



The Science of Finding the Right People

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Leadership Job Market

Current methods for effectively identifying external leadership talent and placing the successfully into leadership roles are both inefficient and ineffective. Consider the following facts:

- 40% - 60% of high level corporate executives brought in from the outside will fail within two years (RHR International in Business Week, Feb. 2007)
- If given the chance, organizations would rehire only 62% of their existing leaders and managers (Development Dimensions International Succession Management Survey)
- Nearly one in two executives (48 percent) are dissatisfied with their current job, and of those who are currently unhappy at work, 52 percent are preparing to leave within the year. (ExecuNet 2007 Annual Executive Job Market Intelligence Report)

The mechanisms for evaluating “fit” in the leadership job market are seriously flawed and supply and demand forces are only going to exacerbate those market problems. Companies are definitely feeling talent supply pressures. A recent survey conducted by Right Management found that 77% of companies indicated they don't have enough successors for their current senior managers. This is a serious problem given the increasing demand for leadership talent. The US Bureau of Labor Statistics forecast is that the five hundred largest US companies will lose 50% of their senior managers in the next five years. While companies struggle to improve their ability to both identify leadership potential and develop current leaders, there will also be intensified interest in finding talent from external sources. Recruiting, particularly retained and contingent search practices will have to make significant changes to keep pace with talent demand and improve talent “fit”.

Executive Search

Executive search is dominated by a relatively small number of large firms that get a lot of attention and a large number of small firms that are relatively unknown. The small firms collectively account for a large percentage of executive placements. More than a quarter of the nation's top 40 search firms have 10 or fewer recruiters and many only have one or two offices

(Executive Recruiter News). It is an industry based on relationships and is highly labor intensive. A recruiter may place 200 or more direct sourcing calls in an attempt to build a talent prospect pool for an engagement. These calls are an attempt to attract the interest of currently employed individuals that may meet the requirements of the job. These individuals are identified through industry functional research and social networks. It is also time consuming to meet with these individuals, assess their credentials and provide employer reports. Consultants typically specialize within a practice area and are considered functional or industry experts. Placements can be time consuming (100 or more days) and case loads are necessarily small to provide personal attention.

Current Methods for Evaluating “Fit”

The resume and position description remain the primary documents for the initial identification of leadership talent even though both provide poor representation of either component of “fit”

In a recent poll on the Executive Recruiters Exchange (www.ere.net), 65% of executive recruiters felt that 25 – 50% or greater of resumes contain lies. Forbes Magazine has a list of the top lies people put on their resumes. Some of the more common ones include:

1. Lying about your degree
2. Playing with dates
3. Exaggerating numbers
4. Increasing previous salary
5. Inflating titles

Even when the resume is totally factual, it provides little information for truly differentiating individuals on the basis of actual leadership talent (although it may differentiate individuals on the basis of writing ability). Certainly there is no predictive validity in determining a successful “fit”.

The position description fares little better as a vehicle for specifying the parameters necessary for differentiating talent and evaluating “fit”. While the position description may follow a more structured format and typically covers key accountabilities and background requirements, it provides sparse information on the complete experiences, predispositions, preferences, and competencies that would comprise an ideal candidate. Like the resume, job descriptions provide little differentiation in terms defining comprehensive talent requirements nor do they typically

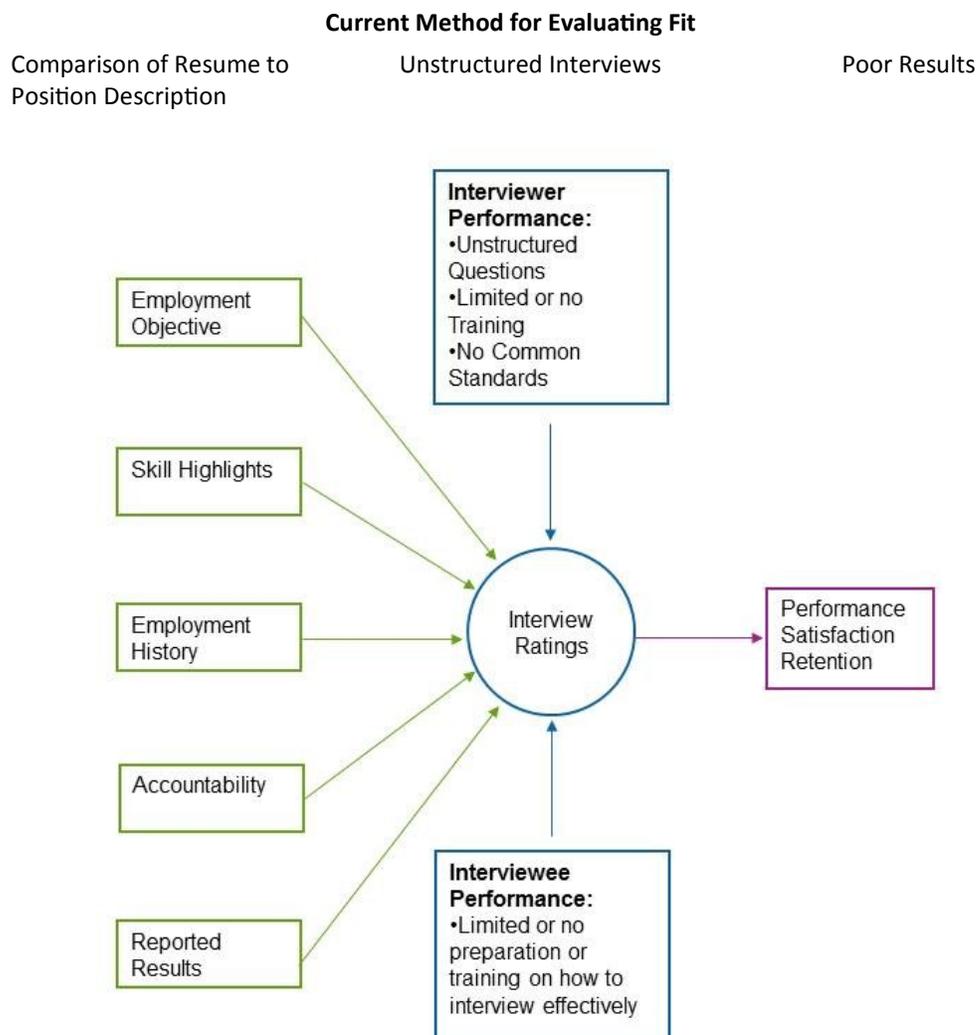
address organizational culture implications and associated requirements.

In addition to the resume and the position description, the interview is the other core component for evaluating “fit”. The interview actually can be an effective tool for predicting success if it is a structured behavioral interview. Unfortunately, both recruiters and hiring managers too frequently follow a less structured approach. Unstructured interviews are characterized by:

- Each interviewer decides where they would like to focus their information gathering.
- Each interviewer comes up with their own set of questions
- Each interviewer uses their own evaluation framework for evaluating responses
- Each interviewer integrates the data in their own way to reach conclusions

The combination of poor interviewing and over reliance on resumes and position descriptions for differentiating talent has been a major contributor to poor decisions about “fit”. The current method for determining fit can be illustrated as follows:

Figure 1.



Takeaways - Current Situation

- Poor 'fit' has led to dangerous dissatisfaction to both companies and their employees.
- Baby boomer retirements will place unprecedented pressure on companies to find talent in a dwindling pool.
- Resumes and job descriptions provide incomplete and potentially deceptive information and are not predictive in determining fit.
- Interviewing with the common unstructured approach greatly reduces the ability to determine fit.

An Alternative Approach - Talent Assessments

If the resume and position description do not provide particularly useful information for differentiating among leader prospects, what information would be useful? Dave Heine, an executive vice-president at Personnel Decisions International, a leading executive assessment firm, feels that it is the sum of one's personality, skills, and experience (February 2007 issue of Chief Learning Officer).

Professionally developed assessment tools are used to measure these qualities suggested by Heine. Unlike unstructured interviews, research has clearly shown that properly constructed assessment tools for personality, competencies, and leadership experiences are predictive of leadership success (Schmidt, Kihm, and Robie, 2000; Goff, 1998; Vankatwyk, Laczko, and Tuzinski, 2006).

When evaluating assessment tools, there are some very important properties that you should examine. These qualities include reliability, validity, and adverse impact. In the context of leadership assessments, reliability refers to the quality and consistency of the measurements, validity refers to whether the measures are correlated with actual leadership success or satisfaction, and adverse impact refers to whether some classes of individuals tend to score less well than others on the measures. Providers of professional assessment tools should be able to supply technical reports that clearly describe these properties as well as the norms available for the assessment.

There are some other considerations when using assessment data to determine likely fit. Employers should receive assistance from qualified individuals to properly interpret results. Also, in evaluating fit, it is important to not only consider the assessment results but also consider key accomplishments, technical and functional expertise, career goals and preferences, references, etc. Subject matter experts for the position should also systematically review the assessment constructs to determine the relative importance of the measurements being collected.

Carefully selected assessment tools can provide a rich and comprehensive view of talent that is not only predictive of job success but fair to all individuals. Assessment tools when combined with appropriate background and preference questionnaires provide a clear picture of an individual's background, relevant personality or predispositions, level of leadership skills, leadership experiences, preferences and interests, as well as descriptions of key accomplishments.

It is important to note that assessments are not new to employers. However, they have traditionally been used later in the selection process; after resume reviews, telephone screens, and interviews have taken place. Bringing assessments upstream at time of sourcing allows employers to consider pre-assessed candidates and avoid much of the uncertainty (and mistakes) of sifting through resumes and talking with unqualified candidates.

Structured Behavioral Interviewing *

There is a considerable body of research that supports the power of the interview when it is a structured process (McDaniel et al, 1994). Interview structure comes from many different practices. Structured interviews:

- Are based on a job analysis which is a systematic review of what it takes to be successful in a particular job. The interview questions are then linked to the job requirements. This ensures that the interview questions are job related.
- Ensure that the same questions are asked of each candidate to ensure consistency and “apple to apple” comparisons. Every candidate has the same opportunity to demonstrate they have the knowledge, skills, and background to perform the job.
- Use trained interviewers. Interviewers are trained in how to apply behavioral anchors to evaluate responses to prepared questions. Behaviorally anchored rating scales provide a common understanding of a superior response, a solid response, and a response that is less

than acceptable for the requirements of the job. Training helps take the bias and subjectivity out of the evaluation process and gives interviewers a common frame of reference for evaluating candidates.

- Ratings are integrated in a common way to arrive at an overall score as well as a profile of strengths and weaknesses.

Structured interviews are organized around competencies. Competencies are simply a language for describing the kinds of behaviors that are associated with successful performance in a job.

Competencies are the categories of behaviors associated with job success. As an example, success as an executive is associated in part on a set of behaviors related to strategy. Here is an example of a common structure for a leadership competency:

Competency Label: Strategic Thinking

Definition: Applies appropriate strategic logic to decisions and initiatives in one's area

Example Behaviors:

- Demonstrate understanding of key industry trends and conditions (e.g., market trends, competitors) and their implications for one's own area
- Demonstrate understanding of the logic behind the organization's broader strategies and long term direction
- Recognize and capitalize on customer/market needs and opportunities (e.g., geographic expansion, customer segmentation, emerging markets)
- Make decisions or pursue initiatives that leverage the organization's strategic resources and partnerships (e.g., brands, physical assets, core competencies) to enhance power in the market

**Used with permission from Personnel Decisions International*

When you couple pre-assessments with structured behavioral interviewing, proper interviewer training, and detailed job profiling, an improved approach to evaluating fit is possible. The proposed process is illustrated in Figure 2.

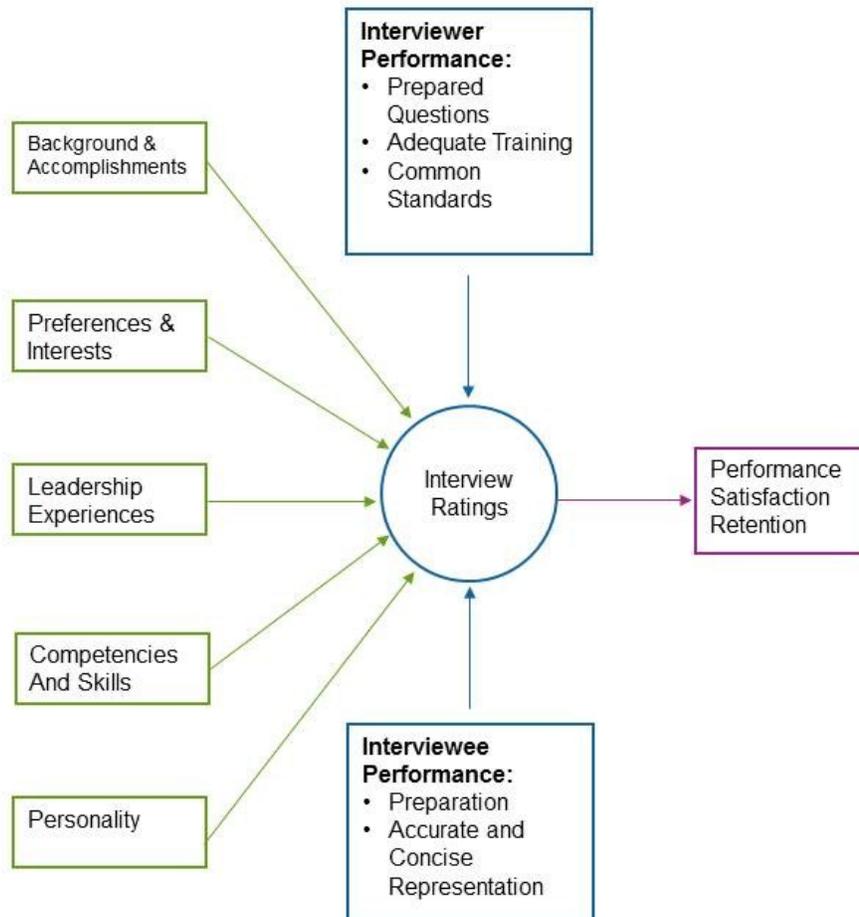
Figure 2.

Evaluating “Fit” Process Model:

Comprehensive Pre-Assessment
Detailed Requirements

Accurate Confirmation
Through Structured Interviews

Improved Results



Takeaways - Alternative Approach

- Assessment based measures such as personality, skills, and experience demonstrated by research to be predictive of job success.
- Moving assessment earlier in the decision process can eliminate problems of false rejection or false passing of candidates at initial stages.
- Behavior based structural interviews allow for systematic tying of interview process to true position requirements.
- Consistency derived from the interview process ensures robust comparison between candidates.

Matching Talent to Jobs

The concept of matching people to opportunities based on profiles is very familiar to most people today with the proliferation of dating services that rely on this approach. However, there has yet to emerge a national brand that brings this approach to recruiting.

The approach is quite straightforward. The employer provides a profile of the relative importance of a set of constructs (e.g., leadership experiences) and the talent is compared to the appropriate norm group (e.g., middle managers) to ascertain their percentile standing. Business rules can then be applied to determine if the individual's percentile standing is sufficient, given the relative importance of the requirement, to be considered a "match". This approach is illustrated in Figure 3.

Figure 3.

SAMPLE LEADERSHIP EXPERIENCE REQUIREMENTS

Element	Employer	Executive	Status	Weight	Value
Difficult Staffing Situations	Not Assigned	46	Not Matched	1	0
Inherited Problems	Important	89	Matched	1	1
Providing Development to Others	Important	66	Matched	1	1
Interpersonally Challenging Situations	Important	71	Matched	1	1
Financial Management Responsibilities	Very Important	80	Matched	1	1
Difficult Financial Situations	Very Important	60	Matched	1	1
Operations Experience	Very Important	77	Matched	1	1
Crisis Management	Very Important	44	Not Matched	1	0
Support Function Experience	Critical	60	Not Matched	1	0
Project Management Implementation	Critical	79	Not Matched	1	0

In this approach, it is possible to compute the percentage match for any set of data. Employers could profile relative personality requirements, competencies, background data, etc. The assessment data or inputs provided by the talent could be systematically compared with employer requirements to compute an overall percentage. A display of summary data is illustrated in Figure 4. Supporting details would be available through the hyperlinks in the summary table.

Figure 4.

SAMPLE MATCH REPORT

Match Report on: 1/28/2008.

Executive: #461

Match Details	Percentage
Overall Percentage Match	73%
Background Elements	67%
Job Characteristics	78%
Experiences	79%
Competencies	100%
Personality	48%

A second “fit” index could be computed using a weighted average approach. In this approach, critical requirements are double weighted, very important requirements are given a weight of 1.5, and important requirements are unit weighted. Values between 1 and five are assigned based on the percentile standing of the talent. The values are then multiplied by the weights, summed, and averaged to compute the weighted index. This index reflects whether the individual matches on the most important requirements. A weighted display is illustrated in Figure 5.

Figure 5.

SAMPLE LEADERSHIP EXPERIENCE REQUIREMENTS

Element	Employer	Executive	Status	Weight	Value
Creating/Developing Strategy	Critical	88	Matched	2.00	4
Project Management Implementation	Critical	79	Matched	2.00	2
Business Development /Marketing	Important	89	Matched	1.00	5
Grow a Business	Very Important	82	Matched	1.50	5
Product Development	Critical	93	Matched	2.00	4
Manage a Start-Up or New Business	Important	44	Matched	1.00	3
Financial Management Responsibilities	Very Important	80	Matched	1.50	5
Operations Experience	Very Important	77	Matched	1.50	5

The details of a potential match should be shared with the candidate as well as the employer. Using this approach, fully informed employers and fully informed candidates can make mutual decisions about the interest in going further into the selection process. The result should be better placements with more productive and satisfied individuals in jobs that ideally “fit” them.

Employer Requirement Profiling

Too often, recruiters are given a blurry picture of what hiring managers really want in an ideal candidate. This blurry understanding is the result of non-differentiating position descriptions and casual discovery discussions with hiring managers. In order to evaluate “fit” properly, a much more precise discovery process is needed. This discovery process consists of two components; (1) comprehensive and detailed requirement profiling, and (2) structured interview(s) with subject matter experts.

In order to obtain a complete and useful requirement profile of a position, it is important to consider a number of characteristics. These characteristics include:

- Background requirements – e.g., desired industry/functional experience, management experience, certifications, education
- Contextual requirements – e.g., compensation, travel, specific role challenges, and organizational culture demands
- Personality requirements – e.g., key characteristics and predispositions that would facilitate meeting the demands of the positions
- Leadership experience requirements – e.g., critical leadership experiences that would help prepare an individual to be successful in the position
- Competency requirements – e.g., behavioral skills associated with successful performance in the position
- Unique requirements – any special or unique requirements associated with the position

The hardest and potentially most time consuming component of the profiling process could be categorizing various personality traits, leadership experiences, and competencies into critical, very

important, important, and non-assigned buckets. This task can be greatly expedited by using research based or historical models. Since these data points are derived from proven assessment instruments, there is an extensive record of how leaders at different levels score on the characteristics. Using this research, it is possible to pre-populate the categorization of characteristics based on what research has shown to be most important for success at different levels such as senior leaders, mid-level leaders, etc. It is also possible to store historical requirement profiles for specific positions and make them available as starting points for creating a new profile for a similar or identical position. Both approaches can make the detailed profiling process a quick yet accurate process. An example of a pre-populated categorization of personality characteristics for a senior leader is illustrated in Figure 6.

In addition to the detailed profiling of requirements, it is important to understand the contextual requirements for success in a position. This understanding is best obtained through structured interviews with subject matter experts familiar with success in the position (e.g., HR recruiter and hiring manager). This discovery process should cover at a minimum the critical challenges facing the position, challenges or requirements associated with organizational culture, potential de-railers, and interpersonal challenges that may be presented by direct reports, peers, or superiors.

Figure 6

Sample Categorization for Senior Executives

General Personality	Critical	Very Important	Important	Not Assigned
Thought Focus	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Taking Charge	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Influence	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Bringing It All Together

In order to solve existing problems with the determination of job fit and truly change the face of executive recruiting, we have suggested fundamental changes that need to take place. These changes are summarized in Figure 7.

Figure 7

Activity	Traditional Approach	Suggested Approach
Requirement Definition	Position descriptions and unstructured discussions with hiring managers	Detailed capturing of critical background information as well as categorization of research proven leadership experiences, competencies, and personality traits coupled with structured interviews with HR and hiring managers to capture important contextual information
Talent Evaluation	Resume review and unstructured interviews	Research proven pre-assessments coupled with structured behavioral interviews
Determination of "Fit"	Subjective consideration	Objective quantification of how well talent characteristics match the detailed specifications for success in the position

With these changes, significant improvements can be made in how both talent and employers make mutual decisions regarding placement. The benefit for talent will be that they are more likely to be productive and satisfied in their jobs. The benefit for employers will be increased retention rates and better employee productivity. Through these changes, everyone can benefit from better utilization of existing talent and likely improved economic conditions.

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About OMNIview

OMNIview was created around the belief that talent selection and talent management is critical to the success of any organization. Founded by internationally recognized business leader and leadership talent management authority, Dr. Lowell Hellervik, **OMNIview** is supported by more than 90 years of academic experience by behavior science business experts. We know effective selection and talent management requires measurement and support that drives game-changing talent decisions for organizations.

OMNIview is all about making your life easier by giving you the data you need to make smart, effective decisions regarding talent at a fraction of the cost of other HR software companies.

Contact us at 877-426-6222 or visit us at www.theomniview.com.

