




How to  
Think About  
**Assessing  
Leaders**

POINT  
*of*  
VIEW



**A**ccurately predicting which executives will succeed in a senior leadership role and which will not is critical, but challenging for most organizations.

What makes these high-stakes decisions so challenging? First, they require a determination of whether an executive can succeed in a new leadership context, one that is likely larger in scope, more highly dynamic and vastly more complex than previous roles. Traditional assessment approaches weren't designed to predict whether an individual has the ability to stretch beyond his or her current capabilities to grow successfully into a new job and change along with it and the organization.

Furthermore, executives at this level are highly accomplished. As a group, they score high on general intelligence tests, averaging in the 85<sup>th</sup> percentile or better. Since they were not designed specifically to assess executives, such tests lack the precision to illuminate differences among good, great and exceptional leaders. Top-level executives speak compellingly about their capabilities and experience. They are driven to influence others, and often are quite good at it. This combination makes for capable leaders, but also makes comprehensive, accurate assessment an extremely difficult task.

So how can organizations improve their ability to make the most critical senior leadership decisions? Which assessment approaches provide the kind of insights that increase confidence in decisions about which executives to select and develop for the organization's most important leadership roles?

As executive search and leadership advisers for 60 years, we have observed and studied leadership in different contexts and have developed a view on how to help clients think about the role of leadership in their organizations and how to select and develop the senior executives able to make a lasting positive impact on the business. In this article, we will explore the characteristics of the most effective executive assessments and how we have developed an assessment approach that draws on those principles to overcome the key deficiencies in standard methodologies, allowing us to provide the rich insight needed to make the most important leadership decisions.

### DRIVING DEEPER INSIGHT: CHARACTERISTICS OF THE BEST ASSESSMENTS

The most effective assessments address the weaknesses of traditional assessment approaches. Specifically, the most insightful assessments do the following:

**Measure the capabilities that are central to effective executive leadership.** Thousands of tools exist to assess people on all sorts of dimensions — from IQ to personality to professional competencies. Not all approaches are effective: To start, you need a method tailored to the unique nature of the person being assessed. In the case of business leaders, the acid test is whether a method truly predicts executive performance.

The role of leadership in an organization is to continually scan the external environment to see what could affect the business, and drive results over the long-term through people — the senior team and the broader organization. To do this, senior-level executives draw on a core set of leadership capabilities, regardless of their role, industry or geography. An effective assessment scores leaders on these critical capabilities against an objective scale, so that individuals can be compared to one another and to the required degree of competence for a given role.

**Consider the relevant leadership context.** Most people can recall examples in which the same person, with similar mandates executed more or less the same way, was a spectacular success in one situation and an outright failure in another. How can this be? It turns out that context matters; how well an individual leader will perform is related in no small part to how well his or her capabilities, leadership style and expertise align with the demands of the specific role. Therefore, an executive assessment must be based on a sound understanding of the leadership context.

**Evaluate future potential with a developmental lens.** Demonstrated capabilities represent just part of the story when it comes to assessing executives. That's because accumulated knowledge and relationships become less effective tools for accomplishing business objectives and navigating the challenges leaders will



encounter as they move higher in an organization. As the context changes, executives must make sense of a much wider set of issues with less concrete information, and then conceptualize a clear plan and inspire, engage and motivate a large organization to act. For these reasons, an assessment should provide insight into an individual's capacity to develop new capabilities and respond to changing leadership demands and evolving business conditions and priorities.

The best assessment approaches are predicated on the idea that each person has the potential to continue to develop and enhance performance. When conducted with a developmental lens, assessments will be viewed as valuable by those being evaluated, improving engagement and increasing the likelihood that executives will apply developmental feedback.

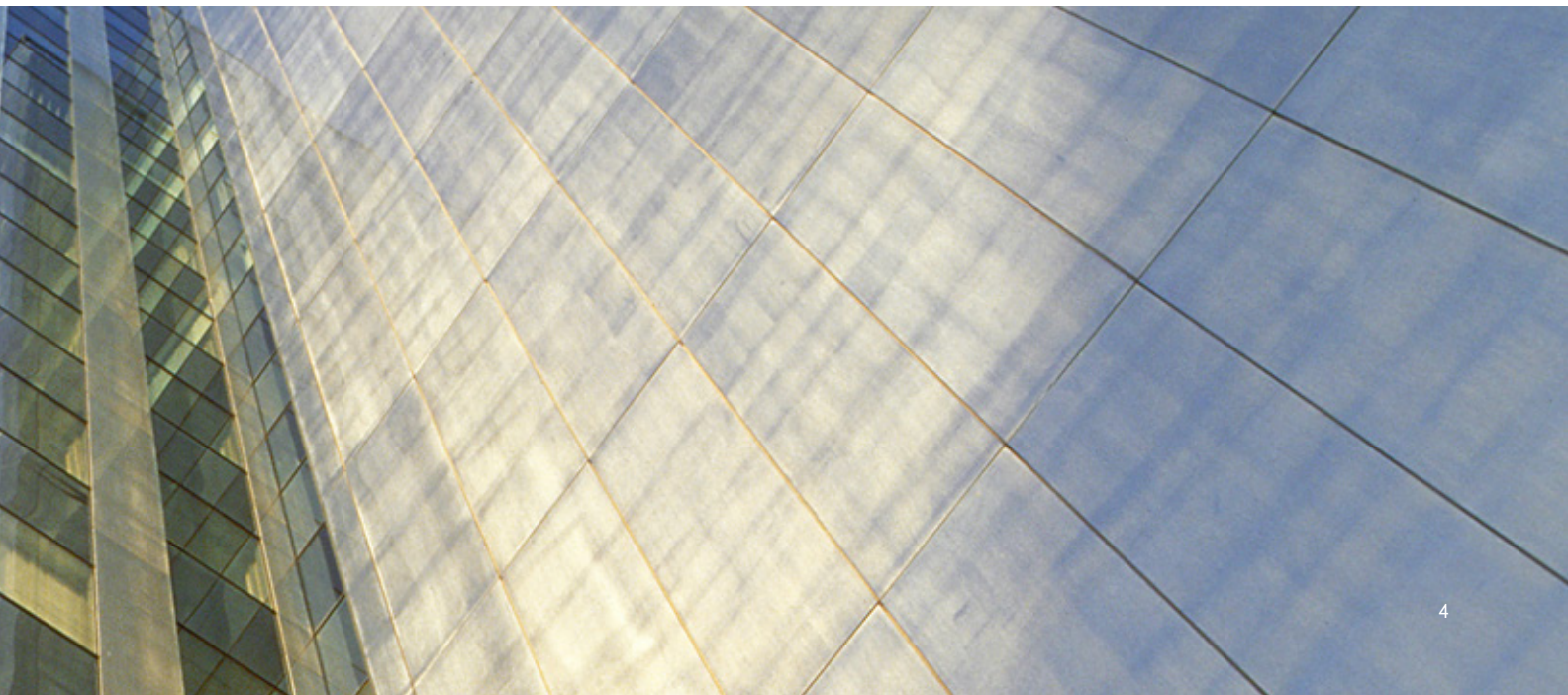
**Embrace multiple methods for precision.** Research and common sense show clearly that one assessment method is never enough, particularly for senior executives. No matter how insightful the tool, not everyone responds to it. Nor can any one tool illuminate all the critical aspects of leadership. An effective assessment employs a range of methodologies to evaluate an executive from multiple angles and perspectives, going deep to illuminate aspects of the person such as their motivation, values and personality in addition to capabilities and

knowledge. Combining executive-tailored, experience-based interviews, interpersonal style questionnaires, live-case-based demonstrations, 360-degree referencing and/or surveys improves the overall accuracy of an assessment and provides the inputs for rich, comprehensive and powerful insight into the person.

### THE SPENCER STUART ASSESSMENT APPROACH: PROVEN LINK TO PERFORMANCE

The foundation of an effective assessment is a comprehensive view of the role of executive leadership in an organization, and the factors that shape specific leadership requirements. Integrating the vast research on leadership performance, we have developed a framework for thinking about what leadership does for an organization and the kind of person needed to lead in given contexts. Our model looks at:

- » **The organizational context:** the near-term and long-term critical demands and constraints from the team, organization and business environment to which a leader must respond
- » **Character and interpersonal style:** the kind of person he or she is; the nature of the person, his or her emotional drives, values and leadership style, all of which are important when considering alignment with an organization's culture



- » **Current and potential capability:** the knowledge, skills and deeper characteristics that make up the overall competence of a leader relative to a role
- » **Leadership outcomes:** the various outcomes expected of a leader based on the intersection of the person’s character and capability in context

Applying this framework, we have developed an assessment approach for leadership decisions with the highest stakes. It provides uniquely comprehensive insight about executives’ character and capability relative to their peers and in the context in which they will have to operate. Furthermore, the caliber of our people, our methods and our integrated approach to assessment, combine to substantially increase the accuracy with which we can predict a leader’s success.

### In-depth market and assessment experience, at the senior executive level

Even the most sophisticated tools and processes will fail to deliver without the expertise of well-qualified assessment professionals. As a search firm, we know this better than most. Our assessment teams are distinguished by three key features:

- » Our understanding of CEO and executive leadership
- » Our business and market knowledge — industries, regions and markets
- » Our dedicated assessment experts

#### OUR ASSESSMENT APPROACH:

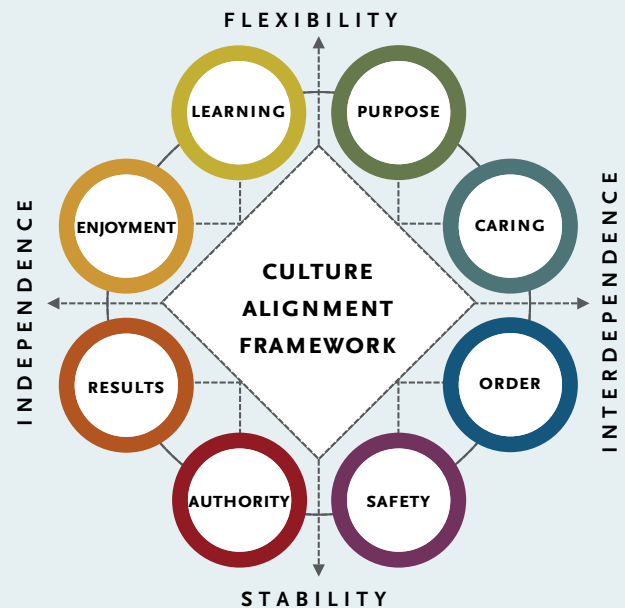
### ORGANIZATIONAL CULTURE

An organization’s culture can support or undermine its business strategy. We help clients assess the alignment of culture and strategy, establish a target culture and evaluate the degree to which executives are likely to fit with, adapt to and shape culture.

Our framework for assessing culture is rooted in the insight that each organization and each individual must address the inherent tension between two critical dimensions of organizational dynamics:

- » Attitude toward people, from independence to interdependence
- » Attitude toward change, from flexibility to stability

Applying this fundamental insight, we have identified eight primary and universal styles, which can be used to diagnose highly complex and diverse behavioral patterns in a culture and understand how an individual executive is likely to align with that culture. Because the model uses the same language to characterize culture and individual styles, assessment of cultural alignment is straightforward and actionable.



OUR ASSESSMENT APPROACH:

## LEADERSHIP CAPABILITY FRAMEWORK: SIX CORE CAPABILITIES

Derived from research into more than 140 assessment models and our assessments of tens of thousands of executives, we have isolated six capabilities that are critical to leadership performance. We consistently benchmark executives on the following capabilities, as well as other more specialized ones according to client needs. We continue to develop capabilities as the nature of leadership evolves.



Our development-focused assessments are led by dedicated consultants who do only assessment, not search. They bring rigorous, insightful objectivity to the task, coupled with broad and in-depth knowledge about senior leadership performance. With numerous advanced degrees in psychology and assessment, our assessors have extensive experience at the intersection of business and psychology — and their skills are further honed by constant application and calibration among colleagues, both on projects and off.

We also believe market insight is a critical perspective in assessing executives. By pairing expert assessors and search consultants who know the industry and market well, we can say not just whether an executive is objectively competent, but how they stand relative to their peers in similar roles. We can provide unique insight into whether someone is unusually good relative to the market — that is, how hard it would be to find someone better. For example, if a company were to require a unique combination of financial expertise, business

experience, leadership ability, and fluency in Hungarian and Mandarin, there may be only one candidate — at most! Developing an internal candidate, or choosing one who has gaps but potential, may work better than spending time and resources seeking an external candidate who is unaffordable or, at worst, does not exist. Providing real choice beyond the basic résumé is possible when you have a fully rounded assessment.

### An executive-specific methodology that evaluates a person’s past, current ability and future potential

Our assessment methods and tools were built for business. We begin by working with clients to define the specific strategic context in which the executive must operate to be successful. This involves identifying the strategic business priorities as well as the leadership goals for the specific role with measurable performance outcomes, the specific tasks and behaviors required, the preferred leadership style and the necessary capabilities.

Our Leadership Capabilities Framework provides an objective set of scaled business leadership capabilities with which we can compare any one executive to any other. The average of this scale is the average executive; the top levels are calibrated to surface distinctions even among outstanding top leaders of the largest global companies.

We look not only at past experience and current capability, but also future potential. A core tool we use to get at an individual's potential is our Executive Intelligence (ExI®) assessment, which targets the characteristics that specifically predict executive capability and business impact. We do not squeeze executives into a narrow band at the top of a scale, as with IQ, where executives lie almost entirely in the upper 10-15 percent; we developed an entire scale uniquely for them. This proprietary approach is the only one proven to predict executive development and performance over time. We've shown, for example, that C-level executives with high levels of

Executive Intelligence were promoted 22 percent faster over the course of their careers. Put simply, when we combine these tools with other capability and style assessments, we can evaluate executives on what they have done, what they can do, where they can do it best and where they can go long-term.

We also consider a leader's character and personal style and how they fit with the needs of the business and the organizational culture. Our approach to assessing culture enables us to measure executives' cultural impact and alignment and provide practical insights on specific leadership and cultural development opportunities. It is rooted in the insight that each organization and each individual must address the inherent tension between two critical dimensions of organizational dynamics: attitude toward people (from independence to interdependence) and attitude toward change (from flexibility to stability).

OUR ASSESSMENT APPROACH:

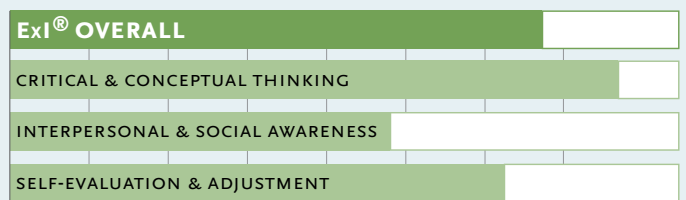
**EXECUTIVE INTELLIGENCE**

Executive Intelligence, or ExI®, is Spencer Stuart's proven, proprietary measure of senior-level potential. Over the last decade, we have found that three dimensions of Executive Intelligence predict not only the speed of promotion for senior executives, but also the performance of business two years after a CEO takes the role. They measure a leader's potential to develop true executive capability, and how fast it can be done. Executive Intelligence is evaluated through an executive-level case that allows the individual to demonstrate thinking abilities in real time and in an unfamiliar context, removing personal experience from the situation to get to deeper traits.

**The three areas of Executive Intelligence are:**

- » **Critical and Conceptual Thinking:**  
Questioning assumptions, anticipating consequences, judging the value of actions
- » **Interpersonal and Social Awareness:**  
Recognizing and responding to emotional states, anticipating reactions to a situation
- » **Self-Evaluation and Adjustment:**  
Accepting new information, comparing it to existing information, and taking action on it

**EXECUTIVE INTELLIGENCE EVALUATION**



Because they are conducted by assessment experts who truly understand the demands of executive leadership, our assessments focus on the developmental potential of the individual, providing specific feedback to help evolve the person's leadership style and capabilities.

**An integrated suite of tools:  
providing multiple perspectives and  
concrete developmental insight in the  
relevant context**

Having good tools and good people is essential, but even then they can fail if not used together the right way. We bring our dedicated teams and suite of tools together in an approach defined by multiple perspectives and cross validation of results, which enables us to focus on the developmental potential of the executive. Our skilled assessors synthesize the results of multiple separate tools into a higher-order insight about the whole person that is truly greater than the sum of the parts. This allows us to provide comprehensive insight into executives as they are today and as they can be in the future. In a very real sense, we help people find and achieve their best destiny.





## ABOUT SPENCER STUART

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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.

For more information on Spencer Stuart, please visit [www.spencerstuart.com](http://www.spencerstuart.com).

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