

PEP STUDIES

A 2008 study conducted by a 70+ location specialty retailer found a **70% reduction in "For Cause" firings** after having the PEP in place for 2 years.

A 500+ unit, national specialty retailer began using the PEP program in 2002. Turnover was over 90% at implementation. By 2003, turnover had dropped to just over 50%. Figuring \$1000 cost/hire, this reduction equaled a **savings of \$1,600,000 in turnover costs**. By 2005, turnover had dropped to 44%. Company shrinkage had also dropped from nearly 2% to only 1.4%. (This equated to Millions in added revenue savings!) **In 2006, turnover was under 30%. By the end of 2008, turnover reduction alone has saved this company over \$10 Million!**

A chain of 120 convenience stores in the Midwest began using the PEP in January of 2003. Prior to that, they had been relying on a "background check" database service for advanced applicant screening. After using the PEP program for one year, they dropped their turnover from 276% to 180%. By the end of 2004, their turnover had been reduced to 119% - below industry average!

This company estimated \$1000 per person for hiring costs. In turn, this 35% improvement in turnover generated a **savings of over \$1,021,000** to the bottom line operating budget in the first year alone. 2005 results showed a 34% improvement and contributed another \$725,000 to reduction of turnover costs. **This was a 5100% return on investment for them.**

As of August 2009, their turnover is under 70% and shrink is below industry average.

In 2002, a large grocery and convenience store chain in the Northeast conducted an internal study, looking at both turnover and cost-savings generated when using the PEP program. After the first complete year of PEP usage, turnover was reduced from 54.28% to 45.86%. (Note: This reduction is quite impressive, considering that they started with turnover that was nearly half the industry average!)

This company estimated \$1500 per person for hiring costs. (Advertising, Training, Interviewing Time, etc.) In turn, **this 15.52% improvement in turnover generated a savings of over \$1 Million to the bottom line operating budget.**

In 2000, a major wholesale/retail Midwestern grocery company found an **18% decrease in turnover** after implementing the PEP. Turnover prior to using the PEP was 62%. In addition, **supervisors stated that they were happier with the quality of worker being hired after implementing the PEP program.**

A 2000 study conducted by a major grocery wholesale company in the Midwest found that turnover in new hires dropped significantly after implementing the PEP testing procedure. In fact, **this reduction came at a time when management felt turnover would have increased due to heightened productivity demands**. Prior to 1998, no written testing had been used. Turnover on new hires was running nearly 50%. During the first six months of testing, turnover was reduced to 34%. The following year saw repeated improvement – turnover dropped to 25% in new hires. **Net effect? A 50% improvement in turnover within 18 months.**

A study on varied industries showed that applicants who were rated as being "good hires" by their immediate supervisors and **who lasted at least 1½ years on the job had an average "Overall Recommendation" score of 70%**. Those applicants who were rated as "poor hires" by their immediate supervisors and **who left the company within 6 months (due to quitting or termination) had an average score of 25% on the "Overall Recommendation" scale.**