

Financial Performance Indicators of a Vangent Selection Program for an Office Equipment and Supply Organization

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INTRODUCTION

Financial analyses are presented, which reflect possible financial gains realized by an office equipment and supply organization from use of a selection program developed by Vangent, Inc.¹. Macro level financial analyses are provided showing higher financial performance for the client following implementation of the selection program, in terms of net profit margins and earnings per share of stock compared to pre-program annual levels². These improvements in financial metrics associated with the introduction of an improved employee selection system would be expected, although there were obviously many other factors that impacted the client's financial success. However, one can reasonably conclude that the pre-employment selection program is contributing significant value to the client.

RESULTS

- There was a 9.7% gain in net profit margin for the client after implementation of the program (See Table 1)
- There was a 39% gain in earnings per share of stock for the client after implementation of the program (See Table 2)³
- There was a 21% average improvement in short-term employee retention following implementation of the program⁴
- The selection program yielded an average return on investment (ROI) of 22.5 to 1, relative to program costs, or \$22.50 for every \$1.00 invested in the program
- Statistical analyses showed the assessment did not have a disparate impact on any relevant race or gender subgroup

¹ The Reid Report[®] assessment

² Value Line Investment Survey[®] (October 18, 2002), includes analysts' estimates

³ The correlation between condition (pre/post) and earnings per share was significant ($r = .75$, $N = 6$, $p < .05$, 1 tailed)

⁴ The correlation between condition (pre/post) and monthly turnover rates was significant ($r = .76$, $N = 16$, $p < .01$, 1 tailed)

Table 1: Net Profit Margin Analysis

	Pre-Program (1998 – 2000)	Post-Program (2001 – 2003)	Net Gain
Average Annual Net Profit Margin	3.1%	3.4%	0.3%
Difference %			9.7%

Table 2: Earnings per Share of Stock Analysis

	Pre-Program (1998 – 2000)	Post-Program (2001 – 2003)	Net Gain
Average Annual Earnings per Share	\$0.59	\$0.82	\$0.23
Difference (%)			39%