



## Measuring the ROI of The McQuaig System™

By Michael Gravelle

In the aftermath of the Global Financial Crisis, human resources executives and business leaders are under pressure to demonstrate the ROI on HR investments, such as The McQuaig System™.

In this newsletter we share key strategies that will help you demonstrate the ROI of The McQuaig System and win senior level buy-in.

### Measure impact on productivity or turnover before and after adopting The McQuaig System

The best time to initiate an ROI strategy is when The McQuaig System is implemented at your organization. Ninety percent of companies implement pre-employment assessments to do one of two things: increase productivity and/or reduce turnover. A before-and-after analysis is a simple way that directly addresses ROI.

In one instance a US based client in the commercial video-surveillance industry experienced a drop in turnover in sales and service from 87% to 26% in three years after implementation. Sales per rep and sales margins also increased during that time period.

Capturing productivity costs is fairly straight forward if the role is one that is linked to output. Capturing cost of turnover data is trickier but the [McQuaig Cost of Turnover Calculator](#) can help.

One caveat when employing this approach is to remember that economic conditions will also impact variables like turnover. For example, many companies have experienced higher retention rates since the Global Financial Crisis.

### Link candidate profiles to performance data

If it has been a number of years since your company implemented The McQuaig System, you will probably not have the data required for the before-and-after approach mentioned above. Still, it would be worthwhile doing a predictive validity study by comparing Job Fit scores to performance.

When a McQuaig Job Fit report is generated it will produce a "Strong Match", "Potential Match" or "Does Not Match" rating. Comparing these ratings to performance variables can demonstrate ROI and provide additional insights.

An insurance client did this in their underwriting department and came to the conclusion that if the candidates were given a rating of "Does Not Match" on the Job Fit Report, the chances of them being categorized as low performers was 83%. Further, the study showed it was three times likelier for a high performer to be in the "Strong Match" category. Since the difference in revenue generated by high versus low performers was substantial, the money invested in The McQuaig System™ was repaid many times over.

The Job Fit analysis can be done retroactively if the Job Fit Report was not done at the time of hire.

### Conduct a Talent Audit with McQuaig

While this method does not link to ROI directly it is a great way to engage senior leadership in McQuaig by providing a high level overview of the talent that you have in place.

Succession planning is on the forefront for many organizations these days. If you have used McQuaig in the hiring process you are now sitting with a powerful database profiling many of the key leaders and individual contributors in your company.



You may have reached a period where critical players are retiring and you need to determine high potentials and their development needs. Or, perhaps the markets are shifting and you need to determine if you have key people in place to drive change.

Tools like [The McQuaig Comparison report](#) can provide a snap-shot of the key talent you have in place and provide a high-level overview for you executive team.

Please contact me directly on how we can provide any of the analyses mentioned above for your company.

On behalf of the entire McQuaig team, Happy Holidays to you and your family.

Sincerely,

Michael Gravelle, CHRP  
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The McQuaig Institute®