How to Hire the Right Person the First Time...

Using Personality Profiling

A NEW CTDA Program

Bill Wagner, CSP

Accord Management Systems, Inc.
Organizational and Leadership Development
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Thousand Oaks, CA 91362
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www.AccordSyst.com  www.TheEntrepreneurNextDoor.com
www.EmployeeCompliance.com
Purpose vs. Patchwork
AN INTEGRATED APPROACH TO ORGANIZATIONAL DEVELOPMENT

Using Metrics for Selection, Leadership Development & Employee Engagement Accord Management Systems is a behavioral consultancy that offers an integrated approach to managing the people side of business. Our experience guides us in selecting assessment tools perfect for your application. While each of our tools provides outstanding results on its own, it is oftentimes the complement of these tools that enhance results for all levels of human capital or talent management.

Possessing the business acumen, we are able to provide the strategic insights necessary to drive results. We work diligently to deliver solutions that are tactical and strategic, prescriptive and diagnostic, practical and far-reaching. Because we understand the greatest issues companies have today, we know that your toughest business decisions often involve your people.

Accord’s analytic and interpretative findings provide insights that cause leaders to pause and think. Our goal is to help companies establish a framework in which to gain a clear view of the workplace and use a purpose driven vs. patchwork approach. Whether through Corporate Retreats, Executive Briefings, Workshops and Trainings, successful leaders are benefiting from our distinctive consultative approach.

We deliver the following:

• Ensure that both applicants and incumbents are behaviorally matched for their position.
• Provide a succession plan for future leadership development and promotion.
• Measure your level of organizational health.
• Guide the company’s direction, customer focus, teamwork, management strategies, training techniques (and more) by improving the level of employee engagement.
• Provide your leadership with a personalized developmental action plan.
• Build a stronger leadership team.
• Positively impact your Bottom Line.
Assessments

Define the Job
• Create behavioral performance benchmarks for all positions
• Reach consensus about the job and compare it to benchmarks

Assess the Individual
• Help in selecting and hiring effective employees
• Assist in recognizing team players
• Accurately predict successful performance

Retain your Best People
• How to motivate, develop and retain your employees
• Improve coaching and development sessions
• Add objectivity to the promotion and review process
• Predict how a transfer or promotion will impact performance

Bottom Line
When people perform at higher levels:
• Increase self-awareness
• Improve morale
• Increase Retention
• Enhance productivity

... profits surge!

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Assessments

**Define the Job**
- Create behavioral performance benchmarks for all positions
- Reach consensus about the job and compare it to benchmarks

**Assess the Incumbent**
- Measure the behavioral attributes of the incumbent
- What are my strengths?
- What are my Developmental Considerations?

**Gap Analysis**
- Measure the difference between who I am and the requirements of the position.
- Determine the actions that support these required changes/behaviors.
- Predict the energy requirements or frustrations that are incumbent on making these changes.

**Bottom Line**
When people perform at higher levels:
- Increase self-awareness
- Improve morale
- Improve Retention
- Enhance productivity

. . . profits surge!
What Qualities Does a Level 5 Leader Possess?

<table>
<thead>
<tr>
<th>Leader</th>
<th>Bookkeeper</th>
</tr>
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<tbody>
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</tbody>
</table>
Climbing the 5-Tier Performance Pyramid

Performance Pyramid

PERSONALITY

JOB BEHAVIORS

ACTIONS

METRICS

RESULTS

TIER I

TIER II

TIER III

TIER IV

TIER V

GAP
“Executives spend more time on managing people and making people decisions than on anything else - and they should. No other decisions are so long lasting in their consequences or so difficult to unmake. And yet, by and large, executives make poor promoting and staffing decisions. By all accounts, their batting average is no better than .333: at most one-third of such decisions turn out right; one-third are minimally effective; and one-third are outright failures.

In no other area of management would we put up with such miserable performance.

Making the right people decisions is the ultimate means of controlling an organization well. Such decisions reveal how competent management is, what its values are, and whether it takes its job seriously.”

Peter F. Drucker
“How to Make People Decisions”
Harvard Business Review
July-August 1985
Tape Measure
Analogy
Dominance  Sociability  Relaxation  Compliance
COMPETITIVE DOMINANT

- Goal Oriented
- Likes taking risks
- Seeks Challenge and Recognition
- Self confident
- Accommodating
- Team Player
- Avoids friction with others

ACCEPTING RELAXED

- Easy going
- Patient and Steady
- Calm, even-paced
- Restless and Impatient
- High Sense of Urgency
- Likes Change
- Intense, driving

SOCIABLE SOCIALABLE

(style of communication)

- People-Oriented
- Empathetic
- Relationship Builder
- warm, friendly
- Fact-Oriented
- Objective and Analytical
- Leans more towards logic than emotions
- matter of fact, strictly business
- tending to be terse or sparse

ANALYTICAL

- Detailed-oriented & thorough
- Organized
- Systems-oriented
- By the Book
- Persistent and Determined
- Likes freedom of action
- Dislikes working within a restrictive structure
- Independent
- Strong Willed

CONSCIENTIOUS COMPLIANT

DRIVING INDEPENDENT

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DOMINANT

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ACCEPTING

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- Team Player
- Avoids friction with others
**CAPI:** The coalescence of authority, power and influence

**Authority:** Legal right to make a decision to say yes or no

**Power:** The capability of granting or withholding rewards

**Influence:** The ability to convince others without having to use power or authority. Having a special knowledge to implement a specific task.

**Note:** It is much easier reaching CAPI in younger more entrepreneurial companies because **self interest** is more aligned with **company interest**. It becomes more difficult creating CAPI when **self interest** is different from **company interest**.
It is essential to have open lines of communication.

Communicating with highly dominant individuals can be challenging...at best.
The Alamo

You can’t tell High D’s what to do. Therefore, we ask...

“Are you open for a suggestion?”
Very few of us really enjoy confrontation. Yet, there are times we must confront and hold others accountable.

It is essential that we deal with today’s issues...today.

We must find an easier way.

So, what’s the point?
There is a direct relationship between the amount of time it takes for us to coach or confront an employee and the energy that confrontation requires. Therefore, take the high road and confront the situation early in the process. It requires less energy and stress. In the long run, you’ll feel better.
SOCIABLE

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- Empathetic
- Relationship Builder
- warm, friendly

- Fact-Oriented
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INDEPENDENT

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The McQuaig Job Survey®
Company: Accord Management Systems, Inc.
Job: Level 5 Leader/CEO
By: Accord Management

Do: 74
So: 53
Re: 20
Co: 17

Key to Behavioral Scales
DOMinant <> ACcepting:
SOCiable <> ANalytical:
RELaxed <> DRiving:
COMpliant <> INdependent:

Persistent

Competitive, Goal Oriented <> Deliberate, Cautious
Empathetic, Extroverted <> Logical, Work-Oriented
Patient, Reliable <> Restless, Pressure-Oriented
Conscientious, Detail-Oriented <> Strong-Minded.
When using behavioral assessments we should survey the personality of the applicant twice. Once as an applicant, preferably, before the first interview and secondly, six months after they begin the job.

WHY?
The graph defines the overall fundamental behavior patterns, based on the responses of the individual’s McQuaig WORD SURVEY®.

Part One of the Survey “How Others See Us”
Reflects our SITUATIONAL side, shows how we are reacting on the job or, if not working, in our current situation. This is the changeable side of our temperament as we attempt to cope with various situations.

Part Two of the Survey “What We Are Really Like”
The REAL side portrays our natural behavior style. This is the stable side of our profile. Our fundamental temperament traits can moderate or intensify in strength, but they rarely change in substance unless we are having some unusual problems.
Bomber pilot vs. Fighter pilot
Bomber Pilot

Dominance
Sociability
Relaxation
Compliance
Generalist Personalities

Trailblazers

Go-getters

Managers

Motivators

Specialist Personalities

Authorities

Collaborators

Diplomats
How many strategic initiatives has your HR department brought to you/ C-level in the last year?

1. None in the last year
2. At least one
3. More than one
4. A constant strategic partner
Three Levels of Appraisal

**LEVEL I**
*On the Surface*
- Appearance
- Manners
- Expressiveness
- Interests
- Goals

**LEVEL II**
*Can Do*
- Knowledge
- Acquired Skills
- Training
- Experience
- Education
- Credentials

**LEVEL III**
*Will Do*
- Attitudes & Beliefs
- Self Motivation
- Stability & Persistence
- Maturity & Judgment
- Aptitude/Capacity
- To Learn
- Temperament/Personality
- Patterns

**IMPACT ON PERFORMANCE**
Three Levels of Appraisal

**LEVEL I - Appearance and Presence**

**LEVEL II - Skills and Experience**

**LEVEL III - Attitude and Beliefs (Personality)**

<table>
<thead>
<tr>
<th></th>
<th>Ease of Appraisal</th>
<th>Is Appraisal Objective or Subjective</th>
<th>Changeable or more Stable</th>
<th>Impact on Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEVEL I Appearance</strong></td>
<td>Easy</td>
<td>Subjective</td>
<td>Changeable</td>
<td>Low</td>
</tr>
<tr>
<td><strong>LEVEL II Skills</strong></td>
<td>Easy</td>
<td>Objective</td>
<td>Changeable</td>
<td>Low / High</td>
</tr>
<tr>
<td><strong>LEVEL III Personality</strong></td>
<td>Difficult</td>
<td>Extremely Subjective</td>
<td>Stable</td>
<td>High</td>
</tr>
</tbody>
</table>

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### EXHIBIT I  
**Sales Performance According to Age**

<table>
<thead>
<tr>
<th>Measurement period after hiring</th>
<th>Performance Quartile</th>
<th>1&lt;sup&gt;st&lt;/sup&gt;</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt;</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt;</th>
<th>4&lt;sup&gt;th&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months</td>
<td>Over 40</td>
<td>9%</td>
<td>38%</td>
<td>32%</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Under 40</td>
<td>10%</td>
<td>39%</td>
<td>30%</td>
<td>6%</td>
</tr>
<tr>
<td>14 months</td>
<td>Over 40</td>
<td>7%</td>
<td>26%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Under 40</td>
<td>8%</td>
<td>25%</td>
<td>24%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Note:** Sample sizes -after 6 months, 1,679 in over -40 group and 3,928 in under-40 group; after 14 months, 1,058 in over-40 group and 2,397 in under-40 group.

### EXHIBIT II  
**Sales Performance According to Sex**

<table>
<thead>
<tr>
<th>Measurement period after hiring</th>
<th>Performance Quartile</th>
<th>1&lt;sup&gt;st&lt;/sup&gt;</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt;</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt;</th>
<th>4&lt;sup&gt;th&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months</td>
<td>Women</td>
<td>11%</td>
<td>36%</td>
<td>35%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>9%</td>
<td>38%</td>
<td>32%</td>
<td>7%</td>
</tr>
<tr>
<td>14 months</td>
<td>Women</td>
<td>8%</td>
<td>28%</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>9%</td>
<td>26%</td>
<td>14%</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Note:** Sample sizes -after 6 months, 1,069 women and 4,227 men; after 14 months, 652 women and 2,494 men.

### EXHIBIT III  
**Sales Performance According to Race**

<table>
<thead>
<tr>
<th>Measurement period after hiring</th>
<th>Performance Quartile</th>
<th>1&lt;sup&gt;st&lt;/sup&gt;</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt;</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt;</th>
<th>4&lt;sup&gt;th&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months</td>
<td>People of Color</td>
<td>8%</td>
<td>39%</td>
<td>30%</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>Caucasians</td>
<td>9%</td>
<td>37%</td>
<td>21%</td>
<td>10%</td>
</tr>
<tr>
<td>14 months</td>
<td>People of Color</td>
<td>6%</td>
<td>25%</td>
<td>24%</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Caucasians</td>
<td>7%</td>
<td>24%</td>
<td>26%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Note:** Sample sizes -after 6 months, 271 african americans and 2,014 caucasians; after 14 months, 168 african americans and 1,269 caucasians.

### EXHIBIT IV  
**Sales Performance According to Experience**

<table>
<thead>
<tr>
<th>Measurement period after hiring</th>
<th>Performance Quartile</th>
<th>1&lt;sup&gt;st&lt;/sup&gt;</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt;</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt;</th>
<th>4&lt;sup&gt;th&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months</td>
<td>Inexperienced</td>
<td>10%</td>
<td>33%</td>
<td>36%</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>Experienced</td>
<td>11%</td>
<td>37%</td>
<td>33%</td>
<td>5%</td>
</tr>
<tr>
<td>14 months</td>
<td>Inexperienced</td>
<td>9%</td>
<td>25%</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Experienced</td>
<td>10%</td>
<td>27%</td>
<td>18%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Note:** Sample sizes -after 6 months, 3,721 inexperienced and 6,934 experienced; after 14 months, 2,195 inexperienced and 4,161 experienced.

### EXHIBIT V  
**Sales Performance According to Education**

<table>
<thead>
<tr>
<th>Measurement period after hiring</th>
<th>Performance Quartile</th>
<th>1&lt;sup&gt;st&lt;/sup&gt;</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt;</th>
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<th>4&lt;sup&gt;th&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months</td>
<td>High School diploma or less</td>
<td>7%</td>
<td>38%</td>
<td>31%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>College diploma or more</td>
<td>8%</td>
<td>38%</td>
<td>30%</td>
<td>9%</td>
</tr>
<tr>
<td>14 months</td>
<td>High School diploma or less</td>
<td>10%</td>
<td>23%</td>
<td>22%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>College diploma or more</td>
<td>11%</td>
<td>24%</td>
<td>21%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Note:** Sample sizes -after 6 months, 2,694 w/ high school diploma or less & 7,348 w/ college degree or more; after 14 months, 1,616 w/ high school diploma or less & 4,556 w/ college degree or more.

EXHIBIT I  

Sales Performance According to Age

<table>
<thead>
<tr>
<th>Measurement period After hiring</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
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<tbody>
<tr>
<td>6 months</td>
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<tbody>
<tr>
<td>After hiring</td>
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<td></td>
</tr>
<tr>
<td><strong>6 months</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
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Note: Sample sizes after 6 month, 1,069 women and 4,227 men; after 14 months, 652 women and 2,494 men.
## EXHIBIT III

### Sales Performance According to Color

<table>
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<th>Performance Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st</td>
</tr>
<tr>
<td>6 months</td>
<td></td>
</tr>
<tr>
<td>People of Color</td>
<td>8%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>9%</td>
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<tr>
<td>14 months</td>
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### Sales Performance According to Experience

<table>
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<tr>
<th>Measurement period</th>
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<th>2nd</th>
<th>3rd</th>
<th>4th</th>
</tr>
</thead>
<tbody>
<tr>
<td>After hiring</td>
<td></td>
<td>1st</td>
<td>2nd</td>
<td>3rd</td>
<td>4th</td>
</tr>
<tr>
<td>6 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inexperienced</td>
<td>10%</td>
<td>33%</td>
<td>36%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Experienced</td>
<td>11%</td>
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<tr>
<th>Measurement period</th>
<th>High School diploma of less</th>
<th>College diploma or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>After hiring 6 months</td>
<td>7% 38% 31% 8%</td>
<td>8% 38% 30% 9%</td>
</tr>
<tr>
<td>After hiring 14 months</td>
<td>10% 23% 22% 5%</td>
<td>11% 24% 21% 6%</td>
</tr>
</tbody>
</table>

Note: Sample sizes after 6 month, 2,694 w/ high school diploma or less and 7,348 w/college degree of more; after 14 months, 1,661 w/ high school diploma or less and 4,556 w college degree or more.
JOB MATCHING = BETTER SALES PERFORMANCE

A benchmark study published in the Harvard Business Review dispelled the myth that factors such as age, race, education, gender, or prior experience were critical to job success. Use of assessments to match the behavioral characteristics of an individual to the behavioral characteristics of the job correlates with better performance, higher productivity and lower turnover.

Job matching based on behavior, personality, temperament and attitude is the deciding factor. When hiring or promoting, ask yourself: “Does the candidate have a reasonable behavioral match to the expectations of the job? If so, successful performance can be predicted and maintained over time.”

• Use of behavioral assessments for job matching in your hiring process reduces turnover by as much as 50%.

• According to the same Harvard Business Review Study, 61% of employees hired with the right personality became top performers (top 2 quartiles) within 14 months on the job. Only 7% of those without the right personality became top performers.

• Conclusion: Having the right personality makes success more predictable.

This study supports the premise that job matching is the critical factor in lowering turnover and increasing productivity, not age, race, education, gender or experience.

<table>
<thead>
<tr>
<th>AMOUNT OF TIME AFTER HIRING</th>
<th>PERFORMANCE QUARTILE</th>
<th>QUIT OR FIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
</tr>
<tr>
<td>6-month/job fit</td>
<td>11%</td>
<td>26%</td>
</tr>
<tr>
<td>6-month/not job fit</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>14-month/job fit</td>
<td>19%</td>
<td>42%</td>
</tr>
<tr>
<td>14-month/not job fit</td>
<td>1%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Assessment of Job Fit

Ideal Executive

Joe Sample

Match

Ideal Executive

Does Not Match

Bob Sample
Are you currently using behavioral tools as part of your selection process?

1. Yes
2. No
Are you currently using 360’s as part of your leadership development process?

1. Yes
2. No
# Gap Analysis Profile:
## Top 10 Items with the Largest Rating Differences

<table>
<thead>
<tr>
<th>Question</th>
<th>Self Rating</th>
<th>All Observers Rating</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Articulates the benefits and rationale for change.</td>
<td>5.00</td>
<td>3.09</td>
<td>1.91</td>
</tr>
<tr>
<td>54. Focuses on future opportunities rather than past problems.</td>
<td>5.00</td>
<td>3.18</td>
<td>1.82</td>
</tr>
<tr>
<td>09. Listens to peoples' concerns about change.</td>
<td>5.00</td>
<td>3.20</td>
<td>1.80</td>
</tr>
<tr>
<td>13. Puts systems in place to measure benefits of change.</td>
<td>5.00</td>
<td>3.27</td>
<td>1.73</td>
</tr>
<tr>
<td>67. Thinks strategically and communicates strategy to others.</td>
<td>5.00</td>
<td>3.36</td>
<td>1.64</td>
</tr>
<tr>
<td>74. Encourages counter-intuitive thinking.</td>
<td>5.00</td>
<td>3.40</td>
<td>1.60</td>
</tr>
<tr>
<td>26. Tells me when I do a good job.</td>
<td>5.00</td>
<td>3.44</td>
<td>1.56</td>
</tr>
<tr>
<td>53. Seeks external innovations to internal problems.</td>
<td>5.00</td>
<td>3.45</td>
<td>1.55</td>
</tr>
<tr>
<td>29. Holds people accountable for their decisions.</td>
<td>5.00</td>
<td>3.45</td>
<td>1.55</td>
</tr>
<tr>
<td>55. Can solve problems across a wide range of business areas.</td>
<td>5.00</td>
<td>3.45</td>
<td>1.55</td>
</tr>
</tbody>
</table>
Does your company objectively measure employee engagement?

1. Yes
2. No
Engaged employees are ___% more productive than disengaged employees?

1. 10%
2. 25%
3. 50%
4. 75%
5. 100%
In a survey of 23,000 employees at more than fifty-five companies, they found that:

• Only 36% of those surveyed clearly understood the corporate or organizational goals, what the organization was trying to achieve and why.

• Only 1 in 5 or 20% of those surveyed had a clear line of sight between their jobs and that of the organization and it’s goals.

• Only 15% felt fully enabled to achieve their goals.

• Only 20% fully trusted the organization they work for.
If these same statistics had to do with a football team then:

• Only 4 of the 11 players would know which goal was theirs.

• Only 2 of 11 would care.

• Only 2 of 11 would know what position they played and the expectations of their positions.

• All BUT 2 players would be competing against their own team.

If this was your team, how long would you keep the coach?
Engagement and Earnings Per Share

Gallup recently researched the impact of employee engagement on the most important measure of a company’s stockholder value: earnings per share (EPS). Gallup compared engagement at the company level with EPS for publicly traded companies in its engagement database. From this comparison, Gallup found EPS grew 2.6 times more among publicly traded companies with top-quartile employee engagement levels than among publicly traded businesses with below-average engagement.

### EPS Growth Rate

- **Baseline 2001-03**
  - +3.1%
- **2004-05**
  - +2.4%
  - **+6 point net gain**

- **Companies with below-average employee engagement levels**
  - -2.9%
- **Companies with top-quartile employee engagement levels**
  - +18.0%
  - **+15.6 point net gain**

**Note:** Percentages based on median values in each group

**Source:** Gallup

**Graphic by Tommy McCall**
# Accord Management Systems
## Employee Engagement Survey Item Results

### Supervisor Effectiveness 58%

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>N Size</th>
<th>Percentage of People Responding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I have a very clear understanding of my job responsibilities. (B)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operation–03</td>
<td>14%</td>
<td>44%</td>
<td>24%</td>
<td>16%</td>
<td>2%</td>
<td>619</td>
<td>37%</td>
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<tr>
<td>Cust Svc &amp; Corp Rd–03</td>
<td>32%</td>
<td>48%</td>
<td>10%</td>
<td>6%</td>
<td>2%</td>
<td>346</td>
<td>46%</td>
</tr>
<tr>
<td>NSPC Info Svc–03</td>
<td>35%</td>
<td>45%</td>
<td>7%</td>
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<td>0%</td>
<td>59</td>
<td>39%</td>
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<tr>
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<td>50%</td>
<td>37%</td>
<td>5%</td>
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<td>4%</td>
<td>164</td>
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<td>0%</td>
<td>54</td>
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<tr>
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<td>3%</td>
<td>4%</td>
<td>76</td>
<td>50%</td>
</tr>
<tr>
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<td>47%</td>
<td>16%</td>
<td>5%</td>
<td>2%</td>
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<td>External Benchmark</td>
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<tr>
<td>2. My supervisor effectively communicates organizational goals and objectives. (C)</td>
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<td></td>
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<tr>
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<td>25%</td>
<td>31%</td>
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<tr>
<td>3. My supervisor does a good job of coaching and guiding me. (D)</td>
<td></td>
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<tr>
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<tr>
<td>4. My supervisor holds me accountable for the quality of my work. (E)</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Strongly Agree + Agree**
- **Neither Agree Nor Disagree**
- **Disagree + Strongly Disagree**

**Level Key:**
- **F**=Basic
- **I**=Intermediate
- **A**=Advanced
1. Level 5 Leadership

2. First Who...Then What – Getting the Right People on the Bus

3. Confront the Brutal Facts

4. The Hedgehog Concept

5. Culture of Discipline

6. Technology Accelerator
LEVEL 5 HIERARCHY

LEVEL 5 EXECUTIVE
Builds enduring greatness through personal humility and professional will.

LEVEL 4 EFFECTIVE LEADER
Catalyzes commitment to clear and compelling vision, stimulating higher performance standards.

LEVEL 3 COMPETENT MANAGER
Organizes people and resources toward the effective and efficient pursuit of predetermined objectives.

LEVEL 2 CONTRIBUTING TEAM MEMBER
Contributes individual capabilities to group achievements and objectives. Works effectively with others in a group setting.

LEVEL 1 HIGHLY CAPABLE INDIVIDUAL
Makes productive contributions through talent, knowledge, skills, and good work habits.

# TURNOVER COSTS SUMMARY

<table>
<thead>
<tr>
<th>JOB TYPE/ CATEGORY</th>
<th>TURNOVER COST RANGE AS A % OF ANNUAL WAGE/ SALARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Level – Hourly , Non Skilled (e.g. Fast Food Worker)</td>
<td>30 – 50%</td>
</tr>
<tr>
<td>Service/ Production Workers – Hourly (e.g. Courier)</td>
<td>40 – 70%</td>
</tr>
<tr>
<td>Skilled Hourly (e.g. Machinist)</td>
<td>75 – 100%</td>
</tr>
<tr>
<td>Clerical/ Administrative (e.g. Scheduler)</td>
<td>50 - 80%</td>
</tr>
<tr>
<td>Professional ( e.g. Sales Representative, Nurse, Accountant)</td>
<td>75 – 125%</td>
</tr>
<tr>
<td>Technical (e.g. Computer Technician)</td>
<td>100 – 150%</td>
</tr>
<tr>
<td>Engineers (e.g. Chemical Engineer)</td>
<td>200 – 300%</td>
</tr>
<tr>
<td>Specialists (e.g. Computer Software Designer)</td>
<td>200 – 400%</td>
</tr>
<tr>
<td>Supervisors / Team Leaders (e.g. Section Supervisor)</td>
<td>100 – 150%</td>
</tr>
<tr>
<td>Middle Managers (e.g. Department Managers)</td>
<td>125 – 200%</td>
</tr>
</tbody>
</table>

## NOTE:
- Percents are rounded to reflect the general range of costs from studies.
- Costs are fully loaded to include all of the costs of replacing an employee and bringing him/her to the level of productivity and efficiency of the former employee.
- The turnover included in studies is usually unexpected and unwanted. The following costs categories are usually included:
  - Exit cost of previous employee
  - Recruiting cost
  - Employee cost
  - Orientation cost
  - Training cost
  - Wages and salaries while training
  - Lost productivity
  - Quality problems
  - Customer dissatisfaction
  - Loss of expertise/ knowledge
  - Supervisor’s time for turnover
  - Temporary replacement costs
- Turnover costs are usually calculated when excessive turnover is an issue and turnover costs are high. The actual costs of turnover for a specific job in an organization may vary considerably. The above ranges are intended to reflect what has been generally reported in the literature when turnover costs are analyzed.

## Sources of Data:
- Industry and trade magazines have reported the cost of turnover for a specific job within an industry.
- The Saratoga Institute
- Independent studies have been conducted by various organizations and compiled by the Jack Phillips Center for Research. The Jack Phillips Center for Research is a Division of Franklin Covey.
Selection/Promotion

Diminish Peter Principle
Promotions or hires
What is the most common reason an individual fails after receiving a promotion?

1. Conflict with employees
2. Dislikes the new position
3. Unable to do the job
4. Lack of training
5. Wrong Personality
According to a 12-year study, R & D managers are most likely to be “executives in trouble,” and many executives in a cross section of functional areas are technically proficient but exhibit poor management and leadership skills.

“The profile of an executive in trouble is someone who is very talented in one area, they are technically proficient, have a high level of expertise within their area of specialty. They are most well served managing process rather than people.

The challenge takes place when we promote our “go-to” expert to a position where they must now do business dealing with vague and ambiguous environments. In essence...The Peter Principle takes place most often when we promote an employee with a “Specialist” personality to the position requiring the behavioral attributes of a “Generalist.”

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research &amp; Development</td>
<td>44%</td>
</tr>
<tr>
<td>Operations</td>
<td>34%</td>
</tr>
<tr>
<td>Information Technology &amp; Systems</td>
<td>31%</td>
</tr>
<tr>
<td>Engineering</td>
<td>31%</td>
</tr>
<tr>
<td>Finance</td>
<td>25%</td>
</tr>
<tr>
<td>Sales</td>
<td>23%</td>
</tr>
<tr>
<td>Administration</td>
<td>21%</td>
</tr>
<tr>
<td>Personnel/ HR</td>
<td>18%</td>
</tr>
<tr>
<td>Marketing</td>
<td>17%</td>
</tr>
</tbody>
</table>
Peter Principle

Bookkeeper

Tactical Controller

Strategic Controller

CFO
Executive Self Development

It’s difficult, if not impossible to get the right results with the wrong people.
## ACTUAL BUSINESS RESULTS FROM TRAINING & DEVELOPMENT

<table>
<thead>
<tr>
<th>SETTING</th>
<th>TARGET GROUP</th>
<th>DESCRIPTION</th>
<th>METHOD</th>
<th>RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coca Cola</td>
<td>First level Supervisors</td>
<td>8 ½ day workshops covering supv. roles setting goals, dev. the team, etc.</td>
<td>Action planning, Follow-up session, Performance Monitoring</td>
<td>1447% ROI Benefit/cost Ratio 15:1 Variety of measures</td>
</tr>
<tr>
<td>HMO</td>
<td>All Managers and employees</td>
<td>Organization Development Program (team building, Group Meetings, Customer service training)</td>
<td>Performance Monitoring</td>
<td>20,700 New Members 1270% ROI BCR 13.7:1</td>
</tr>
<tr>
<td>Direct Sales</td>
<td>All employees in the Financial Services Division</td>
<td>20 hr. program spread over 60 days focusing on total quality mgmt.</td>
<td>Action Planning</td>
<td>Payback of Program Investment in One year</td>
</tr>
<tr>
<td>Yellow Freight Systems</td>
<td>Managers</td>
<td>Redesigned Performance appraisal with training on interpersonal skills</td>
<td>Follow-up Interviews, Performance Monitoring</td>
<td>1115% ROI BCR 12:1</td>
</tr>
<tr>
<td>Federal Government</td>
<td>New Supervisors</td>
<td>5-day intro to supv. Course covering eight key competencies</td>
<td>Follow-up questionnaire</td>
<td>150% ROI Benefit Cost Ratio 12:1</td>
</tr>
<tr>
<td>Bakery</td>
<td>Supv./ Admin</td>
<td>15 hr. Supv. Skills Training Role of training including analysis</td>
<td>Action Planning, Performance Monitoring</td>
<td>215% ROI BCR 3.2:1</td>
</tr>
<tr>
<td>Oil Company</td>
<td>Dispatchers</td>
<td>Skills Training Program incl. customer interaction, skills, problem solving</td>
<td>Follow-up Observations Performance Monitoring</td>
<td>383% ROI Ratio 4.8:1</td>
</tr>
<tr>
<td></td>
<td>Benefit Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What is the lifetime value of a client?

Maintaining our clients is oftentimes determined by those earning the least amount of money...not those of us here.
Do you have EPLI Coverage?

1. Yes
2. No
Important Employment Practices Statistics

Dealing in Discrimination
The U.S. Equal Employment Opportunity Commission released the number of discrimination charges, by type of discrimination, that it received in FY 2005, along with the monetary benefits recovered for charging parties and other aggrieved individuals during the term (which does not include monetary benefits obtained through litigation).

- Race Discrimination: 28,740 charges filed, $78.5 million recovered
- Sex-Based Discrimination: 23,064 charges filed, $31.3 million recovered
- Retaliation Discrimination: 22,740 charges filed (2004), $90 million recovered
- Age Discrimination: 10,096 charges filed, $77.7 million recovered
- Disability Discrimination: 14,823 charges filed, $44.6 million recovered
- Sexual Harassment: 12,679 charges filed, $47.0 million recovered
- National Origin Discrimination: 8,035 charges filed, $19.4 million recovered
- Pregnancy-Based Discrimination: 4,449 charges filed, $11.0 million recovered
- Religious Discrimination: 2,340 charges filed, $8.1 million recovered
- Compensation Discrimination: 970 charges, $3.1 million recovered

Compensatory Award Medians, by Year

Distribution of Awards (1999-2005)

<table>
<thead>
<tr>
<th>Award Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To - $4,999</td>
<td>3%</td>
</tr>
<tr>
<td>5,000 - 9,999</td>
<td>3%</td>
</tr>
<tr>
<td>10,000 - 14,999</td>
<td>7%</td>
</tr>
<tr>
<td>25,000 - 49,999</td>
<td>10%</td>
</tr>
<tr>
<td>50,000 - 74,999</td>
<td>3%</td>
</tr>
<tr>
<td>75,000 - 99,999</td>
<td>6%</td>
</tr>
<tr>
<td>100,000 - 249,999</td>
<td>11%</td>
</tr>
<tr>
<td>250,000 - 499,999</td>
<td>17%</td>
</tr>
<tr>
<td>500,000 - 749,999</td>
<td>8%</td>
</tr>
<tr>
<td>750,000 - 999,999</td>
<td>4%</td>
</tr>
<tr>
<td>1,000,000 - 1,999,999</td>
<td>5%</td>
</tr>
<tr>
<td>2,000,000 - 4,999,999</td>
<td>4%</td>
</tr>
<tr>
<td>5,000,000 +</td>
<td>2%</td>
</tr>
</tbody>
</table>

Commonly Claimed Types of Discrimination (1999-2005)

- Age: 14%
- Disability: 16%
- Race: 24%
- Other: 9%
- Sex: 39%


- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005

Industry breakdown of defendant types based on plaintiff and defense verdicts rendered from 1999 - 2005

- Service / Retail Cos.: 44%
- Manufacturing Cos.: 12%
- Other: 1%
- Gov't. Entities: 37%

Employment Practice Liability Award Median (1999-2005)

- Discrimination: $95,000
- Retaliation: $150,000
- Whistleblower: $218,000
- Wrongful Termination: $125,000
- Employment Cases: $180,000

Source: Jury Verdict Research Employment database
### SAMPLE - At Risk Assessment

#### Employee Engagement

<table>
<thead>
<tr>
<th>% of Other</th>
<th>Good</th>
<th>Awesome</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>30%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># of Other</th>
<th>Good</th>
<th>Awesome</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>18</td>
<td>12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># Employees</th>
<th># Direct Reports</th>
<th># of Keepers</th>
<th># non of Keepers</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>8</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

#### Salary Information

- 2007 Salaries paid: $2,400,000
- Average Salary per employee: $40,000
- Average Salary per Executive: $90,000

#### Turnover

- # of Employees lost last year: 12
- Average Salary per employee: $40,000
- 1.1 (turnover multiplier): $528,000

#### Employee dis-engagement Dollars at Risk

A. Employee dis-engagement Dollars at Risk

\[
\text{# of (other) employees} \times \text{Ave employee salary} = 30 \times 40,000 = 1,200,000 \\
\text{Item A} = \frac{1,200,000}{2} = 600,000
\]

B. Executive dis-engagement Dollars at Risk

\[
\text{# of Exec Non-keepers} \times \text{Ave executive salary} = 3 \times 90,000 = 270,000 \\
\text{Item B} = \frac{270,000}{2} = 135,000
\]

C. Turnover cost – Dollars at Risk

\[
\text{# of Employees lost last year} \times \text{Average Salary per Executive} = 12 \times 90,000 = 1,080,000 \\
\text{Item C} = \frac{1,080,000}{2} = 528,000
\]

Add Items A, B and C = Total At Risk Dollars

\[
\text{Total At Risk Dollars} = 600,000 + 135,000 + 528,000 = 1,260,000
\]

Note: We use a multiplier of .5 to create a more conservative analysis.

#### Resources:

At Risk Assessment

Employee Engagement

<table>
<thead>
<tr>
<th># Employees</th>
<th># Direct Reports</th>
<th># of Keepers</th>
<th>% of Other</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Salary Information

2007 Salaries paid _____________
Average Salary per employee _________
Average Salary per Executive ___________

Turnover

# of Employees lost last year ______
X Average Salary per employee _______
X 1.1 (turnover multiplier) _______

Item C

# of (other) employees ______ X Ave employee salary____________ = ___________

X .5 __________ Item A

# of Exec Non-keepers ____ X Ave executive salary___________ = ___________

X .5 __________ Item B

B. Executive dis-engagement Dollars at Risk $______________ Item B

C. Turnover cost – Dollars at Risk $______________ Item C

Add Items A, B and C = Total At Risk Dollars $______________

Note: We use a multiplier of .5 to create a more conservative analysis.

Resources:

Legal Issues

“Nothing in the (1964 Civil Rights) Act precludes the use of testing or measuring procedures; obviously they are useful. What Congress has forbidden is giving these devices and mechanisms controlling force unless they are demonstrably a reasonable measure of a job performance. Congress has not commanded that the less qualified be preferred over the better qualified simply because of minority origins. Far from disparaging job qualifications as such, Congress has made such qualifications the controlling factor, so that race, religion, nationality, and sex become irrelevant. What Congress has commanded is that any tests used must measure the person for the job and not the person in the abstract.”

Employees believe company profits are 3 to 4 times greater than they truly are.

1. True
2. False
The Donut Company Money Map
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Organizational Development

Selection of new employees

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Employee Engagement or Climate Surveys

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