

# CASE STUDY

IMPROVING RETENTION AND  
REDUCING RISK IN NEW HIRES



Retail Industry

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# Step One Survey II®

## Improving Retention and Reducing Risk in New Hires in a Regional Grocery Chain



### AT A GLANCE

#### CHALLENGES:

- High turnover
- Low tenure
- High number of theft investigations

#### SOLUTION:

- Step One Survey II®
- Restructure the hiring process
- Provide training in candidate selection and interviewing

#### RESULTS:

- Average reduction in turnover by 37%
- Longer tenure
- Dramatic decrease in theft investigations
- Fewer days lost
- Fewer lost-time incidents

### The Challenge

This company operates 8 retail grocery stores across a western state, employing approximately 800 people. Their unique branding as an eco-friendly, upscale provider of quality foods, a wide variety of fresh produce, and store-produced items has proven successful in a very competitive market, and they are looking forward to expansion.

Like most grocery chains, this company hires for many entry-level jobs and works to promote from within; this strategy's cost rises dramatically if employee tenure is short. Across all their jobs, the company has estimated a cost per hire of \$1,500—a very conservative number, given their investment in training of new hires. In an effort to reduce turnover and to reduce the risk of hiring people who would participate in undesirable workplace behaviors (absenteeism, theft, substance abuse, unsafe practices), this company began using a pre-hire assessment on all candidates in January of 2008.

### The Assessment Program

The assessment chosen was the Step One Survey II®, distributed by Profiles International. This assessment takes an average of 20 minutes for a candidate to complete, is usually delivered online, and is normed on a large sample of the American working population. The Step One Survey II (SOSII) scales measure attitudes toward integrity, substance abuse, reliability, and work ethic. To ensure validity of responses, it also includes a distortion measure. Guidance and training for the assessment products and their online administration was provided by Performance Resources, Inc., a distributor for the assessments. Based on data from national research statistics and in consultation with Performance Resources, this company set a criterion which eliminated applicants scoring in the bottom 22% of the national distribution on any of the assessment's 4 scales.

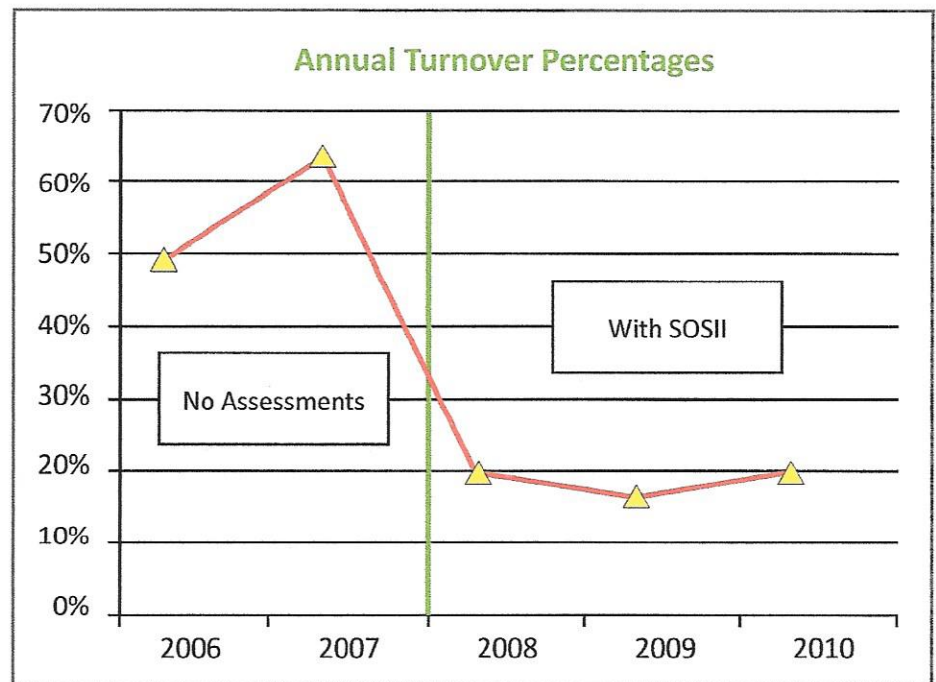
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The 3-year savings  
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be \$1,344,059...

## Results: Effect on Turnover

The company was able to provide 2 years of baseline data on a number of important variables, including hire and termination dates, number of lost-time accidents, and number of theft investigations required. In 2006 and 2007, they experienced overall turnover of 49% and 63%, respectively. This same data was also made available for the 3 years the company has used the SOSII assessment. The graph below shows the effect of the assessment program on turnover rates, year by year.

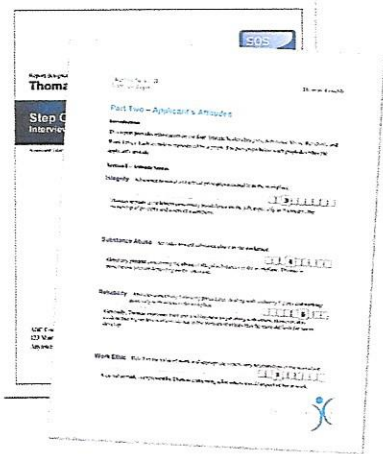


If turnover reduction were the only benefit of the assessments, and if the true cost of each turnover were only \$1,500, the 3-year savings of the turnover reduction would be \$1,344,059. The 3-year cost of the program has been \$94,273; this yields a return on investment of \$13.26 for every dollar spent on the assessments. The actual return on investment is probably more than twice that amount, based on their industry association's estimates of the true cost of hire in similar operations.



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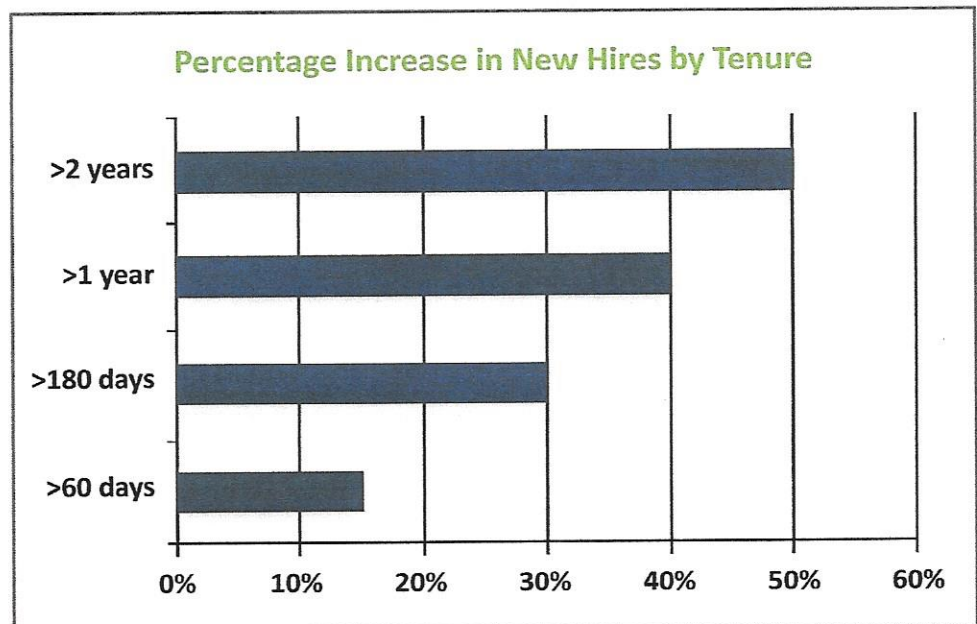
## Results: Tenure & Productivity

Use of the assessments has produced additional benefits for the company. For example, in most businesses, it is generally accepted that employees with relatively short time on the job are less productive than those who have been there longer; their on-the-job learning curve affects productivity. Over the 3 years the assessment program has been in place, this company has experienced a:

- 15% increase in the number of new hires who stay on the job longer than 60 days
- 30% increase in those who stay longer than 180 days; a 40% increase in those who stay longer than a year
- 50% increase in those who stay longer than 2 years

While this company has no metric in place for average employee productivity, it is very likely that these reductions in early hire failure translate into increased productivity.

These results are shown in the following graph:



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## QUICK FACTS

**\$1,344,059**

savings from reduction in  
turnover!

**1326%** ROI

**50% increase**

in those who stay longer  
than 2 years

**75% decrease**

in employee theft  
investigations

**15% reduction**

in number of days lost

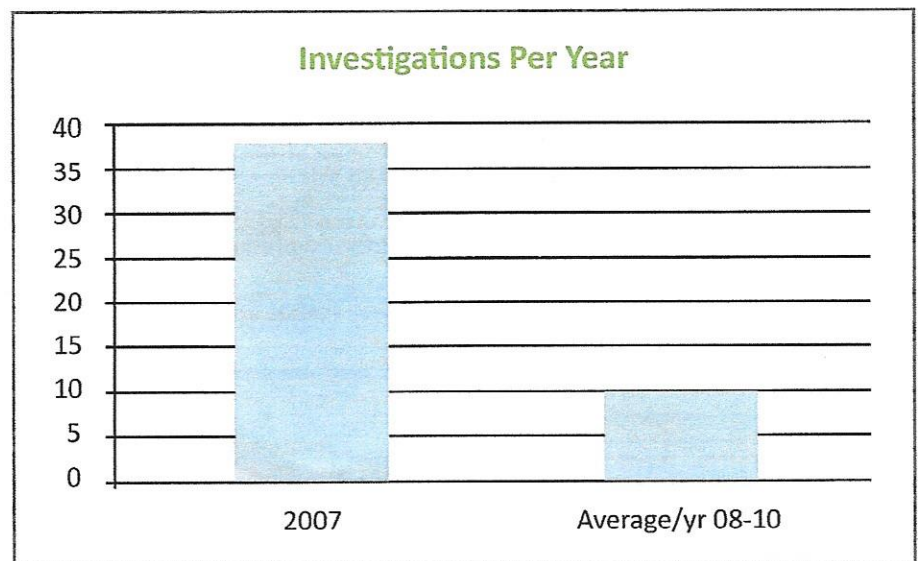
**19% reduction**

in lost-time incidents

## Results: Theft Investigations

In 2007 (before the assessment program), the company conducted 38 investigations for employee theft; over the next three years, with the assessments in place, the company conducted a total of 30 investigations, a yearly reduction of nearly 75%.

These results are summarized in the following graph:



## Results: Lost Time Accidents

Selecting employees with higher SOS II scale scores (compared to the lower end of those scores in the general working population) would be expected to impact reported lost-time incidents at work by several mechanisms: by decreasing the number of employees willing to "work the system" by exaggerating injuries and their effect (integrity); by decreasing incidents secondary to substance abuse; and by increasing the employee population's commitment to get work done as needed and desired by the company (reliability and work ethic).



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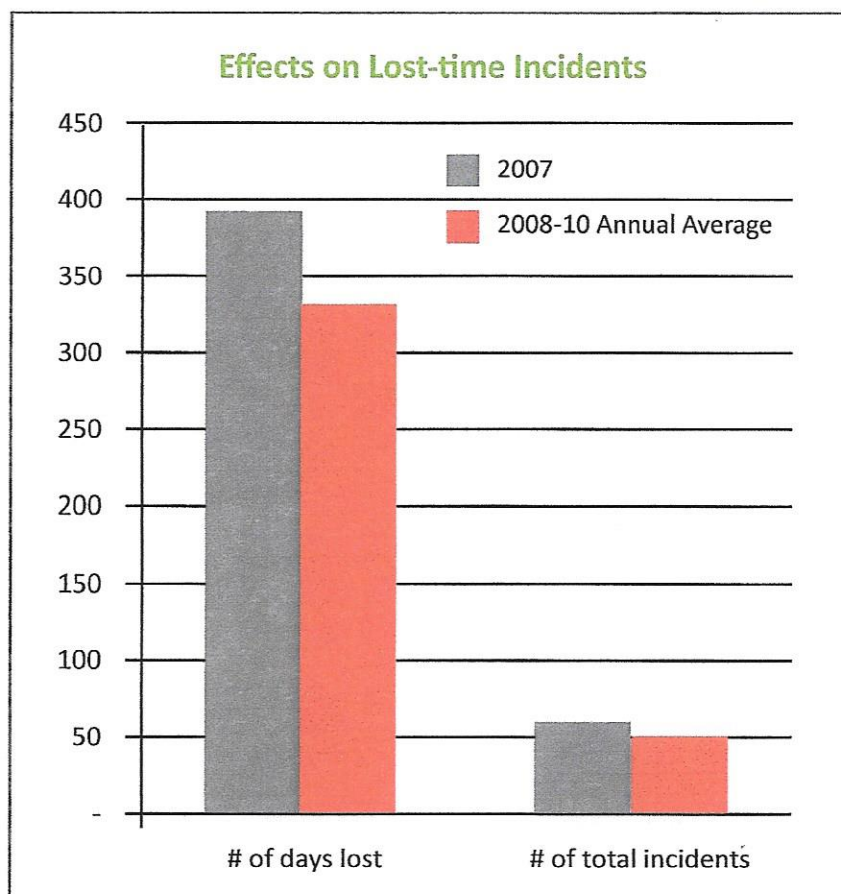
## KEY TAKEAWAY

Even though usage of an assessment began to reduce turnover, the company was able to positively affect several employee related metrics that were costing the company money.

## Summary

Utilization of the Step One Survey II has provided this company with substantial return on their investment in the assessment program, while improving the overall quality of their workforce and reducing the load on management secondary to undesirable workplace behavior.

The following graph compares the number of days lost and the total number of lost-time incidents in the year preceding the assessment program with the annual average for those measures during the assessment program. Days of lost time decreased by 15% in this comparison, and number of incidents per year decreased by 19%.



This effect should be progressively more important, as attrition and growth increases the percentage of the employee population screened by the assessment program. In 2010, the total incidents count was 55% lower than in 2007. Reductions of this magnitude can provide significant savings in the cost of Worker's Compensation insurance, and improvements in productivity, since the work is not being done by substitute employees.