Predicting Sales Representative Performance:

2014

THE SCIENCE OF PERSONALITY

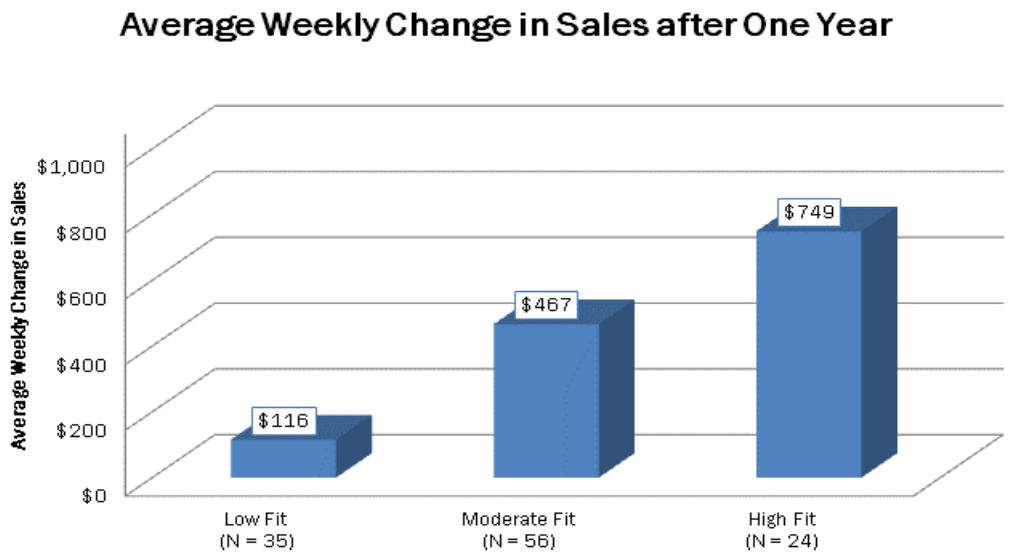
In 2010, Hogan partnered with a nation-wide food retailer to establish a long-term research plan for developing and validating personality-based screening guidelines for their Sales Representatives. We first conducted a Validity Generalization study, leveraging over 30 years of archival research to identify Hogan Personality Inventory (HPI) scales most predictive of Sales Representative performance. The company began using this profile to screen in applicants who are stress tolerant, driven, friendly, and dependable.

Although the company received fit recommendations based on this initial profile, they continued to hire low fit, moderate fit, and high fit applicants for over two years. This gave us the opportunity to not only examine differences between all three groups based on our initial recommendations, but to determine if we could improve the profile using sales and turnover data collected during this time.

First, we used the data to conduct Return on Investment (ROI) analyses for the initial profile. Results demonstrated:

- After being on the job for at least one year, high fit Sales Representatives grew their revenues by an average of $749 per week (17%), compared to $467 (10%) for moderate fits and $116 (3%) for low fits (see Figure 1).
- These results indicate that the entire sales force could have produced an additional $38,000 per week in increased sales if the company had hired only high fits.
- However, despite higher growth in sales and commissions, high fits were over 20% more likely to leave the company.

Figure 1: Average Weekly Sales Growth by Original Fit Level



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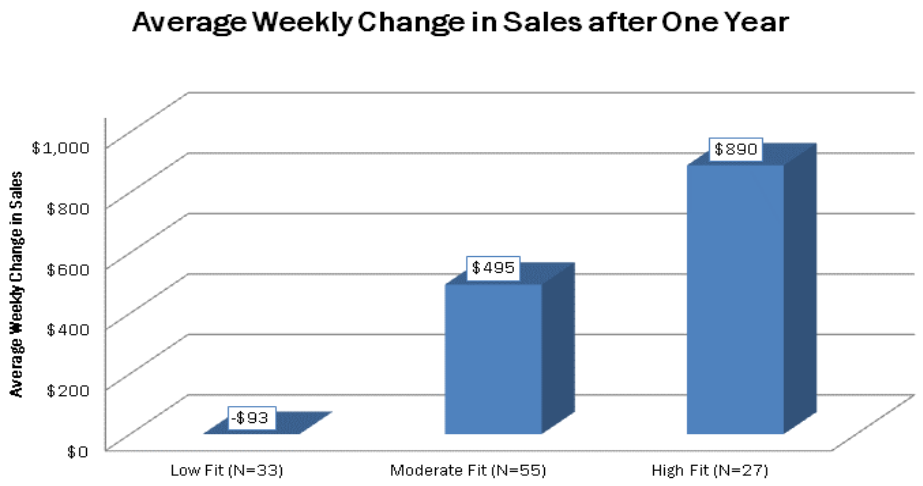
Profile Revisions

Based on these findings and applicant flow, Hogan revised the Sales Representatives selection profile in 2014 to balance prediction and business necessity. First, we reviewed job analysis and Validity Generalization results from the original study to identify scales most related to future performance. Then, we analyzed sales and turnover data for incumbents to determine which scales were most predictive of both sales growth and turnover. Combining historical data and local validation evidence, we determined optimal cutoff scores to predict sales growth and retention, and to allow more people to pass the profile, resulting in an increase in applicant flow for the retailer.

Hogan revised the profile to screen *in* applicants who:

- Remain calm under stress or pressure
- Are achievement-oriented and competitive
- Appear outgoing, but not overbearing when interacting with customers
- Successfully build and maintain relationships with others
- Are organized, dependable, and good with implementation
- Leverage past experiences to influence decision making

Figure 2 presents estimated sales growth per week based on this new profile. Results demonstrated Sales Representatives classified as high fits increased their weekly sales growth by 21%, or $890, over a 1-year period, compared to declining sales for low fits.



In addition, individuals classified as moderate or high fits in this new profile showed less voluntary turnover than individuals classified as low fit.

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