

June 22-25, 2008 Background Screening Survey

The following results are based on a survey that was conducted at the 2008 SHRM Annual Conference in Chicago at the exhibit booth of PreemploymentDirectory.com. HR professionals that visited our booth were asked to participate in the survey and to complete the questionnaire. A total of 233 people completed surveys in varying degrees. While this survey does not rise to the level of being statistically significant we believe it offers some interesting insights on how clients are feeling about their background screening service provider.

1. Are you considering changing your current background screening provider in the next 12 months?

Considering Changing	#	%
Yes	53	23
No	59	26
Undecided	116	51
Total Responses	228	100%

I think it is significant that while the responses are roughly evenly split between those considering changing (23%) or not (26%) that more than half of responders (51%) are undecided. This suggests to me that the current service provider is providing adequate or sufficient service, but the clients are not 'wowed' by it, which makes the account vulnerable to a competitor being able to 'get their ear' to possibly sway them to change. Another way of viewing the responses to this question is to state that 74% of respondents could be considering a change since only 23% state they are not considering a change. Either way it means that service providers need to think about ways to make their current clients more enthusiastic about their services to maximize the opportunity to retain them.

2. What is the leading challenge that you are experiencing with your current background screening service provider that you would like to see corrected or changed? (Choose 3 of the following items and rank in priority with 1) being the top priority)

Challenges	#	%
Timeliness of service	88	28
Cost	68	22
Accuracy of data	52	17
Customer service	34	11
Lack of integration with HRIS	36	12
Downtime	20	6
Technology issues	12	4
Total Responses*	310	100%
* multiple responses		

Other Reasons listed under comments:

- Need to add screening
- CEO's philosophy
- Privacy
- Leveraging subsidiary of company
- Little turnover (2)
- Background checks for international candidates
- Limited to Indiana checks
- Just starting

Consistent with most feedback about professional background screening services the top three areas of concerns by clients continue to be: Timeliness of Service (29%), Cost (23%) and

Accuracy of Data (17%). Customer Service and Lack of Integration with HRIS also are mentioned to a lesser degree, 11% each.

Even though the question asked responded to prioritize their responses only a handful actually followed these instructions so the results are inconclusive. Despite this reality, the top concerns continued to be the same three items - Timeliness of Service, Cost and Accuracy of Data.

Priority of Challenges:

Challenges	Top #1	Second	Third	Total
Cost	7	5	9	21
Accuracy	7	7	3	20
Timeliness	8	8	3	19
Customer Service	3	2	4	9
Lack of Integration	2	3	1	6
Technology	0	1	4	5
Downtime	0	2	0	2
Other	0	0	1	1

3. What innovation would you like to see a background screening service provider provide for you?

Comments	# Responses
Speed	48
Accuracy	9
Online capability/all web based	9
Quality/Get It right the first time/better checks	6
Increased and Better HRIS Integration	5
Complete Background checks, more complete service, comprehensive, detailed, more thorough	4
All-in-one, all info on 1 report, integration of all checks	4
Ease of checks, ease of use, user friendly	3
Ease of access, a smoother way to initiate the search and enter data, online initiation	3
Cost effective, competitive pricing	2
Degree checks, educational records	2
Good so far, current provider doing a good job	2
Customer service	1
Basic web based educational, reference checks	1
E-verify	1
Explanation of findings like bankruptcy	1
Profile testing	1
Easy to read format	1
Would like to be made aware of trends in the industry	1
Matching my needs	1
Online information include physicians malpractice as well as criminal and routine background checks	1
FINRA SEC	1
Canadian employees	1
Criminal history	1
I love my current provider	1
Fingerprint	1

The hands down winner for most desired innovation was to increase the speed of response and turnaround time in providing background checking information. This response should not come as

a surprise to anyone given the tremendous time pressures the recruiters are experiencing to hire good talent fast. Improved accuracy and desire for more online capability were a distant second on desired innovations.

4. What is your level of satisfaction with your current provider?

Level of Satisfaction	#	%
Extremely Satisfied	16	8
Very Satisfied	100	51
Barely Satisfied	56	28
Somewhat Dissatisfied	25	13
Totally Dissatisfied	1	-
Total Responses	198	100%

The good news is that 59% of respondents were either 'extremely or very satisfied' with their current provider, however, the flip side of this is that 42% are potentially on the fence or not satisfied. Another way of stating this is that 42% of accounts are vulnerable to competitors which could become a significant loss in revenue should they decide to find another supplier.

Juxtaposing the responses to this question with those of question one which asked if the firm was considering changing providers, 42% to 74% of clients may be vulnerable to competitive approaches due to lack of high satisfaction with their current provider. It would appear that there is a high need for customer retention strategies possibly beginning with finding out from your clients what are their concerns and finding ways to address these.

5. Do you have any other comments:

- Looking to add this service
- Do not have a provider/not currently using this service/not currently using but will in future/looking for one in January/do not have a background checking firm/don't have a provider right now
- Satisfied other than turnaround time/do not have a provider
- We are now employer of record, however, are still using former employer of record
- Will pass on to my parent company
- Payroll provider looking for vendor partner
- Looking forward to you contacting me
- We conduct our own screening, but will consider and outside firm
- I just need a good relationship