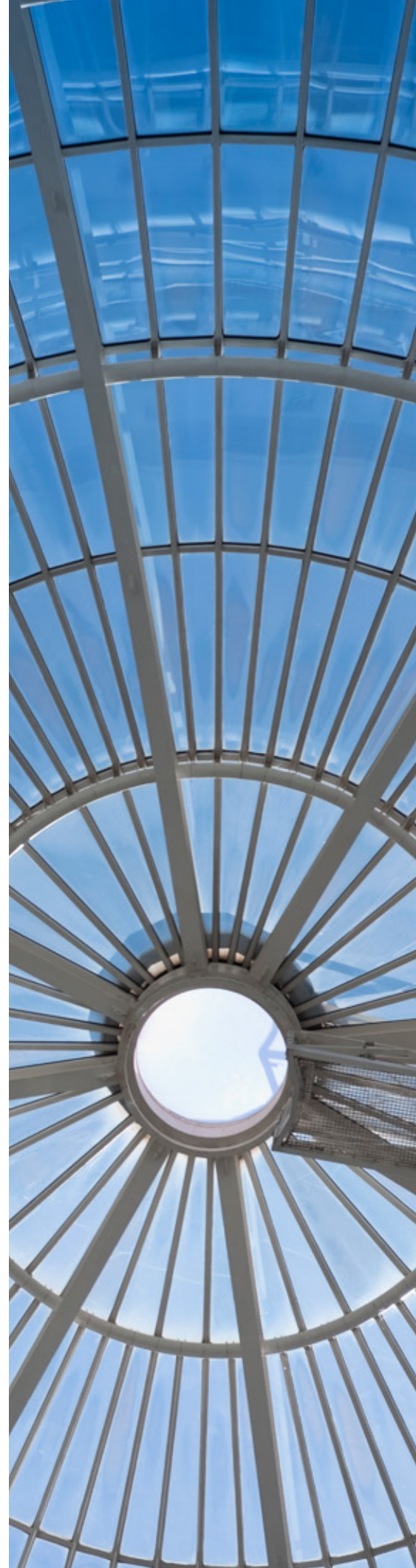


Why Effective Executive Development Begins with Assessment

Why should one think about assessing leaders for development? Indeed, why should we think about executive development at all? Aren't people at that level already good at developing themselves?

Not necessarily. Even as the focus and demands of their jobs shift, people tend to overuse skills that worked in the past. They often need help to figure out how to apply their old abilities in new ways, and to recognize and develop whole new abilities they didn't need before. And numerous studies have found that top executives — up to and including the CEO — actually crave feedback on their performance, but do not get it. Rich, specific feedback tied to the demands of current and future roles enables leaders to improve their performance and develop important new capabilities. Assessment clarifies what the differences are and, ideally, what someone needs to do differently or develop first.

In fact, many organizations spend a lot of money on executive training and coaching, with mixed results. Widely accepted research on training has found that only about 25 percent of training participants make any behavioral change at all. Sales training works much better — with some forms achieving 75-80 percent behavioral change — but executive-level training tends to fare much worse. Some categories of executive training have been found to have *zero* impact on their participants.



Why do the results vary so widely (but average so low)? We believe development can only be effective if it takes into account the specific needs of the individual in the context of the demands of their current and future roles. This is done through assessment.

Sales training is tailored directly to the behavioral needs of a successful salesperson, and these behaviors are well understood and eminently teachable. But the job of “executive” is not so specific. Compare a controller, a head of training, a head of cybersecurity and a regional CEO. Apart from the basic similarities of a strategic remit and the task of leading people, they are nowhere near as similar as any two salespeople in the same organization.

And that is why generic executive training fails: People simply develop better when efforts are tailored to their needs. With targeted development, the success rate, even for group training, can rise to 75 percent or better. Coaching can be even more effective, if done properly. The key is to know what people need, relative to their specific jobs. Assessment provides that key.

A significant body of research has shown that the most effective assessments measure the capabilities that are central to effective executive leadership, consider the relevant leadership context and evaluate future potential with a developmental lens. When assessing leaders for development, it’s important to build on those principles:

- » Measure the capabilities that are central to effective executive leadership — for future as well as present leadership demands
- » Consider the relevant leadership context — including environmental changes, and remembering that current performance is not the same as future potential
- » Evaluate future potential with a developmental lens — but be sure to ask “potential for what?” And is the leader motivated to develop in that direction?
- » Embrace multiple methods and perspectives for precision

MEASURE FUTURE CAPABILITIES

In the desire to capture lightning in a bottle twice, organizations often try to create someone exactly like the original, successful leader when trying to develop a person for an executive role. But successors need not duplicate their predecessors — and, in fact, the strategic direction of the business may call for an entirely different profile. When assessing for development, one should leave room for growth and change, and explicitly include capabilities that might be needed in the future.

The challenge is to correctly identify the capabilities of the future, which may not be present or fully known today. One key requirement is to start from the strategic context; a second is to leverage external sources and benchmarks to avoid using the “best in the building” as your metric instead of “best in the world.”

Start from the strategic context

For example, many organizations grow to significant size within their own country, but must expand internationally to continue growth. To “go global” requires a host of capabilities that may differ from those of the founder and domestic successors. One obvious one is cultural agility (also known as intercultural sensitivity or multiculturalism). A successor unable to engage across cultures will not be as effective and will need to be developed to reach strategically required standards.

Sometimes the differences between today’s and tomorrow’s leaders lie not in the capabilities themselves, but the level of sophistication of the same capabilities — for example, being able to create strategy for an inherently larger and more complex organization, or adapting to new technologies with speed, or getting greater leveraged impact through one’s direct reports into a larger organization. This, too, emerges logically from one’s strategy: acquiring a new business with a different business model makes leadership inherently more complex, so you must have someone who can manage more than one strategy within the corporate umbrella.



Leverage external sources and benchmarks

Many leadership frameworks within a given company are necessarily based on today's leaders, and therefore lack the behaviors of the future that may well exist in embryo. An unintended consequence can be to constrain development instead of encouraging it, by reinforcing a pre-established assumption around leadership.

Using research-grounded scaled capabilities, as we do at Spencer Stuart, can make this easier, as the "next step up" from today is known, and can be assessed. One huge advantage of an external benchmark such as the Spencer Stuart Leadership Capability Framework (LCF) is that it can be based on a wide range of leaders across industries, geographies and roles, which means a wider range of behaviors are known and can be assessed and benchmarked. As a result, important future capabilities that are not fully established in the organization — but may exist in certain high-potential individuals — can be identified and developed. Thanks to our globally derived capability framework, in effect, any of our clients benefit from our experience from all our clients — even identifying potentially important behaviors for the future by looking at the behaviors of an adjacent industry already resident in that future. For example, years ago, a mobile phone service provider wanted to benchmark its leaders against executives in the fast-moving consumer goods sector, noting that as phones were increasingly regarded as fashion items, leaders likely would need a hybrid of skills going forward.

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CONSIDER THE RELEVANT LEADERSHIP CONTEXT

As noted above, the strategic context matters. So does the current leadership context: how does a leader get from here to there when the next management role may be dramatically different?

A key point here is not to confuse performance in a current job with potential for tomorrow's jobs. We have seen over and over again managers selecting "high performers" as "high potentials." But the next job up may be completely different. For example, manager and executive roles differ a great deal in their direction of focus. Managers take care of what is beneath them: their direct reports and their own organization. They partner to the extent necessary to support their own organization. Executives look outward — into the future, across the organization, farther into the market. Another difference is their span of control — executives cannot manage a large group hands-on; they must find ways to leverage their impact, to multiply their effect. In plain fact, the day-to-day activities of the job simply look different, and thus require new ways of working. But do most people even know what those new ways are?

There also is a big difference between C-level functional leaders — e.g., CFO, CIO — and their direct reports, making it challenging to identify an internal successor

for these top roles. The roles below the C-suite are often high-level experts in a field rather than broad general managers or strategic leaders. In a large-enough company, they will have a substantial staff and managerial ability, but we have found that C-level staff are strategic change leaders thinking about how the whole business fits together, not technically focused managers driving specific processes. Unless people are moved between sub-functions frequently, they are unlikely to know the whole function well enough to be a truly strategic leader. Once again, it helps to know the exact gap between the current role, the future role, and the opportunities for development between the two.

Furthermore, the ability to do a current job or even the next job well is not the same as the ability to develop new capability. The measurement of potential depends on a set of capabilities that do not necessarily overlap with those required to do many roles. This has two implications: First, it's possible to have high performers who lack potential to move farther (especially to top executive levels); and, second, you can have people who are not performing as well as they might but have high potential to move elsewhere or even upward to the right role.

The right kind of assessment will identify whether a person has the capabilities required for a role and the potential needed to actually get there.



POTENTIAL FOR WHAT? AND MOTIVATION TO MOVE

To complicate matters more, potential is not a single thing, though there have been many attempts to make it into a single measure. Even “leadership potential” is not a single thing. To take a simple example, you need to develop different capabilities to be a top thought leader, a top people leader or a top change leader. Likewise, the categories of potential that predict those capabilities are different.

A thought leadership role — which could include expertise, research, innovation, strategy or other areas — requires strong thinking potential, and usually specific kinds: complex analytical thinking and big-picture conceptual thinking, for example. Those two categories of reasoning do not correlate, so if you pick someone with one and not the other, they won’t do as well because they won’t be able to develop the full capabilities necessary for the job. Similarly, a people leadership role depends on interpersonal intelligence and organizational intelligence in addition to some degree of analytical and conceptual thinking as noted above — but probably not as much as a chief strategy officer, for example. And, again, if you lack the appropriate form of potential, you won’t be able to develop the capability.

When assessing for development, you can look from a role backwards to the people with the potential to grow into the role (succession planning), or from a person forward to the roles they are most suited to grow into (career planning), or both, as part of general talent pipeline management. Regardless of direction, you need to know what key groups of capabilities you need to move forward, both presently and in the future.

The right kind of assessment will identify whether a person has the capabilities required for a role and the potential needed to actually get there.



Leadership potential falls into three relatively straightforward categories:

1. Results and improvement
2. Thinking
3. Interpersonal and organizational

The first is common in business — delivering results is central! — but taking it still further moves you into making significant organizational process improvements or major innovations, depending on your style.

The second is obvious, but can include a host of different intellectual strengths: reasoning from A to Z along an analytical path, recognizing or creating patterns and concepts from complex information, evaluating and weighing relative costs and benefits — all of these can matter to a different degree in different roles.

The third — interpersonal and organizational potential — tends to differentiate from good to great, as the best top executives demonstrate far greater leveraged impact on their companies, industries and marketplaces. Leaders with insight into the individual and insight into groups and organizations are critical — the latter increasingly so as the job increases in scope.

When evaluating a person relative to a possible future job, it matters a great deal which of these the person will require — or what combination.

There are also two enablers of development, which must also be taken into account when planning how fast someone can develop:

- » Motivation
- » Learning Intelligence

Motivation gets at how energized a person is by a job. A person lacking emotional engagement in the tasks of a role will have to force himself or herself to do the job, at the cost of personal energy better applied to getting greater results. By contrast, if one's motives are aligned with the role, the tasks of the role will generate energy and excitement. People make time for actions they enjoy. This same logic also applies to energy around

development. People are more willing to develop when the outcome is motivating. For example, someone strongly motivated by the desire to influence other people tends to have higher emotional intelligence, because they spontaneously hone the ability to read others.

And of course the potential of even the smartest people will be limited if they are unable to accept that they might be wrong about something. Learning Intelligence — the ability to open yourself to learning, correctly identify what needs to be learned and, most importantly, to use that insight — accelerates any development.

The combination of motivation and Learning Intelligence can accelerate development by providing the desire and openness to make it happen. Measuring either effectively is difficult without specialized tools or deep insight. Questions about motivation or inclination to learn often get relegated to basic questionnaires, which fail to capture individuals' essential drives and abilities, or rough questioning that a person may feel constrained to answer a certain way. Who wants to admit they are not motivated to be promoted, even if it is a job they don't want, or to say they don't want to learn, even if there are far more interesting fields they want to absorb?

EMBRACE MULTIPLE METHODS AND PERSPECTIVES FOR PRECISION

It should be no surprise that using multiple assessment methods are more accurate than any single one, no matter how good. When assessing someone for development purposes, it becomes even more critical. In part this is simply identifying the needs accurately — as noted above, we must ask “potential for what?” — but in addition, a fully rounded view of the person may point out rough spots in specific contexts that may be crucial in the future. In other words, the more perspectives you have, the less likely you are to miss a potential problem.

In addition, different people may respond differently to one tool versus another. Ideally one should have not only different tools, but different perspectives on the same characteristics, though not at the expense of too much time for a busy executive.

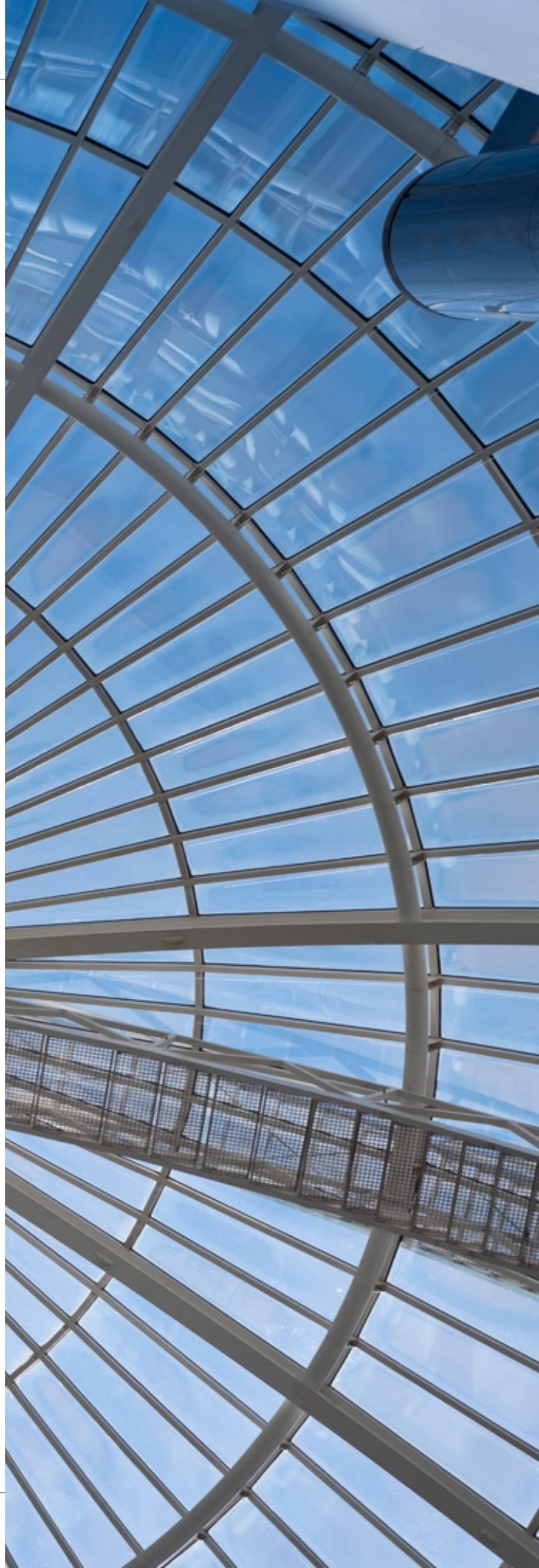
For example, most assessment approaches use interviews, but it is possible for a well-trained interviewer to tap capabilities, motivation, interpersonal styles and culture preferences in the same interview instead of just one of the above. Incorporating a 360-degree questionnaire and references to gather external views of the person will be far more effective than just a questionnaire, since the interviewer taking the reference can be more strategic in his or her approach.

In brief, looking into the person and into the job from multiple angles and with logical anticipation can greatly reduce the risk that someone will not be able to develop into a role, and accelerate the process of a person doing so. This approach can also provide greater insight into why people do what they do, and thus better equip them to learn strategies to change their behavior, as well as leverage that energy.

DEVELOPMENT BEGINS WITH ASSESSMENT

Assessment for development enables organizations to develop a thoughtful talent pipeline and can serve as a great retention tool — since people will stay with a company that develops them. In a rapidly changing world, having people who can not only adapt but also continue to grow capability is a major differentiator, especially in the executive population, which has dramatic impact on the performance of an organization, but typically receives very little of the feedback needed to develop.

Assessment provides the starting benchmark and identifies the best opportunities for a leader to grow and change, and thus enables the growth of a company's leadership overall. Applying these principles, organizations will be best positioned to develop leaders who will be able to adapt to the changing demands on leadership and make a lasting and evolving impact on the business.



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At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

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