Moneyball: The Art of Winning the Recruitment Game
Case Studies on Selecting the Best Talent with Limited Resources

By Greg Moran, CEO of Chequed.com

Michael Lewis’s bestseller *Moneyball: The Art of Winning An Unfair Game* tells how the scrappy Oakland A’s out-hired the New York Yankees at a fraction of the cost by using data and analytics to draft low-cost, high-talent players.

These same principles can be applied to corporate hiring. Later in this paper, readers will see how Asurea Insurance Services and Aspen Dental have been able to more effectively screen large candidate pools and improve hiring results despite limited resources. Designed in partnership with the Department of Psychology at the State University of New York at Albany, Chequed.com’s data driven, analytical tools are developed on a foundation of behavioral science to better predict candidate performance.

The need for more analytical hiring tools is pretty clear: according to Bersin & Associates, 35% of organizations see the need to accelerate growth and globalize – the highest level in four years – yet 51 percent struggle to hire the right talent, despite the high unemployment rate.

Finding the qualified needles in the haystacks of the unemployed drains HR resources, but the real issue goes beyond creating hiring efficiencies. Being able to predict which candidates are most likely to be high performers once they actually take on the job is how companies are establishing significant competitive advantages in this environment.

Making the Link Between Hiring and Business Results

What the Oakland A’s did, ultimately, was transition an organization away from using subjective measures to determine who they should draft. As a result, they found the unsung players with the talents they knew would lead to team wins.

Baseball franchises function similarly to other types of businesses. The players with the most talent are drafted to form teams which then work together to generate wins. In business it is exactly the same: the candidates with the most talent are hired to – in most cases – work as a team to achieve the desired business results. Who are the players who are best able to
support progress toward generating these business results? Behavioral science helps companies get at the objective measures supporting those skills, traits, and behaviors. It’s how forward thinking HR organizations are hitting home runs in hiring.

**Case Study: How The Moneyball Approach Helped Build a High-Performing Sales Team at Asurea Insurance Services**

At Asurea Insurance Services, Inc., Chequed.com’s Predictive Talent Selection™ technology has allowed the company to determine those objective candidate measures that best predict post-hire success. The company’s objectives called for a break-neck pace in revenue growth. This meant Asurea needed to quickly hire salespeople that could write and submit the policies necessary to reach the company’s revenue targets. The best way to do this was to gather as much insight on each candidate as quickly and as thoroughly as possible.

To help Asurea find and hire those A-level salespeople, Chequed.com tested high-performing sales people to create an ideal candidate profile. With that benchmark in place, a customized behavioral assessment was created to help hiring managers at Asurea quickly answer the key questions about each candidate: “Have they done the job?” and “Will they do the job?”

**Focusing on the Objective Measures of Candidate Potential**

Within a one- to two-minute review of a completed candidate report, a hiring manager is able to grasp a candidate’s general fit to the company and the job – plus he or she is also armed with information that can be used to conduct better, more rigorous interview sessions. Delivering better finalists to Asurea’s hiring managers saved a huge chunk of valuable time for the company.

Using behavioral science in this way, Asurea is able to focus hiring managers on what the data shows about sales success at their company and how candidates’ results compare to this data.

With this focus, Asurea’s hiring process has made significant impact on the company’s goals. Starting with a single office and a handful of sales people, Asurea was able to hire 60 agents and establish 10 new offices in the first year. Revenue results totaled $4.2 Million in life insurance and $9 Million in
annuities. Eighteen months into using Chequed.com’s behavioral assessments, they’ve hired a total of 110 agents in 15 offices, and they’re on pace to earn about $6.5 Million in life insurance and $12 Million in annuities this coming year.

**Incremental Predictability - An Upward Spiral in Results**

Every six months, Asurea provides Chequed.com with new hire production numbers so they can be compared to candidate assessment and reference data. The behavioral scientists and research team at Chequed.com work regularly with Asurea to measure their established benchmarks, to sample the incumbents, and update the identified traits that are most predictive of success for a financial sales person within Asurea.

These feedback loops allow continuous fine tuning of the hiring process to improve incremental predictability. As a result, Asurea’s sales force has achieved some impressive growth numbers in terms of revenue:

- 187% increase in monthly leads
- 370% increase in policies submitted
- 188% increase in revenue per sales person

By rebuilding their hiring process based on behavioral science data and the competencies (or sets of behaviors) that directly support its revenue growth goals, Asurea is on track to continue its success. Over the next three years the company expects to have 40 offices established, between 300-400 representatives, and to achieve $100 Million dollars of life insurance and about $300-400 Million in annuities.

**Zeroing In On The Measures That Matter**

In *Moneyball*, Lewis says the baseball scouts erroneously rely on their feelings about the player, how he looks in a uniform, and what they think he can become. “It’s not about who he is – it’s about what you imagine he can become,” the scouts believe. For this reason the scouts focus on high school players – vs. college players – they’re closer to being blank slates – and make their decisions about who to draft based on five statistics: the abilities to run, throw, field, hit, and hit with power.
The problem is that none of these measures correlate with team wins. The A’s data crucher did the research, applied the scientific method, and discovered that on base percentage is the key measure: “The ability to control the strike zone was the greatest indicator of future success,” Lewis explains, “and the number of walks a hitter drew was the best indicator of whether he understood how to control the strike zone.”

In business, the question becomes: what does the science show about the behaviors that lead to higher performance on the job? But, like the A’s data crucher did, HR also needs to back up and consider the root question: taking into account business goals, what constitutes high performance in a particular role? Or, what behaviors will lead to the results that best support business goals?

Case Study: Connecting Hiring and Business Goals at Aspen Dental

Like the A’s, Aspen Dental had its own “ah-ha” moments about the talent measures that mattered. One of the largest and fastest growing chains of dental offices in the country, the company was adding more than 55 locations per year and needed to find higher performing office managers more quickly.

The company had used a Caliper Corporation candidate self-assessment based on the competencies Aspen thought were important for the office manager role – but they had never tested the post-hire results. In other words, they were going on assumptions, not data.

With Chequed.com, Aspen Dental learned how the company could link each office manager’s core competencies to the business results they sought. Doing surveys and profiles of candidates kick-started the process, but Chequed.com also did surveys and profiles for each incumbent already employed to provide perspective on competencies that were already proving effective.

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Better Office Managers Through Behavioral Science

Supporting Aspen’s continued fast growth required decentralized hiring and office managers who were equipped to keep customers happy while still effectively managing the office. By adding scientific rigor and discipline to Aspen’s screening process, Chequed.com has been able to help the company find the office managers who can perform well in this role.

Results of the engagement to date include:

- 60% increase in applicants: applicant flow from 70,000+ per year to 28,000+ per quarter
- 2- to 3-month hiring process reduced to 2 to 3 weeks
- 50% turnover reduction

Aspen Dental continues to provide team metrics, financial performance and overall performance satisfaction to Chequed.com, and the behavioral science team does a correlation between the scoring and the business case.

Better Talent with Smaller Payrolls

The A’s captured the data, did the analysis, and discovered that controlling the strike zone was the most valuable skill in a hitter, and that skill was reflected in overall On Base Percentage. That discovery, and how the A’s used it to find the top players considered undesirable by Major League scouts, led to a two year stretch in which the A’s won more regular season games than any team in baseball except the Yankees. However, while the Yankees had the highest payroll in baseball, the A’s nearly matched New York’s success with the second lowest payroll.

What the Moneyball approach can do for recruiting and HR is liberate them from an unthinking prejudice about what works in hiring. This sort of subjectivity leads to higher turnover, poorer hire performance and a more expensive hiring process. Decisions about which candidates will best serve the company must be based on more objective measures than, “I’ve got a feeling about this guy,” or “That’s how we’ve always done it.”

Determining the correct objective measures requires careful benchmarking of a position through the use of performance data. Just like the Oakland A’s process that identified on base percentage as a critical success measure,
Chequed.com looked at performance data of incumbents to determine the necessary traits for success at Aspen Dental.

With a focus on measuring, testing, and linking hiring results to business goals, great things can be accomplished at any company. Those who are willing to inject more data into their hiring process are in a position to create a significant competitive advantage.

Additional Information

Read more about how Asurea Insurance Services and Aspen Dental utilized behavioral science data in their hiring:

- Asurea Case Study: [http://www.chequed.com/white-papers/hiring-better-sales-people](http://www.chequed.com/white-papers/hiring-better-sales-people)


You can also view a webinar featuring Sue Decker, Vice President Human Resources at Aspen Dental by clicking here: [http://www.chequed.com/aspen-dental-webinar](http://www.chequed.com/aspen-dental-webinar)

About Chequed.com

Founded in 2008 by some of the foremost experts in employee selection and development, Chequed.com is an emerging leader in the rapidly growing market for Predictive Employee Performance™ technology.

Specifically, Chequed.com delivers software as a service (SaaS) technology used for behavioral assessment and automated reference checking. Chequed.com’s revolutionary Performance Engine™ delivers rapid, accurate predictions of a new hire’s performance.

Chequed.com has commercialized innovative research developed in partnership with The Research Foundation of The State University of New York and The University at Albany’s world-class Department of
Psychology. Complementing these research innovations is the software’s practical, real-world emphasis.

Chequed.com’s experienced management team, board of directors and advisory committee have helped hundreds of startups and growing companies hire talent that made them industry leaders. Their extensive expertise has fortified the Chequed.com software to meet the day-to-day challenges of human resource managers facing competitive markets for human capital.

Further information can be found at [www.chequed.com](http://www.chequed.com), by calling 888-412-0699, or by emailing info@chequed.com.