

MERIT Performance Index™ FAQ's

Future Achievement International has entered into a partnership with A-Check America and Precision Human Development (PHD) to provide our customers the best available professional benchmarking services, the MERIT Performance Index, that significantly enhance the use of the MERIT Profile™. We encourage our customers to study and review the following document for it provides valuable insights and understanding in this very specialized area.

Concept Of Performance Benchmarking

Decades of research in the behavioral sciences demonstrates that in any population or group of individuals (e.g. the general population or any workforce), performance abilities or capacities are found to fall along a continuum, otherwise known as a normal distribution or "bell curve."

This means that a small percentage of employees in a given position will be found to be truly **top performers** according to your unique requirements. A majority of employees will be better classified as **average performers**, perhaps meeting requirements but certainly not exceeding them. A smaller percentage, again, will clearly be **under performers** according to your company's requirements.

Research also demonstrates that these performance differences amongst employees remain quite consistent over time and different workplace environments. This consistency suggests that successful performance is not accidental or random. In fact, success or failure in a position is **caused** by certain specific behavioral attributes that are possessed by some employees and possessed to a lesser extent or not at all by others.

The MERIT Performance Index technology allows companies to quickly and easily identify these crucial attributes for any position and at any given period of time. Once identified, this information becomes a customized Position Performance Index that can be applied, in a variety of ways, to ensure company users are hiring, promoting or developing the very best candidates who possess the competencies necessary for success in the position and a company's unique workplace culture.

Ways To Use The Technology

MERIT Performance Index technology has several applications that are available at no additional cost:

- Pre-screening applicants
- Selection confirmation
- Enterprise-wide succession planning
- Continuous employee development
- Solving expensive "people" challenges (e.g. turnover, absenteeism, conflict, over-use of benefits)
- Creating a company Human Capital "Performance Management" Database

What Is The Technology?

The MERIT Performance Index is entirely Internet-based technology. Future Achievement client companies will have access to the MERIT Profile and the MERIT Performance Index System through our partners A-Check America's and PHD web platforms once an access code has been obtained from Future Achievement. Because the technology is set up as an ASP (application service provider), customers will never have to worry about paying for set up, upgrades or technical service.

Corporate client end-users will obtain reports and manage their accounts from within the Internet platforms. If a client company wishes to set up any of the available benchmarks, qualified staff will need to login to the MERIT environment and complete the necessary Performance Index set up steps. A staff representative can assist you upon request.

The MERIT site has two basic components:

- 1) A data collection interface (competency surveys for employees and applicants)
- 2) A report generation engine

The Process Of Performance Index

1. The MERIT Performance Indexes are created by having existing employees in a certain position complete a short 15-minute online survey.
2. Client companies will start by identifying a performance outcome goal for the position (e.g. improve productivity/work quality; reduce "people expenses" in a position, reduce turnover, increase sales) and providing some performance information (on each employee) that is relevant to the goal.
3. A benchmarking analysis proceeds with the purpose of identifying competencies linked to the desired outcome (Time up to 3-5 days after data is submitted).
4. Once the customized performance index is completed, applicants can immediately begin to complete surveys and hiring managers will have instant access to
1) complete Merit Profile Reports on the candidates
2) "Percentage of Fit" reports showing how the competency data of the applicants matched up to the index(es).

* Applicants and employees can log on to complete surveys anytime from anywhere they have access to the Internet.

** HR managers can access position reports anytime from anywhere in the world.

About The Online Surveys

- ◆ The online survey takes approximately 15 minutes to complete and is administered via an e-mail link.
- ◆ The survey is a standardized assessment instrument that measure character competencies and behavior traits important for workplace performance.
- ◆ The survey does not measure technical skills ("external skills"), but a person's competency fit ("internal skills").

The surveys have been found to be non-discriminatory because they focus on character and behavioral preferences and do not measure cognitive abilities.

Compliance With Labor Standards in the U.S. and Canada

In the U.S. and Canada, the use of any assessment instruments are governed by two strict employment law guidelines:

- 1) Any assessment instrument/system must **not discriminate** against any group or gender.
- 2) The data collected and used by such tools must be **relevant** to the position and particular job outcomes.

The MERIT Profile survey has been validated and found not to discriminate against any particular group or gender. Further, all data used to create performance indexes comes from a client's workforce and particular positions and are created to link specific competency data with specific outcome requirements that the client company establishes. This approach makes the system 100% compliant with EEOC and other labor standard guidelines for testing.

How Effective Is This Technology?

The MERIT partners conduct customer Return On Investment research whenever possible to demonstrate the effectiveness of its technology and methodology empirically, i.e. by controlled scientific tests (double-blind when possible).

Part of the testing involves "pre-validation" (pre-testing) of the performance indexes when possible before they are actually used on applicant populations. In doing so, we can clearly demonstrate the expected predictive accuracy of the indexes before they are used to screen applicants. This benchmarking technology has been applied in multiple ways with customers over the course of several years.

- **Improving performance** Result: a customer's sales increased by 67% (\$120 million) over 6 years with no other adjustments to its recruiting & training practices.
- **Reducing people expenses** Result: a customer reduced turnover from 56% to less than 28% from 2000 - 2005 resulting in replacement cost savings of \$13 million per year or \$1:\$600: for every dollar invested in the system, the return was \$600.
- **Reducing risk** Result: transportation companies were able to reduce driver accidents by 25% and risk incidents by more than 30%.

What Types Of Organizations Use This Technology?

Public and private companies. Unionized and non-unionized environments. Non-profit organizations. Small, medium and large organizations.

Sample of current industries served:

- ◆ Sales organizations
- ◆ High Tech
- ◆ Retail
- ◆ Insurance
- ◆ Financial Services
- ◆ Health Services Organizations
- ◆ Call Centers
- ◆ Management
- ◆ Consultant Firms
- ◆ Professional Services
- ◆ Shipping/Transportation
- ◆ Manufacturing