	67	50	89	41	27	55	71	16	Detail Report	3/2/10	
<input type="checkbox"/>	8	Bates	Micah	3/1/10	✓	50	50	25	37	50	75	53	43	Detail Report	3/1/10	
<input type="checkbox"/>	9	Williams	Gerald	2/25/10	✓	41	44	53	11	21	75					
<input type="checkbox"/>	10	Watkins	Diane	2/25/10	✓	40	4	33	86	37	55					
<input type="checkbox"/>	11	Darcis	Cristina	3/12/10	✗	28	25	54	6	12	75					
<input type="checkbox"/>	12	dole	bob	4/6/10												
<input type="checkbox"/>	12	Poelman	Brian	2/26/10												
<input type="checkbox"/>	12	Iba	Heather	3/10/10			73	10	68	15	55					

Records: 14 Page 1 of 1 Page Size: 25 Go to Page: 1

Link to Detailed Candidate Feedback Reports

Source: SHL, 2011.

Assess to Capture a Qualified Talent Pool

The model of the talent pool is based on the idea that, at any time a company may wish to hire, a pool of talent is at the ready, shortening the hiring process. But the talent pool concept only works when it is an already qualified pool of actual *candidates* – not just applicants.

**KEY POINT**

Anyone can be an applicant – only the carefully vetted can be a candidate.

For example, 500 résumés attached to a corporate application in the application tracking system does not constitute a talent pool; the talent pool is the group of 20 candidates who are known to have the qualifications, aptitude, skills set, desire and cultural fit to be successful in the role. Anyone can be an applicant – only the carefully vetted can be a candidate.

Case in Point: European Personnel Selection Office

The European Personnel Selection Office (EPSO) is responsible for the recruitment and selection of employees for all of the European Union (EU) institutions within the 27 EU countries. While the majority of employees are in Brussels, members of the 50,000 permanent staff are located across the globe.

Hiring for EU positions is conducted via a French concept called, “Open Competition,” whereby a pool of qualified candidates is created through a series of assessments. Employees are then selected from this pool or roster.

A battery of assessments is electronically delivered. The first step for potential candidates is a compulsory self-assessment that can be taken from any networked computer. EPSO’s director reports that, in 2011, the self-assessment has been taken more than 100,000 times thus far and has produced 41,000 applicants; 60,000 potential applicants self-elected out of candidacy based on that assessment. The 41,000 applicants were invited to begin proctored computer-based testing (CBT), and 35,000 went through the testing procedures in all 27 member states and all continents for the 300 positions as civil servants in the EU. These assessments are available to applicants worldwide through partner-run, proctored network-equipped testing centers.

The assessments cover a broad scope, including abstract reasoning, cognition and situational judgment, for example. The cognitive assessments are available in 23 languages and the situational judgment tests are in English, French and German. These are role-specific assessments, differing for administrators, secretaries and lawyers, for example.

Case in Point: European Personnel Selection Office (cont'd)

From what was originally close to a two-year testing schedule, the use of computer-based testing has cut the time to nine months and two weeks – a 60 percent decrease in the testing cycle time.

“We think we’re getting it right – we’ve recruited more quickly, with high satisfaction. Anecdotally, we hear we are hiring high-quality, very impressive people. We hired 300 out of 51,000 – and picked the right 300.”

– Director, European Personnel Selection Office 

 ANALYSIS

Organizations recognize the value of assessments beyond screening job candidates, but often fail to realize how they can inform overall talent management strategies and help to create a strong learning culture.

Assess for Improved Talent Mobility

Organizations recognize the value of assessments beyond screening job candidates, but often fail to realize how they can inform overall talent management strategies and help to create a strong learning culture. For example, companies that grasp the importance of people intelligence can use both prehire and post-hire assessments to provide data on employee strengths and weaknesses to guide the development of targeted training and educational opportunities. The outcomes might also include better-focused prehire screening, as well as more effective discussions on succession planning and internal mobility.

Case in Point: Kellogg’s


In Europe, Kellogg’s, which has always emphasized succession management processes, used a business simulation exercise to differentiate between high performers and high-potential employees.¹⁷

The company’s HR director for European organization effectiveness credits SHL as enabling the structured development

¹⁷ For more information, *High Potential Versus High Performance: What Is the Real Difference?*, Bersin & Associates / Kim Lamoureux, July 11, 2008. Available to research members at www.bersin.com/library.

Case in Point: Kellogg's (cont'd)

of its best talent to ensure a smooth transition when employees take the step up the corporate ladder, and the identification of areas in which executives need more experience to accelerate the readiness of key successors. HR can now assess talent across different functions within the organization, identify synergies between functions and develop a “success profile” for each function, providing Kellogg's with insight into its total European talent pool.

The exercise has been so successful and well-received by participants that Kellogg's has deployed the assessment model across its other business functions. Cross-functional programs have been set up throughout Europe for support functions, such as HR, IT, supply chain, nutrition, finance, communications, and research and development. 

Assess to Increase Hiring Consistency, Decrease Turnover

High turnover in both retail and call centers is common. Many retail environments (such as fast-food outlets) report more than 100 percent turnover, a churn rate that causes customer dissatisfaction, increases hiring and training costs, and engenders a culture of discontent. The following case in point offers a good example of this.

Realistic business scenarios developed by SHL are used in online assessments for retail applicants (see Figure 4).

Figure 4: Applicants Assessed through Real-World Scenarios

Figure 4: Applicants Assessed through Real-World Scenarios

Step 1: Scenario

The corporate office has recently increased the customer satisfaction goal for your group from 89% to 92%. You have just presented this new objective to your customer service team in the weekly team meeting.

Watch the following video and choose the most and least effective course of action from the options below.

Step 2: Choose

I don't like it either, but I need you all to be on board with this. This is about doing what's best for our customers.

I realize that it's going to be a challenge, but let's talk about how we can work together to achieve this new goal.

The important thing is to stay positive. There's no reason why we can't meet this new goal if we approach it the right way.

Yes it needs to get higher but I think you're overreacting. Come on, we can do it!

[Next](#)

Most Effective	Least Effective
<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>

Source: SHL, 2011.

Assess for Employee Development and Mobility



KEY POINT

Learning, leadership development and internal mobility are key drivers for organizations today.

Learning, leadership development and internal mobility are key drivers for organizations today. Linking assessments to employee development might appear to be obvious, yet many companies fail to use the assessment data they obtain for employee development. Whether the information is gathered as part of the hiring process, or later as part of corporate promotion reviews or succession decisions, putting that data to dual use as part of the individual's development process is a logical step.

In a 2009 study of more than 350 companies, Bersin & Associates found that 360-degree feedback, leadership style and personality are the three most common assessments for managers, regardless of level. Overall, assessments are more frequently used for senior-level leaders, likely due to associated costs. Assessments of an individual's potential, for example,

are used most often for senior leaders and executives, by 22 percent and 29 percent of companies, respectively.¹⁸

Assessments help define the critical skills necessary to drive organizational performance.¹⁹ This, in turn, drives both individual development and business results (see Figure 5).

Figure 5: Individual and Organizational Benefits from Employee Assessment

Individual Benefits	Organizational Benefits
Obtain data that describes specific strengths and weaknesses	Improve hiring and selection decisions
Increase awareness and acceptance for development	Uncover individual and organizational skills gaps
Realize others' perceptions	Improve learning and development strategies
Receive coaching	Increase integrity of succession planning
Gain insight into behaviors that drive performance	Reduce time to productivity
Improve communication skills	Uncover "hidden" talent
Learn how to be an effective team player	Determine job fit

Source: Bersin & Associates, 2011.



KEY POINT

Assessments help define the critical skills necessary to drive organizational performance.

Assessments, which foster employee growth on the job and lead to development plans that engender employee mobility, are viewed by many organizations as beneficial for both the organization and for the individual. The following case in point illustrates this point.

¹⁸ For more information, *Leadership Development Factbook® 2009: Benchmarks and Analysis of Leadership Development Spending, Staffing and Programs*, Bersin & Associates / Kim Lamoureux and Karen O'Leonard, October 2009. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/ldfactbook.

¹⁹ Ibid.

Case in Point: Coca-Cola Enterprises

Coca-Cola Enterprises is the main Coca-Cola bottler in Western Europe. Its 13,000 employees work in plants across Belgium, the Netherlands, France, the U.K., and most recently in the Scandinavian countries of Norway and Sweden.

The Challenge

The company sought consistency in the structure, business processes, and jobs and positions in its many plants. Coca-Cola wanted to ensure best practices could easily be transferred across plants. As it sought to reach its goal of keeping the plants in sync, the firm also wanted to ensure objectivity in employee evaluation for the team leaders – and maintain the approval of the labor unions that incorporated many of its operations' employees.

Coca-Cola's approach to the reorganization was unique. It had 250 team leaders across the company, each responsible for production line and other operations' employees. The team leaders in these positions had often come from the production lines themselves for which they were perhaps the best operators but, for the future, Coca-Cola wanted to ensure they possessed the right people management skills, as well. The hiring managers republished all of the team leader jobs which reported to them as new openings. As part of its creation of one model factory and despite a heavily unionized environment, all 250 team leaders had to reapply for their positions, many of whom were "lifers," those who had spent their entire careers at Coca-Cola. The employees were able to apply for the jobs they preferred, and were informed about the processes of assessment and selection.

To ensure objectivity, Coca-Cola worked with SHL, a global pioneer in talent measurement, to create a series of assessments in areas such as ability, verbal prowess, motivation and personality. The results of the assessments were not to create knockout criteria for the candidate, but to support the hiring managers in the next step of the process. The hiring managers received interview guides, were trained to read the assessment report and were taught how to interview candidates based on the results. (*The interview itself*

Case in Point: Coca-Cola Enterprises (cont'd)

was tailored to each candidate based on those test results.) The training created a consistency of approach that supported the objectivity that Coca-Cola desired. Between 80 percent and 90 percent of the 250 applicants were rehired for their positions.

Most compelling is the use of the assessment data itself. With development tips from SHL based on the outcomes, the Coca-Cola project teams worked with each hiring manager to determine which response was most appropriate for each employee, which was also used to guide the interviews. The data was used to create personalized development plans with clear goals for each employee, including those who did not get the positions they sought. The development plans included such competencies as improved communication skills and teamwork.

Because the assessments were matched to competencies (12 were used), the hiring manager would look at both the areas in which the employee scored low and the criticality of the competency to the position in creating the development plan. The competencies included areas, such as decision-making, customer orientation, adaptability to change, organization sensitivity, integrity, entrepreneurship, ability to provide constructive feedback to employees, among others. The interview guide created for the hiring managers provided a coaching session, with developmental tips, for instance, on how to identify the consequences of *not* making timely decisions.

The hiring manager and the team leader then had to agree on the development activities to be undertaken and the timeline for meeting the goals identified. They also had to determine whether learning on the job, classroom training or coaching would prove the best way to meet the learning objective. The company also intended to promote retention through the provision of clear development goals for each employee.

“Our object was to drive consistency with minimal social impact – that is, reorganize a Pan-European manufacturing enterprise with maximum redeployment of current employees.”

– Head of Talent Acquisition, Coca-Cola Enterprises

Case in Point: Coca-Cola Enterprises (cont'd)

The rollout of this methodology is still ongoing, with a plant in France now the last to reorganize. From the model factory, Coca-Cola has created a common set of structures, jobs and even plant layouts that it anticipates will facilitate cross-plant career movement. While it is still too early for results, Coca-Cola is confident that the process is solid, transparent and fair. ↪

Assess to Create a Competency-Aligned HR Strategy

Today's focus on talent management that extends from prehire through the entire employee lifecycle has also extended the strategic use of assessments within the organization and increased alignment with other areas of HR. The use of assessments as part of a business transformation, as we saw with Coca-Cola case in point, bridges from employee development to far-reaching changes in the plants themselves. Locally, employees benefited from development tied to objective assessment – and the corporation benefited from creating a consistent skills set and business structure that will better enable mobility across geographies.

Another example of organizational transformation that began with assessments is in the U.K.'s Big Lottery Fund (BIG). BIG, a non-departmental public body sponsored by the Cabinet Office, is the largest distributor of lottery money to projects supporting health, education, the environment and charitable purposes throughout the U.K. Seeking to implement a more streamlined business structure while also developing its management capability, the organization developed a competency framework that has been fully integrated into recruitment, appraisal and employee development.

Case in Point: Big Lottery Fund

The Big Lottery Fund is responsible for delivering 46 percent of all funds raised for good causes by The National Lottery, awarding more than £3.6bn for such causes since 2004 in the U.K.

A move out of London to other areas in the U.K. prompted the concomitant review of the structure of the organization. An assessment at the time showed that BIG needed to focus further on two corporate HR themes related to “evaluating training provision” and “defining management competencies.” Assessment partner SHL was brought in to review and develop a competency structure, carry out 360-degree feedback and subsequent development workshops with the senior management

Case in Point: Big Lottery Fund (cont'd)


team to develop management capability, and to streamline a business structure that would enable BIG to achieve its organizational goals.

As part of a new three-year HR strategy, SHL was commissioned to review and further develop a comprehensive structure of behavioral and technical competencies for each role to drive a high-performance culture at BIG. In addition, the project redefined all roles within the business and established a job family framework, with levels for each role to be mapped into each of its directorates, resulting in reduction of job profiles by one-third.

The behavioral competencies refer to behaviors that are essential for a role, such as “analysis and critical thinking” or “influencing others,” while technical competencies refer to skills, such as “media techniques” or “people management.” These competency descriptions communicate to both managers and employees the requirements for their roles, and define key factors to support succession planning.

The resulting competency framework was used to map existing courses to competencies, and to review existing job descriptions, development advice and interview questions. The information was then uploaded to an employee portal called, “Your HR.”

“The BIG competency framework, developed in partnership with SHL, has been fully integrated into recruitment, appraisal and employee development. This ensures that HR is aligning its processes to business needs, and developing a framework to develop employee capability and management effectiveness.”

– Deputy HR Director, The Big Lottery Fund 

Business simulations (see Figure 6) provide a means of assessing likely employee behavior in real-life situations, and allow opportunities for coaching or further training to be recommended if the employee response is not what the company seeks.


Figure 6: On-the-Job Simulations Lead to Coaching to Improve Performance

Step 1: Scenario

You have just received the following email from Jen, one of your most senior employees. Jen is very familiar with all procedures and often provides training to new team members.

To: Alex Robertson
 From: Jen Lipinski
 Sent: 8/18/2010 9:51am
 Subject: Gil

Watch the following video and choose the most and least effective course of action from the options below.



Step 2: Choose

	Most Effective	Least Effective
How has the new customer contact database process been working out?	<input type="radio"/>	<input type="radio"/>
Jen tells me that you've been having some problems with the customer contact database procedure. Can you tell me about them?	<input type="radio"/>	<input type="radio"/>
I've heard that you may have been having some problems with the new customer contact database. Can we talk about that?	<input type="radio"/>	<input type="radio"/>
Tell me about the new customer contact database. Are you having any issues with it?	<input type="radio"/>	<input type="radio"/>

[Next](#)

Source: SHL, 2011.

Assess to Improve Business Performance

The decision to engage in prehire or active employee assessments should have a business driver. The goal should not be to have a “check-off” during the hiring process, to hire faster or just to fill a seat in an office. Rather, the goal in hiring better is to improve the business or mission outcomes of the organization. The results directly attributed to strategic assessment achieved by the companies which participated in this research included reduced turnover of new hires, increased sales, increased revenue from those sales, smoother employee mobility within the organization and a quicker time to productivity in their positions. (See Figure 7.)

Figure 7: Results from Strategic Assessment

Metric	Examples of Results
Reduction in Turnover	<ul style="list-style-type: none"> • First year attrition of sales reps dropped from 18.9% to 11.5%, representing a 39% decline from the prior year. • A positive correlation between assessment high scorers and retention.
Increase in Sales	<ul style="list-style-type: none"> • High scorers on assessments performed better on the job, created more sales and were less likely to leave. • High scorers on assessments led to increased sales, upselling, number of call-center calls resolved and decreased time on the phone – which immediately translated into dollar-payback.
Increase in Revenue per Employee	<ul style="list-style-type: none"> • Increase of 14% in revenue per employee. • Reducing first-year turnover resulted in an annual net gain of over 4.5 million dollars, including reduced hiring costs and increased sales.
Employee Mobility	<ul style="list-style-type: none"> • Interplant mobility created through a consistent assessment process and placing employees with requisite competencies in team-leader positions. • A succession preparedness program at Coca-Cola ensures that the company will never have to look outside its own talent pool to fill key strategic marketing positions that are vital to maintaining the iconic Coca-Cola brand image.
Time to Productivity	<ul style="list-style-type: none"> • High performers on assessment demonstrated faster time to full performance.

Source: Bersin & Associates, 2011.

Assess for Improved High-Volume Hiring for Better Customer Satisfaction

Companies needing to hire very large volumes of people often face challenges in retention and in customer satisfaction. As one example, wireless communications giant Sprint Nextel was seeking to ensure the best hires for staffing its many retail stores and call centers, with very large volume hiring required for both venues.

Case in Point: Sprint Nextel

Sprint Nextel provides wireless and wireline communications services to consumers, businesses and government users. Serving more than 51 million customers at the end of 1Q'2011, Sprint Nextel is widely recognized for developing, engineering and deploying innovative technologies, including the first wireless 4G service from a national carrier in the U.S.; for providing mobile data services, prepaid brands including Virgin Mobile USA, Boost Mobile and Assurance Wireless; instant national and international push-to-talk capabilities; and, a global Tier 1 Internet backbone.²⁰

Sprint Nextel's talent acquisition strategy is to drive business outcome success by placing the right people in the right jobs at the right time, using best practices to source, attract and hire quality employees to meet business needs. The challenge for the company was ensuring the best hires when faced with very large hiring volumes. In 2011, numbers hired ranged between 14,000 and 15,000, with 70 percent in customer-facing positions in retail stores and as technical consultants. In addition, Sprint Nextel operates customer care centers with 14,000 employees in direct customer care. In all, 80 percent of the entire workforce is on the frontline directly working with customers. *(The remaining 20 percent are corporate employees.)*

Three years ago, Sprint Nextel was last in measurements of customer service, according to the company. Two groups within HR, recruitment operations & technology, and management quality & leadership

²⁰ Source: <http://www.sprint.com/about/?INTNAV=SJS:FT>About>.

Case in Point: Sprint Nextel (cont'd)

strategy, attacked the problem by addressing both acquisition and development processes. The two groups looked at how they recruited, targeted and drove candidates into Sprint Nextel.

Use of assessments in the prehire process was not new to the company. Sprint Nextel has had more than 20 years' experience with prehire assessments, moving from paper to online automated processes, which are now used extensively with high-volume frontline positions and supervisors.

“Between 2007 and now, we went from the bottom in customer service evaluations to the top of the charts. Through improved attracting of people, prescreening and use of online assessments, we got consistency into the hiring process that ensured that all the call centers hired the same way. In retail, we focused on a quality of hire, again through role-specific screening and assessments; the results were sales consultants with higher productivity and performance. ”

*– Manager, Recruitment Operations & Technology,
Sprint Nextel*

The hiring process includes computerized multiple-choice assessments of personality, profile and skill, with a call-center simulation that emphasized customer focus to give the applicants a “feel” for the job. Sprint Nextel does not use data from prehire assessments for employee development.

Results include the following.

- Consistency in the hiring processes for customer care centers; for the first time, Sprint Nextel could ensure all of the centers hired the same way.
- In retail, the focus on getting a better quality of hire led to improved performance and productivity.
- The assessment process provides consistent and effective methods for hiring.
- High performers on the assessments performed better on the job, with faster time to full performance and increased sales.

Case in Point: Sprint Nextel (cont'd)

- Metrics on return on investment (ROI) showed that high scorers on the assessment for call-center positions had higher sales performance, better upselling skills and higher call resolutions with less time on the phone – all of which immediately translate into return.
 - o High scorers demonstrated a seven percent-better average handle time than low scorers.
 - o High scorers could better answer a question on one call than low scorers. They had five percent fewer calls that had to roll over or be transferred outside their queue.
 - o High scorers delivered 11 percent more cellphone activations and an eight percent increase in upgrades.
- Positive correlation exists between high scorers on the assessments and their retention, especially in retail. High-scoring retail employees produced 16 percent higher monthly revenue results.

Sprint Nextel is also committed to the development of its employees once hired. In fact, that continued development is one of the company's 10 imperatives.

"Our talent development strategy is to facilitate business success through management quality, leadership development, performance management, succession management, developmental assessments, individual and team coaching, and executive onboarding. The team utilizes technology, partnerships and just-in-time services to provide support and development opportunities for all employees."

– Program Manager, Management Quality & Leadership Strategy, Sprint Nextel

The company is in the second year of a program to train its frontline supervisors in the call centers to be coaches, enabling significant improvements in employees' ability to meet and exceed average handling time. The retail stores are also initiating coaching programs. ∞

Beyond Assessment at the Individual Level: Organizational Talent Analytics



KEY POINT

Assessing a company's competitive stance in the market, as well as its ability to attract and retain top-tier candidates, is another compelling use of people intelligence.

Assessments of candidates and current employees often have different purposes, such as testing for hiring purposes or to move into new domains within the business, developmental planning, or personal growth and readiness to assume managerial positions.

In addition, assessing a company's competitive stance in the market, as well as its ability to attract and retain top-tier candidates, is another compelling use of people intelligence. Services, such as SHL's Talent Analytics, using decades of data from applicant and employee test results, provide benchmarking against which businesses can answer questions that include the following.

- What calibre of people does the employer brand attract?
- How does the resulting talent pool compare to the wider market across job level, business function and geography?
- How effective are corporate recruiters and suppliers in acquiring the talent needed?
- Are those who accept job offers the best of the talent that the brand attracts?
- Are top candidates declining job offers?
- Will new hires support organizational change or simply maintain the status quo?
- Will the quality of hire deliver the results the organization needs?

SHL Talent Analytics helps businesses answer such critical questions through benchmarking the client's metrics against its peers, or against the aggregate for its industry, size or geography. A combination of consulting services and metrics is the core of the offering, providing meaningful insights on areas, such as employment branding, to client companies across the globe.

This is accomplished through the huge global database in which SHL has accumulated 30 years' worth of talent intelligence on the effectiveness of people – from operational frontline staff to executive leaders in both private and public sector organizations. The benchmarking data is always aggregated, never compromising the privacy or confidentiality of any company or individual.

Conclusion

Use of assessments in hiring, employee development and corporate benchmarking all enhance the ability of organizations to effectively plan, hire for and execute talent programs. The return on investment from screening out potentially bad hires early in the application cycle is in itself compelling, as recruiters can narrow the pipeline from applicants to candidates earlier in the cycle. Corporate issues, such as attrition (*especially early on in the position*), can be alleviated through hiring candidates with a better “fit” for both the position itself and the culture of the company. Ascertaining better-fitting candidates is, therefore, critical to employee retention.²¹

ANALYSIS

The use of assessments during the employee lifecycle for learning and development purposes, promotion reviews or identification as a high-potential leader of the future provides not only value to the individual but clearly impacts the organization’s ability to plan for succession.

Better hires make better employees – and prehire assessment is one proven way to ensure a higher-quality workforce. The value of hiring the right candidate is apparent in both sales and revenue upticks. Hiring high performers clearly correlates with high performance on the job – when they are the right performers. In this research, both already hired employees and new hires who scored high on assessments outshone their lower-scoring colleagues in sales and revenue.

The use of assessments during the employee lifecycle for learning and development purposes, promotion reviews or identification as a high-potential leader of the future provides not only value to the individual but clearly impacts the organization’s ability to plan for succession. In some cases, such as Coca-Cola, the assessments of existing employees determined success in a particular position, much like the goals of prehiring assessments. In other cases, such as Pirelli, assessments addressed the potential for growth and the ability to fulfil leadership positions in the future.

The additional use of aggregated employee assessment results as a source of benchmark intelligence will provide companies with previously unavailable intelligence on the competitiveness of their employment brand in the market. Workforce-to-workforce benchmarking will allow companies to compare their candidates and their employees against others in their industries or geographies to evaluate and thereby improve

²¹ For more information, *The Science of Fit: Using Psychology to Replicate High Performance*, Bersin & Associates / Josh Bersin, May, 2011. Available to research members at www.bersin.com/library.

 ANALYSIS

The use of aggregated employee assessment results as a source of benchmark intelligence will provide companies with previously unavailable intelligence on the competitiveness of their employment brand in the market.

the level of talent they attract and retain. With the combined use of assessments throughout the employee lifecycle, and the comparison of those employees with external candidates and employees outside the organization, companies can glean valuable intelligence that can lead to more targeted recruiting, improved employment branding, more effective training and development, focused performance management, and an increased understanding of the skills and abilities of the people they retain.

We see great value for those companies that use assessments throughout the employee lifecycle, and even greater value for those organizations which use this data at the macro level to understand their overall workforce effectiveness, as well as their competitive positioning in the market.



Appendix I

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About Us

Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks*® research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

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