

A close-up photograph of a hand holding a set of keys. The hand is wearing a light blue dress shirt cuff. In the background, a modern, two-story house with a light-colored facade and a dark roof is visible under a clear blue sky.

CASE STUDY

REDUCING TURNOVER:
TAKING ASSESSMENTS TO
THE NEXT LEVEL



Real Estate Industry

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Client Case Studies - Vol. 1

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Publisher

Profiles Research Institute
Dario Priolo, Managing Director
5205 Lake Shore Drive
Waco, Texas 76710-1732
Profiles International
(800) 960-9612
www.profilesinternational.com
www.americasmostproductive.com

Acknowledgements

President, Co-founder, Profiles International: Bud Haney
Editor-in-Chief: Dario Priolo
Managing Editor: Carrie D. Martinez
Assistant Editors: Mary Beth Bernheisel, Jacob Ford, Jeff Meyers
Creative Director: Kelley Taylor
Graphic Design Assistants: Colton Canava, Kristen Fletcher

CASE STUDY

REDUCING TURNOVER: TAKING ASSESSMENTS TO THE NEXT LEVEL

ProfileXT®

Reducing Turnover in a Top Real-Estate Firm: Taking Assessments to the Next Level



AT A GLANCE

CHALLENGE:

- Reduce employee turnover

SOLUTION:

- Use the ProfileXT® assessment tool as part of the pre-hire screening process



KEY TAKEAWAY

Pre-hire assessments help to improve hiring decisions and reduce employee turnover.

Company overview

A top real-estate investment and trust company began its relationship with Profiles International in 2005, when its multifamily division decided to use the ProfileXT®¹ assessment tool as part of its pre-hire screening process. About 650 of the company's 1,000 employees work in that division. The aim was to reduce employee turnover, which runs at about 40 percent. The assessment tool is not used in other divisions at the organization.

The firm was established in 1993 and is valued at roughly \$5.5 billion. The company owns and operates retail shopping centers and office properties, but focuses primarily on the multifamily industry, of which it owns and operates more than 200 properties. The corporate headquarters is located in Birmingham, Alabama, and its holdings span much of America's Sun Belt, from Virginia to Florida and as far west as Nevada.

In the years since initiating its assessment program, the real-estate investment firm has kept its focus for the ProfileXT® (PXT) solely on guiding hiring decisions. The real-estate industry has been weathering hard times and that has included many layoffs for the company. That made it a priority for its HR department to focus on other matters, as opposed to initiating or expanding many special projects. But now that business is starting to turn around, the firm is looking ahead – and beginning to mine the PXT's potential for succession planning.²

The hiring process

The organization has an applicant tracking system that lets job candidates (both internal and external) express interest in open positions online. That online assessment tool links applicants for positions in the multifamily division to a Profiles International site, at which they complete the PXT assessment in order to proceed.

¹ The ProfileXT® (or PXT) is a multipurpose assessment often used in pre-hire screening processes. It helps companies to develop a profile of the ideal candidate for a given position, so they can compare profiles of actual employees and candidates against that ideal. Source: www.profilesinternational.com.

² "Succession management" is a strategic and systemic process for creating successors at many levels of the organization, including non-managerial roles. Succession management refers to an organization's processes for identifying, selecting and managing successors, as well as the processes of career planning and talent migration.

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KEY TAKEAWAY

The ProfileXT® helps companies to identify relevant characteristics of top-performing current employees as a basis for ideal profiles.

“By implementing the PXT assessment on the very front end, the recruiting team hopes to funnel information to the hiring manager to make the best hire for their openings.”



AT A GLANCE

Training helps managers to interpret assessment results and guides their choices regarding what questions to ask during job interviews.

Depending on the position being applied for, a different assessment is completed. The assessments were developed in partnership with Profiles and are based on patterns for eight different positions. The PXT helps companies to identify relevant characteristics of top-performing current employees as a basis for ideal profiles.

It is noteworthy that the firm uses the PXT at the start of the application process; no applicants are screened out prior to that point. This means that, while the organization hired roughly 300 people in the multifamily division last year using assessments, many more assessments were logged. *(Different Profiles International clients choose to administer assessments at different stages in the hiring process.)* By implementing the PXT assessment on the very front end, the recruiting team hopes to funnel information to the hiring manager to make the best hire for their openings.

Guiding decisions, not dictating them

The company is laying a good foundation for the use of the PXT in other talent processes (such as succession planning) by asking all employees to complete an assessment. Doing so not only helped to guide the creation of ideal profiles for use in hiring decisions, it generated a wealth of data about the current workforce. Such data can help decision-makers immensely when it is time to identify which employees might be best-suited for promotions. This type of data also indicates the level of bench strength³ for key positions within the organization.

But widespread use of assessment tools can raise concerns among employees if companies do not take care to communicate their purpose in an unthreatening way. As part of the organization's change management strategy, it presented the process of gathering assessment information as both an effort to provide managers with a tool for better understanding employees' strengths and weaknesses, as well as simply a matter of keeping thorough records.

That message is an honest match for how assessments are used at the real-estate investment company. Because even though the information is regarded as valuable, hiring managers have the final word on who gets hired for which position.

³ "Bench strength" refers to the capabilities and readiness of potential successors to move into key professional and leadership positions.

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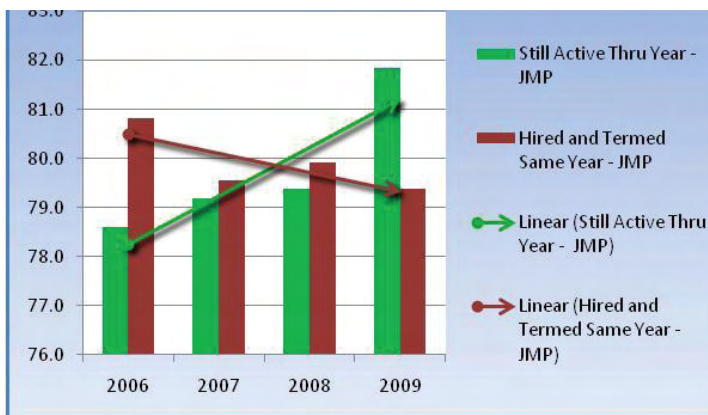
Hiring managers receive training by the recruiting department on the PXT, including a discussion of statistics which show that employees who come closest to these ideal profiles are most likely to stay with the company. The training (via a class, called “Talent First”) also covers how to interpret assessment results and helps guide managers’ choices regarding what questions to ask during job interviews. But when it is time to make a decision, the managers are not prevented from hiring candidates with low scores on the assessment if they see fit.

Also, there are some managers who have not been fully trained to use the tool. In those cases, if a hiring decision is made, the company has no wish to backtrack and tell a new employee that he / she is ill-suited for the position.

The PXT is one input to the hiring decision. If the hiring manager decides to hire an employee who is not evaluated as a good fit, the information from the assessment is not lost. These data provide valuable insights to the hiring manager in order to develop a plan that will increase the new employee’s success in the role – data the manager would not have had otherwise.



Figure 1: Job Match Percentages –
Active Employees Versus Terminated Employees



Source: Profiles International, 2010

Results

As indicated in Figure 1, the use of the ProfileXT® has proven to be quite successful. The trend of the overall percentage match of those who are hired and still remain employed after 12 months is represented by the green arrow. The trend of the overall percentage match of those who are hired and terminated in the same year is represented by the red arrow.

In summary, the higher the overall percentage match to the performance model, the greater possibility that the person will stay in the position for more than 12 months. In 2008, an update was made to the job profile based on the data from previous years that related to tenure and performance. Those job pattern changes made a substantial impact on the retention rates and became a differentiator for tenure.

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KEY TAKEAWAY

Employees who gain greater self-awareness about their strengths and weakness from assessment results can set career goals that play to their strengths.

“These data provide valuable insights to the hiring manager in order to develop a plan that will increase the new employee’s success in the role – data the manager would not have had otherwise.”

Looking ahead: Career development and succession planning

In the past, the organization has not communicated assessment results to individual employees in any systematic way. The results have been used more as a tool for managers.

But the real-estate investment firm does see value in letting employees tap into the information that assessments can provide. For example, employees who gain greater self-awareness about their strengths and weaknesses from assessment results can set career goals that play to their strengths.

To help with this aspect of employee development, the company has begun to learn information about individual employees’ interests and hopes, as well as information from performance reviews. The organization wants to share where those interests and hopes and proven capabilities align with PXT data.

Alignment information will be shared with executives to help them maintain a sense of where the most potential and the most ambition for advancement lie within the organization. Executives are excited by the prospect of getting more value out of assessments they already use and further leveraging the assessments to help them chart a hard-won future.

Partner Contact Information