

Creating a Comprehensive Assessment and Development Program for a Fortune-500 Retail Organization

This case study briefly describes a project Censeo completed for a large retail organization. The project is noteworthy in that:

- A very comprehensive process was developed to gain an accurate understanding of both the individuals' and the company's talent base.
- The process represents a best practice in combining the science of employee assessment with technology to ensure an accurate and streamlined approach.
- The client realized an immediate positive impact among store leadership as a result of the process.

Situation and Business Need

The company has 1,100 stores, with an average of 90 associates in each. Leadership in the stores consists of a Store Manager, one or two Assistant Store Managers, and several Department Managers. The Store Managers report to District Managers, with an average of ten stores per district.

The impetus for the project was the company identifying eight key strategic initiatives to accelerate growth, improve profitability, and increase customer satisfaction. Senior management suspected that all of the initiatives were highly dependent on Store Managers for successful implementation, and for sustaining the improvements over time. They also suspected that many of the Store Managers did not have the knowledge and skills needed to move the organization to the next level.

These are the objectives established for the assessment and development program:

- Develop a detailed competency model defining the knowledge, skills, and abilities (KSAs) required for performance excellence in the Store Manager role.
- Develop a series of assessments for accurately measuring Store Managers' competencies, including data on all the KSAs.

- Administer the assessments in an efficient fashion, and generate individual feedback reports that provide a detailed and comprehensive picture of strengths and development needs.
- Analyze aggregate results to identify systemic opportunities for improvement, and design new training programs to meet the identified needs.
- Position District Managers to effectively support and reinforce Store Manager development, including feedback, development planning, and ongoing coaching.

Competency Model as the Foundation

Competency models vary depending on the purposes they serve, or the HR applications for which they form the basis. They most often vary in terms of the degree of specificity – the number of competencies and key behaviors that constitute the model.

The competency model for this project needed to be very detailed. Success required that Store Managers receive assessment feedback on very specific KSAs, rather than just overall feedback at the competency level. So, the final model consisted of 18 competencies and 164 KSAs, or key behaviors.

The following steps were taken in developing the Store Manager competency model:

1. Review all available materials (job descriptions, training programs, etc.).
2. Visit stores, observe Store Managers, and conduct interviews.
3. Interview several levels of management above the Store Managers to understand the implications of business strategies on the performance requirements for Store Managers.
4. Draft the competency model.
5. Revise the model based on feedback from the Steering Committee (a panel we worked closely with throughout all phases of the project).

The competency model became the foundation for everything else in the project. As contrasted to traditional job analysis, this model was focused on the future versus the past or status quo, on the requirements for performance excellence versus average performance, and on the most important elements versus trying to capture everything.

A Multiple Assessment Approach

Different assessment approaches are needed to measure different kinds of KSAs. For example, a knowledge test is the most appropriate way of measuring whether a Store Manager understands the company's financial accounting system for stores. On the other hand, input directly from associates is the best way of measuring the degree to which the Store Manager displays certain people management skills.

To that point, before the content for the assessments was developed, decisions were made on the best way(s) to measure each KSA. The matrix in Figure 1 shows a small portion of the competency model. The rows represent the KSAs, and the columns the different types of assessments. The checkmarks indicate the best assessment method(s) for measuring each behavior.

Figure 2 shows a diagram of the different assessments that were developed, and they are briefly described below.

- Store Manager Test – 139 items measuring knowledge in key areas.
- District Manager Evaluation – 92 items for gathering DM's ratings on Store Manager's demonstrated skills.
- Associate Survey – 55 items completed by at least 25 associates in each store.

- Interview – 38 structured interview questions measuring the application of knowledge to solve problems.
- Simulations – three interaction role plays (with a customer, a Department Manager, and a District Manger) measuring behavioral skills in realistic situations (scored on 36 items).
- Store Manager Self Rating – 100 items for getting Store Manager's perceptions of own capabilities.

The interview and simulations were combined in a mini-assessment center, conducted by internal assessors who received thorough training in advance. Across all assessments (not including the self rating), there were 360 measures, or items. The assessments were kept as short as possible to reduce administration time, while still providing a high level of accuracy.

Integrated Assessment Report

The assessment report was designed to provide Store Managers with an overall picture of their strengths and development needs at the competency level, and then to zero in on the specific results at the KSA level. Again, there were 18 competencies, 164 KSAs, and 360 assessment items in all.

Each assessment item was scored on a 5-point scale, except for the test items, which were either correct or incorrect. KSAs were scored based on all the assessment items that loaded on them, as were competencies. A total assessment score was calculated based on a weighted average of the competencies. Censeo developed software for generating the reports, so the process was highly automated and very fast.

**FIGURE 1
Competency-
Assessment
Matrix**

Competency/KSA	Assessment Tool					
	Test	Inter- view	Mini- Sims	Ass- essor	DM Rating	Assoc Survey
7. Customer Service Focus	—	—	—	—	—	—
a. Understands, communicates, and acts as a role model for FIRST Class Service; maintains the discipline to follow through with FIRST principles at all times.	✓		✓		✓	✓
b. Makes an effort to develop personal relationships with as many customers as possible (e.g., greet them by name, ask how their kids are doing).		✓				✓
c. Takes extraordinary action when necessary to keep customers satisfied.			✓		✓	✓
d. Encourages associates to see the store from the customer's perspective.						✓
e. Properly interprets Mystery Shop reports and creates actionable plans for improving store scores.	✓		✓		✓	
f. Takes ownership of customer relationships and delivers on customer commitments.			✓		✓	
g. Is open and responsive to feedback and special requests from customers.		✓				
h. Knows, communicates, and holds associates accountable for maintaining Company's personal appearance standards.	✓				✓	✓
i. Looks for opportunities to reward associates who display FIRST Class Service.						✓
8. Store Financials	—	—	—	—	—	—
a. Understands and accurately uses store financial ratios and calculations (e.g., gross margin, retail price, ad markdown, department sales mix, department gross); possesses the basic math skills needed to do this.	✓	✓	✓			
b. Prepares realistic budgets and proactively forecasts sales and expenses.	✓	✓			✓	

FIGURE 2
Multiple Assessments

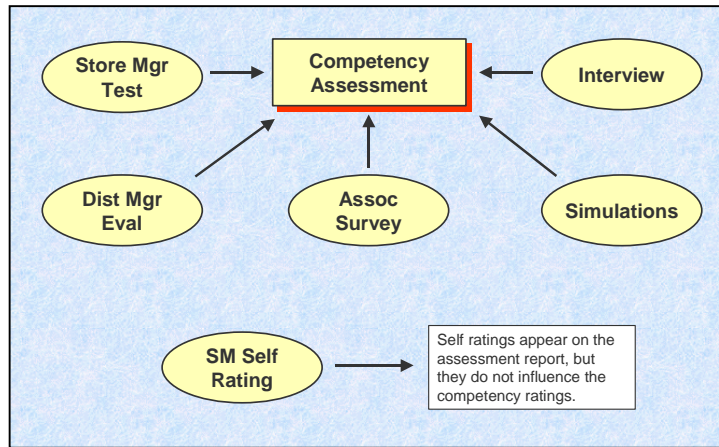


FIGURE 3
Assessment Feedback Report

Manager: Pat Southerland

Section 1: Competency Profile

The table below shows your results for the total assessment and for each competency. The "Total Assessment" Score is a weighted average of the competency scores. The "Competency Level" is based on the percentage of maximum possible points.

< 60 = Sig. Devel. Need 60-69 = Development Need 70-79 = Competent

80-89 = Strength 90+ = Sig. Strength

Key: Checkmark ✓ = assessment rating. Shaded box ◻ = self rating.

Competency	Points % of Max	Competency Level				
		Sig. Devel. Need	Development Need	Competent	Strength	Sig. Strength
Total Assessment	74	◻	◻	✓	◻	◻
Managerial Skills	75	◻	◻	✓	◻	◻
Analytical Business Approach	75	◻	◻	✓	◻	◻
Planning/Organization	71	◻	◻	✓	◻	◻
Communication	60	◻	✓	◻	◻	◻
Recruiting/Staffing	82	◻	◻	◻	✓	◻
PC Literacy	85	◻	◻	◻	✓	◻
Grocery Retailing	80	◻	◻	◻	✓	◻
Store Operations	80	◻	◻	◻	✓	◻
Customer Service Focus	83	◻	◻	◻	✓	◻

Figure 3 on the previous page shows Section 1 of the assessment report – a graphic display of the results for the total assessment and the competencies. The statistic shown is the percentage of maximum possible points. The checkmarks indicate the assessment results, and the shaded boxes represent the self-ratings. Other report sections include associate

survey results, written comments from the assessors, and specific KSAs that were rated low. The last report section is extremely useful – suggested actions for developing competencies in those areas found to be most in need of development.

The Role of the District Managers

The District Managers play a key role in the assessment and development process. They help communicate the program's purpose to the Store Managers – building enthusiasm and reducing anxiety. They serve as assessors and role players in the interviews and simulation exercises. Finally, they receive the assessment reports, conduct feedback sessions with the Store Managers, help them in development planning, and follow up afterwards (coaching and holding the managers accountable for continuous development).

The District Managers received good training for all of these activities. The skills developed serve them well, not just for the assessment program, but in performing their normal leadership role – observing performance, providing feedback and coaching, etc. In fact, anecdotal data suggests that the program may have as much positive impact on the District Managers as on the Store Managers, even though they aren't the primary target population.

Measuring Program Impact

The company is obviously making a significant investment in such a comprehensive assessment and development process. Furthermore, it's not a one-time event. The company plans to have follow-up assessments for Store Managers in the future, and to expand the program to include Assistant Store Managers. Because of the cost, and because developing leadership talent in the stores is so critical to the organization's success, several approaches are being used to measure the program's impact:

- Data are collected from Store Managers and District Managers at several points in the process – immediately after the assessments are administered, after feedback and action planning sessions, and after they have had the opportunity to work on their plans for several months. This data collection not only provides information for program evaluation, but also spurs people to follow through with the whole process.
- Re-assessments in the future will measure changes in skill levels. These assessments will not be a full duplication of the initial program, but a more streamlined process, with some of the measures being updated (e.g., the knowledge test).
- The company has a very rich database for analyzing aggregate strengths and development needs. Correlating assessment results with organizational outcome variables (sales, profits, turnover, etc.) will lead to a better understanding of which competency areas are most important to the business.

Other important results also emerged. For example, the process of developing and implementing the program itself had a positive impact on the organization. Communicating the competency requirements to the Store Managers was of value, even before the assessments and feedback took place. And building the competency model caused people at several levels in the company to think more critically about where the business was going and what that meant for their most critical, pivotal resource – the 1,100 Store Managers.

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