

Assessments 2012

Predicting Productivity and Performance

June 2012

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Executive Summary

Knowing which candidates and employees can drive value for your organization is a true competitive differentiator in today's marketplace. More and more organizations today look to assessment tools, not only to help them understand the skills and capabilities of candidates and employees, but also to predict who will drive performance in the future. In April and May 2012, Aberdeen surveyed over 200 organizations, 186 of which used assessments, to understand how they utilize assessments to improve quality of hire, leadership bench strength, and key employee retention.

Best-in-Class Performance

Aberdeen used the following three key performance criteria to distinguish Best-in-Class companies:

- The number of employees who received a rating of "exceeds expectations" as of their latest performance review
- The number of key positions for which at least one ready and willing successor has been identified
- Improvement in hiring manager satisfaction

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- The use of assessments consistently throughout the talent life cycle, and at all levels of the organization
- Continual evaluation of assessment tools to ensure they address business needs
- Systems to store, manage and use assessment data throughout the organization in all key talent and workforce planning decisions

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Align assessments with business priorities and ensure that output supports operational decision-making
- Link assessments to ongoing performance results
- Use assessments to guide employee development and internal mobility, not just selection

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

How Does Your Performance Compare to the Best-in-Class?



- Compare your processes
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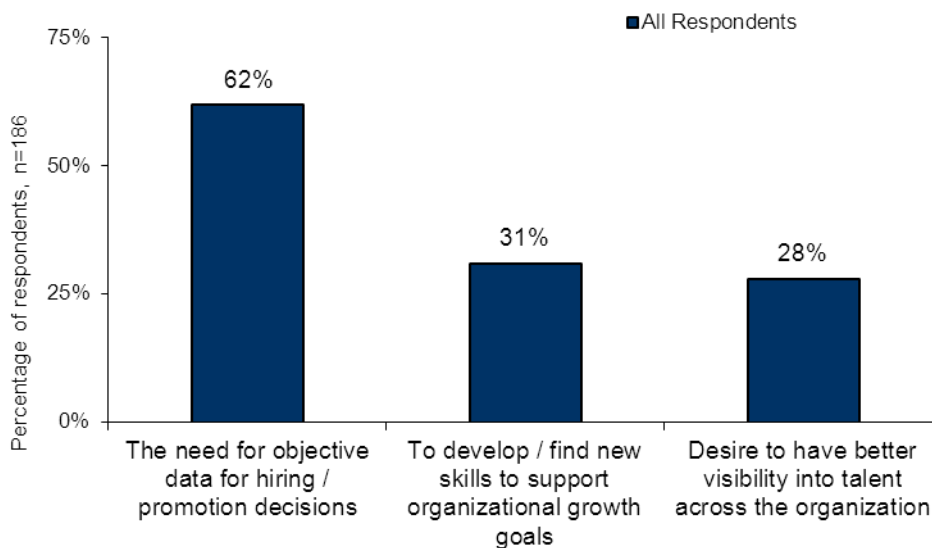
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Chapter One: Benchmarking the Best-in-Class

Business Context

Data is everywhere today. Big data. Data analytics. Individuals and organizations are hungry for data to help them make better decisions, and no decisions have greater impact on an organization's success than talent decisions. Unsurprisingly, the number one pressure driving assessment strategies today is the need for objective data to make these important decisions (Figure 1).

Figure 1: Pressures Driving Assessment Strategy



Source: Aberdeen Group, June 2012

Assessments are widely used today in top performing companies. In fact, of the 186 organizations using assessments in this year's study, 49% indicated they had a formal assessment strategy, as opposed to a more informal or ad hoc use of assessments. In Aberdeen's [2011 assessments study](#), this number was just 40%. Aberdeen's [2012 HCM trends study](#) also found that Best-in-Class organizations (see sidebar) were 79% more likely to use pre-hire assessments than their Laggard counterparts (68% versus 38%), and nearly one and a half times more likely to use post-hire assessments (55% versus 24%). Assessments data and insight can be critical to talent decision-making. Organizations use assessments not just as a filter during the hiring process, but also to guide development and predict who will be the most successful in their career with the organization.

Fast Facts

- ✓ 49% of organizations using assessments indicate a formal (as opposed to an informal or ad hoc) assessment strategy, up from 40% last year

Best-in-Class Definition

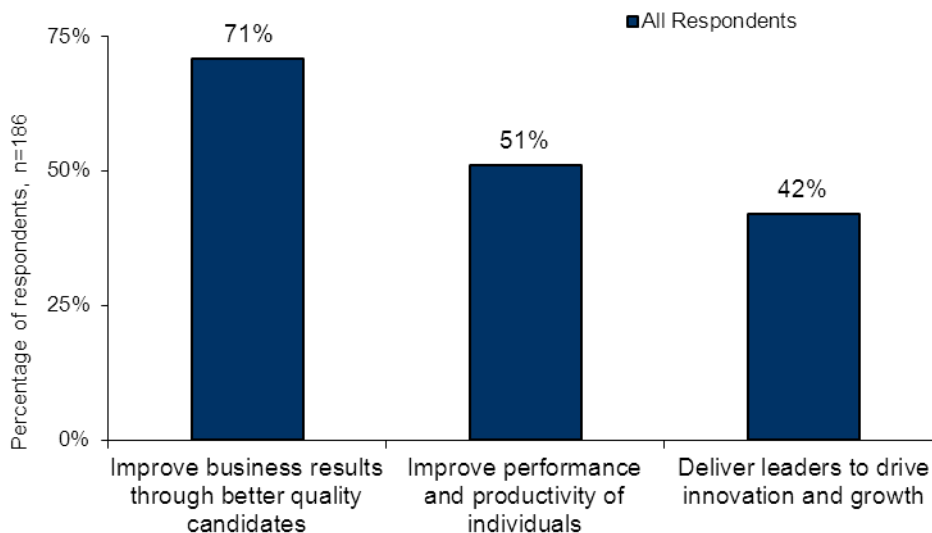
In Aberdeen's January 2012 [Human Capital Management Trends 2012](#) study, the following key performance indicators were used to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%) and Laggard (bottom 30%) organizations, with mean performance among the Best-in-Class as follows:

- ✓ 81% of employees rated themselves as "highly engaged" in their most recent engagement survey
- ✓ 71% of key positions have a ready and willing successor identified
- ✓ 13% year-over-year improvement in hiring manager satisfaction

Predicting Productivity and Performance

Organizations have clear goals for their use of assessments in talent management (Figure 2). They want to understand who will be successful—who will carry the business into the future. Organizations want to ensure they are bringing the best people into their business, getting the most out of current employees, and have leaders who can perform today, but also are innovative enough to face the challenges of tomorrow.

Figure 2: Goals for Assessment Use



Source: Aberdeen Group, June 2012

It is no longer enough to know if someone possesses a specific skill. Organizations make a huge investment when they hire or promote an individual. They want to predict whether that individual is the right fit for the role—whether they have the skills, behaviors, motivation and adaptability that will allow them to meet the challenges ahead. The measure of a good hire isn't simply if that person individually succeeds, it is whether they help the organization to succeed. Business performance is the ultimate measure of talent management, from hiring to development to succession. Organizations need to find the people who will drive productivity and performance; assessments give them the tools to do so.

The Maturity Class Framework

Aberdeen used three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations—the same criteria used in the 2010 and 2011 assessments research reports. Only organizations currently using assessments were benchmarked.

- **Employee performance** is defined as the number of employees who received a rating of "exceeds expectations" as of their latest

performance review. This is an indicator of how well organizations align individuals' efforts with the work the organization expects of them.

- **Bench strength** is the number of key positions for which at least one ready and willing successor has been identified. This is an indicator of how well organizations are performing at identifying and developing the next generation of talent, based on future needs.
- **Hiring manager satisfaction** is defined as the degree to which hiring manager satisfaction with new hires has improved over the past 12 months. This is an indicator of how well the recruiting and staffing organization is able to match the skills, behaviors and talents of new employees to the needs defined by the hiring manager.

These three elements in combination indicate how organizations use assessments in the pre-hire to improve fit, and in the post-hire to deliver near-term results and plan for future needs.

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 81% of employees received rating of “exceed” on last performance review ▪ 81% of key positions have at least one willing and able successor identified ▪ 14% year-over-year improvement in hiring manager satisfaction
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 27% of employees received rating of “exceed” on last performance review ▪ 41% of key positions have at least one willing and able successor identified ▪ 5% year-over-year improvement in hiring manager satisfaction
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 17% of employees received rating of “exceed” on last performance review ▪ 21% of key positions have at least one willing and able successor identified ▪ 1% year-over-year improvement in hiring manager satisfaction

Source: Aberdeen Group, June 2012

The Best-in-Class PACE Model

Using assessment solutions to achieve organizational goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that can be summarized as follows:

- Use assessments consistently throughout the talent life cycle, and at all levels of the organization

- Continually evaluate assessment tools to ensure they are addressing business needs
- Store, manage and use assessment data throughout the organization as part of all key talent and workforce planning decisions

Table 2: The Best-in-Class PACE Framework

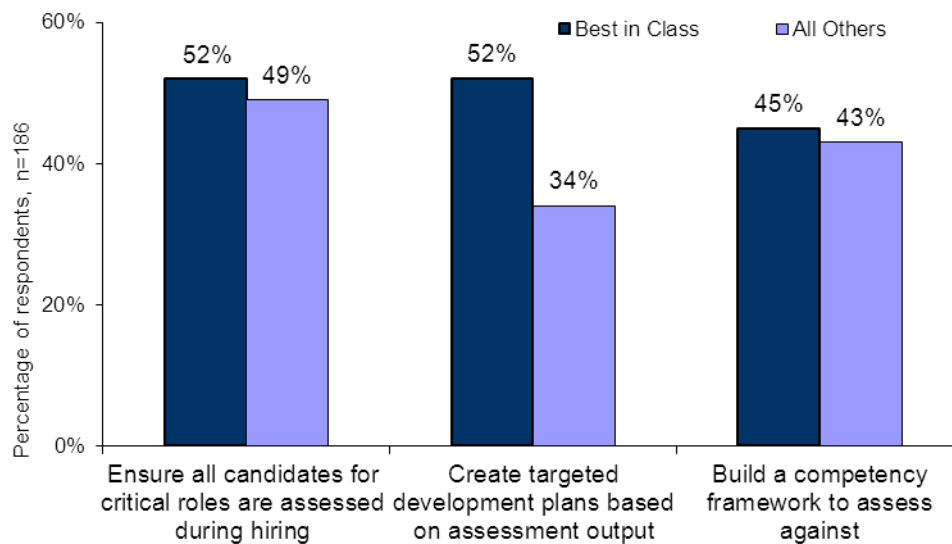
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> ▪ The need for objective data to ensure we hire / promote the best candidates 	<ul style="list-style-type: none"> ▪ Ensure that all candidates for critical roles go through an assessment as part of the hiring process ▪ Create more targeted individual development plans based on assessment output ▪ Build a competency framework against which the organization can make better selection, placement and promotion decisions 	<ul style="list-style-type: none"> ▪ Collaboration between HR and line of business management to ensure that assessment content truly addresses business needs ▪ Support and buy-in for assessments from senior executives and organizational leadership ▪ Employees understand how assessments are conducted and interpreted ▪ Hiring managers are trained to use the output of assessments ▪ Assessment data for employees is stored and maintained in a central repository 	<ul style="list-style-type: none"> ▪ Behavioral-based / Personality type assessments ▪ Skill-based assessments ▪ Competency model libraries ▪ Critical thinking / Cognitive ability assessments ▪ Multi-rater / 360-degree assessments ▪ Competency gap analysis tools

Source: Aberdeen Group, June 2012

Best-in-Class Strategies

Top performing organizations know that assessing employees alone is not enough to achieve their assessment goals. The assessment output must be used to drive results. The Best-in-Class know the importance of using assessments to select individuals who will go on to hold critical roles, and the value of a competency framework in both the pre-and post-hire. But they truly differentiate themselves in their ability to create action plans based on these assessments (Figure 3). Best-in-Class organizations are 53% more likely to cite the creation of targeted development plans based on assessment output as the top strategy than All Others (Industry Average and Laggard organizations combined). While assessment data is valuable in predicting which individuals will be top performers in the future, that success is still not assured. Top-performing companies know that individuals must be supported through development and coaching.

Figure 3: Best-in-Class Strategic Actions



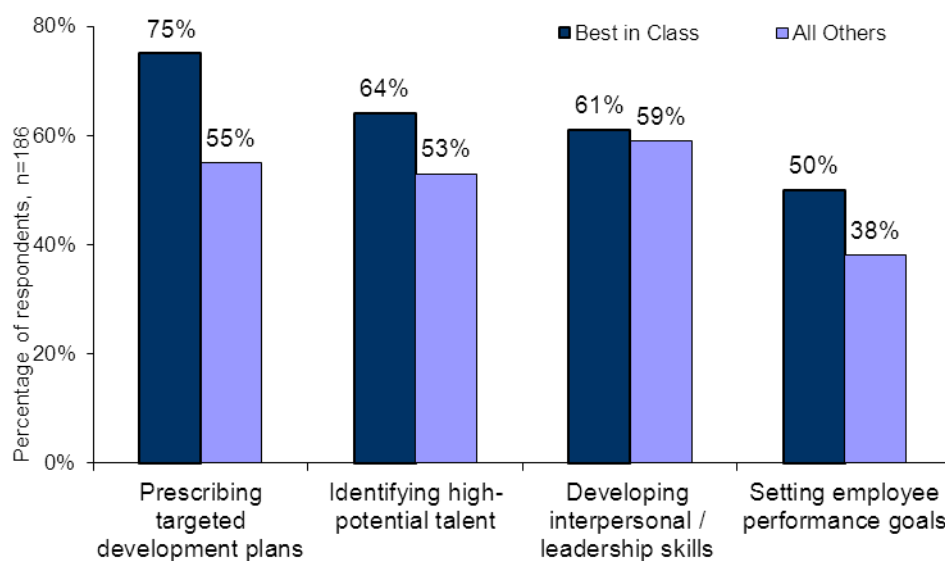
Source: Aberdeen Group, June 2012

In recent years Aberdeen has seen a trend toward using assessment data post-hire to guide development. Seventy seven percent (77%) of organizations that use assessments in the pre-hire also use them post-hire. Assessments help Best-in-Class organizations maintain their competitive advantage for the long term. Top-performing companies also use the insight they gain into candidates in the hiring process to guide onboarding and development by prescribing development plans, identifying high potential talent, building skills and establishing performance goals (Figure 4).

Fast Facts

√ **77%** of organizations using assessments in the hiring process continue their use post-hire

Figure 4: Post-hire Use of Pre-hire Assessment Data



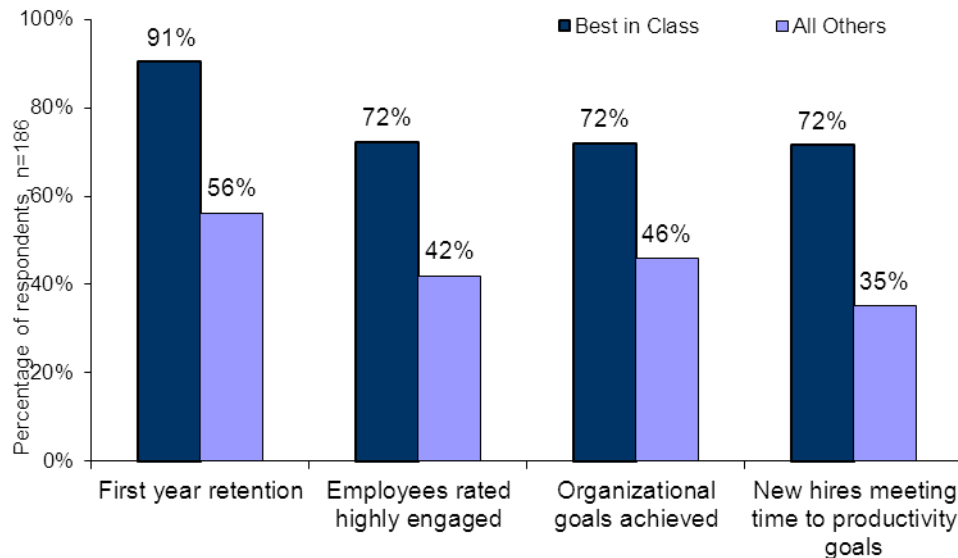
Source: Aberdeen Group, June 2012

Organizations that are achieving the best results from their assessment strategies know that acting upon assessments results is just as important as the act of assessment itself.

The Best-in-Class Difference

Best-in-Class organizations assess throughout the talent lifecycle, make better selection decisions based on insight into potential and performance, and use assessment data to drive ongoing development—and see big payback for their use of assessments. In these organizations, nearly twice as many new hires reach time productivity goals; they also achieve greater employee engagement, retention, and overall organizational performance (Figure 5). The most commonly-cited barriers to using or expanding the use of assessments among survey respondents were the lack of urgency from the business (39%) and the inability to link assessments to business results (28%). Best-in-Class organizations provide clear data to support the business case for an assessments effort, and demonstrate that the effort required to achieve Best-in-Class results pays off throughout the talent lifecycle and throughout the business.

Figure 5: The Best-in-Class Difference



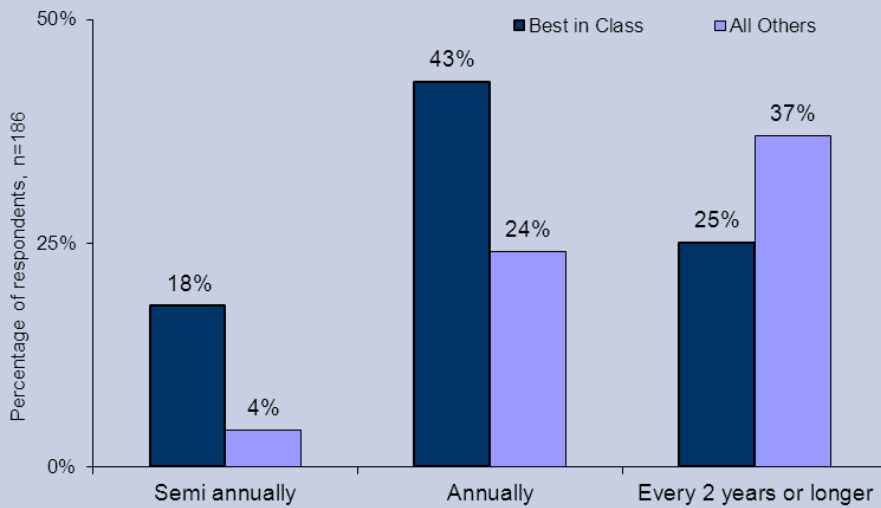
Source: Aberdeen Group, June 2012

In the following chapters, we will examine how Best-in-Class organizations achieve such impressive results.

Aberdeen Insights — Strategy

An assessment strategy must be a living piece of the overall organizational strategy. Assessment is not a matter of picking an assessment tool provider and forgetting about it. To be effective, an assessment strategy must reflect the changing needs of the business, its customers, and the talent pool. Organizations must work with the business to ensure that the assessments in use reflect the priorities of the business. A full 61% of Best-in-Class organizations indicate they review and update their assessment strategy at least annually, as compared to just 28% of all other organizations (Figure 6).

Figure 6: Frequency of Assessments Strategy Review



Source: Aberdeen Group, June 2012

To maintain a successful ongoing assessments effort, organizations must continue to revisit the impact and results of their assessment strategy, and include business and operational stakeholders in that review.

Chapter Two: Benchmarking Requirements for Success

Assessments can play a critical role in any organization's ability to execute on business strategy.

Case Study — Sprint

Sprint is a global provider of voice, data and Internet services, with over 56 million customers. These customers include individual consumers, as well as business customers of all sizes. The organization serves customers through its retail outlets, call centers and its business sales organization. They make thousands of hires every year, and received over 170,000 applications for its retail stores alone last year. With applicant and hiring volume of this size, the organization is working hard to not only narrow the funnel of applicants, but to ensure that everyone who does make the team will contribute to business results as fully as possible.

When Michael Blair joined the organization in 2010 as the manager of recruitment, Sprint already had a long history of assessment used in place. "Today 75 to 78% of all of our external hires go through a pre-hire assessment," said Blair. "The challenge is to ensure that these assessments are continuing to deliver the desired impact." The organization measures this impact in two distinct ways.

The first is the impact on efficiency for HR, with the primary benefits are streamlining the hiring process and narrowing the candidate funnel, while also delivering a consistent candidate experience. "The assessments we use help us evaluate candidates to determine if they simply don't have the required skills, if they have skills but not toward desired level of proficiency, or if they're in the 'green zone', possessing skills we require at high levels of proficiency," said Blair. By eliminating applicants without the required skills, the volume of people who go to the full recruiting process is greatly reduced.

The other way they measure impact is in terms of business effectiveness. By conducting validation studies internally, Sprint is able to link assessment outcomes to business outcomes such as decreasing turnover, improving call handling times, and increasing sales. Through these studies where financial and business performance data is integrated with assessments data, the organization has been able to put a dollar value on each of these outcomes. For example, last year the organization was able to demonstrate that its "green zone" hires reduce call handling time by 46 seconds per call. This 46 second improvement is calculated to have a \$4 million impact on the business, because that time allowed call-center

Fast Facts

- √ **75%** of Best-in-Class organizations can directly attribute changes in revenue or profitability to their assessment strategies
- √ **85%** of Best-in-Class organizations maintain a central repository for assessment data

Case Study — Sprint

agents to upsell customers, ask questions to prevent the need for future calls, and to simply be more productive by handling more calls per shift. "When you can validate impact, it's easy for managers and recruiters to start to trust the assessments process," said Blair.

Not only does Sprint validate the business impact of assessments results, it is continually fine-tuning the assessments process itself at every level of the organization. Every 18 to 24 months, each assessment used for hiring for the various job roles within the organization is reevaluated to ensure that it still matches with business needs. But this 18 to 24 month review is not the only checkpoint. "At least every 12 months we check in with business leaders to see if anything has changed in terms of strategy or job requirements," said Blair. "Ninety percent of the time, these spot checks tells us that we are on cycle and no changes are required until our next planned revalidation, but it is a failsafe to catch any changes that require us to take a new look at the assessments we are using." Blair also checks to make sure the assessments of delivering the desired process outcomes. For example, if a screening assessment is designed to cull out the bottom 20% of applicants, the organization checks to make sure that the cutoff scores are at the appropriate level to achieve these goals.

Sprint's use of assessments not only impacts the business, but is an example of how an assessment strategy must continually adapt to the changing world in which the business operates. Continued validation of impact, and ongoing communication with business leaders keeps the effort on track.

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **enabling tools and technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 3: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Clearly defined process to apply assessment results to development planning		
	77%	49%	37%
Organization	Collaboration between HR and line of business management to ensure that assessment content truly addresses business needs		
	96%	56%	39%
	A consistent competency model is used for hiring, development and performance management		
	84%	49%	35%
Knowledge	Assessment data for employees is stored and maintained in a central repository		
	85%	56%	56%
Enablers	Assessment tools currently in use:		
	<ul style="list-style-type: none"> ▪ 92% Behavioral-based / Personality type assessments ▪ 83% Skill-based assessments ▪ 76% Competency model libraries ▪ 72% Critical thinking / Cognitive ability assessments ▪ 68% Multi-rater / 360-degree assessments ▪ 64% Competency gap analysis tools 	<ul style="list-style-type: none"> ▪ 75% Behavioral-based / Personality type assessments ▪ 61% Skill-based assessments ▪ 45% Competency model libraries ▪ 62% Critical thinking / Cognitive ability assessments ▪ 62% Multi-rater / 360-degree assessments ▪ 41% Competency gap analysis tools 	<ul style="list-style-type: none"> ▪ 81% Behavioral-based / Personality type assessments ▪ 56% Skill-based assessments ▪ 31% Competency model libraries ▪ 50% Critical thinking / Cognitive ability assessments ▪ 57% Multi-rater / 360-degree assessments ▪ 21% Competency gap analysis tools
	Post-hire assessment results can be correlated to ongoing employee performance results		
	72%	38%	16%
Performance Management	Pre-hire assessment results can be correlated to ongoing employee performance results		
	69%	38%	21%

"At least every 12 months we check in with business leaders to see if anything has changed in terms of strategy or job requirements. Ninety percent of the time, these spot checks tells us that we are on cycle and no changes are required until our next planned revalidation, but it is a failsafe to catch any changes that require us to take a new look at the assessments we are using."

~ Michael Blair, manager of recruitment, Sprint

Source: Aberdeen Group, June 2012

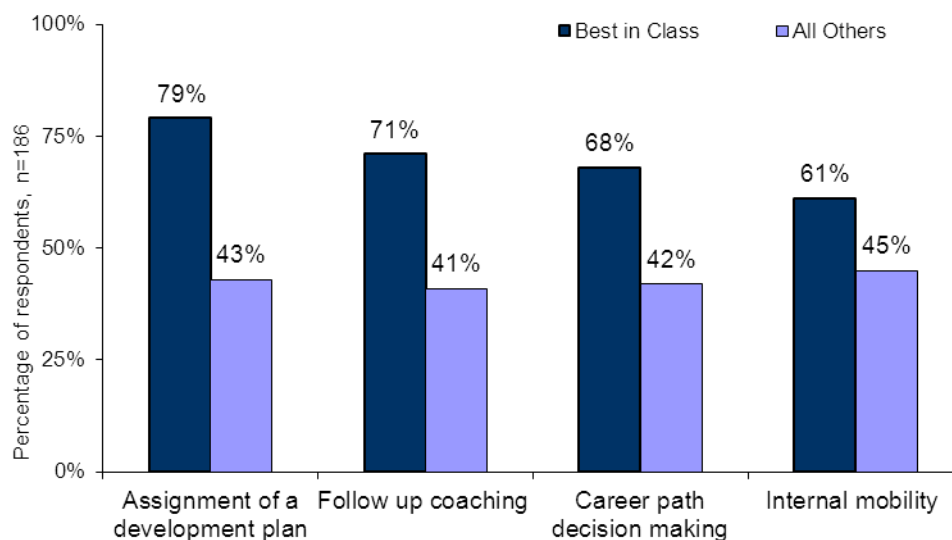
Capabilities and Enablers

As illustrated in Chapter 1, achieving Best-in-Class levels of performance can have a significant impact on the business. The following sections describe the capabilities, tools and technologies top performing organizations use to achieve such impressive results, and should serve as guideposts to help organizations develop their assessment efforts.

Process

Assessments are instruments, and how used is up to each organization. But organizations that achieve Best-in-Class results from their assessment efforts tend to use assessments consistently, and have clearly defined processes in both the pre-and post-hire. Best-in-Class organizations are 39% more likely (96% versus 69%) than All Other organizations to have clearly defined process for assessing applicants, and 75% more likely (77% versus 44%) to have a defined process to apply assessment results to development planning. These organizations understand it's not just about assessing, it's about what comes next. Particularly in the post-hire, these organizations emphasize development, coaching and mobility (Figure 7).

Figure 7: Leadership Assessment Follow-up



Source: Aberdeen Group, June 2012

Internal talent mobility and career paths are emerging as important strategies to engage and retain top talent. As organizations have flattened and streamlined, the traditional career path from entry-level worker to CEO through layers of middle management has largely disappeared. To keep individuals challenged and engaged with their work, organizations must find new ways to move them laterally through the organization to develop key skills and offer new experiences. Assessment data can help individuals understand how their strengths may be used elsewhere in the organization,

and help the organization uncover a wealth of internal resources and capabilities they may not have suspected. Having a clear process to identify and use these skills not only benefits the organization, but helps individuals plan and manage their career.

Organization

Assessments are a diagnostic tool. They take an individual's responses to various questions and situations and compare them to the responses of thousands upon thousands of other individuals. Based on this comparison, these tools offer insight into how an individual may react in future circumstances. But this diagnostic is only useful in relation to business needs. An assessment may indicate that an individual has particular traits or capabilities, but unless your organization knows how successful individuals that these traits or capabilities are within the organization, the assessment is merely an interesting exercise. To be effective, an assessment strategy must be a product of collaboration between HR and business operations leaders. An assessment must be selected and administered to achieve a business impact. Competency definitions that cut across hiring, development, and performance management form a common language that guides assessment use throughout the talent cycle.

Knowledge Management

One way Best-in-Class organizations continue to differentiate themselves is in their ability to store and maintain assessments data. These companies are 52% more likely than All Others to maintain a central repository for assessments data. This enterprise-wide view of assessments data allows the organization to compare individuals, careers, and job families to gain further insight into how and if assessments are correlated to ongoing business performance. It also lets organizations be consistent in their assessment use. Best-in-Class organizations are nearly 3-times as likely as Laggard organizations (81% versus 28%) to have job fit guidelines and use them for both hiring and promotion / succession decisions. An enterprise-wide assessments engine makes the delivery and use of assessments easier and more effective for the organization.

A centralized repository for assessments data also makes data sharing easier. Top-performing organizations integrate assessments data across a variety of talent processes. In the pre-hire, 96% of Best-in-Class companies integrate assessments data into the recruiting process, compared to 68% of All Other organizations. In the post-hire, Best-in-Class companies are more than twice as likely (79% versus 37%) to integrate assessments data into the performance management process, and 63% (88% versus 54%) more likely to integrate this data with learning and development programs.

Enablers

Organizations use a wide variety of assessment types at all phases of the talent lifecycle and for all levels of the organization. Aberdeen looked at four broad categories of assessments and their use throughout the talent

lifecycle at different levels of the organization. The data, presented in Table 4 shows that basic skill assessments become less important as you move up to the organizational hierarchy, but tools that look at the key drivers of behavior and how individuals may react in given scenarios become much more important. (For this study the following assessment type definitions were used: basic tests - skills and abilities, cognitive; multi-dimensional / whole person assessments - personality, behavioral; high stakes assessments - in-depth, simulation-based, applying experiences and knowledge; and motivational assessments - to identify key motivational drivers.)

Table 4: Types of Assessments used in the Hiring Process

	College hires	Entry level employees	Individual contributors	First-level managers	Mid-level managers	Executives
Basic tests	57%	79%	53%	46%	43%	31%
Multi-dimensional / whole person assessments	39%	41%	63%	74%	68%	58%
High stakes assessment	12%	11%	27%	38%	67%	72%
Motivational assessments	31%	34%	55%	63%	65%	67%

Source: Aberdeen Group, June 2012

The assessment type should match the decision being made. Hiring a senior executive involves more risk than filling an entry-level position. In this case an organization may look to a more in-depth assessment, or an assessment that uncovers motivational drivers, because of the greater influence the prospect will have within the organization. For an entry-level position, a simple skills screening test may be most appropriate tool to determine if an individual should enter the hiring funnel. Organizations must select the tool that fits the needs of the business and is appropriate to the decision point.

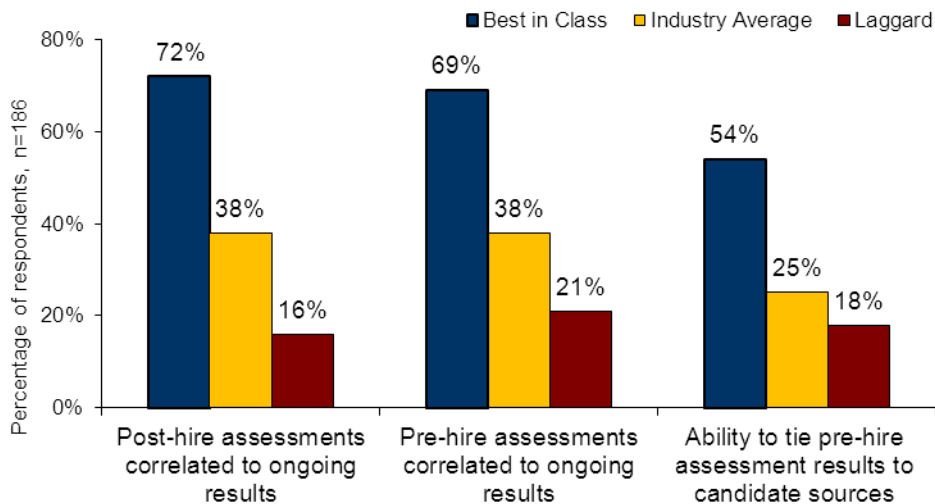
Performance Management

Managing the performance of an assessment initiative is all about validation. Validation starts with a solid and reliable foundation; when choosing an assessment tool, it is essential to determine whether there is valid and reliable science behind the tool, and to establish its credibility and reliability for predicting future outcomes. Of all the vendor selection criteria survey respondents were asked to evaluate, valid and reliable scientific backing was rated the most important (average rating 4.36 on a scale of 1 to 5, one being the least important and five being most important vendor selection criteria).

External validation is the first step. Organizations must also understand how assessment results using correlate to their organization's performance. For

this kind of validation, organizations must correlate assessments of candidates and employees with their ongoing success in the organization. This kind of performance evaluation is common among Best-in-Class companies, but remains a struggle for most other organizations (Figure 8).

Figure 8: Performance Management Capabilities



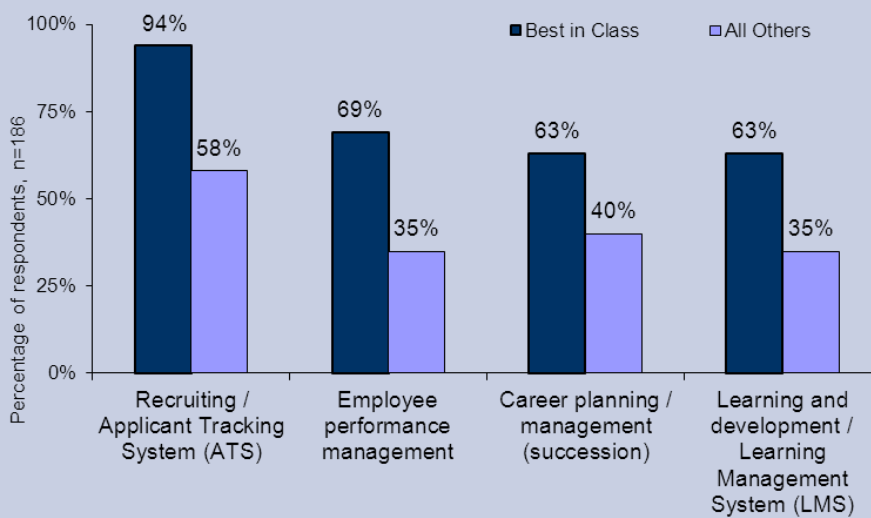
Source: Aberdeen Group, June 2012

Without the ability to understand how assessment outcomes are related to business outcomes, organizations are shooting in the dark with their assessment strategies. Organizations must tie assessments to business impact to implement an assessment strategy, by linking pre-and post-hire assessments to ongoing results. Since Best-in-Class organizations are three to four times as likely to be able to make this link, it's unsurprising that 75% of Best-in-Class organizations can directly attribute changes in revenue or profitability to their assessment strategies, compared to just 35% of All Other organizations. And, 48% of those Best-in-Class companies have the data to back up their claim. Not only are these organizations achieving better results, they are better managing their assessments investment.

Aberdeen Insights — Technology

As assessments become part of more organizations' talent strategies, integrating assessment solutions with other technology can streamline assessments efforts. The most common systems for integration are recruiting, performance management, succession and learning and development (Figure 9).

Figure 9: Assessment Integration with Other Systems



Source: Aberdeen Group, June 2012

Best-in-Class organizations are far ahead of their counterparts when it comes to this level of systems integration. Integrating systems directly allows organizations to more readily use their assessments data. Imagine that when the candidate is referred to hiring manager, feedback from a prescreening assessment is included, guiding interview questions and providing objective feedback. Or, when the leadership team is evaluating the organization's succession plan, data on readiness on the various competencies required for the next role is tied to each succession candidate. Automating and integrating assessments data, like automating and integrating other talent and workforce data, helps make the dream of data-driven decisions a reality.

Chapter Three: Required Actions

Whether a company is trying to move its performance in the use of talent assessments from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will spur the necessary performance improvements:

Laggard Steps to Success

- **Align with business priorities.** Collaboration between HR and line-of-business leaders was the number one capability cited by Best-in-Class organizations, but just 39% of Laggards have this capability in place. Assessments will never be seen as a critical part of business and talent strategy unless HR ensures assessments are in line with business priorities.
- **Establish a consistent competency model.** Competencies are the core of a successful assessments endeavor. There are common sets of definitions that let organizations make consistent hiring, development and performance evaluations. Currently, Laggard organizations are less than half as likely as Best-in-Class companies (35% versus 84%) to indicate that a consistent competency model is used throughout the talent lifecycle.
- **Build leadership buy-in.** Among Laggard organizations, less than two thirds (60%) indicate support and buy-in for their assessments strategy from senior executives and organizational leadership, as compared to 92% of the Best-in-Class. But this is unsurprising given that 61% of Laggards indicate they are unable to tie assessments to organizational impact. Organizations must link assessments efforts to business results, and measure and communicate that impact.

Industry Average Steps to Success

- **Link assessments to ongoing performance results.** Just 38% of Industry Average organizations can link pre- and post-hire assessments to ongoing results (as compared to 69% and 72% of Best-in-Class organizations respectively). This inability to link assessments efforts to ongoing results will prevent organizations from measuring the impact of assessments, and reduce the value returned on assessment investments. Without this validation, assessments efforts will never be viewed as critical to business success.
- **Assess to guide development.** About half (49%) of Industry Average organizations have a process to apply assessment results to development planning, compared to over three quarters of Best-in-Class organizations (77%). Top performing companies use assessment results to assign development plans, coach top

Fast Facts

- ✓ **84%** of Best-in-Class organizations utilize a consistent competency model is used throughout the talent lifecycle
- ✓ **69%** can link pre- and post-hire assessments to ongoing results

How Does Your Performance Compare to the Best-in-Class?



- Compare your processes
- Receive a free, personal PDF scorecard
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performers, and guide talent mobility in order to prepare the next generation of talent. Assessment isn't just for selection anymore; it is a necessary part of development planning as well.

- **Give hiring managers assessments support.** Assessments are an important part of a successful hiring process, but they are not the only part. An assessment cannot make a hiring decision—only hiring managers can do that. But strong assessments can provide insight to the hiring manager, guide their interview efforts, and help them compare candidates against an established success profile. Just 41% of Industry Average organizations train hiring managers to use assessment output, making them less than half as likely as Best-in-Class organizations (85%) to do so.

Best-in-Class Steps to Success

- **Focus on talent mobility, not just capability.** Assessments can uncover hidden talents, and bring to light development needs. As organizations flatten, leaders must find new ways to challenge top talent, and put in place stretch assignments that will build capability. Mobility – the act of moving individuals around in the organization to expose them to new functional areas or responsibilities – is a powerful tool for development. Currently, 61% of Best-in-Class organizations indicate internal mobility is a key goal of their assessment strategy, but organizations should consider adding this if it is not already in place.
- **Go to the source to fine tune hiring.** Just over half (54%) of Best-in-Class organizations can tie pre-hire assessment results to candidate sources. They are more than twice as likely as All Other organizations to have this ability (23%), but this capability is far from ubiquitous. As organizations seek to combat key skill shortages, understanding the sources of top-performing talent is critical. Identifying patterns that can point to hidden talent pools both internally and externally is a critical capability.
- **Formalize an assessment strategy.** The number of organizations with a formal assessment strategy is growing. Currently 49% of all organizations have a formal assessment strategy in place, but improving this number will help organizations achieve further results. When assessments are used on an ad hoc basis, organizations will not be able to track and use the data effectively. Focus on formalizing and standardizing assessments efforts will yield big returns.

Aberdeen Insights — Summary

Many types of assessments are available in the marketplace today. As organizations seek to make better, data-driven talent decisions, they turn to assessments for insight. Organizations must be thoughtful in their use of assessments, ensure they are working with solution providers that back up their claims with valid and reliable science, and focus on validating assessment impact. Assessments are an incredibly useful tool for hiring, development, and succession, and as long as they are used with an eye toward business results.

Appendix A: Research Methodology

Between April and June 2012, Aberdeen examined the use, the experiences, and the intentions of more than 180 enterprises using assessments in a diverse set of enterprises.

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on assessment strategies, experiences, and results.

Responding enterprises included the following:

- *Job title:* The research sample included respondents with the following job titles: CEO / President (18%); EVP / SVP / VP (21%); Director (20%); Manager (15%); and other (26%).
- *Department / function:* The research sample included respondents from the following departments or functions: HR / talent management (48%); corporate management (16%); business development, sales and marketing (13%); and other (23%).
- *Industry:* The research sample included respondents from a wide variety of industries. Some of the larger industries represented were financial services (8%), IT consulting / services (9%), software (8%).
- *Geography:* The majority of respondents (65%) were from North America. Remaining respondents were from Europe (14%), the Asia-Pacific region (14%), the Middle East and Africa (5%), and South/Central America and Caribbean (2%).
- *Company size:* Twenty-four percent (24%) of respondents were from large enterprises (annual revenues above US \$1 billion); 30% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 46% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Forty-one percent (41%) of respondents were from large enterprises (headcount greater than 1,000 employees); 23% were from midsize enterprises (headcount between 100 and 999 employees); and 36% of respondents were from small businesses (headcount between 1 and 99 employees).

Study Focus

Responding organizations completed an online survey that included questions designed to determine the following:

- √ What assessment types are having the greatest impact on quality of hire, succession, and employee performance
- √ How the consistent use of assessments post-hire influences overall organizational performance?
- √ The benefits, if any, that have been derived the integration of assessment data with other key talent processes

The study aimed to identify emerging best practices for talent assessments, and to provide a framework by which readers could assess their own management capabilities.

Table 5: The PACE Framework Key

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, June 2012

Table 6: The Competitive Framework Key

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, June 2012

Table 7: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, June 2012

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [*Analytics into Action: Workforce Planning for Talent Success*](#); March 2012
- [*Workforce Management Goes Mobile*](#); February 2012
- [*Human Capital Management Trends 2012: Managing Talent to Lead Organizational Growth*](#); January 2012
- [*Critical Roles: Sourcing for Business Impact*](#); September 2011
- [*The Talent Acquisition Lifecycle: From Sourcing to Onboarding*](#); September 2011
- [*The Engagement / Performance Equation*](#); July 2011
- [*Assessments 2011: Selecting and Developing for the Future*](#); May 2011

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

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For more than two decades, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.5 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

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