



Better Together

Financial Benefits of
Adding the HDS & MVPI





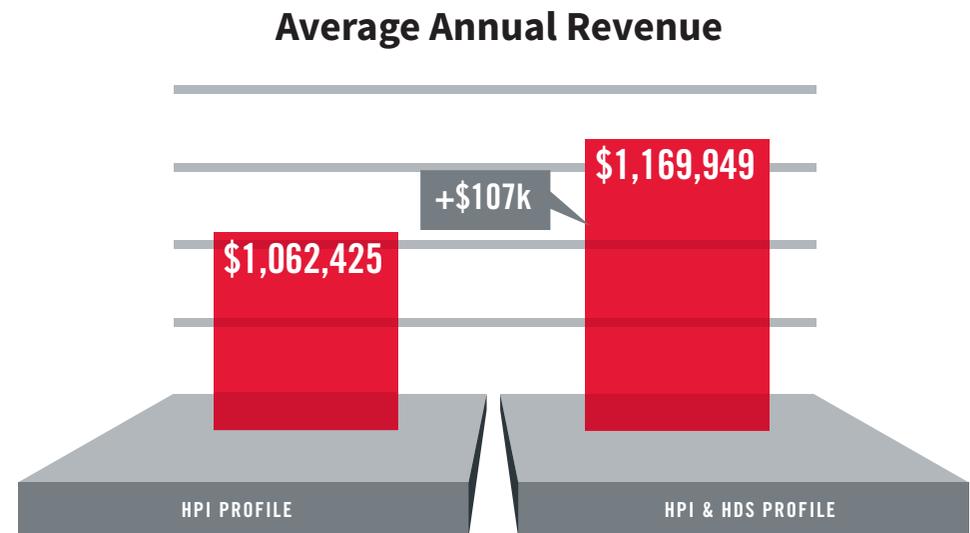
Introduction

Hogan builds tailored personality profiles that provide insight into a candidate's fit for a specific job. We use the Hogan Personality Inventory (HPI) to predict day-to-day behavior important for work-place performance. In addition, our clients often include the Hogan Development Survey (HDS) and/or the Motives, Values, Preferences Inventory (MVPI) to expand the profile's ability to identify derailing behaviors and work-place preferences.

For clients new to Hogan, or those who use HPI-only solutions, it's not always clear how adding the HDS or MVPI can be beneficial. Aside from providing a more complete examination of personnel, adding the HDS and/or the MVPI provides a stronger Return on Investment (ROI) than using the HPI by itself. The Hogan Research Division has demonstrated how these additional assessments produce improved profile correlations with criterion performance variables (see [Research Summary: Incremental Validity](#)). However, clients often ask how this increase in predictive validity translates into important business outcomes, such as sales or commissions. To address this topic, we provide three case studies demonstrating the incremental ROI of using the HDS and MVPI when developing talent solutions that already use the HPI.

► HPI + HDS Profiles

In a case study with a global insurance and risk management company, we examined the use of personality for selecting Insurance Brokers. After analyzing the relationships between Hogan scales and average annual revenue, our research team developed an HPI-only profile predictive of revenue metrics. However, we found that adding HDS scales to the profile further increased revenue prediction for Insurance Brokers. In fact, those who met the requirements of the combined HPI and HDS profile achieved 10% more in annual revenue compared to those who met the requirements of the HPI-only profile. This represents an average total annual gain of \$107,524 per Insurance Broker.

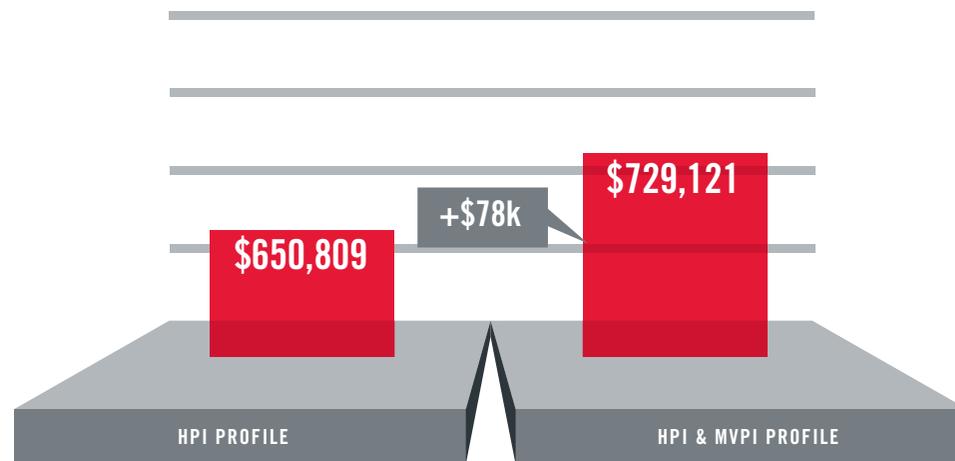


▶ HPI + MVPI Profiles

In another case study with an international life insurance company, we identified personality characteristics associated with successful Sales Agent performance. Discussions with Hogan consultants led to the inclusion of the MVPI in the final selection profile.

Adding the MVPI produced higher predictive validity, allowing for more accurate identification of strong performers. In addition to increased predictive validity, we found an increase in policies sold when selecting High Fit Sales Agents who matched the HPI and MVPI profile (compared to the HPI-only profile). Based on this increase in policies sold, Sales Agents meeting the requirements of the combined HPI and MVPI profile made an average of \$5,482 more in commissions than individuals designated High Fit on the HPI-only profile. At a 7% commission rate, this translates into a \$78,312 increase in annual sales per employee.

Average Policy Sales



COMMISSIONS AND SALES PROFITS BASED ON PROFILE TYPE

	COMMISSIONS (7%)	SALES PROFITS
HPI PROFILE	\$45,556	\$650,809
HPI & MVPI PROFILE	\$51,038	\$729,121

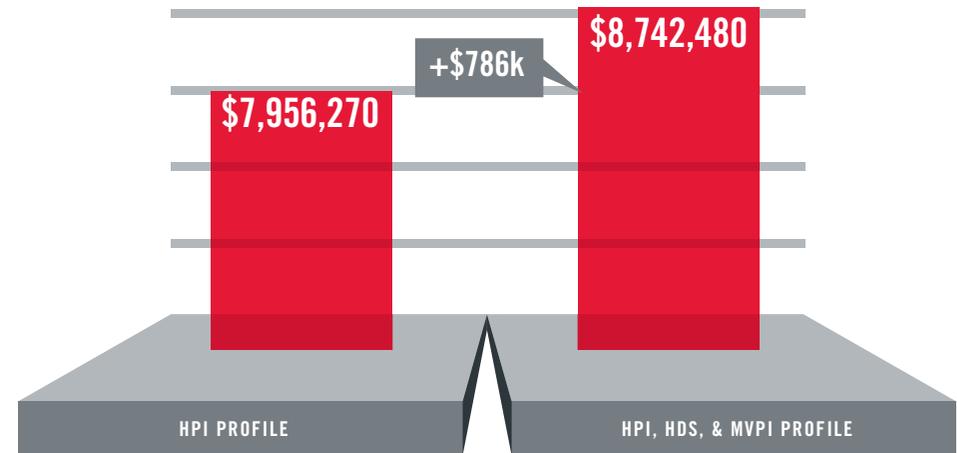
➤ HPI + (HDS & MVPI) Profiles

Finally, to examine the benefits of using all three assessments, we highlight our work with one of the world's largest hospitality companies to develop a profile predictive of General Manager performance. The company owns and operates a series of hospitality brands, including hotels, resorts, and spas. Based on discussions with the company, Hogan developed a profile comprised of personality strengths, derailleurs, and values to select high-performing General Managers across all of their brands.

General Managers who met the requirements of the HPI, HDS, and MVPI profile managed an Average Daily Rate (ADR) \$11 higher than General Managers who met the requirements of the HPI-only profile.

Although this increase in ADR is relatively small at an individual level, this difference represents a monetary improvement per room. When applied to a hotel with 200 rooms, moving from a HPI-only profile to one that incorporates the HPI, HDS, and MVPI leads to the selection of General Managers who make an additional \$2,154 per day, and an additional \$786,210 per year.

Average Daily Rate (200 Rooms for 1-Year)



AVERAGE DAILY RATE (ADR)			
	ADR	ADR 200 ROOMS	ADR 200 ROOMS 1-YEAR
HPI PROFILE	\$108	\$21,798	\$7,956,270
HPI, HDS, & MVPI PROFILE	\$119	\$23,952	\$8,742,480
DIFFERENCE		\$2,154 PER DAY	\$786,210 PER YEAR

Conclusion

Profiles derived from HPI scales predict performance on key organizational performance metrics. When objective performance data is available, this prediction can translate into monetary benefits in the form of increased profits and sales. However, the addition of assessment scales from the HDS and/or MVPI show predictive validity and ROI over and above profiles comprised of only HPI scales. The use of Hogan's products, when viewed as an investment in human capital, can lead to long-term monetary advantages for organizations.

About Hogan

Hogan Assessments is a leading publisher of personality assessments for work-place applications in selection and development. With over 1,000 research studies, including 400 criterion studies, Hogan is unmatched in the documentation of personality as it relates to the prediction of workplace performance. To view an updated list of Hogan's research, please [contact a Hogan consultant.](#)