

Business Outcome Highlights

Turnover



People are your most important asset. When you use Hogan's assessments to make critical talent decisions, you want to know they work.



Overview

Did your best salesperson recently leave for greener pastures? Does your call center constantly hover at 35% annual turnover? HR and I-O practitioners live in a world of uncertainty where their last hire may be their next fire. At Hogan, our best-in-class solutions help companies identify strong job-performers who fit their culture and want to stay. Companies care about a variety of business outcomes, and losing employees has far reaching costs. The following case studies demonstrate the impact of our assessments on employee retention and turnover.

People are an organization's most important asset.

Creating a competitive advantage starts with hiring the right candidates, then developing them into effective, tenured employees who stay with the company and add value. Hogan's comprehensive suite of employee selection, development, and talent management solutions are grounded in 40+ years of research. Our three core assessments provide insight into the personal characteristics necessary for job success and long-term retention.

HOGAN PERSONALITY INVENTORY (HPI)

A measure of everyday personality characteristics needed for job success, building effective teams, and developing future leaders.

HOGAN DEVELOPMENT SURVEY (HDS)

A measure of counterproductive personality characteristics that derail otherwise successful and long-lasting employees.

MOTIVES, VALUES, PREFERENCES INVENTORY (MVPI)

A measure of core values that reflect job satisfaction, culture-fit, and future success within the organization.





Turnover and ROI



Companies want long-term successful employees. Whether turnover occurs because incumbents leave on their own or are terminated, frequent turnover hurts a company's bottom line with severance and replacement expenses. Also, indirect costs such as training and developing new workers or potential drops in employee morale, take a toll on a company's long-term performance. Here are a few turnover statistics to consider:

- **Regardless of job level, the cost to replace an employee is equivalent to 1/5 of the employee's annual salary** (*Center for American Progress*)
- **On average, employers take 42 days to find and train replacement employees** (*SHRM*)
- **Once hired, new employees often take 1 - 2 years of onboarding to become productive** (*Training Industry Quarterly*)
- **Job and company culture misfit are top five predictors of turnover** (*Gallop*)

Because turnover carries such a high price tag, organizations need the right tools to identify the best candidates for long-term success. Hogan's suite of assessments creates a profile predictive of effective job performance. The HPI helps drive improvements in everyday performance, the HDS identifies derailing tendencies that appear after the person gets comfortable on the job, and the MVPI focuses on person-culture fit. When used together, these three assessments deliver the strong ROI companies expect and demand from their selection and development systems.



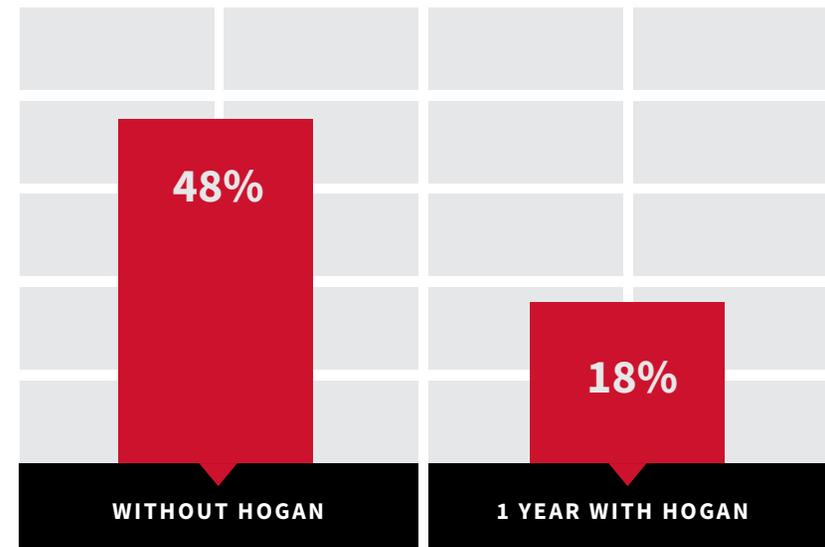
Replacement Cost Savings

Hogan partnered with a global financial services provider to hire more effective call center employees. Successful sales representatives in the call center provide excellent customer service through (a) assessing customers financial goals, (b) resolving customer issues, and (c) recommending solutions to meet customer needs. We developed a Sales Representative selection profile to increase employee satisfaction and decrease turnover. Hogan's research revealed that the organization thrives on social interaction, helping others, and delivering results. MVPI results helped align their call center selection process with these values, resulting in significant reductions in voluntary and involuntary turnover.

▶ TURNOVER RED FLAGS

- More concerned with competition than helping (low MVPI Altruism)
- Withdraws and does not work with others (low MVPI Affiliation)

Financial Services Turnover



Reducing turnover by over 300 Sales Representatives per year helped save the organization an estimated \$4.5 million in replacement costs.



Higher Retention Rates

Hogan partnered with a business services company that helps other companies reduce their medical insurance premiums. We built a Health Assistant selection profile to address their ongoing struggle with high turnover in this position. The profile used a combination of HPI, HDS, and MVPI scales to improve on-the-job performance and decrease turnover. Health Assistants who fit the profile received higher overall performance ratings and were three times more likely to be rated as a strong performer compared to those not fitting the profile. We found that customer-focused Health Assistants who stay on task and translate ideas into working solutions are more likely to stay and be successful at the company.

▶ TURNOVER RED FLAGS

- Insensitive to other's needs (low HPI Interpersonal Sensitivity)
- Easily distracted (high HDS Imaginative)
- Prefers working alone (low MVPI Affiliation)

Health Assistant Retention



Those who fit the Hogan profile were nearly 13 times more likely to stay with the company compared to those not fitting the profile.



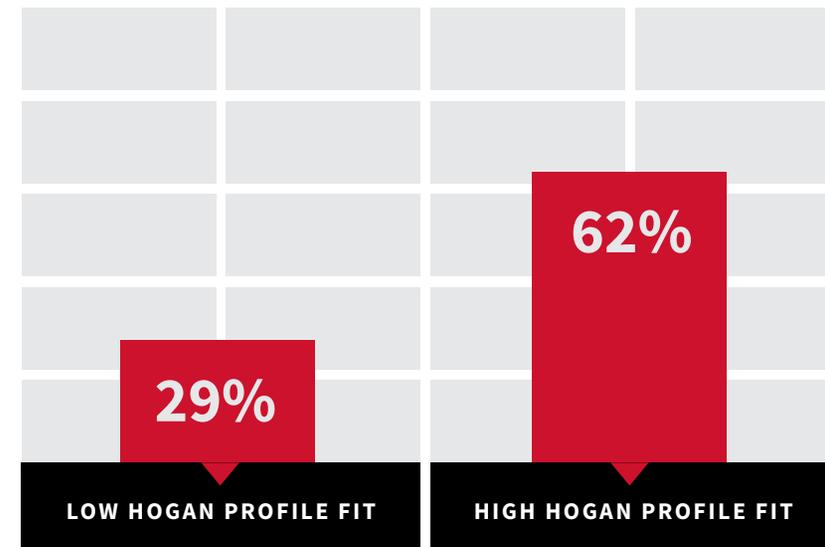
Increased Employee Retention

Hogan collaborated with an electric supply company to identify successful maintenance employees. We created a Production Assembler selection profile to improve safety and reduce turnover. Production Assemblers work on the factory floor to craft electrical components that must meet exact customer specifications. The Hogan profile used multiple HPI scales to increase Production Assembler retention. Production Assemblers who strike a good balance between speed and accuracy, work hard and are dependable, and stay calm under pressure received higher performance ratings. Those fitting the Hogan profile were nearly three times more likely to follow rules set by their supervisor and four times as likely to stay attentive to details while working in the factory.

▶ TURNOVER RED FLAGS

- Acts careless and disorganized (low HPI Prudence)
- Prefers socializing rather than delivering results (high HPI Sociability)

Keeping the Best Assemblers



Those fitting the Hogan profile were more than twice as likely to have supervisors make significant efforts to convince them to stay with the company, compared to those not fitting the Hogan profile.



More Sales Associates Stay

Hogan collaborated with a global telecommunications company to identify successful sales personnel. We created a Sales Associate selection profile to increase sales revenue and reduce turnover. Sales Associates who take initiative, are driven to win and compete, and skilled at maintaining and building relationships were more successful in growing revenues for the company. Those selected by the Hogan profile met 90% of their sales goals and were more likely to stay with the company, which helped decrease short-term turnover rates.

▶ TURNOVER RED FLAGS

- Loses composure when stressed (low HPI Adjustment)
- Avoids social interactions with co-workers (low HPI Sociability)

90-Day Turnover



After 3 months, the HPI saved the company more than \$70,000 in employee replacement costs.



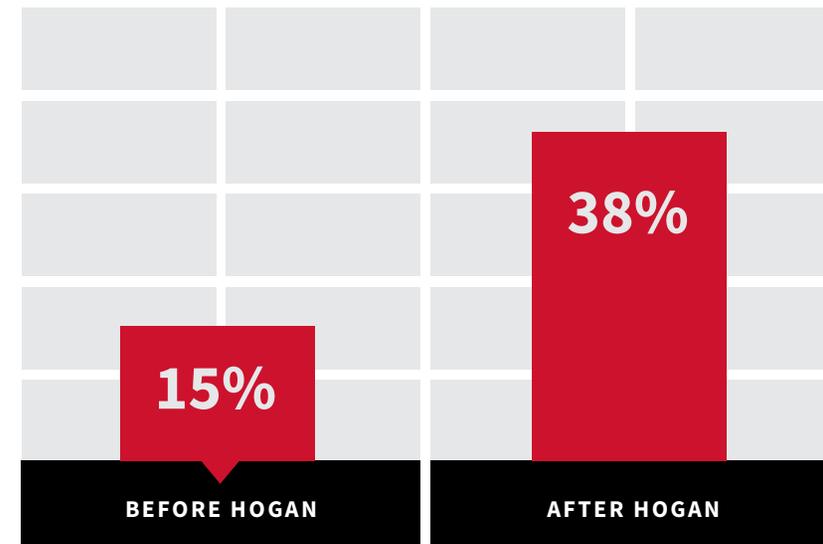
Improved Call Center Turnover

Hogan partnered with a national retail company to evaluate their call center hiring process. We developed a Sales Consultant selection profile to decrease call times and improve call center employee retention. The profile used HPI scales to drive significant reductions in turnover. Sales Consultants who persist in the face of adversity, are friendly and rewarding to deal with, and adhere closely to company policy were better positioned for success in their roles. They also produced more add-on sales, generated nine more accounts per month (on average), and saved more terminating accounts compared to those not meeting the profile.

TURNOVER RED FLAGS

- Self-critical and stress prone (low HPI Adjustment)
- Tough and critical of others (low HPI Interpersonal Sensitivity)

Call Center Retention



One year after implementing the Hogan profile, employee retention more than doubled.



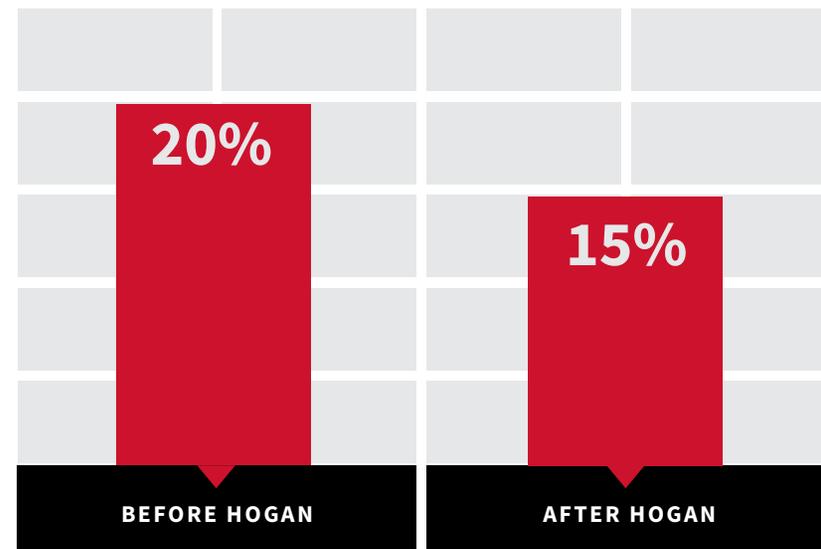
Managerial Turnover Cost Savings

Hogan worked with a global fast-food restaurant chain to enhance their store manager selection process. We built a Restaurant Manager selection profile to grow store revenues and improve manager retention. Hogan found that higher-performing Restaurant Managers proactively engaged customers and employees, made efforts to learn the business and encourage employee development, and valued product quality over quantity. Two years post-Hogan, the organization achieved a 7% average gain in Restaurant Manager performance and a 5% reduction in annual managerial turnover.

▶ TURNOVER RED FLAGS

- Impulsive and ignores rules (low HPI Prudence)
- Unconcerned with appearance of the workplace or product (low MVPI Aesthetics)
- Ignores staff morale issues (low MVPI Altruism)

Restaurant Manager Turnover



Implementation of the Hogan profile saved the organization \$1.4 million in annual costs associated with replacing store managers who left the company.



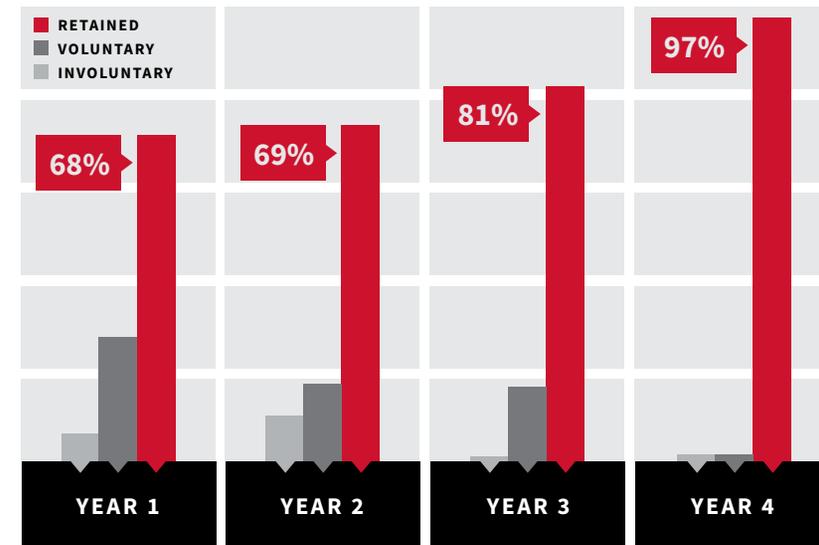
Improved Succession Planning

Hogan collaborated with a global information-technology company to develop high-potential talent across the organization. We found that employees who proactively communicate, act decisively, willingly accept challenges, and tolerate ambiguity are more likely to advance and receive promotions. Hogan created a High-Potential selection profile comprised of multiple HPI, HDS, and MVPI scales to decrease turnover. Results showed that High Potential employees who make decisions slowly and appear reluctant to take independent action are more likely to leave the company.

TURNOVER RED FLAGS

- Reserved and avoids social interaction (low HPI Sociability)
- Micromanaging and resistant to change (high HDS Diligent)
- Demands public acknowledgement (high MVPI Recognition)

High-Potential Turnover



The High-Potential sample's baseline turnover equaled 32% prior to Hogan. Four years later, nearly all High Potentials remained at the company.



Decreasing Employee Turnover

Hogan partnered with a national defense contractor to revalidate their manufacturing employee hiring process. We created a Technician selection profile to optimize job and organizational fit. Technicians use microscopes and other tools to assemble electronic components from diagrams and drawings. Hogan found that Technicians who stay calm when stressed, are process focused, and remain vigilant and attentive to details find greater on-the-job success. The use of HPI and MVPI scales in the profile helped decrease Technician turnover rates. In addition, Technicians who met the Hogan profile were nearly four times more likely to be rated as a strong performer and over twice as likely to be rated as a good fit with the company's culture, compared to those not fitting the profile.

TURNOVER RED FLAGS

- Acts like a know-it-all (high HPI Learning Approach)
- Struggles with taking orders and challenges limits (high MVPI Power)

Technician Retention



Those fitting the Hogan profile were four times more likely to stay with the company compared to those not fitting the Hogan profile.





The Bottom Line

Year after year, Hogan provides empirical evidence that shows how our assessments impact our clients' bottom line. These case studies confirm that Hogan influences employee retention by saving recruiters' time, lowering replacement costs, and helping organizations hire better-qualified employees who want to stay with the company.

Across our case studies, organizations who partnered with Hogan realized a meaningful increase in employee retention, the positive business results that accompany employee stability, and benefited from a strong return on investment.



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These case studies demonstrate Hogan's positive, bottom-line impact on productivity and turnover.

