



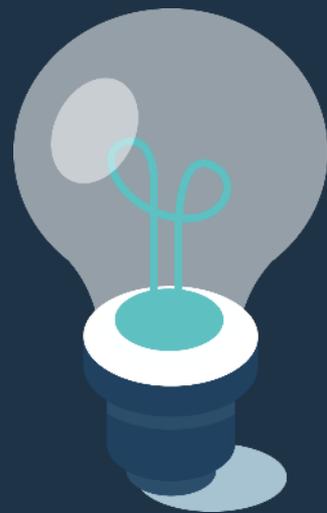
# The “world’s worst business decisions” report

*Decisions matter. So how can organizations make more informed decisions?*

Questionmark

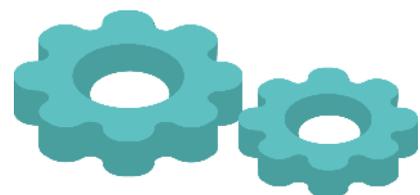
*The enterprise-grade assessment platform*

**Spring 2020**



# Contents

Introduction: the world's worst business decisions .....	3
Seven of the most well-known business mistakes in history .....	4
Common pitfalls in the workplace .....	5
Staff assessments and transforming decision making .....	7
About Questionmark .....	9



# Introduction: the “world’s worst business decisions”

*Decisions matter. So how can organizations make more informed decisions?*

From setting strategy to daily dilemmas, the decisions individuals and organizations make can have profound implications in today’s fast-moving commercial world.

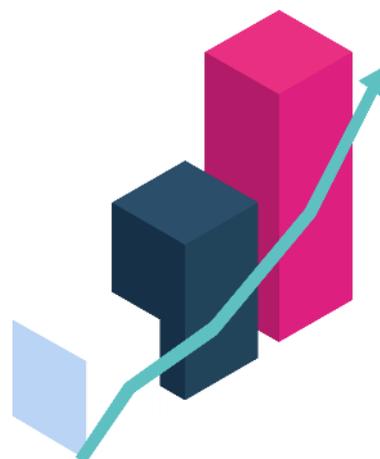
Among the biggest decisions that any organization faces are those that impact its performance or help it meet the compliance requirements for it to stay in business.

Organizations must ensure the right people are in the right roles. Once in place, management needs to know that their team has the skills, aptitude and attitude to deliver.

But too often critical business decisions are ill-informed, based on bad information, or made by people who, perhaps, would have been better suited to something else.

It is only through the assessment of potential recruits pre-hire and regular and effective assessment of employees that areas of weaknesses can be identified and understood. That solid foundation can provide the springboard to unlock potential, for the organization and the people involved.

Only with an informed and defensible decision-making process can the right training or compliance requirements be put in place.



# Seven of the most well-known business mistakes in history

Effective decision making must be informed by robust information. When it is not, the risk of failure is much higher.

To emphasize why organizations need to be serious about making informed decisions, we've looked at seven decisions which are widely believed to have been ill-judged.

- ***Math mayhem destroys Mars probe*** – in 1999, the Mars Climate Orbiter hit the planet's atmosphere and burst into flames. After 10 months in space and a budget of \$125 million, its failure resulted from one simple mistake. During the design phase, the probe's speed had been calculated in metric units. When building the thrusters, however, the engineers programmed the speed in imperial measures.
- ***Google fails to Excite*** – by the late 1990s, Google was making headway. But not everyone saw its potential. Early internet pioneer 'Excite' was offered the chance to buy Google for just \$750,000. Their decision to decline is surely one they regret.
- ***Blockbusters spurns Netflix*** – compared to the old-fashioned and poorly run local video store, Blockbusters appeared to be a symbol of modernization in the 90s. Unfortunately for them, the world was already changing. In 2000 they turned down the chance to purchase a small 'mail-order' internet start-up called 'Netflix'. In 2013, they closed their doors forever.
- ***Motorola's not-so-smart call*** – smartphones may be all but ubiquitous in 2020, but their emergence was a trend that, some argue, Motorola's futurologists failed to spot. Despite being a leading player in the mobile market, Motorola chose to prioritize alternative innovations.
- ***A Kodak moment to forget*** – the beloved camera brand was the first to innovate and understand digital technology. However, they chose not to use it. Despite making early advances, they lacked faith that it would ever deliver a quality that would satisfy consumers. The business left the technology in the lab and for others to pioneer.
- ***Aon fails to insure against bribery*** – in 2009 the insurance company was fined £5.25 million for failing to establish an effective anti-bribery system. At the time, this was the biggest ever fine levied by the FSA. Regulators were unimpressed that they had insufficient processes and had failed to test staff on their knowledge of counter-bribery procedures.
- ***UK publishing industry fails divination*** – the rest of the decisions on this list reflect poor judgement by individual companies. However, in the 1990s almost the entire publishing industry famously failed to judge the marketability of the world's most famous wizard. Twelve publishers turned down J.K. Rowling's submission for 'Harry Potter and the Philosopher's Stone' before Bloomsbury finally took a chance on the risky project. Today the Harry Potter franchise is worth \$25 billion.

## Common pitfalls in the workplace

Unlike these failures in the preceding list, the consequences of most workplace decisions will not go down in history. However, they can still have a significant impact on a business or organization meeting its objectives. They are also far more likely to happen week in, week out in all types of businesses around the world.

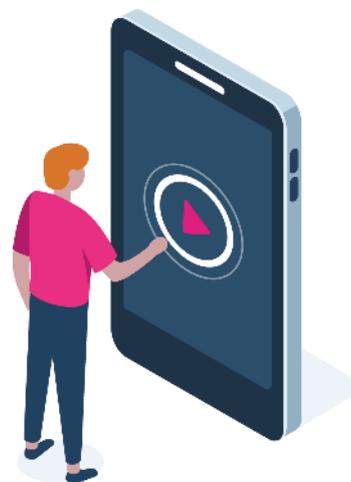
Good decisions mean better performance and higher productivity. They drive growth and customer satisfaction. Risk and compliance are better managed.

Informed decisions help teams work better. Employees are challenged and are more likely to stay.

Conversely, without good decisions productivity can be harmed. Performance is weaker and higher costs can combine with higher risks.

Without good decision-making, culture and morale suffer. Client and customer satisfaction suffer as a result. Staff turnover is likely to be high.

A lack of good decision making also comes at a tangible cost. Regulators continue to sharpen their teeth with considerable fines levied on financial services (\$300bn since 2009), US utility businesses (\$20bn since 2000) and US pharmaceutical companies (\$38bn since 2000).



## *Common mistakes in workplaces today include:*

- **Hiring decisions** – eight out of ten hirers admit to having made bad recruitment decisions, and 39% of them noticed the error in the first two weeks of the new employee taking up their post.<sup>1</sup>
- **Staff turnover** – high turnover can lead to a loss of knowledge and revenue – however, 93% of employees would stay at a company longer if it invested in their careers.<sup>2</sup>
- **Staff training** – companies that offer comprehensive training programs have a 24% higher profit margin than those that don't, according to a study by the Association for Talent Development.<sup>3</sup>
- **Errors of judgement** – analysis of accidents and incidents shows that human failure contributes to almost all workplace accidents in the USA.<sup>4</sup>
- **Compliance awareness** – only 29% of organizations report that they assess the compliance proficiencies and skills of their staff on an ongoing basis.<sup>5</sup>
- **Business skills** – as technology evolves, 70% of employees do not have the skills they need to do their jobs.<sup>6</sup>
- **Interpersonal skills** – 44% of executives said a lack of soft skills was the biggest proficiency gap they saw in the U.S. jobs market.<sup>7</sup>

---

<sup>1</sup> <https://www.peoplemanagement.co.uk/long-reads/articles/how-stop-getting-hiring-wrong>

<sup>2</sup> <https://www.forbes.com/sites/meghanbiro/2018/07/23/developing-your-employees-is-the-key-to-retention-here-are-4-smart-ways-to-start/#5b2d2f6a3734>

<sup>3</sup> <https://www.shiftelearning.com/blog/statistics-value-of-employee-training-and-development>

<sup>4</sup> <https://www.hse.gov.uk/humanfactors/topics/humanfail.htm>

<sup>5</sup> <https://assets.kpmg/content/dam/kpmg/pa/pdf/compliance-journey-survey-2017.pdf>

<sup>6</sup> <https://www.personneltoday.com/hr/four-in-five-employees-lack-skills-for-their-future-role/>

<sup>7</sup> <https://www.adecousa.com/employers/resources/skills-gap-in-the-american-workforce/>

# Staff assessments and transforming decision making

Decisions matter. So the decision-making process should be informed and defensible. Organizations that are serious about getting the best out of their people and process need to be serious about assessment. That way employers and employees can learn, adapt, and improve the decisions that matter the most.

Staff assessments make a real and lasting difference to an organization's performance. Studies show that after introducing assessments, 58% of companies see an increase in employee retention, 58% in productivity and 60% in customer satisfaction.<sup>8</sup>

We help ensure these critical decisions are based on valid, reliable, fair and defensible assessments. This is particularly important in areas of regulated activity where the cost of compliance failure is high.

Questionmark can help meet these challenges through:

1. Assessing staff pre-hire – CVs and job interviews are becoming decreasingly reliable as ways of finding out if a person has the right skills. Assessment of staff pre-hire can help select applicants with the potential to transform performance and innovation. After implementing assessment technology, 76% of corporations have seen an increase in the quality of hire.<sup>9</sup>
2. Internal certification programs – setting up rigorous programs to assess and award team members based on skills and knowledge ensures that the right people complete the right tasks. It also builds trust with customers and enhances career development programs.
3. Onboarding new starters – staff assessments can empirically demonstrate whether a new team member has been successfully onboarded. Managers

---

<sup>8</sup> Brandon Hall Group, Assessing Assessments: Value and Impact

<sup>9</sup> Brandon Hall Group, Assessing Assessments: Value and Impact

can proceed with confidence that the new employee is ready to carry out important tasks and pass on that sense of confidence to customers.

4. Test product knowledge – as innovations are pioneered, managers must be confident that front-line staff understand the detail of New Product Development (NPD). Testing knowledge through assessments enables appropriate interventions to be made to ensure the quality of communication to customers.
5. Tailoring the right training – to develop training courses which enable external trends to be understood and utilized, it is important to understand the current base of skills among employees. This will reveal the key areas for growth and whether any particular weaknesses saturate an aspect of the organization. Studies have shown that in some sectors, ineffective training has contributed to almost a quarter or errors in the manufacturing process.<sup>10</sup>
6. Test knowledge of regulations and processes – mistakes happen when people are following different processes. Sometimes, regulations and health and safety procedures are ignored because a team member is simply unaware of them. Testing knowledge of both will highlight areas of vulnerability allowing appropriate training to be provided.
7. Test attitudes toward risk and compliance – an organization needs to ensure that employees understand the relevant regulations in their sector. However, to truly build a culture of compliance' they have to ensure that team members have an appropriate attitude toward them. Through assessments that test attitude as well as knowledge, senior leaders and compliance teams can more accurately tailor training programs and other interventions.

---

<sup>10</sup> <http://www.gpo.gov/fdsys/pkg/FR-2013-01-16/html/2013-00125.htm>

# About Questionmark

Questionmark provides a secure enterprise-grade assessment platform and professional services to leading organizations around the world, delivered with care and unequalled expertise.

Our full-service online assessment tool and professional services help customers to improve their performance and meet their compliance requirements.

Questionmark enables organizations to unlock their potential by delivering assessments which are valid, reliable, fair and defensible.

Questionmark offers secure powerful integration with other Learning Management System, Learning Record Service and proctoring services making it easy to bring everything together in one place.

Our cloud-based assessment management platform offers rapid deployment, scalability for high-volume test delivery, 24/7 support, and the peace-of-mind of secure, audited U.S., Australian and European-based data centers.

## Working with Questionmark

To further explore how Questionmark could work for your organization, or to book a demo, please see:

<https://www.questionmark.com/request-demo/>

### **Questionmark Corporation**

35 Nutmeg Drive

Suite 330

Trumbull, CT 06611

United States

Tel: +1 (800) 863 3944

[info@questionmark.com](mailto:info@questionmark.com)

### **Questionmark Computing Ltd.**

Moor Place

1 Fore Street

London, EC2Y 9 CT

United Kingdom

Tel: +44 (0)20 7263 7575

[info@questionmark.com](mailto:info@questionmark.com)

question  
mark

[questionmark.com](https://questionmark.com)

© Copyright Questionmark Computing Limited