EXHIBIT

Predictor Scores for 11 Applicants to Management Training Program

Name	Company Experience	College Degree	Performance Rating	Cognitive Ability Test	Integrity Test	Background Test	Interview Rating	Drug Test
Radhu	4	Yes	4	9	6	OK	6	P
Merv	12	Yes	3	3	6	OK	8	P
Marianne	9	Yes	4	8	5	Arrest '95	4	P
Helmut	5	Yes	4	5	5	OK	4	P
Siobhan	14	Yes	5	7	8	OK	8	P
Galina	7	No	3	3	4	OK	6	P
Raul	6	Yes	4	7	8	OK	2	P
Frank	9	Yes	5	2	5	OK	7	P
Osvaldo	10	Yes	4	10	9	OK	3	P
Byron	18	Yes	3	3	7	OK	6	P
Aletha	11	Yes	4	7	6	OK	5	P
Scale	*Years*	*Yes–No*	*1–5*	*1–10*	*1–10*	*OK–Other*	*1–10*	*P–F*

Evaluating a Hiring and Variable Pay Plan

Effective Management Solutions (EMS) is a small, rapidly growing management consulting company. EMS has divided its practice into four areas: management systems, business process improvement, human resources, and quality improvement. Strategically, EMS has embarked on an aggressive revenue growth plan, seeking a 25% revenue increase in each of the next five years for each of the four practice areas. A key component of its plan involves staffing growth, since most of EMS's current entry-level consultants (associates) are at peak client loads and cannot take on additional clients; the associates are also at peak hours load, working an average of 2,500 billable hours per year.

Staffing strategy and planning have resulted in the following information and projections. Each practice area currently has 25 associates, the entry-level position and title. Each year, on average, each practice area has five associates promoted to senior associate within the area (there are no promotions or transfers across areas, due to differing KSAO requirements), and five associates leave EMS, mostly to go to other consulting firms. Replacement staffing thus averages 10 new associates in each practice area, for a total of 40 per year. To meet the revenue growth goals, each practice area will need to hire 15 new associates each year, or a total of 60. A total of 100 associate new hires will thus be needed each year (40 for replacement and 60 for growth).

Currently, EMS provides each job offer receiver a generous benefits package plus what it deems to be a competitive salary that is nonnegotiable. About 50% of such offers are accepted. Most of those who reject the offer are the highest-quality applicants; they take jobs in larger, more established consulting firms that provide somewhat below-market salaries but high-upside monetary potential through various short-term variable-pay programs, plus rapid promotions.

Faced with these realities and projections, EMS recognizes that its current job offer practices need to be revamped. Accordingly, it has asked Manuel Rodriguez, who functions as a one-person HR "department" for EMS, to develop a job offer proposal for the EMS partners to consider at their next meeting. The partners tell Rodriguez they want a plan that will increase the job offer acceptance rate, slow down the outflow of associates to other firms, and not create dissatisfaction among the currently employed associates.

In response, Rodriguez developed the proposed hiring and variable pay (HVP) program. It has as its cornerstone varying monetary risk/reward packages through a combination of base and short-term variable (bonus) pay plans. The specifics of the HVP program are as follows:

- The offer receiver must choose one of three plans to be under, prior to receiving a formal job offer. The plans are high-risk, standard, and low-risk.
- The high-risk plan provides a starting salary from 10% to 30% below the market average and participation in the annual bonus plan, with a bonus range from 0% to 60% of current salary.

- The standard plan provides a starting salary of 10% below the market average and participation in the annual bonus plan, with a bonus range from 0% to 20% of current salary.
- The low-risk plan provides a starting salary that is 5% above the market average and no participation in the annual bonus plan.
- The average market rate will be determined by salary survey data obtained by HR.
- The individual bonus amount will be determined by individual performance on three indicators: number of billable hours, number of new clients generated, and client-satisfaction survey results.
- The hiring manager will negotiate the starting salary for those in the high-risk and standard plans, based on likely person/job and person/organization fit and on need to fill the position.
- The hiring manager may also offer a "hot skills" premium of up to 10% of initial starting salary under all three plans—the premium will lapse after two years.
- Switching plans is permitted only once every two years.
- Current associates may opt into one of the new plans at their current salary.

Evaluate the HVP program as proposed, answering the following questions:

1. If you were an applicant, would the HVP program be attractive to you? Why or why not? If you were an offer receiver, which of the three plans would you choose, and why?
2. Will the HVP program likely increase the job offer acceptance rate? Why or why not?
3. Will the HVP program likely reduce turnover? Why or why not?
4. How will current associates react to the HVP program, and why?
5. What issues and problems will the HVP plan create for HR? For the hiring manager?
6. What changes would you make in the HVP program, and why?

ENDNOTES

1. M. W. Bennett, D. J. Polden, and H. J. Rubin, *Employment Relationships: Law and Practice* (New York: Aspen, 2004), pp. 3-3 to 3-4; A. G. Feliu, *Primer on Individual Employee Rights*, second ed. (Washington, DC: Bureau of National Affairs, 1996), pp. 7–29; G. P. Panaro, *Employment Law Manual* (Boston, MA: Warren, Gorham and Lamont, 1993), pp. 4-2 to 4-4; Society for Human Resource Management, "How to Create an Offer Letter Without Contractual Implications," Sept. 15, 2010 (*www.shrm.org/templatestools/howtoguides/pages/howtocreateanofferletter.aspx*).
2. Panaro, *Employment Law Manual*, pp. 4-61 to 4-63; D. Cadrain, "Coming to Terms," *Staffing Management Magazine*, Oct. 2009 (*www.shrm.org/publications/staffingmanagementmagazine/EditorialContent/Pages/1009cadrain.aspx*).

APPLICATIONS

Learning About Jobs in Staffing

The purpose of this application is to have you learn in detail about a particular job in staffing currently being performed by an individual. The individual could be a staffing job holder in the HR department of a company or public agency (state or local government), a nonprofit agency, a staffing firm, an employment agency, a consulting firm, or the state employment (job) service. The individual may be someone who performs staffing tasks full time, such as a recruiter, interviewer, counselor, employment representative, or employment manager. Or, the individual may be someone who performs staffing duties as part of the job, such as the HR manager in a small company or an HR generalist in a specific plant or site.

Contact the job holder and arrange for an interview with that person. Explain that the purpose of the interview is for you to learn about the person's job in terms of job requirements (tasks and KSAOs) and job rewards (both extrinsic and intrinsic). To prepare for the interview, review the examples of job descriptions for staffing jobs in Exhibits 13.2 and 13.3, obtain any information you can about the organization, and then develop a set of questions to ask the job holder. Either before or at the interview, be sure to obtain a copy of the job holder's job description if one is available. Based on the written and interview information, prepare a report of your investigation. The report should cover the following:

1. The organization's products and services, size, and staffing (employment) function
2. The job holder's job title, and why you chose that person's job to study
3. A summary of the tasks performed by the job holder and the KSAOs necessary for the job
4. A summary of the extrinsic and intrinsic rewards received by the job holder
5. Unique characteristics of the job that you did not expect to be part of the job

Evaluating Staffing Process Results

The Keepon Trucking Company (KTC) is a manufacturer of custom-built trucks. It does not manufacture any particular truck lines, styles, or models. Rather, it builds trucks to customers' specifications; these trucks are used for specialty purposes such as snow removal, log hauling, and military cargo hauling. One year ago, KTC received a new, large order that would take three years to complete and required the external hiring of 100 new assemblers. To staff this particular job, the HR department manager of nonexempt employment hurriedly developed and implemented a special staffing process for filling these new vacancies. Applicants were recruited

Mr. Williams gives the manager and the supervisor one more week to improve. If sufficient improvement is not forthcoming, various punitive actions are taken, including base pay cuts, demotions, reassignments, and terminations. Mr. Williams feels such quick and harsh justice is necessary to keep HCLC competitive and to continually drive home to all employees the importance of working "by the numbers." Fed up with this management system, many managers have opted to say "Bye-bye, numbers!" by leaving HCLC.

Recently, the issue of site and unit manager retention came up on the radar screen of HCLC's president, Roman Dublinski. Mr. Dublinski glanced at a payroll report showing that 30 of the 120 site and unit managers had left HCLC in the past year, though no reasons for leaving were given. In addition, Mr. Dublinski had received copies of a few angry resignation letters written to Mr. Williams. Having never confronted or thought about possible employee retention problems or how to deal with them, Mr. Dublinski calls you (the corporate manager of staffing) to prepare a brief written analysis that will then be used as the basis for a meeting between the two of you and the vice president of HR, Debra Angle (Ms. Angle recommended this). Address the following questions in your report:

1. Is the loss of 30 managers out of 120 in one year cause for concern?
2. What additional data should be gathered to learn more about managerial turnover?
3. What are the costs of this turnover? Might there be any benefits?
4. Are there any lurking legal problems?
5. If retention is a serious problem for HCLC, what are the main ways we might address it?

Retention: Deciding to Act

Wally's Wonder Wash (WWW) is a full-service, high-tech, high-touch car wash company owned solely by Wally Wheelspoke. Located in a midwestern city of 200,000 people (with another 100,000 in suburbs and more rural towns throughout the county), WWW currently has four facilities within the city. Wally plans to add four more facilities within the city in the next two years, and later on he plans to begin placing facilities in suburban locations and rural towns. Major competitors include two other full-service car washes (different owners), plus three touchless automatic facilities (same owner) in the city.

Wally's critical strategy is to provide the very best to customers who want and relish extremely clean and "spiffy" vehicles and to have customers feel a positive experience each time they come to WWW. To do this, WWW seeks to provide high-quality car washes and car detailing and to generate considerable repeat business through competitive prices combined with attention to customers. To make itself accessible to customers, WWW is open seven days a week, 8:00 a.m. to