



# Performance Advantage

A Newsletter for those who manage business & the changing workforce...

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- *Where to find good job candidates*
- *Background checks-be careful!*
- *Shortage of Skilled Workers*
- *Credit Union Assessment Program*
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*This may become known, in HR circles, as the era of "the big squeeze". Increasingly hemmed in by applicant shortages, pressure to grow with the economy, restrictive laws and regulations, and a landscape dotted with explosive mines, the latitude we've become accustomed to in selection processes seems lost in the past. We must carefully navigate these hazards, selecting the right person for each job; when opportunities are few, we must capitalize on each one. If we've made a good selection, we then need to fight to keep them. Retention strategies are no longer optional. Performance Management and Succession Planning are no longer just desirable, but essential. What an exciting time to be in HR!*

—Editor

[The Recruiting Trends Survey](#) referenced in the adjacent article may be found, in its entirety, at [www.jobcentral.com/DESurvey.pdf](http://www.jobcentral.com/DESurvey.pdf)

## LOOKING FOR (GOOD CANDIDATES) IN ALL THE WRONG PLACES...

The hiring manager's job was, historically, a matter of placing an ad in newspapers, perhaps posting it on local bulletin boards, maybe toying with a radio ad or two...getting people to apply, at least for most openings, was not the hard part of the job. Anyone filling that role today is sharply aware: **Things have changed.** Applicants are in short supply, especially skilled applicants. According to the Bureau of Labor statistics, America's workforce will need 18 million new college degrees by 2012...just 5 short years from now. America's colleges, however, will produce only 12 million new degree holders—and there's no practical way to quickly adjust output.

**Over the next 5 years, America will produce only 2 new college degree holders for every 3 we need!**

If you think it's hard to find highly skilled workers now, hold on to your ergonomic desk chair—this ride's going to get rougher! Hiring managers have increasingly turned to internet job boards and recruiting services to help

them find the applicants they need. Is it possible, however, they're missing the boat—looking for candidates in all the wrong places? Global business strategy consulting firm, Booz Allen Hamilton, released a 2006 Recruiting Trends Survey, commissioned by the Direct Employers Association. Among their findings:

- Over 50% of New Hires were sourced from the Internet in 2005.
- Employers spent the largest proportion of their recruitment budgets on General Job Boards in 2005.
- Employers were most happy with Return on Investment from (in order of satisfaction) Employee Referrals, their own Employment Web Sites, Campus Recruiting, and Niche Job Boards. Given the last finding, why are so many dollars being spent on General Job Boards?!? As the report pointed out, nearly 21% of new hires, for the companies surveyed, came from the employer's own employment website...yet, a quick sampling of company websites shows an amazing range of quality and attention to the "Careers" section in these sites, with most of the smaller

companies having no employment functions on their site, or only a minimal set of job listings and contact information. Obviously, a great deal of room for improvement exists in this area, and employers who provide a quality employment section on their websites will reap a real benefit in return on the investment. Employee Referral programs were the second leading source of numbers of applicants reported (18%), and led all sources in ROI...yet the number of employers without any employee referral program at all was reported at 44% in a recent BLR.com poll. Recently, employee referral programs have been criticized as restricting efforts to increase workplace diversity (since employees tend to refer people much like themselves). An effective company employment website, together with an applicant tracking system capable of collecting and reporting EEO data, can go a long way to counter such criticism—especially when coupled with other diversity recruiting efforts. Finally, company employment websites and employee referral programs rank well above all other sources in quality of hires. This year, seek your new hires in the right places! Make an early resolution.

## BACKGROUND SCREENING—COVER YOUR BASES

### When Criminal Records are Found:

Because the EEOC and many state laws do not permit employers to automatically disqualify an applicant because of a criminal record (unless the employer can demonstrate a business necessity for doing so), a blanket policy of automatic disqualification because of a criminal record may be discriminatory. Therefore, EEOC suggests an employer take the following factors into account when considering prior convictions when making hiring decisions:

#### The nature of the position held or sought:

Examine the nature of the position. Take into consideration the job description, requirements and responsibilities associated with the position. Does the position require heightened sensitivity to a conviction record, or involve a high degree of risk to the public? For example, does the position involve care for children or invalids, or does it give access to weapons or drugs? Does the job require a high degree of trust and honesty? Does the position require by law an inquiry about arrests or convictions?

#### The nature and gravity of the offense or offenses:

Examine the nature of the crime committed. Was it a

crime of violence, or theft or dishonesty? Would it be wise to place an applicant charged with theft in an accounting position? Consider the gravity of the offense; in other words, how serious was the crime?

You might consider an applicant charged once with a DUI more than you might consider an applicant charged once with Aggravated Assault. (Factoring in all other considerations).

#### Elapsed time since the conviction and/or completion of the sentence:

Also consider the length of time between the conviction and the employment decision: A conviction 10 years ago may not be as alarming as that same conviction one year ago.

#### Number of convictions:

Look at the number of convictions the applicant has on his or her record. Is there a pattern of convictions? Does the applicant have a propensity towards violence, theft?

#### The facts surrounding each offense:

Look at the facts surrounding each offense. Are there any mitigating circumstances or facts adding to the seriousness of the offense? Consider the applicant/employee's employment history before and after the conviction: Is their employment history stable? Do all references

check out?

#### The applicant's efforts at rehabilitation:

Finally, consider the applicant's efforts at rehabilitation. Is the applicant making a sincere effort to change, become productive? This is an especially important consideration if past offense(s) are of a more serious nature.

**We cannot stress enough, the importance of consistently following a fair screening policy and documenting your decisions.**

You must document why and how you did or did not choose a certain applicant for a certain position. If unfortunate circumstances arise, your best protection is the documentation you have on file. Proper documentation can drastically reduce the possibility of being found guilty of negligence or discrimination in hiring.

—Daniel Wetsel

Back Track Screening  
[www.btscreening.com](http://www.btscreening.com)

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## SHORTAGE OF SKILLED WORKERS WORRIES OWNERS, EXECs

Business First of Columbus, Ohio, in their latest *Business Watch* survey, found, among business owners and executives polled in the third quarter, 60 percent are either "somewhat worried" or "very worried" their firms will be lacking in skilled

workers over the next decade. While public and private efforts to strengthen the skilled work force are underway, the survey found anxiety extending across industries and among businesses large and small.

The U.S. Bureau of Labor

Statistics substantiates their worries: They predict a shortfall of nearly 6 million college degree holders in the workforce over the next 5 years. Recognition of this challenge is finally becoming widespread, but solutions are likely to be expensive and slow.

## CREDIT UNION USES A COMBINATION OF ASSESSMENTS TO BUCK TURNOVER TRENDS

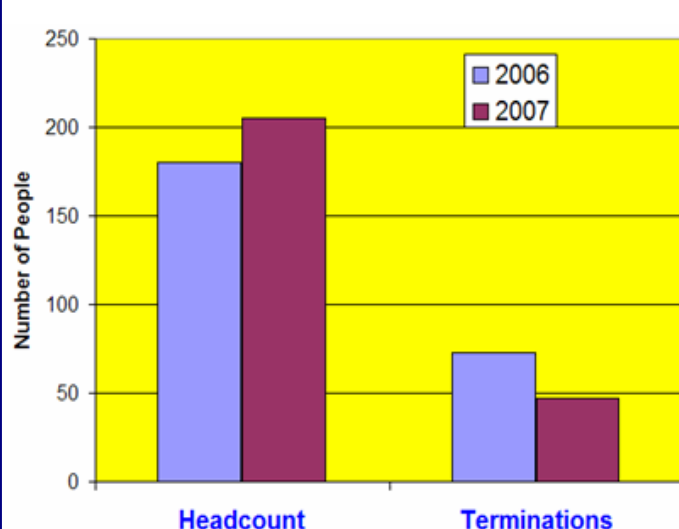
This multi-location Credit Union operates in a state where the unemployment rate for 2006-2007 has been at record lows, hovering at less than 3% in most of the markets where they operate. In such a full-employment economy, the natural "job-seeker's market" tends to increase turnover rates at almost all levels of any business. The credit union had begun using the Step One Survey II™ (SOS) and the Profile XT™ assessments in their hiring processes as early as 2004, but usage of SOS results had been at the hiring manager's discretion. Further weakening the assessment program's impact, the process of developing success patterns for the PXT had been slow and sometimes interrupted by other business necessities. In late 2005, the credit union made personnel changes in the HR department, budgeted for unlimited use of the assessments, and made development of a comprehensive hiring system with consistent and effective use of

the assessment tools a priority. In early 2006, the Credit Union implemented the iApplicants™ online recruiting and hiring system, which automated completion of the two assessments as part of the application process. Simultaneously, the HR Department began utilizing the SOS as a prescreening process for every hire. Managers were no longer free to ignore the assessment. The process of developing success patterns was also accelerated, and the PXT Placement Report began to be used in selection of new hires, as the appropriate patterns were available. As a part of this multifaceted effort to apply the assessments for maximum effect in improving hiring success and reducing turnover, a workshop for managers was held. It covered the assessments, their use in improved hiring, and use of the results in improving productivity, improved management, and conflict resolution and prevention. As a part of the training, managers

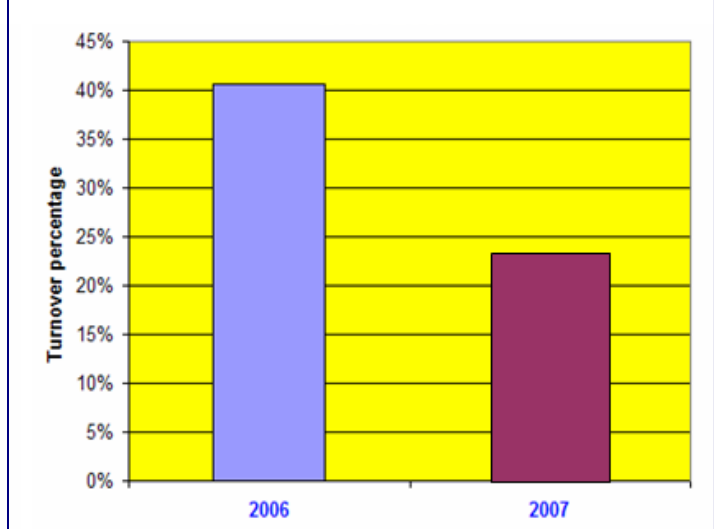
completed the PXT, and were trained with their own results. Effects have been gratifying for the credit union, and are summarized in the accompanying graphs. As headcount has increased (a condition which would be expected to increase turnover), terminations have dropped. Terminations were defined as an employee leaving employment with the credit union for any reason. Annual turnover rates, over the 2-year period of this study, dropped by nearly 50%! The cost savings realized from the hire process alone (ignoring increases in production, efficiency, or any other indirect benefits of better hires) exceeded the cost of the program by a large margin. The calculated return on investment for the hiring process alone is 356%. Since the positive returns on any working assessment program tend to be cumulative, the credit union may well experience even better results as consistent use of the assessments continues into the future.

*Annual turnover rates, over the 2-year period of this study, dropped by nearly 50%!*

### Headcount and Terminations Over 2 Years



### Turnover Rates Over 2 Years



**"Democracy must be  
something more than  
two wolves and a sheep  
voting on what to have  
for dinner."**

**—James Bovard**



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