

# MaxImizing Insights

Workforce Trends, Forecasts and Solutions from Maximizing Insights

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## The Bottom Line Loss Nobody Talks About

### Congratulations!

Barbara Metzger has successfully completed TTI's 2-day Attribute Index™ and earned the designation of Certified Attribute Index Analysts.

The Attribute Index is a powerful new business tool to assess critical personal skills required for successful job performance.

### Fact or Fiction?

*According to the latest statistics, there are nine million Americans who aren't working. And there are even more if you count those with jobs.*

—Unknown.

*There may be luck in getting a job, but the nearest to perfection that most people ever come is when filling out a job application.*

—Unknown.

*Economists predict the year ahead will reward hard workers. What a frightening outlook for many!*

—Unknown.

Maximizing Insights is written, edited and published monthly by Ira S. Wolfe for:

### MaxImize

**Companies hire for skill, but fire for attitude.....we measure attitude.**

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### Learning Curve Costs

Much is written about the high cost of turnover. These costs include the cost of advertising, interviewing, overtime and agency fees to cover for the vacancy, and hours of administrative time to terminate the former employee and bring on the new one.

But little is documented about the cost of lost productivity during the learning curve of the new hire.

For example, the net losses per employee during their "probationary" periods range from as low as \$269 for a janitor to over \$7,000 for a manager making \$45,000 per year.

Let's break this down further and use the example of a new salesperson.

During his first 5 weeks, he is only 25% effective. In other words, he reaches one-fourth of what will become his sales goal after he is "on-board". During the next 5 weeks, he'll reach 50 percent of his goal and at the end of 15 weeks, he'll hit 80 percent of his target.

Assuming a \$600 per week draw, the net loss at the end of 15 weeks (before benefits) is nearly \$4400!

For every new hire that doesn't come out of this learning curve period smelling like a rose, it is equivalent to you - the employer - of writing a bonus check to every new or recently promoted employee in the amount of \$4400 for not doing his job.

Reducing learning curve losses begins with hiring the right employee in the first place. Reducing the losses and saving costs even further can occur by hiring employees with no less and no more than the minimum general (cognitive) abilities required for the job.

### Is anyone feeling just a wee bit guilty?

When asked in a recent survey "have you ever returned a gift you broke for a refund or replacement," 1 out of 5 people (20 percent) admitted that they did. Considering that the demographics of the sample were people in business and most likely college educated professionals, this is a significant number.

**Would you turn in your best friend if they were forged documents and stole several thousands from your employer to pay medical bills?** Nearly 1 out of 7 (13 percent) admitted they would not.

**If a policeman offers to forget a \$150 speeding ticket in exchange for paying him \$50 in cash, what would you do?** Again, 1 in 5 admitted they would pay the \$50.

**What would you do if your employer was vandalized due to your forgetting to lock the door on your way out last night? Would you admit your carelessness.** Well, the good news is that 7 out of 8 said they would. I guess the bad news is that 1 out of 7 would not!

**And for the final question, have you ever worked on a personal project while pretending to be working in business while on company time,** 7 out of 10 (70 percent) respondents admitted to doing it.

Source: Success Performance Solutions Integrity Survey (July 2003)

## Problem Drinking Toasts Business Bottom Lines

Health care costs are skyrocketing. Layoffs are increasing. And whether or not job and personal stress is enough to drive people to drink, the cost of problem drinkers to businesses is profound.

Problem drinking is the primary or secondary cause of many medical conditions, including heart and liver disease and cancer.

Problem drinking also contributes to unintentional injuries like car accidents, burns and falls. In addition, alcohol interferes with many medications making them either useless or toxic or both.

Problem drinkers also use the emergency room 70 percent more often than people without drinking problems and stay in hospitals almost two days longer.

Problem drinkers don't only boost health care costs but kill productivity as well. Hangovers and health related problems drive problem drinkers to call in sick or just skip work altogether 2 times as often as workers who don't have a drinking problem. They also tend to arrive late and leave early.

How common are alcohol related problems in business?

For every 1000 employees, there are:

- 84 problem drinkers.
- 127 employee family members who are problem drinkers.
- 453 lost work days due to sickness, injury and absence as a result of problem drinking.
- 417 work days of lowered productivity.
- 55 extra nights spent in the hospital.
- 41 extra emergency room visits.

Source: Ensuring Solutions to Alcohol Problems, George Washington University Medical Center

**Calculate the cost of problem drinkers - See page 3.**

## The "darker" site of DISC.

Most individuals familiar with DISC can describe the four classical style patterns. They know whether they are a D-I-S-C or green-red-blue-yellow or Dominant-Expressive-Amiable-Compliant. But few people understand or even know about the "darker" side of DISC.

Many of the most popular DISC reports describe only the strengths of the four styles. For example:

**D** stands for taking a Direct approach to problems. The strengths of "D" individuals are commonly described as taking initiative and a willingness to take risks.

**I** stands for being energized by opportunities to Influence or Interact with other people. "I" individuals love to get involved and generally respond with enthusiasm.

**S** stands for individuals preferring a Steady pace. "S" individuals offer stability and follow-through to situations.

**C** stands for Compliance of rules and procedures set by other people. "C" individuals provide accuracy and thoroughness to situations.

But individuals can demonstrate either a positive response – as described above – or a negative response to any given situation. Positive responses are generally more goal-based while fear and stress brings out the shadowy side of you. It's like Dr. Jekyll and Mr. Hyde without the pathology and drugs!

When stressed, fatigued or fearful, the darker side of your DISC behavioral style comes out:

"D"s may appear demanding and defiant.

"I"s may appear impulsive and indiscriminate.

"S"s may appear sedentary and stern.

"C"s may appear callous and complaining.

## Setting A Hire Standard

*These are the 2nd and 3rd of 5 Tips to Setting "A Hire Standard". Watch for Tips 4 and 5 in coming issues.*

### Tip No 2: Watch for Adverse Impact.

If a hiring system contains multiple hurdles (such as an initial pre-screening by phone, followed by an initial in-person interview and a second interview for finalists), then every stage must be tested for adverse impact. This is true even if the end results yields no adverse impact.

### Tip No 3: Formalize Subjective Selection Components

One potential source of adverse impact is subjective evaluation. While instincts and intuition can be valuable aids in personnel selection, unguided gut feelings about a candidate's fit are dangerous, legally speaking.

As the U.S. Supreme Court explained in *Watson v. Fort Worth Bank & Trust*, 487 U.S. 977 (1988), it is critical that subjective criteria, like objective criteria, be valid. The next step toward using subjective evaluation in a valid, legally defensible manner is to standardize subjective evaluations by uniformly following set procedures established in written policies.

As stated in *Stender v. Lucky Stores, Inc.* (1992) if employers use subjective evaluations to select personnel but fail to provide their managers with meaningful criteria to guide their evaluations, courts will not require plaintiffs to pinpoint particular aspects of the system that are unfavorable. Employers obviously do not want to make plaintiffs' cases easier and can avoid doing so by providing their managers with specific criteria and methodology to use in evaluating candidates.

*Source: A Hire Standard, HR Magazine, July 2003*

# Stormy Labor Forecast Facts

## How much does alcohol-related problems cost businesses each year?

For a 1000 employee company:

- \$56,686 in work days lost to sickness, injury and accidents.
- \$66,083 for extra nights spent in hospitals.
- \$265,762 in extra health care costs for employers and employees for treatment of alcohol-related health problems.

How much is problem drinking costing your business? Find out by visiting:

<http://www.alcoholcostcalculator.org>

## Job Stress Stressing Bottom Lines

The number of employees calling in sick because of stress tripled from 1996 to 2000.

An estimated 1 million workers are absent every day due to stress.

The European Agency for Safety and Health at Work reported that over half of the 550 million working days lost annually in the U.S. from absenteeism are stress related.

One in five of all last minute no-shows are due to job stress.

Unanticipated absenteeism is estimated to cost American companies \$602.00/worker/year and the price tag for large employers could approach \$3.5 million annually.

A 1997 three year study conducted by one large corporation found that 60% of employee absences could be traced to psychological problems that were due to job stress.

Source: The Institute of Stress

## Is HR Weathering the Storm?

Forty-seven percent of senior executives are dissatisfied with or ambivalent about the performance of their human resources departments. The rest--53 percent--are satisfied or extremely satisfied. The most common reason for the dissatisfaction is response time.

About 90 percent of high-level execs at large companies evaluate their human resources functions on criteria that many people feel aren't tied to business results--criteria such as employee turnover, morale, satisfaction and human resources expenses. Less than 50 percent of companies use workforce-management measurements such as revenue per employee or return on human capital.

Source: Wirthlin Worldwide, on behalf of Accenture, interviewed 150 senior executives from Fortune 1000 companies in June.

## Read This - if you can!



- The U.S. ranks 49th among 156 countries in literacy.

- The functional illiteracy rate in the U.S. is 3 times as high as in the former USSR, and 5 times that of Cuba.

- 99 percent of all workers perform some reading-related work each day; to keep pace on the job they read 113 minutes a day.

- The estimated yearly cost of illiteracy due to non-productivity, crime and loss of tax revenue is \$225 billion.
- 65 percent of all prisoners are illiterate. The cost of maintaining a prisoner for one year is greater than tuition at Harvard.
- 30 percent of all Naval recruits are functionally illiterate.

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## Rough Seas Ahead for Talent

The unemployment rate is nearly double what it was just a few years ago. Four million job cuts have been announced since 2001. 400,000 people are looking for jobs.

This makes it hard to believe there is still a labor shortage. But the Perfect Labor Storm is far from over.

In a study by the Aspen Institute, the human "fuel" for economic growth between 1980 and 2000 was supplied by an increase of 44 percent in the native-born workforce aged 25 to 54.

**Beginning in 2000 and continuing through 2020, the growth rate is expected to be zero.**

The number of people 65 and older is expected to increase 26 percent between 2005 and 2015 while the managerial/experienced worker population of 40 to 54 year olds will shrink by 5 percent.

Coming up behind them are replacement workers aged 25 to 39. Unfortunately this age group will grow by only 6 percent.

**Discover and Develop  
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- Coaching and Mentoring
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