The ROI of Competency Technology

WHAT IS SUPERIOR PERFORMANCE WORTH IN YOUR ORGANIZATION?

User-Friendly and Affordable Competency Systems

Having trouble recruiting and keeping the talent you need... and diversifying your workforce?

• Are your selection and training programs producing more average performers than superior performers?

• Do you wish you could "clone" your top performers?

If you answered "yes" to any of these questions, consider a technology proven by valid, reliable research to produce a measurable, positive impact on performance.

Competency Projects produce a Return On Investment of at least 50%.

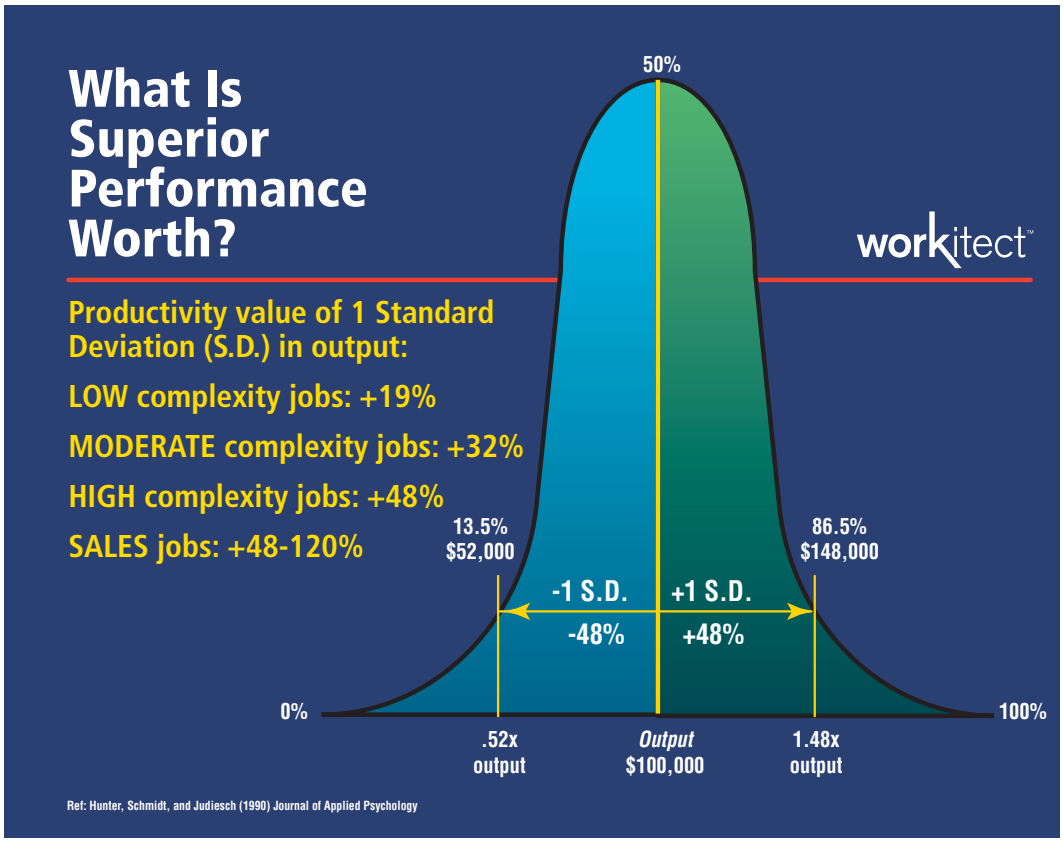
Where else can you get this kind of return?

Think of your top sales person. How much more does that person sell than an "average" sales person? $100,000... $500,000... $1,000,000... More?

Are you willing to invest $30,000 to move at least one average sales person to the level of your top performers?

Now apply the same analysis to other key positions, i.e. software developers, nurses, customer service representatives, engineers, managers. The quantity and quality of work produced by your top performers exceed that of your average performers by how much? If you had a few more top performers than you have now, how much money could you save...how many additional customers would be satisfied... how much quicker could you get new products or services to the marketplace?

One study showed that the productivity value of 1 standard deviation (the average difference between an individual score and the mean) ranged from 19% to 120%. For example, in highly complex jobs, the output of a superior performer was 48% greater than an average performer.



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BLUEPRINTS FOR SUPERIOR PERFORMANCE

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An example: Selecting Retail Sales People a Control Group Study

The Problem:
- **High turnover: 38%/year**
- **EEO/AA: Mostly "old white males with sales experience" hired**

The Solution:
Competency-based selection system
Cost: $50K

The Results:
- **More women, minorities (without prior sales experience) hired**
- **50% reduction in turnover**
- **19% (1,060) higher sales/ week/salesperson:**

$55K/year x 50% gross margin = $27.5K/year/ salesperson

It starts with Job Competency Assessment....

- In every job, some people perform more effectively than others.
- Superior performers do their jobs differently and possess characteristics that are different from average performers. These characteristics are also known as competencies.
- The best way to identify the characteristics that predict superior performance is to study the top performers in a given job. The result is a "job competency model".

With Deliverables That Include...

Assessment, selection, performance management, succession planning, retention, career development, training and compensation systems that ...

- Are integrated, efficient and cost-effective,
- Increase the percentage of superior performers in your organization,
- Ensure that you have the talent to meet strategic and tactical plans.

Our Competency Portfolio shows examples of our completed projects, including models, tools, and applications.

SELECTING RETAIL SALESPEOPLE

Benefits	Competency Selection Group	Control Group	Net Benefits
Turnover	6 left @ $30K Replacement cost= $180K)OK	12 left @ $30K =$360K cost	Turnover "Cost avoidance" $180K
Sales	$335K/year/person	$280/year/person	+ $55K sales @ 50% margin=+ $27.5K revenue/person x 30 people= $825K
			$1,005K

Total Benefits
Cost: Benefit Ratio $\frac{\$1.005K \text{ Benefits}}{\$50K \text{ Costs}} = 1 \text{ to } 20$

ROI $\frac{\$1,005K-\$50K}{\$50K} = 19.10\%$

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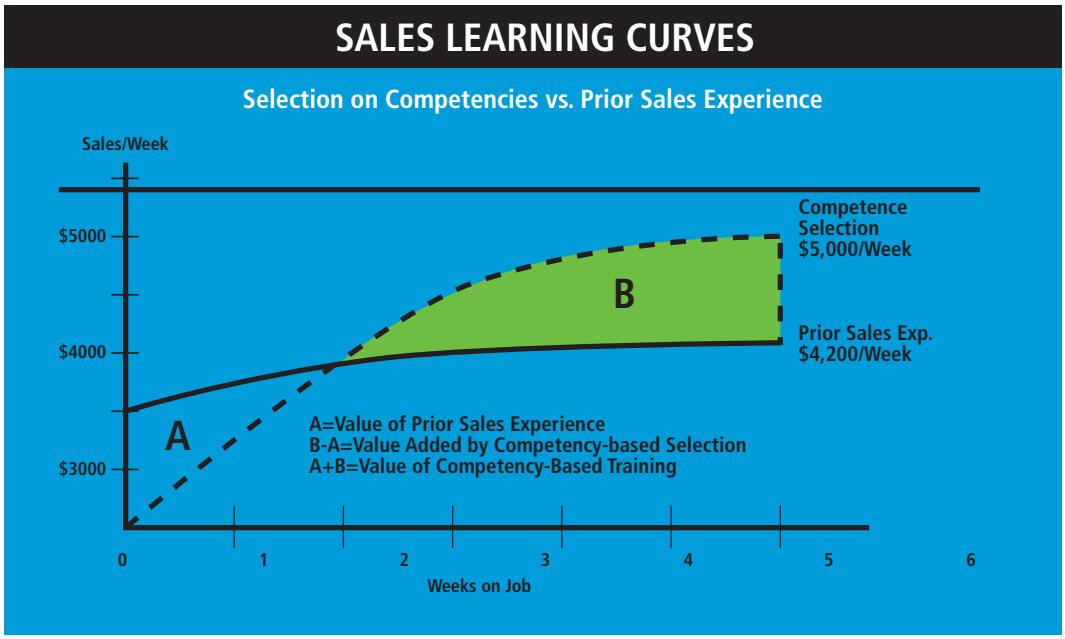
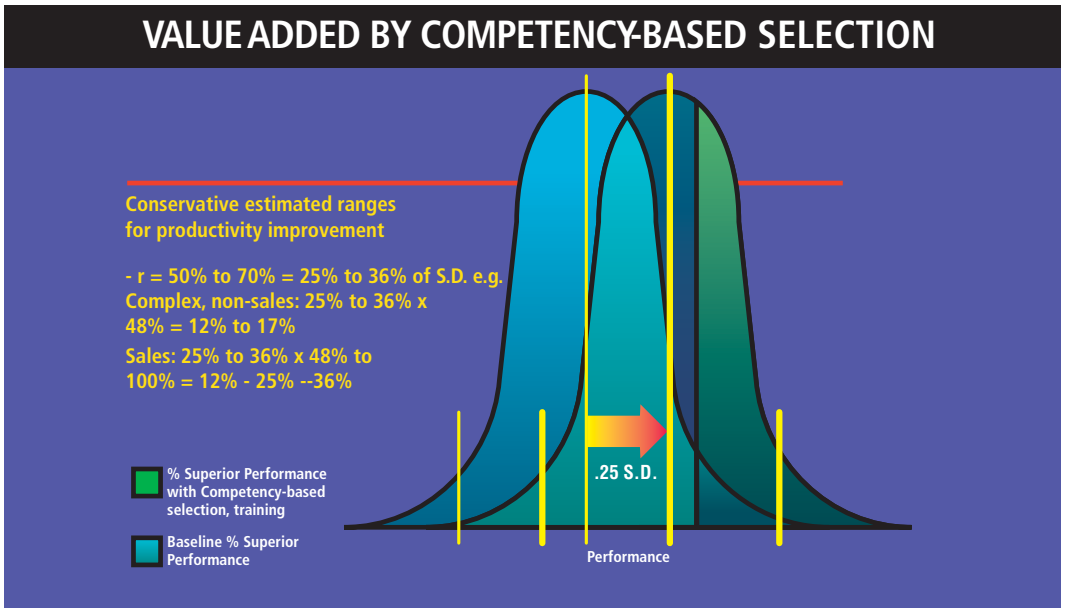
After six weeks on the job, salespeople selected on competencies were out-selling those selected based on prior sales experience by 19%.





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Another Example of How Competency Technology Can Replace False Assumptions With Hard Data...

Expand candidate pools ...and produce higher performers

In one case, an organization had trouble selecting, developing and retaining high performing Managers of Product Development.

Internal and external "experts" said that the ideal candidate:

- Is creative; is able to generate new ideas
- Takes risks
- Senses trends and identifies opportunities
- Has knowledge of manufacturing processes

The Competency Model showed that:

- Knowledge of manufacturing processes did not distinguish the outstanding performer
- Top performing managers do not generate new ideas on their own, but are skilled at using others' ideas,
- Are skilled in informal influence; use low-key strategy to sell ideas,
- Are skilled in group facilitation; are able to organize working groups from diversity.

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