

SELECTING SENIOR EXECUTIVES

The selection of a senior executive is among the most difficult decisions that an organization can make. Senior executives have enormous responsibility for resource utilization, business direction, and financial results. They also serve more constituencies than any other employee group. The consequences of failure of a senior executive can be disastrous for an entire organization and its stakeholders.

Senior executives are the leaders of their companies. This role is often confused with management, an important but separate function. As leaders, senior executives establish direction, align people, motivate the workforce, and develop new leaders. These responsibilities cannot be delegated to others. Senior executives also need some management skills, such as planning/organizing, budgeting, staffing, and problem solving. The best senior executives have both leadership and management skills. They lead and follow through. This further increases the difficulty in selection.

Selection Methods

A variety of methods are used to select senior executives. Most commonly, a preliminary review of an individual's work experience and track record of results is the first step. Successful senior



executives already should have shouldered substantial profit-and-loss responsibility. The best senior executives have either turned around a struggling organization or taken a successful operation to a higher level.

Once preliminary screening has been completed, interviews and reference checks usually are conducted. Many companies have senior executives interview with members of the Board of

Directors or with significant investors. These interviews usually are wide-ranging in scope, but are highly dependent on the personalities, experiences, skills and biases of the interviewer. Regardless of the specific questions asked, these interviews always lead to a common point: Does this individual have what it takes to get our company to the next level? Reference checks can be a helpful adjunct to interviews in answering this important question.

Another selection method that has become increasingly popular is the objective assessment of finalists for senior executive positions. Typically, this process involves psychological testing in the areas of leadership style, work behaviors, motivational factors, and mental abilities. The best assessments compare applicants to some external benchmark, such as a nationwide database of senior executives in similar industries. Often, objective assessments include an extensive interview by an experienced industrial psychologist.

Advantages of Objective Assessment

Objective assessment has several advantages. The first is that the assessment is completed by an outside third party, one who is not involved in the recruiting or the final decision-making. Second, objective assessment provides a common benchmark with which to compare all candidates to each other. While candidates have different work experiences, backgrounds, and interview skills, an objective assessment puts all candidates on the same footing. Third, objective assessment measures potential executive derailers such as poor decision-making, energy/drive, emotional intelligence, resilience, results orientation, open-mindedness, and the ability to think on one's feet. These qualities are very difficult to assess in interviews and work experience reviews.

Finally, objective assessment avoids the "siren song" of job knowledge and pedigree. Countless senior executives who have failed over the years had worked for a competitor or knew the business, but that was not enough. Objective assessment measures behavioral characteristics and aptitudes rather than specific knowledge in a technical area. Job knowledge and background are good to have but should not be the prime determinant in senior executive selection.

PSP's Metrics

While a number of companies offer senior executive assessment services, PSP's approach differs from the norm. First, we customize our measurement tools according to each company's specific needs. We often find that the required "success factors" differ from company to company, depending on where a company is in its life cycle, marketplace, and strategic trajectory. PSP also utilizes our nationwide database of senior executive benchmarks. In other words, we can compare applicants to our national norms for CEOs, CFOs, COOs, and SVPs. Very few consulting companies have this capability.

PSP's objective assessment also includes an in-depth behavioral interview conducted by an industrial psychologist with a minimum of 20 years of experience in executive assessment work. During these interviews, senior executives are asked to give examples of a wide variety of actions they have taken in response to specific situations.

Finally, PSP integrates the objective assessment data with information from interviews, references, the executive's work experience, and the demands of the job. Common themes among sources of information are identified, assets are underscored, and potential weaknesses are enumerated. Compatibility with other senior executives on the team is analyzed and evaluated.

In these ways, PSP's objective assessment helps to minimize risk and to maximize the chances for success in senior executive selection.