

Return on Investment: A Project on Hiring Sales Personnel

The numbers don't lie, and what they say can be powerfully convincing. Numbers can be especially powerful in the field of human resources, where statistics like Return on Investment (ROI) can be difficult to measure. This is the case study of one company that hired jobEQ to help them hire 26 sales people. Not only did we hire the new sales team, but we also got the numbers for ROI, and they spoke volumes...

The company chose jobEQ for several reasons. Suppose you hire some excellent employees, and your staff turnover gets reduced by 10 percent. This would translate into hiring and training maybe four fewer people the next year. Better staff would also mean happier customers, and a reduction of complaints (not to mention reducing the indirect costs of unhappy customers).

This means your organization would save at least \$35,000 in reduced hiring, firing, training, and complaint costs.

This does not even take into account other costs, such as lost information, stress (losing productivity) of other employees, etc. Some studies in Europe and the United States conclude that the average cost to replace a manager is around \$60,000!

Nice theory. But what is the reality?

For this particular company, the consultant implemented our "Hire for Attitude mantra. He used iWAM's model of excellence technology to determine which motivation patterns were important and to help the company to redesign the recruiting ad using iWAM's suggestions concerning motivating language.

Given this company's reputation and brand, normally about 100 people react to their job ads. With the redesigned campaign, they more than 300 candidates responded of which 120 persons were tested using iWAM.

Using jobEQ's tools also helped accelerate the recruiting process: our tools cut into half the time needed for the candidates that were invited for selection. With the new recruiting process bringing objective criteria, both the HR staff and the Sales staff agreed on the candidate (to hire or not). iWAM's reports pointed out that given the kind of job, in ideal conditions, the salespersons would stay between 2 and 3 years on average.

After that period, they would either get a promotion inside the company or go elsewhere. In reality, using iWAM reduced staff turnover by more than 62 percent.

See the next page for the numbers in this project.

Return on Investment after 1 year: 1,300 %

Each Euro invested saved the company 13.4 Euro!

The exact numbers:

Total sales people - 40 (26 newly hired)

Cost of firing (average) - 1,500 Euro / person

Cost of hiring (because of low initial productivity) - 5,000 Euro / person

Cost of training:

- Group training (4 days/10-person group) - 600 Euro / person

- 3 months personal coaching (4 hrs/day average) - 150 Euro / person

Cost of avoidable complaints per person - 300 Euro /person

Previous staff turnover rate - 80% per year

Expected turnover after this project - 50% per year

Actual turnover after this project (for the first year) - 0%

Actual turnover after this project (after one year) - 30%

Savings for the company (1 year)

Reduced ad costs - 25,000 Euro

Reduced recruiting, training, firing, and quality costs - 90,000 Euro

Total savings (conservative estimate) - **115,000 Euro**

Cost of working with jobEQ - 8,550 Euro

This included (1) making a Model of Excellence, (2) the consulting fee of the certified iWAM consultant, and (3) using the jobEQ software for testing candidates and ranking them against the model.