



Pearson's Q4 2008 Client Success Survey



Companies Turning to Assessments
to Get an Edge During Down Economy

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To survive and even prosper during these economic times, businesses are learning to think in new and different ways. Including how they use talent assessments.

A survey from Pearson's Talent Assessment group has found that as companies are making fewer hires, they're increasingly using assessment tools to select only the very best candidates, and to help promote from within.

At the same time, the economy is forcing businesses to be more competitive and think more strategically, and companies are turning to talent assessments to identify the people who can take them there.

Those polled—primarily HR professionals and consultants who use assessments—say they've begun taking some innovative approaches with assessments.

Nearly one-fifth say they're specifically using assessments to find people who can hit the ground running, without a long learning period. About the same number say they're relying on assessments to find candidates who fit in with the company's emerging strategy during the economic downturn—for example, people who have high levels of initiative, or alternatively, those who are more conservative.

And because cost-cutting often means an employee will be doing the job of more than one person, a growing number of companies are also using assessments to seek out those who are multifaceted, and can wear several hats.

The Pearson survey also revealed that companies are using talent assessments to:

- ***Make hiring decisions more quickly***
- ***Build bench strength***
- ***Help recruit employees from firms that are laying people off***



Assessments Help Companies Raise the Bar

Companies can no longer afford to hire or promote anyone who is not among the best and the brightest.

“We’ve got to have people with the bandwidth for making better decisions to keep our costs down,” says Bonnie Gorrell, Manager of Human Resources at LinkAmerica, a Tulsa, Okla.-based trucking company. Because less hauling is being done nationwide, LinkAmerica has had to tighten up its operations to remain as competitive as possible.

That’s no easy task, and the company is using assessments to find just the right talent. In the past, says Gorrell, the company administered the Watson-Glaser Critical Thinking Appraisal only to top executives. But LinkAmerica is now using the assessment much more widely—even on management trainees out of college—and is looking for higher scores than ever before.

“We’re trying to raise the bar,” says Gorrell. “It takes a lot of smart people to think through the cost-cutting and the tightening.”

With Less Margin for Error, Information is Even More Critical

In addition, the survey found, many companies are using assessments to identify people who can handle the higher workloads and increased pressures that come from limited staffing.

One such company is Farmers Group Inc., which sells insurance nationwide. The struggling economy has forced the Los Angeles-based company to keep open the positions it had planned to fill in 2008 and 2009, says Pat Nangle, Actuarial Administration Manager. That has meant more responsibility for everyone. It also means that when occasional or temporary hires are made—to fill ongoing jobs that open because of internal movement—the company needs to find people who are highly effective.

Farmers Group administers three Pearson assessments to actuarial job candidates (the Watson-Glaser Critical Thinking Appraisal, the Advanced Numerical Reasoning Appraisal and Raven’s Progressive Matrices), and until recently, candidates needed to score well on only two to get a job interview. Now, says Nangle, they must do well on all three to get an interview. Although many other factors are considered in the hiring decision, assessments are playing a greater role than before.

“If the economy was better, we would have more of a margin of error,” says Nangle. “We don’t have that margin of error now.”

Effective Teams Know Their Strengths and Weaknesses

Economic conditions have also led to the mergers of companies, as well as of divisions and departments, and the survey found that HR professionals and consultants are increasingly using assessments such as the Golden Personality Type Profiler to help build new teams.

“If you’re creating a team, you want to make sure the members are not too much alike—you need a good balance,” says Patti Kinz, the Manager of Talent Assessments for Performance Management Partners Inc., of Williamsville, N.Y. “For example, you can’t have all creative people, because then who’s getting things done? They can’t be all very spontaneous multi-taskers, because then everybody’s flying by the seat of their pants.”

Assessments can also help identify people who will work well on a team by looking at factors such as how much in tune people are with their own thoughts and feelings, and how that affects others, says Kinz.

During tough economic times, personality assessments can also help the morale and effectiveness of existing teams, particularly when team members share their results, says Kinz.

“It gives them a better understanding of how to communicate with each other,” says Kinz. “They can say, ‘Times are tight, but we value what you bring to the team. We’ll make it through this together—and we can bring the business to the next level.’ ”

John Fennig, the owner of DRI Consulting in North Oaks, Minn., recommends giving assessments to an entire team, and then aggregating everyone’s profile to help understand the team personality.

“It tells you whether there’s a collective strength, or an Achilles heel, or some other insight that isn’t being tapped,” says Fennig.

That kind of information is particularly important during a down economy, says Fennig. “With lower operating margins, little differences make big differences.”



Assessments Identify the Best and Build Talent Pipelines

According to the Pearson survey, and interviews with HR professionals and consultants, hiring cutbacks are forcing companies to rely more than ever on management succession—and assessments are increasingly being used to show the way.

Michael Scarpone, owner of the leadership-development firm Scarpone & Associates, of Kittery, Maine, says CEOs are more interested than ever in finding people who have the talent to become leaders.

“They say that in this economy it’s all the more important that we get the right people,” says Scarpone. “Before, there was a little more tolerance to bringing people up to speed. Now, it’s “Who’s really on the bus? Do they have the horses to succeed? We really don’t have time to ramp up.”

Assessments, Scarpone says, *“can cut the wheat from the chaff. They’re important pieces of objective information.”*

Many companies are now relying on two of Pearson’s premier assessments, the Watson-Glaser Critical Thinking Appraisal and the Workplace Personality Inventory, according to Judy Chartrand, Director of Research and Product Development for Pearson’s Talent Assessment Group.

The Watson-Glaser, she says, measures cognitive ability—how quickly we process and retain information, and how quickly we learn—and so is being used to evaluate the kind of potential that companies are looking for. Businesses are widely using the assessment, for example, to identify who can hit the ground running.

The Workplace Personality Inventory holds the keys to a person’s work style, says Chartrand. For example, many companies are using the WPI to determine who can best handle the stress and pressures that are inevitable during an economic squeeze. The WPI, she says, “identifies people who are going to be able to adapt to new and changing situations, and to persevere over tough times.” says Chartrand.

Often, the two assessments are being used together to get an even deeper picture. For example, companies seeking to identify candidates who are multifaceted and can wear several hats are employing a blend of the WPI and Watson-Glaser, says Chartrand.

“There is building evidence that assessments work,” says Chartrand. “There is evidence they give you more efficiency, more value and more return-on-investment when making hiring and development decisions that will set your company apart.”

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Pearson's Talent Assessment business develops and delivers the TalentLens line of scientific assessments for employee selection, development, retention and succession planning. With more than 85 years of experience in the employee assessment field and offices in eight countries, Pearson offers exceptionally reliable and well-researched products such as the Watson-Glaser Critical Thinking Appraisal, Raven's Progressive Matrices, and the Golden Personality Type Profiler. Its clients include half of the Fortune 500, expanding small businesses, and all organizations that make identifying talent and unlocking employee potential a top priority.

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