

Four alerts on executive recruitments.

During my career as a global CHRO and more recently as a Founder for IntelligentBoardRoom and NED, I have always been fascinated by how we as humans can get tangled up in an executive recruitment process.

In itself this is not surprising. Predicting if the person can do the job to expectations is as difficult as predicting the winner of the super bowl. Although there are a few stark differences. A prediction in sports will always be held against the absolute black and white benchmark of win or loose. This is why predicting outcomes in sport is a dangerous game. The predictor is either 100% correct or 100% wrong. There is no grey area of performance as we are predicting against full clarity of achievement. A match is either won or lost. Underperforming predictors will therefore put themselves out of business very quickly.

Not so in our world of business.

In our world of business we are expected too make successful predictions on the performance of executives we recruit. Can this person get the results we want? Are we confident this Team will execute the Strategy? We all know that in each business we make mistakes with executive appointments. We loose Billions in value every year because of making the wrong executive appointments. So why is this and why do we keep on destroying so much value every year? Four alerts to keep in mind for when your next executive recruitment comes up.

The first alert is that we rely far to much on assessments. Often we take the assessment result as a proxy for our decision. Assessments will give us a picture of a person on a sunny day. We should want to see the picture when it is storming, raining and hailing. Very few assessments will give this view. We should instead be looking for information from former/current colleagues who were with the candidate in the foxhole. Candidate independent reference checks are your best source of information.

The second alert is that we do not talk enough about the work expectations for the new executive. Don't rely too much on a written strategy but instead be diligent, focus on and define the key objectives that need to be achieved in the next 3 years. Then in your reference interviews try to find the evidence that shows the executive could reasonably achieve those objectives. We know that past performance does not predict future performance. So for that reason be double sure to check if objectives for the future can be corroborated by performance on similar type of objectives from the past.

The third alert is that successful performance in a business is a contextual curve. Low performance in a highly challenging environment can be great and vice versa. We often completely disregard this aspect and do not define the area of performance within the context of our business. For any executive recruitment we need to be able to define both success and failure on the contextual curve for our industry. Understanding what constitutes success is as important to understand what constitutes failure. More often than not we do not draw a hard line in the sand of where performance fails in the first 3 years. Newly recruited executives would actually appreciate if your share that hard line with them. It makes it clear when one starts to overstay the welcome.

The fourth alert is that the costs of a failed executive recruitment are never stipulated. These costs go far beyond the recruitment or annual remuneration costs. The impact of a failed executive on strategy execution is huge. We should always understand the level of these costs in order to grasp the enormous impact on the business of the recruitment decision we are about to make. In general, we dig deeper when the stakes are higher.

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