



Talent Assessments

Making the Case for Change

Business Builder



2020

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Executive Summary

Talent assessments are used by almost all employers, though not in a consistent, strategic manner that delivers on the potential to improve hiring, development and retention of talent. Only one-fifth of organizations have a formal strategy that consistently leverages a range of assessments, from pre-hire to departure.

This dearth of assessment strategies results from most employers lacking a well-defined talent development strategy to build around. In addition, the sheer number and types of assessment providers make it difficult for employers — especially large, dispersed ones — to understand the differences in offerings, the language in which assessment results are delivered, their validity and how they should be applied.

Without consistent use of assessments, employers lack reliable, credible insights on talent to counter the biases that permeate hiring and the evaluation of employee performance and potential. Assessments — used consistently — help defend against claims of discrimination and other legal challenges. But used ad hoc — as is done most frequently — assessments can add to the risk all employers face.

How can employers make better use of assessments to reduce liability and capture validated insights to drive hiring and talent development? The solution starts with a

well-defined talent development strategy. Assessments are severely undervalued and misunderstood tools. Organizations that thoughtfully craft their strategies to hire, develop and retain capable, motivated employees put themselves in good position to recognize the enormous business value of assessments throughout the employee lifecycle.

The goal of this Business Builder is to provide a guide for establishing the business case for improving the use of talent assessments in your organization. This tool will help you:

- **Understand Your Current State:** You must understand where you are before you can purposely move forward.
- **Ask Critical Questions:** Before you can build a strong business case for change, ask yourself strategic questions and make an action plan for getting answers.
- **Building Momentum:** You need champions, sponsors, allies and a change-management plan to be successful.
- **Know Your Audience:** You must understand the diverse perspectives of stakeholders you need to work with and influence.
- **Determine Needed Resources:** Every change initiative requires a variety of investments.
- **Measure Success:** An appendix provides a list of specific initiatives and how to measure and evaluate outcomes.

Current State

Top 5 Drivers of Assessment Use



Source: 2019 Brandon Hall Group Assessment Practices Study. Results for organizations with 500+ employees

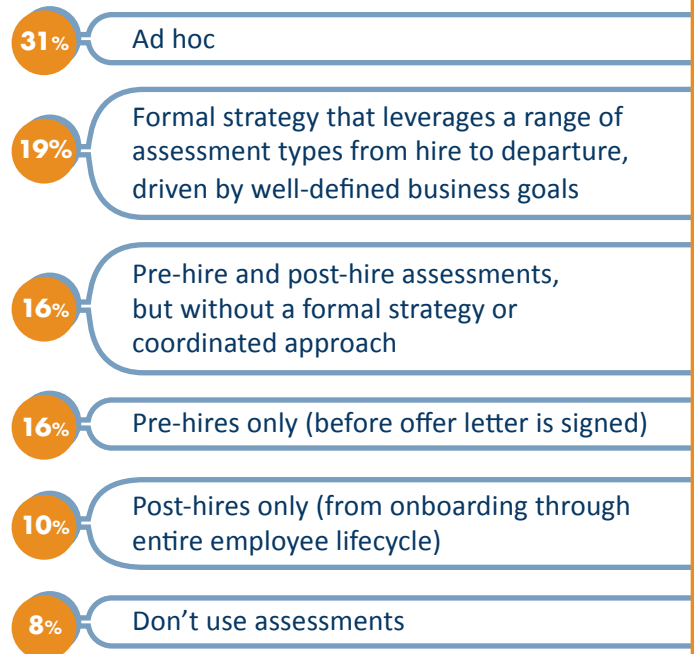
Assessments provide a contextual understanding of a job candidate or employee's current state and potential. They can deliver important insights for making critical talent decisions, especially around hiring, development priorities, high-potential identification and succession.

While most employers use assessments in some manner, only about 20% have a formal strategy that leverages a range of assessments from pre-hire to departure, according to Brandon Hall Group's 2019 Assessment Practices Study.

Assessments enable employers to evaluate aptitude, personality, behaviors, cognitive abilities, skills and potential in ways that other methods — especially performance evaluations and interviews plagued by human bias — cannot.

Potential must be measured in three dimensions: aspiration (dreams, goals and milestones), engagement and capacity/ability. The measuring model must be a combination of approaches that capture these dimensions. Assessments are critical tools for understanding multiple aspects of a person's capabilities and motivations. They should not be the sole decision-making tool; most organizations use them to narrow the field of candidates for employment, promotion or high-potential identification, not as the final say.

Assessment Environment



Source: 2019 Brandon Hall Group Assessment Practices Study. Results for organizations with 500+ employees



Self-Assessment of Your Current Situation

1. Please list what you consider to be the benefits of talent assessments to an employer.

2. Please list what you consider to be the shortcomings of talent assessments to an employer.

3. What is the level of support from top leadership for developing a formal assessments strategy covering the entire talent lifecycle starting with pre-hire?

4. If support is lacking or could be improved, explain the reasons.

5. What would be needed to gain more active support from top leadership?

6. Describe, in detail, your current use of assessments across the enterprise.

7. If assessments use is limited or inconsistent (no formal strategy/policy), what are the underlying systemic reasons? This would include things such as inability to measure impact, perceived cost constraints, concerns about validity, etc.

8. Please list any conflicts/disagreements between business units or departments about the use of talent assessments. List all conflicts. Be as specific as possible.

9. What do you see as potential benefits if you could eliminate these issues regarding assessments and create a consistent approach to talent assessments across the organization?

10. What steps do you think would be effective in solving conflicts and concerns the organization has about talent assessments?

Complexities

Employers struggle to create a consistent, strategic approach to talent assessments for a variety of reasons. The common denominator is a lack of understanding of their business value, demonstrated by many organizations citing disinterest among executives, too many other competing priorities and lack of budget for widespread assessments.

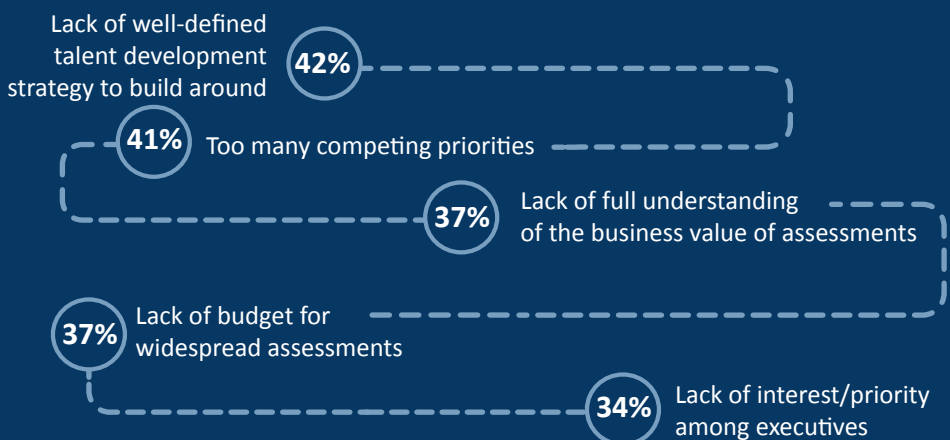
However, highly regulated industries with strict hiring requirements are far more likely to use assessments consistently and strategically, which essentially proves their value. Even when organizations embrace assessments, it's difficult to gain consensus on how they should be used. Businesses often struggle to understand the differences in providers and assessment types, the language in which results are delivered, the methodologies and science involved in their development and the extent to which

results should be considered in making talent decisions.

In almost all interviews conducted for this research, talent leaders cited ongoing conflicts between business units or business locations over how assessments should be used. Organizations usually had policies and guidelines in place, but they are often ignored or changed based on concerns about validity, difficulty in deciphering results or vendor and assessment types. Assessments were still used, though not always as intended.

In addition, more than half of employers lack a well-defined talent development strategy to build around. Therefore, a major reason for inconsistent assessment use is that it is not part of a larger effort to coordinate and integrate talent processes to hire, develop and retain top talent.

Top 5 Barriers to a Formal Assessment Strategy



Source: 2019 Brandon Hall Group Assessment Practices Study. Results for organizations with 500+ employees

Consequences

Organizations that fail to leverage assessments in a consistent, strategic manner miss the opportunity to gain deeper insights on job candidates' attributes and cultural fit, and the interests and potential of current employees.

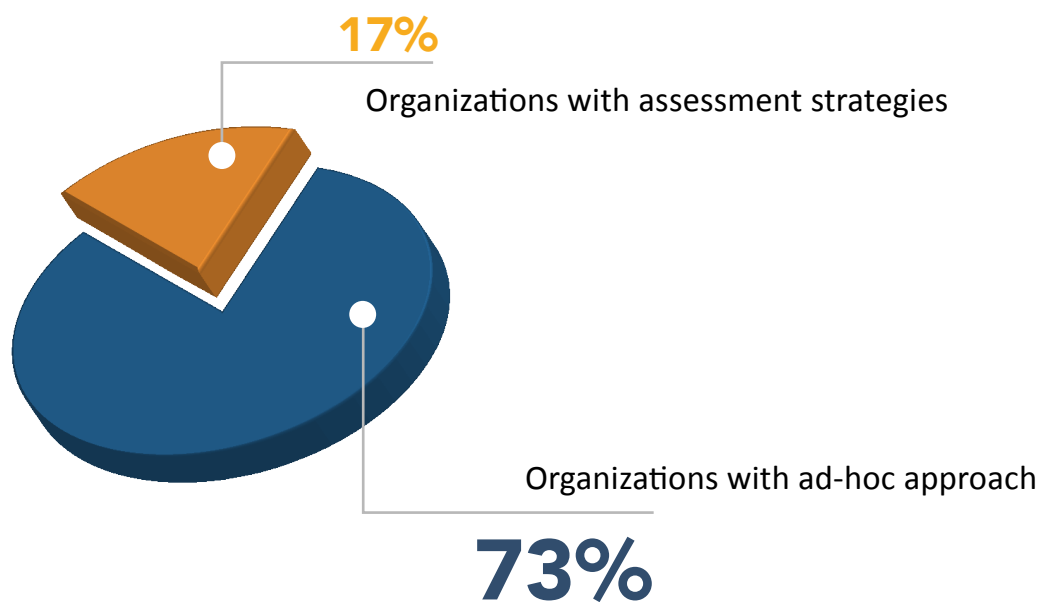
In addition, assessments conducted in an ad-hoc manner — which is the most frequently used approach — don't evaluate candidates or employees using the same criteria. That undermines the process and raises the level of legal risk.

The larger impact of poor or inconsistent talent assessment practices is the unreliable

evaluation of job candidates and employees. It is difficult to build a culture of trust and collaboration when employees' capabilities and potential are evaluated and judged differently depending on where they work or who they work for.

No talent process can be completely free of bias and subjectivity but science-based assessments from reputable vendors are a critical tool for keeping talent processes as objective as possible. Organizations that fail to understand and embrace the business value of assessments expose themselves to unnecessary risk and flawed decision-making.

Assessments are Used for Full-time Employees



Source: 2019 Brandon Hall Group Assessment Practices Study.
Results for organizations with 500+ employees

Critical Questions

Before you can build a strong business case for change, you must answer several critical questions. Use the questions below to frame an action plan to improve your organization's approach to talent assessments.

1. What are the business pain points that a consistent and strategic approach to talent assessments can help you address?

For example, do you struggle to find qualified candidates for key roles? Is your first-year attrition rate for new hires high? Do you struggle to identify high-potentials? Is your success rate for internal promotions in key roles too low? Assessments can help solve these business problems and more. Build your business case around these pain points.

2. Do all stakeholders and decision-makers, from recruiters to managers to executives, have enough information and understanding of the business value of assessments to make informed, strategic decisions?

Our research showed that many organizations did not trust the validity and did not know how to interpret assessment reports.



3. What type of governance is in place for how assessments are conducted, analyzed and used in making talent decisions?

For assessment use to be optimal, governance is needed at the recruiter, hiring manager, business unit and corporate level.



4. Do the people taking assessments — employees and job candidates — understand their purpose and how they will be used?

Some companies interviewed in our research dropped assessments or restricted their use because of past objections and the belief that using assessments would reduce the pool of high-quality candidates. So, communication of your assessment policy/strategy is important. Lack of that communication could be part of the reason for concern among stakeholders.

5. **Do you have a process for selecting assessment vendors?** There are many excellent assessment providers, but they must be aligned with your assessment philosophy (how you use assessments and how you leverage the results).
6. **Do you leverage assessments technology?** Cloud solutions for giving assessments make it efficient and consistent and allow you to capture aggregate data to develop prescriptive and predictive analytics for hiring and promotion decisions. Giving assessments manually can create inefficiencies and inconsistencies that could contribute to stakeholder concerns.
7. **Do you have interview strategies for external candidates and employees and are they aligned with your assessments approach?** This allows qualitative information from interviews to complement the assessments information and provide a more complete picture.

8. **Do you have methods for measuring the effectiveness of assessments?** Every talent process that matters must be measured. Only about half of organizations measure the effectiveness of assessments investment. Metrics can go a long way in answering questions and concerns from stakeholders about the business value of assessments.



Brandon Hall Group POV: How to Build A Strong Business Case for Change

Once you assess your current state and consider the critical questions that must be addressed, you can begin to build the business case for change.



First, you must devise an action plan to address your critical questions. We have a template that begins on the next page to help you get started.

Next, you need an infrastructure for your business case. This includes allies and change leaders, and strategies for measurement, change management and communication at all levels of the organization.



You should also consider the politics of change. All stakeholders will want to get something from the initiative so you need to have an idea about those expectations in advance. You can better influence them if you understand their points of view and desired outcomes.

Every business case requires an investment and you must consider the different types and have specific ideas to share.



Finally, you need a scorecard — a set of metrics that you can measure outcomes against. We created a scorecard appendix with a variety of metrics and KPIs. You can choose ones that best fit your business case or simply use the scorecard as a template to build your own metrics and KPIs.

Addressing the Critical Questions

On page 8 and 9, we provided you with a set of critical questions. These are more than rhetorical. You need to have an action plan to address them.

Use this section to consider action steps related to the critical questions.

Action Plan

Questions to Consider

- | | |
|---|--|
| <p>1. Which business pain points will resonate best with executive leadership? What research or benchmarks can you cite to make your case that assessments can address these pain points?</p> | |
| <p>2. What learning initiatives do you need to undertake to enable stakeholders to understand the business value of assessments and how they can be optimally leveraged? How will you go about building and executing an education plan? Who will need to be involved?</p> | |
| <p>3. How will you create, or improve, governance to make sure assessments are conducted, analyzed and used consistently and in accord with the values and concerns of stakeholders? Who needs to be involved?</p> | |
| <p>4. How will you create a communication program to ensure that everyone taking assessments understands their purpose and how they will be used? Who needs to be involved?</p> | |

- | | |
|--|--|
| <p>5. What do you need to do about assessment vendors? Will re-evaluating providers give stakeholders piece of mind and help in the education process? What progress needs to be made in terms of stakeholder buy-in before you address assessment providers? Who needs to be involved in this process?</p> | |
| <p>6. What steps must be taken to align interviewing internal and external candidates with your assessments approach? This is probably one of the last steps you will take, but you need to understand the timing.</p> | |
| <p>7. What is the best way to approach changing your organization's assessment approach? Building the business case can be overwhelming. Sometimes starting small or with a pilot approach works best. Think about short-, mid- and long-term strategies.</p> | |

Building Momentum

Based on qualitative and quantitative research, Brandon Hall Group identified several critical steps for building a business case for improving strategic use of assessments.

- / **Identify a Champion and Allies.** Organizations struggle with articulating and quantifying the value they will receive from their investment. Consider including a senior business leader (or leaders) outside of your department/function to champion the initiative and funding requests to bridge the gap between the business HR/Learning/Talent. Allies are critical in any change initiative.
 - credibility; team leaders and team members help you get the actual work done.
- / **Measure the Effectiveness.** You must identify short- and long-term goals and how to effectively measure and report them. Your team can help with this, especially if it includes data analysts/experts.
- / **Develop a Change-Management Strategy.** Any new initiative requires some level of change management to provide a transition to the future state. The change-management strategy should involve stakeholders across the enterprise to ensure as many perspectives are covered as possible.

Stakeholder Analysis

Different stakeholders will have divergent points of view for improving the use of assessments. It is important to understand their perspectives and expectations as much as possible. Organizations that are highly supportive will have buy-in throughout, but it must be driven by the CEO and senior leadership, then cascaded across all levels.

Here is a list of key players, their interests and impact.

| Stakeholder | Interest | Metrics |
|--|--|---|
| CEO | Talented and high-performing employees. | Increased revenue and profitability. Improved business performance. |
| Senior Leaders | Acquiring and retaining the best talent. Succession strategy. | Increased revenue and profitability. Competitive people advantage and employee value proposition. |
| Talent-Management Leaders | Tools, executive support and resources. Improved culture. | Employee engagement, employee retention, direct manager feedback and performance reviews. |
| Talent Acquisition/HR Leaders, Professionals | Recruiting and retaining diverse talent across the enterprise. Employment brand. | Employee engagement and retention. |
| Learning Professionals | Developing personalized learning experiences across a diverse population anywhere, anytime, on any device. Resources and ability to execute. | Impact of learning on business performance. |
| Business Unit Managers | Qualified team members. Improving high-quality hires. Identifying and developing high-potentials. | Retention, growth, team performance, turnover and business performance. |
| IT Professionals | Solutions to enable success for employees and the business. | Technology selection, implementation and adoption. |

Investment and Resources

Use this section to enter information about the resources needed to implement this initiative/program.

Action Plan

Questions to Consider

- | | |
|--|--|
| <p>1. What in-house resources do you have? Will you need to hire outside consultants? If so, will you evaluate new providers?</p> | |
| <p>2. Do you have the technology you need, either as a point solution or integrated into your HR/Learning/Talent system(s)?</p> | |
| <p>3. Do you need to evaluate new systems?</p> | |
| <p>4. How long will it take to build your new approach to assessments? When will you see results and report them?</p> | |
| <p>5. How will you measure success? How does this impact the business?</p> | |
| <p>6. What are your short- and long-term goals?</p> | |

Conclusion

There is much to consider and work through as you build your business case for investing in assessments.

Four strategies that drive success are:

- 1 Assess your current state and map that to industry best practices and the unique needs of your organization.
- 2 Keep your business case concise and factual. Leverage data and best practices to demonstrate the reasons your organization should change and the business impact of having a complete assessment philosophy and strategy for the enterprise.
- 3 Immediately identify who your champion(s) will be and people you must influence. It is essential to know the challenges you will face and how you will overcome them.
- 4 Identify your goals at the beginning — short- and long-term. Celebrate small successes and use them to build momentum and gain traction across the organization.

Appendix

Talent Assessment Scorecard



OVERVIEW

A best practice to determine effectiveness and ROI of assessments is to use a scorecard.

The more you measure and communicate why you are doing this, what you aim to accomplish and the results, the greater chance for success and effectiveness.

On the following pages, several initiatives are presented that you can implement and measure against. Choose the ones that you think will work best at your organization or use the template to develop your own.

Use this list to assess the current state of your organization's efforts.

(Select as many as apply.)

Consensus on the value of assessments among stakeholders.

Organizational understanding of the business value of assessments.

Effective governance for all facets of assessment process.

Communications strategy for assessment takers so everyone understands the reason for the assessments and how they will be used.

Selection process for assessment providers, including differences in types of assessments and how they will be delivered and used between different departments, business units, job roles or geographies.

Selection, implementation and change management process for assessment technology.

Candidate interview strategy to complement assessments strategy.

Measurement strategy to assess effectiveness of assessments.

Effective analysis and reporting of assessment results.

Well-documented processes to develop, deliver and analyze assessments.

Examples include:

- An assessments process model
- Workflows for different types of assessment development

Strong security for your assessment systems:

- Role-based security
- System and data security
- Assessment security to determine and mitigate risks for theft, identify fraud and cheating

| Talent Metrics | Main Initiatives | | Important KPIs |
|---|---|--|--|
| Build success profiles for key job roles | <p>Specify the knowledge, skills, abilities and personal attributes most important to success.</p> <p>Understand the goals of the organization and how they impact the attributes needed in the job.</p> <p>Determine skills critical today and how they will change over the next few years.</p> | <p>Set deadline for development of job profiles for key roles. These are needed before you can effectively build an assessment strategy. You need to know what you want to assess for so you can pick the right tools.</p> | <p>Define a successful hire or promotion in this position.</p> <p>Measure success of candidates, both internal and external, after job profiles are in place and used for selection.</p> <p>If data is available, compare these success rates with success rates under prior system.</p> |
| Choose assessment tools | <p>Choose the assessment tools that will provide the data needed to make sound hiring decisions based on the success profiles.</p> <p>Decide whether you should obtain valid tools from an assessment provider or develop your own.</p> | <p>You will need heavy involvement from stakeholders and maybe an outside consultant to help make determinations, depending on the level of internal expertise in your organization.</p> <p>Aim for more assessments to evaluate knowledge, skills, abilities and personal attributes rather than fewer. The more specific the assessment, the better chance for validity.</p> | <p>Determine metrics of a successful hire or promotion and compare success when using assessment tools compared to previous methods.</p> <p>Cost-benefit studies consistently show that even a marginal increase in predictive validity will yield a high ROI.</p> |

| Talent Metrics | Main Initiatives | | Important KPIs |
|---|---|--|--|
| Build an assessment workflow | <p>Determine the use of assessment tools in a way that will be effective, efficient and reduce costs.</p> | <p>There should be a range of tools, ranging from pre-screening to tools such as self-report personality assessments, to sophisticated individual assessments (structured interview or assessment center, for example) to understand more subtle differences that can influence final selection decisions.</p> | <p>Again, you can measure success of candidates and promotions when using these tools compared to previous processes.</p> <p>Also look at cost reductions in terms of narrowing field of candidates more quickly and using fewer human resources to screen and narrow the field.</p> |
| Keep assessment practices consistent | <p>Create processes to administer assessments consistently across the organization for each type of assessment.</p> <p>This requires detailed understanding of how assessments should be used and educating all stakeholders who are using assessments.</p> | <p>Inconsistent administration can lead to lower utility and legal problems.</p> | <p>Identify protocols for assessment administration and risks of non-compliance and measure non-compliance to determine risk exposure.</p> <p>This process involves strong governance at different levels of assessment use — from recruiters to hiring managers and executive teams making decisions on assessment use.</p> |

| Talent Metrics | Main Initiatives | | Important KPIs |
|--|---|--|--|
| Assess adverse impact | Examine whether the assessment adversely affects protected groups. | This is more often found in instruments measuring reason or cognitive ability. Use the instrument if it's a valid job-performance predictor and a better, less-instrument cannot be found. | One way of assessing this is determining if the minority group selection ratio is less than four-fifths of the majority group's section ratio. |
| Take steps to validate assessments internally | After some time when new hires/promoted employees are in jobs, collect performance-related data and compare it with scores from the assessment. | Also look at other data such as turnover and employee attitudes. | Use the results of analysis to make any necessary adjustments to the selection process. |

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About Brandon Hall Group

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