
Selecting the Best Executive Candidate: Does Use of Assessments Make a Difference?

*A Whitepaper
by Donna Hamlin, Ph.D.*

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Executive hiring has significant consequences for any organization. If you make the right choice, performance improves, senior team leadership strengthens, fresh thinking enriches problem-solving, and team dynamics evolve and mature. If you make the wrong choice, tensions build, performance suffers, conflicting values and methods bog down performance, and turnover creates expensive disruption and morale issues.

We asked executives:

- ▶ Whether investing in formal assessments – diagnostic tools to measure a combination of skills and competencies, behavioral patterns, psychological attributes, cultural and position fit – is a valuable aid to making great hiring choices, and
- ▶ What their experience and thoughts are relative to the use of assessments, overall.

This white paper highlights insights from executives with whom we explored the trend of an emerging use of assessments as part of the screening and interview process.

The Trend Today

Based on our interviews, two trends seem noteworthy:

First, today fewer companies include assessment as part of their hiring process than do not. Companies that do, tend to be larger organizations, e.g., Fidelity, Pepsi, HEB, Sun Microsystems, Sierra Pacific and

Intuit. They also tend to be progressive and deeply thoughtful about their approaches to talent acquisition and retention.

Second, managers in companies which include assessments commit rigorously to this as a key element of their hiring practice. They do not make assessment an “occasional practice” or a case-by-case decision. Assessments are considered as a valuable investment which helps executives make discerning selections about who to add to their leadership team.

Why Invest in Assessment?

Executives cite six key reasons why they value their investment in executive assessment.

1. Interviews are not Enough

Several executives note the impracticality of hiring an executive on so little information. “Getting married after a couple of dates doesn’t make sense. It’s a big commitment when you know so little about a person who can have a major impact on our business,” notes Steve Wood, chief administrative officer of Sierra Pacific.

“Hiring and promotion choices are an executive’s toughest challenge. Over time, the decision an executive makes flavors the business and has more to do with its success or mediocrity than any other factor,”

considers Charles Butt, chief executive officer of HEB. “In my opinion, interviewing in America is done about 60% effectively. A hiring company tends to either reject or fall in love with a candidate too quickly. Interviewing is not done in sufficient depth and, frequently, a hiring decision is made after a couple of visits by the candidate, based on conversations with only three or four of the company’s people. Frequently, I’ve found it takes four or five trips on the part of the candidate, with several interviews each trip, to determine if there is a fit. In my view, executive hiring can be raised to an 85% level of predictability, but only with considerable effort.

“It’s desirable to get to know as much as possible about a candidate – having a meal with the person and meeting a spouse, if possible, helps. At our company, we have found professional assessments by management psychologists to be extremely helpful in assessing a candidate’s suitability for our firm. It’s an extremely complex subject and the opinion of a professional about the objectives of the candidate, their true personality when not in a job interview situation, and the likelihood of a long and successful tenure is enormously helpful,” Butt said.

Several executives stress the importance of candor at the outset. “If the company executives don’t ask

the tough questions, they will never get the answers they need. And, if the candidate fails to ask the tough questions of the company, he or she shouldn’t be hired. These are decisions that vitally affect the organization and the individual’s career. They deserve the very best effort on the part of both parties. Assessments help us with a view on some of the tough questions,” emphasizes Butt.

2. Reducing Risk

Executives share concerns about the expensive risk of making a wrong hire.

“The turnover rate of executives hired from the outside is a depressing statistic,” cites Sheri Bernal, senior HR director, for Sun Microsystems’ Mergers and Acquisitions Group, who reads such external research as those cited by *Harvard Business Review* and Jeffrey A. Krug.

“One of my colleagues calls this the ‘trimester theory.’ Executives tend to be happy in the first trimester. Then, their enthusiasm drops off and they become unsure, thinking ‘this position is more challenging than I thought.’ Next, they consider their future and ask if they are really invested or are they done and need to leave.

“As a company, we are working to avoid this pattern. We want to be proactive about what will be the right fit and best use of the talents of a



People who are bright and experienced enough to take on major responsibilities in large corporations are usually reasonably complex individuals. Figuring out who they are – in advance – and determining how they might fit into a particular company – is hard and challenging work. Using a professional person to help assess the chances of success has been extremely helpful to us for many years.”

Charles Butt
Chief Executive Officer
HEB

person, so they will succeed with a long career with us. Assessments help us weigh what is the highest and best use of a talented executive for a successful career with us,” Bernal said.

Michael McNeal, vice president of senior talent acquisition at Intuit, shares a parallel view. “I tell our team to bet their jobs on their decisions of who they hire. I want them to think about the investment it takes for a successful hire.”

3. Objectivity

Another benefit executives highlight is the value of an objective view about the candidate, which assessments offer.

“We ask a professional to conduct an independent assessment of our candidates selected by our search firm, including four hours of testing and interviewing to gain an objective view of the person’s intellectual capability, interpersonal characteristics, managerial skills, competencies, developmental needs and cultural fit. He then meets with the candidate to review the result and records reactions and findings in a report which we use for performance management and career action planning. This objective, outside view enriches our internal thinking,” notes Wood.

Bernal agrees that objectivity helps at Sun Microsystems. “We ask our outside agency to give us an objective third-party assessment, by using a highly valid tool to profile the person on such dimensions as behavioral, emotional, social, vocations, cultural and strategic thinking patterns. The assessment provides us feedback on fit, gaps, issues and recommendations for development.

“This is invaluable, because our internal interviews provide subjective, personal observations and a sense for experience and *content* the candidate offers for the role. By contrast, our outside agency helps us look at the actual *talents* of the candidate. This helps us make more clear development plans and better choices for the candidate.”

4. Aligning Our Internal Thinking

A challenge many managers face is having an executive team agree about what it wants in the profile of an ideal candidate for a key position. Assessments can help a team coalesce its perspective.

“It can be challenging to get executives on the same page about what they are looking for in an individual. Assessment work helps us to focus on what values and attributes we truly want and to make sure they are common for the team. This helps us to avoid settling for candidates who clearly have the industry knowledge and experience, but may have the wrong leadership style or cultural fit for us. I try to seed our thinking about the trade-off of expertise for the insight about leadership style, cultural fit,” says Bernal.

Assessment findings help stimulate this sort of internal dialog. Pushing for alignment is an important philosophy discussion to hold before weighing a candidate’s fit. Does a company value pace or speed more? Does it value experimentation or quick results? An assessment profile of a candidate can show leanings which can indicate the rate at which he or she can integrate into the leadership team, based on these cultural preferences. The clearer a team is about itself and what it needs, the better it will be at selecting a strong candidate to meet those needs.

Assessment is especially helpful when the recruiting process yields several qualified candidates. Once an executive team aligns its thinking, the assessment process can prioritize which among the candidates is the strongest fit overall.

5. Fighting for the Best Talent

Companies with aggressive growth strategies, increased competition and changing workforce demographics face a challenge to ensure they have enough talented leaders to support their growth. Companies feeling the effects of the “war for talent” find assessments are a valuable tool.

“I clearly feel the ‘talent war’ challenge in our company. In my opinion, the use of assessments and the resulting development plans are critical tools which every company must employ to ensure they are prepared to win in this war for talent,” notes Tina James, senior vice president of HR for HEB.

She confirms the use of a well-designed assessment and development planning process dramatically increases her company’s ability to grow leaders – both in their current roles and to prepare them for future ones.

“We use assessments to strengthen our confidence in hiring external candidates, to validate a promotional move for an internal one, to prepare partners for a critical lateral move or to help a partner take their current “game” to the next performance level.

“Our current process includes an intensive behavioral interview, psychological and leadership style inventories, 360-degree feedback and work-related simulations, using a fictitious company. Candidates receive comprehensive feedback from this as well as guidance about how to create a successful development plan. Meeting with the prospective manager about these results is a powerful way to identify the necessary resources and to gain support to work on the development of the incoming executive.

“This helps us to put together a more targeted development plan for the

individual, and provides an objective basis for comparing and contrasting planned replacements for succession planning. An outside view often helps us consider the interests and capabilities of a candidate in ways we would not on our own. This helps us improve our overall approach to performance management,” James said.

Consistently, managers suggest assessments pave the way for more “forward-thinking” about the use of talented people over time.

6. Deeper Insights About People, Roles and Fit

Executives say assessments help them gain more meaningful understanding of the person, the fit of a candidate for specific roles, and open the possibilities for options that may be wiser for both the organization and the candidate. This helps them accelerate the growth rate of leaders at all levels for their companies.

“Assessments help me to ask better questions of the candidate. It is a great learning opportunity for us both. As we become more aware of a person’s strengths, I develop a method to put people in optimum roles,” confirms Chris Galy, talent acquisition manager at Intuit.

Using assessments early in the process also helps managers be more strategic in their research about candidates.

“We use the results from our leadership assessment profiling to



Interviews alone are imperfect and often not accurate. They offer some information, but it takes more to get a sense of a candidate’s personality, gain insights into the total person and how he or she will fit within our organization.”

Steve Wood
Chief Administrative Officer
Sierra Pacific Resources

drive more strategic reference checking,” notes Galy.

References are a vital work and require patience, since most names offered are purposefully inclined to be glowingly positive. Specializing questions around topics which emerge from the assessments help one to ask more penetrating questions to better understand the total person and to gain a more accurate sense of how they would operate in a new company setting.

Of even more importance is the contribution assessments can make to retention of critical executives. Economist Charles Handy predicted the now presence of “portfolio people” – talented professionals who know their strengths and are able to apply them as free agents – working for several companies during their career without allegiance to any particular one.

This is a threat for companies which understand retaining executives is key to management stability and continuity in overall corporate performance. Knowing what will engage, retain and commit them to a company is important. Assessments can help uncover the unique factors which will keep an executive highly engaged and committed for the long-term.

The Quality and Reliability of Assessment Methods

To insure the investment in assessment is worthwhile, most managers stress the importance of selecting the right combination of tools and to design the best method to support their organizational needs.

Overall, people suggest the reliability and usefulness of assessment tools have improved considerably in the last few years.

“We use a battery of tests to measure intellectual capability, personal characteristics, competencies, skills and strengths. Most candidates are amazed by how accurately our

psychologist captures their profile. After they review the results, they often tell me ‘Boy, did that assessor really nail me.’” Wood said.

Shelly Begun, vice president of HR for Xilinx agrees. “We’ve worked with several tools and the best one I’ve seen is the Activity Vector Analysis. It is highly reliable and holds up under Title 7 validity standards. It provides clear insight about how to make the best use of people’s skills and strengths. It helps us match people to roles, managers and teams in ways we never could do intuitively.”

“It’s amazing how telling and truthful these new tools are today,” confirms Galy. “We see the assessments and – once a person is on board – we see the very behaviors shown in the test surface.”

A caveat comes from HEB’s COO Bob Loeffler, however, who cautions, “In my experience, it’s important for assessments to be conducted by someone with strong intuitive skills. Tests can show how smart someone is or what characteristics they have in different areas, but only a skilled and discerning person can ‘feel’ whether a candidate has real potential for a job. Quirks in personality, integrity, perseverance, openness to new ideas, breadth of view, optimism or pessimism may not show up in the tests used. Not everyone can assess for these things well, so it’s important to find a professional with deep experience in whom you are confident.”

Another issue for executives who invest aggressively in assessment is how best to establish consistent use of tools and processes.

Ed Gadsden, The Coca Cola Company vice president of global diversity mentions: “We are moving in the direction of global, consistent assessment tools and processes. We use most of the usual tools, along with competency-based assessment center activities, 360 feedback and diagnostics to evaluate conflict management and team leadership skills.

“We are now working to rein all of this in and integrate our global activity in this area so we have one consistent platform. This will improve our capability to assess uniformly across business lines, better compare talent capability and reduce costs.”

Dilemmas

Conducting assessments does pose challenges for companies. The first is the obvious question of the time and costs which must be factored into the interview process.

Companies either have to train and build in-house capability or select a competent consulting partner to provide these services. The latter choice still requires a professional to manage the consulting partner services. Budgets for these resources must be included in HR plans.

Galy acknowledges time can be an issue, too. “Adding assessments is a lot of work and when you are in a high pressure hiring phase, the time tradeoff can be a strain on our resources. Getting a profile for a candidate upfront in the process takes time. Yet, the value of making the best fit for a key role is worth it.”

Another occasional dilemma occurs when a company team really wants to hire an individual, but the management psychologist has raised major caution flags. There is no easy answer to this, however, the manager

is ultimately responsible to make a decision about hiring the candidate or not. In this case, he or she is able to make an informed decision with “eyes wide open.”

“If this conflict occurs repeatedly and management turns out to be right, then one should get a new management psychologist,” suggests one CEO. “If the management psychologist turns out to be right, then the executive likely needs to move into a role that doesn’t involve hiring and talent selection.”

Raising the Bar for the Future

The early work in the ability to predict the best candidates started with studies of naval submarine officers. The Navy observed that officers – with similar experience and academic pedigree – performed at different levels of competency under stressful, emergency situations. This launched the work to identify which competencies successfully performing officers demonstrated and differentiated them from their less effective peers.

Competency modeling and assessments have matured since this early research and now provide helpful information about candidates, how to develop peoples’ capabilities, how to leverage peoples’ strengths and talents and to guide strategic succession planning.



Assessments help us objectively to think beyond the immediate need we have. We can proactively aim a candidate toward a career plan that goes beyond the role we are considering for them in the moment.”

Sheri Bernal

Senior Human Resources Director

Sun Microsystems

“It’s an important question to ask how to monetize the value of understanding of a candidate more deeply” comments McNeal. “Clearly, we see value in our ability to place candidates in optimum roles. We know we aren’t trying to cure cancer, but – if we can get close on our ability to predict fit and success for a person – it improves our overall performance. It certainly makes our recruiting and talent development efforts more effective.

“Yet, if there was a generic set of factors for a type of role common to many companies, the work would be more reliable. Since company cultures and strategies differ, assessment still is a customized effort. For example, there is profiling data to answer the question ‘What makes a great software engineer?’ We have to customize this for our company culture.

“What would be really helpful is if the science of assessment evolves so we can create a predictive scale for *groups* of employees. For instance, what if we could predict if software engineers in India will succeed if we transfer them to the Bay Area?” McNeal said.

Since the work demographic patterns are changing, assessments will need to evolve as well. Today’s generation of employees will have an average of five jobs in their career – most likely with more than two employers. Companies will need to think about assessing people’s readiness for change,

flexibility and ease with experimentation as factors for success. New tools to evaluate such factors will need to emerge to guide executives in their hiring decisions.

As the talent war goes global, companies will create more ambitious programs to handle the challenge of drawing brains and competence from many countries. The tools to help them assess the complex factors for selection of executives for critical roles will become more valuable.

Attributes of an Effective Assessment Process: Getting Started

Managers who have not used assessment in their recruiting process can benefit from a few guidelines. At Donley Townsend Associates, we recommend five strategic actions before beginning.

Insure the senior executive team defines the depth of use that is best for the organization. This is a management philosophy and priority question for the executive team. Companies like Google commit to assessment testing at most levels of the organization.

Many of our clients conduct assessments for vice presidents and above, as their focus is on the leadership and cultural fit of managers



One of my key priorities is to accelerate the growth of leaders in my company. I believe a leader’s potential is based on four critical elements: their capacity, their aspiration, their commitment and their character. We use assessments as one data point in determining a leader’s overall potential and to build an action plan to support the leader’s development to their fullest potential.”

Tina James
Senior Vice President of
Human Resources

HEB

who have considerable influence on the company. There is no right or wrong decision about how inclusive to be.

Selecting the level at which you wish to understand and support the development of a candidate will help you design the type and amount of resources required.

Choose a qualified resource to conduct assessments. Confirm an assessor is certified and credentialed to interpret the tests you employ. Most assessment tools are offered by companies which require users to be trained and certified. Alternatively, you may source a psychologist to conduct assessments.

It is more valuable to find a trained professional who has in-depth experience working with corporations and who understands business well. Professionals can offer more valuable insights about how to shape an ideal role, develop the candidate and coach a hiring manager on how to leverage the person's strengths. Ideally, a professional who knows your company culture and your business offer the most value. The deeper the understanding the professional has of your business and your executive capability, the more "intuitive" he or she can be about a candidate's fit and long-term success.

Evaluate and select the best combination of assessment instruments to meet your organizational needs.

The variety and range of assessment tools and methods is growing. Work with a professional to choose the right mix of diagnostics to provide the content you need. For example, there are tools to help you with cognitive skills, leadership style, thinking style, competencies, strengths, orientation to tasks, intercultural fit and styles of learning.

Make sure the tools you use are reliable and are supportable by government requirements, such as Title 7 in the United States. Typically, we use a mix of two-to-three highly reliable tools to insure our data has internal consistency on a few select items.

Communicate the purpose and value of assessment to managers and employees. Introducing assessments into the recruiting process requires that hiring managers understand and support the value and benefits they receive in helping them with their hiring decisions.

Educating managers and employees about the confidentiality of the data and the value of it to help successfully develop people's careers is key to successful use of assessment processes.

Establish a budget for assessments. Costs for tools and professional assessors vary. For example, diagnostic tools can range from \$20-\$400 per tool. Most tools can be completed online, which makes the process cost-effective and efficient for both the candidate and the organization.

Volume discounts for assessment tools are available. It is also possible to explore rates for a professional assessor's time, based on the volume of work. On average, it is realistic to expect the cost for assessment time and tool use to range between \$1000-\$2000 per executive candidate.

This initial assessment often serves as the basis on which a person's development plan and coaching is shaped. It is wise to consider what budget is necessary for any coaching to assimilate a new executive or to accelerate the person's success in the new role.

Summary

Assessment is an emerging, valuable part of the process for identifying the best talent for an organization. Trusting The Economist's Adrian Woolridge's, comment "Talent has become the world's most sought-after commodity" rings true, companies will increasingly benefit from their use of well-crafted assessment methods to select the highest quality people they can.

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