Retail Bank Hires Better,
Reduces Employee Turnover

DEGARMO

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The company has assets of more than $25 billion and operates more than 200 banking locations.

The Challenge

The company expressed serious concerns about 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 and quality for the following position: Teller, Relationship Banker, Universal Banker, Senior Banker, Virtual Sales Consultant, Credit Analyst, and Bank Manager.

The organization also wanted the talent assessment solution fully integrated into their existing ATS platform (Taleo Enterprise Edition), with candidate data immediately available to recruiters upon assessment completion. Further, they wanted the ability to access behavioral interview guides based on assessment results for each candidate.

Assessment Strategy

> *Overall retention for successful candidates was nearly 90%.*
>
> *Short-term turnover was reduced by more than 51%.*

For the Teller roles, DeGarmo implemented a combination of **work style** and **work tolerance** assessments to measure person-job fit and screen out turnover-prone applicants.

Based on their assessment performance, candidates who were rated as "Lower Turnover Risk" or "Marginal Turnover Risk" were considered successful, while those who were rated as "Higher Turnover Risk" were excused from the remainder of the process.

For all other roles, the process included only the custom work style assessment.

Successful candidates for all positions were then scheduled for a face-to-face dynamic interview where questions were determined based on their assessment performance. Interviews were to focus on at least three assessment-driven competencies relating to successful job performance.

Profile Build

DeGarmo's platform requires that subject matter experts (SMEs) independently rate the importance of key job behaviors to successful job performance. Our process is designed to understand the drivers of success (and failure) at the behavioral level, based on actual job requirements. Additionally, the SME

data plays a critical role in the scoring of the talent profile that drives effectiveness as well as internal process support.

Data to validate position requirements was collected via a 15-minute web survey from over **162 SMEs**. The amount of SME data collected for each position ranged from 6 (Virtual Sales Consultant) to 90 (Teller).

Finally our build process includes a statistical analysis of the job analysis data to ensure rater agreement. If raters disagree, we have the opportunity for consensus building prior to finalizing the talent profile. The validation of the profile prior to activation significantly enhances the defensibility of the talent assessment system. Within each group, **there was strong statistical agreement among SMEs to support each profile.**

Study Design

The study included more than 3,100 applicants who were assessed as part of the implementation of the system. Of those candidates, approximately 70% were considered successful, while 30% fell into the "High Risk" category and were screened out. Additionally, 168 candidates were not given an assessment, and were used as a "control" group.
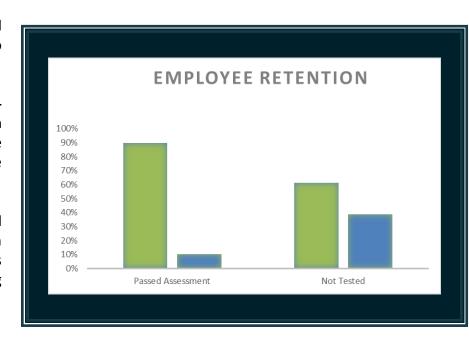
Front-Line Assessment Impact

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 retention for successful candidates was nearly 90% compared to only 61% for those in the control group.

The organization reported that **short-term turnover was reduced by more than 51%** when comparing 2014 to 2013, while at the same time reducing the total active Teller population by more than 27%.

Turnover was also analyzed at several time periods. There was never an occasion when turnover for the control group was lower than for the group hired using DeGarmo's solution.

EMPLOYEE RETENTION

Return on Investment (ROI)

To estimate the gross return for the organization based on the implementation of DeGarmo's assessment solutions, we determined the overall reduction in staff, and separately calculated savings as a result of short-term turnover reduction alone.

After implementation of the system, the organization was able to operate more efficiently with an active population **reduction of 147 Tellers**. At an annual average compensation of $22,500, savings from staff reductions **exceed $3.3 million annually**.

Short-term turnover alone was reduced by **51%** by eliminating High Risk candidates. We conservatively estimated $7,500 for each employee who quit as a result of their investment in recruitment, selection, training and onboarding (salary was excluded). During the study, the organization hired **33 fewer Tellers** who quit within the first 90-days of employment, equaling a savings of more than **$247,000**.

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. Visit us online at www.degarmo.com.