



Leadership Failure Starts with Hiring

By Todd Harris, Financial Post

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The B-2 Spirit is perhaps the key strategic weapon in the United States' Air Force. Shaped like a jagged boomerang and designed to be nearly invisible to radar, each comes with a price tag of \$1US.2-billion, roughly equivalent to that of a nuclear submarine, and there are only 21 in existence. But a submarine is typically staffed by a crew of more than 100, the B-2 has just two: a pilot and a mission commander.

Selecting the people to fly the B-2 is a great example of "highstakes hiring," because they will find themselves in situations in which there is very little room for error, and the consequences of performance, both good and bad, are substantial.

Companies across North America regularly undertake high-stakes hiring. Most of them spend a lot of resources attempting to get the right senior leaders at the right times. Unfortunately, evidence continues to show that at least some degree of failure in these roles is commonplace, ranging from highly visible, public "flameouts" to relatively hidden situations in which the under-performing executive is quietly shuffled into another role. In my experience, at least half of executives underperform on one or more of their core responsibilities.

People in high-stakes roles rarely fail because of skill set deficiencies, lack of intellect, or lack of performance. Typically, chief executives, chief financial officers, vice-presidents, etc. have demonstrated a consistent track-record of excellent performance throughout their academic and professional careers, and depending on the size of the organization, have been promoted multiple times into positions of increasing scope and responsibility. Thus, something else must be at work. Executives often fail for one or more of the following:

Cultural misalignment These individuals have the requisite experience, intellect and core skills to be successful in a highstakes role, but underperform due to a poor fit between the themselves and the culture and values of the company. Often, these are senior leaders who have been brought in from outside or been promoted quickly within the organization.

Over-promotion These are individuals whose performance in previous roles ranged from merely acceptable to superb, are seen as loyal organizational citizens and good people, and are

given new, bigger jobs because they are seen as "deserving" them. Often a factor that contributes to this mistake is decision-makers' fear of being seen as not rewarding hard work, not respecting longevity, and not promoting from within. The president of a

financial services firm voiced this concern recently while discussing her choice of a new vice-president of operations: "Everyone loved him and he was great at a lot of things, but in retrospect, Adam probably shouldn't have gotten the job. He had been with us for six years, and I was worried what type of message I would be sending to everyone else if I passed him over." Failure to evolve Individuals who cannot or will not adapt to shifting business conditions or priorities, over-relying on familiar approaches when new perspectives and personal behaviours are required. (Look for frequent statements such as "The way that we used to do it...The way we did it at my old company..., etc.)

Research indicates companies that are particularly adept at selecting executive personnel consistently do the following:

- Comprehensively analyze the context the person will be operating in. Many companies make the mistake of looking almost exclusively at internal attributes such as personality, experience, decision-making and intelligence. A 50:50 split between time spent analyzing the external environment and the candidates attributes is a good rule of thumb. For example, an effective chief financial officer for a young company in a deregulated and volatile market may look radically different than one for a mature, old-line company.

- Seek a multilevel match. Consider how the person will fit with his or her fellow executives, with the culture of the company and with the operating environment of the country. For example, does the company promote spontaneous, autonomous decisions, or does it favour collaborative and more deliberative approaches?

- Use a disciplined, rigorous and data-driven process, in which candidates are assessed using structured, well-validated tools. Companies get into trouble when they make decisions based on personal biases, intuition, and hearsay, as opposed to logical reasoning and objective data. - Todd Harris, Ph.D. is director of research for PI Worldwide, an international management consulting firm and publisher of the Predictive Index® based in Wellesley Hills, Mass., with offices across Canada.(tharris@piworldwide.com)