

Auditing Leadership Talent

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Formal assessment processes are widely used to audit leadership talent. Accurate measurement of strengths and development needs helps you to invest your training budget where you can get the best return. But should you be assessing personality or the ability to exhibit your leadership competency profile? Psychologists trained in personality theory might not be comfortable exploring leadership or business competencies such as strategic vision, customer focus or commercial orientation. Instead of assessing leadership competencies directly, they make inferences to them from personality traits. A behavioural approach to assessment explores how leadership candidates actually behave, thereby assessing competencies directly. Which approach should you use to audit leadership talent?

Personality assessments often focus on the so-called “big five” personality factors: emotional stability, extraversion, agreeableness, conscientiousness and openness to experience. Interviews designed to assess personality explore early experiences and how candidates dealt with stressful life events. Behavioural assessments focus, not on the candidate’s life history or personality, but on recent behaviour at work. The objective is to understand what candidates do and how they do it in job-related contexts. Simulations or work samples might also be used when extra depth and accuracy are required. Feedback and reports are structured around the organization’s leadership competency profile, not personality traits.

The challenge for practitioners of personality assessment is to show how personality traits relate to an organization’s leadership competency profile. Suppose, for example, that you want to assess the competency customer focus. One relevant personality trait might be extraversion. An extravert is more likely than an introvert to have the social skills to build relationships with customers. You could also look at dominance and anxiety. People who are overly dominant might not listen very well and, if too anxious, they might not control their temper with difficult customers. It gets more complicated than this, however, because being customer focused is not just about relating to people. It is also a way of thinking and making decisions. Leaders with a strong customer focus make decisions based on the impact their decisions might have on customers. They regularly analyze customer trends and respond quickly to customer feedback. Notice that these customer focused behaviours imply a decision-making *attitude*; they are not interpersonal skills, so knowing that a candidate is extraverted is of no help.

Suppose you are assessing two marketing managers who have no direct contact with customers, hence where social skills are not even relevant. Let’s call them Frank and Tom. Both managers develop new products, but Frank, the more extraverted one, has strong product ideas of his own. Frank has a one-size-fits-all mentality, a “manufacturing mindset” which entails developing products that he thinks customers want and hopes they will buy. When sales fail to meet expectations, Frank does not question the product; he changes the marketing and sales plan. Unlike Frank, Tom is introverted and not socially skilled, but he is very responsive to customer feedback. Because he believes in “mass customization,” Tom analyzes what customers want and gives it to them. In this example, not only are Frank’s social skills not conducive to being more customer focused, it is actually the more introverted manager, Tom, who rates higher on this

competency. The fact that Frank might create some great products with his approach is beside the point. We're assessing his customer focus here not his ability to innovate.

Consider a second competency, strategic focus. Relevant personality traits include being a conceptual thinker and having strong analytical ability. Suppose you are assessing two Finance executives. Mary is a stronger conceptual, creative thinker than Fred who is more concrete, practical and detail oriented. But Mary just isn't interested in strategy or even business for that matter. Mary channels all her creative, conceptual thinking into devising complex mathematical models and esoteric financial schemes. While going to school, Fred worked in his father's small business where he developed a keen awareness of markets and competitors. Now, in a senior finance role, he keeps tabs on competitors and market developments. In strategic planning meetings, Fred often contributes useful insights. Moreover, he advocates changes to policies in terms of how well they align with business strategy. So, again, a personality assessment could rate the wrong person as more strategic.

A competency based assessment doesn't make inferences about how people behave based on their personality traits. It examines how people actually make decisions, what factors they consider and what they see as important. When strategic thinkers discuss their achievements, they talk about strategic decisions or, at least, they explain the strategic dimensions of their achievements. Less strategic thinkers talk about challenges of execution or operational matters and struggle to think of any really strategic decisions they have made. Instead, they talk about tactical moves, making little or no reference to the external environment, competitor actions or market dynamics.

Where to use a personality assessment

Personality assessments deliver most value for recruiting employees into their first jobs. Entry-level employees have little or no work-related skills or leadership competencies. Research has shown that, of the "big five" personality factors, three of them interact so much with situational factors that they are not very predictive of effectiveness at work by themselves. Only emotional stability and conscientiousness are predictive across situations. An assessment of these factors tells you whether employees can be relied upon emotionally and whether they will take their job responsibilities seriously. This approach to assessment can also add value when recruiting senior managers from outside the organization. Here you might want to combine a personality and behavioural assessment. References won't reliably reveal the conscientiousness and emotional stability of candidates, but you also want to understand their leadership potential.

Where to use a behavioural assessment

When auditing internal leaders for succession planning or talent management, you may already know enough about their basic personalities. Those with dysfunctional personalities wouldn't likely be on your high potential list anyway. If you have any leaders with interpersonal problems, then sending them out for remedial coaching, including a personality assessment, might be a good idea. But if you have identified a pool of high potential leaders with no obvious personality problems, then what you really want to know is whether they can actually deliver against your organization's leadership requirements. A behavioral assessment focuses on this need in the most direct fashion. In addition, given the challenges of mapping personality traits onto competencies, why not go straight to actual behaviours in the first place?

In addition, executives find behavioural assessments helpful in planning their development because the emphasis is on modifiable behaviour patterns or habits, not on relatively unchangeable personality traits.

Further, the only “big five” personality traits that are not swayed by situational factors (emotional stability and conscientiousness) tell you something about general employability, but very little about leadership potential or style. The bulk of your employees may well have these *entry ticket* personality traits, but only a few of them have leadership potential.

Finally, it is widely agreed today that leaders come in a wide range of shapes and sizes. Some lead with quiet conviction; others are cheerleaders. Some are great at execution; others are creative visionaries. If your assessments focus on personality rather than behaviour, are you locked into a particular type of personality that you demand to see in all your leaders? Or are you more interested in results: Can your leaders, *regardless of their particular personality*, actually do what is necessary to be effective in your context?

When selecting consultants to conduct leadership audits, check their approach carefully:

- How well do they understand your leadership model and competencies, what leadership really means in your organization?
- How will they assess how your leaders measure up to your competency profile?
- Are they comfortable assessing business competencies?
- What evidence will they provide for their assessments – is it only personality traits or will they also supply behavioural evidence? If the latter, how will they gather this evidence?
- Will they structure their feedback and reports around your competency profile and express their findings in your language?