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- Manufacturing
- Real Estate
- Retail
- Services — Restaurants
- Technology
- Data Services
- Education
- Engineering
- Financial
- Healthcare



ProfileXT® Provides "ABCs" to Hospitality Organization

Profiles International®

CASE STUDY



imagine great people®



ProfileXT[®], Step One Survey II[®], Customer Service Profile[™]

ProfileXT[®] Provides “ABCs” to Hospitality Organization

Hiring well should not be as complicated as crime scene investigating. So when the ProfileXT[®] (PXT) and two other Profiles assessments helped save a Nebraska hospitality organization \$345,000 by allaying management turnover, the executive director of HR was pleased to see an additional benefit—simplicity.

Profiles fits into an easy relationship with the hospitality leader because of the organization's previous experience with assessments. Before partnering with Profiles, company leaders thought they were already using the assessment provider of choice. Results showed otherwise. That prompted the change to Profiles.

CHALLENGES

- Consistent high manager turnover; 20% higher than the industry average
- Needed to analyze candidates quickly
- Ripple effect: turnover among hourly staff affecting service and sales

SOLUTION

- Benchmark the type of manager they needed
- Use Profiles' assessments during interviews
- Hire managers that will have the unique skill set needed

RESULTS

- Reduced manager turnover by 12.1%
- Reduced hourly turnover by 32.2%
- Higher quality service and productivity

Background

The company operates restaurants and similar properties—50 in all—across the Midwest. Its mission is to be the destination of choice for its guests.

At one of its popular upbeat restaurant chains, decision-makers discovered that manager turnover was creating big problems. No matter what they tried, turnover remained stuck at 44.1 percent, about 20 percent higher than the industry average. The manager revolving door had a ripple effect on other restaurant jobs, creating turnover among hourly staff, and eventually affecting service and sales.

Recruiters were already using assessments; they just were not reaping the benefits. In fact, turnover sometimes climbed higher than 44 percent.

Something had to give, says the HR director, who also has experience as a company trainer and director of operations. “We had researched the problem, but we needed an assessment tool to help us better analyze candidates.”

The culture in the popular casual restaurants can be very fast-paced, which often translates into high stress. Restaurant managers are dealing with several thousand people every week coming into what is essentially their home. The business is volatile as far as movement and growth—ever changing. Security in terms of “I know what I am going to do every day when I go to work” is non-existent. People who lead restaurants must be on their feet and on their toes,

constantly dealing with both external and internal pressures.

Thus, the kinds of managers that leaders were seeking needed to have a unique skill set, thinking style, and occupational interests to realize success. They had two primary responsibilities:



- **COACHING AND DEVELOPING** the employees they hired for the restaurant, from the front to the back of the house, so workers performed their jobs to the standards of the company and the industry.
- **OPERATING THE RESTAURANT** in a sound manner by using the owner-established systems and tools for the restaurant industry.

Several characteristics make for strong managers at the restaurant. Some of the most important include:

- 1. FLEXIBILITY.** Being able to change direction quickly and easily is crucial. Managers often go from conversing with a guest to handling questions or issues from a cook or server.
- 2. A STRONG PERSONALITY.** Owners want their restaurant managers to be outgoing leaders. Restaurant managers need to show that they have the ability to make appropriate decisions, and possess the tools and facts to back up their decisions.
- 3. PERSEVERANCE.** Exhibiting the will to stand up during difficult times is important, due to the volatile nature of the industry.
- 4. THE ABILITY TO DEVELOP OTHERS.** A key factor in the success of restaurant managers is their ability to develop their teams.
- 5. STRONG GOAL-SETTING SKILLS.** Without the ability to set and achieve goals, on both a short- and long-term basis, managers would not have a chance.

The fact that managers in the restaurant industry must have these qualities is well known, and at times, “painfully obvious,” notes the HR manager. “The hard part is finding and using a tool that hones in on the specifics for your industry, and getting a heads- up with that assessment. During a telephone or live interview, people can tell you what they want, and after a while, you are not confident about what you are getting. Assessments help us determine whether the candidate fits our mold.”

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ProfileXT®

The beauty of the ProfileXT® for the restaurant industry, which the company uses for both job fit and employee development, is embedded in its format. It is easy for the layperson to read; this means the hiring manager can quickly glean important info about the candidate without struggling. “We are busy,” adds the HR executive. “We don’t have time to deeply analyze each candidate, or come up with a psychological profile.”

A second big attraction to this assessment is the list of interview questions it gives managers.

The questions correlate directly to the candidate’s answers on the assessment, connecting the dots for the interviewer.

These two qualities help make it a tool that managers can easily review—looking at all of the categories—and see where the candidate fits. The next step is determining whether to proceed to the interview process with the candidate, or deciding that he or she is not a good fit for the position.

“If they are within the range of our top people, and we see quality markers that we like, we are happy to move forward,” says the HR director. “We need a tool to help us understand how to value a candidate, and while our old tool did not give us that, this one does. It is logical. You read it and feel like you know that candidate; you know what to expect.”

The knowledge of what to expect is both good and bad, he notes.

“There are some traits we get that we recognize as ‘opportunity areas.’ We try to compensate with extra training to strengthen those areas.”

Step One Survey II®

The hospitality company uses Profiles’ Step One Survey II® (SOSII) to determine a candidate’s fundamental honesty, and to gain understanding about their integrity. These are the issues that concern every business, says the HR executive. The integrity questions also tell the company whether or not the candidate is a hard worker.

The SOSII asks direct admission questions that explore work history, drug and alcohol use, criminal convictions, employee theft, computer abuse, and the handling of confidential data.



These questions measure the candidate's attitude about these issues.

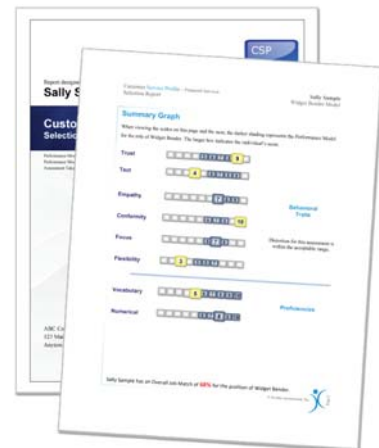
Once the candidate finishes the assessments, the results go into a concise report which flags responses that could cause concern. The report suggests interview questions for learning more about behaviors and attitudes, information an employer needs before making a job offer.



Customer Service Profile™

The hospitality organization wants its managers to connect with guests, which is a major piece of the Customer Service Profile™ (CSP). "We want them to market our business," says the HR leader. "The CSP gives us the ability to see how this person would act in respect to hospitality. It's a strong connection to giving great service, and it shows the candidate that he or she must be into more than just themselves. If the candidate struggles with customer service, we are struggling to move on with that candidate."

Just like the PXT, it is easy to use.



The goal

With manager turnover at 44 percent, and the industry average around 25 percent, leaders knew that the revolving door was costly. "We had been languishing at that number (44 percent) and higher over the previous five years," notes the HR executive.

In 2008, the organization began using Profiles' assessments, with their sights set on reducing turnover to a number closer to the industry average.

The results

The company normally has 184 managers; in 2008, the company hired 81 managers. In 2009, turnover dropped to 38.8 percent—5.1 percent lower—and the organization hired

\$345,000
conservative
estimate of savings

687% ROI
at the end of 2010
(based on conservative
estimate of savings)

RIPPLE EFFECT

- \$1,480,000 reduction in hourly associate turnover costs
- Second place in comp sales for 2010 out of all corporate and franchise companies

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71 managers. Shrinking turnover continued in 2010, reaching 33.2 percent (a further 5.6 percent reduction), and only 61 managers were hired. By 2011, turnover reached 31.9 percent (a 1.3 percent reduction), and the projected number of managers to be hired for 2012 was 58 or fewer.

Savings so far are substantial. The hard and soft costs of each manager hired are around \$15,000. The company defines “hard costs” as those spent on recruiting and training a candidate, and “soft costs” as the differences in productivity when the organization loses a manager, hires a new one, and waits about six months for the newly-hired manager to become productive. Leaders say a conservative estimate of savings is \$345,000.

“None of our other systems for manager hiring, training, and retention changed over this time frame,” says the HR director. “The only change was switching to Profiles, which has given us greater feedback to better determine the success potential of candidates. I believe it has caused us to hire managers that fit the casual dining restaurant industry standard.”



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An added bonus is that the new managers have increased productivity overall, and lowered hourly associate turnover, which has also steadily dropped since 2008. The organization estimates it invests \$2,000 in each hourly person hired. “Based on the 2,300 hourly workers we employ, the turnover is a \$1,480,000 savings over the 2008 numbers,” says the HR executive.

Finally, the assessments provided leaders at the hospitality organization with an “aha!” moment. “We found we were able to tailor the assessments to our company’s top performers. We know who they are. Once we identify them, we look at reasons they are top performers and put that into the assessment. You are matching up to top performers if you are going to be a general manager with us. It’s a great way to hone in on success using the assessment. That is very exciting.”

Although 30 percent turnover is high for some industries, the restaurant industry takes it in stride. Workers generally don’t spend 10 to 15 years in the field, as the life span of an average restaurant employee is less than five years.

“We need to do a better job of marketing the restaurant industry as a career,” says the HR exec. “There’s nothing wrong with the restaurant industry as a career path, and we need to better inform people about the exciting and fun parts of it. There is so much camaraderie, and the people are outgoing, fun, and engaging. It is a high-energy business that is ever-changing. It used to be a hard career because of hours and stress, but now the hours are similar to most businesses.”

The future

The organization is considering using ProfileXT® as a development tool in the higher levels of management, as well as expanding it to the hourly staff. The pool of hourly staff numbers 3,000, and the potential savings per hourly employee is \$2,000, assuming that turnover diminishes. That is hard to ignore, says the HR executive.

Also hard to ignore is this, he adds: “We saved more than \$300,000 with no increased costs to the company, because we were already paying for assessments.”

Summary

Profiles’ assessments are easy to use, easy to read and comprehend, and have added tremendous value when faced with the daunting challenge of reducing manager turnover.

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