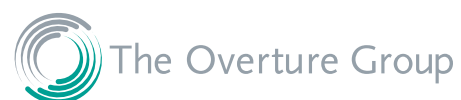


# THE VALUE OF EXECUTIVE ASSESSMENTS IN THE HIRING PROCESS

By Michael J. Delaney & Bob Lindeman





"Are there other ways to **increase** the probability of **long-term hiring success?**" The answer is, "**yes.**"

As all leaders know, the process of hiring a new executive or key manager is difficult and complex. It involves trying to determine if candidates' qualifications meet the needs of the organization; if they have potential to be successful in the role and can continue to grow over time; how they "fit" with the culture; and how to best ensure they can come up to speed quickly.

Organizations understand they need to have greater focus on retention and succession planning as part of the hiring process, not just making a job offer. Yet all of these decisions are generally limited to subjective interviews and reference checks.


While interviews have become more sophisticated through the use of competency-based interview questions, interviews alone do not always predict success<sup>1</sup>. Because of privacy laws and rising sensitivity to litigation, references may only yield cursory and positive information about candidates. So the question becomes, "Are there other ways to increase the probability of long-term hiring success?" The answer is, "yes."

Search firms and companies are finding that adding executive and leadership assessments improves their ability to predict candidate success, retention and succession planning. Adding executive assessments is cost-effective and has proven to be a valuable additional "leg" supporting the hiring process.

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1. Inc "The New Science of Hiring" Aug 2006.

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## WHAT IS AN EXECUTIVE AND MANAGEMENT ASSESSMENT?

Executive and management assessments are not new to the hiring process. Standardized, validated tests that highlight behavioral tendencies have been around for several years. These are not the personality tests from decades past. These assessments indicate an executive’s preferences with regard to leadership skills, decision-making, interpersonal style and delegation.

The instruments used to conduct the assessment are well-researched and validated across a broad population of executives over many years. Some of these instruments include the DiSC, 16 PF, FIBRO-B and Meyers Briggs Type Indicator. As stand-alone instruments, they provide theoretical measurements based on research. When used in conjunction with live interviews conducted by an individual who is experienced in the review and analysis of these instruments, they provide an important, more objective source of information on a candidate.

This additional information brings more value to the entire selection process, including insights into candidate cultural fit, on-boarding and development needs. As new hires come through the door, organizations have a better handle on where the individuals will be successful and what needs to be done to support their ongoing success. Some companies use the assessment with new executives or key managers as a reference or coaching tool.

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### ASSESSMENT INSTRUMENTS

- DiSC
  - 16 PF
  - FIBRO-B
  - Meyers Briggs Type Indicator
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## THE SELECTION PROCESS

Questions asked in an interview often reveal little more than a candidate's likeability or what he or she might hypothetically do in a given situation: “What would you do if you were in a situation where...” Executive recruiters who are skilled in behavioral/competency interviewing ask questions that are more focused on what a candidate actually did in situations. This process is based on the understanding that the best predictor of future performance is past performance. Executive assessments add to the effectiveness of this process by building out the behavioral/competency interview questions that highlight specific candidate tendencies and how these may impact his or her actions in a particular situation.

Most candidates today bring a high degree of interviewing savvy. They are prepared to be congenial, positive and respond to questions in such a way that the potential employer will want them to respond. Through the blending of both assessments and interviews, the executive assessment shines more light on an executive's behavior and style. For example, it will reveal if the candidate is more confrontational versus collaborative. So in essence, the assessment actually acts as a springboard to develop interview questions that probe the “if and how” this candidate may act in an actual business situation.

## CULTURAL FIT

**When hiring an executive, there are two kinds of fit – the candidate’s technical fit for the job and the fit for the organization’s culture.** Because technical skills can be learned and further developed, it is the cultural fit that has the most impact on a candidate’s long-term success. According to the Executive Search firm of Russell Reynolds, “More often than not the success or failure of a newly-hired senior executive hinges on how well that individual understands and fits within the organization’s culture; an issue of compatibility rather than ability and experience.”<sup>2</sup> This is where the hiring process can get tricky. How do we know if the candidate will fit into the organization?

We ask questions and observe candidates’ behavior in the interviews, where everyone is generally on their best behavior. We also check their references and hope that we can get enough information about their past performance to help us see something we didn’t see in the interview itself. The piece that is missing here is that this method of assessment is subjective and does not give an organization a sense of how a candidate will operate in ongoing business situations in that culture. This may explain why so many executives fail within the first year or two of employment. An executive assessment provides valuable insight into how someone responds to pressure, if he or she is collaborative or domineering, directive or casual in leadership style. Executive assessments identify key characteristics in candidates that may cause them to succeed or fail within a given organization.

**“How do we know if the candidate will fit into the organization?”**

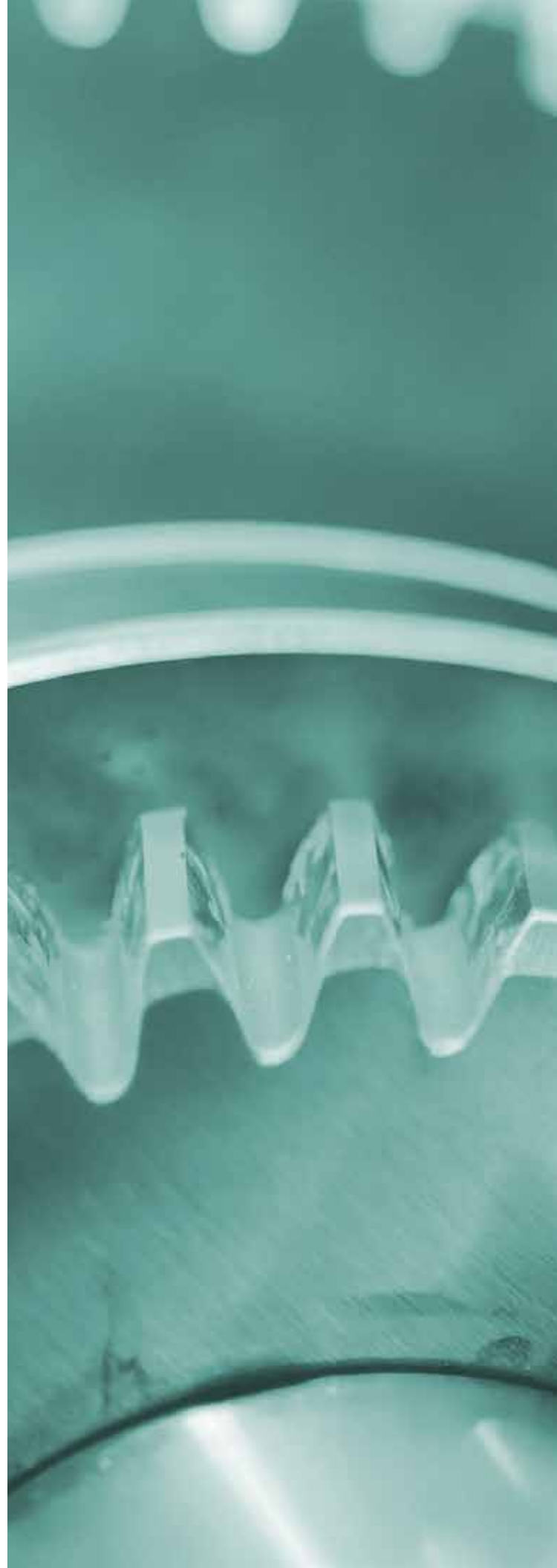
## ON-BOARDING DEVELOPMENT


**Studies have shown that a new hire’s experience within the first three months significantly impacts the person’s belief in how long he or she will ultimately remain with the new organization.** “One mistake organizations often make is ending the hiring process after the offer is accepted. A rigorous assessment process can provide key insights into your new team member’s strengths and weaknesses that can help smooth the transition and ensure success in the new work relationship.”<sup>3</sup>

Let’s face it, no one is perfect – everyone has something they can develop in themselves, and if you have a deep understanding of a newly on-boarded executive, you are in a better position to create an on-boarding experience that will be aligned with the executive’s natural style. Overall, an organization will be better prepared to help that candidate strengthen behaviors that will support his or her immediate success and effectiveness.

2. “Assessing Culture and Cultural Fit” Russell Reynolds.

3. Everything Business Corp., “How Assessments Can Save Your Pain in Hiring... and Provide an ROI”. Patchin, 2010.





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## A CANDIDATE'S FUTURE POTENTIAL

**In most hiring situations, our goal is not to fill just the immediate position but also to hire someone who has the potential to advance in our organization.** The deeper we understand a candidate, the more insights we have into the candidate's potential within the organization. A recent study on the use of executive assessments in the hiring process showed that companies that used assessments to choose executives were eight times more likely to hire a candidate that they would not just keep but soon promote. An organization's plan to grow the business depends heavily on hiring individuals who are high potentials with the ability to advance to the next level in the short-term.

## A CANDIDATE'S FUTURE POTENTIAL

The investment an organization makes to conduct a pre-hire executive and management assessment can be between \$1,000 and \$3,000, with some assessments costing much more. However, this cost is minimal when compared to the cost of a bad hire. In his book *Topgrading: How Leading Companies Win by Hiring, Coaching and Keeping the Best People*, Brad Smart points out that the cost of a bad hire is 14.6 times the base salary and that it can take over one year to remove a person from your organization or pay the equivalent in negotiated severance costs.

Yet most organizations still rely solely on the interview process to select key executives. According to Peter Capelli, Management Professor and Director of The Center for Human Resources at the Wharton School, "It's kind of mind-boggling that they would undertake such huge investments and not pay attention to what we know about how to pick out the people who are going to be best." It's not too difficult to calculate the return to your organization on this small investment, and it's all good news!

**"The cost of a bad hire is 14.6 times the base salary, and it can take over one year to remove a person from your organization or pay the equivalent in negotiated severance costs."**



## ADDED VALUE

## An increasing number of executive search firms are recognizing the additional value executive assessments provide to the overall success of the total hiring process.

Providing this service to clients gives these firms an edge up on competitors that are simply conducting the search and pre-interviews.

When selecting a search firm that also offers executive assessments, organizations will want to choose one where an objective, outside source conducts the assessments. This will help the client avoid the danger of potential conflicts of interest that may arise when this service is provided by the search firm itself. In these cases, the assessment may in fact be self-serving if the fee for this service is tied to the entity responsible for the success of the search. A more objective assessment comes from entities that are separate from the executive search firm that is charging the search fees.



## EXECUTIVE ASSESSMENTS: A WISE INVESTMENT

Executive assessments provide a critical view of a candidate's behavior, potential and development opportunities. These assessments also provide a deeper insight into how candidates may or may not fit into an organization's culture and add important information that can be used to support the executive's initial effectiveness and future potential. Even with all of the positive impacts of reference checking, this process is often overlooked.

As we move into an even more competitive environment, where top talent is difficult to find and retain, more and more companies and search firms are recognizing the important value executive assessments add to the hiring process and the long-term success of the individual hired. Adding executive assessments to the hiring process, with strong ROI results, clearly represents one of the best investments an organization can make.



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