Case Study

Applied x Cangrade

APPLIED
Industrial Technologies®

Cangrade

AI-Assisted Hiring **Boosts Revenues** and Retention.

Foreword

Applied Industrial Technologies partnered with Cangrade to overhaul and enhance their recruiting and employee development in the company's core U.S. operations.

With Cangrade, Applied Industrial Technologies realized a $70 million/year lift in sales and reduced first-year salesforce turnover by 28%.

Case Study

Executive Summary

Founded in 1923, Applied Industrial Technologies is a leading industrial distributor serving MRO and OEM customers in virtually every industry. In addition, Applied provides engineering, design, and systems integration for industrial and fluid power applications.

Applied Industrial Technologies partnered with Cangrade to overhaul and enhance their recruiting and employee development in the company's core U.S. operations.

Leaders at Applied have credited these new processes with a number of significant business outcomes, including a revenue impact of over $70 million a year, profit increase exceeding $12 million a year, and a 28% drop in salesforce first-year turnover.

Following these results, Applied made the decision to nearly double its investment in HR Analytics. Applied expanded their partnership with Cangrade to improve the hiring and development of customer service and sales representatives and extended its usage to additional business units.

Case Study

Challenges and Goals

When Kurt Loring joined Applied as CHRO in 2014, he discovered gaps in the organization's implementation of strategic HR practices. "We knew which people and which teams were performing well, but had no idea why or how to replicate their success in an organized fashion." Furthermore, Loring felt that first year turnover in revenue-driving positions such as Account Managers was higher than desirable.

To address these challenges, Applied introduced a major HR Analytics strategic initiative with two goals:

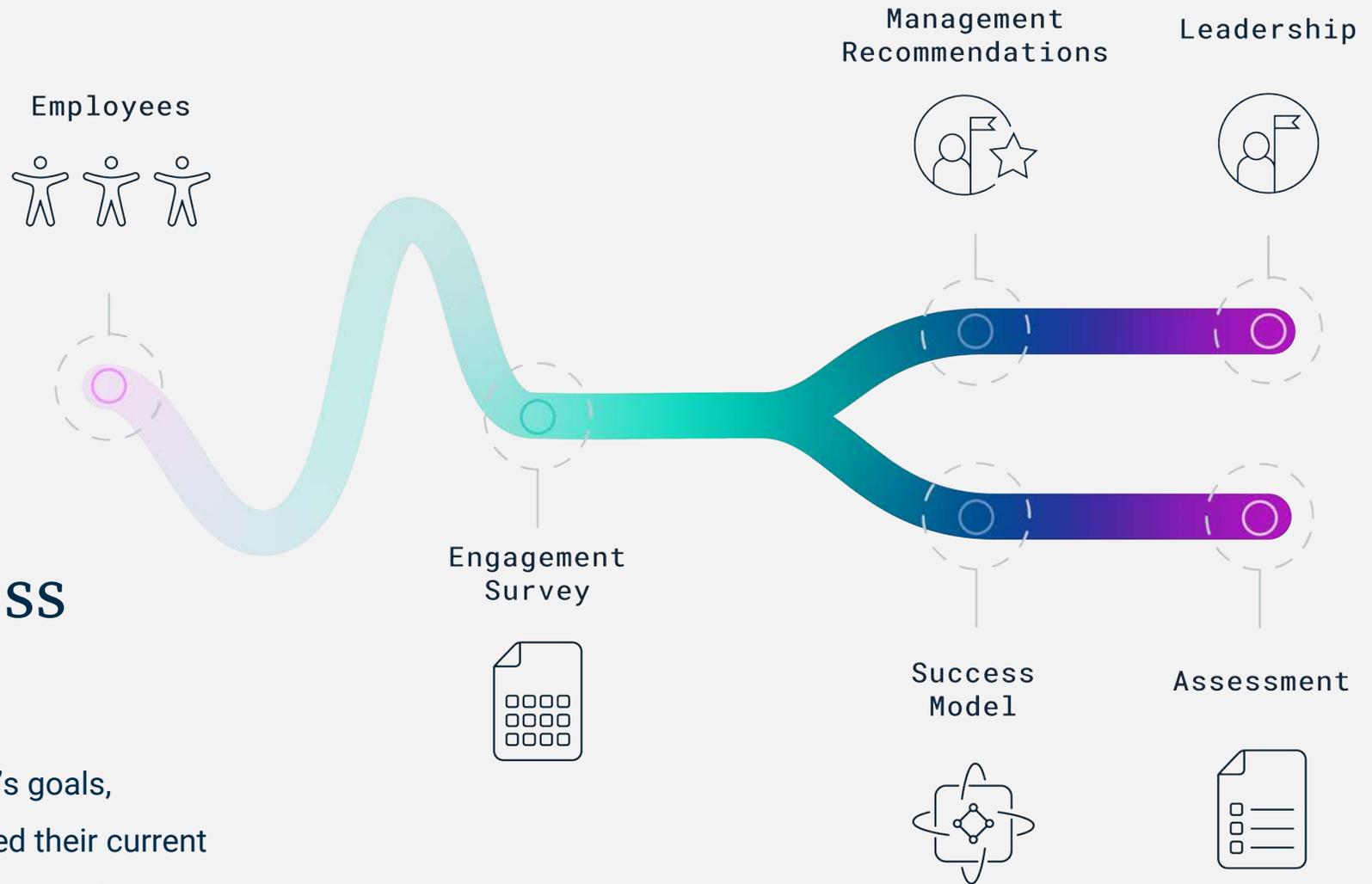⬆ Increase service center revenue and net profit

⬇ Decrease "false starts" or first year turnover

AI Success
Model Process

To begin addressing Applied's goals,
Cangrade's AI engine analyzed their current
employee personality attributes and
performance data to determine what drove
success for each role in the organization.

Employees

Engagement
Survey

Management
Recommendations

Leadership

Success
Model

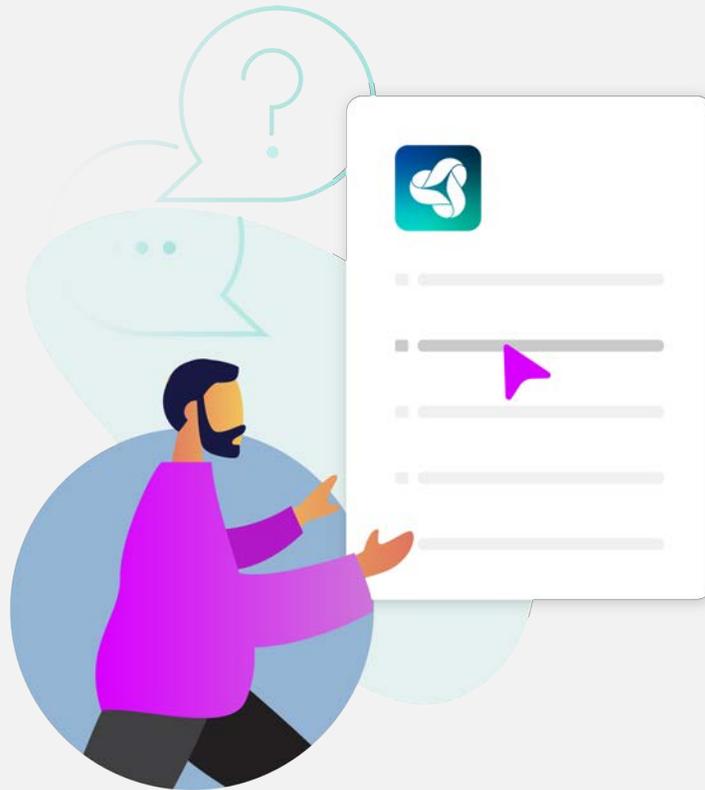Assessment

Cangrade Solutions
Used by Applied

Pre-Hire Assessments

Screen Candidates Effectively

Applied uses Cangrade's cloud-based Pre-Hire Assessments, powered by their custom Success Models, as an early step in hiring. These assessments serve as an initial screen in Applied's recruiting pipeline, identifying which applicants are statistically likely to succeed and should be considered for further interviewing.

Cangrade Solutions Used by Applied

Structured Interview Guides

Interview Efficiently

When a strong candidate is identified, hiring managers conduct a structured semi-interview using the Cangrade platform. Each Pre-Hire Assessment auto-generates behavioral questions based on the core competencies identified in Applied's Success Model, with specific questions selected based on the candidate's responses to the screening assessment.

Organizational Change and Acceptance

———————

HR analytics was initially met with cautious optimism at Applied. As results started rolling in, even the most skeptical users were converted.

"As recruiters, we could see a difference almost overnight in the quality of sales talent coming through the door, but some hiring managers initially resisted the idea that an algorithm should figure into their decisions."

Greg Krupa

Manager of Talent Acquisition

"I wasn't sure at first how well this would work, but when I look where we were a couple of years ago and the quality of talent I see around me today, it's like night and day."

Area VP

Case Study

Results

Annual profit

↑ **$12m**

Annual revenues

↑ **$70m**

False starts

↓ **28%**

Case Study

Results

Revenue

Service centers that successfully built teams with higher fit scores statistically outperformed their peers. Analysts estimate that improvements in this resulted in over 70 million dollars per year in additional sales.

Annual Revenue

↑ **$70m**

Net Profit

Analysts estimate an impact of over 12 million dollars in additional profits each year since the Cangrade solution was implemented. Service centers where employees adopted the recommended coursework tended to become even more profitable, contributing more than one million dollars a year in additional profits to Applied's bottom line.

Annual Profit

↑ **$12m**

Retention

In the first 4 years of the solution rollout, false starts for core sales employees were reduced by 28%. When the solution was expanded to customer sales and service reps, false start for that group declined by 17%. These improvements occurred despite a particularly strong job market, during which turnover would typically be expected to increase.

False Starts

↓ **28%**

Case Study

Results

"As HR leaders, it's exciting and validating to see our work yielding such a clear and measurable impact on the company's success. The question now is not whether HR Analytics is helping, but how best to extend its reach and keep pushing the needle further."

Kurt Loring

Chief Human Resources Officer

Annual Revenue

↑ **$70m**

Annual Profit

↑ **$12m**

False Starts

↓ **28%**

Why us?

Hire smarter. Find the best candidates for the job, fast.

Cangrade's data-driven approach to hiring is up to 10x more accurate than any other method. Our Pre-Hire Solutions harness the power of AI and our cutting-edge Pre-Hire Assessment to provide instant and unbiased predictions of your next superstar hires. This AI technology then generates targeted Structured Interview Guides and Video Interviews based on candidates' Pre-Hire Assessment results.

For complete control over your Talent Management lifecycle, our Post-Hire Solutions will measure Workforce Engagement, enable remote onboarding and upskilling, and identify the right fit for promotions and team placement.

Our key customers include Wayfair, Unum, Applied Industrial Technologies, FDNY, and JBS.

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Results driven, bias-free hiring

Cangrade