



## EXECUTIVE BRIEFING

# PROFILES INTERNATIONAL

## Stopping the Revolving Door: How to Identify and Keep Top Performers

*By John W. Howard, Ph.D.; Performance Resources, Inc.*

The challenge and cost of turnover is one of the most discussed, most frustrating, and most misunderstood problems our businesses can face.

If you do not know what turnover is costing you, many authorities agree that you can come surprisingly close to the cost of a single turnover incident by simply multiplying the annual salary for the position times 2.5—that will cover productivity loss, recruiting and hiring cost, training cost, liability, unemployment, and the other 101 hidden costs that we usually try not to think of when we lose an employee.

Turnover often begins with a poor hiring decision. When we hire someone who does not fit the job, we have already begun an almost inevitable course that will end with failure—and another turnover casualty. Part of the problem of poor hiring lies with our poor tools: One comprehensive study of the hiring process indicated that, if an interview is your only tool, you have only a 14% chance of making a good hire. Add good reference checking (and we all know how difficult that can be), you can raise your success ratio to 26%. If your goal is to beat one out of four odds, you need better tools!

Fortunately, the science of assessment has produced increasingly useful tools to add to the art of hiring. While no assessment, or even a combination of assessments, guarantees success, the same study showed that use of personality, abilities, interests, and job matching measures can raise your success rate to 75% or better. Equally important, valid assessment tools in all of those areas can be applied for well below 1% of the projected cost of a bad hire.

Why don't more of us use assessments to improve our hiring (and lower turnover)? Part of the answer lies in lack of education on the topic—not many of us have even attended a single seminar on use of scientific assessment tools. Part lies in reluctance to spend any money on new processes. Part of it, frankly, is the already overwhelming load we place on the people who are doing the hiring—they are so busy bailing the boat, they can't take time out to turn on the bilge pumps! To change the course of turnover, you must recognize that the costs are killing you, that you can change course, and that the rewards are well worth the trouble.

To begin your education on use of assessments, you can read the Department of Labor's free publication, Testing and Assessment: An Employer's Guide to Good Practices. You can download it free, from the Department of Labor's website [http://www.onetcenter.org/dl\\_files/empTestAsse.pdf](http://www.onetcenter.org/dl_files/empTestAsse.pdf). Watch for information in your area about seminar training on the proper selection and use of assessments—invest a few hours of your time in learning, and reap the benefits for your business over years!