



WHITE PAPER

# The Top 5 Ways to Improve Your Retail Hiring



## Top 5 Ways to Improve Retail Hiring

In his highly influential book, *From Good to Great*, Jim Collins pointed out that a company's most important asset is not its people, it's the RIGHT people. The implication is that people are not a simple commodity that can be hired and exited with little impact on customer satisfaction or even the bottom line. Although companies within the same industry often share many similarities, each has some unique features – such as its culture, procedures, training, and goals – that distinguish it from its competition. It is precisely these company-specific qualities that demand careful attention to the way in which applicants are screened, hired and placed into jobs. Companies that are dedicated to only hiring those people who have the right mix of skills, abilities, interests, and personal characteristics to perform the core job duties, AND who have a compatible belief system, will outdistance their competition in short order.

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Although some companies are much better at screening candidates to find the RIGHT people, industry data suggest that these companies are rather unique. For example, according to a National Retail Security Survey (2010), retail companies lost \$33.5 billion due to shrinkage, of which \$14.4 billion (43%) was attributed directly to employee theft. Interestingly, according to CareerBuilder, retailers with high retention generally show significantly lower shrinkage than companies with high attrition. That's the good news. The bad news is that the retail industry as a whole has an attrition rate of about 50%, according to FirstResearch. These data suggest that the retail industry can improve the way in which it hires and places people into customer-facing jobs.

In this whitepaper, we'll describe five ways to improve retail hiring. The five points we'll discuss are not mystical or even quick-fix solutions, but they're part of a strategic talent management model that has been proven to be effective in hundreds of leading companies around the world.

## 1. Define what it means and takes to deliver exceptional customer service.

Take a step backwards and invest time to better understand the company's broader strategy. The following questions will help you begin to get a better feel for some of the bigger issues and opportunities:

- What is the company's corporate culture?
- How does the company define and strive to achieve superior customer service?
- How is the company performing relative to its competitors today – financially and in terms of customer satisfaction?
- Over the next 12 months, what are the top five areas to improve in retail?
- What are customers (current and former) saying about the company?
- What will be the company's focus in three to five years?
- Who are the key competitors and will they be the same over three to five years?

The answers to these questions (and many others) will help paint a picture of the company, how it's performing, and where it's going over the next few years.

It is equally important to understand the retail operating environment and its requirements. Documenting the nature of the work environment, work conditions, performance expectations, policies and procedures, compensation and reward structure, and the culture within the retail setting is essential to accomplishing the goal of step 1. The lessons learned represent the context in which the jobs will operate. Jobs do not operate in a vacuum, so it is essential to understand the operating conditions, drivers, and inhibitors.

The final requirement is to conduct a review of all retail jobs, their goals, and how they impact the company's success. Invest the time necessary to clearly document what representatives do on a daily basis, how they go about completing their work, and what it means to be successful. Be sure to specify what knowledge, skills, abilities, and other individual characteristics are essential to complete each job successfully.

The information gathered in this step will tell the story of what it means and takes to deliver exceptional customer service.

## 2. Specify how to measure success (and failure) fairly and accurately.

A surprisingly overlooked aspect of building a robust hiring and talent management strategy concerns how to measure performance. Most employees assume the company knows how to accurately measure performance, but in reality, few companies have a robust performance measurement process. More often than not companies conduct an annual or semi-annual review during which a supervisor evaluates a representative on a standardized rating form that supposedly measures those things that are critical to on-

the-job success. However, considering the rate of attrition and crippling shrinkage, it seems likely that many companies have room for improvement when it comes to defining what it means to perform well and then measuring it accurately.

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Measuring performance well begins with a clear definition of the job's role within the business and what someone in the job is expected to produce. It is essential to delineate these outcomes in ways that are clear and observable. In doing so, the company will be able to create an evaluation form that pinpoints precisely those things that are critical to success. Moreover, the same information can be used to modify hiring and training processes, and to educate employees (i.e., supervisors and representatives) on exactly what it takes to be successful.

### **3. Understand the person who is interacting with the company's customers.**

By measuring current representatives' knowledge, skills, abilities, personal characteristics, and performance using well-designed and researched assessments, the company will gain a better understanding of areas that represent strengths as well as those that will need to be addressed in the coming months and years. Having a transparent view of the company's bench strength is critical to a successful hiring process because it objectively reveals which individual qualities are most important to the company across its different jobs. In addition, the information gleaned from the assessments also helps the company understand more about the type of people who represent the face of the company in the eyes of its customers – are they friendly, flexible, and willing to go the extra mile to solve a problem?

### **4. Link representatives' skills and qualities directly to performance metrics.**

A concurrent validation study is a good way to evaluate the value of an assessment's ability to predict performance in an efficient and straightforward manner. In a concurrent study, current employees (in the same job) take the assessment(s) being considered for use during the pre-hire screening process. Once completed, the employees' scores on the assessments are compared to their performance data. The results of these analyses allow inferences to be made about an assessment's ability to

predict performance in the job. The following steps summarize a typical concurrent validation study:

**Step 1: Communication Plan.** Ensure that the purpose of the study and its process are communicated to and supported by key stakeholders.

**Step 2: Sampling Plan and Gathering of Assessment Data.** Identify job incumbents who will participate in the study. High, average and low performers should be adequately represented in the sample for each job. Ideally, a large sample of incumbents in each job will be included in order to provide the most representative group possible. Incumbents complete a battery of assessments (typically delivered via the web), which have been selected based on the jobs and what they require to be successful.

**Step 3: Gather Criterion Data.** Collect performance data on those individuals selected to participate in the study.

**Step 4: Match and “Clean” Data.** Match assessment and performance data for each person and clean data to make sure it is error-free and complete.

**Step 5: Statistical Analyses and Recommendations.** Analyze the relations between the assessment data and performance data. The analyses indicate not only the magnitude of the relationship between the assessments and performance, but also the nature of such relationships (e.g., which performance outcomes are best predicted by which assessments). Use results to make recommendations on how to best use each assessment to identify qualified candidates for each job.

## 5. Revisit what it takes to achieve desired performance goals on a regular basis.

It's important to understand how assessments add value to the business. The key to ensuring that assessments remain inextricably linked to the business is to quantitatively compare assessments and key performance indicators. Depending on the job and business, these comparisons should occur every 6 to 12 months. Continuous assessment monitoring is critical to fully realizing the value of a pre-hire assessment process.

## Conclusion

The top five ways to improve retail hiring aren't quick fixes or necessarily easy to implement, but they are proven to be effective. FurstPerson relies on the concepts outlined in this document with each one of our customers to drive hiring process improvements, document the impact, and monitor the results over time.

# HIRE.DEVELOP.PERFORM.

**Brent Holland, Vice President, Research and Consulting, FurstPerson, Inc.**, leads the company's product development and consulting practices. Brent's teams support clients by designing and delivering custom consulting solutions, conducting studies that uncover the specific factors that drive and inhibit performance in each client's business, designing award-winning and validated tests and assessments, and by sharing industry intelligence and trends gained through practical experience and leading research.

Prior to joining FurstPerson, Brent led the global selection and assessment practice at TeleTech Holdings. His team designed and validated a broad range of assessments to meet the unique business needs of the company and its clients. At the time of his departure, the assessments operated in 16 countries and were used to screen approximately 350,000 applicants annually. Before arriving at TeleTech, Brent built an internal talent management practice at CITGO Petroleum and led the Research Services team at Hogan Assessment Systems.

Brent received a Ph.D. from the University of Tulsa, a M.A. from Middle Tennessee State University, and a B.A. from Harding University. He uses his experience to help organizations solve complex problems in a practical and defensible manner. He is a member of the American Psychological Association, Society for Industrial and Organizational Psychology, and Society for Human Resources Management. His research has appeared in numerous refereed journals, trade journals, popular press and professional conferences.

## About FurstPerson

### What we do:

- Develop and operate web-based pre-hire, employee selection assessments that help contact centre organisations hire and develop the right employees.

### Our experience:

- Thirteen years of research and implementation experience working with all major call types including customer care, sales, collections, win back, and technical support.
- Implemented our solutions in over 250 labor markets in the United States, Canada, UK, the Philippines, and Latin America.
- Significant industry experience in telecommunications, insurance, outsourcing, financial services, retail, travel, and business services industries.
- Home agent hiring since 2002.
- Average client is a multi-site, multi-call type organization with complex hiring workflow models and job profiles.
- Developed award-winning assessments featuring interactive simulations.

### Differentiators:

- Predictive assessments with demonstrated bottom line results ranging from:
  - Improved new hire performance (up to 40%)
  - Reduced turnover (up to 70%)
  - ROI – \$1 invested yields \$10 to \$20 in return
  - Lower recruiting expense
- Hiring solutions based on empirical research supported by ongoing job and validation analysis.
- Customized solutions leveraging our extensive contact centre hiring expertise and industry leading assessment solutions.

To learn more about FurstPerson, please visit our website at [www.furstperson.com](http://www.furstperson.com) or email us at [info@furstperson.com](mailto:info@furstperson.com) or call us at 888-626-3412.

