

A Predictive Index® Case Study

Avery Dennison Corporation K&M Division

*“PI allows us to understand
what people need to succeed.*

*Even more important it
allows us to pinpoint
our national leaders.”*

PI
Management
RESOURCES™

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Predictive Index® at K&M

BACKGROUND

Avery Dennison was founded during the Depression by R. Stanton Avery as the world's first producer of self-adhesive labels. Now, six decades later, while remaining true to the values on which it was founded — including teamwork, service and innovation — Avery Dennison has been remarkably successful and inventive in leveraging its core business in response to shifting marketplace demands. This success is readily apparent in a review of its 1994 business results. In 1994, for example, sales increased 10% to \$2.86 billion; earnings per share increased 35%; and earnings per employee increased to \$186,000 up from \$166,000 in 1993. Perhaps most impressive is Avery Dennison's success in continually building value for shareholders as evidenced by its steadily increasing return on equity which has risen from 9.7% in 1992 to 11% in 1993 to 14.8% in 1994. At the heart of Avery Dennison's success are its three business sectors: pressure-sensitive adhesives and materials; converted products, whose major markets include labels, printing systems, ink-jet marking systems and cable ties for apparel and retail; and office products, which includes the laser and ink-jet printer label and software market as well as binders, dividers and organizing systems.

THE PREDICTIVE INDEX EDGE

K&M Company, a division of Avery Dennison's Office Products Group (OPG), manufactures 3 ring binders and organization and presentation products for office, home and school use, and currently employs approximately 400 people at its Torrance, California site. As in each of the Avery Dennison's operating groups, there is an undisputed commitment to "strengthening internal development processes in order to identify and groom . . . future leaders." It is within this context that K&M has come to rely on PI as an invaluable tool and resource.

In 1992, K&M received \$500,000 to conduct comprehensive plant-wide training in technical areas as well as in the areas of total quality and communications. Remaining true to its commitment to strengthen internal development processes, a portion of this money was devoted to PI training so that, according to Tina Carey, K&M's Plant Manager "everyone at K&M could not only understand themselves and their unique strengths, but also could have a better understanding of those of the people they worked with." PI training began at the most senior level of the plant organization and included, in addition to Carey, all her direct reports as well as selected first line supervisors. During an intensive PI session each participant was given individual feedback on his or her PI profile by a Senior Consultant. This was followed by feedback to the group, in which Carey's was the first profile read, followed by the HR manager's.

"Our stated objectives in conducting this training were primarily to build the most effective work groups and task teams that we could based on the individual resources available to us," Carey continues. "But there's so much more that PI provides. It's tremendous as a tool with new hires as well as for managing individual performance. And it is more helpful in identifying where an individual's issues — strengths and limitations — are than any other tool I've ever seen. It can identify who's a risktaker and who's not; who's a worrier and who's fearful of making a mistake." "And this is a tool", Carey continues enthusiastically, "that is structured in a way that allows you to anticipate people's needs. It really allows you to predict the likelihood of success of any person in any task. We know this firsthand here because our turnover rates are way down," a testament to the increasingly strategic importance of PI at K&M.

In the company's annual report, Chairman and CEO Charles Miller's message to shareholders highlights K&M's commitment when he asserts that, "One of our most important challenges today is to nurture and develop our next generation of leaders who will be successful in diverse global environments and who will, in turn, develop other leaders to capitalize on the Company's many strengths." There is little doubt that the introduction and institutionalization of PI will help the company to successfully meet its challenges.

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Lens Express Uses The Predictive Index To Improve Call Center

Lens Express, which wanted to reduce the turnover of its telemarketing staff and improve their customer service, chose the Predictive Index (PI), an organizational development tool, to undertake a study of its current telephone representatives to better understand the type of individual best suited to the requirements of the job.

Lens Express, which sells contact lens and other eyewear to customers nationwide, has 220 employees, including a telephone sales force of approximately 160, responsible for customer service and satisfaction.

"We needed to find people who could sell but who were interested in more than just a one-time sale," said Terri Lavertu, Manager of Human Resources. "We wanted employees who would work well in a team approach to selling and customer service and who would stay with the company."

Using the Predictive Index, Lens Express identified the individuals who would be successful selling their products over the phone and what it would take to keep them productively employed at the company.

A seemingly simple personality survey developed by Praendex, Inc., of Wellesley, Massachusetts, in 1955 and based on the work of behaviorist B.F. Skinner and others, the Predictive Index offers insight into what motivates employees, how they communicate best and in what settings they might thrive.

The PI lists 86 adjectives on each side of a single sheet of paper. On the front, users are asked to check each word they think describes the way others expect them to act in a work environment; on the back, users check each word they believe really describes them. The survey takes most people less than 10 minutes to complete. A manager who is trained in the use of the PI then interprets it with the advice of a Praendex consultant, as necessary.

"By looking at the PI profiles of those who had stayed with us the longest, we learned that we had been hiring the wrong people," said Lavertu. Aggressive, high-powered sales people that are successful in other companies did not have enough freedom or flexibility in the jobs at Lens Express. Nor did they have the attention to detail needed to make sure that customers were always satisfied.

The Predictive Index helped Lens Express achieve a positive transformation of its telemarketing staff and to create a work environment that motivates them to stay with the company. Now Lavertu can identify and hire people who will work within the company's structure to deliver products and work with others on their team to reach sales goals.

"We'll always have turnover because telemarketing is a difficult job," said Lavertu, "but in less than one year, we have improved employee retention by 35% using the Predictive Index."

For more information about the Predictive Index, visit www.piresources.com

PI
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People Smart. Results Driven.

Objective

Building A Successful Team

Banner Blue Software was founded in 1984 and is now a wholly-owned division of The Learning Company. The Banner Blue Division has successfully developed the #1 selling genealogy program, Family Tree Maker, which helps people find their ancestors and preserve their family memories. The Learning Company is the world's second largest consumer software company.

Challenge: In the brutally competitive and rapidly changing software business, it is critical to have a highly effective and innovative management team. In 1994, Ken Hess, founder of Banner Blue, and Alma Rodoni, General Manager, wanted to accelerate the growth of their software lines. They knew that they needed to put together a visionary, highly-motivated team that could drive the development of new products and market them successfully.

Rodoni was looking for top-notch executives who could deliver results in a highly-competitive, fast-changing business environment. "We were successful in screening job candidates for quality education and a track record of success in previous positions, but the Predictive Index (PI) provided the tools to also identify communication styles, drive, motivation, and whether a person's focus was more strategic or tactical," she said.

Results: The Predictive Index gave Rodoni important new insight about her own leadership style and the types of people she needed for the various roles on her team.

"As a result of using PI," she said, "I have a much better understanding of who I need on my team. I've found people whose styles are complementary for all the key roles in the organization and created an overall chemistry that works."

The Predictive Index provides objective, reliable information about people and how they will behave in the workplace. This information helped Banner Blue assemble the successful team responsible for the division's double-digit growth.

"We've beaten both our revenue and our profitability targets year after year, and maintained significant leadership positions in all the markets we play in."

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