



Research Brief

The Value of Assessment

Prediction Validity and Business Impact

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DDI assessments achieve the highest levels of prediction and create unparalleled business value.



This newly compiled research summary (drawn from 15 research studies representing 80 organizations) illustrates that DDI assessments are unparalleled in producing the intelligence and business outcomes that organizations seek.

*DDI simulations and job-related assessments are highly predictive of not only job performance, but also performance **improvement**—and ultimately lead to a series of high-value outcomes that positively impact both individuals and businesses.*

At DDI, we have:

- Conducted thousands of leadership job analyses representing almost every leader role—across all industries—from frontline supervisor to CEO; and
- Assessed hundreds of thousands of leaders from around the globe, including more than 25,000 executives, and conducted many studies on the predictive validity and business impact of our efforts.



Warning: Not all assessment systems are created equally.

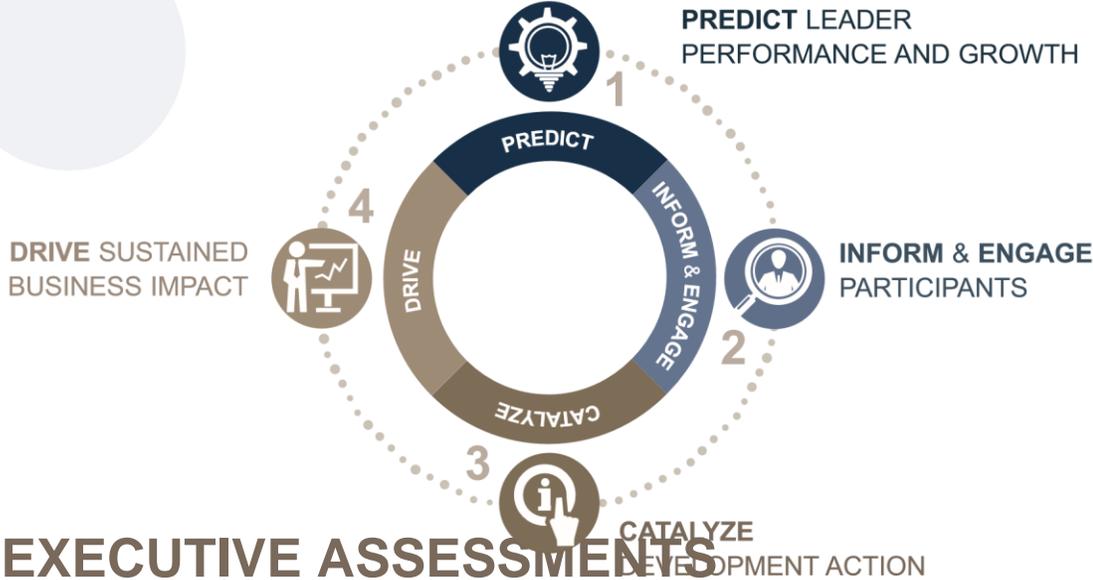
High-impact assessment is not only the tool itself, but also its application and whether it achieves the business objectives your organization is facing.

Assessment systems are most effective when they have:

- **Validity**—Reliable, predictive tools are employed.
- **Clear Purpose and Communication**—Assessment purpose (i.e., development versus selection) is clearly established, and outputs are used in a disciplined, consistent manner.
- **Positive Participant Experience**—Participants encounter a process that draws them in and makes them feel steadily more engaged and excited by both the process and the outputs.
- **Great Feedback**—Individuals and management receive feedback that adds new insight and improves decision making about development and deployment of talent.
- **A Focus on Key Actions**—The assessment uses precise methods for evaluating the specific behaviors for key actions associated with each competency.
- **Management Support**—Managers and executives are given tools and clear guidance in order to play a valuable, continual role in the development and engagement of participants.
- **Business Analytics**—Detailed diagnostics are created to enable foresight into emerging business scenarios and reduce risk by evaluating leadership capabilities with respect to critical business needs.
- **Sustained Development**—Clear development plans enable the application of learning; great plans become infectious throughout teams and organizations.
- **A Strong Connection to Business Context**—Assessment must move beyond evaluation of competencies to generate intelligence on each leader's readiness to drive business priorities (e.g., innovation, global market growth).

THE IMPACT OF DDI LEADERSHIP AND EXECUTIVE ASSESSMENTS

Defining a fair, accurate, and efficient process is the entry cost for implementing leadership assessment systems. The impact of these processes is measured in four areas: predicting performance, informing and engaging participants, catalyzing development, and driving business impact.





1. PREDICT LEADER PERFORMANCE AND GROWTH

Organizations use assessment to make crucial promotion or selection decisions. They look to assessment to be able to predict performance and success.

Leadership Performance—The statistical validity of DDI assessments across organizations and industries is consistently in the highest range of predictive power.* DDI assessments are powerful predictors of leadership performance.

Performance Improvement—In a study of more than 650 executives, across four organizations, high scorers improve performance significantly more than low scorers.

Leadership Potential—In a study of more than 750 leaders, across five organizations, results show significant relationships between assessment scores and potential ratings.

Career Progress—Across studies, high scorers are consistently more likely to be promoted.

**The US Department of Labor's highest category of validity, labeled "Very Beneficial" requires coefficients of .35 or above.*



2. INFORM & ENGAGE PARTICIPANTS

Assessments build positive energy and inspire individuals to look closely at their leadership capabilities and take an active role in their own personal development and growth.

In a study of more than 400 leaders, across 43 organizations, **98%** report that the assessment improved their view of their organization.

Standard DDI post-assessment surveys (N=5000+) show that participants:

- 91%** Feel significantly more valued in the organization after completing the assessment
- 85%** Would recommend their organization to other leaders
- 90%** Find the process valuable for development
- 90%** Learn new things about themselves based on the assessment
- 78%** Are more likely to stay with the organization after completing the assessment



3. CATALYZE DEVELOPMENT ACTION

Assessment acts as a catalyst for improving leadership performance and accelerating growth.

Skill Improvements: Across five studies and more than 650 executives, **80%** of participants made significant improvements in:

- Interpersonal Skills**
- Leading Others**
- Managing Personality Shortcomings**
- Promotability**

Positive Impact from Development: In a study of 119 executives across 22 organizations, those who make the most developmental progress are significantly more likely to receive higher performance ratings, larger compensation increases, and promotions.

Routine DDI Client Impact Research (post-assessment) Demonstrates:

Receptivity to Feedback: Executive sponsors report that **98%** of executive participants have demonstrated increased receptivity to feedback.

Development Energy: Among executive sponsors, **89%** report that the assessment process added positive energy to the development process in their organizations, and **87%** say that post-assessment activities receive strong management support.

Better Diagnostics: **92%** of managers report that the process helped them better understand leaders' strengths and development opportunities.

Development Action: Participants write development plans (**95%**); schedule development meetings with managers (**95%**) and mentors (**95%**); and create high-impact development plans (**75%**).

the objectivity of the organization's talent decisions.

positions; significant increase in diversity in senior leadership; an increase in the successful internal promotion rate (from **30** to **70%**).

Automotive Dealer: **100%** improvement in financial performance and significantly higher customer satisfaction among high scorers in the assessment process.



4. DRIVE SUSTAINED BUSINESS IMPACT

Organizations realize positive business impact through assessment.

Routine DDI Client Impact Research (post-assessment) Demonstrates:

Business Intelligence: 87% of executive sponsors report that they gained business-relevant insights about the assessed leaders, and 75% report making better business decisions about talent.

Objectivity of Talent Evaluations: 82% of executive sponsors view the process as increasing

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DDI Client ROI examples:

Global Defense Contractor: Achieved at least one to two ready now leaders for all critical tal: Higher Net Promoter customer satisfaction scores; higher year-over-year productivity growth; and in locations where managers showed above average improvements in leadership behaviors, transactions (28%), productivity (18%), and revenue (26%) all increased.

Global Chemicals Manufacturer: 90% of leaders participating in the assessment process made successful transitions into roles with greater responsibility.

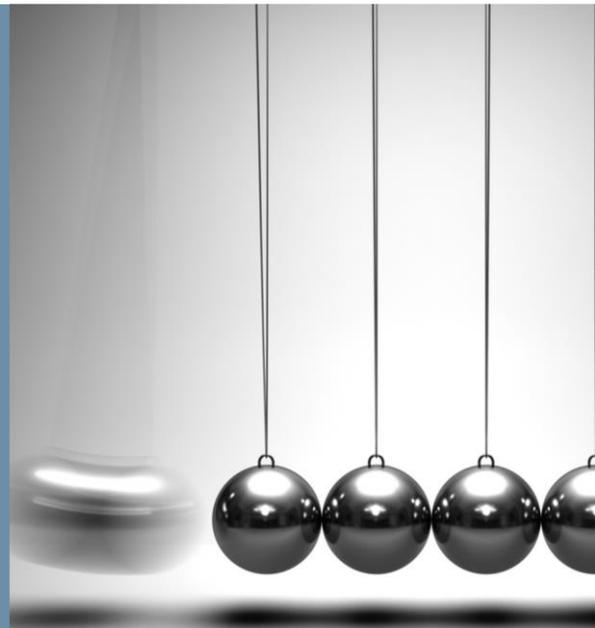
Large Health System: 450% ROI in assessment-based developmental achievements conducted as outcomes of the process.

Large Retailer: Store managers realized 10% higher sales and identified “ready” district managers who outperformed “not ready” district managers by nearly \$13 million.

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Summary

Using assessment to enhance organizational effectiveness is not simply about using predictive tools. It is about the application of those tools in a way that results in positive reactions and sustained development action. Science must meet practice to arrive at approaches that work. Ultimately, any growth that occurs after assessment stems from the energy that the process creates.



Building assessment systems that have business impact requires a *balanced approach* and a research program that considers all of the outcome areas shown above. DDI assessment center implementations have been shown to **predict performance, engage participants, and catalyze development action**. These outcomes pave the way for DDI clients to realize what they set out to achieve at the launch of their assessment initiatives: **business impact**.

At DDI, we are on a perpetual quest to help our clients achieve organizational and individual leadership success. Our research program reflects that commitment and our pursuit of continuous improvement. Together with our clients, we will work to design and implement assessment systems that positively impact business outcomes.

About the Authors

- **Matt Paese, Ph.D.,** *Vice President, Executive Succession Development, DDI*
Matt is responsible for the research, development, and implementation of DDI's succession management, executive coaching, and executive assessment methodologies. Matt is co-author of *Grow Your Own Leaders*.
- **Evan Sinar, Ph.D.,** *Chief Scientist and Director of the Center for Analytics and Behavioral Research, DDI*
Evan and his team conduct comprehensive analytical evaluations of talent management programs to gauge their impact and to forecast opportunities to better align with business strategy. They also produce contemporary, prescriptive thought leadership about talent management practices. Evan serves as a thought leader for DDI on topics such as leadership development, talent management analytics, data visualization, generational differences, social media, and pre-employment assessment.



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ABOUT DEVELOPMENT DIMENSIONS INTERNATIONAL

Who We Are. Development Dimensions International, or DDI, is one of the top talent management consultancies. Forty-five years ago, we pioneered the field; today we remain its chief innovator.

What We Do. We help companies transform the way they hire, promote, and develop their leaders and workforce. The outcome? People ready to instigate, understand and execute business strategy, and address challenges head-on.

How We Do It. If you have ever had a leader you revered, or marveled at how quickly a new hire came up to speed, you might very well be experiencing DDI at work. Often, we are behind the scenes, creating custom training or assessment that clients can roll out on their own. Other times, we are more visible, helping clients drive big changes in their organization. Always, we use the latest methods, based on science and the test of time.

Who We Do It With. Our clients are some of the most successful companies on earth. They're Fortune 500s and multinationals, doing business across a vast array of industries, from Berlin to Bangalore and everywhere in between. We serve clients from 42 DDI-owned or closely-affiliated offices.

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