

Hiring

When Hiring Execs, Context Matters Most

From the Magazine (September–October 2017)

When choosing a CEO, boards typically take into account the particular circumstances the company faces: Is it in need of a turnaround, say, or will it be scaling for growth? For a CFO position, they might ask, Are we about to do an initial public offering, or are we planning to grow by acquisition? In such cases, boards generally favor candidates with direct experience leading organizations through the situation at hand. But when hiring for and promoting people into lower-level leadership jobs, companies typically don't pay much attention to the contextual challenges specific to the role. They tend to prefer jack-of-all-trades candidates with varied backgrounds—a tack some in HR dub the “best athlete” approach.

Adam Quest

A broad new quantitative study from the Washington-based research and advisory firm CEB (recently acquired by Gartner) suggests that companies will be more successful if they consider the particular leadership context when hiring for every level. Instead of taking on generalists trained to meet any management



test, the researchers say, firms should use an assessment system that identifies candidates whose personality attributes and experience are custom-tailored to the contextual challenges of the position.

This conclusion is based on a three-year study of 9,000 leaders at 85 global companies. The researchers assessed leaders' personality attributes, tracked relevant experience, and solicited opinions about behavior, performance, and effectiveness

from supervisors and direct reports. They also coded 60 variables that inform context, such as whether the job involves a high degree of uncertainty, requires managing a geographically dispersed team, or calls for cost cutting. As they crunched the data and worked to understand why some leaders succeeded while others underperformed, the biggest factor that emerged was how well a leader's personality, skills, and experience meshed with the specific challenges of the job. From an initial list of 300 contextual challenges, CEB identified the 27 that matter most. Some, such as growing market share and leading M&A, involve the external competitive landscape. Some, such as managing a broad portfolio of products and services, are related to company-wide issues or strategies. Some, such as transforming a high-conflict culture, apply at the team level. And some are confined to the position itself.

“We’ve Shifted from a Gut-Driven Process to a Shared Language”



Three years ago the Adecco Group, a Zurich-based workforce solutions company, began a pilot project in North ...



“Companies have been hiring and developing these generic workhorse leaders when what they really need is a thoroughbred whose strengths are specifically suited to a particular racetrack,” says Jean Martin, CEB’s talent solutions architect. CEB says that the need for more-tailored leaders results from greater complexity, a wider scope of responsibilities, and faster rates of company change than previously occurred.

The study was inspired by input CEB received five years ago. Companies and recruiters were increasingly using assessment tools and analytics to make hiring more data-driven and objective and less reliant on hiring managers' subjective judgments. But CEB began hearing that when it came time to make a final decision on a candidate, managers were overriding the assessment results and falling back on intuition. When CEB asked why they were ignoring their analytics, some said that the results were too general and didn't match candidates with the challenges they would actually have to confront. "There was a mismatch between what the planning process was showing as the right answer and what the decision makers felt was right," Martin says.

On the basis of that feedback, CEB's researchers began to look closely at whether context really matters. They found that it is an important and underrated predictor of leaders' success; in fact, the context-specific approach yields predictions that are three times as accurate, on average, as those from a one-size-fits-all approach. The identification of 27 key contextual challenges helps hiring managers articulate the biggest tests likely to be encountered in a given position. Recruiters can then search for candidates with the right mix of personality attributes (as measured by assessments) and experience.

A Selection of Contextual Challenges

Leading global or cross-cultural teams Transforming a high-conflict culture Leading through M&A Operating with high ...



Of course, many leadership positions, especially at high levels, involve multiple challenges. The researchers found that the number of challenges directly affects the odds of a new leader's success: Leadership roles involve, on average, seven of the 27 contextual challenges, and as that number rises, the odds that a leader will underperform rise too. (At 10 or more challenges, the chances of failure are 40%.) This may seem obvious: That jobs with more challenges are more challenging is, of course, tautological. But having a checklist of the specific things a new leader will encounter—and requiring hiring managers to articulate and quantify those things—can be useful. For instance, firms might draw on such a list to revise responsibilities, streamline goals and objectives, or try to solve a particular problem (by shifting talent on a troubled team, perhaps) before a new leader takes charge.

The implications of the research go beyond hiring. For example, if success in a leadership role is context-specific, and if the context is apt to change quickly in a fast-moving business environment, firms might need to move leaders in and out of roles quickly. Awareness of contextual challenges can also change the way a company approaches development. “Once you recognize how well-suited leaders are to the context in which they’re about to be placed, you can use that information to drive much more specific investments in development and find ways to coach people to account for the greatest areas of mismatch,” Martin says.

This approach to managing talent might also lead companies to a greater awareness of their bench strength, particularly as large companies pilot the research. Focusing on who will thrive in specific contexts might make a company aware that it has many executives who are skilled at launching new products or competing for market share but very few who excel at cost cutting or managing turnarounds. And recognizing such gaps can be helpful as firms hire new people or plan executive development. CEB says that by gaining an understanding of how well suited different types of managers are to various challenges, companies will begin to think less about a

talent “pipeline” (with its implication that a single candidate is “in line” for the next assignment) and more about a “portfolio” from which to identify the best fit.

CEB’s research calls into question the usefulness of broad-based education and development programs aimed at creating versatile leaders who can thrive in any situation. “This research directly challenges the idea of the best-athlete manager,” Martin says. In fact, two thirds of the top-performing leaders in the study weren’t particularly well-rounded; they were what the researchers termed “spiky,” meaning that they excelled at a few specific capabilities but were not above average in all. “Chasing managerial agility instead of allowing for specialization is ineffective,” the researchers conclude.

About the Research: “The Power of Context in Driving Leader Success” (CEB white paper)

A version of this article appeared in the September–October 2017 issue (pp.20–22) of *Harvard Business Review*.