Assessments 2011

Selecting and Developing for the Future

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Mollie Lombardi

Aberdeen Group
A Harte-Hanks Company

Executive Summary

As every business decision falls under greater scrutiny, organizations are looking for tools that help them make better choices - and decisions about talent are no different. Assessments can provide valuable insights into hiring, promotion and development decisions, and help organizations minimize talent risk while maximizing talent performance. In data collected between March and April 2011, over 640 organizations shared their insights, including 516 organizations currently using assessments as part of their talent strategy. The various types, uses and impact of talent assessments are explored in this comprehensive benchmark study.

Best-in-Class Performance

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

- 73% of employees received rating of "exceed" on last performance review

- 69% of key positions have at least one willing and able successor identified

- 19% year-over-year 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 as a tool to drive better talent decisions at multiple points in the employee lifecycle, from hiring to succession

- Collaboration between HR and the business to create a language of competencies to assess against

- Using a variety of assessment types, appropriate to the decision point, to help them minimize the risk in critical talent decisions

Required Actions

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

- Pick the appropriate assessment type for the role and the decision point

- Use assessment data to help identify talent gaps and available talent resources to support long-term workforce and business planning

- Assess not only for current skills, but also for future leadership and development potential

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Business Context

If the last four years of Aberdeen research into the use of talent assessments have shown anything, it is that assessments are an incredibly valuable tool in the hiring, development and future planning processes in an organization. These tools can help uncover individuals with the right skills, behaviors and attitudes to move an organization forward. The case to use assessments or not has been made. But uncovering the right types of assessments to be used for specific decision points, and understanding what to do with the output of those assessments is the next piece of the puzzle. The findings of the over 500 organizations using assessments as part of their talent decision processes have shown some clear trends. Chief among these is that top-performing organizations are using assessments to not only understand the skills and traits an individual has today, but their capacity to change, grow and adapt in the future as the business requires them to.

Growth and Adaptation

Talent has long been viewed as a formula for growth. If you're going to increase sales by X%, you need to increase sales staff by Y. If you're going to increase your client base by N%, you must add Z more client delivery staff. But recent economic conditions have changed the math, and most organizations don't have the luxury of simply adding staff to grow. If an organization does add staff, those new hires must be able to get up to speed and deliver results quickly.

Figure 1: Pressures Driving the Use of Assessments

Source: Aberdeen Group, April 2011

Fast Facts
Organizations using assessments in the pre- and post-hire saw, on average:
√ **18%** more of their organizational goals achieved
√ **15%** more of their new hires achieving their first performance milestone on time
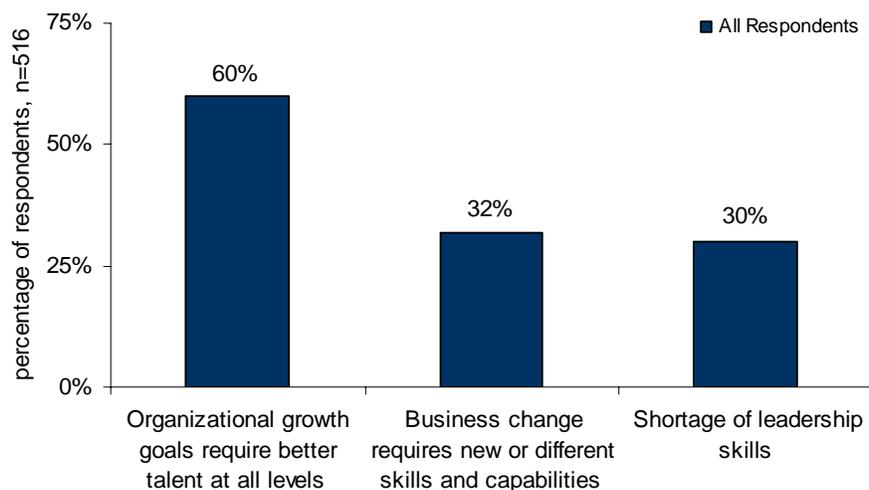
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And when adding more people is simply not an option, organizations must adapt with what they have, focusing on aligning individual skills with the work to be done, and developing the resources they have in house. These pressures to grow and adapt are the top drivers behind the continued growth of the use of assessments (Figure 1).

These pressures strongly echo the findings in Aberdeen's December 2010 study, *The 2011 HR Executive's Agenda*. That research found that the need to balance efficiency in the light of economic uncertainty with supporting organizational growth were the key drivers behind all Human Capital Management (HCM) efforts. That study also found that the use of assessments, both pre- and post-hire, was highly correlated to the overall success and impact of HCM efforts. The biggest differentiation was in the post-hire, where Best-in-Class companies were found to be 69% more likely to have assessments in use (49% vs. 29%). As a tool to help manage talent risk by providing more data into critical decisions as well as help identify the right people who can perform for the long term, assessments are powerful elements of a strong talent strategy.

Performance and Potential

To support the desired levels of growth, and deliver a workforce capable of adapting to the challenges that growth brings, organizations are looking to assessments to help them make better selection and development decisions. Because when an organization invests in hiring, it is not only looking for the skills required today, but to meet the challenges of the future. The goals for assessment use illustrated in Figure 2 address these challenges, with organizations clearly focused on delivering business results by making better hiring, promotion and development choices.

Figure 2: Goals for the Use of Assessments
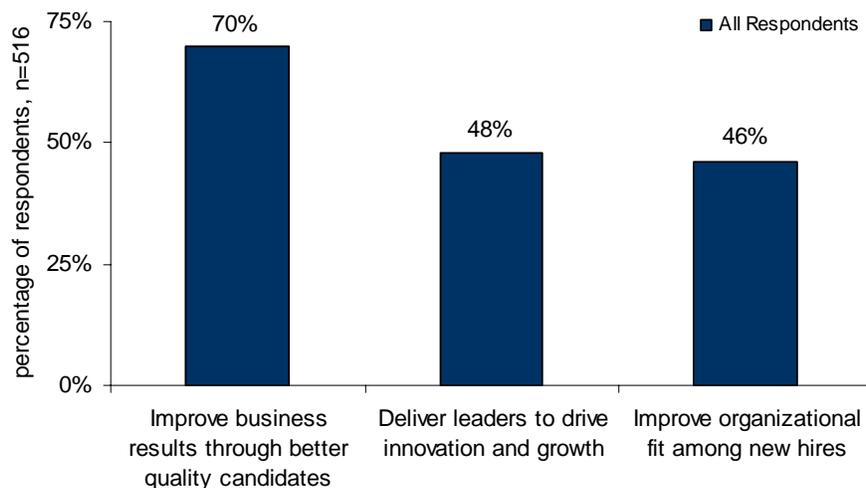
Source: Aberdeen Group, April 2011

Talent acquisition has long been a focus for assessment efforts, and that should not change, but it's also critical to think about how that hiring decision will play out further into a candidate's career to ensure that they drive value for the organization, can grow, and that they are the right fit for your culture. Aberdeen's *Talent Acquisition Strategies 2010* report published in August 2010 found that organizational fit was the number one element of quality of hire for two years running, and that for Best-in-Class companies knowing how the individual will fit with their immediate team was even more important than skills when it came to evaluating the overall organizational fit. Assessments can and should be used for so much more than an evaluation of where an individual's skills or behaviors are today. The right kind of assessments used in the right way can help drive a decision making process that has benefits for years down the road. It shouldn't be the only consideration, but an individuals potential, commitment and fit, or alignment, with where the organization is headed will have a powerful impact on long term results.

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 that were used in the 2010 assessments research. 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 are able to align individual's efforts with the work that the organization is expecting of them.

- **Bench strength** is defined as 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 look at how organizations are using assessments in the pre-hire to improve fit, in the post-hire to deliver results in the near term, as well as plan to address future organizational needs.

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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	▪ 73% of employees received rating of "exceed" on last performance review ▪ 69% of key positions have at least one willing and able successor identified ▪ 19% year-over-year improvement in hiring manager satisfaction
Industry Average: Middle 50% of aggregate performance scorers	▪ 27% of employees received rating of "exceed" on last performance review ▪ 30% of key positions have at least one willing and able successor identified ▪ 7% year-over-year improvement in hiring manager satisfaction
Laggard: Bottom 30% of aggregate performance scorers	▪ 16% of employees received rating of "exceed" on last performance review ▪ 15% of key positions have at least one willing and able successor identified ▪ 1% year-over-year <u>decrease</u> in hiring manager satisfaction

Source: Aberdeen Group, April 2011

The Best-in-Class PACE Model

Organizations that are able to get the most out of their use of assessments are those that:

- View assessments as a tool to drive better talent decisions at multiple points in the employee lifecycle, from hiring to succession

- Collaborate between HR and the business to create a language of competencies to assess against

- Use a variety of assessment types, appropriate to the decision point, to help them minimize the risk in critical talent decisions

Table 2: The Best-in-Class PACE Framework

| Pressures	Actions	Capabilities	Enablers
▪ Organizational growth goals require better talent at all levels	▪ Build a competency framework against which the organization can make better selection, placement and promotion decisions ▪ Ensure that all candidates for specific positions go through an assessment as part of the hiring process	▪ Clearly defined process to assess candidates and applicants ▪ Support and buy-in for assessments from senior executives and organizational leadership ▪ Employees understand how assessments are conducted and interpreted	▪ Behavioral-based / Personality type assessments ▪ Skill-based assessments ▪ Critical thinking / Cognitive ability assessments ▪ Automated assessments as part of the recruitment process

Pressures	Actions	Capabilities	Enablers
		▪ HR and line of business management collaborate to ensure that assessment content truly addresses business needs	▪ Multi-rater / 360-degree assessments ▪ Assessment portal (a platform designed for the internet to improve accuracy and test security)

Source: Aberdeen Group, April 2011

Best-in-Class Strategies

When it comes to the strategies in place among assessment users, there is not extensive differentiation between Best-in-Class organizations and all others (the combination of Industry Average and Laggard companies) as shown in Figure 3.

Figure 3: Most Common Assessment Strategies
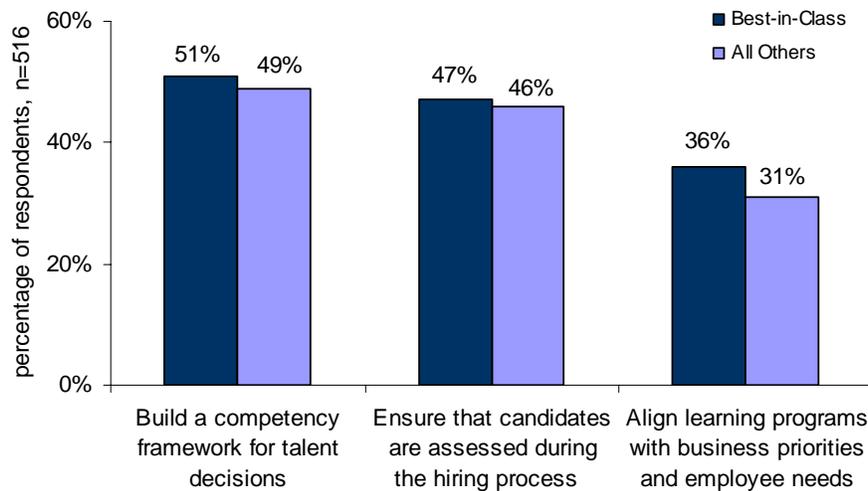
Source: Aberdeen Group, April 2011

Building a competency framework that serves as a basis for assessments was also the most prevalent strategy in the 2010 assessments research. And as we will see in the discussion of capabilities in Chapter Two, ensuring that individuals are assessed properly is critical. The third strategy here is one that speaks not only to alignment, but also to efficiency. In today's world, organizations can't afford to waste time or resources on any activity that won't help it address business needs, so the alignment of learning programs with those needs makes perfect sense. But just as critical, both from a resource perspective and an employee engagement perspective is to align those programs with the needs of the individual. For a top performer to have the option to "test out" of certain training programs saves the company the cost of delivery as well as the cost of that individuals time out of their regular job, and it also keeps the individual focused by not feeling

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like they are wasting time. Similarly, an individual who is a strong performer in many areas but has one addressable gap in their expertise, the use of targeted development can truly propel their performance forward. Assessments, particularly those used to guide development, are not meant to be punitive, but to be guide posts that can improve alignment from the individual to the organizational level.

A Critical Voice in the Process

One common theme differentiating Best-in-Class organizations in the use of assessments is the maturity they demonstrate in trusting the data as a key voice in the talent decision making process. Assessments in and of themselves really don't do anything for an individual or an organization - it's all in how that data is used. And as Figure 4 shows, top performing organizations place more value on assessment data for more decisions than all other maturity classes.

Figure 4: Importance of Assessment Data for Critical Decisions
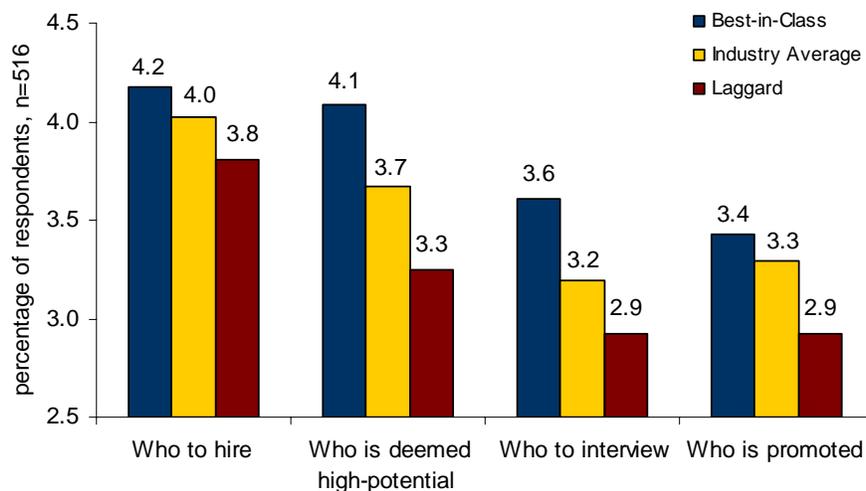
Rated on a scale of 1-5 where 1 = little importance and 5 = critically important
Source: Aberdeen Group, April 2011

Across the board, at every decision point, Best-in-Class companies place greater value on assessment data as a part of that decision process. And the one decision point where there is the greatest gap is in helping to understand future potential. This is important because it indicates that these top performing companies know that it's not enough just to understand an employee's current capabilities, but what they may be able to do in the future. And it also indicates that these organizations acknowledge that gut instinct alone is not enough to help them make the call on evaluating future potential. Almost everyone who's been working for more than a few years can tell stories of the wasted talent of a diamond in the rough, or the missteps of a new leader who didn't have what it takes. Finding ways to

quantify, evaluate, and help make better decisions for the future based on potential is a priority for top performing companies.

When asked what post-hire activities pre-hire assessment output is integrated with, 57% of the Best-in-Class indicated "identifying high-potential talent," making it the top priority, as compared to just 50% of all others. In addition, second only to "valid and reliable science behind the assessments offered" (cited by 44%), 43% of the Best-in-Class rated "evidence of accuracy in predicting potential" as a top three vendor selection criteria as compared to 29% of all others. This was also the point of most differentiation between Best-in-Class and all others when it came to selecting a solution partner.

And when it comes to the elements used in the process of determining who will be promoted into key management roles, Best-in-Class organizations are giving more credence to the output of assessment tools and relying less on manager instinct. The human instinct shouldn't be ignored in these situations, but if it can be made more powerful by being framed with objective data, all the better. Best-in-Class companies are 11% less likely to use hiring manager recommendations and 26% more likely to use multi-dimensional and / or high-stakes assessment batteries than all others (Figure 5).

Figure 5: Elements Used in Promotion Decisions
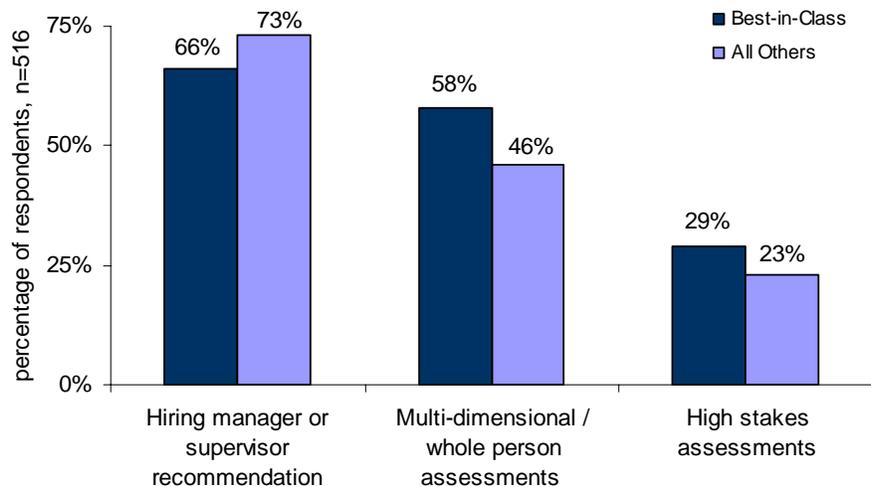
Source: Aberdeen Group, April 2011

Bridging the Pre-Hire / Post-Hire Gap

Clearly, pre-hire and post-hire decision making cannot be made in a vacuum. Who is hired is dependent on the talent already existing within an organization, and development priorities may be influenced by external talent insights. The employee lifecycle is truly interconnected, and organizations are getting smarter about using the information gathered

about an individual through pre-hire assessments in the post-hire. Among all organization, the most common uses are:

- Educating the hiring manager on style and preferences of the new hire - 56%

- Identifying high-potential talent - 51%

- Prescribing targeted learning and development plans - 49%

And it makes good sense to continue the use of assessments after the hiring decision is made. As Figure 6 illustrates, the use of assessments in the pre-hire improves performance on several key metrics, but using them into the post-hire boosts performance even further.

Figure 6: Impact of Assessments on Key Metrics
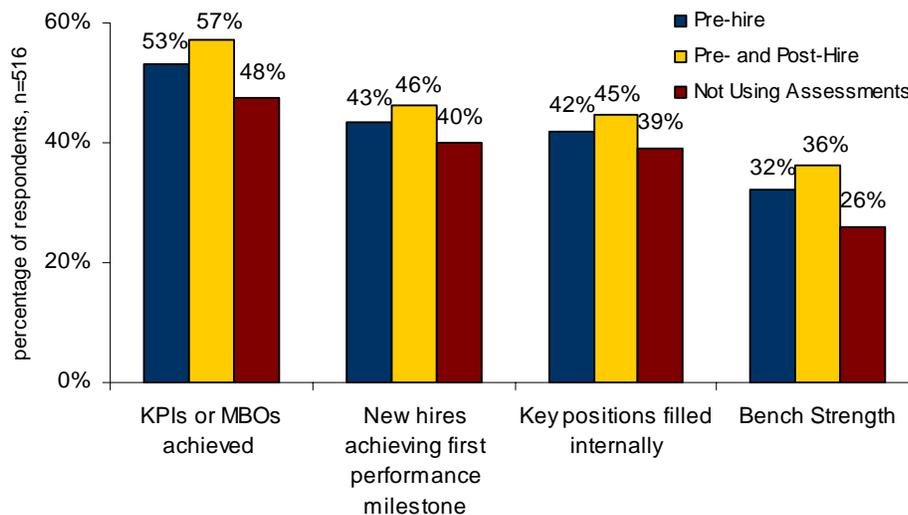
Source: Aberdeen Group, April 2011

Of course, not all assessments are designed to be used for the same purpose. As important as it is to use assessments consistently throughout the lifecycle, it's just as important to use the appropriate assessment at the appropriate time. As we will see in the case study below from CARQUEST, a strategy of pre-hire assessment at all levels of the organization has driven great benefits, but the type of assessments varies. Table 3] shows how various assessment types are used with several different candidate groups, from college hires through executive ranks. As you move up through the organizational hierarchy, the types of assessment become more in depth, which makes sense since greater responsibility for the organizations future typically resides at each of these levels. As you move from left to right in Table 3, the data shows us that basic skills become less important, but an understanding of situational experience, individual motivation, and other indicators of adaptability are in wider use. (Please note that 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 3: Types of Assessments used in the Hiring Process

	College hires	Entry level employees	Individual contributors	First-level managers	Mid-level managers	Executives
Basic tests	32%	49%	34%	29%	22%	16%
Multi-dimensional / whole person assessments	35%	40%	46%	58%	61%	52%
High stakes assessment	7%	8%	12%	20%	29%	34%
Motivational assessments	18%	20%	25%	32%	34%	36%

Source: Aberdeen Group, April 2011

And as CARQUEST demonstrates, a consistent but flexible approach to pre-hire assessments is helping them make better hiring decisions that are leading to better long-term performance.

Case Study — CARQUEST

CARQUEST is a supplier of automotive replacement parts, supplies and accessories for all makes and models of cars, trucks, busses, RVs and agricultural equipment. With over 3,000 retail locations and 30 distribution centers throughout North America, the company employs approximately 18,000 people. The recruiting function hires between 3,000 to 5,000 people a year. "Sometimes it feels like we recruit for multiple companies, since each location, store type and the brand is so distinct for each," says Ginger Graham, Director, Talent Acquisition, CARQUEST, "It's important for us to make things as consistent as possible while still meeting the needs of our various hiring managers."

Assessments play a big role in the hiring process for all parts of their organization. Everyone who is hired into the organization, from a warehouse worker to a vice president on the executive team, goes through a competency based pre-hire assessment process. The required competencies that are desired for each role, location and brand may be different, but the step of assessing applicants based on those competencies remains consistent. For volume hiring positions such as customer service teammates, the assessment tool used also produces an interview guide that the hiring manager can use to probe into particular areas, which helps them be more efficient and make better hiring decisions.

continued

Case Study — CARQUEST

For more senior level positions, the assessment solution also incorporates items to help understand motivators and work styles that may impact the applicant's future success in their role.

While assessments are a major part of all hiring efforts, the use of assessments and the competency framework they are built upon reaches far beyond the applicant stage. The competencies someone is evaluated upon for selection continue through the lifecycle, and are the basis for the corporate university as well. "We want people to know what their getting into, and to know that we're hiring the right people to meet our business needs today and in the future," said Graham. Further assessments to help guide development are also in place as part of the corporate university programs.

Assessments have also had an impact post-hire when it comes to driving ongoing performance. Three years ago when the organization adopted its assessment strategy, it also embarked upon a journey to build HR metrics. One critical piece of the quality of hire metric put in place is a measure of quality assessment results, linking specific assessment outcomes to improved sales at the store level. This information will help fine tune the selection process, and also builds the business case for hiring managers. When managers can so clearly see the value to the store results they will be measured on, the value of incorporating that assessment data into the hiring decision process is abundantly clear. "Assessments aren't meant to make the hiring decision for us, but with so much proven value behind them they become an important part of the process and open up important dialogue that leads to better hiring," concluded Graham.

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~ Ginger Graham, Director, Talent Acquisition, CARQUEST

In the next chapter, we will see what other top performers like CARQUEST are doing to achieve these gains.

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Chapter Two:
Benchmarking Requirements for Success

While the case study in Chapter One highlighted a pre-hire application of assessments, the work clearly does not stop there for CARQUEST or another top performer, American Airlines. While they too use assessments in both the pre- and post-hire, the case to follow focuses on their tremendous success in assessment based development.

Case Study — American Airlines

American Airlines is a major US air carrier, operating in over 250 cities in over 40 countries with approximately 3,400 daily flights. American and its regional carrier American Eagle have nearly 88,500 full-time and part-time employees worldwide and they serve 275,000 passengers on an average day. As a large, global, dispersed organization with multiple job types from mechanic to pilot to executive officer, managing talent is a big task – and assessments play many roles in that talent management process. From selection to development, skills testing to personality indexes and 360 feedback, many types of assessments are used by the organization. But one of the things that sets American Airlines apart is the processes they have put in place to make use of the output of their various assessments.

Approximately three years ago, American introduced its "Leading Others" leadership workshop to focus on leadership development. This workshop experience begins before the two-day event with a battery of assessments, both personality and competency based, and a 360 degree evaluation. Day one of the program is all about receiving the personalized assessment feedback in one on one and small group sessions. But day two takes it to the next level, focusing on actions individuals can take to develop as leaders based on what they learned about themselves on day one, and concludes with the creation of a specific development plan with timed milestones that the individual can share with their manager and put into the ongoing performance management process. "We didn't have much of a recent focus on development," said William Mitchell, Managing Director, Leadership Planning and Performance at American Airlines. "And there wasn't much cultural tolerance for anything that felt too 'fluffy', but the response to this program has been amazing." In three years, over 70% of the over 3,000 individuals in leadership roles have voluntarily completed the program.

The program was so successful that it is driving further assessment use in the organization. Organizational Development (OD) consultants use them to guide 1:1 coaching with individual executives and teams. Leaders have sought out external assessment-based development programs.

continued

Case Study — American Airlines

And the head of the airports division was so impressed with the Leading Others programs that he funded a modified version of the program for all 1,200 of his team members. That program even added a second phase to continue to tie the power of this assessment feedback to business outcomes. For each of the six major strategic goals for that division this year, all leaders are undergoing training on how they as leaders can use their unique skills to achieve those goals.

Part of the power of these assessments is in its impact on self awareness. "Everyone loves to learn about themselves," said Mitchell. "But then when you can use that information to coach, guide development and make better choices because of what you know, it's even more powerful." American has looked to quantify this value by comparing the performance of individuals who have gone through the program with those who have not, and thus far the feedback is good. There has already been a general trend of improved performance among those leaders who have been through the program. "It's been really eye opening for people to understand that assessments aren't there to identify where they're weak and push them to 'fix' those issues, but that they area tool to help them use their strengths to achieve more for themselves, their team and the business," said Mitchell.

"Everyone loves to learn about themselves. But then when you can use that information to coach, guide development and make better choices because of what you know, it's even more powerful."

~ William Mitchell, Managing Director, Leadership Planning and Performance, American Airlines

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) **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 4) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 4: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Clearly defined process to assess candidates and applicants		
	84%	72%	64%
Organization	HR and line of business management collaborate to ensure that assessment content truly addresses business needs		
	72%	64%	62%

	Best-in-Class	Average	Laggards
Knowledge	Hiring managers know how to use the output of assessments		
	69%	51%	48%
Tools and Technology	Assessment tools and technology currently in use:		
	▪ 63% Skill-based assessments ▪ 54% Critical thinking / Cognitive ability assessments ▪ 47% Automated assessments as part of the recruitment process ▪ 36% Assessment portal	▪ 57% Skill-based assessments ▪ 51% Critical thinking / Cognitive ability assessments ▪ 40% Automated assessments as part of the recruitment process ▪ 26% Assessment portal	▪ 49% Skill-based assessments ▪ 42% Critical thinking / Cognitive ability assessments ▪ 29% Automated assessments as part of the recruitment process ▪ 22% Assessment portal
Performance	Post-hire assessment results can be correlated to ongoing employee performance results		
	48%	28%	23%
	Pre-hire assessment results can be correlated to ongoing employee performance results		
	47%	36%	25%

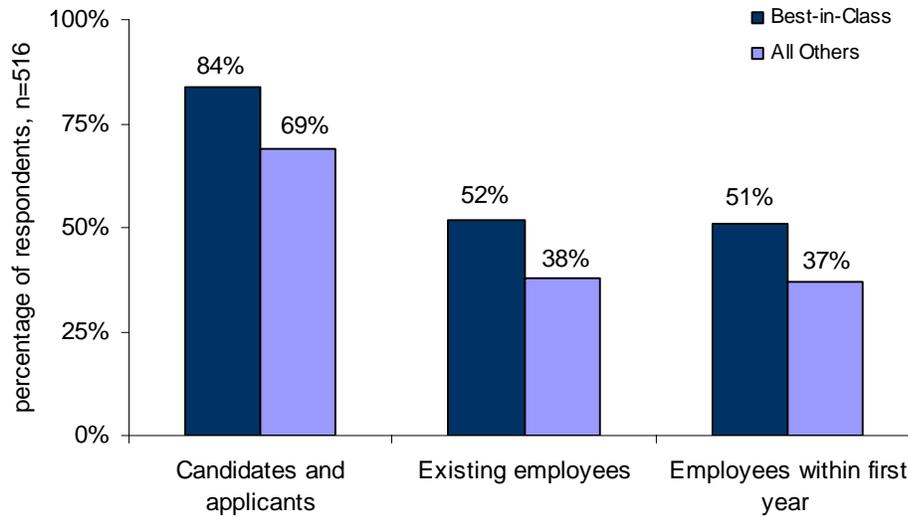Source: Aberdeen Group, April 2011

Capabilities and Enablers

The capabilities and enablers cited most commonly by top performing organizations in the use of assessments point to one common theme - alignment. Ensuring that all stakeholders understand the "how and why" of an assessment strategy, what tools and processes are in place to conduct, use and analyze assessment findings, and continual checking to ensure that assessment results are truly correlated to business drivers all support this alignment theme. In the following sections several of the specific processes, technologies and activities will be explained in further detail.

Process

The most basic building block of assessment success starts with consistency in their use. And Best-in-Class organizations are far more likely to have a clear process for assessment in place not only as part of the hiring process, but during the onboarding process and on into an individual's career with the organization. Over half of Best-in-Class organizations say they have a defined assessment process for new hires, for existing employees, and for candidates (Figure 7). And organizations that have all three are 56% more likely to be Best-in-Class than organizations that only have a process for

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pre-hire assessment, and more than four and a half times more likely to achieve Best-in-Class status than organizations that do not have a clearly defined process in place in any of those three stages.

Figure 7: Process in Place to Assess During the Employee Lifecycle

Source: Aberdeen Group, April 2011

The data gathered demonstrates again and again that as powerful a tool as assessments are in improving hiring decisions, when combined with a process for ongoing assessment throughout the talent lifecycle, they become even more valuable.
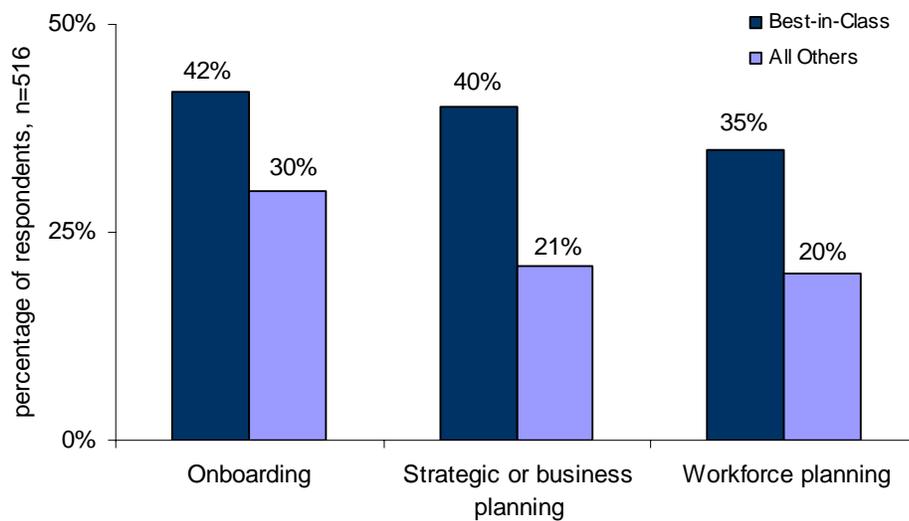
Organization

When it comes to organizational capabilities, this is where alignment becomes critical. Organizations of all maturity classes, from Laggard to Best-in-Class know the value of management buy-in, with 74% of each group identifying it as an organizational capability. But there is a difference between general buy-in and true alignment. Among the Best-in-Class, 72% indicate that there is true collaboration between HR and the business to ensure that the types of assessments being used and the types of output delivered really meet the business needs, making them 16% more likely to do so than all others. Sixty-three percent (63%) of this group also indicate that they have a consistent, agreed-upon set of competency definitions in use for hiring, development and performance management decisions, as compared to just 50% of all others. This kind of collaboration and consistency across the organization is critical for ongoing success.

Knowledge Management

Knowledge management capabilities are all about contextualizing data and exposing it to key stakeholders. Best-in-Class organizations excel in this

area when it comes to assessments, because assessments are all about uncovering, contextualizing, and making data about individuals usable for better decision making. At these top performing companies, hiring managers are 38% more likely to know how to use the output of assessments as part of their hiring decision (69% vs. 50%), employees are 33% more likely to understand how assessments are conducted and interpreted (73% vs. 55%), and assessment data is 17% more likely to be accessible to the appropriate parties through a central repository (68% vs. 58%). Clearly Best-in-Class companies are doing a better job of ensuring that everyone involved knows how and why assessments are used, and are using that data by making it available to the right decision makers. But these companies are also using this data at more points in the talent lifecycle, and in different ways than their counterparts. Figure 8 shows three critical areas where Best-in-Class companies are more likely to integrate assessment data, and by the widest margin.

Figure 8: Processes where Assessment Data is Integrated

Source: Aberdeen Group, April 2011

These three areas are quite telling. The first, onboarding, is a critical point in the employee / employer relationship. When someone is going through the hiring and interview process the organization gathers lots of information about the candidate, often including information about key skills, work style preferences, motivating factors and even environmental conditions that may derail them. But translating this knowledge into their introduction to the organization as a new employee is much more difficult. While all that information may play a role in the individual hiring decision, often the onboarding process can be more one-size-fits-all. But top-performing organizations are doing a better job of using that individual data in the onboarding process. Just imagine how powerful it could be to an individual's first interaction with their team if that team knows something about the skills, strengths and capabilities that individual brings to the table. And team

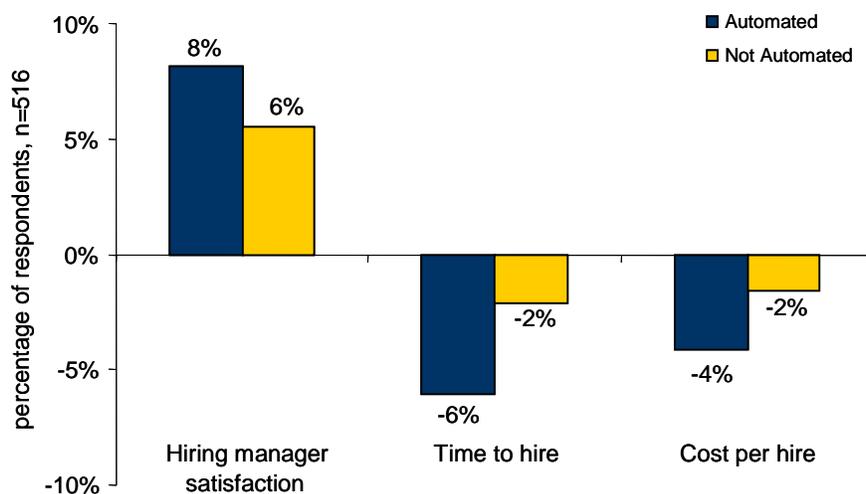Aberdeen *Group*
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fit is so important to quality of hire, so using that data can bring powerful insights and an increased chance of success to that new hire.

The other two both relate to forward planning. In Chapter One, the idea of assessing for potential emerged as a key theme, so it is not surprising that Best-in-Class companies are almost twice as likely to look at assessment data as part of the strategic business planning process, and 75% more likely to do so for workforce planning. When planning for the future, once an endpoint is in mind the most important thing is to understand how far the organization really is from achieving that goal. Assessments can help quantify that gap, as well as provide insights into who may have the potential to step up and, with proper development, bring the right skills to the table to bridge the gap. Using assessment data as one of the feeds into forward looking plans is a smart step to creating realistic, actionable plans for the future.

Tools and Technology

When it comes to the types of assessment tools used by organizations today, Best-in-Class performers are more likely to use multiple varieties, and to target them at specific employee groups and decision points. In fact, 35% of the Best-in-Class use all three of the top enablers, behavioral-based / personality type assessments, skill-based assessments and critical thinking / cognitive ability assessments, as compared to 23% of all others. Not only are these organizations using more assessment types, they are making them an automated part of their processes, particularly in hiring. Best-in-Class organizations are 62% more likely to have automated assessments as part of the recruitment process, integrating them with their Applicant Tracking System (ATS) or career portal (47% vs. 29%). This automation is yielding impressive performance improvements in key hiring metrics, including improved hiring manager satisfaction and greater reduction in both time and cost to hire (Figure 9).

Figure 9: Year-over-year Results with Automated Pre-Hire Assessments

Source: Aberdeen Group, April 2011

This kind of integration continues into the post-hire as well at the most successful organizations, with Best-in-Class companies 33% more likely to integrate their assessment solution systems with their employee performance management systems (40% vs. 30%), 29% more likely to integrate with succession systems (44% vs. 34%) and 12 more likely to integrate with their learning management system (LMS - 38% vs. 34%). Again, the technology integration is supporting the idea that assessments are only as valuable as how the output from them can be used, and integration helps ensure this data becomes part of the equation at multiple points in the lifecycle.

Performance Management

The true value of any assessment is tied to its validity. And when selecting assessment partners, the ability to demonstrate that validity and accuracy rise to the top, as discussed in Chapter One. But Best-in-Class organizations go further when it comes to evaluating the performance of their assessment tools. Top performers are 85% more likely to be able to correlate post-hire assessment results to ongoing performance results than all others (48% vs. 26%) and 42% more likely to be able to tie ongoing performance back to pre-hire assessments (47% vs. 32%). Aberdeen's August 2010 _Talent Acquisition Strategies 2010_ report discussed the importance of being able to track ongoing performance back to the hiring process, including being able to trace back to the sources of high performing talent. Assessment data must be used the same way, and the types of assessment results that are strongly correlated to long-term performance and potential for your particular organization should be tracked. Additionally, 29% of the Best-in-Class indicate that they can link the use of assessments directly to changes in profitability or revenue, and have the data to back that linkage up, as compared to just 12% of Industry Average organizations and 6% of Laggards. It is not enough to simply conduct assessments, or even to conduct them and use them to guide decisions. The impact of those decisions on the business and the ability to tie back ongoing performance to the assessment output is critical to managing the long-term return on assessment investment.

Aberdeen Insights — Technology

Mobile technology is on the rise in the HCM space, and for good reason. Aberdeen's June 2010 report *Mobile HCM: Workforce and Talent Management on the Move* found that organizations using mobility tools in HCM are showing a 13% year-over-year increase in manager productivity versus 6% for organizations not using mobile technology. As applicants come to expect the ability to interact with career websites and job applications over smart phones and tablets, employees desire to access learning and development tools via a mobile device. And as organizations adopt more automated and computer-based assessment technologies it is an area that seems ripe for innovation. And not only is there the opportunity to possibly allow for assessments to be administered via mobile device, but there is also the idea of making assessment data accessible to managers and decision makers via mobile devices as well. While adoption is not wide as of yet, Best-in-Class companies are far more likely to make use of both options (Figure 10).

Figure 10: Mobile Access to Assessments
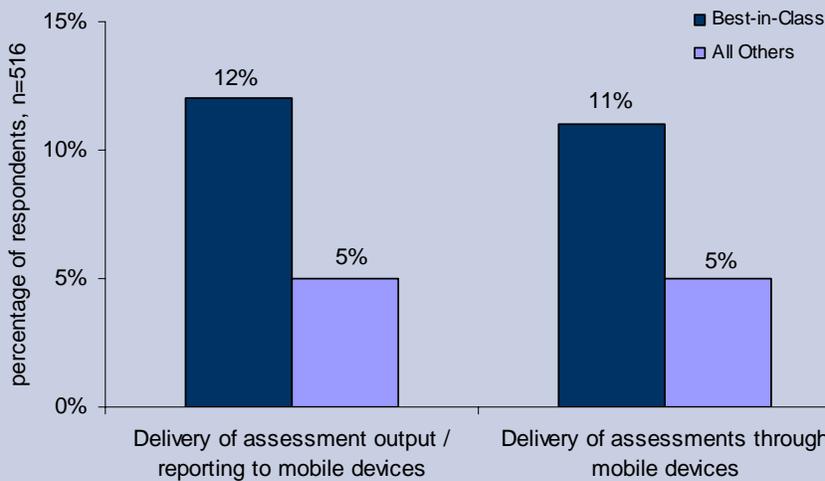
Source: Aberdeen Group, April 2011

Clearly, not every assessment type is suitable for a mobile device, and like any employee data delivered to mobile devices, assessment output must be secured. But the use of mobile tools to both collect and disseminate assessment data will be an interesting one to watch as we see more business being transferred to these kinds of devices.

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Chapter Three:
Required Actions

Assessments are a powerful tool for organizations to use in their ongoing pursuit of better talent decision making. No matter where an organizations performance is today, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Use assessments in post-hire decision making.** Laggard organizations are still likely to place the most value on the use of assessments data in hiring decisions. But currently just 48% rated assessment data as very important to promotion decisions, as compared to 61% of the Best-in-Class, and only 38% value it highly as part of the selection criteria for participation in learning and development programs as compared to 44% of the Best-in-Class. As Figure 6 in Chapter One showed, the use of assessments in both the pre- and post-hire has a greater impact, and organizations should take advantage of the insights assessments provide at all key talent decision points.

- **Assess for potential.** Laggard organizations are 44% more likely than Best-in-Class organizations to indicate that they use no assessment data when making high-potential designations, even when they are using assessments at some other point in the talent life cycle (39% vs. 27%). Given the importance of understanding future potential, and the success achieved by top performers that make understanding potential a priority, looking to assessments of potential is an important step in the ongoing use of assessment tools.

Industry Average Steps to Success

- **Bridge the gaps in long-term planning.** With growth as the key driver for assessments use, the use of assessment data to understand the gaps between current and desired future state is critical. Industry Average organizations are 42% less likely to integrate assessment data with strategic business planning (23% vs. 40%) and 29% less likely to use that data in workforce planning efforts (25% vs. 35%) than Best-in-Class companies. The first step in creating a realistic plan of action is an accurate picture of where things stand today and organizations will benefit by using assessments to create an objective snapshot of current talent.

- **Automate assessments.** Assessments are powerful tools, but much of that power comes from being able to use the data. By automating the process it is not only easier to administer and track assessments that are conducted, but to surface the output of those assessment results to the appropriate parties. And as Figure 9 in

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

- Compare your processes

- Receive a free, personal PDF scorecard

- Benefit from custom recommendations to improve your performance, based on the research

Take the Assessment

Receive Your Free Scorecard

Chapter Two showed, organizations automating pre-hire assessments saw 47% greater year-over-year improvement in hiring manager satisfaction (8% vs. 6%), nearly three times the reduction in time to hire and two times the reduction in cost to hire.

Best-in-Class Steps to Success

- **Integrate the data, especially in the post-hire.** Best-in-Class organizations are using assessments data in more decision points than all other organizations, but they still place the most value on assessments for hiring. A full 73% indicate that they integrate assessments data into recruiting, but only 59% can say the same for succession, and 49% for learning. Continuing to integrate, particularly in the post-hire is an important step to further success.

- **Correlate assessments output to ongoing performance data.** Top performers are far more likely to be able to correlate both pre- and post-hire assessment results to ongoing performance results than all others, but still just under half of them do so in the post-hire (48%) or pre-hire (47%). This kind of validation is very important to proving the value of assessments, and to continually tweaking the assessments strategy to meet ongoing and ever-changing business needs.

Aberdeen Insights — Summary

Organizations are placing a lot of pressure on talent to deliver big results for the organization, so talent decisions are critical. From who to hire, to whom to promote, to where to develop, assessments provide critical data to make effective, informed talent decisions. Selecting the right type of assessment tool for the right type of decisions, and fully understanding how to use that data as voice in the talent process is a critical element in the ongoing success of organizations. It's not only about understanding the talent available today and making the best use of it, but of positioning the organization for future sustained performance.

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Appendix A:
Research Methodology

Between March and April 2011, Aberdeen examined the use, the experiences, and the intentions of more than 516 enterprises using talent assessments in a diverse set of industries and geographies.

Aberdeen supplemented this online survey effort with 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 (13%); EVP / SVP / VP (23%); Director (20%); Manager (25%); and other (19%).

- *Department / function:* The research sample included respondents from the following departments or functions: HR / talent management (56%); corporate management (13%); business development, sales and marketing (11%); and other (20%).

- *Industry:* The research sample included respondents from a wide variety of industries. Some of the larger industries represented were CPG (11%), industrial equipment & product manufacturing (5%), IT consulting / services (9%); financial services (9%), medical / healthcare (7%), software (7%).

- *Geography:* The majority of respondents (75%) were from North America. Remaining respondents were from Europe (11%), the Asia-Pacific region (8%), the Middle East and Africa (4%), and South/Central America and Caribbean (2%).

- *Company size:* Thirty percent (30%) of respondents were from large enterprises (annual revenues above US $1 billion); 31% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 39% of respondents were from small businesses (annual revenues of $50 million or less).

- *Headcount:* Thirty-nine percent (39%) of respondents were from large enterprises (headcount greater than 1,000 employees); 36% were from midsize enterprises (headcount between 100 and 999 employees); and 25% of respondents were from small businesses (headcount between 1 and 99 employees).

Table 5: The PACE Framework Key

Overview
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:

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)

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)

Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)

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)

Source: Aberdeen Group, April 2011

Table 6: The Competitive Framework Key

Overview

The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:

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.

Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.

Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.

In the following categories:

Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?

Organization — How is your company currently organized to manage and optimize this particular process?

Knowledge — What visibility do you have into key data and intelligence required to manage this process?

Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?

Performance — What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, April 2011

Table 7: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
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.

Source: Aberdeen Group, April 2011

Appendix B:
Related Aberdeen Research

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

- *Onboarding 2011: The Path to Productivity*; February 2011

- *The 2011 HR Executives Agenda: Automation, Innovation and Growth;* December 2010

- *Learning & Development 2010: Bridging the Gap Between Strategy and Execution*; November 2010

- *The Business Leader as Talent Leader*; October 2010

- *Recruitment Technology: Quality Candidates and Quality Process;* September 2010

- *Talent Acquisition Strategies: Candidate Experience and Relationship Management Come of Age!*; August 2010

- *Succession Management: Sustainable Leadership for the Future*; July 2010

- *Effective Talent Management Drives Profitable Business Growth*; July 2010

- *Mobile HCM: Workforce and Talent Management on the Move*; June 2010

- *Talent Assessment Strategies: A Decision Guide for Organizational Performance*; March 2010

- *Strategic Workforce Planning: Winning Scenarios for Uncertain Times*; January 2010

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

Author: Mollie Lombardi, Senior Research Analyst, Human Capital Management (mollie.lombardi@aberdeen.com)