

[assessment & evaluation] by Stuart S. Crandell, Ph.D.

ASSESSMENT CENTERS IN TALENT MANAGEMENT: STRATEGIES, USE AND VALUE

A good assessment center should help talent managers figure out which leaders have advancement potential, how far they can advance and how ready they are for the next level. Strategic use of this center should help uncover what experiences, assignments and activities would best help these individuals to develop, what the risks are that could derail them and if they should be hired or promoted for immediate openings.

Salaries for senior executives today easily run into the six- and seven-figure range. The average cost of replacing any position generally runs at least two times the position's salary, which means every time an organization needs to fill a senior executive role, the total process can cost more than a million dollars. Further, external hires at the senior executive level have a higher failure rate than internal hires, forcing companies to absorb replacement costs even more frequently.

To manage costs and leverage talent potential, companies should cultivate internal successors and make the best talent decisions possible at the senior level.

Organizations must invest in sound succession planning to have qualified leaders ready for any unexpected immediate need, such as the sudden departure of a key executive. It's necessary to have a ready pool of successors available to support the company's future business needs. If, for example, a company plans to grow in key markets, having the

right leaders in place to support the strategy is essential. Or, if a business is changing strategies, leaders must have, or know how to develop, the new skill sets needed to execute the change.

Confident succession decisions are made possible by having solid, valid information on the potential candidates for a given position. To get robust, comprehensive insights and information, many organizations are turning to assessment centers to identify, develop and vet potential candidates.

The activities of an assessment center typically include business simulations, a career interview, standardized tests and work style inventories. They blend psychometric evaluations of the participant's personality, style, goals, experiences and competencies; background and career history; and behavioral observations of what participants actually do and how they do it. To be most effective, these components should match the critical features of the industry and company, address the challenges and responsibilities at the appropriate leadership level, and measure the competencies that matter for these roles. This combination



of activities paints a complete picture of the leader's strengths and weaknesses, and allows the assessors to provide specific feedback for additional development as necessary.

TRADITIONAL BOSS NOMINATIONS AND PERFORMANCE REVIEWS FLAWED

Traditionally, companies have not sought a full, experiential view of potential successors for given positions. Instead, they have relied on manager nominations and performance reviews. While managers usually can evaluate a person's business results objectively, they also can be unintentionally biased. They may confuse performance with potential and mistake potential for readiness to handle the next job. For example, the traits that make an individual successful in one role, such as attention to detail, can be detrimental in a more senior role, where too much focus on detail and micromanaging may hinder performance.

Knowing different bosses can have different standards and expectations, many companies have instituted talent review sessions with their senior executives to review and vet nominations. But too often this becomes a political process, and the executives involved are unwilling to challenge each other on ratings.

Minneapolis-based global human resources consulting firm Personnel Decisions International (PDI) looked at 6,000 employees who reported to two or more managers. PDI found when one boss rated a person as "outstanding," another manager disagreed

62 percent of the time. And, when one manager rated an individual as having the potential to reach senior executive ranks, another one disagreed 53 percent of the time. Manager evaluations do have value, but they should be used as just one component of an individual's overall assessment.

ASSESSMENT CENTERS: A YEAR IN A DAY

To get the most information about how employees will perform in senior roles, it is best to see them in action. This is the basic concept behind a simulation-based assessment center. Rather than risking failure by placing executives in senior positions not knowing if they are ready, simulations offer a safe environment in which to measure participants' abilities without impacting business performance. Participants play the role of an executive in a fictitious organization, and throughout the course of the assessment day, take part in a number of simulations where they might handle e-mails, interact with a direct report, lead a task force, or present to a boss. These "day in the life" assessment centers provide simulations that are tightly integrated and based on a common fictitious organization.

Many assessment center providers take this day-in-the-life approach even further, offering a full immersion experience. Participants arrive in the morning, get set up in an office and remain in the simulation — without a break — throughout the day. During this time, they receive the usual steady diet of e-mail and interruptions, meet with various role-players who play different characters, and han-

NATIONWIDE: ASSESSING LEADERSHIP WITH AN EYE ON DEVELOPMENT

Stuart Crandell, Ph.D.

Nationwide has put its customers' needs at the core of its senior executive assessment program, using it as the backbone of its commitment to invest in leadership development and connect leaders' success to the success of the business.

"If we're leading well, we're meeting our customers' needs," said Gale King, senior vice president of property casualty human resources at Nationwide.

King said in order to remain true to the company's culture around living its values, Nationwide's commitment to leadership development must be felt throughout the entire organization, starting at the top with CEO Jerry Jurgensen.

Nationwide turned to leadership development consulting firm Personnel Decisions International (PDI) to execute an assessment center program for its senior-level leaders. The company used a customized assessment program to examine a leader's experiences and skills, and put executives through a day of simulated business challenges.

So far, Nationwide has put about 80 of its senior leaders through the process, including Jerry Jurgensen, his entire cabinet of leaders, and Doreen Reinke, vice president of operations at Nationwide's Scottsdale Insurance office.

"When I first discussed the assessment program with my boss, the president of Scottsdale Insurance, he made it clear that the process would help me see where I am now and where I could go from here," Reinke said.

"This work is aligned with our strategic outcomes. To be a great company, you need great leaders," King explained. "We know it is a competitive marketplace, and we want to do all we can to equip our leaders with the tools they need to be better leaders and make our companies great."

King said Nationwide uses the assessment process and the feedback it generates to

continue senior staff development, identifying strengths and areas where additional training or coaching may be beneficial for someone's current or future role in the organization. Assessments also help with promotion decisions and provide insight during the final steps of the onboarding or new-hire process at the executive level.

The program was designed to provide each individual with the opportunity to go through the process, to recognize the value of his or her particular contribution to the company and to find new areas to explore for future leadership roles and challenges.

"I expected to find out more about the role I play and how I compare against other leaders," Reinke said. "I was really impressed with how enjoyable and insightful the process was. By the end of my two-day assessment session, I sat down for my debrief and was amazed with how well they got to know me as a person, a leader, a wife, a mother and a member of my community. They confirmed my strengths and identified an area where I could grow to develop further in the company. It was the most powerful feedback I've ever received.

"It was clear to me that the company wanted to assess the talent they have now and make sure that they would continue to have leaders that would align with future business plans," Reinke said. "This process made me feel like my company really cares about me and my development within the organization."

King said nurturing this type of organizational confidence can help a company position the assessment process as a valuable part of the development process.

"Every participant should know — it's about them," she said. **TM**

Stu Crandell, Ph.D., is vice president and practice leader for Personnel Decisions International. He can be reached at Stu.Crandell@personneldecisions.com.

dle manufactured events while their every move is observed and recorded.

Assessment centers should provide more than an engaging day-in-the-life experience, however. They should focus on the pivotal business challenges the leader is likely to face over the course of a full year. A typical day is filled with many trivial distractions. Assessing only these activities does not provide the highest quality insight into the participant's ability to truly handle all of the different business challenges of the role.

The assessment experience should provide a year-in-a-day experience, where the individual faces many of the challenges one would encounter in a senior position during a typical year. This allows assessors to evaluate how the participant performs in a variety of important business situations. More importantly, it reaches the true goals of the assessment experience — to determine whether the executive is ready for the new challenges the next level will pose and to provide rich, immediate feedback and coaching to help him improve his capabilities.

Assessment processes are more likely to produce accurate measures of what it takes to succeed when they expose people to the most realistic and pivotal challenges that could have the greatest impact on the organization's performance. A year-in-a-day simulation looks at how participants evaluate strategic choices, how they make important financial decisions and how they lead their teams through change. While it is probably unrealistic to expect an executive to have a new business strategies presentation, a global broadcast message to all employees and a meeting with financial analysts all on the same day, these are the challenges that will truly separate the "A players" from the "B players."

VALUE OF THE DATA

Data from the assessment process can be leveraged at the individual and organizational levels. On the individual level, assessment data can be used to recommend specific best fits, ready backups and identify near- and longer-term replacement possibilities. The information also can be used to advise how to close skills gaps or to accelerate the readiness of individuals via development plans, experiences and assignments. Insight gathered during the assessment process also may end up positively modifying the career paths of some individuals.

When assessment data is gathered on pools of talent

within a firm, the information can be evaluated as a whole to determine organizational direction. When aligning the data with known business strategies, recommendations can be made on potential upgrades in key business units, or a new mix of talent can be suggested to leverage group productivity. The data also can suggest risk management strategies, such as external searches for key positions or group development to improve capabilities across multiple business units.

DEVELOPMENT

With a focus on cultivating talent and finding successors from within an organization, the development of leaders is the real goal of the assessment process. Participants should receive practical insights on:

- How they stack up against business requirements.
- How to accelerate their readiness for a new role.
- How they can manage the transition between roles.

Same-day results — where individuals receive full, in-depth feedback and coaching before they leave — are the most valuable take-away from the assessment process. Further, the assessment process should provide:

- Personalized career goals.
- Feedback on development in regard to relevant business challenges and strategies.
- Tailored development plans for each leader.

The best assessment center programs provide participants with rich feedback on their performance in different business scenarios and equip them with insights on what the most effective leaders do in these situations. This helps them build skills and take more effective approaches in the future.

Evaluating where an individual currently sits in regard to the skills and competencies needed for a higher-level position provides the basis for a focused development plan. With assistance, individuals can be given specific development tasks that will provide training and coaching targeted to those areas where improvement is needed.

The assessment center process ensures senior executives have the abilities needed to take on new roles before being assigned to them, and it reveals areas for additional training and development, where needed. **TM**

Dr. Stuart Crandell is vice president of global assessment solutions for Personnel Decisions International, a Minneapolis-based global human resources consulting firm. He can be reached at Stu.Crandell@personneldecisions.com.

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