

Residential Mortgage Servicing Provider Lowers Employee Turnover



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The Company

The company is one of the largest residential mortgage servicers in the United States.

The Challenge

The company expressed serious concerns about Customer Service and Collection Representative hiring objectives not being met and unacceptably high turnover. The goals were to use a more objective talent assessment strategy to provide consistency in hiring decisions across multiple locations aimed at increasing retention.

Assessment Strategy

DeGarmo implemented assessments to measure person-job fit and screen out turnover-prone applicants.

Candidates who were rated as “Lower Turnover Risk” or “Marginal Turnover Risk” were considered for an interview, while those who were rated as “Higher Turnover Risk” were excused from the remainder of the assessment process.

The talent assessment included measures of work style and work enjoyment for customer facing positions, that are designed to reduce employee turnover by measuring an applicant’s job fit.

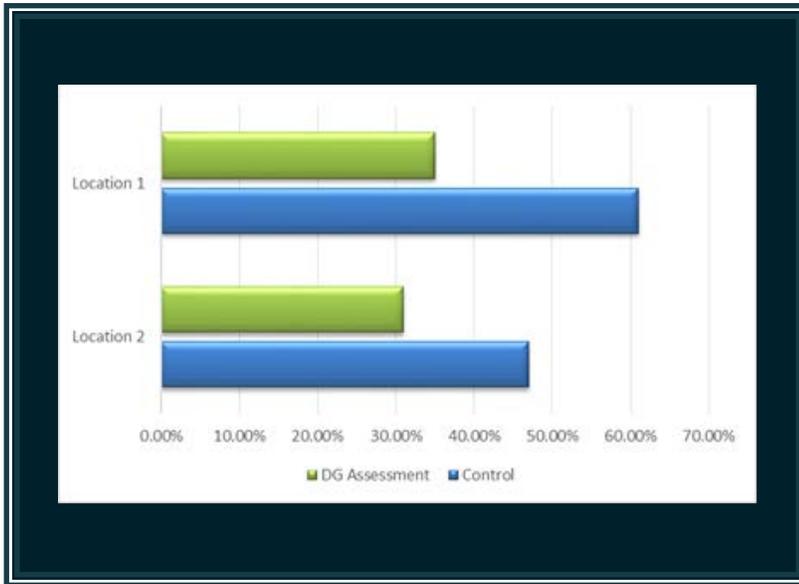
Using a combination of work style and work enjoyment assessments screen out turnover-prone applicants, it is estimated that this organization saved more than \$185,000 during the pilot period, and nearly \$400,000 annually.

Study Design

The study included more than 1,400 applicants who were assessed as part of the implementation of the system. A total of 350 hires were made across two locations using the system. Of the 350 hires, approximately 175 were not given an assessment, and were used as a “control” group.

Assessment Impact

The results demonstrated a significant impact for the DeGarmo assessment solution comparing those participants who passed the process versus those who were not assessed.



Overall turnover in Location 1 was reduced by 43% (61% compared to 35%), and in **Location 2 was reduced by 34%** (47% to 31%).

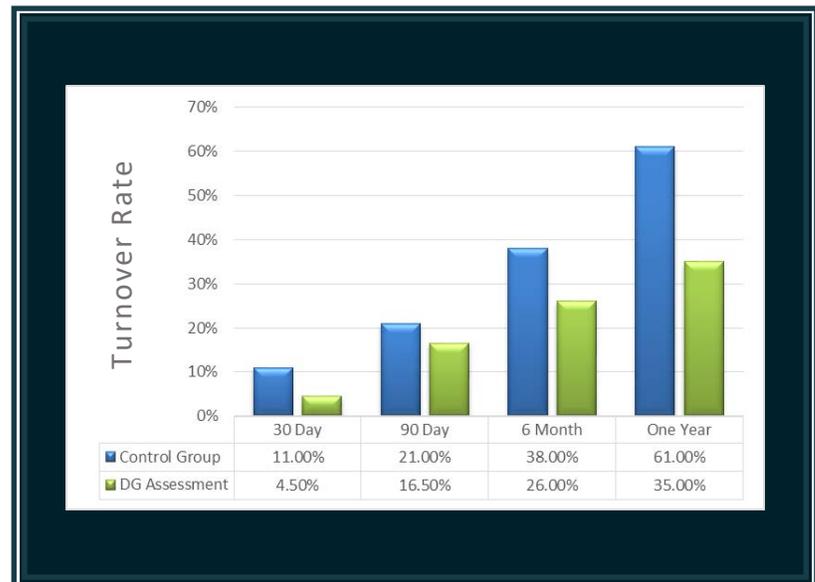
Turnover was also analyzed at several time periods during the pilot period.

There was never an occasion when turnover for the control group was lower than for the group hired using DeGarmo's solution. See the table below for the breakdown of turnover over time.

Return on Investment (ROI)

To estimate the gross return for the organization based on the implementation of DeGarmo's assessment solutions, we determined the reduction in new hires as well as the associated cost per person.

With an average of a 39% reduction in employee turnover, the company hired 74 fewer people. It was conservatively estimated that the organization lost approximately \$5,000 with each employee who quit as a result of their investment in recruitment, selection, training and onboarding. The figure does not include many other direct and indirect costs associated with employee turnover, which would make the actual replacement cost per person much greater.



Based on the impact of DeGarmo's assessment solution for reducing turnover, it is estimated that this organization saved more than \$185,000 during the pilot period, and nearly \$400,000 annually once the system was used for all hiring decisions in these two locations.

About DeGarmo

DeGarmo is a recruitment, assessment and consulting organization that has provided services globally for more than 20 years. DeGarmo helps organizations identify the best talent in less time through recruitment optimization, superior assessments, and predictive analytics. Our solutions provide the talent intelligence you need to make better selection decisions, support effective coaching, and drive the development of your people.

With talent insights from DeGarmo, you can more effectively build talent pipelines and support the long-term growth of your business.

Contact Information

Contact DeGarmo for more information on this case study or our talent assessment solutions toll-free at (866) 4-DEGARMO, or at sales@degarmo.com. Visit us online at www.degarmo.com.

