

A Revolution in Assessment Centers

Virtual Assessments Increase Effectiveness of Hiring Financial Advisors



Overview

The transition of the financial services industry from a model of transactional business to one of providing advisory wealth management services has increased the need to hire Financial Advisors with greater skills and a different focus. The competitive marketplace, the high costs associated with turnover, and the lost revenue opportunities due to current hiring practices required the use of a true differentiator to help select the right candidates. Best practices in assessment centers were transformed and enhanced through technology to provide a more realistic "day in the life" of a Financial Advisor. Candidates are now able to obtain an accurate perception of the job, while hiring managers have an opportunity to see how candidates perform, rather than rely on what they say they have done or would do if given the chance.

Our client and their candidates alike view the technology-enhanced assessment center as a market differentiator for recruiting and selecting high performance Financial Advisors. Now in its fifth year, Return on Investment results show a significant reduction in turnover and an increase in productivity. Our client has realized a savings of over 1 million dollars per 100 candidates hired due to this more rigorous selection process.

The Business Challenge

In light of the changing nature of financial services, including a savvier consumer, a higher level of client service, and deeper and more involved client relationships with specialized professional alliances, our client, one of the world's largest financial services firms, recognized the strategic advantage of improved Financial Advisor selection.

In an effort to increase the robustness of their Financial Advisor selection process, they asked us to create a scalable, lower-cost solution to enable them to differentiate among superior, effective, and ineffective candidates for the position of Financial Advisor.

The Solution

The challenging nature of the job of Financial Advisor, including the use of technology to manage many elements of the work day (e.g., client contacts, scheduling, emails, business planning) required a revolution in the context in which assessment centers reside. To that end, we shifted our focus from on-site to web-based assessment centers in an effort to better simulate the job of Financial Advisor and to significantly decrease both hard and soft costs associated with traditional on-site assessment centers, such as time away from work, travel, and expenses. The result was a technology-enhanced assessment center.

The assessment is a fully-hosted software application, requiring only an appropriate testing environment, a computer with a broadband internet connection, a printer, and a telephone. The assessment allows for centralized control of the assessment process either by HR or the business line, with local administration of the program in the branch itself or any other global location. This model supports rollout to multiple locations while simultaneously lowering overall costs. The assessment is a one-way mirror through which to observe candidates' performance throughout the assessment. It captures and archives behavior and provides a platform for assessors to record their evaluations for later review.

Using the results of our locally validated competency model for the position of Financial Advisor, we designed an assessment center that accurately simulates the job of Financial Advisor and evaluates candidates against the critical standards for success required for entry in the job. The assessment center exercises are tied to critical competencies, and roles and responsibilities, ensuring that they are a content-valid measure of the skills and abilities that successfully differentiate between superior, effective, and ineffective candidates.

The technology-enhanced assessment consists of multiple exercises and involves multiple assessors over the course of 3.5 hours. Job candidates are placed inside a simulated financial services organization in which they confront the same situations, responsibilities, and tasks as a new Financial Advisor. They receive and respond to emails; can make and receive calls from leads, prospects, and clients; attend meetings; deliver sales presentations; and complete marketing plans. Throughout the simulation assessors evaluate candidates' behavior in each exercise and role play, and complete assessment forms. A team of assessors, along with the client, integrates the assessment results in a holistic fashion to identify candidates' operating styles, strengths, and areas for development, and make a recommendation of readiness for the role of Financial Advisor.

Results

The program is being used throughout the US and Canada to assess 4,500 candidates per year. Stakeholders repeatedly assert that they would not recommend hiring someone without the assessment observations and "go/no go" recommendation. Candidates describe the assessment as an "impressive" and "fun day in the life"—a realistic job preview that enables them to determine whether they see a fit between their skills, preferred work styles, and the role.

Now in its fifth year, our client experienced a **25% reduction in turnover in the first 6 months on the job** subsequent to the implementation of the assessment.

Additionally, production data are available for those candidates who have a year of experience and have been in production for at least 6 months. Results indicate that strongly recommended candidates are out-performing candidates who were not recommended for hire by the assessment by **138% in production**.

The center's positive impact has resulted in plans for extended usage, especially in regions with high turnover and lower productivity.

About BTS

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