

# National Department Store Retailer Saves \$500,000



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## The Company

The company is department store with over 1,000 locations nationwide.

## The Challenge

The project was organized to study the effectiveness of DeGarmo's assessment solutions for reducing employee turnover across the company's collections and customer service call center operations.

## Assessment Strategy

DeGarmo implemented the **Customer Service Fit Index (CSFI)** and **Collections Fit Index (CFI)** assessments to identify and screen out turnover-prone job applicants during the talent acquisition process. The CSFI and CFI are part of the **Fit Index System**, which is a collection of occupation-specific assessments for primarily front-line, customer facing positions, and designed to reduce employee turnover by measuring an applicant's work style and "tolerance" for various job demands.

Additionally the company used DeGarmo's **Fit Interview System** to make better informed hiring decisions.

*Overall turnover was reduced by 49%, and there were significant reductions in turnover across all functional areas where the process was used.*

The strategy was to implement a multiple-hurdle selection approach to systematically identify, and eliminate candidates who did not align well with the demands of the Customer Service or Collections positions.

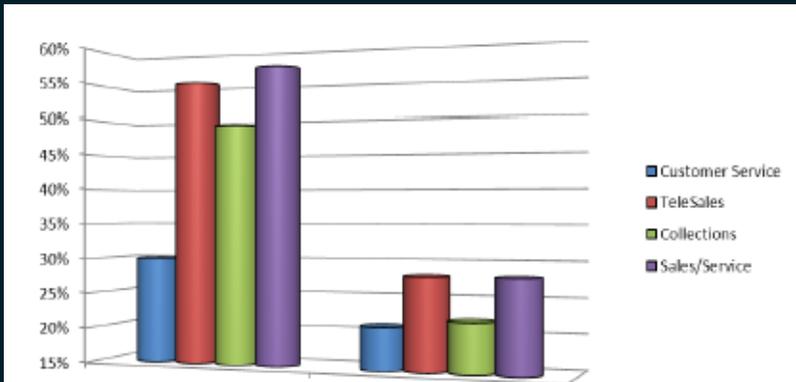
Candidates who were rated as "Lower Turnover Risk" or "Marginal Turnover Risk" on the Fit Index System assessment were scheduled to participate in the Fit Interview. Candidates who received a rating of "Higher Turnover Risk" were excused from the remainder of the process.

The Fit Interview was administered onsite by company representatives who were independently certified to facilitate the interview. Candidates recommended from the interview were extended a conditional employment offer.

## Study Design

All applicants for collections and customer service positions in the company's call centers were administered the appropriate Fit Index assessment and participated in a Fit Interview, after which time an employment decision was made. Turnover reduction was measured by comparing rates for a 1-year period of assessment use, to the same period one year prior to the system's implementation.

## Assessment Impact



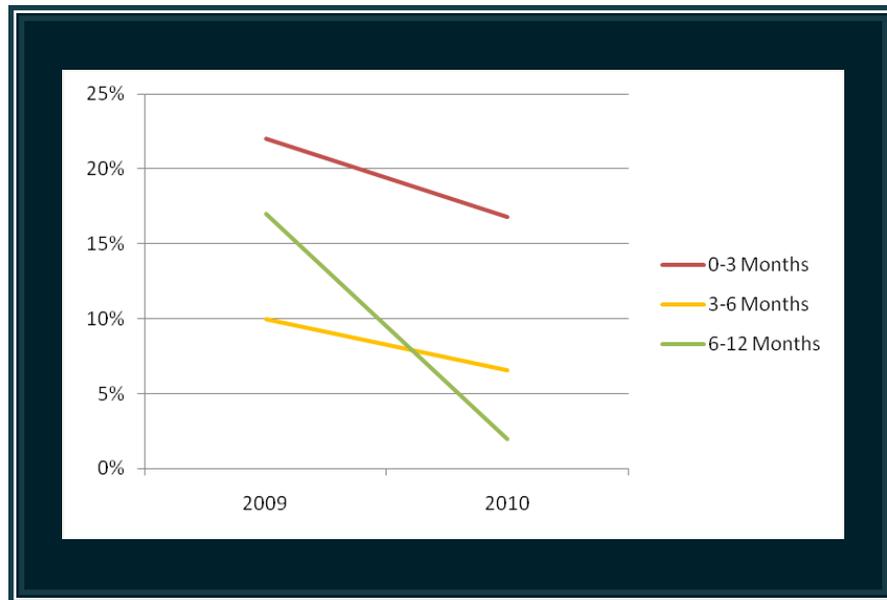
The results demonstrated a significant impact for the DeGarmo assessment solution comparing similar time periods prior to implementation (2009) versus following implementation (2010). Overall turnover was reduced by **49%** (25% compared to 49.4%). There were significant reductions in turnover across all functional areas where the process was used.

Additionally, turnover within the first 3 months was reduced by **24%** (16.8% compared to 22%). The chart below

contains turnover reduction data from 0-3 months, 4-6 months, and 6-12 months from 2009 to 2010 through the use of DeGarmo's assessment process

## Return on Investment

The information below provides a variety of perspectives on the relative utility of the DeGarmo's assessment solutions at this company. It is important to note that while this ROI analysis examines direct hire costs, there are far more costs to the business as a result of voluntary employee turnover (lost productivity, business continuity, etc.). **Therefore, any results reported below should be viewed as very conservative estimates of total utility.**



Leadership estimated that the average cost per hire for entry-level call center employees is \$3,500, but considering all factors stated it could be closer to \$6,000. For the purpose of the ROI analysis, we used a figure nearly in the middle of \$4,500, thus the total savings may represent a considerable underestimate of what was realized.

The table below provides a breakdown of the gross savings from turnover reduction across each functional area of the company. The metrics below are not forecasts, but actual savings resulting from turnover reduction between 2009 and 2010 using the assessment strategy outlined above.

In total, use of DeGarmo's assessment solution saved this company more than \$500,000 in a one-year period of time.

Business Area	Hires 2010	Turnover w/o DG Solution	Turnover Cost	Turnover w/ DG Solution	Turnover Cost	Gross Savings
CS - A	28	30%	\$37,800	21%	\$26,460	<b>\$11,340</b>
CS - B	151	55%	\$373,725	28%	\$190,260	<b>\$183,465</b>
Collect	206	49%	\$454,230	22%	\$203,940	<b>\$250,290</b>
CS - C	81	57%	\$207,765	28%	\$102,060	<b>\$105,705</b>
<b>Total</b>	<b>466</b>	<b>49%</b>	<b>\$1,073,250</b>	<b>25%</b>	<b>\$522,720</b>	<b>\$550,530</b>

## About DeGarmo

DeGarmo develops and distributes innovative talent assessment and development solutions to help clients maximize revenue growth, productivity, and workforce stability. Our award-winning pre-employment assessments, leadership assessments, and training solutions have been delivered to millions of job candidates worldwide through our talent platform, or through integrations with major applicant tracking system (ATS) providers. More than 10,000 HR professionals have received HRCI or SHRM certification credits through DeGarmo's webinars on critical HR topics such as talent assessment, interviewing, leadership, turnover reduction, and culture fit.

## 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](mailto:sales@degarmo.com). Visit us online at [www.degarmo.com](http://www.degarmo.com).

