



# TALENT ASSESSMENT ADVANTAGE

Your Guide for Leveraging Assessment to Predict Fit  
and Develop Performance

# OVERVIEW

The competition for great talent has never been fiercer - from executive positions to front-line and management roles. Recruiting is under immense pressure to surface viable candidates who meet the background, technical, and compensation role requirements but also possess the underlying competencies and potential indicators to be successful in the short and long-term. Surfacing and assessing these competencies and indicators of potential require getting below the surface and beyond the experiences listed on a typical resume. However, it is these competencies and indicators that will determine how successful the candidate will be in delivering value in the short and long-term.

When the hiring decision is wrong, companies suffer actual and ancillary costs. We have provided in this document a way to calculate turnover for yourself, but the Return Against Investment (RAI) for a bad hire is financially and operationally staggering.

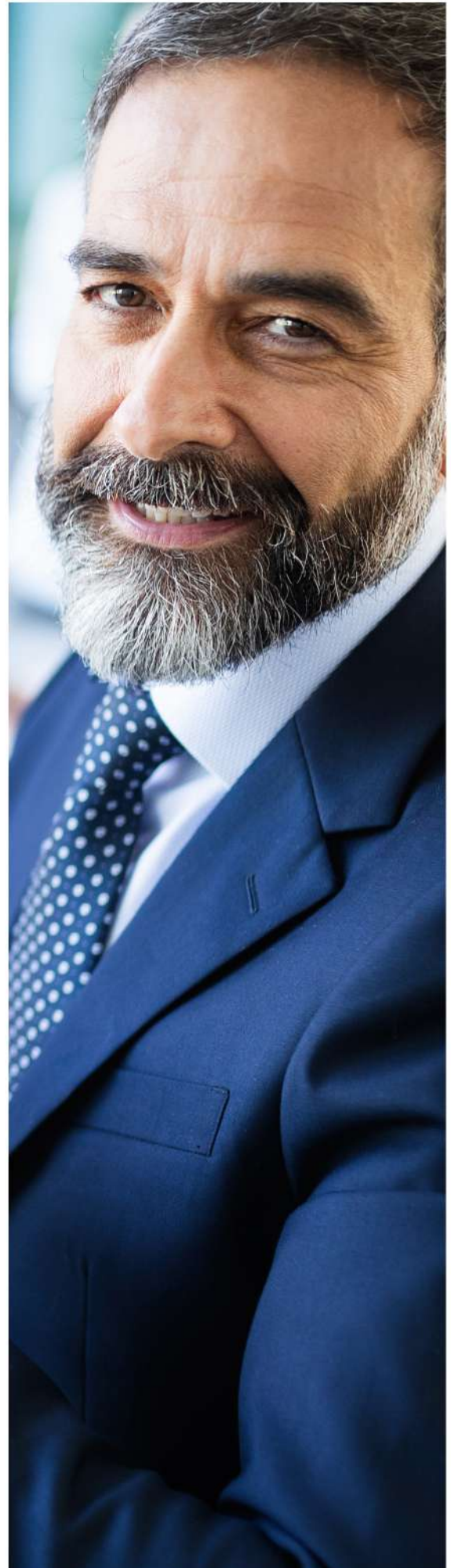
## **“Off-the-shelf” estimates for turnover RAI can easily be calculated based on job level (Forbes):**

- *Senior executive roles = Over 200% of salary*
- *Mid-level positions = 125% of salary*
- *Entry-level positions = 50 % of salary*

But here is the key: To ensure right fit, companies and their hiring leaders need customized and predictive hiring processes and tools that facilitate accurate hiring decisions on a systematic and consistent basis. The depth of customization varies across levels of roles.

## **Here are common ways in which CMP aligns selection solutions based on types and levels of jobs.**

- **Executive-level roles** – *Competency-based assessments normed against industry benchmarks; CMP consultant-led interviews; custom competency-based output focused on the uniqueness of each role.*
- **Mid-level positions** – *Competency-based assessments and profiles normed against industry benchmarks; behaviorally-based interviews for hiring leaders.*
- **Entry-level positions** – *Competency-based assessments and profiles normed against industry benchmarks.*



Great selection goes hand-in-hand with effective onboarding and development.

With this understanding of the critical role of talent, an increasing number of companies are using psychometric assessment to support key aspects of their talent lifecycle – from increasing their ability to hire and onboard the right talent to enhancing their ability to identify high-potentials and develop leaders across the company. Effective use of validated assessment provides companies with a competitive talent advantage.

The advantage of assessments extends into critical organizational imperatives such as Diversity, Equity and Inclusion. Validated assessment is non-discriminatory and supports more equitable insights and selection. How? Assessments go below the surface to look at the true predictors of success. By placing each candidate on a level playing field, assessments “even the game” for all players. This is often not the case when evaluating a candidate’s background and experience. Read more about how assessments provide another layer of legal protection on Page 06.

When implementing assessments, it is important to build upon on key universal practices while simultaneously tailoring the approach to the objectives and realities unique to your company. An experienced partner can help you with assessment strategy, selection, and implementation.

We have prepared the Talent Assessment Advantage eBook as a resource for you to understand assessments at a deeper level and gain insights into how assessments can play a crucial role in predicting fit and higher talent selection. Included are the following topics:



Why Assessments?



Purpose and Applications of Assessments



Choosing an Assessment Partner

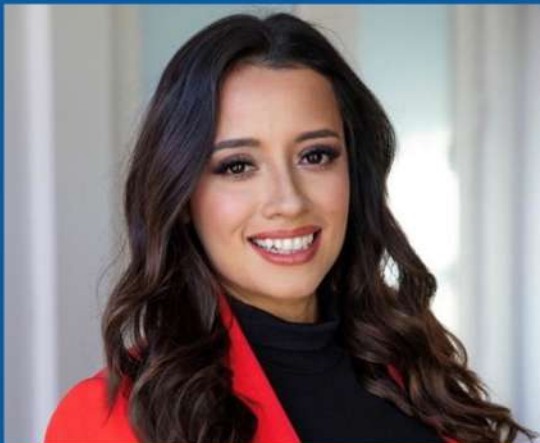


Competency Modeling



In Closing

All of us at CMP hope that Talent Assessment Advantage will provide you with a pragmatic guide as you implement or improve your companies’ talent tools and protocols.



*“Assessment can be a powerful tool for identifying and developing talent, but assessment can also be mis-used and even risky to the organization. It is critical that companies work with an experienced partner to establish assessment tools and protocols.”*

**Maryanne Piña**  
CMP CEO

# WHY ASSESSMENTS?

Let us get directly to addressing this notion of why assessments work and why companies invest in assessment programs to select, develop and engage their employees. The term “assessment” in many of us conjures up memories of prior anxiety-producing experiences such as taking standardized testing in grade or middle school or other experiences where a questionnaire was sent for you to complete as a part of a very important job opportunity. And while the assessment experience isn't always that pleasurable for the student or candidate, there is a purpose to the assessment process. The goal behind using assessments for a school district is the same as that of companies using assessments in the pre-employment process – prediction.

## **A Prediction Story**

If we could accurately and consistently tell the future, we would not need assessments. Companies like CMP would not exist because companies would, for example:

- *Have the ability to predict with 100% consistent assurance whether a newly hired executive would lead the employees, stakeholders and shareholders to great success and fortune. There would be no doubt and no mistakes made in hiring decisions at any level in the organization. Recruiters would be heroes focused solely on new vs. replacement hires. Every candidate brought to the hiring manager is the right fit.*
- *Develop all managers so that the succession pipeline would be constantly full and alive with the right talent in the right seats always at the right time. Training budgets would be minimal, with most expenses going to only to cover general and administrative costs.*
- *Have no need for outplacement because of 0% turnover. No one leaves. All position openings are based on growth, so outplacement is replaced by constantly perfect recruiting and hiring.*

## **Validated Assessment has Measurable ROI**

- *Consistent accurate prediction*
- *Reduces the risk of a bad hire*
- *Supports diversity – eliminates implicit bias*
- *Supports quick onboarding and focused development*
- *Lowers turnover and increases performance*
- *Presents a professional employer brand*
- *Increases the objectivity and standardization of selection systems*
- *Bolsters the legal defensibility of hiring practices*

## **The Working Nature of Assessments**

*Making the right hiring decision on a consistent basis is not easy but can be greatly improved by implementing pre-employment assessments. An Aberdeen Group study sites that businesses that use pre-employment assessments experience 39% lower turnover among high-potential employees. Moreover, organizations that use pre-hire assessments are 24% more likely to have employees who exceed performance goals. Many studies exist that confirm these trends.*

*The bottom line on validated and proven assessments...they work as advertised.*

## **WHY USE A LEADERSHIP ASSESSMENT?**

*4 ways a leadership assessment can affect your bottom line*

### **Decrease financial & soft costs**

- *Business execution and growth improves*
- *Turnover costs are reduced*
- *Employee morale improves*

### **Everyone loses when a new leader fails**

- *Unmet goals & lost opportunity*
- *Replacement costs & high recruitment fees*
- *Employee confidence is lost*

### **Find the right people for the right job**

- *Benchmark current team with strengths & gaps for each*
- *Better candidate insights & identification of potential*
- *Gather data-based strategic insights*

### **Develop your internal leaders**

- *Targeted development for each leader*
- *Early identification and development of high potential talent*
- *Align development with company strategy*

# PURPOSE AND APPLICATIONS OF ASSESSMENTS

Assessments play not only an important role in sound talent management practices but a versatile one at that. This section will cover the many different purposes and applications that assessments fulfill as a part of your human capital strategy: Prediction, Description, “Connect the Dots”, Protection, Standardization, Objectivity, and Utility.

Calculate the cost of turnover for your company on Page 10.

## **Prediction**

As was illustrated in the Prediction Story, assessments play an important role in helping company more accurately and consistently identify and develop talent. A key concept here is: Correlation vs. Causation. From a science perspective, the ability of an assessment to predict performance (as defined by each client engagement) comes from the strength and direction of the correlation between the assessment (independent variable) and the performance measure (dependent variable). Where there is a strong and positive correlation (with a high degree of confidence that very little chance or error exists), there is stronger scientific validation and therefore stronger predictive power. A high degree of statistical complexity goes into creating and validating an assessment, which is again where the selection of a trusted assessment partner comes into play.

*“For assessments to be predictive, they need to have gone through a set of validation processes that show a compelling correlation within certain parameters and constraints. This science of assessment is critical to the success of your assessment implementation.”*

**Scott McTague**

*Senior Vice President of Talent Fit Solutions*



## **Description**

Assessments enable talent evaluators (i.e., recruiters, hiring managers, Human Resource leaders, Board Selection Committees) to gain valuable behavioral insights, tendencies and preferences into individuals. This “behavioral description” helps more accurately and powerfully guide talent identification and development. Most powerful is the connection between assessments (i.e., reasoning, personality, leadership), organizational competencies, and behaviors.

- **Assessments** – *Measurements Tools*
- **Competencies** – *Performance Expectations*
- **Behavior** – *What is seen on the job*

When assessments capture the behavioral descriptions through the lens of organizational competencies, the behaviors have greater relevancy to the individual’s impact on the business. See Competency Modeling on Page 13 for more information on the foundational role of competencies.

## **“Connect the Dots”**

Assessments can help organizations link their talent management systems (integration) and focus talent measurement on areas that matter to the business (alignment). This combination of integration across talent management and alignment of talent management with the business increases the likelihood that assessments will produce important outcomes such as lower turnover and increased performance (see Aberdeen Study data on Page 3). Connecting the dots in talent management - integration and alignment – is made possible by validated and well-implemented talent assessments that link to core competencies

## **Protection**

An assessment program that is implemented correctly, consistently and in partnership with a trusted assessment partner helps protect an organization from potential legal exposure and issues. When validated and documented according to The Uniform Guidelines for Pre-Employment Selection Procedures (1979, Department of Labor), assessments provide additional legal defensibility against any claims that may be issues by, for example the EEOC, for wrongful hiring practices. Again, consulting with a trusted assessment partner on best practices in assessment is our recommendation.

## **Standardization**

Assessments help increase the structure and consistency of an organization’s talent selection and development processes. The fact that assessments are administered in the same manner to every candidate who makes it to that particular step in the selection process creates standardization and ensures all candidates have an equal experience. Increased standardization yields greater reliability and accuracy.

## **Objectivity**

Due to the science of assessments (see Prediction on Page 4), organizations are introducing a higher degree of objectivity into their talent selection and development processes, therefore reducing potential subjectivity and bias on the part of the talent evaluator. Assessment science produces a stronger measure of reliability into the prediction picture than, for example, a behaviorally-based interview where the potential of subjectivity and bias is higher. Interviews are, of course, important to talent selection, but an assessment program can work in tandem with a behavioral interview by supplying confirmatory data and guiding the interviewer to inquire about key competencies, keeping the interview more objectively focused on the fit of the candidate with the needs of the business.

## Utility

Talent assessments are a versatile resource for executing effective talent management. Assessments are commonly used for:



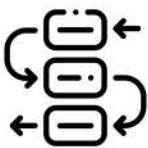
**Talent Selection.** Assessments are a core element of a selection system that is optimized to get candidate fit with role, culture and strategy requirements, consistently right. Also shared are the many considerations to be made by companies wanting to evaluate the efficacy of their current selection system against the lens of best practices and/or who are considering implementing a new or updated assessment strategy. We strongly recommend you consult a trusted assessment partner as a next step.



**Talent Development.** Assessments support the on-boarding experience for new hires by providing a great communication tool to link behavior with expected performance. Tools such as the REACH assessment (see sample reports on Page 11) illustrate how a candidate fits the competency model and which behaviors serve as strengths and opportunities. When used for talent development of new hires during on-boarding and for development of existing employees, assessments should be aligned with the learning and development and broader People strategy of the organization. Assessment partners work closely with internal HR, OD, and Learning and Training leaders to ensure clear alignment.



**Talent Audit/Reviews.** During times of organization growth, turnaround, and during acquisitions and mergers, it is uniquely important to get the talent right. Leaders need to ask the questions: "What is the capacity of my current talent?" and "Do they match the talent needed to execute the strategy?" Assessments play an important role in helping answer that question, and as a result, help organizations make the most and best use of their talent - putting the right talent in the right seats at the right time.



**Succession Planning.** A related big talent question for organizations focused on consistently high-performing leadership is: "Who has the capacity to fill succeed key leaders and fill key roles?" Assessments provide an empirical measure offering valid and relevant data on leadership potential, and strengths and gaps for targeted development. For example, Coaching assessments can play a big role in the succession planning process as decisions are made on which leaders warrant further development investment. An assessment-based coaching experience often propels future leaders

Now that we have outlined the value and importance of assessments for selection, development, and other applications, let us explore how you can make a more informed decision when choosing an assessment partner.

*"Whether you are implementing assessment for the first time, refreshing your assessment practices, or broadening your assessments to a larger audience, it is critical you work with a firm with experience who both knows the science of predictive assessment, and the art of effective implementation."*

**Joe Frodsham**  
CMP President

# CHOOSING AN ASSESSMENT PARTNER/PROVIDER

Research confirms that an assessment-based selection system improves hiring accuracy, objectivity, consistency, and standardization. But how do you determine the best program for your organization? Below are a few considerations when evaluating a pre-employment assessment program:



**Sound science** - Assessments must be properly designed and implemented following strict guidelines and requirements. Consulting an unbiased expert is a must.



**Output** - Assessment results (often called a "profile") should enable the hiring decision-maker to clearly delineate between candidates who fit the job and culture and those who do not. The most effective output is competency-based and informs the overall interview process.



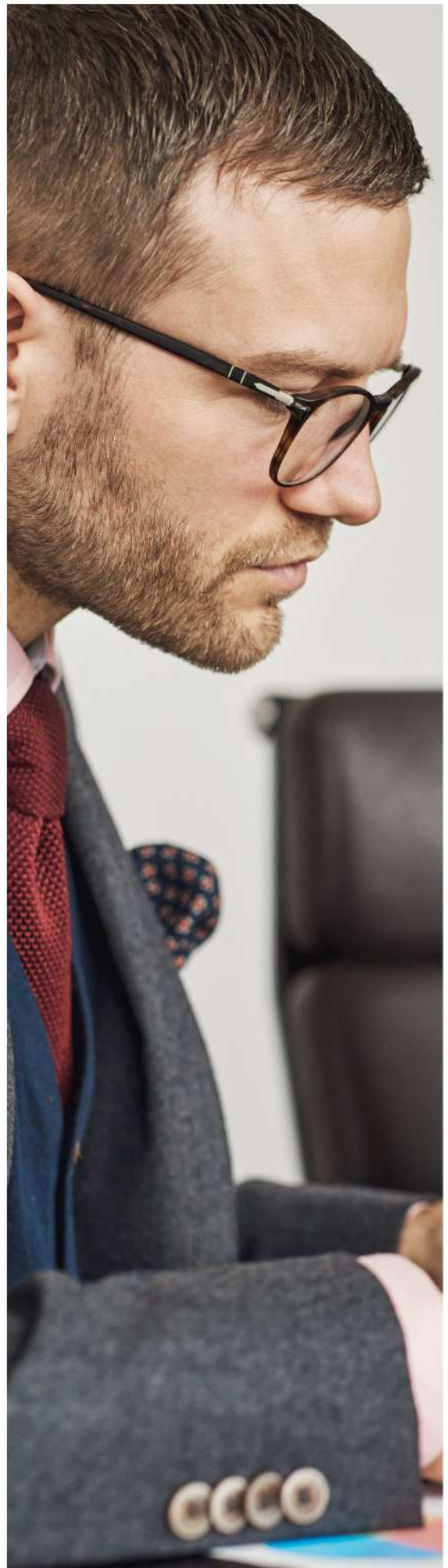
**Recruiter/hiring manager training** - Anyone who reviews assessment results for making a hiring or promotion determination must be properly trained to ensure results are interpreted properly and consistently.



**User-friendliness** - It is always important keep the candidate experience in mind. Difficult to navigate assessments can discourage good candidates from continuing through the process.



**Technology/integration** - Most assessments are administered in an online format and can be integrated with tools such as applicant tracking systems.







### **Sound Science.**

Assessments used for employment and succession purposes must be properly designed and implemented following strict guidelines and requirements. Consulting with an unbiased expert is a must in order to understand the criteria that makes up sound science, which include job relatedness, criterion validation, documentation, training & implementation, and measurement.



### **Criterion Validation.**

A scientific study that statistically links an assessment to job performance to drive custom content, scoring and reporting, criterion validation is a technical process performed by trained professionals. The goal of a criterion validation process is to increase the rate of prediction for a particular company or for wider industry use through customization. Depending upon the assessment provider, these studies may have already been conducted for a job(s) that are similar to the job(s) in which you are considering assessing (job relatedness), which will save you time and money by avoiding an additional criterion validation study. However, there are certain situations that warrant a criterion approach.



### **Job Relatedness.**

This criteria is about making, for example, a connection between an assessment and a job for which a candidate is applying. Job connection is best accomplished through a job analysis, which includes a number of steps: Reviewing company and job literature, interviewing subject matter experts, shadowing and documenting the performance of top performers, and conducting a confirmatory job analysis survey. The results of the job analysis process will demonstrate how an assessment is aligned with the knowledge, skills, abilities, and other attributes of the job and support proper documentation (see Documentation below).



### **Documentation.**

Technical documentation following The Uniform Guidelines for Pre-Employment Selection Procedures (Department of Labor, 1979) provides the evidence of legal defensibility and enables on-going updates and enhancements to the assessment process. Good data that are well-organized and documented supports continuous improvements. Refer to Protection on Page 06.



### **Training and Implementation.**

Properly training recruiters and hiring managers to use assessments consistently in a selection process ensures that the science behind the assessment will lead to positive outcomes. Training on a new selection process should also include a refresher on behaviorally-based interviewing and other modules such as interview legalities to reinforce hiring best practices. Communication is another key to successful implementation. Considering surveying the early system adopters to allow the users a voice to any possible improvements to the user experience. Early adopters become long-term advocates who can drive broader buy-in and adoption.



### **Measurement.**

Establishing target metrics going into any assessment implementation is critical. Whether simply collecting anecdotal feedback from early adopters or collecting performance data for use in a criterion validation study, having a plan for measurement will help you establish return on investment. For example, we were able to demonstrate at one of our clients that stronger sales outcomes could be predicted by assessment results with a high degree of statistical confidence. Whatever your focus, it is critical to have a plan for demonstrating return on investment.

Turnover reduction is another common metric. Knowing how much turnover costs can help you build your business case. How much will it cost your organization to replace an employee? The following table can be used to calculate the cost of employee turnover.

<b>COST AREA</b>	<b>\$ AMOUNT</b>
Separation process	
Recruiting and advertising	
Selection System	
Development and training processes	
Trainer and trainee wages	
Technology, miscellaneous administrative work and paperwork	
Overtime for coworker covering shifts	
Lost productivity of turned employee coworkers. and supervisor	
Disruption of team and coworkers	
Waste and mistakes during training	
Lost customer goodwill (if applicable)	
<b>TOTAL COST PER LOST EMPLOYEE</b> Sum of all completed categories	
<b>LOCATION TURNOVER COST</b> Cost per lost employee multiplied by number of employees lost per location	
<b>COMPANY COST IN TURNOVER</b> Location turnover cost multiplied by number of locations	



## Output

Assessment results (often called a “profile”) should enable the hiring decision-maker to clearly delineate between candidates who fit the role requirements with ability to grow, and those who do not. The most effective output is competency-based and informs the overall interview process. Most online assessment platforms enable recruiters and hiring manager to access a variety of reports such as a candidate overview, competency insights, a competency-based interview guide, and a behavioral development report. Please see the following example of a report used for hiring into a Restaurant General Manager role (REACH Profile).

### Position: Restaurant General Manager\*

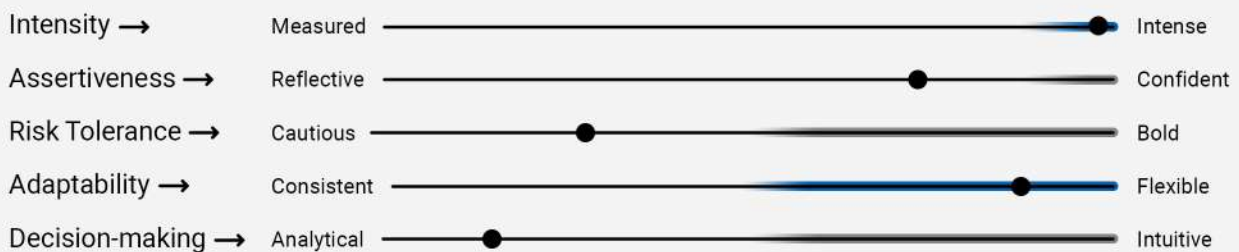
Benchmark Match : 50%

The REACH Position Profile compares an individual’s personality dimensions to a benchmark based on high performance in this role. The shaded ranges indicate where higher performers may have tended to cluster, while the numbers indicate the person’s preferences and tendencies.

Workplace place studies suggest the individuals matching at least 70% of the benchmark may tend to exhibit the highest performance on average, however a variety of factors should be considered during selection. Please note that the general population percentiles are provided for descriptive purposes only. Lower or higher numbers may be preferred according to the specific benchmark applied.

### Achieving Dimensions

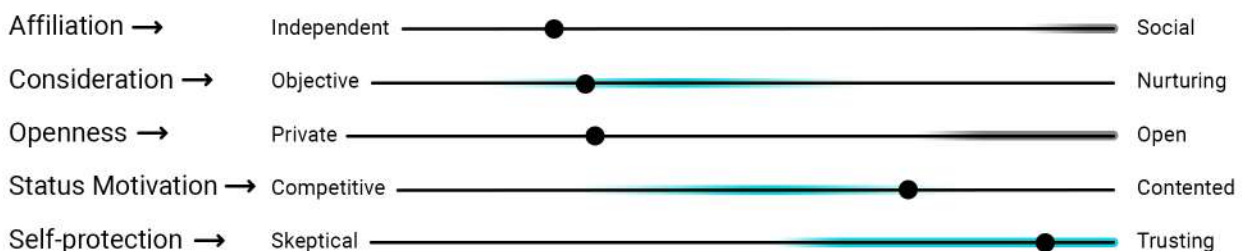
Achieving Dimensions described how individuals approach tasks and goals under normal circumstances.



Benchmark Range: [shaded bar] General Population Percentile

### Relating Dimensions

Relating Dimensions describe how individuals tend to interact with others in common settings.



Benchmark Range: [shaded bar] General Population Percentile

### **Recruiter/Hiring Manager Training**

Anyone who reviews assessment results to make a hiring determination must be properly trained to ensure results are interpreted properly and consistently. Training should consist of how to properly administer the assessments, interpret results for selection decision making, guidelines on using the assessment for development, and overall handling of assessment reporting and data. As mentioned, organizations often include interviewer skills training when rolling out an assessment program to refresh best practices and demonstrate the linkage between assessment data and interviewing.

### **User-friendliness**

It is always important to create a positive candidate experience. Difficult to navigate assessments can discourage good candidates from continuing through the process. Reviewing the candidate assessment experience is a smart step when evaluating an assessment provider/partner. Likewise, testing the reporting system included in the assessment platform is important from an internal HR perspective. Many platforms have easy to use dashboards to provide real-time data analytics. Ease of use increases system satisfaction and adoption.

### **Technology/Integration**

The use of technology for administering assessments has been the biggest change in the assessment business in the last 15 years. Most employment assessments are now administered in an online format and can be integrated with tools such as applicant tracking systems. The introduction of technology has frankly created a more confusing marketplace for organizations seeking to implement assessments. Here is the current state:

- *Technology companies have introduced assessments and assessment capabilities.*
- *Assessment companies have introduced online technology and applicant tracking capabilities.*
- *There have been many acquisitions and mergers in the assessment space largely to capitalize on platforms and technologies.*
- *Most assessment companies (not CMP) only provide and support their own proprietary instruments, which limits the options for clients in many instances.*

This combination has produced confusion and “noise” in the assessment business. Again, the best recommendation is to use the criteria found in Choosing an Assessment Partner/Provider starting on (Page 08) to make the best assessment partner decision possible.



# COMPETENCY MODELING

Every sound structure begins with a strong, lasting, and reliable foundation. An empirically supported competency model provides the foundation for valid and reliable assessment.

Hiring & Promotion Systems, Training & Development Programs, and Performance Management Systems need to be aligned with a company's mission, vision, values and culture to ensure potency (see Figure 1 below). The more aligned a people process is with the business, the more the impact is direct and lasting. For example, if you ran talent management for a call center with lower-than-average customer satisfaction scores and higher-than-normal call center representative turnover, an evaluation of how call center reps are hired, trained, developed and managed would likely shed light on opportunities to directly impact the business.

When using competencies as the framework, a company's talent management systems are more integrated. Competencies create a common performance language that can be used for greater consistency in hiring, developing and managing talent. With a well-defined competency model – or set of competencies for a job, job family, or role level in the organization, stakeholders now have the ability to define, describe and discuss performance using common language.

**Figure 1 – Talent Management Alignment and Integration**



Assessments are often used in talent selection and development to evaluate the degree to which a candidate possesses the ability to display the desired competencies. In the call center example, a typical assessment would measure competencies such as Communication, Inter- personal Skills, and Resiliency using behavioral predictive fit models.

The science behind selection assessments is deep and complex. Industrial/Organizational Psychologists spend years training in the necessary statistics (i.e., criterion validation) and methodologies (i.e., job analysis). I am glad to report that most well-known test publishers and assessment providers have invested in the right science. Assessments can vary in the candidate experience and reporting but should always follow The Uniform Guidelines in how they are constructed, validated and documented. A reputable provider would not hesitate to send their technical documentation if requested. When evaluating an assessment provider, clear and proper documentation of their validation and reliability science is an “insurance policy” against any claims by candidates.

Another consideration when thinking about the value and utility of competency modeling is: marketing. A competency model is a form of talent brand. It defines what a successful manager, leader, professional, executive, etc. is in the eyes of the employer and should be used as a way to market the employment brand. Hiring, training, developing and retaining great talent using competencies as the foundation will focus and elevate your organization’s brand.



# IN CLOSING

As a firm, CMP has decades of experience helping companies implement assessment solutions for measurable results. This record of success comes from our deep consulting expertise and from the years of experience of many of our consultants (including the author Scott) leading these initiatives inside companies.

A well-executed assessment and selection program that is aligned with a sound strategy and supported by a trusted assessment partner positions the company to successfully select and develop talent. With that talent formula, you will win every time. Great talent leaders know that each decision counts and every hire matters.



# ABOUT CMP

CMP is a talent and transition firm in the business of developing people and organizations across the full talent life cycle. From talent acquisition and leadership development to assessment, coaching and outplacement support, we combine our decades of experience with a contemporary approach to building people and teams.

# CONTACT US



[faitha@careermp.com](mailto:faitha@careermp.com)



[www.careermp.com](http://www.careermp.com)



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