Future Achievement International®

Predictive Character-Based Human Capital Solutions
Impacting Performance and Growth...Minimizing Risks and Expenses!

MERIT Integrated Solutions™

Selection
Talent Acquisition

Intervention
Employee Development

*"Compelling Advantages...
Competitive Differentiation"*

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Retention
Succession Planning

Unique Value Proposition

Future Achievement's proprietary MERIT Integrated Solutions, technologies and learning applications, will have a significant R.O.I. impact on an organization's culture, talent acquisition, employee development and succession planning initiatives. <u>When organizations hire or retain people with poor character and behavior it directly impacts the financial bottom-line</u>.

Benefits

➲ *Talent Acquisition* **Benefits**

- ♦ <u>Streamlined</u> interviewing process (enhanced accuracy for selection equals less time/cost).

- ♦ <u>Improved</u> turnover ratio's (minimize wrong hires due to lack of compatibility and fit).

- ♦ <u>Minimized</u> disruptions (extraneous communications / conflicts that arise with new hires).

- ♦ <u>Mitigated</u> hiring risks (avoid frivolous employee lawsuits for unexpected terminations).

➲ *Employee Development Benefits*

- ♦ <u>Integrated</u> development process for leaders and employees.

- ♦ <u>Enhanced</u> trust and confidence regarding direction and leadership of the company.

- ♦ <u>Increased</u> retention of key employees, which will result in fewer turnovers.

- ♦ <u>Strengthened</u> communications between leadership and employees (less conflicts).

- ♦ <u>Empowered</u> workforce leveraging their strength areas and improving upon identified personal development needs (enhancing a person's *personal leadership coefficient*).

➲ *Succession Planning Benefits*

- ♦ <u>Reliable</u> evaluation process to determine an individual's career path to a new position within the company.

- ♦ <u>Predicable</u> analytics for identifying "gaps" that may need to fill the void of a senior worker's departure (Baby-boomer exodus).

- ♦ <u>Sustainable</u> process to engage senior workers to remain part-time with a company to provide leadership and coaching support, for the purpose of mentoring newly recruited employees regarding their job skills and the character values of the organization.

# Improving The Predictability of Human Capital Decisions

MERIT Integrated Solutions

Future Achievement's proprietary predictive analytic technology solutions and learning processes help organizations optimize their human capital initiatives regarding *talent acquisition, employee development and succession planning*. Each process provides cost-effective, concrete solutions for business growth and risk management, which improves the overall performance and productivity of organization's human capital assets.

✓ Integration, with a <u>common thread of character throughout an organization's culture</u> is a major benefit and differentiator.

♦ **MERIT Culture CQ™** – A solution that determines the current state of an organization's culture, provides insights defining the future state relative to vision and the core values, which then can be used to compare the degree of "compatibility" and "fit" of an individual to the culture.

♦ **MERIT Performance Index™** – Technology and online process that captures, interprets and applies relevant business performance data to help management assess talent, empower leaders and to predict future employee outcomes to improve its overall human capital decision-making.

♦ **MERIT Profile™** – Web-based, character and behavioral assessment tool which is provided in a 6-page Recruitment Report for hiring professionals, and a 13-page Employee Development Report that is utilized to train and coach leaders and employees.

♦ **Character-Based Learning** – Character training and development to help empower and build a character-driven team of managers, supervisors and employees at all department levels (Customized programs available upon request).

♦ **Coaching Forums** – Personal leadership is so critical, within any organization, that it requires an ongoing sustainable learning process to enhance overall performance and productivity. Coaching forums can be conducted one-on-one and/or within a group environment.

♦ **Certification Tracks** – Certification / train-the-trainer programs that help to create leader-coaches to become better equipped so they can empower their employees toward maximizing their "personal leadership efficiencies, performance and overall productivity."

♦ **MERIT Operating System™** – Multiple character and behavior development "blended learning modules" that will provide individuals and organizations access to an e-learning environment so they can go deeper with their learning for each of the MAXIMIZERS™ Principles (Under Development).

♦ **MERIT Results Indicator™** – Assesses and measures performance of the MERIT Culture CQ and MERIT Performance Index applications, over a sustained period of time. This process help determine the bottom-line R.O.I. benefit.
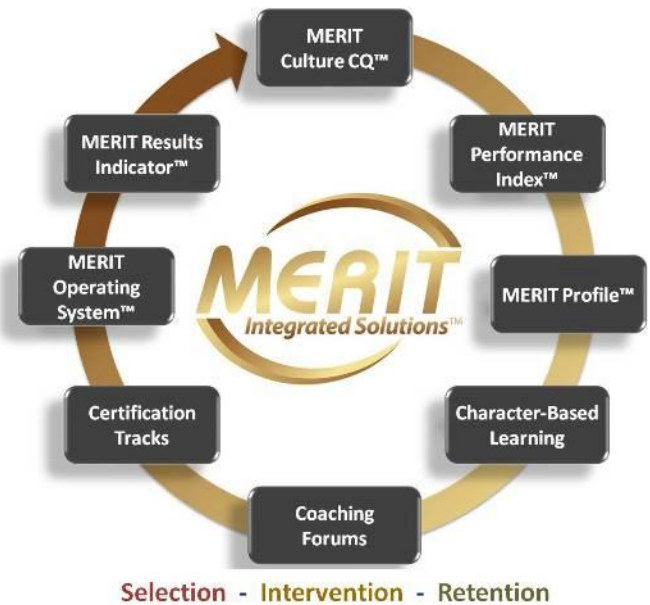
Maximizing **E**mployee **R**esources...**I**mplementing **T**ransformation™

It is critical for an organization to have a structured, integrated character-based culture and human capital strategy built into their overall operational structure, to optimize and sustain high levels of performance and productivity, which has a direct impact on the financial R.O.I of any organization. Human capital is the #1 investment and #1 risk to most organizations and must be managed as an asset, not a cost to be controlled.

Hiring, developing and retaining good employees are the crux of any successful enterprise. The cost of replacing a good employee can be as much as 150% of their annual salary. Thus, making the right hiring decisions to begin with, and developing a high-performance team is important to the long-term success of any business. There is clear evidence that certain negative character and behavioral profiles are predictive of business losses. Increasing the "predictability" of human capital decisions is critical!

Technology

Future Achievement International (FAI) has developed a comprehensive and integrated technology platform to help organizations significantly enhance the predictability of their human capital decisions, reduce substantially their overall costs and minimize their risks by integrating a methodology of **predictive performance analytics**. The Company has created a proprietary integrated system and method for generating a profile that measures a person's character competencies and behavioral traits, which can be used for recruitment, employee development, and performance evaluation of that person within an enterprise for succession planning purposes.

➲ The profile measures three primary categories of a person's character (Attitudes, Beliefs and Commitments), with ten independent character competencies, and four behavioral traits (Dominance, Extroversion, Patience and Conformity), all of which are gathered from an online survey generated by the system. (**MERIT Profile™**)

➲ The profile can be used to generate a Culture Character Quotient (CQ), a proprietary solution that gives insights to an organization's current culture and values. The Culture CQ is then used to systematically help leadership determine "compatibility" and "fit" regarding selection and retention of the right people to align with their strategic vision and core values. (**MERIT Culture CQ™**)

➲ The profile can be used to isolate Key Performance Indicators (KPI's) unique to each job position, which allows an enterprise to achieve maximum human capital alignment with desired business outcomes. Future Achievement's proprietary technology, system and method helps organizations integrate customized business data with the desirable character competencies and behavioral traits for a specific job position. Specific benefit outcomes can include savings in talent acquisition costs, enhanced hiring predictability, minimized turnover, and a reduction of overall human capital risks. (**MERIT Performance Index™**)

The critical and often missing ingredient is a lack of understanding regarding the character attributes that are linked to risky behaviors in the first place. The financial loss resulting from a lack of human capital optimization could literally be ten times that of an equivalent loss of non-optimized equipment. In today's competitive, multi-cultural workforce environment, traditional human capital development is simply ineffective.

MERIT Integrated Solutions
Competitive Differentiators

- <u>Innovative</u> process that empowers any organization to identify <u>qualities of character and values</u> of their business culture that reveals "compatibility" and "fit." (**MERIT Culture CQ**)

- <u>Predictive</u> technology that focuses on customer-defined business goals using the Key Performance Indicators (KPI's) important to a specific organization hiring position. Full capability to customize, per hiring position…cost effectively! (**MERIT Performance Index**)

- <u>Integrated</u> technology that applies a proprietary character and behavioral assessment process designed to assess and measure a person's capability to accomplish the "will do" regarding a specific job function. (**MERIT Profile**)

  - ✓ Most competitive assessments tools assess and measure an individual's personality and/or their cognitive skills, regarding their ability to accomplish the "can do" requirements for a specific job function. The majority of assessment tools do not solve business challenges and most C-level leaders agree that "*will do*" is as important as "*can do*."

- The majority of assessment tools sold in the marketplace today, <u>do not</u> align with an organization's culture or expected business outcomes. This "gap" is professionally exposed by asking key questions below to a prospective client.

  - ✓ How does the competitive company assess, measure and align the "compatibility" and "fit" of person to the organization's culture?

  - ✓ How does the competitive company assess and measure performance and success for each important hiring position?

  - ✓ How does the competitive company execute an effective employee development strategy that is focused on an "inside out" learning model, versus an "outside in" learning model?

    - ❖ The majority of educational/learning platforms are first and foremost not integrated with an organization's culture or performance. Most importantly, they are focused on an individual program, product, service or personality.

  - ✓ How do the competitive company's assessment tools and processes help an organization prepare future leaders for future growth?

- Proprietary "character-driven leadership" learning processes that optimize "personal leadership efficiencies" across the business spectrum of talent acquisition, employee development and succession planning.

- Learning methodologies that add concrete measures of a character quotient (CQ) beyond emotional quotient (EQ) and intelligence quotient (IQ), to form a complete perspective on an individual and their alignment to the organizational strategy. This is a superior advantage in the marketplace.

- A major value proposition/differentiator is that Future Achievement provides a "common language" within the technologies and tools provided (MAXIMIZERS™) that are captured within the MERIT Profile that becomes the "link" that can be used throughout an organization's human capital framework. <u>Very important as it is relates to workplace diversify</u>.

- Web based tools that provide "secured" on-line dashboards to help enhance the "predictability" of decision-making regarding human capital decisions for selection, employee development and succession planning.

MERIT Performance Index

Traditional Benchmarking Practices

The historic application of "benchmarks" in the workplace are numerous and varied, with significant differences in effectiveness. In the most practical terms, a benchmark is a standard point on a scale of measurement that distinguishes one person as having more "value" than another person for a particular position in the organization.

The rationale for using benchmarks is to add "value" that is presumed to have, or actually does have, a positive impact on the bottom line (revenue). In the present context, "value" refers to some type of measurable employee "performance."

- ✓ Common indicators include, but are not limited to, sales volume, productivity by various units, performance evaluation scores, number of accidents (risk), length of time in the position (tenure), character competencies, absence of abusive tendencies or addictions, and many others.

In summary, for workplace applications the function of benchmarks is to identify job applicants who are most likely to "perform" as employees at better than average levels with reference to one or more KPI's that the organization considers important and valuable. An example may help to visualize how benchmarks are supposed to work.

Consider the 80/20 rule, where 80 percent of the work is performed by 20 percent of the employees. An effective benchmark would identify job candidates who become members of the 20 percent category. Even in organizations who utilize them, it is highly probable that many benchmarks do not achieve their desired objective, due to a variety of factors identified below.

Common flaws associated with benchmarks include the following:

1. The benchmark has low or no relevance to the job position Key Performance Indicator.

2. The benchmark's relevance to the KPI is subjectively determined.

3. The benchmark's application is presumed to be equally relevant to all KPI's in all positions in the organization, e.g. a cut point for IQ is used as a sufficient reason to include or reject all job candidates.

4. There is no appropriate procedure for objectively and accurately evaluating benchmark effectiveness.

5. There is no strategy by which the benchmark can be altered to increase its relevance for particular KPI's.

6. The benchmark is uniformly applied without considering differences in organizational culture or managerial style, etc.

7. The benchmark is based on a single score; it does not provide for additional scores that would significantly increase the benchmark's effectiveness on the KPI.

8. There is no strategy for validating the effectiveness of the benchmark for doing what it purports to do before it is applied.

9. It is quite common for organizations to use intelligence quotients for benchmarking, e.g. a job candidate must have an IQ of at least 105 (or some other predetermined score). In effect, such a practice presumes at all individuals with IQ's above that cut point perform better than would those with IQ's below the cut point regardless of the job description.

   - ✓ That is categorically NOT the case: In certain positions the higher the IQ the greater the distractions, boredom, low productivity, burnout, job dissatisfaction and the likelihood of early termination, all of which have a negative, not a positive, effect on the bottom line

Competitive Advantages

MERIT Performance Index (MPI) benchmarking technology avoids the flaws and proves its "value" over other benchmark applications.

1. The MERIT Performance Index emanated from a sound theoretical base.

2. Each MPI is based on samples that were prescreened for "outliers" and "invalid" individual metrics.

3. Each MPI is tailor-made (customized) for application within the organization's population.

4. MPI's are developed to select the best available job applicants, but they also can select for important purposes, such as long-term employment, low risk for accidents, low tendencies for abuse/addiction.

5. Each performance index can predict a Key Performance Indicator (KPI) that, in fact, can be a compilation of more than one individual KPI—this methodology keeps the "decision" objective by basing it on a single Index.

6. Each MERIT Performance Index is developed on the same employees among whom each job candidate is predicted to perform at above average levels.

7. Each MPI is developed on the set of competencies that are mathematically relevant to the KPI (Note: this is an EEOC prerequisite for all assessments used in the hiring process).

8. Each MPI includes proprietary metrics for both <u>character and behavior</u> as well as other in-house measures (if used) such as skills test scores, IQ or EQ, that have face validity for predicting the KPI.

9. Each index predicts "High Performance" on the KPI with 70 to 100% accuracy, in contrast to other known benchmarks that, by definition, can predict "High Performance" with no better than 50% accuracy.

10. MPI's that are developed on large samples are validated before they are released for use.

11. The "value" of each MPI can be confirmed through objective, statistical tests of its effectiveness.

12. Each MERIT Performance Index can be periodically adjusted to compensate for the effects of organizational, economic, or other extraneous changes that reduce predictive efficiency.

13. When a customized MPI is developed for every position in the organization, the promotional path (succession plan) for each job candidate can be predicted before the candidate is hired.

14. Each performance index provides information by which ROI's can be objectively estimated.

What Industry Experts Are Saying…

- ➲ The most successful organizations manage their human capital as a strategic asset by aligning the workforce with business objectives and using measurement to drive decisions, monitor performance, and improve results." **US Human Capital Effectiveness Report 2007/2008 summary of results—Part 1 of 3 October 2007**

- ➲ "Enhancing workforce performance in today's business environment requires: An adaptable workforce that can rapidly respond to changes in the outside market; leadership to guide individuals through change and deliver results; <u>an integrated talent model</u> that addresses the entire employee life cycle; and <u>data and information</u> to deliver strategic insights and measure success." **IBM Global Human Capital Study, 2008**

- ➲ As Price Waterhouse Coopers, a leading business analyst, recently noted, *"A prime finding of this 2008 report is the growing recognition on a global basis of the undeniably critical role that human capital plays in the sustainability of organizations in all sectors of business and community-related activity."* **Managing People in a Changing World: Key Trends in Human Capital, A Global Perspective – 2008**

Proprietary Learning Methodologies: Competitive Differentiator

Future Achievement has developed several proprietary learning methodologies that support and integrate with its various technology solutions. For an organization to achieve the desired objective of establishing a "character-based culture," it is fundamentally essential that sustainable learning and coaching processes be implemented that directly correlates with the technologies described on the previous pages – (i.e. *MERIT Culture CQ / MERIT Performance Index / MERIT Profile)*.

"Inside Out"

Proprietary Assessment and Development Learning Methodology

- ⮑ For organizations to succeed, leadership must "get under the hood" of the people they lead and conduct an **assessment** of their character competencies and behavioral traits as well as use a sustainable **developmental** learning process that maximizes each individual's passion, experience and gifts (P.E.G.). Future Achievement refers to a persons P.E.G. as their **"Personal Leadership Coefficient."**

- ⮑ Understanding a person's P.E.G. is the first and foremost important factor. Once understood, a person's P.E.G. can then be linked to an organization's culture, to help determine "compatibility/fit" and then linked to the specific performance drivers that are required to achieve predefined business outcomes for a specific hiring position. <u>Personal leadership, at **all** levels of an organization, is the most critical factor to create and sustain high levels of performance and sustained productivity.</u>

- ⮑ In today's competitive, multi-cultural workforce environment, traditional human capital development is simply ineffective. A person's IQ (Intelligence Quotient) or EQ (Emotional Quotient) are important… but what is has been missing is predicable assessment and measurement of a person's CQ (Character Quotient).

  - ✓ A person can have the appropriate skills to do the job ("**can do**"), however <u>the more vital factor</u> is do they have the "**will do**" to achieve what it takes to become successful at the job.

  - ✓ Aligning a person's character and behavior to expected business performance outcomes is as critical and equally important, as simply hiring based upon job skill competencies!
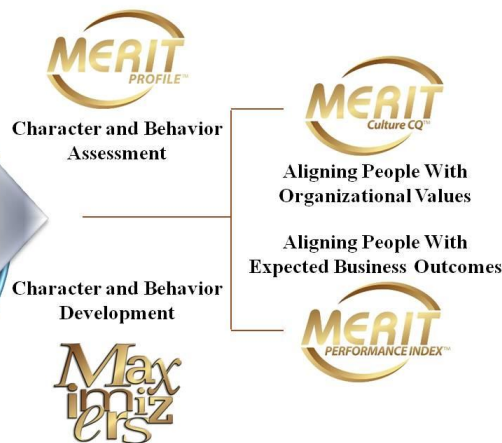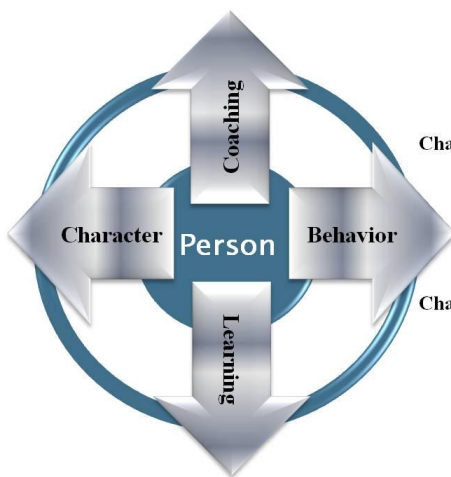
Market Differentiator

Personal Leadership Effectiveness

Equates To...

Organizational Effectiveness!

The <u>Right</u> People Are The Greatest Asset To Any Organization!