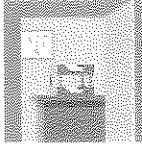


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**Your Practice****An Employee Hiring Strategy Based on the Four Domains of Student Performance**

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Abstract

Matching the right job candidate to a financial planning position is particularly difficult when hiring recent college graduates. Methods used to screen applicants for financial planning positions work reasonably well when the applicant is a career changer or otherwise experienced in the workforce. Employers are already familiar with strategies necessary to accurately assess someone's ability to succeed in the profession if the person has previous work or life experience. This is not necessarily the case when it comes to hiring someone directly out of a college financial planning program. This paper discusses four domains of student achievement relevant to financial planning that can be assessed accurately: sales skills, leadership skills, self-motivation skills, and analytical skills. When these four elements are combined, one can obtain a valid indication of a recent college graduate's strengths and weaknesses as a potential employee. An employer who assesses each of the four domains should find improvement in his or her predictions of new hire success.

Nearly all financial planning firms face a predicament when hiring entry-level planners, namely, matching job applicants to the needs of the firm. This dilemma is true regardless of whether the planning firm is a sole proprietorship or the largest comprehensive financial planning firm. Matching the right candidate to a position is particularly difficult when hiring recent college graduates. Methods used to screen applicants for financial planning positions work reasonably well when the applicant is a career changer or otherwise experienced in the workforce. Employers are already familiar with strategies necessary to accurately assess someone's ability to succeed in the profession if the person has previous work or life experience. This is not necessarily the case when it comes to hiring someone directly out of a college financial planning program. The trend within the past decade to solve this problem has involved an increasing reliance on psychological tests and measures as employment screens.

Psychological tests, as the initial screening device for firms hiring new planners, work reasonably well in certain cases. The likelihood of choosing a successful candidate using one or more psychological tests is enhanced if the test taker is a career changer or someone with a number of years of work experience. In these cases, reliable tests can validly discriminate among applicants based on test responses. This is true, on average, because older experienced individuals tend to have already established working patterns that can be judged through attitudinal tests. Even so, one could argue that the validity of such tests is low. Consider the typical employee turnover rate in a commission-based planning firm. Of 100 new hires, more than 80 will likely leave employment within the first 18 months. Terminations in employment may be the result of people quitting or being fired. Regardless of the reason, however, the fact remains that even when using sophisticated psychological screening tests, firms consistently hire people who fail to succeed in the profession. Psychologists might argue that without the use of such tests, employee turnover would be significantly larger, and as such, psychological tests are worth their costs because without such tests, employers would select even fewer successful candidates.

While the value of psychological testing can be seen in cases where career changers and more experienced prospective employees are being screened, firms interested in hiring recent graduates from financial planning curricula may find that psychological tests alone fail more times than would be preferred in selecting qualified candidates. Numerous reasons account for this failure. Primarily, recent traditional college graduates generally have not had enough working experience to spontaneously answer the types of questions that are used to assess attitudes and predicted behaviors. Instead of being a negative indicator of future performance, this trait is something that can be used to an employer's advantage. Recent graduates can more easily be trained using a firm's particular planning methodology. It may be easier to train a recent graduate than to retrain an experienced person. This employment opportunity

generally will not be captured in a psychological test.

A key problem associated with psychological testing as the primary selection criterion, when used with recent financial planning college graduates, is that such measures do not account for indicators of attitudes and behaviors already exhibited by students while in college. There is a way, however, to combine psychological testing with behavioral assessments that can significantly improve the new employee selection process. In this paper, we present a method for assessing a recent traditional college graduate's attitudinal and behavioral strengths as they relate to financial planning. Our contention is that the process outlined in this paper can significantly improve the new employee selection process. Working with students and charting career success of those who have gone into the financial planning profession over the past ten years has given us a unique perspective on what employers should be looking for in a recent college graduate. There are four domains of student achievement relevant to financial planning that can be assessed accurately; when these four elements are combined, one can obtain a valid indication of a recent college graduate's strengths and weaknesses as a potential employee. When assessment of these domains is combined with other screening techniques, it may be possible to more accurately match individuals to the needs of a firm.

Figure 1 represents visually the four domains of student achievement: sales skills, leadership skills, self-motivation skills, and analytical skills. These four domains represent the types of strengths a recent graduate may bring to the workplace. Our experience indicates that domain scores are predictive of success of future financial planners. Each activity corresponding to a domain represents an experience that students can obtain in college. As such, an employer who assesses each of the four domains should find improvement in his or her predictions of new-hire success. The following discussion highlights how the four domains can be assessed.

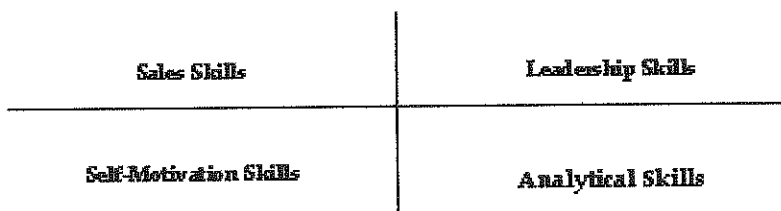


Figure 1: Four Domains of Student Achievement

Sales Skills

Students have the opportunity to gain valuable sales experience while in college. The most obvious example involves working as a waiter or waitress where a portion of income is generated in tips. Some students may earn commission income working in retail establishments. Success in these positions is a good indicator of one's ability and willingness to engage in sales activities. There are also other ways to gain sales experience while in college. Almost every university sponsors an annual telefund, where students are recruited to call alumni for donations. This is the ultimate "dialing for dollars" experience. Some students find the annual telefund activity a thrilling experience. Others dread the thought of calling someone at home and asking for a donation. Asking a recent graduate if they participated in their university's telefund and whether they had a sense of thrill from the activity can tell a lot about the person's sales skills. In addition to telefunds, most universities have an annual open house. An open house offers people in the community and prospective students the opportunity to visit the campus, meet faculty and students, and experience, for a day, college activities. Students are asked to volunteer to represent their academic units and college. Asking a recent graduate if they participated in an open house and what activities they helped manage can provide a glimpse into their sales skills. For example, a student who leads visitors on a campus tour probably is outgoing and a good communicator. A student who operates the computer system behind the scenes probably has less interest or skill in marketing activities. A student who does not participate may have limited sales skills.

Leadership Skills

Students are presented with opportunities to take leadership roles on campus almost on a daily basis. Some students volunteer for leadership roles while some choose to follow rather than lead. Firms looking

for prospective employees who are willing to take on new challenges with minimal guidance should try to assess a recent graduate's leadership activities. Such activities can come from many areas. Being an officer in a future financial planner or finance student organization is one way to show leadership skills. Assuming a leadership role in a fraternity or sorority, or a special interest group is another way to obtain this needed skill. Goal-oriented students are willing to put their egos on the line and run for a college or campus-wide office. Being a student senate representative, for instance, is one way to gain leadership responsibilities while shaping campus policy. Employers interested in hiring leaders should inquire about a recent graduate's leadership roles; if none are indicated, the candidate should defend his or her position regarding lack of such experience.

Self-Motivation Skills

University environments reward those who ask for advice, guidance, and opportunities. Students who are willing to give time, energy, and enthusiasm to a cause, degree program, or college activity stand to reap rewards, including recommendations from faculty, internship opportunities, and job leads. The key issue to note, however, is that nearly all such opportunities require students to be proactive. Students who are self-motivated tend to obtain the best internships, department student jobs, and references. An example of student self-motivation would be students producing and hosting a weekly "money talks" radio program on the campus radio station or writing a newspaper advice column. Students who take the initiative to undertake such worthy activities are doing so not because of a grade but because they value the experience they are obtaining. Wouldn't it be wonderful to hire someone who comes to work every day with enthusiasm because they love what they do rather than simply for a paycheck? One way to select someone who values their position because of the opportunity it provides is to assess their self-motivation skills.

Other indicators of student self-motivation include membership in relevant professional organizations, attending Financial Planning Association professional luncheons, attending regional and national financial planning conferences, and participating in national collegiate financial planning competitions. This last indicator is a particularly useful one. American Express Financial Advisors, in conjunction with the Certified Financial Planner Board of Standards, Inc. and the Financial Planning Association, sponsors a national financial planning competition for undergraduate financial planning students. University and student participation is voluntary. Students write a comprehensive plan up to 150 pages during the month of February of each year. The typical winning team spends hundreds of hours during the month making calculations and writing. There is no guaranteed payoff, and as such, any student who participates is showing very high self-motivation skills.

Analytical Skills

Analytical skills come last for a reason. Contrary to what some believe, it is easier to teach analytical skills to students than it is to reinforce sales, leadership, and self-motivation skills. The best way to assess a student's analytical skill is to note their grade point average. A GPA indicates how seriously a student pursued studies while in college. Judging a financial planning student's GPA during their junior and senior year is particularly telling of dedication to studies and analytical ability. During the first two years of college almost all students take a standardized curriculum. It is easy to lose sight of one's career goals. In fact, the majority of students don't have a career goal during these early years. This changes as students find their particular academic niche. One is likely to see a sharp improvement in grades for students who transfer into a financial planning degree. This is true because these students often find financial planning degrees later in college.

If grades can be used as an indicator of a student's dedication to studies, grades alone are not particularly good predictors of future financial planning career success. A student who devotes him or herself strictly to schoolwork should have a very high GPA. Such a student would, not knowing anything else about them, do well in an analytical position. The fact that a student did not exhibit sales skills, take leadership positions, or show self-motivation skills, but maintained a high GPA nonetheless, should indicate something in and of itself. Advisors looking to hire a planner to work with clients may want to shy away from someone with only a high GPA and little other experience.

The Role of Internships

Conspicuously absent from the discussion above is the importance of internships as an assessment tool for employers. Internships are important, but not all internship opportunities are equal. Some universities require students to obtain an internship prior to graduation. Other programs do not. The most valuable internship, from a prospective employee assessment perspective, is one that the student actively sought and obtained. The ultimate evaluation regarding the worth of an internship comes from interviewing a student. Asking questions about the types of activities engaged in, specific projects completed and non-paid contributions to the firm are essential to better gauge the predictive validity of an internship experience.

Bringing It Together

The best possible new-hire screening approach involves assessments of a recent graduate's sales, leadership, self-motivation, and analytical skills obtained in college. The list of questions in Table 1 represents the type of specific assessments that can be used to assess a recent graduate's strengths and weaknesses in each domain.

Table 1. Assessing the Four Domains of Student Outcomes

Domain Assessed	Question	Yes	No
Sales Skills	1. Did you volunteer to participate in your college's annual telefund?	Yes	No
	2. Did you volunteer to participate in your college's annual open house activities?	Yes	No
	3. While in college, did you work in a customer service type of job?	Yes	No
	4. Did you recruit students from other majors on campus to your financial planning degree program?	Yes	No
	5. Did you receive sales training or attend sales workshops, seminars, or classes while in college?	Yes	No
Leadership Skills	1. Did you hold an office in your degree program's student organization?	Yes	No
	2. Were you elected to represent other students at your college or university?	Yes	No
	3. Did you hold a leadership position in a social fraternity?	Yes	No
	4. Did you hold a leadership in another student organization while in college?	Yes	No
	5. Were you ever asked to be a group leader for a class?	Yes	No

Self-Motivation Skills	1. While in college did you belong to at least one major professional organization (e.g., Financial Planning Association)?	Yes	No
	2. While in college did you attend a local, regional, or national financial planning conference or convention?	Yes	No
	3. Did you organize a fundraising activity while in college?	Yes	No
	4. Did you volunteer to assist a faculty member with a research paper or other activity?	Yes	No
	5. Did you participate in a financial planning competition while in college?	Yes	No
Analytical Skills	1. Did you maintain a "B" or better average over the course of your college career?	Yes	No
	2. Did you maintain a "B" or better average in your core financial planning curriculum courses?	Yes	No
	3. Are you proficient with Excel or another type of spreadsheet program?	Yes	No
	4. Are you proficient in the development of PowerPoint or similar presentation material?	Yes	No
	5. Did you attend class regularly while in college?	Yes	No

Interpreting Answers

Responses to each set of questions can help employers better assess a recent graduate's strengths and weaknesses in the four domains of student achievement. Each domain is measured with five questions. Each question is worth one point. Summing the number of yes answers for each domain will create a total domain score. The maximum score on a domain is five. The lowest score is zero. Higher scores represent greater strength in a particular domain. Scores can be interpreted as follows:

- 5 = Very High Skill
- 4 = Moderately High Skill
- 3 = Average Skill
- 2 = Below-Average Skill
- 1 = Low Skill 0 = Minimal Skill

The "perfect" recent graduate applicant for a comprehensive financial planning firm would be someone who scored a five in each domain. Such a student would bring the total package to an employer—someone who is self-driven, motivated, willing to interact with clients and vendors, and analytically adept at solving client case scenarios. Such a person is a rarity. It is likely that recent graduates will score highly in one domain and lower in other domains. A firm looking simply for a self-starter type who is willing to generate sales leads might be interested in someone who scores highly in sales skills but lower in analytical skills. On the other hand, a firm looking for a paraplanner may want someone who scores highly in analytical and self-motivation skills and lower in sales and leadership skills.

It is also possible to create a combined score as a profile of a recent graduate. This procedure involves combining scores from each domain into a single score. For instance, someone who scored 4 in sales skills, 3 in leadership skills, 3 in self-motivation skills, and 4 in analytical skills would have a combined score of 14 out of 20 possible points. Dividing 14 by 4 (that is, the number of domains) gives an average score of 3.50, which can be interpreted as being between average and moderately high in overall student outcomes.

A Note About Assessing Nontraditional Students

Assessing the four domains of student achievement with the questions shown in Table 1 provides an effective way to screen and select traditional undergraduate students for financial planning positions. A potential problem arises when these assessment questions are used to screen a nontraditional student or recent graduate. Nontraditional students are defined as anyone who is married, a parent, 25 years of age or older or returning to college after having been out of school for several years. Nontraditional students are often faced with serious time constraints that limit their ability to take advantage of on-campus extracurricular activities. Nontraditional students, on the other hand, may possess skills and knowledge that a traditional undergraduate student does not. For example, it is likely that someone who has spent years in the military or as a homemaker will have a different appreciation for and knowledge about core financial planning topics. These individuals have probably bought homes and cars, created budgets, and faced family crises. These experiences can help nontraditional students connect academic concepts to economic reality more readily than a typical undergraduate student.

While the majority of the screening questions presented in Table 1 can be used to screen nontraditional students, some are more effective and relevant than others. For instance, questions regarding sales experience in college need to be adjusted to account for nontraditional students who may have obtained sales experience prior to college. Nontraditional students may also hold or have held leadership positions in community and fraternal organizations not affiliated with a college. Volunteering as a Cub Scout or Girl Scout leader is indicative of non-college leadership and self-motivation skills. Employers are encouraged to adapt the questions in Table 1 to fit the unique qualities of nontraditional students.

When comparing traditional and nontraditional students, it is important to note that both types of students face time, relationship, and monetary constraints. It is true that a nontraditional student may need to spend time with family, maintain a job, and find time for studies. These constraints are often presented as a justification for lack of on-campus involvement. While true in certain circumstances, these constraints should not necessarily restrict a nontraditional student's participation in on-campus activities. All outstanding students, both traditional and nontraditional, must balance time, family, relationship, and employment constraints. The best traditional undergraduate students frequently work one or more part-time jobs, date, participate in social activities, and attend class, in addition to actively engaging in activities to enhance their future financial planning skills. One should expect a similar level of participation on the part of nontraditional students. At the very least, nontraditional students should attend local and regional professional meetings, be a part of a student financial planning organization, and be a member of the Financial Planning Association.

Summary

Our experience, when working with students and employers, suggests that common methods used to screen applicants for financial planning positions work reasonably well when the applicant is a career changer or otherwise experienced in the workforce. Anecdotal evidence suggests that commonly used screening techniques, including the use of psychological tests, may offer less predictive validity when used to select recent graduates from financial planning college programs. Often the result is that employers end up misclassifying recent graduates and either not hiring potentially good performers or hiring graduates into the wrong type of positions, which almost always leads to employee turnover. Assessing a recent graduate's activities while in college related to sales skills, leadership skills, self-motivation skills, and analytical skills can significantly improve the success rate of hiring a new employee. Obtaining answers to domain questions can provide a good indication of a recent graduate's previous attitudes and behaviors. In summary, when results from domain-specific assessments are combined with other screening methods, it is, in our opinion, possible to apply more reliable and valid employment screens when hiring recent graduates from financial planning academic programs.