

Case Study: Preventing First-Placement Failure In A Staffing Agency

This Professional Staffing Agency focuses on clerical and accounting placements. For the last calendar year, the agency was placing an average of 90 temporary employees per month. Prior to using the Step One Survey, agency records showed that 17% of their new hires failed to satisfactorily complete their first placement assignment. These failures, though perhaps less expensive than failures of permanent hires in many settings, were still costly. Not only did the hiring costs continue to add up, the damage to a client's relationship caused by an unsuccessful placement could be extremely costly!

In looking at the reasons for failure, the most common factors identified were,

in order, absenteeism, poor attitude, and failure to complete the assigned work. As might be expected, candidates who failed on their first placement were rarely reassigned, and often failed to even check in with the agency after losing the job.

Given the reasons for failure, the Step One Survey seemed an appropriate choice for screening applicants prehire.

After 4 months of screening every new candidate with the Step One Survey (SOS), first placement failure rates had dropped to 6%— a 64% reduction!

The agency estimated their costs of the program and the expected benefits for a full year's use.

Annual Costs: The company calculated net costs of the SOS program to be \$12,000 including staff time involved in administering and scoring

Annual Benefits:

Savings in costs of turnover estimated @ \$3,000/hire:

\$198,000

Estimated savings in client goodwill @ \$500/failure:

\$33,000

Total Annual Benefits: \$231,000

Ratio, Benefits:Costs: 19:1

The results are shown in the graph below.

