

COLT

The Next Generation in Candidate Screening

COLT - The Next Generation

In today's market, where there is fierce competition for the best talent available it is critical to secure the high potential candidates before your competitors do. COLT is a uniquely predictive, inexpensive and accurate screening tool that delivers the best candidates to you fast - allowing you to move the best on the market through the interview process quickly.

Each time COLT is deployed it is custom built and validated for the client to discriminate between potential high and low performers for the target role within their specific business which is why it is so predictive. This means that managers and HR professionals can quickly progress candidates with the right fit for the organisation to interview and avoid wasting time and money interviewing a large number of candidates who are unlikely to be ideal employees.

The Outcomes

COLT delivers four significant advantages for volume recruitment

<u>SPEED</u>	You get to the best candidates fast
<u>INCREASED EFFICIENCY</u>	You need to see fewer candidates face to face to find those that are suitable
<u>IMPROVED PERFORMANCE</u>	COLT significantly increases the potential to hire high performers into each role
<u>RECUCED COSTS</u>	There is a significant reduction in lost productivity resulting from managers spending time interviewing unsuitable candidates as well as reduced rework to replace bad hires.

The Return on Investment

One of COLT's multi-national clients conducted a cost benefit analysis of the value of COLT in order to get purchase sign off from the CFO. Calculating efficiency gains in hard metrics and excluding other potential gains such as reduced attrition, faster time to reach maximum performance, return on higher customer satisfaction and the consequent flow on to brand strength, the analysis revealed a USD \$108K saving per 200 candidates hired, with a reduced recruitment cycle time of 7-10 days.

Cost and Time Benefit Analysis

The follow breakdown demonstrates immediate cost benefit of implementing COLT. It also outlines the months of HR and management time saved by doing things better. This time is better spent running your business.

No Candidate Screening Tool

Number of hires per annum	100
Number of interviews required	500
Number of hours required – Line Manager	750
Number of hours required – HR	250
Total Cost	\$66,250

Screening Candidates with COLT

Number of hires per annum	100
Number of interviews required	167
Number of hours required – Line Manager	250.50
Number of hours required – HR	83.50
Cost of Screening with COLT	\$25,000
Total Cost	\$47,128

Immediate Cost Benefit of using COLT

You save \$19,123

Immediate Cost Benefit per Hire

You save \$191.23

Line Management time reduced

Reduced by 12.5 weeks

HR time reduced

Reduced by 4.1 weeks

As HR professionals, these are the results that we want to report on to the business.

Why Screen

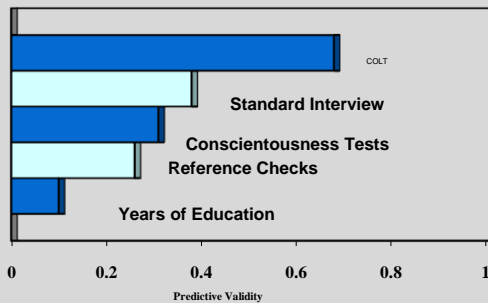
The cost of bad hiring decisions cannot be overstated. A Harvard University study concluded that nearly 80 percent of job turnover is due to hiring mistakes¹. DDI Consulting of Bridgeville determined the cost of turnover is dependent on the employee's duties, at a minimum of one to two times annual salary at the lower end but will "skyrocket" from there depending on skill and seniority².

Studies at Michigan State University show that the interview process is only 14 percent accurate in predicting a successful hire³, so it is vital to screen candidates effectively in order to deliver a candidate pool with high potential, to go through to interview. When a high number of good candidates go through to interview, the chance of the interview process leading to poor decisions is reduced significantly.

"We have seen higher quality candidates as a consequence of introducing COLT but significantly, we have cut staff turnover by 50% even before the GFC hit last year."

Tim Jeffrey, Director at Inenco Group

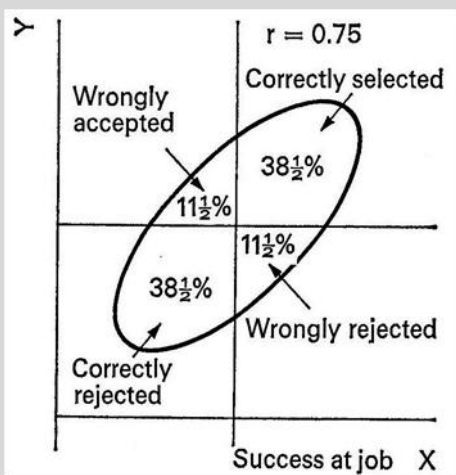
Comparative Effectiveness of Screening Techniques⁴



NB: Majority of screening tools do not publish validity data

Using hiring methods with strong predictive validity leads to substantial increases in employee performance which delivers increases in output and increases in the monetary value of output⁵. The variability in the dollar value of the output of employees has been found to be at a minimum of 40 percent of the average salary. This figure is at the lower end with actual values typically much higher.

The Validity of Selection (From Vernon 1964)



Therefore, if the average salary is, for example, \$80,000, then high performers will produce \$32,000 more per year than average performers and the difference between high and low performers will be \$64,000 per year. Such differences across a workforce are large enough to have a significant economic impact on the financial strength of an organisation. Because it is custom built for your business and validated against each role, COLT typically distinguishes between high and low performers on 70%-80% of occasions. This makes it a good predictor of candidates with a good fit for the role and screens out candidates with a poor fit.

The tool takes approximately 20 minutes for a candidate to complete and the results come through instantaneously. It is therefore an ideal initial screen for high volumes of applicants. By delivering a high potential candidate pool Colt significantly increases the probability of an organisation hiring people with a good fit for the business.

The Evidence

Client Example 1:

Consulting staff

HCT recently completed the design and validation phase for one of the world's largest services and technology companies with a significant presence in India. The analysis was conducted within a large business division based in India specifically to improve the quality of local hires. HCT analysis identified 12 factors delivering a correlation of 0.64 between responses to the questions in the screening tool and performance on the job. This study clearly confirms that this tool is valid across cultural boundaries because it is custom built.

Specifically, the tool accurately identified both high performers and low performers with an accuracy of 80%. This means the client now has a 20 minute screening tool to tag candidates likely to deliver high performance at the very beginning of the recruitment process and screen out applicants who are unlikely to have the personality, style and preferences that lead to success in this role. HCT has now put the tool online, creating a client managed site that allows the client to conduct ongoing candidate assessment. The tool generates scores and reports the instant candidates complete the tests.

Client Example 2:

Customer Service Staff

For a number of years Human Chemistry has successfully designed custom built behavioural and psychometric assessment instruments for Australia's financially strongest mutual building society with total assets of over \$6.6 billion and a credit rating equivalent to that of major regional banks.

With the development of COLT in 2007, this client immediately recognized this instrument's potential to add significant value to the recruitment process at low cost.

"We have been using COLT for two years. It has made our process far more efficient and clearly delivers better candidates for our team to interview. This screening process has saved us immeasurable hours in wasted interviews with unsuitable candidates. We intend to use this tool on an ongoing basis."

Andrew Bennett, HR Director at Newcastle Permanent Building Society

The challenge for this business was to determine the key success factors for customer facing staff. Nine factors correlating with on-the-job success were identified. The correlation between responses to the questions in the screening tool and on-the-job performance was just below 0.6. COLT has now been in service with this client for more than two years and according to the client the improvement in the quality of hires and customer satisfaction has been impressive.

Client Example 3:

Sales staff

HCT was brought in to improve the quality of hires in an industrial sector sales team in order to drive business performance and cut turnover within the team. The analysis identified 7 critical success factors delivering a correlation of 0.7 between responses to the questions in the screening tool and on-the-job performance.

A correlation of this magnitude indicates that high performers can be distinguished from low performers with a very high degree of accuracy simply on the basis of their scores from the tool.

The high correlation enables the screening tool to correctly distinguish high performers from all other levels of performance on 78% of occasions simply through their scores from the tool. HCT has now put the tool on-line, delivering a client managed site that allows the client to conduct ongoing screening for sales candidates. The site generates scores and delivers reports the instant candidates complete the tests. The tool has been in place with the client for approximately two years and the feedback from the client is very positive with a significant increase in sales and a reduction in staff turnover of 50 percent.

"We have been using COLT for over 2 years now to great effect, having expanded its use from just the sales area to now include our service area too".

Tim Jeffrey, Director at Inenco Group

Client Example 4:

Sales staff at Signature Security

"COLT has added a new dimension to our recruitment practices; firstly it has made us more disciplined in the way we evaluate candidates; secondly, it has improved the standard of our new recruits noticeably"

Kim Rose, GM – Sales at Signature Security

Human Chemistry is the preferred supplier of custom built psychometric and behavioural assessment tools to one of the largest security firms in the region, with operations across its home markets of Australia and New Zealand.

Having worked closely and successfully with us for many years, key decision makers in this business were keen to understand how COLT would improve the performance of its sales staff.

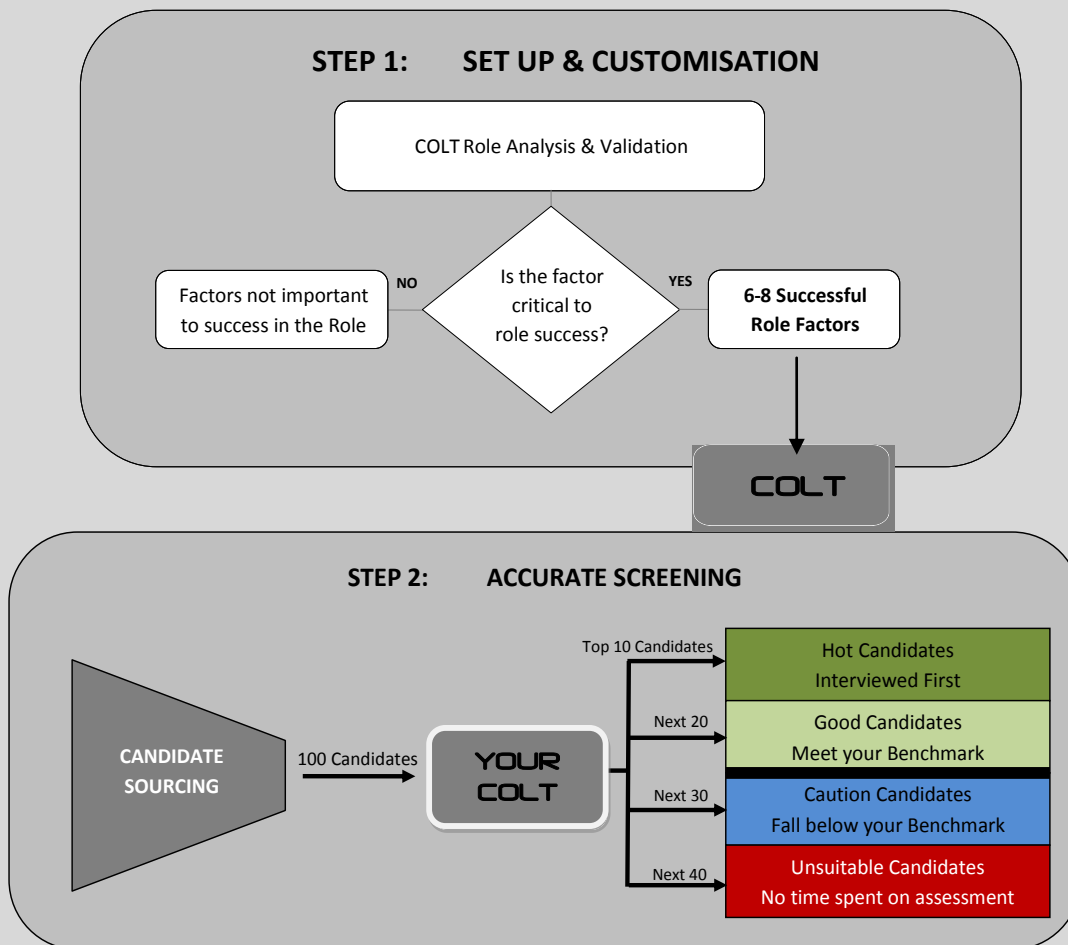
The analysis identified ten factors that determine success for a Sales Representative. A correlation of 0.62 between the responses to the questions in the screening tool and on-the-job performance was established. The business was impressed and commissioned COLT which came into service in early 2008.

The Method

The Human Chemistry Technologies (HCT) approach is to apply science to screening which is why it is so successful. HCT partnered with researchers from Macquarie University in Australia to develop COLT, a robust methodology that predicts on-the-job performance. Unlike many screening tools, COLT is not a standard test that is sold as a selection solution for all businesses and a variety of roles in all geographies

HCT profiles the target role within the client organisation to determine the predictors of performance, scientifically analyses the data, and with our proven statistically valid methodology, generates a correlation between responses to the questions in the screening tool with high performance. When our research team delivers the results of the analysis we inform the client of the critical success factors for the role that cannot be easily determined from a CV or interview.

Typically the correlation is above 0.6. Human Chemistry Technologies then builds the customised on-line screening tool that takes approximately 20 minutes for a candidate to complete. It is quick and simple to use and delivers results in real time. The system is automated: clients can send out high volume emails with the screening tool link attached at the press of a button and it gives users the information they require at a glance.



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