

Adding Science to the Art of Leader Selection

Interview questions, assessment questions, development questions, post-presentation questions — ask them all. It is the only way to know the person you are evaluating.

By Jake Appelman

The president of a third-generation regional contractor specializing in pre-engineered metal buildings reviews the latest company financial update and shakes his head.

Three years ago, the company opened its first branch office in a neighboring state. Since then, the branch has consistently lost money. As pressure mounts to make a decision about the fate of the branch, he reflects on what went wrong.

At the time, the market appeared to be strong, the company had a solid business plan, a good reputation and, most importantly, it brought in a vice president of Business Development with local market expertise and a proven history of capturing large contracts.

Upon reflection, he realizes the problems began almost as soon as the new VP of Business Development joined the company. The VP had an outstanding resume featuring a long tenure at a much larger competing company. He was confident, aggressive and brought a deep network of relationships with owners, manufacturers and local subcontractors. He also came at a substantial price — the highest base salary the company had ever paid a business development leader, an ownership stake in the business and a lucrative incentive compensation plan.

Looking back, he sees there were early warning signs. The future vice president came to the interview in an expensive three-piece suit and spent much of the time talking about all his previous successes. He confidently shared his vision to

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move the company from its niche in small, high-margin work in the areas surrounding the major metro area into much larger, lower-margin work in the city. Several executives expressed concern after the interview about his style, questioning the fit with the family atmosphere at the company, where the founding owner who swept the floors every night until his mid-60s instilled a deeply committed and humble culture. However, the strong résumé, persuasiveness of the future VP and potential for growth and profit outweighed the concerns.

This client scenario may feel familiar to many design and construction executives. While there are many root causes to examine in the failed branch example, one of the most significant is an ineffective

process of evaluating and selecting leaders. A hiring mistake can be financially substantial, with research showing that the resulting cost of turnover can be three to five times the salary of the position. Yet, many construction executives rely on the traditional approaches of reviewing résumés, conducting interviews using general questions and, most of all, going by “gut feel” or instinct. Fortunately, there are processes and tools that can significantly improve hiring decisions.

When the time comes to select a new leader, difficult questions arise, such as whether to choose an internal or external candidate, what skill sets to seek, how to assess for intangibles, such as interpersonal skills and cultural fit, or how to find the right blend of operational experience and executive leadership ability. In an industry that values instinct, it is no surprise that many executive teams rely on traditional methods of interviews and résumé reviews to make hiring decisions. While instinct and “feeling” about a person can be effective, human resources and industrial



psychology research shows that adding science to the art of personnel selection can significantly improve the odds of a successful hire.

Since all but the largest and most progressive design and construction firms lack an internal hiring expert, most rely on the standard approach of interviewing candidates and reviewing their résumés. Unfortunately, neither of these options is reliable nor effective on its own, especially when used without training to eliminate consistent areas of bias. Yet, the universe of assessments, structured interview questions, rater training and other best practices can quickly overwhelm. While there is no guarantee that any single selection process will be perfect, there are common guidelines to follow and tools to use to increase the efficiency and effectiveness of the process. The key to successful leadership selection is to understand the needs of the company and use a system to evaluate candidates at multiple levels in order to make deep, accurate comparisons among them, as seen in Exhibit 1.

WHAT TO LOOK FOR IN A LEADER

Knowing what to look for during the selection process is the first piece of the puzzle and may be the most important piece. Many selection committees make the mistake of looking for a leader who resembles the current leader. A better approach is to think about the organization 10 to 20 years in the future — a process that requires a company to conduct the hard work of expressing an envisioned future of the business. Consider a contractor whose vision involves quadrupling in size, moving into international markets and rapidly expanding its ability to self-perform. With these goals for the future, the company should seek out leaders with international experience, a history of leading rapid growth, and the ability to build and implement systems to manage risk and labor.

With a specific set of aspirations for the future, the process of identifying the future skills and abilities becomes much sharper. Just as the competition does, markets and customers will look different; so should the leader for the future. Jim Collins introduced the idea of getting “the right people in the right seats on the bus” into common business vocabulary 12 years ago in his classic book “Good to Great.” However, most people forget that you had better have a good idea of where the bus is going in the first place.

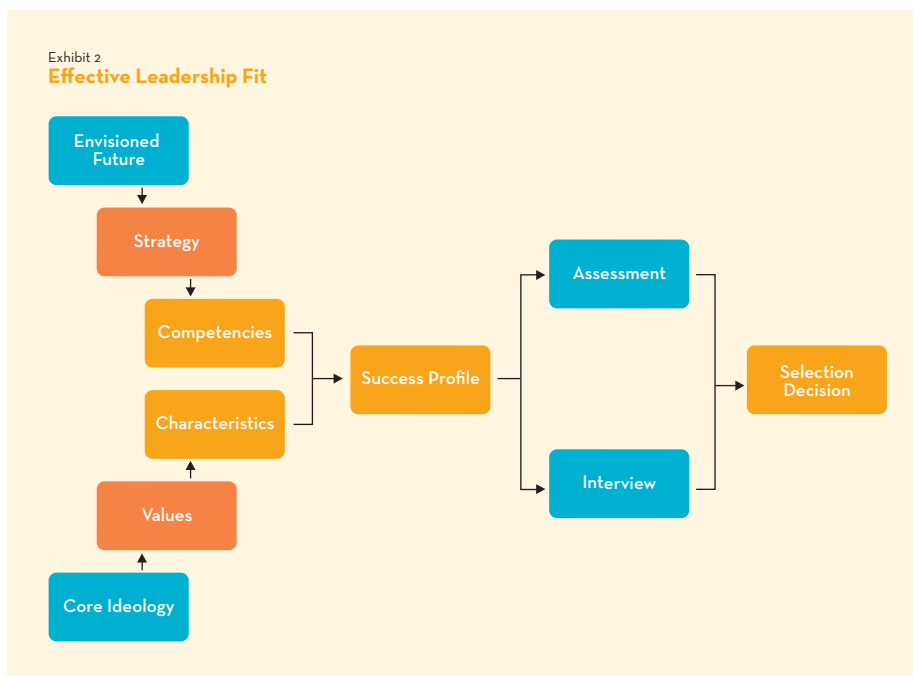
Just as important as an envisioned future is the fit between the values the organization holds and those of potential leaders. Companies that ignore values fit do so at their own risk and most construction companies can recall expensive mistakes made when hiring people who were a skills fit but not a values fit. Hiring without considering values fit is like bringing in a 20-year veteran of public heavy civil construction to lead a design-build contracting firm specializing in high-end interiors work.



However, assessing values fit requires companies to engage in the hard work of identifying their true core values — those that are authentic to them rather than the generic table-stakes values many list on their websites, such as teamwork, safety and quality. Values fit is so significant; it should be a primary point of assessment and a go/no-go criteria. Great organizations are so relentless in assessing for values fit that people interviewing for a position who do not fit will often remove themselves from the process. Values are at the core of the being, whether in the company or the person. They guide thinking and actions and they rarely ever change. With an envisioned future and core values, the rate of success in leader selection increases greatly.



With core values in place and a future perspective in mind, the next step is to determine exactly what the organization needs and wants of its next leader. In other words, it is necessary to identify specific characteristics and competencies required of effective leaders in the organization. Characteristics refer to those qualities that endure within people and influence their contributions to the organizations. Because of their core values, some companies require characteristics such as integrity and respectfulness in their definition of a good leader. When choosing the characteristics, consider the culture, values and vision of the organization (see Exhibit 2). The goal is to make sure that there is a fit or a match between each of these areas within the company and the person. Consider the



organization that values collaboration and teamwork. Selecting a leader who prefers to work alone rather than solicit input from others is an obvious mistake. Not only is this leader more likely to leave, but also his or her behaviors can erode the morale and engagement of a wide swath of employees and leave long-lasting impact in his or her wake.

After characteristics, competencies are the second criterion for evaluation. Competencies are separate from characteristics and refer to clusters of behaviors essential for successful performance. Leadership competencies are unique to the culture of each organization, and some examples include inspiring others and strategic thinking. At the leadership level, it is important to focus on these types of leadership-specific competencies and less on technical or operational competencies. For example, the ability to build and maintain relationships that yield work or the ability to assess and manage risk are competencies specific to leadership positions. These are the types of competencies to emphasize during leadership selection. However, it is important to remember that knowledge and skills can be taught, but characteristics remain at the core.

Competencies are often given more attention than characteristics during leadership selection, but a best practice in leader selection is that characteristics come first and competencies second.

To help organize and facilitate the selection process, experts recommend creating a profile that represents the ideal leader in your organization, or a “success profile” (see Exhibit 3). A success profile includes all the characteristics and competencies necessary for success and serves as a reference tool throughout the process. For example, a parallel profile that captures each candidate’s characteristics and competencies should be created for comparative purposes. The profile should be driven by the vision and the strategy of the organization as each of these components captures future direction.

Recording these expectations will be useful when making a final decision. The success profile must be both accurate and comprehensive. Each candidate’s profile must be drawn accurately so that the final selection decision is the best decision. One of the best methods to ensure that each candidate is evaluated correctly is to use structured interviews and formal assessments.

Exhibit 3
Success Profile



USING STRUCTURED INTERVIEWS FOR SELECTION

When assessing for competencies, a useful tool is the structured interview. A structured interview uses standardized questions, often asked in the same order for

each candidate. A best practice is to build specific questions around the success profile of the position. These forms of interviews also use behaviorally based questions to identify specific examples of behaviors displayed in past situations, with the idea that past examples are the best predictors of future behaviors. Examples of behaviorally based interview questions as part of a structured interview include:

- Describe a situation in your past work history that had to be resolved quickly and what you did to find a solution.
- Describe a situation when you took action without waiting for direction. What did you do and what was the outcome?
- Give me an example of when you took a risk to achieve a goal. What was the result?

USING ASSESSMENTS FOR SELECTION

Understanding how assessments work and how to interpret their results can be complex, but their use can add substantial validity to the selection process. Skilled use provides evaluations of individuals at a deeper, more meaningful level than traditional methods of review. For example, motives often are inferred from interviews, but assessments use scientific principles to assess one's motives and are significantly more reliable than human inference. Selection assessments include psychometric tests based in research and built to measure specific constructs, such as business reasoning, conflict style or analytic ability. These

tests provide deeper insight into characteristics that influence workplace behaviors. Instruments designed for selection purposes undergo a rigorous development and validation process in order to ensure that the measures accurately predict actual job performance. Assessments recommended for leadership selection include personality tests, values and motives inventories, reasoning tests and structured interviews.

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PERSONALITY ASSESSMENTS

Personality assessments measure an individual's traits and characteristics — the components of personality. Tests typically are designed such that there are multiple questions measuring each characteristic, and the responses to these questions are averaged to provide an overall score for that trait. Personality assessments developed for selection purposes measure traits and characteristics found to predict performance.

Examples of such characteristics include extraversion, agreeableness and conscientiousness. Consider the characteristic of agreeableness in a leadership selection scenario. People high in agreeableness generally are friendly and trusting and have the tendency to avoid conflict. These people may say and do things against their own beliefs and opinions to minimize the chances of conflict. At the opposite end, those who have low levels of agreeableness are generally skeptical and confrontational. These people are more likely to compete with others than

cooperate. Candidates scoring at either extreme could face significant challenges as a leader, yet this information is extremely difficult to get in a one-hour interview. The right personality test, or combination of tests, can tap into the individual's characteristics in a scientifically validated manner. By comparing the individual's results to those on the success profile that you seek in a leader, you come far closer to fact-based decision-making than what may be inferred in a series of interviews.

There are many personality assessments currently available for selection purposes, most of which are available for purchase from test publishers. Two of the most common

include the California Psychological Inventory (CPI) and the Hogan Personality Inventory (HPI). The CPI measures 29 unique traits that relate to job performance. Examples of these traits include amicability, independence, tolerance, work orientation and self-control.

The Hogan Personality Inventory is a personality assessment developed specifically for business purposes. The instrument uses a true/false format and provides scores for both personality scales and occupational scales. For example, test takers are scored on traits such as ambition, adjustment and sociability and their potential for stress tolerance and management roles, to name a few. Both of these assessments have demonstrated validity in predicting job performance and reliability over time.

VALUES AND PREFERENCES ASSESSMENTS

Values and preferences inventories provide information regarding what people value and what drives or motivates them. These assessments are usually designed as an inventory such



that the more a person endorses items relating to a specific value or preference, the more important it is. Is the candidate driven by learning or results? Does the candidate value high power or prefer an even distribution of power? While these questions do not provide estimates of performance per se, they are exceptional for assessing person-culture fit. And while these assessments should never be used alone, they provide information to make a more accurate decision.

Tapping into the competence portion of the success profile, assessments that measure reasoning abilities and critical thinking are another set to consider for leadership selection.

These assessments provide a basis of comparison between the core values of the organization and the assessed values of the candidate. Higher consistency between the two indicates a better fit. Many values and preferences inventories are available, and a select few are specific to the business environment.

The Work Aspect Preference Scale is a tool that helps identify what people seek from their work — whether from the job itself or from the environment. The items provide insight on 13 preferences, including creativity, security and management. Another example of these types of assessments is the Motivation Questionnaire, which measures factors

that influence an individual's motivation. This assessment helps determine both intrinsic and extrinsic motivators. Information gathered from these assessments can be compared to the organization and its values to determine fit.

REASONING ASSESSMENTS

Tapping into the competence portion of the success profile, assessments that measure reasoning abilities and critical thinking are another set to consider for leadership selection. These skills are nearly impossible to measure with interviews and work history alone, and assessments are able to provide much more accurate measurements. Reasoning assessments typically present scenarios, either written or visual, and ask the test taker to select the best solution. Based on the solutions selected by the candidate, the results will present a score for skill measured. For leadership positions, this competency is especially crucial to assess, as leaders are required to make the most important decisions that can affect the business for many years. Essentially, these tests measure one's problem-solving capabilities, which is particularly difficult to measure without a formal assessment process.

Two common tools to assess reasoning are the Hogan Business Reasoning Inventory (HBRI) and the Watson-Glaser Critical Thinking Test (WGCTT). The HBRI measures three types of reasoning: critical, strategic and tactical. The test consists of 36 questions that present a business situation, and the test taker



must choose the best solution. The WGCTT measures critical thinking and decision-making abilities using an 80-item tool.

CONSIDERATIONS WHEN USING ASSESSMENTS

For those people making selection decisions, the assessment reports assist in making an informed decision. However, the results and reports should not be shared with the candidates. Because these assessments tap into sensitive and personal topics, full confidentiality should be upheld,

and the reports should be stored in a secure manner. Typically, the supplier of the assessment also provides this instruction. Only after the selection decision has been made and the new leader has accepted the role, and only for developmental purposes, should the results be shared with each individual.

Another important consideration when using selection assessments is fairness and liability. Tests should be used only if they have been demonstrated to predict success or performance and if they are nondiscriminatory. This information should be available through the test publisher and should always be requested and reviewed prior to use. Assessments that have not been tested for their reliability and validity, especially for selection, should be avoided, as they can lead to legal issues and liability. Many assessments in common use for developmental purposes fall into this category. For example, the DiSC assessment and the Myers-Briggs Type Indicator are personality-based preference assessments intended for team building and individual development. While these instruments are appropriate for such activities, they are not validated for selection and are problematic if used, partially because they are self-report tools, highly subject to socially desirable responses.

If you are unsure if an assessment is appropriate for selection, ask the publisher or an expert. The initial effort is worth avoiding legal and financial troubles later.

While assessments are an essential part of the selection process, they should not be used as the sole criterion for the decision. Combining assessment results with other sources provides the best practice for an informed decision. For example,

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mix assessments with a structured interview process plus a work sample and reference review for each candidate.

Each tool provides unique and supplementary information to create a broader understanding of each candidate. For internal candidates, consider including special projects to gather work sample data. Ask potential leaders to present their vision of the company over the next five to 10 years to key players and decision-makers. Include task force assignments on a specific topic that relates to anticipated future challenges and have candidates present their conclusions to key players and decision-makers. These

additional tools are just a few of the many available and are equally important during leadership selection. When used appropriately, assessments and tools should lead to the best possible decision.



BEST PRACTICES IN LEADERSHIP SELECTION

- **Match Competencies to the Organizational Vision.** The challenges and trends the organization will face in the future are different from the challenges and trends of today — so tomorrow's leader should look different from leaders today — with the exception of values fit, which should not change
- **Choose Only Crucial Characteristics and Competencies.** The characteristics and competencies required of leadership are numerous and wide-ranging, and including all of these on the success profile will only complicate the process. Keep the number of competencies and characteristics small and include only those that are the most important to the organization's future needs. Depending upon the organization's goals, values and culture, some competencies and characteristics truly differentiate between average and star performers and are essential to the success of the organization.
- **Clarify, Plan and Do It Again.** Clarity and planning are essential from the very beginning. Determine who will be the decision-makers in the selection process and clearly define the steps in the decision-making process from the start.
- **Ask Many Questions.** Interview questions, assessment questions, development questions, post-presentation questions — ask them all. It is the only way to know the person you are evaluating.
- **Put Character First, Competence Second.** People can learn new skills and behaviors, but the core of a person is constant. Place an emphasis on character indicators first (values, personality), because competence is only second best.

As the design and construction industry faces the multiple challenges of a mass of retiring baby boomers and a lack of next-generation leaders to fill the gap, as well as a declining number of engineering and construction graduates, the stakes have never been higher when it comes to making the best possible hiring decisions. When mapped against the need for great leadership as the industry makes the slow transition from recession, these factors will inevitably lead to a war for talent. The winners in this war will be those who have great rigor in their leader selection process and hire both for cultural fit and for alignment with the envisioned future of their organizations. ■

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