

CASE STUDY

Klawnsky Consulting's ValidHire™ Predictive Hiring Solution Achieves Low 12% Material Handler Turnover for 8 Consecutive Years

Challenge A major Fortune 500 automotive parts manufacturer was planning a new high tech distribution center. The state of the art facility would feature over one million square feet of storage space, incorporate a leading edge software system, and include a major investment in new equipment to help provide rapid order fulfillment to customers from the more than one million parts housed at the facility.

The significant investment meant the project would receive high visibility within the organization and the company's senior management team was tasked with ensuring a successful launch. In addition to the focus on technology, a commitment was made to improving the quality of Material Handlers. The company had struggled with high turnover, below standard job performance, and decreasing productivity at other distribution centers. As one member of the management team put it, *"All of our new high-tech equipment at the DC will go to waste if the Material Handlers are not capable of using it; or if they don't have the 'will do' attitude we need to meet our customer's needs and keep up with the competition."*

Solution The management team partnered with Klawnsky Consulting to ensure Material Handlers hired at the new distribution center would be able to meet the high performance standards needed for a successful launch. To address the challenge, a new Material Handler predictive hiring process was designed and implemented which more closely aligned with the company's values and culture.

The starting point for designing the new predictive hiring process was Klawnsky Consulting's model for increasing Material Handler job performance (shown below). The key to model's success was that it included both 'attitude' and 'ability' to identify the best Material Handlers. It also placed 3x greater emphasis on attitude over ability; a tried and true ratio established over the course of 25 years designing employee hiring programs.



The new approach, grounded in much more accurate predictors of job success, replaced the company's 'traditional' interview process which relied too much on 'impressions' and 'gut feelings' to make hiring decisions.

Positive results were almost immediately evident with the new process; company managers said they now understood that a major source of their turnover and performance problems was related to hiring the wrong quality of new hires. In manufacturing terms, they had been starting with the wrong 'raw materials' with the people they previously hired. That starting point made it extremely difficult for them to reach their performance goals, no matter how many attempts they made to increased compensation, benefits, etc.

To ensure the 'ability' component of the model was accounted for, a simple 'quality control test' was also added to the hiring process. That test was used to identify candidates who were capable of meeting minimum job requirements. Candidates who weren't capable of passing the test were not a good match for the job; so were encouraged to reapply at a later date.

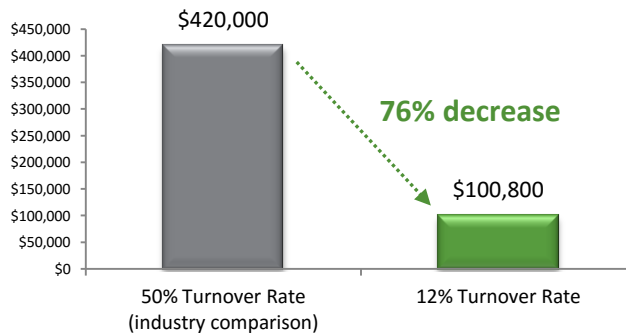
Specifics

- 1+ Million Square Foot DC
- 1 Million company parts in DC
- Average of 70 Material Handlers at DC

Results & ROI

- 8 consecutive years averaging 12% turnover since the new hiring system was implemented in 2008.
- Within 4 months, the results were so significant that the process was implemented nationwide at all remaining DC's.
- Savings from reduced turnover costs alone were enough to justify the investment in the new process, achieving an ROI of less than 6 months.

Reduced Turnover Costs



Turnover cost = \$12,000 (50% of Material Handler annual salary)

Maximize your most important resource - *your people.*