

Chally Answers HR Questions

Q. How did you define “employee productivity” or “human productivity”? 1) What are the sources of definition of Q1 based on your experiences or theories? 2) How did you define “employee productivity” in consulting firms? 3) What are the methods of measurement on productivity? 4) What are the factors influencing employees’ productivity in consulting firms? 5) What are the methods of improvement of employee productivity in consulting firms?

A. We define productivity in a service firm such as a consulting organization in one of three ways:

1. Billable (or cost assigned) time vs. unbillable time. Cost assigned time could be, for example, in developing a new system that can increase the actual asset value of the organization.
2. Performance against stated objectives. The planned result occurred as scheduled, and was satisfactory. Thus the investment in “compensation,” “G & A overhead,” etc., were according to plan and within budget.
3. Contribution to future increases in business (marketing efforts, mergers and acquisitions, etc.).

Productivity can almost always be measured or estimated.

The factors affecting productivity are no different in a consulting firm, and are most significantly affected in descending order of significance by:

- a. Quality of employees (competency, correct fit to job, ambition, etc.)
- b. The quality of supervision and management
- c. The work environment (supportive vs. unsupportive in both resources and “culture”)

You improve productivity in any service firm by identifying problems in the three factors above and improving them. There are no magic tricks or incentives that do well over time.

Q. As some employees have accrued so much time off, they find themselves in a “use or lose” status. For these employees, is there a standing or precedent that would allow one employee to transfer their excess (or even their non-excess-but-earned) to those who are in a shortage status (having used more than they have earned)?

A.

First, there are a large number of potentially governing laws at both the state and federal level. These are relevant if employees are exempt vs. non-exempt, affected by age or seniority or minority status regarding EEOC, Fair Employment Practice, etc.

That aside, you may be opening up a deep hole when you're talking about vacation. There has been some precedence in the sick leave category for an exceptional or tragic situation where co-workers have "conceded" to someone with exceptional circumstances. It's hard to see how you could manage donated vacation time without tremendous political pressure on those who have extra ... that might even be actionable.

An alternative is evolving to lump all paid time (vacation, holiday, sick) into a category called PTO (paid time off) which can be used with certain restrictions at the employee's choice. Sometimes a percentage is bankable (reducing your use or lose category) or convertible to cash. These have had mixed reviews both at the company and employee level.

Q.

Assessment centers intend to measure competencies over a 2 or 3 day schedule from a series of In-basket exercises. How far do the dynamic changes in the marketplace capture new competencies for measuring? Even when this is done, how fair is it to use the finding to decide on career growth of an employee who has otherwise rated very high on real job performance? Do these centers reflect the real competencies or just a fad?

A.

1. No assessment process should be the sole determinant of any promotional decision.
2. Assessment centers still stimulate some controversy based on three points:
 - They are very expensive for no more (and often less) predictive accuracy than other techniques that cost only 1/10th as much.
 - Some research has indicated that the real predictor of success in a major corporation was having been selected to participate in an assessment center, not how well a person performed in an assessment center.
 - The training and skills of the "raters" are critical ... and some believe the training of raters is the most valuable aspect of the process.

So, if you have an employee doing well in a particular job, an assessment center would only "suggest" potential success in another position, but only if it were to assess competence in a different job that could not be judged by performance in the present job. Even so, there are more effective ways to evaluate that are less expensive, time consuming, and dependent on subjective judgment.

Q.

I find your articles thought provoking. Are you able to let me have an article/s on the value chain model and how it has been used in real life situations to either verify, or identify the strong link between the "marketing & sales" and "service activity" in a company which makes use of its orders received (sales) to support its service operation? In my case, I'm in the process of completing an MBA assignment on this link in the Lift industry.

A. Thank you for your interest in Chally. Unfortunately, “value chain” relationships are not a major area of research for us. You would likely find more information from organizations that deal with Marketing Strategies. You might also contact Chally Partner, The Alexander Group. They specialize in sales process improvement.

Q. Having read *Selling the Wheel* and looked up this web site, how do you convince potential employers that you can succeed in sales when you have little direct sales experience? ... But you truly believe in what you can do!

A. You have a classic question and there are two good answers, at least.

1. First, do your homework on the potential employer. Present a brief “elevator story,” which is presenting the benefits of a particular product or service in two minutes or less (like during an elevator ride). To do this well you’ll have to identify the key benefits, show proof that it really works, and provide a compelling “risk” to the prospect if they don’t do it. Here is one of Chally’s elevator stories:

Using personality, or other selection tools, especially the “quickie” or “short” tests to describe a candidate’s present skills, personality, or traits isn’t an accurate predictor of future performance.

It doesn’t matter how thorough, accurate, or amazing that description seems -- an example might make the point clear.

Most people are aware of the value of a good medical exam. One of the most comprehensive is provided by the Houston Medical Center. It’s expensive, takes 4+ days of data collection including blood tests, X-rays, MRIs, stress tests, etc. But by the time they are done, they have collected nearly 2000 pieces of data. They can describe your present health in exquisite detail, nearly down to the chromosomes. When you meet with their teams of experts, like the pulmonary group or the cardiovascular group, they’ll also give general advice to improve the quality of your life, like suggesting diet improvements or better exercise. Any condition you don’t understand can be described in depth. If you have a serious or even life-threatening problem, this exam will find it.

BUT, this is only a description of your present health. If you were to ask even a very basic predictive question, like how long you’re going to live, or what are you going to die of, the team of experts, with all their exquisite descriptive accuracy, can’t answer. That is the limitation of all “tests” that only describe. Most tests for personality, intelligence, and aptitude are only descriptive. These may be useful to discover a present problem but are very weak at predicting future behavior and weaker still at predicting future results.

There is a better answer, of course. Insurance companies, for example, need to predict how long you’re going to live very accurately. Their profitability depends on it. Descriptive information isn’t enough for them. They have developed “actuarial science” to identify predictors of future health and longevity with incredible accuracy. In fact, they will throw out all but a couple of hundred data points from your medical exam and predict your likely time of demise, plus or minus four months, with 99%+ accuracy. We, of course, don’t want to know this, and we don’t ask these kinds of questions. However, they can predict what our greatest health risks are and even estimate whether we’re foolish enough to do something dangerous enough to kill us

before our natural time arrives. This science is why they know a 18-year-old male, high school senior with “C’s” and “D’s” for grades is more likely to get speeding tickets and have accidents than an 18-year-old female student with “A’s.” Insurance studies have been more effective than much of the medical research in recent years and have identified the predictors of heart attack, the effect of fats and cholesterol, and many of the other key health findings that have improved our quality of life. After all, it wasn’t that long ago that most doctors smoked like the rest of the population.

The statistics the insurance companies use are available but are expensive to develop. They depend on massive amounts of data and take a long time (for best results, you have to track performance over several years). Unfortunately, most selection systems look for shortcuts and each shortcut weakens the prediction. The best interviews, short tests, personality assessments, etc., can only improve accuracy by 3-10% over the flip of a coin and the worst actually work against you.

The good news ... The very few actuarially developed predictive tests (such as Chally’s) can add upwards of 25% accuracy ... and that makes a huge difference to the bottom line.

Our customers usually say, “When it comes to your business why would you want to settle for educated guesses and interesting personality theories when you can be as accurate and as profitable as the insurance companies?”

2. You might have yourself assessed (by Chally of course). We could run you against a variety of sales profiles, find your strongest area, and write the report on that profile for you to offer to any prospective employer.

Q.

Why do so many selection tests not make a recommendation?

A.

The basis for reluctance to make a selection recommendation as a result of any selection step is usually a fear of Employment law (EEOC, ADA, etc.), which requires two steps or “hurdles” to pass in any selection process if that process is to “pass” their guidelines.

The first is that the selection step (recruiting and application processes, interviewing, background check, testing, etc.) does not result in a discriminatory impact. Discriminatory impact is decreed to be that minority groups must “pass” that step at a rate equal to at least 80% of non-minority candidates. This is called the four/fifths rule. For example, if 50% of white males passed, then at least 40% of all other categories must pass. Through careful validation of all our profiles, Chally always delivers a profile that meets those criteria as documented by sample sizes in the 10-50,000 candidate range for each principle minority category. Chally was created by a grant from the US Justice Department to develop legally defensible selection tests. It is an extremely expensive process. To maintain that level of integrity, Chally has completed literally hundreds of validity studies and maintained our database for over 30 years. As a result, we have never lost a selection action in court, or even reached the court stage except to file an “amicus brief” on behalf of the court. In addition, we have never settled out of court as so frequently happens if your proof isn’t rock solid.

The second criteria is that if a selection step does have a discriminatory impact, it must be validated to actually predict future success on the job. Accurately describing an individual in the present (“validating” descriptive accuracy) does not meet that criteria. In addition, even if you have a valid “predictive” selection step but there is another alternative that does not have a discriminatory impact (the first criteria), the law requires the non-impacting option be used.

So, if you have a test that has discriminatory impact (or you have insufficient data to prove otherwise) or if the test you have is descriptively accurate but you can't prove that it is "predictively" valid, you have only one alternative ... to refuse to make a selection recommendation or base a selection decision on the results. If the test isn't used to select people then selection law doesn't apply.

What this essentially does is take the test vendor off the hook, but not the company using the selection tool ... unless it could prove that minorities who scored lower than majority candidates were hired anyway while at the same time majority candidates who scored higher than minorities were NOT hired anyway ... of course, if that is what you're doing, the test (or any other selection process) is not adding much, if any, value. But you'll still go to court and probably have to "settle."

Q.

It is not really a problem, but I just felt that it would be better if I could take this questionnaire in my own native language (Japanese) as it took hours to complete it, sometimes referring even to dictionary to understand the meaning of questions.

A.

Thank you for your note. We also believe strongly in your idea of making the experience more user friendly by providing the assessment in other languages. To date, we have the assessment available in French, Spanish, Swedish, Danish, Indonesian Bahasa ... and are working on Finnish and German. We are prioritizing translations as quickly as we can but the process to do it really well is very elaborate.

1. We have a bilingual translator translate the English version to the other language.
2. We then have an independent bilingual translator translate the new language version back to English, and then negotiate the differences between both translators.
3. Next we have half of a "sample" group of 20-40 bilingual people take the English version first, then two weeks later, take the second language version. The other half of the sample takes the assessment in the reverse order.
4. Subsequently, we review the assessments of each to identify items where many of the sample answered differently on the two languages ... and rewrite the translation of those items to resolve the misunderstanding of the meaning of the item.
5. Finally, we build a database of many people taking the assessment in the new language to see where there are any cultural differences in the basic norms.

To date, we find that the profile scales that measure work skill are consistent across all cultures but the motivational scales can be different in different cultures.

Hope this helps your understanding of our efforts, and again, thank you for taking the time to contact us.